THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should immediately consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended (FSMA) who specialises in advising on the acquisition of shares and other securities.

An application has been made for the whole of the issued and to be issued Ordinary Share capital of Redx Pharma Plc (the "**Company**") to be admitted to trading on AIM, a market operated by London Stock Exchange Plc ("**Admission**"). This document, which comprises an admission document drawn up in accordance with the AIM Rules, has been issued in connection with the application for Admission. This document does not comprise a prospectus under the Prospectus Rules and has not been approved by or filed with the UK Listing Authority ("**UKLA**").

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. No applications for the Ordinary Shares to be listed or traded on any such other exchange have been made or are currently intended to be made.

It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 27 March 2015.

The Company and its Directors, whose names appear on page 17 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the whole of this document and should be aware that an investment in the Company involves a high degree of risk. In particular the attention of prospective investors is drawn to the matters set out under the heading "Risk Factors" set out in Part 3 of this document, when considering an investment in the Company.

Redx Pharma Plc

(Incorporated under the Act and registered in England and Wales with registered number 7368089)

Placing of 17,647,059 Ordinary Shares at a Placing Price of 85 pence per Ordinary Share

and

Admission to trading on AIM

Nominated Adviser	*Broker*
Shore Capital and Corporate Limited	**Shore Capital Stockbrokers Limited**

SHORE CAPITAL
CAPITAL MARKETS

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid	
Number	*Nominal value*
64,981,209	1.00p

Shore Capital and Corporate Limited ("SCC") which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the FCA, is acting as Nominated Adviser to the Company in connection with the Placing and Admission and is advising no one else in connection with the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its clients or for advising any other person in relation to the Placing or Admission or otherwise. The responsibilities of SCC, as Nominated Adviser under the AIM Rules and the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to the Company or any director of the Company or to any other person in respect of their decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by SCC as to the contents of this document, or for the omission of any material information from this document. SCC has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by SCC for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

Shore Capital Stockbrokers Limited ("SCS"), which is authorised and regulated in the United Kingdom by the FCA, is acting as broker to the Company for the purposes of the AIM Rules in connection with the Placing and is advising no one else in relation to the Placing and will not be responsible to any person other than the Company for providing the protections afforded to its clients or for advising any other person in relation to the Placing or otherwise. No representation or warranty, express or implied, is made by SCS as to the contents of this document, or for the omission of any material information from this document. SCS has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by SCS for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, SCC or SCS.

Copies of this document, which is dated 26 March 2015, will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered office of the Company at Floor 9, Lowry House, 17 Marble Street, Manchester, Greater Manchester, M2 3AW and at the offices of DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester, M3 3AA from the date of this document to the date one month from the date of Admission.

Recipients of this document are authorised to use it solely for the purpose of considering the acquisition of Placing Shares and may not reproduce or distribute this document or use any information herein for any purpose other than considering an investment in Placing Shares. Such recipients of this document agree to the foregoing by accepting delivery of this document.

Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

IMPORTANT INFORMATION

No legal, business, tax or other advice is provided in this document. Prospective investors should consult their professional advisers as needed on the potential consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into the Prohibited Territories. The Ordinary Shares have not nor will they be registered under the United States Securities Act of 1933 (as amended) or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of the other Prohibited Territories and, unless an exemption under such Act or laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within the Prohibited Territories for the account or benefit of any national, resident or citizen of the Prohibited Territories. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Restrictions on sales in the United States

THE ORDINARY SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED ON OR ENDORSED THE MERITS OF THE OFFER OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS ADMISSION DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Notice to prospective investors in the European Economic Area

In the United Kingdom this document is being distributed to, and is directed only at qualified investors (as defined in the Prospectus Directive (as defined below)) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order and persons within the United Kingdom who receive this document (other than persons falling within (i) and (ii) above) should not rely on or act upon this document.

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), no Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

B. to fewer than 150, or, if the Relevant Member State has not implemented the relevant provision of the Prospectus Directive, 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. For the purposes of this provision, the expression "an offer to the public" in relation to any offer of Ordinary Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression the "Prospectus Directive" means Directive 2003/71/EC (as amended), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

CONTENTS

DEFINITIONS

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

Act	the UK Companies Act 2006;
Admission	admission of the Ordinary Shares and the Placing Shares to trading on AIM, a market operated by the London Stock Exchange becoming effective in accordance with the AIM Rules;
AIM	AIM, a market operated by the London Stock Exchange;
AIM Rules	the AIM Rules for Companies, published by the London Stock Exchange governing admission to, and the operation of, AIM as amended from time to time;
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers, published by the London Stock Exchange governing admission to, and the operation of, AIM as amended from time to time;
Articles	the articles of association of the Company;
AstraZeneca or **AZ**	AstraZeneca UK Limited, a subsidiary of AstraZeneca plc;
Audit Committee	the audit committee of the Board or a sub-committee of it;
B Deferred Shares	B deferred shares of £66.43444444 each in the capital of the Company;
B Ordinary Shares	B ordinary shares of 1p each in the capital of the Company;
Board or **Directors**	the Executive Directors and the Non-Executive Directors of the Company;
BIS	the Department for Business Innovation and Skills;
C Deferred Shares	C deferred shares of £0.00444403 each in the capital of the Company;
C Ordinary Shares	C ordinary shares of 1p each in the capital of the Company;
certificated or **in certificated form**	shares or other securities recorded on the relevant register as being held in certificated form;
City Code	the City Code on Takeovers and Mergers;
Company or **Redx**	Redx Pharma Plc, a public limited company incorporated in England and Wales with registered number 7368089;
CREST	the electronic transfer and settlement system of the paperless settlement of trades in listed securities operated by Euroclear UK & Ireland Limited;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
Disclosure and Transparency Rules	the disclosure rules and transparency rules made by the UKLA under Part VI of FSMA;

EEA State	means a state which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being;
EIS	Enterprise Investment Scheme under provisions of Part 5 of the Income Tax Act 2007;
EIS Placing Shares	the 1,523,659 Ordinary Shares to be issued by the Company to investors seeking EIS relief;
Enlarged Share Capital	the share capital of the Company on Admission as enlarged by the issue of Placing Shares;
Executive Directors	the executive directors of the Company, being Neil Murray, Philip Tottey and Derek Lindsay;
Existing Share Capital	the 47,334,150 Ordinary Shares in issue as at the date of this document;
Existing Shareholders	the shareholders of the Company as at the date of this document;
FCA	the UK Financial Conduct Authority established pursuant to the Financial Services Act 2012 and responsible for, among other things, the conduct and regulation of firms authorised and regulated under FSMA and the prudential regulation of firms which are not regulated by the PRA;
FCA Handbook	the FCA's handbook of rules and guidance as published by the FCA from time to time;
Further Placing Shares	the 15,535,165 Ordinary Shares to be issued by the Company pursuant to the Placing;
FSMA	the UK Financial Services and Markets Act 2000 (as amended);
Group	the Company and its subsidiary undertakings;
HMRC	HM Revenue & Customs;
IFRS	International Financial Reporting Standards, as issued by the ISAB, as adopted by the European Commission for use in the European Union;
IMI	the European Innovative Medicines Initiative;
IPR	intellectual property rights;
ISIN	International Securities Identification Number;
Jon Moulton	Jonathan Paul Moulton;
LCC	Liverpool City Council;
LCC Loan	a loan facility of £2.0 million provided by LCC, further details of which are set out in paragraph 11.2 of Part 6;

Lock-in Agreement	the conditional agreements dated 20 March 2015 between (1) SCC, (2) SCS and certain Existing Shareholders; a summary of which is set out in paragraphs 16.1 and 16.2 of Part 6 of this document;
London Stock Exchange	London Stock Exchange Plc;
Member State	a member state of the European Union;
New Ordinary Shares	the Conversion Shares and the Placing Shares;
NHS	The National Health Service;
NIAID	The National Institute of Allergy and Infectious Diseases;
Nomination Committee	the nomination committee of the Board or a sub-committee of it;
Non-Executive Directors	the non-executive directors of the Company, being Frank Armstrong, Peter Jackson, Norman Molyneux and Peter McPartland;
Official List	the Official List maintained by the UKLA;
Ordinary Shares or **Shares**	ordinary shares of 1p each in the capital of the Company;
Pierre Fabre	Institut de Recherche Pierre Fabre;
Placing	the conditional placing of 17,647,059 Ordinary Shares with certain institutional and professional investors at the Placing Price pursuant to the Placing Agreement;
Placing Agreement	the placing agreement dated 26 March 2015 entered into between (1) the Company, (2) the Directors, (3) SCC and (4) SCS and described in paragraph 17 of Part 6 of this document;
Placing Price	85 pence per Ordinary Share;
Placing Shares	17,647,059 Ordinary Shares to be issued by the Company pursuant to the Placing consisting of the EIS Placing Shares, the VCT Placing Shares and the Further Placing Shares;
PRA	the UK Prudential Regulation Authority, established pursuant to the Financial Services Act 2012;
Prohibited Territories	USA, Australia, Canada, Japan, the Republic of South Africa and their respective territories and possessions;
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and including any relevant implementing measure in each Relevant Member State;
Prospectus Rules	the prospectus rules made by the UK Listing Authority under Part VI of FSMA relating to offers of securities to the public and admission of securities to trading on a regulated market and as set out in the FCA Handbook;

Redx Anti-Infectives or **RAI**	Redx Anti-Infectives Limited a private limited company incorporated in England and Wales with registered number 07871128;
Redx Oncology or **ROL**	Redx Oncology Limited a private limited company incorporated in England and Wales with registered number 08134798;
Redx Immunology	Redx Immunology Limited a private limited company incorporated in England and Wales with registered number 09000503;
Regulations	the Money Laundering Regulations 2007;
Relevant Member State	each Member State of the European Economic Area that has implemented the Prospectus Directive;
Remuneration Committee	the remuneration committee of the Board or a sub-committee of it;
RGF	the UK Government's Regional Growth Fund;
RLBUHT	The Royal Liverpool and Broadgreen University Hospital Trust;
SCC or **Nominated Adviser**	Shore Capital and Corporate Limited a private limited company incorporated in England and Wales with registered number 02083043;
SCS	Shore Capital Stockbrokers Limited a private limited company incorporated in England and Wales with registered number 01850105;
Share Option Scheme	the share option scheme known as the Redx Pharma Plc Enterprise Management Incentive Scheme 2015 and adopted by the Company on 13 March 2015 and details of which are set out in paragraph 8 of Part 6 of this document;
Shareholder(s)	holder(s) of Ordinary Shares from time to time;
Shore Capital	SCC and/or SCS, as the case may be;
Takeover Panel or **Panel**	the UK Panel on Takeovers and Mergers;
UK or **United Kingdom**	the United Kingdom of Great Britain and Northern Ireland;
UK Corporate Governance Code	the UK Corporate Governance Code dated September 2012 issued by the Financial Reporting Council;
UK Listing Authority or **UKLA**	the FCA, in its capacity as the UK Listing Authority;
uncertificated or **in uncertificated form**	shares or other securities recorded on the relevant register as being held in uncertificated form in CREST and title in which, by virtue of the CREST Regulations, may be transferred by means of CREST;
United States or **US**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

US Securities Act	the United States Securities Act 1933, as amended;
VAT	value added tax;
VCT	a Venture Capital Trust, as defined in Part 6 of the Income Tax Act 2007;
VCT Scheme	a Venture Capital Trust Scheme under the provisions of Part 6 of the Income Tax Act 2007;
VCT Placing Shares	the 588,235 Ordinary Shares to be issued to VCTs seeking relevant relief; and
Warrants	the warrants granted to SCS to subscribe for Ordinary Shares at the Placing Price, further details of which are set out in paragraph 11.11 of Part 6.

GLOSSARY

AMR	anti-microbial resistance;
Best-in-class	drug with the best current profile combining safety, efficacy and usability in its class for a given indication;
BTK	Bruton's Tyrosine Kinase;
c-FMS	Colony-stimulating factor-1 receptor;
Clinical Candidate	fully differentiated compound with pharmacokinetics/ pharmacodynamics and in vivo proof of concept established as well as safety and toxicology, synthesis and formulation completed;
CMV	a subtype of herpes viruses. In humans this is commonly human herpesvirus-5;
ESKAPE pathogens	a faction of antibiotic-resistant bacteria (Enterococcus faecium, Staphylococcus aureus, Klebsiella pneumoniae, Acinetobacter baumannii, Pseudomonas aeruginosa and Enterobacter spp.) – acronymically dubbed 'the ESKAPE pathogens' – capable of 'escaping' the biocidal action of antibiotics;
Gram-positive	Gram-positive bacteria have a thick mesh-like cell wall which is made up of peptidoglycan (50-60 per cent. of the cell wall) and stains purple in the Gram test (generally the first test performed when identifying bacteria). Well known types of gram-positive bacteria are Staphylococcus and Streptococcus;
Gram-negative	Gram-negative bacteria have a thinner layer of peptidoglycan (10 per cent. of the cell wall) and stain reddish or pink in the Gram test. Well known types of Gram-negative bacteria are Escherichia coli and Salmonella;
Gram staining	Gram staining is a method of differentiating bacterial species into two large groups, Gram-positive or Gram-negative and is generally the first test performed when identifying bacteria;
HBV	Hepatitis B virus;
Hedgehog signalling pathway	a signalling pathway that transmits information to embryonic cells required for proper development;
Hit	compound which demonstrates efficacy against a given target in vitro;
Hit-to-Lead	phase of discovery which takes Hits and refines them into potential Leads;
IND Enabling Studies	IND (Investigational New Drug) enabling studies are preclinical studies such as toxicology and safety pharmacology that are completed subsequently and allow regulatory approval to dose a new drug for the first time in humans;

IDO	Indoleamine-(2,3)-dioxygenase;
Lead	compound which demonstrates efficacy against a given target in vitro with differentiated characteristics compared to competitor compounds;
Lead optimisation	phase of discovery which takes Leads and further optimises them to produce a Pre-Clinical Candidate;
MDR	multi-drug resistant;
MRSA	Methicillin-resistant strapylococcis aureus;
PD-1	Programmed death-1;
Pan-Raf inhibitor	drug which inhibits multiple Raf isoforms;
PORC	Porcupine – a target in the Wnt signalling pathway;
Pre-Clinical Candidate	fully differentiated compound with pharmacokinetics/ pharmacodynamics and in vivo proof of concept established as well as early non-GLP safety and developability assessed;
Pre-Clinical Proof of Concept	the stage of a project when efficacy is demonstrated with a proprietary compound in an animal pharmacodynamic or disease model;
R&D	research and development;
Redox Switch™	chemistry approach which establishes novel intellectual property through changes in patented drug structures;
RSV	Respiratory Syncytial Virus;
SMO	Smoothened – a target in the Hedgehog signalling pathway; and
Wnt signalling pathway	group of signal transduction pathways, made of proteins that pass signals from outside of a cell through cell surface receptors to the inside of a cell.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1. General

Prospective investors should rely only on the information in this document when deciding whether to invest in the Ordinary Shares. No person has been authorised to give any information or to make any representation in connection with the Placing other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Shore. No representation or warranty, express or implied, is made by Shore Capital or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Shore Capital or any selling agent as to the past, present or future. Neither the delivery of this document nor any issue or sale of the Placing Shares pursuant to the Placing made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company will update the information provided in this document by means of a supplement hereto if a significant new factor, material mistake or inaccuracy relating to this document occurs or arises prior to Admission that may affect the ability of prospective investors to make an informed assessment of the Placing.

The contents of this document are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult their own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of any Placing Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Ordinary Shares under applicable legal, investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of any investment in Ordinary Shares for an indefinite period of time.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors or Shore Capital any of their respective representatives that any recipient of this document should subscribe for or purchase any Placing Shares.

Prior to making any decision whether to purchase any Placing Shares, prospective investors should ensure that they have read this document in its entirety and, in particular, the section entitled "Risk Factors", and not just rely on key information or information summarised in it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the merits and risks involved. Any decision to purchase Placing Shares should be based solely on this document.

Investors who purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Shore Capital or any person affiliated with it in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied solely on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Group or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors or Shore.

None of the Company, the Directors, Shore Capital or any of their representatives is making any representation to any offeree or purchaser of the Placing Shares regarding the legality of an investment by such offeree or purchaser.

In connection with the Placing, Shore Capital and any of its affiliates, acting as an investor for its or their own account(s), may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by Shore Capital and any of its affiliates acting as an investor for its or their own account(s). Shore Capital does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

2. Interpretation

Certain terms used in this document, including capitalised terms and certain technical and other items, are defined in the sections entitled "*Definitions*" and "*Glossary*".

References to the singular in this document shall include the plural and vice versa where the context requires. Any references to time in this document are to London times unless otherwise stated.

3. Presentation of financial information

The financial information in this document has been prepared in accordance with the basis of preparation set out in note 2 of Section B of Part 5. The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this document.

The Company's financial year runs from 1 October to 30 September. The financial information included in Part 5 has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and is covered by the Accountant's Report included therein. Baker Tilly Corporate Finance LLP has conducted its work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom.

4. Presentation of operational data

The Group presents certain operational data in this document. Such data as presented in this document may not be comparable to similarly titled data presented by other companies in the Group's industries and, while the method of calculation may differ across the Group's industries, the Company believes that such data is important to understanding the Group's performance from period to period and that such data facilitates comparison with the Group's peers. This operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on the Company's estimates and is not part of the Group's financial statements and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

Unaudited operational information in relation to the Group is derived from the following sources: (i) unaudited accounting records for the relevant accounting periods and specified accounting framework presented; (ii) internal financial reporting systems supporting the preparation of financial statements; and (iii) the Group's other business operating systems and records.

5. Presentation of market, economic and industry data

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' estimates, using underlying data from independent third parties. The Group obtained market data and certain industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications.

The Company confirms that all such data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third party information has been used in this document, the source of such information has been identified. The Company has obtained certain information from HGF Limited.

6. Rounding

Certain data in this document including percentages and certain amounts relating to financial, statistical and operating information have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them and accordingly may not add up to 100 per cent.

7. Currencies

All references in this document to "**Pounds Sterling**" or "**£**" are to the lawful currency of the UK or to "**Euro**" or "**EUR**" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty. Unless otherwise indicated, the financial information contained in this document has been expressed in Pounds Sterling.

8. Forward-looking statements

Certain information contained in this document, including any information as to the Group's strategy, plans or future financial or operating performance, constitutes "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "seeks" "could" "targets" "assumes" "positioned" 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 intentions, beliefs or current expectations of the Directors concerning, among other things, the Group's results of operations, financial condition, prospects, growth, strategies and the industries in which the Group operates.

The important factors set out in the section entitled "Risk Factors" could cause the Group's actual results of operations, financial condition and the development of the industries in which the Group operates to differ materially from those suggested by the forward-looking statements contained in this document.

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 or are beyond the Group's control. Forward-looking statements are not guarantees of future performance. Even if the Group's actual results of operations, financial condition and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors are advised to read, in particular, the following parts of this document for a more complete discussion of the factors that could affect the Group's future performance and the industries in which the Group operates: Part I, Part 3 and Part 5. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements contained in this document may not occur.

The forward-looking statements contained in this document speak only as of the date of this document. The Company, the Directors and Shore Capital expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the AIM Rules or the Disclosure and Transparency Rules. Prospective investors should specifically consider the factors identified in this document which cause actual results to differ from those indicated in or suggested by the forward-looking statements in this document before making an investment decision.

9. No incorporation of website information

The contents of the Company's or the Group's websites or any website directly or indirectly linked to the Company's or the Group's websites do not form part of this document and investors should not rely on them.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	26 March 2015
Admission and commencement of dealings in Ordinary Shares on AIM	8:00 am on 27 March 2015
CREST accounts credited with uncertificated shares	8:00 am on 27 March 2015
Despatch of definitive share certificates (where applicable)	By 3 April 2015

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

PLACING STATISTICS

Placing Price	85 pence
Number of Ordinary Shares in issue immediately prior to the Placing	47,334,150
Number of Placing Shares being issued pursuant to the Placing	17,647,059
Enlarged Share Capital	64,981,209
Placing Shares as a percentage of the Enlarged Share Capital	27.2%
Estimated gross proceeds of the Placing	£15.0 million
Market capitalisation of the Company at the Placing Price on Admission	£55.2 million
EPIC/TIDM	REDX
ISIN	GB00BSNB6S51
SEDOL	BSNB6S5

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Dr. Frank Murdoch Armstrong *(Non-Executive Chairman)* Dr. Neil David Murray *(Chief Executive Officer)* Philip John Tottey *(Chief Financial Officer)* Dr. Derek Lindsay *(Chief Operating Officer)* Dr. Peter Jackson *(Non-Executive Director)* Norman Molyneux *(Non-Executive Director)* Peter McPartland *(Non-Executive Director)*
Company Secretary	Simon William Thorn
Registered Office	Redx Pharma Plc Floor 9, Lowry House 17 Marble Street Manchester Greater Manchester M2 3AW
Nominated adviser	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W15 4JU
Broker	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W15 4JU
Legal adviser to the Company	DWF LLP 1 Scott Place 2 Hardman Street Manchester M3 3AA
Reporting Accountant to the Company	Baker Tilly Corporate Finance LLP 3 Hardman Street Manchester M3 3HF
Patent attorneys to the Company	HGF Limited 140 London Wall London EC2Y 5DN
Legal adviser to Nominated Adviser and Broker	Orrick, Herrington & Sutcliffe (Europe) LLP 107 Cheapside London EC2V 6DN
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART I

INFORMATION ON THE COMPANY AND THE GROUP

1. INTRODUCTION

Redx is an established, income generating drug discovery and development company formed in 2010, with approximately 140 employees across two sites in Liverpool and Alderley Park, Cheshire. The Group is focused on the development of proprietary, small molecule therapeutics to address areas of unmet medical need principally in two areas, cancer and infectious disease. Through its rational drug design and smart chemistry capabilities, originally built from its Redox Switch™ technology, Redx has established an extensive pipeline of proprietary drug candidates, targeting best-in-class performance, which are patent protected and focused on commercially relevant targets. Redx's work has been endorsed by partnerships with global pharmaceutical companies and the NHS.

The Company's approach is to focus on improving the characteristics of existing drug classes to create highly differentiated best-in-class new drugs. Over a short period, Redx has already established a portfolio of 13 proprietary, (patent-protected) drug programmes. Four programmes have achieved pre-clinical proof of concept, with relevance for respective therapies to treat MRSA, bone tumours, skin, brain and blood cancers, where the Company has demonstrated superior performance to competitor drugs.

Redx's oncology-related drug programmes encompass immuno-oncology, a relatively new area of medicine which focuses on the development and delivery of therapies that improve the body's intrinsic potential for generating an effective immune response against cancer. This is an area of high interest to pharmaceutical companies. The Directors believe that Redx's current pipeline of anti-infective drug programmes has the potential to produce one of the first new chemical classes of antibiotics in a generation, which, if achieved, would be a landmark in the global fight against anti-microbial resistance. Redx is also working on a number of antiviral targets including Hepatitis B and influenza. In addition to oncology and infection, Redx has the opportunity to launch into a third therapeutic area, immunology, and has secured an offer of a Regional Growth Fund grant of £4.2 million to support this. The Company expects to commence operations in this new area during 2015.

As part of its business model, Redx seeks partnering and licensing deals at an early stage in its drug development programmes with large and emerging mid-size pharmaceutical companies. These partnerships have the potential to deliver development and sales milestone income to Redx as well as royalties on future sales. To date, Redx has secured five commercial partnerships and collaborations, the most significant being a two-year research collaboration and option agreement, signed in August 2014, with AstraZeneca. The research collaboration is targeting the genetic drivers of tumour growth and is focused on an undisclosed oncology drug candidate. The Company has also signed an innovative partnership with the NHS, working with The Royal Liverpool and Broadgreen University Hospitals Trust (RLBUHT) on new drugs to tackle drug-resistant bacteria, including MRSA.

2. HISTORY AND DEVELOPMENT OF THE GROUP

Redx was established in September 2010, raising equity funding to develop the Company's patent portfolio across 11 therapeutic areas. Following the successful application for a grant of £5.9 million from the RGF, the Company's cancer subsidiary, Redx Oncology, commenced operations in April 2012.

The Company's anti-infectives subsidiary, Redx Anti-Infectives, was subsequently incorporated in July 2012 to focus on research into microbial and viral infection. Following receipt of an offer of £4.7 million RGF grant in October 2012, Redx Anti-Infectives was launched in April 2013.

The Group signed its first commercial agreement in late 2013 with The Royal Liverpool and Broadgreen University Hospitals Trust, which comprised £5.6 million in funding to finance a

development collaboration focused on new drugs for MRSA. In the first half of 2014, the Company announced three further collaborations with Pierre Fabre (cancer), IMI (Gram-negative infection) and NIAID (influenza related programmes).

In April 2014, the Group incorporated a human health subsidiary, Redx Immunology Limited, to focus on immunology. Redx has since received an offer of a further RGF grant of £4.2 million to support the launch of this subsidiary, which is proposed to occur during 2015. In August 2014, Redx secured its first major pharmaceutical collaboration agreement with AstraZeneca in cancer research, which is more fully described in paragraph 10.1 of Part 6 of this document.

The Group has to date been funded through a mixture of equity funding, RGF grant funding and a working capital loan from LCC (due for repayment on 31 March 2015). As set out in paragraph 11.2.2 of Part 6 of this document, on 25 March 2015 a letter of variation was entered into, pursuant to which the maturity date of the LCC Loan was extended to 31 March 2017.

The Group has to date received the following sums from BIS through RGF grant funding in the form of industrial research grants under European state aid exemptions: £5.9 million under RGF2 for Redx Oncology; and £4.2 million under RGF3 for Redx Anti-infectives (as at 30 September 2014) (the "Grants"). For further information on the terms of the Grants please see paragraph 9 of this Part 1 and paragraph 11 of Part 6 of this document.

3. THE REDX APPROACH

3.1. Changing approaches in drug discovery and development

The genesis of the pharmaceutical industry was based upon exploitation of natural products for their healing properties. As chemistry techniques evolved, the industry developed a capability to produce simpler synthetic mimics of these complex natural product drugs and entered the era of rational drug design where new therapeutics were produced by making relatively small changes to the structure of known compounds and assessing the impact on their efficacy and safety.

In the late 20th century, the industry formed the collective view that drug discovery was driven by throughput – the greater number of drug candidates that were tested for activity, the greater number of new drugs would be produced. This gave rise to the development of 'combinatorial chemistry' which employed robots to make and test vast numbers of molecules. However, this approach did not produce the expected increase in new therapeutics largely due to insufficient understanding of the biology of drug targets.

As companies began to focus on improved biology, their attention also shifted to using biologic drugs (such as monoclonal antibodies ("MAbs")) rather than chemical drugs to tackle disease challenges – with the potential to be safer and better tolerated by patients. Whilst biologic drugs have a place in therapeutic approaches to disease, the Directors believe they have not delivered the expected therapeutic benefits for a variety of reasons, including lack of efficacy in patients.

As a consequence, many in the industry have come full circle back to rational drug design but with the important difference that there is now a superior understanding of the structural biology of targets and significantly improved chemistry techniques which allow drugs to be hand-crafted in ways that have not previously been possible.

The Company's approach to small-molecule drug discovery is based on Redx's understanding: i) of the critical features leading to activity in existing classes of drugs to facilitate the design of novel structures capitalising on the active sites, and ii) of how to overcome the disadvantages of these known drug classes in order to eliminate or reduce side effects or resistance mechanisms. The Directors believe that Redx's approach to drug discovery and development significantly shortens the time, and correspondingly cost, associated with traditional drug discovery methodologies.

The Board believes that Redx's combination of smart chemistry and understanding of the biology puts the Company at the forefront of this renaissance in rational drug design. Its approach has enabled Redx to establish an extensive pipeline of proprietary (patent-protected) small-molecule drug candidates, principally in oncology and infectious disease, targeting commercially relevant targets.

3.2. **Redx and the pharmaceutical industry**

Redx's business model aims to capitalise on the growing need of established large pharmaceutical companies to replenish their drug development pipelines as well as enabling emerging pharmaceutical companies to diversify their existing pipelines. The Group has to date received significant interest from both large and emerging pharmaceutical companies to license assets from the broad portfolio currently being developed by Redx.

The Directors believe this opportunity has arisen in the market as a result of large pharmaceutical companies winding down their drug research activities. Historically these companies have invested significant resource into researching large numbers of products and follow a well-defined process that is both inflexible and expensive. Consequently, there has been a market shift by these companies to licence products from smaller, independent drug companies that can undertake the early stage activities more effectively and efficiently.

In conjunction with the shift in large pharma practice, there have been developments within the emerging pharmaceutical arena. Historically such companies have focused on the research and development of one or two products, resulting in a binary risk profile. Recently, emerging pharmaceutical companies have sought to diversify their portfolios to balance their risk profile. The Directors believe that the Group is positioned to satisfy growing market demand from both large pharmaceutical companies and emerging pharmaceutical companies as they seek to expand their pipeline to diversify their portfolios.

4. THE GROUP'S OPERATIONS

4.1. **Pipeline**

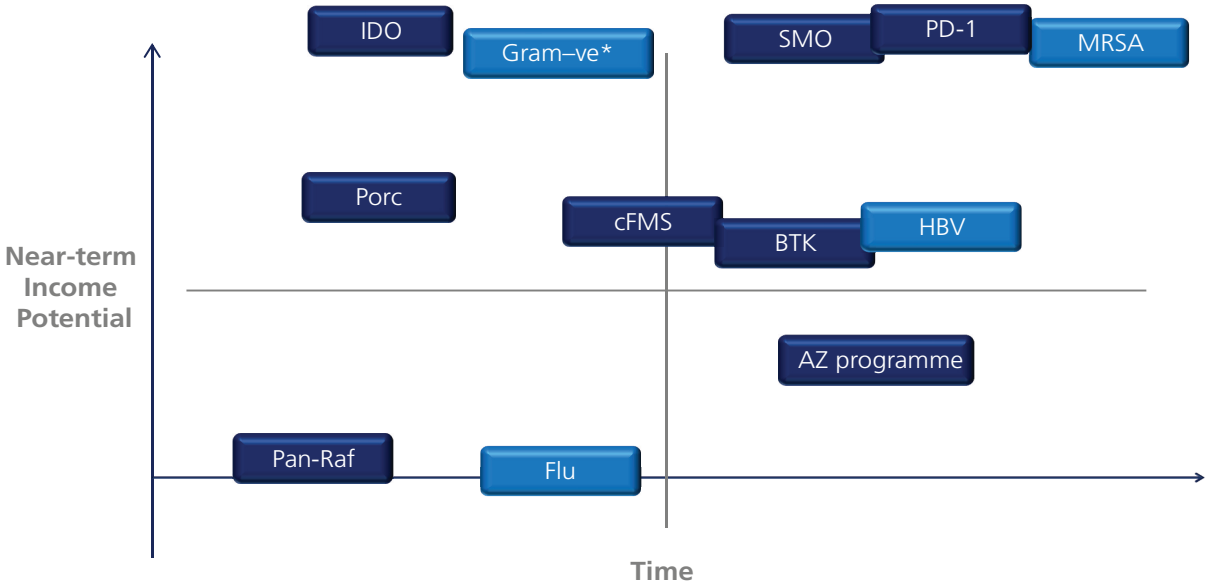
Redx is currently focused on two key therapeutic areas for development:

- oncology; and
- infectious disease.

These areas represent multibillion dollar markets with unmet need. In addition to oncology and infection, the Group has the opportunity to exploit a third therapeutic area, immunology, and has secured an offer of an additional RGF grant of £4.2 million to support this. The Group expects to commence work in this new area during 2015.

The Group's current pipeline consists of 13 programmes. Each programme is at a different stage of progression and figure 1 below provides an indication of the relative estimated near term revenue potential of the respective programmes over a three year period.

Figure 1 – Overview of current Redx pipeline (Source: Redx)



* Redx is working on two separate programmes targeting Gram-ve infection.

Anti-infectives

Oncology

Further details on the programmes in each therapeutic area are provided in the sections below.

Oncology

In 2012, the global oncology market had sales in excess of US$60 billion (Source: AstraZeneca Annual Report 2012) and continues to grow strongly as new therapies are developed and licensed. Two significant new areas of development have recently emerged in oncology which are supported by strong data from clinical studies; these being tumour immunology and cancer stem cell pathways.

Redx has generated programmes which are focused on both of these important new areas, and each programme has been chosen by the Directors because of its current commercial relevance. Targets include IDO, c-FMS, SMO, PORC and PD-1 as well as other important areas. The Group continues to refresh and augment its pipeline as new targets are identified.

The Group's current target opportunity summary for oncology is set out in figure 2 below:

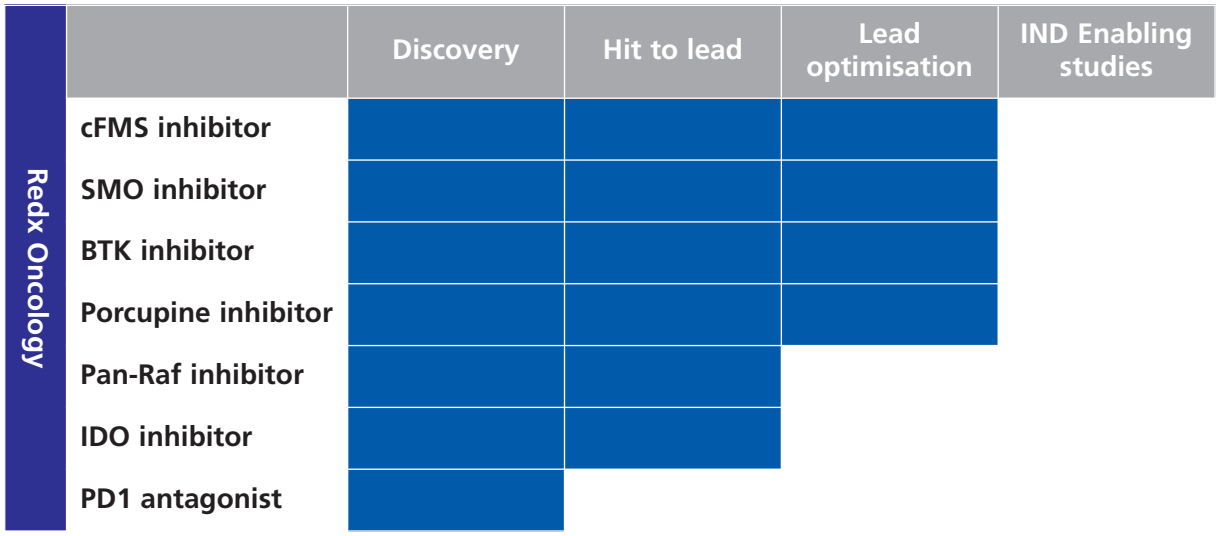
Figure 2 – Redx Oncology opportunity summary*

Target	Opportunity
cFMS inhibitor	Breast and prostate cancer as well as bone metastasis and rheumatoid arthritis. Achieved Pre-Clinical Proof of Concept
SMO inhibitor	Implicated in skin, brain and blood cancer. Achieved Pre-Clinical Proof of Concept
BTK inhibitor	Broad therapeutic opportunities in blood cancer as well as rheumatoid arthritis, lupus and sjogren's syndrome. Achieved Pre-Clinical Proof of Concept
Porcupine inhibitor	Breast, pancreatic and head and neck cancer
Pan-Raf inhibitor	Colorectal cancer
IDO inhibitor	Solid tumours such as skin and lung cancer
PD1-antagonist	Multiple tumour types include skin, lung and kidney cancer

* Does not include reference to AstraZeneca programme shown in figure 1 as target is confidential

The status of the Group's current target opportunity summary for oncology is set out in figure 3 below:

Figure 3 – Redx Oncology pipeline status



Infectious disease

In 2012, the global anti-infectives market had sales in excess of US$90 billion with antibacterials accounting for more than US$35 billion (Source: AstraZeneca Annual Report 2012). Concerns over the critical impact of antimicrobial resistance (AMR) are driving both policy and demand for new therapies.

Redx's pipeline is made up of antibacterial programmes focusing on both Gram-positive and Gram-negative targets with the potential to produce one of the first new chemical classes of antibiotics in a generation which if achieved would be a landmark in the fight against AMR. Well-known types of Gram-positive bacteria are Staphylococcus and Streptococcus and well known types of Gram-negative bacteria are Escherichia coli and Salmonella. In addition, the Group is working on several antiviral targets including Hepatitis B and Influenza. As with oncology, the pipeline is continually being refreshed and augmented as new targets are identified. The Group's current target opportunity summary for anti-infectives is set out in figure 4 below:

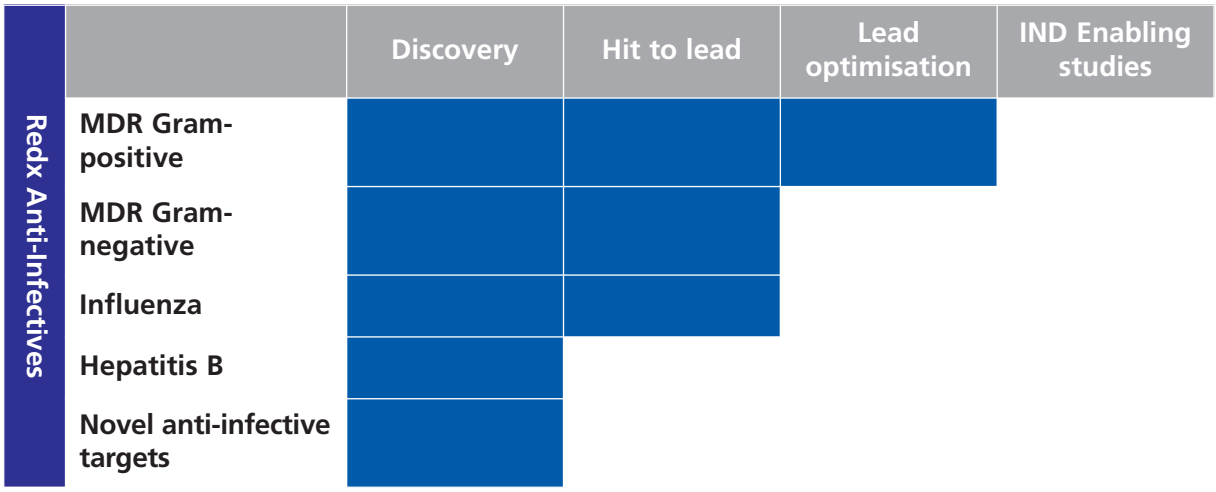
Figure 4 – Redx Anti-Infectives target opportunity summary

Programme	Opportunity
MDR Gram-positive	An opportunity exists for the development of novel chemotypes that target enzymes implicated in DNA replication for the treatment of MRSA infection. This programme is fully funded to clinical proof of concept with £5.6m from RLBUHT. Achieved Pre-Clinical Proof of Concept
MDR Gram-negative	Similar approach to that applied in Gram-positive targeting other ESKAPE pathogens. Opportunities in urinary tract infections, cystic fibrosis and complicated skin and soft tissue infection. Redx is working on two seperate programmes targeting Gram-ve infection. One of these is funded by IMI (the European Innovative Medicines Initiative) consortium along with GSK with the programme being part-funded to clinical proof of concept
Influenza	Redx is working on developing novel small molecule inhibitors of neuraminidase for the treatment and prophylaxis of infections caused by influenza A and B viruses, including drug resistant strains. Opportunities in pandemic and seasonal Influenza

Programme	Opportunity
Hepatitis B	Redx is working on developing novel small molecule Toll-like receptor-7 (TLR7) agonists for the treatment of chronic Hepatitis B Virus infection
Novel anti-infective targets	Cytomegalovirus, respiratory syncytial virus and Penicillin binding protein

The status of the Group's current target opportunity summary for infectious diseases is set out in figure 5 below:

Figure 5 – Redx Anti-Infectives pipeline status



4.2. Commercialisation and business model

Redx's business model is to reach partnering and licensing deals with large and emerging mid-size pharmaceutical companies based on compelling pre-clinical test data prior to clinical development. The Group's model is for Redx to enter into two general types of deal:

- *R&D collaboration deals, where the pharmaceutical company partner typically funds two to three years of pre-clinical development around lead development, with the partner taking an option to licence any candidates that emerge during the period; and*
- *individual programme licence deals, which are typically executed at the development candidate or clinical candidate stage.*

Redx's preferred approach is to enter into commercial deals which involve R&D revenues, up-front licensing fees, clinical development milestones and royalties on commercial sales, over the 15 to 20 year lifetime of a programme's patents. Redx's default model is not to take its programmes into the clinical development stage, as this generally significantly increases the cost, time and risk profile. However, the Directors will assess this on a case by case basis and may develop individual programmes further before partnering with a pharmaceutical company if it is deemed to be beneficial to the Group following an appropriate assessment of risk and the Group's resources against any future potential reward.

The Directors believe that the Group's approach fits well with the business development practices of the pharmaceutical industry, and the strong current interest in pre-clinical licensing in the sector in response to the widely publicised R&D productivity gap in large pharmaceutical companies.

4.3. **Deals and collaborations signed to date**

The Company has, as at the date of this document, signed the following deals and collaborations with partners:

AstraZeneca, oncology: On 1 August 2014, the Company signed a Research Collaboration and Option Agreement with AstraZeneca against an undisclosed oncology target, which provides for significant potential future income in respect of R&D, licence fees, clinical and commercial milestones and single digit, tiered royalties on commercial sales. The absolute level of potential income received under the contract will depend on AstraZeneca exercising its option to progress development, how far the programme progresses through development and the ultimate level of commercial sales obtained by AstraZeneca.

National Health Service, MRSA: On 27 September 2013, Redx signed a collaboration deal with The Royal Liverpool and Broadgreen University Hospitals Trust securing a fully-funded route to clinical proof of concept in exchange for RLBUHT receiving a royalty of 20 per cent. of net revenues from commercial exploitation of any outputs. Under the terms of the collaboration Redx will provide RLBUHT with a clinical candidate that will undergo human trials to secure clinical proof of concept. Redx is then responsible for onward licensing of the candidate drug to a pharmaceutical partner for further development and commercialisation.

Pierre Fabre, skin cancer: On 4 February 2014, Redx signed an agreement with Pierre Fabre whereby Pierre Fabre paid for proof of concept studies for several Redx drug candidates in skin cancer.

The European Innovative Medicines Initiative* (IMI) *ENABLE project on Gram-negative microbial infection (a pharma consortium led by GlaxoSmithKline): On 1 January 2014, the Company signed a part-funded option to take the programme to clinical proof of concept with a non-exclusive option to commercialise via one or more members of the consortium on licence terms to be negotiated in due course.

National Institute of Allergy and Infectious Diseases (NIAID), for influenza related drug programmes: On 4 February 2014, the Company entered into a cost coverage collaboration including in-vivo studies with the option to extend to initial clinical trials.

Summaries of certain of these agreements are set out in paragraph 10 of Part 6 of this document.

Figure 6 below shows a theoretical example of a deal structure to demonstrate the types of deal structures the Company intends to enter into with partners:

Figure 6 – Theoretical example of a deal structure (Source: Redx)

Milestone	Potential Payment (£m)	Sequential Timing (mths)
Upfront	0 to 5	
Lead optimisation development decision	2 to 3	18 to 24
Candidate Selection	1 to 2	6 to 9
First in man	2 to 5	9 to 15
Clinical milestones	10 to 50	24 to 60
Launch milestones	25 to 40	12 to 24
Commercial milestones	20 to 50	12 to 48
Tiered royalties on sales	2% – 10%	

As indicated above, the Company expects future commercial deals (assuming such transactions are similar to the above) to have total potential revenues of between £100 million and £500 million depending on the following sensitivities and assumptions: the biological target; market potential; deal timing; whether a successful clinical product is obtained and the level of commercial sales that are achieved (assuming the candidate becomes a successful clinical product). **The information set out in Figure 6 above and this paragraph is for illustrative purposes only and is not intended to be relied on for any purpose, including, without limitation, assessing the potential future operational and/or financial performance of the Group. In addition, there can be no certainty that the Group will enter into any agreements with partners and, even if any such agreements are entered into, there can be no certainty that they will be contracted on similar terms to those illustrated above.**

5. CURRENT TRADING

The Group is currently trading in line with management's expectations. In December 2014, the Group achieved its fourth Pre-Clinical Proof of Concept to date with its BTK inhibitor programme. In February 2015, the Company nominated a development candidate for its SMO programme in skin cancer. The Company's cash balance as at 31 December 2014 was £1.9 million.

6. THE GROUP'S GROWTH STRATEGIES

The Group's growth strategies are as follows:

- the Group is focused on securing further commercial deals for its existing programmes;
- the Group intends to target commercial deals which involve a combination of R&D revenues, up-front licencing fees, development milestones and royalties on commercial sales, over the 15 to 20 year lifetime of a programme's patents. Since Redx's involvement in programmes will typically terminate at candidate stage, the Group should be free to reallocate resource to new targets whilst still accruing revenues from those programmes where deals have been secured;
- Redx has secured an offer of a further RGF grant for £4.2 million to support the establishment of a third therapeutic area focused on immunology. The Directors believe that this will allow the Group to broaden its capability and secure further dealflow; and
- as Redx continues to grow, the Directors believe that the Group should have the opportunity to develop additional valuable pipeline assets in current and new therapeutic areas.

7. KEY STRENGTHS OF THE GROUP

The Directors believe the Group has the following competitive advantages over other companies:

- ***Focus of proprietary portfolio*** – due to Redx's focus on critical areas of interest to pharmaceutical companies in high-value therapeutic areas, the Directors believe that the Company is well positioned to meet industry demand for new pipeline programmes;
- ***Strength and breadth of proprietary portfolio*** – the range of the Company's portfolio combines both significant potential upside on commercialisation of programmes with mitigation of investment risk through the breadth of the portfolio;
- ***Track record of innovation*** – Redx has a proven chemistry and biology expertise which has resulted in a pipeline of assets with demonstrated pre-clinical proof of concept that has been generated more quickly and cost-effectively than traditional drug discovery;
- ***Business model offers an attractive risk/reward profile*** – the Company's model of early stage partnering with larger and emerging well-funded pharmaceutical companies lowers the typical risk profile of smaller pharmaceutical companies;

- ***Commercial validation of business model*** – Redx has entered into five commercial deals and collaborations in the last 18 months, including signing of an agreement with AstraZeneca which the Company believes represents validation of its business model;
- ***Broad IPR estate*** – the Company has a wide ranging estate of intellectual property rights within the specific pharmaceutical areas it is targeting, which the Company believes provides it with both a significant protection of its competitive position and demonstrates significant credibility to its potential partners in larger and emerging pharmaceutical companies; and
- ***Range and experience of staff*** – the Company currently employs approximately 120 scientists with a diverse mix of capability and experience, providing the organisation with a core intellectual capability which the Company believes is well beyond that available to many other pharmaceutical companies.

8. PATENT PORTFOLIO

The Board has a proactive approach to obtaining intellectual property rights for potential development compounds. The Directors believe that this patent portfolio represents a substantial resource for the investigation of new active pharmaceutical compounds. Relative to its size, the Directors believe that Redx's patent portfolio is proportionately large in comparison with the patent portfolios of a number of more mature pharmaceutical companies. Further information on the Group's patent portfolio is set out in the patent report in Part 4 of this document.

9. GRANT FUNDING

The Grants (as defined in paragraph 2 of this Part 1) have been made in accordance with what the Board understands to be typical terms and conditions for such RGF grants, including provisions which may require, in certain circumstances, the Group to repay the Grants in part or in full ("Clawback"). These circumstances include: job creation targets not being met; a significant change in the scale or the nature of the project; or a change of ownership or control of the Group. Under the terms of the Grants, there is a requirement for the Group to create and sustain an agreed average number of jobs over a fixed period from the date of Grant (the "Monitoring Period"), which if not complied with may result in Clawback at the end of the Monitoring Period. Under RGF2 the Monitoring Period ends on 31 March 2017 and under RGF3 the Monitoring Period ends on 17 April 2019.

The Group is not currently sustaining the required average number of jobs under the terms of the Grants, although to date performance reviews of the Group carried out by BIS have produced a low risk score. Should the Group achieve its technical and commercial targets, the Group expects to be sustaining the required average number of jobs at the end of the Monitoring Periods. In addition, BIS was aware from the initial grant application form, of each of the technical and commercial risks to each programme that may result in the Group not being able to create and sustain the required number of jobs. Consequently, the Directors consider the risk of Clawback to be very low.

In addition, should BIS determine the Group to be 'high risk' as to its financial sustainability or if there is total programme failure during the Monitoring Period, BIS has the right to effect Clawback during the Monitoring Period itself. The Board considers this to be a low risk as the Group maintains appropriate corporate governance and financial controls and the Board intends to manage the business to minimise the risk of being designated 'high risk' during the Monitoring Period. Furthermore, the Board intends to continue to work closely with BIS staff to ensure that any issues in relation to compliance with RGF guidelines are identified early and dealt with appropriately. For further information on the risk of Clawback please see the risk factor in Part 3 of this document headed "*RGF grants awarded to the Group include provisions for clawback*."

10. REASONS FOR ADMISSION AND USE OF PROCEEDS

The Directors believe Admission will assist the Company in its development by:

- providing access to development capital to progress the current and future pipeline and expanding within therapy areas;
- allowing the Company to progress programmes further to secure superior returns for investors;
- exploiting new therapeutic opportunities to increase dealflow;
- strengthening the Company's balance sheet to have a stronger position in forthcoming licensing negotiations;
- increasing the credibility and visibility of Redx to the global pharmaceutical industry; and
- providing the Company with the ability to incentivise its employees through the Share Option Scheme, which should assist the Company in continuing to attract, retain and motivate high calibre employees.

The net proceeds of the Placing, which are expected to amount to approximately £13.5 million, will be used by the Company to:

- progress the Company's current pipeline of oncology and infectious disease assets to stages which will support licence and collaboration deals; and
- support the launch of a third subsidiary focused on immunology, additionally supported by the Company securing an offer of a £4.2 million RGF grant in 2014, which the Company expects will lead to the generation of additional pipeline assets to support future deal flow.

11. FINANCIAL INFORMATION

The Company's historical financial information for the three years from 1 October 2011 to 30 September 2014 is set out in Part 5 of this document.

12. DIVIDEND POLICY

The declaration and payment by the Company of any future dividends on the Ordinary Shares will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

The Board recognises the importance of dividend income to Shareholders and intends to adopt, at the appropriate time, a progressive dividend policy to reflect the expectation of future cash flow generation and long term earnings potential of the Company. However, it is not the current intention of the Board to declare any dividends in the near term. The Board may revise the Company's dividend policy from time to time in line with the actual results of the Company.

13. RISK FACTORS

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part 3 of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

14. DETAILS OF THE PLACING

The Placing comprises the placing by Shore Capital, as agent for the Company, of 17,647,059 Placing Shares with institutional and other investors. The Placing will raise approximately £13.5 million net of expenses for the Company. The Placing Shares will represent approximately 27.2 per cent. of the Enlarged Share Capital. The Placing is not being underwritten.

The VCT Placing shares and the EIS Placing Shares will be issued to investors seeking to benefit from the tax advantage pursuant to the VCT and/or EIS legislation. The Company has obtained advance assurance from HMRC that the VCT Placing Shares will constitute a qualifying holding for VCT Schemes and that the EIS Placing Shares will satisfy the requirements for tax relief under EIS.

Peter Jackson, Frank Armstrong and Norman Molyneux are subscribing for 82,354 Placing Shares, in aggregate, at the Placing Price. The Board will, at Admission, hold approximately 10.6 per cent. of the Company's Enlarged Share Capital. Further details of the Directors' holdings are set out in paragraph 7.5 of Part 6 of this document.

The Placing is conditional, *inter alia*, on:

- the EIS Placing Shares and the VCT Placing Shares having been issued;
- the Placing Agreement becoming unconditional and not having terminated in accordance with its terms prior to Admission; and
- Admission occurring by no later than 27 March 2015 (or such later date as Shore Capital and the Company may agree, being no later than 30 April 2015).

The EIS Placing Shares will be issued on 26 March 2015, being the business day prior to the intended date of Admission. The VCT Placing Shares will be issued on the morning of, but in advance of Admission. The issue of the VCT Placing Shares and the EIS Placing Shares will therefore not be conditional on Admission.

The Placing Shares will be issued fully paid and will, on issue, rank *pari passu* with the all other issued Ordinary Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of Admission.

Further details of the Placing Agreement are set out in paragraph 17 of Part 6 of this document.

15. LOCK-IN ARRANGEMENTS

In accordance with the provisions of Rule 7 of the AIM Rules the Directors and Jon Moulton, representing in aggregate 17,958,894 Ordinary Shares and 27.6 per cent. of the Enlarged Share Capital, have entered into irrevocable undertakings that they will not (and will procure, insofar as they are able, that any of their associates will not) dispose of any interest in Ordinary Shares held by them or their associates for a period of one year from Admission, save in certain circumstances. They have each also undertaken that they will not (and will procure, insofar as they are able, that any of their associates will not) dispose of any interest in Ordinary Shares for a period of 12 months following the first anniversary of Admission unless such disposal is effected through the Company's broker (from time to time), to ensure an orderly market.

Other existing shareholders, representing in aggregate 29,663,716 Ordinary Shares (which together with the Directors' and Jon Moulton's aggregate shareholdings immediately prior to Admission of 16,790,684 Ordinary Shares, represent 98.1 per cent. of the Existing Share Capital), have entered into irrevocable undertakings that they will not dispose of any interest in Ordinary Shares held by them for a period of one year from Admission, save in certain circumstances.

Further details of the lock-in agreements are set out in paragraphs 16.1 and 16.2 of Part 6. The Placing Shares placed by Shore Capital are not subject to any lock-in or orderly market arrangements.

16. 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.

17. ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the Existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Existing Ordinary Shares and the Placing Shares on 27 March 2015.

No application has or will be made for the Existing Ordinary Shares and the Placing Shares to be admitted to trading or to be listed on any other stock exchange.

18. APPLICABILITY OF THE CITY CODE

The City Code applies to the Company. Under the City Code, if an acquisition of interests in 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 on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in 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.

19. EIS AND VCT STATUS

VCT Scheme

The Directors understand that shares in the Company should represent a "qualifying holding" for the purposes of investment by VCTs. The continuing status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, inter alia, on the Ordinary Shares being held as a "qualifying holding" for VCT purposes throughout the period of ownership. Neither the Company nor the Directors give any warranty, representation or undertaking that any VCT investment in the Company will remain a qualifying holding.

EIS

The Company has obtained advance assurance from HMRC to confirm that they will issue certificates under section 204 of the Income Tax Act 2007 in respect of Ordinary Shares issued to individuals, following receipt from the Company of a properly completed compliance statement (EIS 1 form) within the prescribed time limit stipulated in section 205(4) of the Income Tax Act 2007. Additionally it has obtained confirmation of VCT status in the same application. The continuing status of the Ordinary Shares as qualifying for EIS 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 by way of EIS shares will remain a qualifying investment for EIS purposes. EIS 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.

20. TAXATION

Your attention is drawn to the information regarding taxation which is set out in paragraph 15 of Part 6 of this document. That information is intended only as a general guide to the current tax position under UK taxation law. If you are in any doubt as to your tax position, you should contact your independent professional adviser.

21. FURTHER INFORMATION

Your attention is also drawn to the remaining parts of this document, which contain further information on the Group.

PART 2

DIRECTORS AND CORPORATE GOVERNANCE

1. THE DIRECTORS

The following table lists the names, positions and dates of birth of the current members of the Board:

	Dates of birth
Dr. Frank Murdoch Armstrong *(Non-Executive Chairman)*	14 January 1957
Dr. Neil David Murray *(Chief Executive Officer)*	28 August 1963
Philip John Tottey *(Chief Financial Officer)*	2 August 1961
Dr. Derek Lindsay *(Chief Operating Officer)*	15 July 1961
Dr. Peter Jackson *(Non-Executive Director)*	5 February 1963
Norman Molyneux *(Non-Executive Director)*	16 March 1956
Peter McPartland *(Non-Executive Director)*	6 January 1954

The business address of each Director is Redx Pharma Plc, Floor 9, Lowry House, 17 Marble Street Manchester, Greater Manchester, M2 3AW.

Dr. Frank Murdoch Armstrong

Dr. Frank Armstrong joined the Company as Non-Executive Chairman on 1 September 2014. Frank has previously led Medical Science and Innovation (MSI) in R&D at Merck Serono, Worldwide Development at Bayer and the Worldwide Medical Organisation at Zeneca. He has also been the CEO of a number of life sciences companies and has extensive experience of medical and product development in large and small company environments, leading successful product approvals in the US and EU across a range of therapeutic areas. Frank has been the CEO of five biotechnology companies (public and private) and was CEO of Fulcrum Pharma, before it was sold to private equity. In 2007, he led the sale of 454 Life Sciences for CuraGen to Roche for a consideration of $154 million. Frank has experience acting as chairman and non-executive director in the UK and USA with both private companies and a NASDAQ listed company as well as being chairman of a charitable institution. Frank has been non-executive chairman of AIM listed Summit plc (LSE: SUMM) since June 2013.

Dr. Neil David Murray

Dr. Neil Murray co-founded the Company in 2010 and has over 25 years' experience in the pharmaceutical industry with experience of drug development, business growth and general management. He has held a variety of senior operational, commercial and R&D positions including as Global Director for Sales and Marketing with Solutia's Pharmaceutical Services business. Prior to joining Solutia he was Director of Chemical Development at Vernalis (formerly Vanguard Medica) with additional responsibility for management of the company's research portfolio. He was also European Business Development Director for Sigma-Aldrich before which he was External Projects Director at Glaxo-Wellcome with responsibility for the company's external development science. He has extensive experience of drug discovery and development and commercialisation in large and small companies across a wide range of therapeutic areas.

Dr. Peter Jackson

Dr Peter Jackson is a co-founder of the Company and previously served as Executive Chairman before becoming a Non-Executive Director in September 2014. In 2007, Peter founded the Company's predecessor company Bradford Pharma. From 2005 until 2010, Peter was founder and CEO of Reaxa, exploiting chemical catalyst technology for the production of drugs with lower levels of impurities to meet stricter quality standards. He is founder and non-executive director of two other bio-pharma ventures, ADC Biotechnology focused on production of new antibody-based cancer therapeutics, and

Yorkshire Process Technology, focused on development of new chemical processes for pharmaceuticals and agrochemicals. Peter has over 25 years' experience in the sector, holding senior executive roles as commercial director then head of Avecia's Pharmaceutical Products business unit, following senior commercial and R&D positions at Zeneca and ICI.

Dr. Derek Lindsay

Dr Derek Lindsay, a co-founder of the business, is the Chief Operating Officer having joined the Company full-time in 2012. Derek was previously Director of Innovation of pharmaceutical industry consortium Britest Ltd, from 2006 to 2012. Prior to that he was R&D director of Avecia Pharmaceutical Products and had held a series of management roles in a career spanning 21 years; working in R&D, Process Development and Hazards at Avecia and its predecessor businesses, Zeneca and ICI, which he joined in 1988, after initially working in R&D at BP from 1985.

Mr. Philip Tottey

Mr Philip Tottey joined the Company in 2013 and is a qualified member of the Association of Chartered Certified Accountants. Philip started his career at Grant Thornton before moving to work at the retail division of Littlewoods plc. He moved to the international media organisation, Emap plc in 1994, as Operations Director for Radio City, one of its subsidiary companies in Liverpool. In addition to this position, Philip also held a group role as finance manager for all of Emap's North West Radio Stations, including Key 103 in Manchester and Rock FM in Preston. In his last role prior to joining the Redx Group, Phil was Deputy Chief Executive for the social enterprise business FRC Group.

Mr. Peter McPartland

Mr Peter McPartland has been Non-Executive Director of the Company since October 2010. Peter has been the managing director of Reacta Biotech Ltd, a Manchester based start-up, since February 2014. A graduate pharmacologist, he worked for six years as an investment analyst before joining Schroder Ventures (now Permira) in 1988. In 1994 Peter became a co-founder and general partner of SV Life Sciences (SVLS). From 1998 he began to develop his own personal interests while maintaining a part-time role at SVLS, leaving that firm in 2007 to become an independent venture capital consultant. During his spell at SV/SVLS he was a director of a number of leading companies in the field, including Shire Pharmaceuticals, Chiroscience and Triangle Pharmaceuticals.

Mr. Norman Molyneux

Mr Norman Molyneux was previously the CFO of the Company before becoming a Non-Executive Director in September 2014. Norman is a qualified Chartered Management Accountant and has 15 years' experience in arranging early stage business angel and venture capital funding. Following training in accountancy with GKN, he joined PriceWaterhouseCoopers, working on many consultancy assignments with both SME and multi-national companies. Following this, he returned to industry with director roles in the paper manufacturing and food manufacturing sectors in the UK. In 2000, Norman founded Acceleris Limited in 2000, an FCA regulated fund management and corporate finance firm specialising in EIS led investment transactions. Norman holds numerous directorships fulfilling both executive and non-executive positions.

2. CORPORATE GOVERNANCE

The Board seeks to follow best practice in corporate governance appropriate to the Company's size and in accordance with the regulatory framework that applies to AIM companies. The Board reviews and applies the principles and provisions of the UK Corporate Governance 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 of Directors intends to meet 10 times per year for formal Board Meetings. It approves 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 scientific project. There is a formal schedule of matters reserved for decision by the Board in place.

- The Group has an Audit Committee, Remuneration Committee and a Nominations Committee as below. Each committee has clear terms of reference.

The Board intends to appoint at least one further independent Non-Executive Director as soon as practicable following Admission.

3. BOARD COMMITTEES

As envisaged by the UK Corporate Governance Code, the Board has established three committees: Audit, Remuneration and Nomination Committees, each with written terms of reference. If the need should arise, the Board may set up additional committees as appropriate.

3.1 Audit Committee

The Audit Committee has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal and external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will meet at least three times a year at the appropriate times in the financial reporting and audit cycle.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The responsibilities of the Audit Committee covered in its terms of reference include the following: external audit, financial reporting, internal controls and risk management. The terms of reference also set out the authority of the committee to carry out its responsibilities.

The Audit Committee currently comprises two members, who are both Non-Executive Directors: Norman Molyneux and Peter McPartland. The committee is chaired by Norman Molyneux.

3.2 Remuneration Committee

The Remuneration Committee has responsibility for determination of specific remuneration packages for each of the Executive Directors and certain senior executives of the Group, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management, and the implementation of share option, or other performance related schemes. It will meet at least two times a year. The Remuneration Committee will also generate an annual remuneration report to be approved by the members of the Company at the annual general meeting.

The responsibilities of the Remuneration Committee covered in its terms of reference include the following: determining and monitoring policy on and setting levels of remuneration, termination, performance-related pay, pension arrangements, reporting and disclosure, share incentive plans and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

The Remuneration Committee comprises three members, all of whom are Non-Executive Directors: Frank Armstrong, Norman Molyneux and Peter McPartland. The committee is chaired by Peter McPartland.

3.3 **Nomination Committee**

The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the skills and expertise that will be needed on the Board in the future. The Nomination Committee's terms of reference deal with such things as membership, quorum and reporting responsibilities. The Nomination Committee will meet at least twice a year.

The Nomination Committee comprises three members, all of whom are Non-Executive Directors, Frank Armstrong, Norman Molyneux and Peter McPartland. The committee is chaired by Frank Armstrong.

4. SHARE DEALING CODE

The Company has adopted, with effect from Admission, a code on dealings in relation to the securities of the Group (the "Share Dealing Code"). The Company shall require the Directors and other relevant employees of the Group to comply with the Share Dealing Code, and shall take all proper and reasonable steps to secure their compliance.

5. BRIBERY ACT 2010

The government of the United Kingdom has issued guidelines setting out appropriate procedures for all companies to follow to ensure that they are compliant with the Bribery Act 2010 (the "Bribery Act") which has been in force since 1 July 2011. The Group has reviewed its operational procedures in the light of the Bribery Act and implemented appropriate procedures.

PART 3

RISK FACTORS

Any investment in the Placing Shares is subject to a number of risks. Prior to investing in the Placing Shares, prospective investors should consider carefully the factors and risks associated with any such investment, the Group's business and the industries in which it operates, together with all other information contained in this document including, in particular, the risk factors described below.

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this document. However, these risks and uncertainties are not the only ones facing the Group. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations and financial condition and, if any or a combination of such risks should occur, the price of Ordinary Shares may decline and investors could lose all or part of their investment. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks of the scope of any potential harm to the Group's business prospects, results of operations and financial condition. Investors should consider carefully whether an investment in the Placing Shares is suitable for them in the light of the information in this document and their personal circumstances.

GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group faces significant competition from other biotechnology and pharmaceutical companies

The biotechnology and pharmaceutical industries are very competitive. The Group's competitors include major multinational pharmaceutical companies, biotechnology companies and research institutions. Many of its competitors have substantially greater financial, technical and other resources, such as larger research and development staff. The Group's competitors may succeed in developing, acquiring or licensing drug product candidates that are more effective or less costly than any product candidate which the Group is currently developing or which it may develop and may have a material adverse impact on the Group.

The Group may not be successful in its efforts to build a further pipeline of product candidates and develop marketable products

The Group is at a relatively early stage of development and may not be successful in its efforts to use and to build a pipeline of product candidates and develop approved or marketable products. Technical risk is present at each stage of the discovery and development process with challenges in both chemistry (including the ability to synthesize novel molecules) and biology (including the ability to produce candidate drugs with appropriate safety, efficacy and usability characteristics). Additionally, drug development is a highly regulated environment which itself presents technical risk through the need for study designs and data to be accepted by regulatory agencies. Furthermore, there can be no guarantee that the Group will be able to, or that it will be commercially advantageous for the Group to, develop its intellectual property through entering into licensing deals with emerging, mid-size and large pharmaceutical companies.

The Group's license partners may not be successful in their efforts to develop marketable products

Revenue from licensing and collaboration deals is dependent on future progression of programs through development and into market. Once these programs transfer to a partner for progression, there is a risk that a licensing deal may not deliver all the indicated milestones and terms due to product failure or a partner de-prioritising a product.

Grants awarded to the Group include provisions for clawback

The Grants (as further described in paragraph 9 of Part 1 and paragraph 11 of Part 6 of this document) have been made in accordance with standard terms and conditions for such RGF grants, including provisions which may require, in certain circumstances, the Group to repay the Grants in part or in full ("Clawback"). These circumstances include: job creation targets not being met; a significant change in the scale or the nature of the project; or a change of ownership or control of the Group.

Under the terms of the Grants, there is a requirement for the Group to create and sustain an agreed average number of jobs over a fixed period from the date of Grant (the "Monitoring Period"), which if not complied with may result in Clawback at the end of the Monitoring Period. Under RGF2 the Monitoring Period ends on 31 March 2017 and under RGF3 the Monitoring Period ends on 17 April 2019. The Group is not currently sustaining the required average number of jobs under the terms of the Grants, although to date performance reviews of the Group carried out by BIS have produced a low risk score. If BIS does demand Clawback at the end of the Monitoring Period for not sustaining the required number of jobs, the size of any Clawback will be calculated on the basis of a fixed amount per shortfall job (being £37,000 per shortfall job under RGF2 and £47,475 per shortfall job under RGF3). In addition, should BIS determine the Group to be 'high risk' as to its financial sustainability or if there is total programme failure during the Monitoring Period, it has the right to effect Clawback during the Monitoring Period itself. Any Clawback may have a material adverse effect on the Group's business. The Grants are also subject to the risk of Clawback if there is a change of ownership or control of the Company.

The Group has incurred losses since its inception and anticipates that it may continue to incur losses for the foreseeable future

To date, the Group has no positive operating cash flow and its ultimate success will depend on the Board's ability to implement the Group's strategy, generate cash flow and access equity markets. Whilst the Board is optimistic about the Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Group does not expect to generate any material income until its pipeline of programmes are further progressed commercially and, in the meantime, the Group will continue to expend its cash reserves. There can be no assurance that the Group's proposed operations will be profitable or produce a reasonable return, if any, on investment.

Technological changes could overtake the candidates being developed by the Group

The biotechnology and pharmaceutical industries are subject to rapid technological change which could affect the success of the Group's candidates or make them obsolete. Research and discoveries by others may result in medical insights or breakthroughs which render the Group's candidates less competitive or even obsolete before they generate revenue. The Group may be unable to successfully establish and protect their intellectual property which is significant to the Group's competitive position. The Group's success depends in part on its ability to obtain and maintain protection for its inventions and proprietary information, so that it can stop others from making, using or selling its inventions or proprietary rights. The Group owns a portfolio of patent applications and is the authorised licensee of other patents and patent applications.

There is an 18 month statutory delay between the time of filing of a patent application and the time its contents are made public officially, and others may have filed patent applications for subject matter covered by the Group's pending patent applications without the Group being aware of those applications. Some of these may have been filed before the Group's own patent applications. Consequently, the Group's patent applications may be subject to the earlier rights of others and the Group's pending patent applications may not result in issued patents. Even if the Group obtains patents, they may not be valid or enforceable against others. Moreover, even if the Group receives patent protection for some or all of its candidates, those patents may not give the Group an advantage over competitors with similar candidates.

To develop and maintain its competitive position, the Group also relies on unpatented trade secrets and improvements, unpatented know-how and continuing technological innovation, which it protects with security measures it considers to be reasonable, including confidentiality agreements with its collaborators, consultants and employees. The Group may not have adequate remedies if these agreements are breached. The Group's competitors may also independently develop any of this proprietary information.

If the Group fails to obtain adequate access to, or protection for, the intellectual property required to prosecute its strategy, the Group's competitors may be able to take advantage of the Group's research and development efforts. The Group's success will depend, in large part, on its ability to obtain and maintain patent or other proprietary protection for its technologies in general. Legal standards relating to patents covering pharmaceutical or biotechnological inventions and the scope of claims made under these patents are continuously evolving. The policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents is subject to changes in the case law as the law evolves. The Group's patent position is therefore highly uncertain and involves complex legal and factual issues.

The Group is dependent on technology and product development

In order for the Group to be successful continued research and development of additional technologies and products will be required. There can be no assurance that any of the Group's targeted developments will be successful. The Group may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop technologies and candidates suitable for partnering and licensing. If the Group's development programme is curtailed due to any of the above issues, this may have an adverse material effect on the Group's business and revenues.

Protection of Intellectual property

The Group's success and ability to compete effectively are in large part dependent upon exploitation of proprietary technologies and candidates that the Group has developed internally or has in-licensed, the Group's ability to protect and enforce its intellectual property rights so as to preserve its exclusive rights in respect of its technologies and candidates, and its ability to preserve the confidentiality of its know-how. The Group relies primarily on patent laws to protect its intellectual property rights.

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 Group's ability to develop and market its proposed candidates, or that, if issued, the Group would have the resources to protect any such issued patent from infringement. Also, no assurance can be given that the Group will develop technologies or candidates which are patentable or that patents will be sufficiently broad in their scope to provide protection for the Group's intellectual property rights against third parties. Nor can there be any assurance as to the ownership, validity or scope of any patents which have been, or may in the future be, issued to the Group or that claims with respect thereto would not be asserted by other parties. Furthermore, there are some areas of technology that are important for the Group's business which cannot be patented due to the existence of prior disclosures or rights.

To date, the Group has also relied on copyright, trademark and trade secret laws, as well as confidentiality procedures, non-compete and/or work for hire invention assignment agreements and licensing arrangements with its employees, consultants, contractors, customers and vendors, to establish and protect its rights to its technology and, to the best extent possible, control the access to and distribution of its technology, software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use its technology without authorisation. Once granted, a patent can be challenged both in the patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

The Group may incur substantial costs as a result of disputes with a third party relating to the infringement of intellectual property

If the Group's competitors file patent applications that claim technology also claimed by the Group, the Group may have to participate in interference or opposition proceedings to determine the ownership and validity of the invention. An adverse outcome could subject the Group to significant liabilities and require the Group either to cease using a technology or to pay licence fees. The Group could incur substantial costs in any litigation or other proceedings relating to patent rights, even if it is resolved in the Group's favour. Some of the Group's competitors may be able to sustain the costs of complex litigation more effectively or for a longer time than the Group can because of their substantially greater resources. In addition, uncertainties relating to any patent, pending patent or other intellectual property litigation could have a material adverse effect on the Group's ability to market a product, enter into collaborations in respect of the affected candidates, or raise additional funds.

Policing unauthorised use of the Group's patented technologies and candidates is difficult and expensive. There can be no assurance that the steps the Group takes will prevent misappropriation of, or prevent an unauthorised third party from obtaining or using, the technologies and candidates the Group relies on. In addition, effective protection may be unavailable or limited in some jurisdictions. Any misappropriation of the Group's proprietary technology, candidates and intellectual property could have a negative impact on the Group's business and its operating results. Litigation may be necessary in the future to enforce or protect the Group's rights or to determine the validity or scope of the proprietary rights of others. Litigation could cause the Group to incur substantial costs and divert resources and management attention away from its daily business and there can be no guarantees as to the outcome of any such litigation.

Dependence on key executives and personnel

The Group's future development and prospects depend to a significant degree on the experience, performance and continued service of its senior management team including the Directors. The Group has invested in its management team at all levels. The Directors also believe that the senior management team is appropriately structured for the Group's size and is not overly dependent upon any particular individual. The Group has entered into contractual arrangements with these individuals with the aim of securing the services of each of them. Retention of these services or the identification

of suitable replacements, however, cannot be guaranteed. The loss of the services of any of the Directors or other members of the senior management team and the costs of recruiting replacements may have a material adverse effect on the Group and its commercial and financial performance and reduce the value of an investment in the Ordinary Shares.

Ability to recruit and retain skilled personnel

The ability to continue to attract and retain employees with the appropriate expertise and skills cannot be guaranteed. Finding and hiring any additional personnel and replacements could be costly and might require the Group to grant significant equity awards or other incentive compensation, which could adversely impact its financial results, and there can be no assurance that the Group will have sufficient financial resources. Effective product development and innovation, upon which the Group's success is dependent, is in turn dependent upon attracting and retaining talented technical, scientific and marketing personnel, who represent a significant asset and serve as the source of the Group's technological and product innovations.

The Group may be unable to secure adequate insurance at an acceptable cost

The Group's business exposes it to potential product liability and professional indemnity and other risks which are inherent in the research, development, production and supply of its candidates. No assurance can be made that product liability or any future necessary insurance cover will be available to the Group at an acceptable cost, if at all, or that, if there is any claim, the level of the insurance the Group carries now or in the future will be adequate or that a product liability, professional indemnity or other claim would not materially and adversely affect the Group's business. In addition, it may be necessary for the Group to secure certain levels of insurance as a condition to the conduct of clinical trials. In the event of any claim, the Group's insurance coverage may not be adequate.

The Group's counterparties may become insolvent

There is a risk that parties with whom the Group trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group.

The use of hazardous materials may subject the Group to additional compliance costs and/or liability in the event of a hazardous waste spill or other accident

The Group is, or may become, subject to UK, European and US environmental laws and regulations governing the use, storage, handling and disposal of hazardous materials and other waste products. Despite its precautions for handling and disposing of these materials, the Group cannot eliminate the risk of accidental contamination or injury. In the event of a hazardous waste spill or other accident, the Group could be liable for damages, penalties or other forms of censure. If the Group fails to comply with any laws or regulations, or if an accident occurs, the Group may have to pay significant penalties and may be held liable for any damages that result. This liability could exceed the Group's financial resources and could harm its reputation. The Group may also have to incur significant additional costs to comply with current or future environmental laws and regulations.

The Group's failure to comply with any government regulation applicable to its laboratory and the materials used in its laboratory may adversely affect its ability to develop, produce, market or partner any candidates it may develop.

General legal and regulatory issues

The Group's operations are subject to laws, regulatory approvals and certain governmental directives, recommendations and guidelines relating to, amongst other things, product health claims, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of

illness and injury, environmental protection and human nutritional studies. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Group.

Tax risk

Any change in the Group's tax status or in taxation legislation in the UK or in other territories could affect the Group's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

Research and development tax relief

The Group has in the past received tax credits in relation to its research and development work. The Group was previously advised that the RGF Grants it has received (as further described in paragraph 9 of Part 1 and paragraph 11 of Part 6 of this document) did not constitute 'notified state aid' for the purposes of claims under the SME R&D Tax Credit scheme ("SME scheme").

However, following recent correspondence with HMRC, HMRC has stated that the RGF Grant received by RAI and consequently the Grant received by ROL, do constitute 'notified state aid'. Accordingly, the Group is unable to claim any further relief under the SME scheme for the Group's projects for which Grants are received as this would constitute an additional form of 'notified state aid', which is not permissible.

Whilst no discussions have taken place or correspondence received in relation to the financial impact of this matter to RAI or ROL, the Group believes that this clarification may result in a maximum reduction in amounts due from HMRC of £145,000 for activities in respect of the two year period ended 30 September 2014.

In addition, this change will impact how the Group accounts for and applies for research and development tax relief going forward. Until this clarification from HMRC in relation to 'notified state aid', the Group had anticipated receiving tax relief under the SME scheme in future years. There is a material risk that this relief will now not be available (or available in a significantly reduced amount), however and in such a case, the Group expects to claim relief under the R&D Expenditure Credit scheme ("RDEC scheme") as an alternative. The sums available to claim under the RDEC scheme could be materially lower than those under the SME scheme.

RISKS RELATING TO THE PLACING AND THE SHARES

Investment risk on AIM

The Ordinary Shares will be traded on AIM and no application is being made for the admission of the Ordinary Shares to the Official List. AIM has been in existence since June 1995 but admission to AIM should not be taken to imply that there is or will be a liquid market in the Ordinary Shares. AIM is a market designed for small and growing companies. Both types of company carry higher than normal financial risk and tend to experience lower levels of liquidity than larger companies.

The share price of publicly traded companies can be highly volatile, including for reasons related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation and general market conditions and regulatory changes.

Prospective investors should be aware that, following Admission, the value of an investment in the Ordinary Shares may decrease or increase abruptly which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them and the Placing Price may not be indicative of prices that will prevail in the trading market. The price of the Ordinary Shares may fall in response to market appraisal of the Group's strategy, if the Group's operating results and/or prospects are below the expectations of market analysts or Shareholders, or in response to regulatory changes affecting the Group's operations. In addition, stock markets have, from time to time, and especially in recent years, experienced significant price and volume fluctuations which have affected the market price of securities. A number of factors, some of which are outside the control of the Group, may impact the price and performance of the Ordinary Shares, including:

- differences between the Group's expected and actual operating performance as well as between the expected and actual performance of the UK "life sciences" or "biotech" industry generally;
- prevailing economic circumstances;
- strategic actions by the Group or its competitors, such as mergers, acquisitions, divestitures, partnerships and restructurings;
- speculation, whether or not well founded, about possible changes in the Group's management team;
- departure of key personnel;
- further issuances of Ordinary Shares;
- the publication of research reports by analysts or failure to meet analysts' forecasts; and
- regulatory changes.

Substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares. In particular, the Group is unable to predict whether, following the termination of the lock-in arrangements put in place in connection with the Placing, substantial amounts of Ordinary Shares will be sold in the open market by those subject to such restrictions.

Following Admission, except pursuant to certain customary exceptions and pursuant to Rule 7 of the AIM Rules, the Directors and Jon Moulton have entered into irrevocable undertakings that they will not (and will procure, insofar as they are able, that any of their associates will not) dispose of any interest in Ordinary Shares held by them or their associates for a period of one year from Admission. They have each also undertaken that they will not (and will procure, insofar as they are able, that any of their associates will not) dispose of any interest in Ordinary Shares for a period of 12 months following the first anniversary of Admission unless such disposal is effected through the broker of the Company (from time to time) to ensure an orderly market. Other existing shareholders, representing in aggregate 29,663,716 Ordinary Shares (which together with the Directors' and Jon Moulton's aggregate shareholdings immediately prior to Admission of 16,740,684 Ordinary Shares represent 98.1 per cent. of the Existing Share Capital), have entered into irrevocable undertakings that they will not dispose of any interest in Ordinary Shares held by them for a period of one year from Admission, save in certain circumstances.

The Group is unable to predict whether, following the termination of the lock-in restrictions put in place in connection with the Placing, a substantial amount of Ordinary Shares will be sold in the open market by those subject to such restrictions. Any sales of substantial amounts of Ordinary Shares in the public market by any of the Directors or the Existing Shareholders or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares. This may make it more difficult for shareholders to sell Ordinary Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue equity securities in the future.

A liquid market for the Ordinary Shares may fail to develop.

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for the Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. The Placing is being made to institutional and professional investors only and the Company may not develop a wide shareholder base. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

There is no guarantee that dividends will be paid by the Company.

The Company's ability to pay dividends (including any special dividends) in the future is affected by a number of factors, principally the generation of distributable profits within its Group and the receipt of sufficient dividends from its subsidiaries. A company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any change in the tax treatment of dividends or interest received by the Company may reduce the amounts available for dividend distribution. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

Future issuances of Ordinary Shares may dilute the holdings of Shareholders and may depress the price of the Ordinary Shares.

The Company has no current plans for a further offering of new Ordinary Shares. Future offerings of new Ordinary Shares, or the availability for sale of substantial amounts of Ordinary Shares in the public market, could dilute the holdings of Shareholders, adversely affect the prevailing market price of the Ordinary Shares and could impair the Group's ability to raise capital through future sales of equity securities.

EIS and VCT status

The Company has obtained advanced 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 Chapter 4 of the UK Income Tax Act 2007 respectively, and that the Ordinary Shares will be eligible shares for the purposes of section 173 and section 285(3A) of the UK Income Tax Act 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 Placing Shares as a qualifying holding for VCT 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 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 EIS or VCT qualifying 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.

Issue of the VCT/Placing Shares is not conditional on Admission

Investors should be aware that the VCT Placing Shares issued to VCTs and the EIS Placing Shares issued to EIS investors up to a maximum of £1.796 million will not be issued conditionally upon Admission but will form separate unconditional issues prior to the issue of the Further Placing Shares. This figure is less than the £5 million annual investment allowance due to previous fundraisings. Investors in the VCT Placing Shares and the EIS Placing Shares should be aware that the there is no guarantee that the remainder of the Placing will become unconditional or that Admission will take place. The working capital statement set out in paragraph 13 of Part 6 of this document assumes that all of the Placing Shares are issued and that Admission takes place. If all of the Placing Shares are not issued and Admission does not take place, the Company will not be able to implement the strategy and growth plans as outlined in this document.

Changes in taxation legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders.

ANY CHANGES IN TAXATION LEGISLATION OR THE INTERPRETATION OF TAXATION LEGISLATION COULD AFFECT THE COMPANY'S ABILITY TO PROVIDE RETURNS TO SHAREHOLDERS. THE TAXATION OF AN INVESTMENT IN THE COMPANY DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF THE RELEVANT INVESTOR.

PART 4

PATENT REPORT

Redx Pharma Plc
Floor 9, Lowry House
17 Marble Street
Manchester
Greater Manchester
M2 3AW

Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London
W1S 4JU

1. Introduction

1.1 This Report

We have prepared this report for the directors of Redx Pharma Plc ("the Company" or "Redx") and the Company's nominated adviser, Shore Capital & Corporate Limited, for inclusion in the admission document issued by the Company in connection with the admission of the Company's entire to be issued share capital to trading on AIM, a market operated by the London Stock Exchange (the "Admission Document").

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

1.2 Executive Summary

Redx is engaged in the discovery and evaluation of novel chemical compounds which are based on but intended to be patentably distinct from existing pharmaceutical compounds. The Company has a proactive and thorough approach to securing new intellectual property ("IP") rights, particularly in the field of patents. The Company recognises that its success and future value depends heavily on an effective strategy for procuring and exploiting its proprietary intellectual property and has devoted the necessary resources to ensure that a suitable strategy is implemented. The Company has a clear understanding of the importance of protecting its proprietary technology using the patent system which is reflected in the importance it places on this area of its business. The Company presently has 286 pending or issued patent rights and is continually reviewing its product pipeline and research activities for opportunities to augment this portfolio. The Company also reviews the marketplace for in-licensing opportunities and the review of such opportunities forms an important part of the Company's activities in terms of maintaining and developing its intellectual property portfolio.

1.3 Scope of the Report

This report is intended to give an overview from an intellectual property perspective of the patent portfolio for the Company. No responsibility to any external parties is assumed for the content of this report. Specifically, third parties should not rely on the content of this report without conducting their own independent assessment when contemplating any investment or other business decision made

in relation to the Company's IP assets. This report is provided for information purposes only and is not intended as a solicitation. This report is not intended as a substitute for reviewing the publicly available prosecution files which, in many jurisdictions (in particular the United Kingdom Intellectual Property Office ("UKIPO"), the European Patent Office ("EPO"), and the United States Patent and Trademark Office ("USPTO")) are available online.

It is beyond the intended scope of this report to detail the exact patent claims of individual patents or patent applications in each country since this represents a substantial amount of detailed information which changes on a weekly basis as prosecution of the portfolio continues and new developments are added. However, further details of the specific patent claims which are granted or pending and the prosecution status in any individual jurisdiction can be provided on request by agreement with the Company.

1.4 **Redx Pharma Plc**

The Company is a developer of new pharmaceutical compounds. The Company has adopted a strategy of examining the chemical space around known successful pharmaceutical compounds which have been developed and marketed by established pharmaceutical companies and developing novel analogues of these compounds.

The approach is based on the Company's understanding of the critical features leading to activity of the known compounds to facilitate the design of novel structures capitalising on the active sites, and also on understanding and ameliorating the disadvantages of these known compounds in order to eliminate or reduce side effects or resistance mechanisms.

Part of the Company's efforts have been focussed on investigating novel compounds which overcome drug resistance mechanisms which in some cases inhibit the utility of the successful compounds.

The majority of the Company's patent portfolio relates to compounds which have been developed in-house by the Company.

The Company's portfolio contains a number of historic patents and applications ("the Statin cases" and "the Redox cases"). We understand that the compounds covered by these patents and applications are no longer under active development. These patent rights nevertheless represent a potential source of licensing revenue or sale income for the Company.

The Company's portfolio also encompasses a range of applications which are at a relatively early stage (with no granted patent rights yet). These applications correspond to ongoing or recently completed research activity in a number of different target areas. Particular areas of active ongoing research which are leading to the filing of new patent applications on a regular basis include: oncology, antivirals and antibacterials. Most of this recent research is protected by patent applications which are at a relatively early stage and consequently have not yet been published.

The specific details of each of the unpublished applications, and proposed developments of these (some of which have not yet been the subject of patent applications) remain confidential. Although the portfolio in these therapeutic areas is relatively young, on the basis of currently available information (which includes patent office search reports obtained at an early stage), the portfolio can be expected to lead to the eventual grant of patent rights in some of these areas. Some of these early stage rights are expected to be granted within the next 2 to 3 years, though in some cases it will be longer than that.

The Company's patent portfolio is of a substantial size in its own right. As mentioned above, the Company is active in a number of different target areas in oncology, antivirals and antibacterials and novel compounds in each of those areas are subjected to a preliminary assessment and, as appropriate, made the subject of patent applications. In each case, an assessment of the strengths of a patent application is made at an early stage by obtaining a UKIPO search report shortly after filing each priority patent application. This further strengthens the patent portfolio because it allows the

Company to direct research efforts and data harvesting, and to make any adjustments to the patent applications, before any international patent applications i.e. Patent Cooperation Treaty applications (PCT applications) are filed. The results of the search report enable the company to understand the prior art landscape and thus choose to direct research efforts into patent-free space and/or obtain comparative data against further new or existing novel compounds within the patent application in order to support patentability.

The Company has a very proactive approach to obtaining IP rights for potential development compounds. Relative to the size of the Company, the patent portfolio can be considered to represent a substantial reservoir for the investigation of new active pharmaceutical compounds that is disproportionately large in comparison with the patent portfolios of a number of existing more mature pharmaceutical companies.

In our view, the Company has a clear understanding of the importance of IP to its' business and is pro-active in identifying, developing and exploiting opportunities for the acquisition of new intellectual property.

The patent portfolio is actively and closely managed. Decisions regarding the generation of new IP or the abandonment of unpromising areas are reviewed approximately every 3 months. In addition, decisions concerning the progression, enlargement or abandonment of individual cases or patent family members are taken at milestones in the prosecution of each case. These additional decision points include at the end of the priority year (which represents a decision point for progressing an international patent application or foreign national patent applications), at the entry point into the national phases from the PCT and at the grant stage of individual patents.

1.5 **Introduction – HGF Limited**

HGF Limited, together with its sister firm HGF Law Limited, are a full service intellectual property firm ("The Firm") based in the United Kingdom. The Firm has a global client base and which advises the Company on all aspects of intellectual property. The Firm has significant experience in the pharmaceuticals and life sciences area and also advises a number of the world's top 100 companies in these and other technical areas. The Firm is able to represent clients either directly or through a network of local associates in any country having a patent system. The Firm also conducts litigation on behalf of its clients in the United Kingdom and overseas.

Partners and fully qualified staff handling patent matters are European Patent Attorneys and UK Chartered Patent Attorneys. All patent attorneys are scientifically qualified to at least degree level in one of the natural, biological or physical sciences, with a significant proportion of patent attorneys also having doctoral degrees. Partners and fully qualified staff handling trade mark matters are European Trade Mark Attorneys and UK Registered Trade Mark Attorneys and/or Solicitors.

The sections of this report pertaining to patents have been prepared by Dr. Jonathan D.M. Atkinson, assisted by Dr. Stewart Eccles and Dr. Daniel Woollaston. The sections of this report pertaining to trade marks have been prepared by Mr David Potter.

Dr Jonathan Atkinson has a degree in chemistry and a doctorate in synthetic organic chemistry from Oxford University. Jonathan joined the patent profession in 1991 and has significant experience in the chemistry and pharmaceutical areas. He is a partner of HGF and a member of the board of directors of HGF Limited. He heads up the Firm's Oppositions and Appeals Group and also heads up the Firm's Asia Group.

Dr Jonathan D M Atkinson

Jonathan has worked in private practice with a firm of UK patent attorneys, in-house in the patent department of Wellcome and Glaxo Wellcome, and in-house at DLA Piper solicitors prior to joining HGF in 2006. During the period from 2000 to 2012, Jonathan also worked as an in-house consultant seconded to the patent department of Pfizer Limited and Pfizer Inc. on a part time basis.

Jonathan's practice in the pharmaceutical area has covered the protection of new chemical entities, process development strategies, novel formulations and polymorphic forms and new medical uses for therapeutics. He also advises on patent term extensions and regulatory issues for approved drugs. Jonathan provides advice on patent infringement and freedom to operate issues and has been actively involved in a variety of contentious patent matters before the courts of England and Wales including a number of major litigation actions for approved drugs in the UK and Europe. This experience in contentious matters involves defending and challenging granted patents before the Opposition Division and the Board of Appeals at the EPO.

Dr Stewart Eccles

Stewart has a degree in chemistry and a doctorate in synthetic chemistry from the University of Leeds. Stewart joined HGF as a trainee in 2010, qualifying as a Chartered Patent Attorney and a European Patent Attorney in 2014. Stewart is part of Jonathan's chemistry and pharmaceutical team and is experienced in the drafting and prosecuting of pharmaceutical patent applications. He has worked on a number of pharmaceutical patent applications directed to new chemical entities, formulations and new medical uses. Stewart's research experience prior to joining HGF and his extensive technical experience in the field of chemistry is invaluable to his clients.

Dr Daniel Woollaston

Daniel has a degree in chemistry and a doctorate in synthetic chemistry from Oxford University. He spent several years working as a post-doctoral researcher in the field of synthetic chemistry and this technical experience has proven to be a valuable asset to his clients. Daniel joined HGF as a trainee in 2010, qualifying as a Chartered Patent Attorney in 2013 and as a European Patent Attorney in 2014. Daniel is also part of Jonathan's chemistry and pharmaceutical team and has experience of drafting and prosecuting numerous pharmaceutical patent applications, particularly those relating to new chemical entities, formulations, and new medical uses.

Mr David Potter

David joined the trade mark profession in 1994, qualifying as a registered trade mark attorney in 1996. In 1998 he became the head of trade marks for a large firm of solicitors. In October 2003 he joined the Leeds office of HGF, becoming a Partner in May 2004. He is involved in the protection of many household names in the entertainment field and has extensive experience in trade mark matters both in the UK and overseas. He has been an expert witness in criminal proceedings against CD counterfeiters and bootleggers. David has advised a number of large PLC's on their strategic trade mark protection and has considerable experience before the European Community Trade Mark Office and in registered design law and practice.

HGF has advised the Company on a continuous basis since 2008 when the company was originally known as Bradford Pharma Limited. HGF is responsible for all of the Company's in-house patent origination and patent prosecution and is responsible for securing, maintaining and advising on the strategic growth of its patent estate. Prior to 2008, Dr. Jonathan Atkinson had assisted Avecia Pharmaceuticals Limited, and later Nicholas Piramal India Limited (the successor in title to Avecia), in prosecuting existing legacy patent rights originally belonging to Avecia some of which were eventually acquired by Bradford Pharma Limited ("the Statin Cases").

2. Summary of Patent Law and Practice

2.1 Introduction to Patents

A patent is granted by the state for an invention. The state, through its national patent office, assesses whether or not a patent should be granted for an invention. A granted patent provides a monopoly which allows the proprietor to prevent third parties from practicing the invention. The right to apply for and be granted accrues to the inventor or inventors. However this right can be transferred by act of law or assignment to another party. This includes the rights of employee inventors whose rights are

considered to belong to the employer in certain circumstances. This monopoly is only afforded to a granted patent and enforcement action can only be taken in respect of a granted patent. However, a pending patent application does confirm limited rights on the patent applicant which can then be enforced once the patent is granted.

It is important to understand that a patent does not provide the patent proprietor with the right to practice the invention, merely the right to exclude others from doing so. This is because exploitation of the patent may actually infringe the patent rights of others. When exploiting a patent right by working the claimed invention (for example, by testing or marketing a pharmaceutical active or by employing a process for preparing or formulating a drug substance) it is important to establish that there are no third party patent rights which might be infringed by this exploitation of the invention. For this reason, it is normal to perform a freedom to operate analysis in relation to a particular product or process shortly before commercialising it in order to assess whether or not there are any relevant third party rights.

The monopoly afforded by a granted patent typically lasts 20 years although this can be extended in special circumstances for a patent which covers an approved drug. Such extensions are relevant in the field of pharmaceuticals. In exchange for the monopoly afforded by a granted patent, the patent holder is required to provide the public with a full description of the invention which is contained within the patent specification. The patent specification is disclosed to the public when the patent application is published 18 months from the priority date or filing date of the original patent application.

A patent specification comprises at least one claim, in which the scope of the monopoly which the proprietor seeks is defined, and a description, providing information about the invention. To be granted the proprietor must show that the invention defined in the claims is new, i.e. that it has not been made available to the public before the relevant date of the application, and that it represents an inventive step over that which has been made available to the public before the relevant date of the application. The description must also contain sufficient information for a person of ordinary skill in the relevant technological field to put the claimed invention into effect.

A patent is a national right, only providing rights in the country for which it is granted. Thus patents are territorial and any assessment of the scope of a patent estate, or indeed of the scope of relevant third party patent rights which might impact on the exploitation of a patent, must take into account the geographic scope of any patent rights.

In examining a patent application, a national patent office will search for material public disclosures which precede the relevant date for the application. The public disclosures which are assessed by national patent offices are usually in the form of earlier published patent applications ("Prior Art"). However, any earlier publication of subject matter (whether written, oral or by display of a product) constitutes Prior Art that can be taken into account when assessing the patentability of an invention. National patent offices sometimes also locate Prior Art in the form of scientific literature publications, though the majority of Prior Art takes the form of earlier published patent applications. It is important to recognise that whilst a national patent office search may be thorough, it cannot ever be exhaustive due to the time constraints and resources available to the national patent offices. As such it is always possible that a relevant piece of Prior Art may not have been discovered by the patent office.

The examination procedure for a patent application involves the national patent office determining whether or not the patent is new and inventive relative to the Prior Art that it has located as part of its searching procedure. Since an initial patent application is usually drafted broadly to capture an area of subject matter around the invention it is not uncommon for the claims of a patent to be amended (usually narrowed) during examination of the patent application. The examination of a patent application is therefore typically a negotiation between the applicant and the examining office as to the most appropriate scope of the monopoly the granted patent will provide based on the available prior art.

Although the monopoly afforded by a patent is typically capable of lasting for 20 years from the filing date of an application, it is necessary to pay renewal or maintenance fees throughout the patent life in order to keep it in force. If the renewal fees are not paid then the patent will lapse before its nominal final expiry date. Assessment of a patent portfolio will therefore include an investigation as to whether or not renewal fees are up-to-date and have been paid for cases on which they are due.

The fact that a patent has been granted does not automatically mean that it is valid. The various national patent offices do not guarantee that granted patents are valid. In most national patent systems there is provision for invalidating a patent to provide for the fact that some relevant Prior Art may not have been discovered during the examination stage. This is relevant because a motivated third-party may find additional Prior Art, perhaps in the form of literature articles or disclosures at conferences etc . , which can then be used to invalidate a patent.

Patents are normally revoked by bringing an action in the national court of a country in which the challenger has an interest. In addition, in the very early stages following grant of a European patent, it is possible to revoke a European patent centrally in opposition proceedings at the EPO. However, an opposition must be filed within 9 months of the grant of the European patent. This is unusual for established marketed pharmaceuticals since they are generally a substantial way through the patent life by the time the drug is approved.

There is draft legislation, which has not yet been ratified, relating to the formation of a Unified Patent Court ("the UPC"). The UPC will be a court common to the contracting Member States and the UPC Agreement is open to accession by any Member State of the European Union but is not open to states outside the European Union. The UPC will form part of the judicial system of contracting Member States. It will have exclusive competence in respect of European patents and European patents with unitary effect. The exclusive competence is however subject to exceptions during the transitional period after ratification. The UPC's rulings will have effect in the territory of those contracting Member States that have ratified the UPC Agreement at the given time but the UPC will not have any competence with regard to national patents. To date, all European Union Member States except Spain and Poland have signed the Agreement and will eventually become bound by it once ratified. It is not expected to be ratified until at least after the next UK general election and the ratification is expected to occur around 2016 or 2017. Although it is not immediately relevant at this point in time, ratification is likely to have a significant impact on the filing and strategy in the pharmaceutical area and consequently it is an issue that requires constant monitoring in order to ensure that an appropriate patent procurement strategy is being employed. The Firm is closely monitoring the situation to ensure that the most appropriate filing and prosecution strategy is being adopted consistent with current and anticipated legislation.

Most patent infringement actions also involve a rigorous assessment of the validity of the patent being enforced and typically a party being sued for infringement will automatically raise a challenge to the validity of a granted patent by way of a defence.

2.2 **The International Patent System**

Over the past 150 years a system has been developed to facilitate the granting of patents throughout the world. The Paris Convention of 1883 established a system whereby an applicant could "claim priority" for a patent application in any signatory jurisdiction to a patent application filed up to 12 months earlier in any other signatory jurisdiction for the same subject matter. The first patent application for the particular subject matter is known as the priority application. The 12 month deadline set by the date of the priority application (priority date) is known as the priority deadline or the Convention deadline.

The 20 year patent monopoly term for subsequent patent applications is calculated from the filing date of those subsequent applications. However, the relevant date for determining the patentability of the invention (i.e. what had been made available to the public) is the date of the filing of the first application (the "Priority Date").

The PCT allows an applicant to obtain a patent in a number of countries (currently 148 countries) from a single application filed before the 12 month Paris Convention deadline. The PCT application provides a vehicle for filing, searching and partially examining a patent application centrally. The PCT application can then be converted into separate national applications in some or all of the signatory countries as required. These separate national patent applications of then prosecuted independently and are examined at the national and regional patent offices. The starting point for this national procedure is either 30 months or 31 months from the Priority Date.

A European patent may be filed centrally as a single application and is searched and examined centrally by the EPO up until the stage of grant. At the stage of grant the European patent is then converted into a bundle of national patents which are maintained and enforced nationally. It is possible, and indeed usual, to obtain a European patent from a PCT application by converting the PCT application into a European application at the 31 month deadline, which is around the same time as entering various other national jurisdictions such as the US which must take place by the 30 month deadline.

A typical filing strategy therefore involves initially filing one or more GB priority applications for the subject matter with the intention of filing a PCT application shortly before the 12 month Paris Convention (priority) deadline. At 30 and 31 months the PCT application is converted into various national and regional patent applications, for example, a US application, a Japanese application, a European application, etc. The national applications (US, Japan, etc.) are examined by the national offices until grant is achieved at which point the application becomes a granted patent which can be enforced if so desired. Similarly, the regional European application is examined until grant is achieved and then converted into granted national patents in some or all of the signatory countries to the European Patent Convention (the "EPC").

2.3 **Patent Ownership**

Ownership of a patent is a matter of national law in the relevant jurisdiction. In most jurisdictions, ownership of a patent resides first of all with its inventor(s). That ownership can be transferred, either as a matter of law, or to other parties in accordance with an agreement. In the UK, for example, ownership of a patent directed to an invention invented by an employee will pass to the employer under the provisions of the relevant statute, provided the employee was employed to invent. In other cases, the invention will vest with the inventor. This is the situation in the US in the absence of any assignment from the inventor to the employer. A patent may be licensed, assigned or mortgaged.

3. Freedom To Operate (FTO)

Most of the Company's projects are currently at an early stage of development and no specific products have been identified for commercialisation. Any FTO searches (to identify third party patent rights) or assessments conducted now would therefore inevitably be impractically broad because it is not possible to identify a commercial product. However, it will be essential to perform FTO searches on any candidate that is taken forwards for development in order to ensure that there are no third party IP rights which might prevent successful commercialisation.

Although third party rights have been identified (e.g. in searches conducted by national patent offices) which have potential to impact on the commercialisation of the Company's inventions, it is not possible at this stage to determine whether they would have any significant impact or not on any future lead compound. HGF have not been instructed to undertake any such assessment at this point in time.

The existence of relevant granted third party patent rights is not necessarily an absolute barrier to commercialisation. Such third party patent rights may be open to challenge on the basis of existing Prior Art or Prior Art that may be discoverable by a dedicated search. Equally, the existence of a problematic third-party right might be dealt with by negotiation with the owner in order to provide access to the market.

Once the Company has identified a lead compound in any given project it is expected that a full FTO assessment, conducted at the appropriate level of specificity, will be carried out. HGF have not to date conducted any such assessments for the Company although the Company is aware of the need to perform this exercise at the relevant stage.

4. Patent Assets

4.1 Oncology Portfolio

The Company has accumulated a diverse portfolio of oncology patent applications in six major areas following a strategy of developing analogues of oncology drugs currently undergoing clinical trials. The patent applications, and any proposed patent applications which have not yet been filed, all relate to compounds developed in-house.

The compounds have activities against one of six oncology targets: a tyrosine kinase – Bruton's tyrosine kinase (BTK); the Hedgehog pathway, specifically smoothened (Smo); rapidly accelerated fibrosarcoma (RAF) kinases; another tyrosine kinase – colony stimulating factor 1 receptor (cFMS); indoleamine 2,3-dioxygenase (IDO) and/or tryptophan 2,3-dioxygenase (TDO); and Wnt-mediated signalling, specifically porcupine inhibitors.

The compounds developed in-house by the Company targeting colony stimulating factor 1 receptor (cFMS) followed the identification and in-licensing of a family of applications containing small molecules that inhibit tyrosine kinases, including cFMS. The small molecules contained in those applications comprise varied chemical entities with a range of core structures. A new patent application has been filed which is directed towards the same target containing compounds with related but unique core structures, in order to consolidate the Company's position in the chemical space.

4.1.1 ***Smo***

The Company has filed four UK patent applications directed towards the Smo target containing small molecules with inhibitory activity against this target. The four patent applications have priority dates and application numbers of: 28 May 2013, GB 1309508.8 (a first series); 3 July 2013, GB 1311953.2 (a second series); 18 October 2013, GB 1318461.9 (a third series); and 16 July 2014, GB 1412660.1 (a fourth series).

4.1.1.1 *The First Series – GB 1309508.8*

The first series had an international filing deadline of 28 May 2014. On 28 May 2014 two international applications were filed claiming priority from GB 1309508.8. The first international application, PCT/GB2014/051622, covered a narrow subset of compounds contained within the priority document with high commercial significance. The second international application, PCT/GB2014/051623, was broader than the first and encompassed the entire scope of the priority document. The narrower application, PCT/GB2014/051622, was filed with the intention of obtaining favourable international examination. Prosecution of this narrower application to grant could then be expedited in the national and regional phases, if desired.

The first and second international applications of the first series have been subjected to patent office searches. The first international application, PCT/GB2014/051622, has been searched by the EPO acting as International Searching Authority ("ISA").

Claim 1 of the first, narrower application has been found to be novel relative to any available prior art.

The specific compounds of the second International application, PCT/GB2014/051623, have been indicated to be novel and inventive by the European Patent Office (EPO) acting as International Searching Authority (ISA).

It is intended that a demand for international examination will be requested with the aim of obtaining an indication of novelty and inventiveness for all of the claims of both applications.

Both of the international applications have now published. In accordance with the usual filing strategy the priority application, GB 1309508.8, has been withdrawn and will not publish having now served its purpose as a basis for claiming priority.

4.1.1.2 *The Second Series – GB 1311953.2*

The second series had an international filing deadline of 3 July 2014. On 3 July 2014 an international application was filed claiming priority from GB 1311953.2.

The international application has been searched by the EPO acting as ISA. The search has identified Prior Art which may affect the scope of any eventual patent claim which is granted. However, the available prior art should not be expected to present a bar to the grant of patent protection for the compounds of interest.

Crucially, the specific compounds in the claims of this application have been indicated as being novel and inventive in the International Search Opinion (ISO).

The second series international application published on 8 January 2015 with the publication number WO 2015/001348. In accordance with the usual filing strategy the priority application, GB 1311953.2, has been withdrawn and will not publish having now served its purpose as a basis for claiming priority.

4.1.1.3 *The Third Series – GB 1318461.9*

The third series application had an international filing deadline of 18 October 2014. A strategic decision was taken not to file an international application claiming priority from GB 1318461.9.

The third series, GB 1318461.9, was searched by the UKIPO and no prior art was cited relevant to the patentability of the application. The search report only identified two documents which were cited as relevant for background.

The third series, GB 1318461.9, has not yet been published.

4.1.1.4 *The Fourth Series – GB 1412660.1*

The fourth series is a development of the first series. This series has been searched by the UKIPO. The search did not cite any prior art considered by the UKIPO to be relevant to the patentability of the claims. Four documents were identified in a search report and these four documents were all categorised as documents only relevant to the technological background and/or state of the art.

At this time there is no intention to file an international application claiming priority from this application.

This application has not yet published.

4.1.1.5 *Further Details*

In addition to the patents reported, the Company owns further patent applications but these are not yet published and therefore remain confidential and cannot be reported here.

All of the patent applications have been filed with the sole applicant being the Company. The Company is entitled by law to the applications by virtue of the inventors being employees of the Company.

4.1.2 ***BTK***

Three UK patent applications, covering separate series of BTK target compounds, have been filed as convention priority patent applications, each one containing compounds with inhibitory activity of

BTK. The three priority applications have filing dates and application numbers of: 20 May 2013, GB 1309085.7 (a first series); 3 July 2013, GB 1311951.6 (a second series); and 18 July 2013, GB 1312901.0 (a third series).

There are two further, more recent developments which are based on, but distinguished from, structures in the first series. The first of the two development series was filed as a UK application with a filing date of 20 March 2014 and an application number of GB 1404987.8. The second of the two development series was filed as a UK application with a filing date of 11 June 2014 and an application number of GB 1410430.1.

4.1.2.1 *The First Series – GB 1309085.7*

The first series had an international filing deadline of 20 May 2014. On 20 May 2014 an international application, PCT/GB2014/051542, was filed claiming priority from GB 1309085.7

The UK application has been searched by the UKIPO. The European Patent Office (EPO) acting as the international searching authority has also searched the international application, PCT/GB2014/051542. The search has identified some prior art which may affect the scope of any eventual patent claim which is granted; however, none of the available prior art is expected to present a bar to the grant of patent protection for the compounds of interest.

The specific compounds have been acknowledged as novel and inventive.

The international application has now published. In accordance with the usual filing strategy the priority application, GB 1309085.7, has been withdrawn and will not publish having now served as a basis for claiming priority.

4.1.2.2 *The Second Series – GB 1311951.6*

Before the deadline for doing so, a decision was taken not to file an International application. This decision was a strategic decision based on the progress of the projects.

The UK application is still pending. The application published as GB 2515785 on 7 January 2015.

4.1.2.3 *The Third Series – GB 1312901.0*

Before the deadline for doing so, a decision was taken not to file an international application. This decision was a strategic decision based on the progress of the projects.

The UK application is still pending. The application published as GB 2516303 on 21 January 2015.

4.1.2.4 *The Developments of the First Series – GB 1404987.8 and GB 1410430.1*

4.1.2.4.1 – *GB 1404987.8*

It is proposed that an international application claiming priority from this application will be filed before a 20 March 2015 deadline.

The application has been searched by the UKIPO. The search has identified some prior art which may affect the scope of any eventual patent claim which is granted and the specification has been revised accordingly to take account of the prior art. However, none of the available prior art is expected to present a bar to the grant of patent protection for the compounds of interest.

4.2.1.4.2 – *GB 1410430.1*

At this point in time, this application is intended to be taken forwards and filed as an international patent application. The deadline for filing an international application is 11 June 2015.

This application was searched by the UKIPO and a search report was issued on 16 February 2015. However, at the date of writing this report the citations identified in the search report have not been analysed for their relevance on patentability.

Neither of these applications has published to date.

4.1.2.5 – *Further Details*

In addition to the patents reported, the Company owns further patent applications but these are not yet published and therefore remain confidential and cannot be reported here.

All of the patent applications have been filed with the sole applicant being the Company. The Company is entitled by law to make the applications by virtue of the inventors being employees.

4.1.3 ***RAF Kinases***

Two UK patent applications have been filed in relation to compounds that inhibit RAF kinases. The two priority applications are GB 1316014.8 with a filing date of 9 September 2013 (a first series) and GB 1416186.3 with a filing date of 12 September 2014 (a second series).

4.1.3.1 – *The First Series – GB 1316014.8*

The first series has been searched by the UKIPO and only background documents were cited. No documents were cited as being relevant to novelty or inventive step.

Before the deadline for doing so, a strategic decision was taken not to file a PCT application for this series.

The UK application is still pending. The application published on 11 March 2015.

4.1.3.2 – *The Second Series – GB 1416186.3*

The second series has not been searched by the UKIPO to date but a search has been requested. The international filing deadline for the RAF Kinase series 2 application is 12 September 2015.

This application has not published to date.

4.1.3.3 – *Further Details*

In addition to the patents reported, the Company owns further patent applications but these are not yet published and therefore remain confidential and cannot be reported here.

All of the patent applications have been filed with the Company as the sole applicant. The Company is entitled to the applications by virtue of the inventors being employees.

4.1.4 ***cFMS***

The cFMS patent family comprises a geographically extensive family of national patent applications derived from WO 2012/135937 (filing date 3 April 2012) and a recently filed GB application, GB1417561.6 (filing date 3 October 2014).

4.1.4.1 – *Family Derived from WO 2012/135937*

WO 2012/135937 was originated and prosecuted up into the international phase by PharmaScience Inc. During the international phase of this application, the Company acquired a worldwide exclusive license to WO 2012/135937 and any to foreign counterparts thereof in the field of cancer. The Company is now responsible for patent prosecution of the WO 2012/135937 and the national and regional phase entries.

The International Preliminary Report on Patentability found all of the claims of the application to be novel and inventive.

In September and October of 2013, the international patent application was converted into a number of national and regional patent applications in accordance with the official procedure in: Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, Indonesia, Israel, India, Japan, Mexico, New Zealand, Philippines, Singapore, South Africa, South Korea and USA. Details of the applications are given in the table below.

Jurisdiction	*Application No.*	*Application Date*	*Status*
Australia	2012239791	03/Apr/2012	Pending
Brazil	BR112013025619-2	03/Apr/2012	Pending
Canada	2,831,843	03/Apr/2012	Pending
China	201280017434.1	03/Apr/2012	Exam report received and response filed
Eurasia	201370211	03/Apr/2012	Pending
Europe	12767447.1	03/Apr/2012	Exam report received – all claims novel
Hong Kong	14102088.3	03/Mar/2014	Pending
India	1700/MUMNP/2013	03/Apr/2012	Pending
Indonesia	WO0 2013 04284	03/Apr/2012	Pending
Israel	228311	03/Apr/2012	Pending
Japan	2014-502959	03/Apr/2012	Pending
Mexico	MX/A/2013/011537	03/Apr/2012	Pending
New Zealand	615228	03/Apr/2012	Examination report received – no novelty or inventive step objections for compound claims.
Philippines	1-2013-501922	03/Apr/2012	Pending
Singapore	201306831-7	03/Apr/2012	Pending
South Africa	2013/06855	03/Apr/2012	Pending
South Korea	10-2013-7028617	03/Apr/2012	Pending
USA	14/008,977	03/Apr/2012	Pending

The favourable opinion on patentability at the international stage indicates that the national patent applications in each jurisdiction could proceed to grant of patent protection without significant difficulty (though this is a matter for local patent law).

4.1.4.2 *GB application – GB1417561.6*

The invention and compounds contained in this application have been developed in-house by the Company and are structurally distinct when compared with the compounds of WO 2012/135937. The application has been filed with the Company as the sole applicant.

This application has an international filing deadline of 3 October 2015. This application might be used as the basis for a priority claim for a future international patent application. A UK patent office search of the priority application was deliberately arranged at an early stage for this application to determine the Prior Art landscape and this should be received and analysed before an international application is filed.

The Company is entitled by law to make this application by virtue of the fact that all of the inventors are employees of the Company. The Company has entered into a licence agreement with PharmaScience for WO 2012/135937. During the term of this agreement, PharmaScience have no

rights in respect of this application or the invention contained in the application. Upon termination of the licence agreement and under the terms of the licence, the Company might potentially be required to provide PharmaScience with an exclusive licence to this application, if the subject matter of this application is deemed to be derived from WO 2012/135937 or from PharmaScience know how.

The UK application is still pending. The application has not been published to date.

4.1.5 *IDO*

Two UK applications have recently been filed following the identification of promising compounds that have been shown to target IDO. The two applications are GB 1417369.4 filed on 1 October 2014 (series 1) and GB 1418300.8 filed on 15 October 2014 (series 2).

The two UK applications are intended to act as priority claims for future international applications in less than 12 months. Neither of the applications have been searched or examined. Neither of the applications has been published. A UK patent office search has been requested to identify any Prior Art documents.

Both of the patent applications have been filed in the name of the Company and the Company is entitled to the applications by law by virtue of the inventors being employees of the Company.

4.1.6 *Porcupine*

Two UK applications have recently been filed following the identification of promising compounds that have been shown to inhibit Wnt-signaling. The two applications are GB 1417832.1 filed on 8 October 2014 (series 1) and GB 1417829.7 filed on 8 October 2014 (series 2).

Series 2 includes patent claims which are novel relative to two Prior Art documents by virtue of being a selection invention from within the broader disclosure of those earlier documents.

The two UK applications are intended to act as the basis for priority claims for future international patent applications. The international filing deadlines are 8 October 2015 for both applications. Neither of the applications have been searched or examined. Neither of the applications have been published. A UK patent office search has been requested to identify any further Prior Art documents.

Both of the patent applications have been filed in the name of the Company and the Company is entitled to make the applications by virtue of the inventors being employees of the Company.

4.2 **Antiviral applications**

Redx have filed a number of applications directed to antivirals. These applications were abandoned after they proved to be commercially unpromising. Most of these applications were abandoned or withdrawn before publication but one of these applications has published and can be viewed online: WO2013/093458 (directed to compounds active against influenza).

4.2.1 *Influenza*

There are two pending UK priority applications which are directed towards compounds with antiviral activity, and which are intended specifically to target influenza. The applications are both directed towards oseltamivir analogues.

The compounds demonstrate some impressive activities, particularly against oseltamivir resistant influenza strains. The compounds were obtained by making alterations to the substituent groups around the oseltamivir core. The compounds featured in both applications were developed in-house and the Company derives ownership by virtue of the employment of the inventors by the Company.

The first application is a UK patent application filed on 4 March 2014 (GB1403778.2). This application has been withdrawn. At present the application is not intended to form the basis of an International application. This application will not publish.

One of the compounds in this application has been shown to have substantially the same in vitro activity against a strain of influenza which is resistant to oseltamivir as it does against wild type influenza strains. This compound is about 60 times more active than oseltamivir against a viral strain which is resistant to oseltamivir.

The second application is a UK patent application filed on 9 June 2014 and has not yet been published (GB1410181.0). The application contains the same compounds as the first application but the scope has been expanded to include further compounds which had formed part of a previous GB priority application. That previous GB priority application was deliberately withdrawn leaving no rights outstanding before this new application was filed. Data is included showing that these further compounds are active against wild-type influenza strains.

It is intended that the second application will not serve as the basis for priority for a PCT application. The second application will be allowed to publish. Publication has not yet occurred..

4.3 **Antibacterial applications**

The current antibacterial portfolio comprises five UK priority applications. The compounds featured in all five applications were developed in-house by the Company and the Company derives ownership by virtue of the employment of the inventors by the Company.

The Company has filed and abandoned, after they proved to be commercially unpromising, a number of applications directed to compounds with antibacterial activity. Most of these applications were abandoned or withdrawn before publication but two of these applications have published and can be viewed online: WO2013/072703 and WO2013/153394 (directed to compounds active as broad spectrum antibiotics)

4.3.1 ***Gram-negative bacterial strains – series 1***

A pending UK priority patent application was filed on 28 January 2014 is directed towards a first series of compounds and has not yet been published (GB1401407.0). In vitro data is included in the patent application showing activity of one of the compounds falling within the claims against a selection of Gram positive and Gram negative bacterial strains.

More recent work has involved the synthesis and testing of further compounds which fall within the scope of the first application. Certain of these compounds have been shown to have excellent activities against both Gram negative and Gram positive bacteria and good activities against strains of both Gram negative and Gram positive bacteria which have exhibited resistance to at least one other antibiotic.

A further priority application capturing the data for these new compounds was filed in October 2014 and has not yet been published (GB1417939.4).

Both of these two UK applications have served as the basis for priority for a single PCT application (PCT/GB2015/050182) which was filed on 27 January 2015. In the normal course of events, any patents which are granted and are derived from this PCT application would be in force until January 2035.

4.3.2 ***Gram-negative bacterial strains – series 2***

A UK priority patent application was filed on 11 August 2014 directed towards a second series of compounds and has not yet been published (GB1414205.3). This application contained data showing activity against antibiotic susceptible and resistant strains of both Gram negative and Gram positive bacteria.

More recent work has involved the synthesis and testing of further compounds which fall within the scope of the first application.

Certain of these compounds have been shown to have excellent activities against a range of resistant strains of both Gram negative and Gram positive bacteria. A further priority application (GB1417941.0) capturing the data for these new compounds was filed on 10 October 2014 and has not been published to date.

It is intended that both of these two UK applications will serve as the basis for priority for a single PCT application which will be filed on or before 11 August 2015. In the normal course of events, any patents which are granted and are derived from this PCT application would be in force until August 2035.

Further testing and optimisation of this class of compounds is ongoing.

4.3.3 ***Methicillin Resistant Staphylococcus Aureus (MRSA)***

A UK priority patent application was filed on 10 April 2014. This application is directed towards compounds which have activity against MRSA and the application has not published to date.

One compound of this type is shown in the application to have excellent in vitro activity against a broad variety of MRSA strains, including those which are resistant to further antibiotics (i.e. in addition to methicillin), such as fluoroquinolones and vancomycin.

Other compounds are shown to have activity against a range of Gram positive and Gram negative strains.

It is intended that this application will serve as the basis for priority for a PCT application which will be filed on or before 10 April 2015. In the normal course of events, any patents which are granted and are derived from this PCT application would be in force until April 2035.

Further testing and optimisation of these compounds is ongoing.

4.3.4 ***Tuberculosis (TB)***

The Company has recently discovered that a series of their proprietary compounds have good activity against a deactivated strain of TB and also against a known surrogate for active TB.

Further testing and optimisation is ongoing. A patent application was filed on 28 October 2014. A search has been requested at the UKIPO; however, the search has not yet been conducted by the UKIPO. This application has an International filing deadline of 28 October 2015.

The application has not yet published.

4.3.5 – ***Gonorrhoea***

A family of known compounds that were known to express Gram-positive antibacterial efficacy are the subject of a new patent application directed towards to the use of these compounds in the treatment of gonorrhoea. Gonorrhoea is a Gram-negative antibiotic. The application, GB 1503460.6, was filed on 2 March 2015. A search has been requested at the UKIPO; however, the search has not yet been conducted by the UKIPO. This application has an International filing deadline of 2 March 2016.

The application has not yet published.

4.4 **The Redox Cases**

These cases relate to new compounds which are derivatives of existing active pharmaceutical compounds in a wide variety of different therapeutic areas. The compounds in each derivative series are based on a known "parent" active pharmaceutical compound in which one or more specific functionalities, i.e. substituent groups within the known compound, has been varied.

The novel derivatives of those actives retain most of the existing chemical substitutions on the molecular skeleton and retain the same overall skeletal structure. They differ from the parent active compound because each derivative has one or two of the original functional groups in the parent replaced by groups in a higher or lower oxidation state.

This approach stemmed from the observation by the Company of a general prejudice in the pharmaceutical field against having active compounds containing aldehyde and similar functionalities. This is so notwithstanding the fact that the originator patents themselves for the underlying parent actives cover multiple changes in functionality such as these types of possibilities.

Two patent cases were filed by the Company for this subject matter at a very early stage in the Company's existence and these cases are referred to as the "Redox" cases. Consequently, financial and experimental resources were scarce and the scope of the patent applications had to balance the conflicting needs of adequate commercial breadth with the availability of supporting data and exemplification to support any patent claims. The changes in functional group in relation to each underlying parent active were defined in general terms in order to provide commercially useful coverage as broadly as possible. At the same time, the scope of the definitions used in the patent claims relating to the individual genera were carefully limited with the intention that the claim coverage should be proportionate, as far as practicable, to the degree of information available in support of the claimed subject matter. The strategy involved mirroring the core structure of each known parent fairly closely whilst allowing a degree of flexibility at the one or two substituted positions at which the oxidation state had been changed. This approach, rather than the approach of simply broadly claiming all possible subject matter based on the parent patent scope for all substsituents, is intended to provide more robust patent rights which should be capable both of being granted and also be capable of being enforceable / defensible.

The inventive concept underlying the applications resides in the anticipated activity of the compounds. The Company considered that the surprising benefits of such simple redox transformations, in terms of expected activities, might allow the claimed compounds to fall into patentable space. In particular, it is believed that there was a prejudice in the art against using aldehydes or aldehyde derivatives (such as oximes and acetals) in drug molecules. Thus, the first patent application filed related to a number of separate series of compounds, all in one application on the grounds of available resource, which are derivatives of levofloxacin, pefloxacin, pregabalin, and oseltamivir. The issue of unity of subject matter was disregarded at this early stage due to funding constraints and the need to capture the concept for a number of different molecules to the extent possible in a cost effective manner. In each series contained within the patent application, the carboxylic acid groups of the respective parent active have been replaced by such aldehyde or aldehyde derivative groups. It was considered that these types of chemical substitutions could provide fertile ground for finding novel pharmaceutically active compounds having the same type of activity as the parent compounds. However, in addition, in certain cases some different activity from the parent compound has been observed.

Although no specific patent searching could be undertaken on the molecules in question before filing any patent applications (again, due to early stage funding issues), knowledge of this general prejudice in the pharmaceutical field provided some confidence for the inventors that the area represented new territory in which there were expected to be patent opportunities. The patent specifications were prepared to allow some degree of flexibility in which derivatives could be pursued later in prosecution. This approach was to allow for the fact that initially no compounds had been synthesised, no experimental data was available, and no Prior Art searching had been conducted.

There are two patent families in the original "Redox" series. Each of the two patent families relates to several different groups of derivatives based on a single parent active. Within each group, the derivatives are related to each other as derivatives of a common parent active compound. The derivatives were originally conceived as derivatives in a different oxidation state from the underlying parent active compounds on which they are based hence the term "redox".

4.4.1 *The First "Redox" Case (WO2010/131054)*

This approach of identifying a parent active compound and seeking a suitable functional group or groups for replacement whilst preserving the rest of the molecule was replicated initially over 7 different target parent active compounds.

The structure of each of the 7 parent compounds was evaluated for possible redox-type substitutions and the structures were derivatised with replacement functional groups in a different oxidation state from the underlying functional group being substituted. The overall skeletal structure of each parent active was otherwise left undisturbed. The reason for this was that the patent landscape was expected to be extremely congested around simple skeletal derivatives of known actives, thereby rendering it difficult or impossible to secure broad protection for a wider range of structural variants. One important factor feeding into this decision related to the resources available and the possibility of obtaining sufficient experimental data to support an otherwise broader patent claim.

The application is directed to 7 broad genera, each one centred on a core structure based on the following known top-selling drug molecules: ofloxacin, pefloxacin, oseltamivir, pregabalin, darifenacin, peramivir, zanamivir. The concept behind this family of applications is that simple redox switches can be applied to these known drug molecules to generate compounds with similar, or not greatly reduced, activities but which might exhibit other benefits over the parent drug molecule. The benefits might include features such as improved storage properties, reduced side effects or improved pharmacokinetic properties.

Although the idea was conceptually applicable to a broad range of actives, the first application was itself deliberately only directed towards 7 different actives which were deemed to be key priorities due to resourcing issues. It was envisaged that the necessary chemistry to support the patent application could be performed on the 7 groups of derivatives within the year allowed under the patent system for doing so. Although the chemistry proceeded more slowly than had been expected, the application contains a number of examples of novel compounds which were synthesised and characterised. Activity data was not available at the time of filing the applications.

Geographically, this family extends to Australia, Brazil, Canada, China, Eurasia, Europe, India, Indonesia, Israel, Japan, Mexico, New Zealand, Philippines, South Africa, South Korea, and the US. The patent is still pending in all of those jurisdictions. Prosecution in many of these jurisdictions is proceeding on the basis of claims directed towards pregabalin derivatives and/or methods of making those derivatives.

Such claims have been granted in Europe and Singapore and notification of allowance has been received in both China and the US. An application directed to derivatives of ofloxacin and perfloxacin has achieved grant in New Zealand and a second (divisional) application directed to pregabalin derivatives is currently pending.

The status of each individual case, along with the application numbers and the parent compound for the current claims are summarised in the table below:

Jurisdiction	*Application number*	*Status*	*"Parent" of claimed compounds*
Australia	AU2010247141	Pending	Fluoroquinolones
Brazil	PI1010981-1	Pending	n/a
Canada	2,762,022	Pending	n/a
China	201080026597.7	Granted – Grant Number ZL 201080026597.7	Pregabalin
Eurasia	201101564	Pending	Pregabalin
Europe	EP10721845.5	Granted – validated in Switzerland, Germany, France, UK, Ireland, Luxembourg and Monaco– Grant Number EP2429991	Pregabalin
India	9405/DELNP/2011	Pending	n/a
Indonesia	W00201104296	Pending	n/a
Israel	216214	Pending	Fluoroquinolones
Mexico	MX/A/2011/012134	Granted – Grant Number 327988	Pregabalin
New Zealand	596492	Granted– Grant Number 596492	Fluoroquinolones
New Zealand	610978	Granted- Grant Number 610978	Pregabalin
Phillipines	1-2011-502385	Pending	Pregabalin
Singapore	201108379-7	Granted – Grant Number 176056	Pregabalin
South Africa	2011/08276	Pending	n/a
South Korea	2011-7029829	Pending	n/a
US	13/319,377	Granted – Grant Number 8877945	Pregabalin

Where n/a is entered into the "parent" column, it means that the claims are currently directed to derivatives of all 7 groups of compounds.

These cases are derived from the PCT WO2010/131054 filed on 17 May 2010, which claims priority to two UK priority applications: GB0908338.7 filed 15 May 2009 and GB1006112.5 filed 13 April 2010.

The inventors of this application were Derek Lindsay and Peter Jackson and ownership was transferred to Bradford Pharma Limited by virtue of their status as directors of the company. Ownership of the application was transferred to the Company on 30 November 2011 while this application was in the international phase.

In the normal course of events, granted patents in this family will be in force until May 2030.

4.4.2 *The Second "Redox" Case (WO2012/063085)*

A UK priority application was filed just before publication of the first "Redox" application in order to cover as many groups of derivatives as possible that were potentially of interest before the opportunity for doing so expired on publication of the first "Redox" case.

This second "Redox" case originally covered a large number of series of compounds which are derivatives of approximately 250 different parent compounds.

The underlying parent compounds had been evaluated by the Company for possible redox-type substitutions. The structures were again derivatised with replacement functional groups in a different oxidation state from the underlying functional group being substituted in the same way as in the Redox 1 case. Similarly, the overall skeletal structure of each parent active was otherwise left undisturbed. Due to the absence of resources, this initial application was filed speculatively, and without accompanying data, due to the impending publication of the first redox case. This enabled the Company to capture as large a potential area as possible for future exploitation.

A novel strategy aimed at compensating for the data shortage was created. This involved using in silico modelling as a predictive tool to map the activity of compounds that had not yet been synthesised or tested but which were expected to show some activity. The model was strengthened by using the same in silico models to map the activity of known compounds for which actual values have been established experimentally. The resulting correlation of the in silico data with the observed data demonstrated the validity of the model as a whole for assessing the activities of the novel derivatives. Exemplification and modelling prioritised the derivatives of the parent compounds of most potential interest and it was possible to support at least about 50 of the derivative series with in silico data.

The application now contains 169 genera, each centred on a core structure based on a known drug molecule. The genera of Redox 2 are narrower than those of Redox 1, being more focussed on the core concept of simple functional group inter-conversions, such as redox switches, providing compounds with similar activities but with other benefits over existing drug molecules.

The 169 genera cover treatments for a wide range of therapeutic classes, including antibacterial; antiviral; the treatment of cardiovascular and CNS disorders; and those useful in oncology.

Synthetic examples are provided for 36 of the genera and in vitro data provided for 10 of the genera: adapalene; lixivaptan; candesartan; losartan; bendamustine; PD0332991; bexarotene; metronidazole; sitagliptin; safinamide.

Compounds falling within the rest of the genera were analysed for predicted activity using in silico techniques. The compounds for which in vitro data was included were also analysed using in silico techniques and the results were compared to the in vitro data, providing support for the predictive ability of the in silico techniques for those genera which were not supported by in vitro data.

The application has entered the national phases in the same countries as Redox 1, i.e. Australia, Brazil, Canada, China, Eurasia, Europe, Indonesia, Israel, Japan, Mexico, New Zealand, Philippines, South Africa, South Korea, and the USA. In most of these countries, the claims are directed to sitagliptin derivatives.

A notice of allowance has recently been received in the US for an application in which the claims directed to sitagliptin derivatives.

The status of each individual case, along with the application numbers and the parent compound for the current claims are summarised in the table below:

Jurisdiction	*Application number*	*Status*	*"Parent" of claimed compounds*
Australia	2011327903	Pending	Sitagliptin
Brazil	BR112013009531-8	Pending	Sitagliptin
Canada	2,816,000	Pending	n/a
China	201180053804.2	Pending	Sitagliptin
Eurasia	201370107	Pending	n/a
Europe	11791035	Pending	Metronidazole
India	3430/DELNP/2013	Pending	n/a
Indonesia	WO0201302007	Pending	Sitagliptin
Israel	226245	Pending	Sitagliptin
Mexico	MX/A/2013/005242	Pending	Sitagliptin
New Zealand	609309	Pending	Sitagliptin
Phillipines	1-2013-500954	Pending	Sitagliptin
Singapore	201303536-5	Pending	Sitagliptin
South Africa	2013/03171	Pending	n/a
South Korea	2013-7012338	Pending	Sitagliptin
US	13/883,713	Granted – Grant Number 8946224	Sitagliptin

Where n/a is entered into the "parent" column, it means that the claims are currently directed to derivatives of all 169 groups of compounds.

These cases are derived from the PCT WO2012/063085 filed on 11 November 2011, which claims priority to two UK priority applications: GB1019078.3 filed 11 November 2010 and GB1019527.9 filed 18 November 2010.

The inventors of this application were Derek Lindsay, Neil Murray, Ronnie Palin and Mark Craighead and ownership was transferred to the Company by virtue of their status as employees or directors of the company.

In the normal course of events, granted patents in this family will be in force until November 2031.

4.5 **The Statin Cases**

A number of these cases are legacy cases originally filed by Avecia Pharmaceuticals Limited and subsequently transferred to the Company via Nicholas Piramal India Limited, the successor to the Avecia Pharmaceuticals Limited business.

These cases have been granted in a number of major jurisdictions including Europe and the US. These patents provide exclusive use of these process conditions and synthesis of the intermediates generated during the processes and represent potentially valuable IP.

A number of follow-on cases covering novel statin analogues and medical uses for the analogues were also filed. These cases are either granted or very close to achieving grant of patent rights in a number of major jurisdictions, including granted European patents and granted US patents. These cases received quite favourable international examination and consequently favourable prosecution due to a relatively uncluttered prior art situation.

4.5.1 ***Legacy Case Families***

There are 3 legacy families which are derived from WO 2005/092867, relating to processes for making rosuvastatin and intermediates, WO 2005/012246, relating to processes for making atorvastatin and intermediates, and WO 2006/064179, relating to processes for making certain other statins and their intermediates.

Schedules of the patent families for the legacy cases are provided in Schedules 1-3. All applications in the family derived from WO 2005/092867, relating to processes for making rosuvastatin and intermediates, are shown in Schedule 1. All applications in the family derived from WO 2005/012246, relating to processes for making atorvastatin and intermediates, are shown in Schedule 2. All applications in the family derived from WO 2006/064179, relating to processes for making certain other statins and their intermediates are shown in Schedule 3.

The three legacy case families derived from WO 2005/092867, WO 2005/012246 and WO 2006/064179 were filed in the name of Avecia Pharmaceuticals Limited. Avecia Pharmaceuticals changed their name to NPIL Pharmaceuticals (UK) Limited and the company changed their name a further time to Piramal Healthcare UK Limited. Piramal Healthcare UK Limited assigned the application to Bradford Pharma Limited; who in turn assigned the applications to the Company.

Therefore, the Company is entitled to each of the applications in the three legacy patent families. The transfer of rights to the Company has been registered in most jurisdictions but is ongoing in a few minor jurisdictions.

4.5.2 ***Novel Statin Analogues***

There are three families of applications relating to the novel statin analogues. One of the families, derived from WO 2010/103319, covers medical uses of atorvastatin analogues. The second family of applications is derived from WO 2010/103320 and covers medical uses of rosuvastatin analogues. The third family of applications, derived from WO 2010/103318, covers rosuvastatin and atorvastatin analogues per se.

Schedules of the three families are given in Schedules 4 to 6. Schedule 4 shows the family derived from WO 2010/103319, covering medical uses of atorvastatin analogues. Schedule 5 shows the family derived from WO 2010/103320 and covers medical uses of rosuvastatin analogues. Schedule 6 shows the family derived from WO 2010/103318, covering rosuvastatin and atorvastatin analogues per se.

The three applications were filed by Bradford Pharma Limited as the sole applicant. Each of the applications was transferred to the Company. The transfer from Bradford Pharma Limited to the Company was recorded at the International Bureau during the international phase. Therefore, all of the applications derived from the international application reflect the transfer and have the Company as the applicant.

4.5.2.1 *WO 2010/103319 – Medical Uses of Atorvastatin Analogues*

WO 2010/103319 was subject to international examination. The result was a finding that all of the claims were novel and inventive in the International Preliminary Report on Patentability.

Upon entry into the national and regional phases this positive opinion has translated into rapid grant of applications in certain territories, for example Europe, Mexico and New Zealand.

A continuation application was filed in the US. The parent case was abandoned because the USPTO examiner refused to examine method of treatment claims in the application. The continuation application in the US now contains method of treatment claims that have been allowed and should be granted once the issue fee is paid.

4.5.2.2 *WO 2010/103320 – Medical Uses of Rosuvastatin Analogues*

WO 2010/103320 was subject to international examination. The result was a finding that all of the claims were novel and inventive in the International Preliminary Report on Patentability.

Upon entry into the national and regional phases this positive opinion has translated into rapid grant of applications in certain territories, for example Europe, Israel, Mexico and New Zealand.

4.5.2.3 *WO 2010/103318 – Rosuvastatin and Atorvastatin Analogues*

WO 2010/103318 covers both rosuvastatin analogues and atorvastatin analogues in the application as published. The written opinion of the international search report indicated that the claims directed towards rosuvastatin were novel and inventive. The international application was then made the subject of international examination and the claims were limited to rosuvastatin. The International Preliminary Report on Patentability found all of the claims to rosuvastatin to be novel and inventive.

The amendment during the international phase consequently meant that the subject matter of the claims in the national and regional phases was limited to rosuvastatin. Divisional applications have been filed in some territories to cover atorvastatin analogues.

Schedule 6 indicates whether an application is directed to rosuvastatin analogues (Ros) or atorvastatin analogues (Ator). In some jurisdictions the strategic decision has been taken not to file divisional applications to cover atorvastatin analogues.

4.5.3 ***Further Details***

Details of the specific patent claims for any of the statin cases that are granted or pending in any individual jurisdiction can be provided on request.

4.6 **Future Developments**

The justification for the patentabilty of any new compounds that the Company develops will be based on their structural non-obviousness relative to the known parent active and the strength of any data obtained for particular compounds. Future developments will be assessed on a case by case basis.

The use of multiple applications directed towards similar concepts allows greater flexibility for the Company when advancing applications into the international phase. This allows the Company to be responsive to the commercial situation and the results obtained and also the flexibility to exploit possible commercial opportunities as they arise without the need to unravel a complex IP position. It also allows the selective prevention of publication of subject matter which the Company might wish to reserve from becoming known in the market place.

Again, conceptually these transformations represent more than a simple redox switch methodology, with the claimed compounds appearing to exhibit significantly different mechanisms of action to the parent compounds upon which they are based.

5. Trade Mark Assets

5.1 **Schedule of Trade Mark Assets**

Schedule 7 details the trade mark applications/registrations which the Company owns. We confirm that Schedule 7 is correct and complete to the best of our knowledge as the trade mark attorney firm instructed by the Company to file the applications detailed therein.

5.2 **Summary of Trade Mark Assets**

In December 2011, the Company filed to register the word marks Redx and REDOX SWITCH in the European Community, Japan and the US.

All of these applications filed in 2011 are now registered and next due for renewal in 2021, other than the following 2 applications for REDOX SWITCH:-

European Community Application No 104786261 – REDOX SWITCH in class 5

An opposition was lodged against this EC application by Bayer Consumer Care AG. We are currently handling the opposition.

US Trade Mark Application No 85490857 – REDOX SWITCH in the US in class 5

The application has been accepted, but has not yet been published for opposition.

The application was filed in the US on a) an intention to use the mark in the US and b) based on the "home" registration of REDOX SWITCH. This application will proceed further to publication and hopeful registration when either a) the REDOX SWITCH mark has actually been used in the US or b) when we have resolved the opposition against the "home" application for REDOX SWITCH and we can submit the supporting "home" EC registration certificate.

New European Community Application No 013517115 – REDOX SWITCH in class 42

On 1 December 2014, a new European Community Application No 013517115 for REDOX SWITCH was filed in class 42 covering "Scientific research and laboratory research services." The examiner has raised an initial objection to its distinctiveness and legal arguments were submitted to try and overcome this objection. We are currently awaiting the examiner's response.

6. Conclusion

The Company's patent portfolio represents a large potential source of new active pharmaceutical compounds. The Company recognises the need to pursue a proactive and robust intellectual property procurement strategy and intellectual property assets owned by the Company are equivalent to those owned by substantially larger and more mature existing companies operating in the same therapeutic areas. The Company's patent portfolio consists of a mixture of legacy and recently filed intellectual property rights which includes both granted and pending patent rights. The mature rights include potentially valuable granted patent rights, some of which originated with third parties, covering the statin area and which could represent a potential source of licensing revenue. Several new areas of research are beginning to yield both pending and granted patent rights and some encouraging technical results. The more recently filed patent applications also represent a future source of out-licensing revenue. The Company continues to develop and exploit opportunities for the acquisition of new intellectual property and this approach is itself one of the key assets of the Company.

This completes our report prepared for the directors of the Company and the Company's nominated advisor Shore Capital & Corporate Ltd. As stated above we declare that we at HGF Limited are responsible for this report and that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge and belief, in accordance with the facts and contains no omission likely to affect its interpretation.

Dr Jonathan D M Atkinson
European Patent Attorney
for and on behalf of HGF Limited

26 March 2015

Schedules

Schedule 1: WO 2005/092867 – Processes and Intermediates for Rosuvastatin

Country	*Application No.*	*Application Date*	*Grant No.*	*Grant Date*	*Status*
Albania	EP1729775	23/Mar/2005	EP1729775	07/May/2010	Granted
Austria	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Austria	E 458484	23/Mar/2005	EP1729775	18/May/2010	Granted
Belgium	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Belgium	EP1729775	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Bosnia and Herzegovina	E00376	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Bulgaria	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Bulgaria	EP1729775	23/Mar/2005	EP1729775	20/May/2010	Granted
Canada	2,561,059	23/Mar/2005	2,561,059	24/Dec/2013	Granted
China	200580009682.1	23/Mar/2005	ZL200580009682.1	09/May/2012	Granted
Croatia	P20100287A	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Cyprus	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Cyprus	CY1110091	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Czech Republic	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Czech Republic	30/2010	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Denmark	EP1729775	23/Mar/2005	EP1729775	12/May/2010	Granted
Denmark	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Estonia	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Estonia	E004304	23/Mar/2005	EP1729775	13/May/2010	Granted
Europe	08157487.3	23/Mar/2005	EP1958633	14/Dec/2011	Expired
Europe	05731809.9	23/Mar/2005	EP1729775	24/Feb/2010	Expired
Finland	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Finland	EP1729775	23/Mar/2005	EP1729775	17/May/2010	Granted
France	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
France	EP1729775	23/Mar/2005	EP1729775	07/May/2010	Granted
Germany	60 2005 019 547.5-08	23/Mar/2005	EP1729775	10/May/2010	Granted
Germany	60 2005 031 713.9	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Greece	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Greece	3072038	23/Mar/2005	EP1729775	17/May/2010	Granted
Hungary	E 008013	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Hungary	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Iceland	EP1729775	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Iceland	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
India	3061/KOLNP/2006	23/Mar/2005	254255	15/Oct/2012	Granted
Ireland	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Ireland	EP1729775	23/Mar/2005	EP1729775	05/May/2010	Granted
Italy	EP1729775	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Italy	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Latvia	EP1729775	23/Mar/2005	EP1729775	12/May/2010	Granted

Lithuania	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Lithuania	EP1729775	23/Mar/2005	EP1729775	05/May/2010	Granted
Luxembourg	EP1729775	23/Mar/2005	EP1729775	05/May/2010	Granted
Luxembourg	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Macedonia	903540	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Monaco	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Monaco	EP1729775	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Montenegro	01071	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Netherlands	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Netherlands	EP1729775	23/Mar/2005	EP1729775	18/May/2010	Granted
Poland	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Poland	EP1729775	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Portugal	EP1729775	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Portugal	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Republic of Serbia	P-217/2010	23/Mar/2005	51306	24/Feb/2010	Granted
Romania	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Romania	EP1729775	23/Mar/2005	EP1729775	19/May/2010	Granted
Slovak Republic	E 7377	23/Mar/2005	EP1729775	11/May/2010	Granted
Slovak Republic	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Slovenia	EP1729775	23/Mar/2005	EP1729775	18/May/2010	Granted
Slovenia	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Spain	ES 2379481	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Spain	2341658	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Sweden	EP1729775	23/Mar/2005	EP1729775	17/May/2010	Granted
Sweden	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Switzerland	EP1958633	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Switzerland	EP1729775	23/Mar/2005	EP1729775	24/Feb/2010	Granted
Turkey	TR 2012 02910 T4	23/Mar/2005	EP1958633	14/Dec/2011	Granted
Turkey	TR 2010 04064 T4	23/Mar/2005	EP1729775	24/Feb/2010	Granted
United Kingdom	05731809.9	23/Mar/2005	EP1729775	24/Feb/2010	Granted
United Kingdom	08157487.3	23/Mar/2005	EP1958633	14/Dec/2011	Granted
USA	14/225,018	23/Mar/2005			Pending
USA	10/594,380	23/Mar/2005	8,703,945	22/Apr/2014	Granted

Schedule 2: WO 2005/012246 – Processes and Intermediates for Atorvastatin

Country	*Application No.*	*Application Date*	*Grant No.*	*Grant Date*	*Status*
Australia	2004261468	23/Jul/2004	2004261468	28/Jul/2011	Granted
Brazil	PI 0412786-2	23/Jul/2004			Pending
Canada	2530163	23/Jul/2004	2,530,163	02/Oct/2012	Granted
China	200480021382.0	23/Jul/2004	ZL 200480021382.0	24/Jun/2009	Granted
Croatia	P20051020A	23/Jul/2004			Pending
Europe	12160668.5	23/Jul/2004			Pending
Europe	04767938.6	23/Jul/2004			Pending
India	5975/DELNP/2005	23/Jul/2004			Pending
Israel	173012	23/Jul/2004			Pending
Japan	2006-521652	23/Jul/2004	4820965	16/Sep/2011	Granted
Mexico	PA/A/2006/000926	23/Jul/2004	272399	03/Dec/2009	Granted
Mexico	MX/A/2009/010084	23/Jul/2004	321245	19/Jun/2014	Granted
Norway	20060903	23/Jul/2004			Pending
Singapore	200600177-0	23/Jul/2004	118869	29/Jun/2007	Granted
South Africa	2006/00687	23/Jul/2004			Pending
South Korea	10-2006-7000774	23/Jul/2004	10-1113163	31/Jan/2012	Granted
USA	12/191,518	23/Jul/2004	8,614,335	24/Dec/2013	Granted
USA	10/563,459	23/Jul/2004	7,414,141	19/Aug/2008	Granted

Schedule 3: WO 2006/064179 – Processes and Intermediates for Certain Other Statins

Country	*Application No.*	*Application Date*	*Grant No.*	*Grant Date*	*Status*
China	201210352625.5	03/Aug/2007			Pending
China	200580047969.3	28/Nov/2005	ZL200580047969.3	30/Oct/2013	Granted
Europe	05808835.2	28/Nov/2005			Pending
India	2430/KOLNP/2007	28/Nov/2005	264688	15/Jan/2015	Granted
Japan	546157/07	28/Nov/2005			Abandoned
USA	13/951,650	28/Nov/2005	8,853,429	07/Oct/2014	Granted
USA	13/599,606	15/Jun/2007	8,519,164	27/Aug/2013	Granted
USA	11/721,858	28/Nov/2005	8,278,467	02/Oct/2012	Granted

Schedule 4: WO 2010/103319 – Medical Uses of Atorvastatin Analogues

Jurisdiction	*Application No.*	*Application Date*	*Grant No.*	*Grant Date*	*Status*
Australia	2010222657	10/Mar/2010	2010222657	15/Jan/2015	Granted
Austria	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Belgium	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Brazil	PI1008942-0	10/Mar/2010			Pending
Canada	2,754,787	10/Mar/2010			Pending
China	201080016151.6	10/Mar/2010			Pending
Czech Republic	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Denmark	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Eurasia	2011001193	10/Mar/2010			Allowed
Europe	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Finland	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
France	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Germany	EP10709040.9	10/Mar/2010	60 2010 005 288.5	06/Mar/2013	Granted
Indonesia	W-00 2011 03212	10/Mar/2010			Pending
International	PCT/GB2010/050408	10/Mar/2010			Granted
Ireland	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Israel	215038	10/Mar/2010	215038	01/Oct/2014	Granted
Italy	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Japan	2011-553526	10/Mar/2010			Pending
Luxembourg	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Mexico	MX/A/2011/009457	10/Mar/2010	312620	23/Aug/2013	Granted
Netherlands	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
New Zealand	595110	10/Mar/2010	595110	23/May/2013	Granted
Philippines	12011501819	10/Mar/2010	1-2011-501819	22/Aug/2015	Granted
Poland	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Portugal	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
South Africa	2011/07054	10/Mar/2010	2011/07054	26/Mar/2014	Granted
South Korea	10-2011-7023588	10/Mar/2010			Pending
Spain	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Sweden	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Switzerland	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
Turkey	EP10709040.9	10/Mar/2010	2405911	06/Mar/2013	Granted
United Kingdom	0904102.1	10/Mar/2009			Abandoned
United Kingdom	EP10709040.9	10/Mar/2010	EP2405911	06/Mar/2013	Granted
USA	13/255,707	10/Mar/2010			Abandoned

Schedule 5: WO 2010/103320 – Medical Uses of Rosuvastatin Analogues

Jurisdiction	*Application No.*	*Application Date*	*Grant No.*	*Grant Date*	*Status*
Australia	2010222658	10/Mar/2010	2010222658	15/Jan/2015	Granted
Austria	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Belgium	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Brazil	PI1009442-3	10/Mar/2010			Pending
Canada	2,754,825	10/Mar/2010			Pending
China	201080016166.2	10/Mar/2010			Pending
Czech Republic	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Denmark	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Eurasia	2011001194	10/Mar/2010			Allowed
Europe	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Finland	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
France	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Germany	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Indonesia	W-00 2011 03213	10/Mar/2010			Pending
International	PCT/GB2010/050409	10/Mar/2010			Expired
Ireland	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Israel	215039	10/Mar/2010			Pending
Italy	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Japan	2011-553527	10/Mar/2010			Pending
Luxembourg	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Mexico	MX/A/2011/009456	10/Mar/2010	312621	23/Aug/2013	Granted
Netherlands	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
New Zealand	595116	10/Mar/2010	595116	23/May/2013	Granted
Philippines	1-2011-501820	10/Mar/2010	1-2011-501820	22/Aug/2014	Granted
Poland	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Portugal	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
South Africa	2011/07053	10/Mar/2010	2011/07053	26/Mar/2014	Granted
South Korea	10-2011-7023589	10/Mar/2010			Pending
Spain	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Sweden	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Switzerland	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
Turkey	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
United Kingdom	0904100.5	10/Mar/2009			Abandoned
United Kingdom	EP10709041.7	10/Mar/2010	EP2405972	06/Mar/2013	Granted
USA	13/255,705	10/Mar/2010			Abandoned
USA	14/029,056	10/Mar/2010			Allowed

Schedule 6: WO 2010/103318 – Rosuvastatin and Atorvastatin Analogues

Country	*Application No.*	*Application Date*	*Grant No.*	*Grant Date*	*Status*	*Subject matter*
Europe	13163283.8	10/Mar/2010			Allowed	Ator
Australia	2010222656	10/Mar/2010	2010222656	8/Jan/2015	Granted	Ros
Australia	2013202895	10/Mar/2010	2013202895	8/Jan/2015	Granted	Ator
Austria	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Belgium	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Brazil	PI1009132-7	10/Mar/2010			Pending	Ros
Canada	2,754,562	10/Mar/2010			Pending	Ros
China	201080016152.0	10/Mar/2010	ZL 201080016152.0	27/Nov/2013	Granted	Ros
China	201310150235.4	10/Mar/2010			Pending	Ator
Czech Republic	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Denmark	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Eurasia	2011001195	10/Mar/2010	020591	30/Dec/2014	Pending	Ros
Europe	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Europe	EP13163283.8	10/Mar/2010	EP2614822	24/Dec/2015	Granted	Ator
Finland	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
France	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
France	EP13163283.8	10/Mar/2010	EP2614822	24/Dec/2015	Granted	Ator
Germany	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Germany	EP13163283.8	10/Mar/2010	602010021331.5	24/Dec/2015	Granted	Ator
India	6980/DELNP/2011	10/Mar/2010			Pending	Ros
Indonesia	W-00 2011 03211	10/Mar/2010			Pending	Ros
International	PCT/GB2010/050407	10/Mar/2010			Expired	
Ireland	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Ireland	EP13163283.8	10/Mar/2010	EP2614822	24/Dec/2015	Granted	Ator
Israel	215040	10/Mar/2010			Pending	Ros
Italy	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Japan	2011-553525	10/Mar/2010			Pending	Ros
Luxembourg	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Luxembourg	EP13163283.8	10/Mar/2010	EP2614822	24/Dec/2015	Granted	Ator
Mexico	MX/A/2011/009458	10/Mar/2010	313125	09/Sep/2013	Granted	Ros
Mexico	MX/A/2013/004163	10/Mar/2010			Pending	Ator
Monaco	EP13163283.8	10/Mar/2010	EP2614822	24/Dec/2015	Granted	Ator
Netherlands	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
New Zealand	595113	10/Mar/2010	595113	23/May/2013	Granted	Ros
Philippines	12011501818	10/Mar/2010			Pending	Ros
Poland	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Portugal	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Singapore	201106491-2	10/Mar/2010	174303	07/Mar/2014	Granted	Ros
South Africa	2011/07051	10/Mar/2010	2011/07051	26/Mar/2014	Granted	Ros
South Korea	10-2011-7023590	10/Mar/2010			Pending	Ros
Spain	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Sweden	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros

Switzerland	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
Switzerland	EP13163283.8	10/Mar/2010	EP2614822	24/Dec/2015	Granted	Ator
Turkey	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
United Kingdom	0904104.7	10/Mar/2009			Abandoned	
United Kingdom	EP10709039.1	10/Mar/2010	EP2405910	04/Sep/2013	Granted	Ros
United Kingdom	EP13163283.8	10/Mar/2010	EP2614822	24/Dec/2015	Granted	Ator
USA	13/255,700	10/Mar/2010	8,513,412	20/Aug/2013	Granted	Ros
USA	13/944,195	10/Mar/2010			Pending	Ator

Schedule 7: Schedule of Trademarks

Case Type: Trade Mark

Trade Mark	*Applicant*	*Country*	*Application No.*	*Application Date*	*Registration No.*	*Registration Date*	*Status*	*Next Renewal*	*HGF Ref.*	*Classes*
REDOX SWITCH	Redx Pharma Limited	European Community	010478261	08/Dec/2011			Pending		T138495EP	5
REDOX SWITCH	Redx Pharma Limited	European Community	013517115	01/Dec/2014			Pending		T138495EP1	
REDOX SWITCH	Redx Pharma Limited	Japan	2011-088959	09/Dec/2011	5492772	12/Jun/2012	Registered	11/May/2022	T138495JP	5
REDOX SWITCH	Redx Pharma Limited	USA	85/490,857	08/Dec/2011			Pending		T138495US	5
Redx	Redx Pharma Limited	European Community	010477313	08/Dec/2011	010477313	18/Apr/2012	Registered	08/Dec/2021	T138494EP	5
Redx	Redx Pharma Limited	Japan	2011-008958	09/Dec/2011	5492771	11/May/2012	Registered	11/May/2022	T138494JP	5
Redx	Redx Pharma Limited	USA	85/490,859	08/Dec/2011	4405411	24/Sep/2013	Registered	24/Sep/2023	T138494US	5

Glossary of Terms

The Company	Redx Pharma Plc
Redx	Redx Pharma Plc
IP	Intellectual Property
UKIPO	United Kingdom Intellectual Property Office
USPTO	United States Patent and Trademark Office
PCT	Patent Cooperation Treaty
The Firm	HGF Limited
EPO	European Patent Office
Prior Art	relevant earliest published subject matter
UPC	Unified Patent Court
Priority Date	date of filing the first patent application for particular subject matter
Convention Deadline	the 12 month anniversary of the priority date
FTO	Freedom to Operate
ISA	International Searching Authority
ISO	International Search Opinion

PART 5

SECTION A: ACCOUNTANTS' REPORT ON REDX PHARMA PLC

The following is the full text of a report on Redx Pharma plc from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors of Redx Pharma plc.

BAKER TILLY
3 Hardman Street
Manchester
M3 3HF
Tel: +44 (0)161 830 4000
Fax: +44 (0)161 830 4001
www.bakertilly.co.uk

The Directors
Redx Pharma plc
Floor 9, Lowry House
17 Marble Street
Manchester
M2 3AW

26 March 2015

Dear Sirs,

Redx Pharma plc and its subsidiary undertakings ("the Group")

We report on the historical financial information of Redx Pharma plc (the "Historical Financial Information") set out in Section B of Part 5 of the Admission Document dated 26 March 2015 ("Admission Document") of Redx Pharma plc (the "Company"). This Historical Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the Historical Financial Information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume 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 paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

Responsibilities

As set out in Section B of this Part 5, the Directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Historical 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the 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 Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership regulated in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London, EC4A 4AB

SECTION B: HISTORICAL FINANCIAL INFORMATION ON REDX PHARMA PLC FOR THE THREE YEARS ENDED 30 SEPTEMBER 2014

Consolidated Statement of Comprehensive Income

3 years from 1 October 2011 to 30 September 2014

		Year to 30 September		
	Note	*2012 £000*	*2013 £000*	*2014 £000*
Operating expenses	7	(4,095)	(9,724)	(10,171)
Operating income	8	1,783	6,396	6,157
Loss from operations		(2,312)	(3,328)	(4,014)
Finance costs	11	(114)	(253)	(249)
Loss before taxation		(2,426)	(3,581)	(4,263)
Taxation credit	12	323	389	910
Loss for the year		(2,103)	(3,192)	(3,353)
Other comprehensive income, net of tax		—	—	—
Total comprehensive loss for year attributable to owners of Redx Pharma plc		(2,103)	(3,192)	(3,353)

All operations were continuing throughout the period

Consolidated Statement of Financial Position

3 years from 1 October 2011 to 30 September 2014

	Note	As at 30 September 2012 £000	2013 £000	2014 £000
Assets				
Property, plant and equipment	13	296	328	130
Intangible assets	14	309	309	309
Total non-current assets		605	637	439
Trade and other receivables	15	1,007	3,582	2,597
Cash and cash equivalents	16	59	1,028	2,892
Current tax		188	389	948
Total current assets		1,254	4,999	6,437
Assets held for sale	19	—	—	183
Total assets		1,859	5,636	7,059
Liabilities				
Trade and other payables	17	1,222	2,860	3,077
Borrowings	18	—	2,000	2,000
Total current liabilities		1,222	4,860	5,077
Liabilities re items held for sale	19	—	—	162
Net current assets		32	139	1,360
Borrowings	18	1,700	—	—
Non-current liabilities		1,700	—	—
Total liabilities		2,922	4,860	5,239
Net (liabilities)/assets		(1,063)	776	1,820
Equity				
Share capital	21.02	4	6	7
Share premium	21.04	3,040	7,931	12,313
Share based compensation	21.06	—	138	152
Retained deficit		(4,107)	(7,299)	(10,652)
(Deficit)/equity attributable to owners of Redx Pharma plc		(1,063)	776	1,820

Consolidated Statement of Changes in Equity attributable to the owners of Redx Pharma plc

	Note	*Share capital £000*	*Share Premium £000*	*Share based compensation £000*	*Retained Earnings £000*	*Total Equity £000*
As at 1 October 2011		4	1,978	—	(2,004)	(22)
Other comprehensive income						
Loss for the year		—	—	—	(2,103)	(2,103)
Transactions with shareholders:						
Share issue	21.03	—	1,102	—	—	1,102
Share issue costs		—	(40)	—	—	(40)
As at 30 September 2012		4	3,040	—	(4,107)	(1,063)
Other comprehensive income						
Loss for the year		—	—	—	(3,192)	(3,192)
Transactions with shareholders:						
Share-based compensation	21.05	—	—	138	—	138
Share issue	21.03	2	5,213	—	—	5,215
Share issue costs		—	(322)	—	—	(322)
As at 30 September 2013		6	7,931	138	(7,299)	776
Other comprehensive income						
Loss for the year		—	—	—	(3,353)	(3,353)
Transactions with shareholders:						
Share-based compensation	21.05	—	—	14	—	14
Share issue	21.03	1	4,693	—	—	4,694
Share issue costs		—	(311)	—	—	(311)
As at 30 September 2014		7	12,313	152	(10,652)	1,820

Consolidated Statement of Cash Flows

3 years from 1 October 2011 to 30 September 2014

		Year to 30 September		
	Note	*2012 £000*	*2013 £000*	*2014 £000*
Net cash flow from operating activities				
Loss before taxation		(2,426)	(3,581)	(4,263)
Non-cash Adjustments				
Depreciation and amortisation	7	58	239	252
Disposal of fixed assets		—	6	—
Share based compensation	21.05	—	138	14
Working Capital Adjustments				
(Increase)/decrease in trade and other receivables		(894)	(2,575)	985
Increase in trade and other payables		217	1,638	217
(Increase) in items for sale	19	—	—	(21)
Tax credit received		135	188	351
Net cash used in operations		(2,910)	(3,947)	(2,465)
Cash flows from investing activities				
Purchase of property, plant and equipment	13	(309)	(277)	(54)
Net cash used in investing activities		(309)	(277)	(54)
Cash flows from financing activities				
Proceeds from borrowings	18	1,700	300	—
Proceeds from share issue less issue costs		1,062	4,893	4,383
Net cash from financing activities		2,762	5,193	4,383
Net (decrease)/increase in cash and equivalents		(457)	969	1,864
Cash and cash equivalents brought forward		516	59	1,028
Cash and cash equivalents carried forward	16	59	1,028	2,892

Notes to the Historical Financial Information
3 years from 1 October 2011 to 30 September 2014

1. Basis of Preparation

1.01 Business description

Redx Pharma plc ("Redx" or "the Company") is a limited liability company which was incorporated in the UK on 7 September 2010, and is domiciled in the UK. The Company's registered office is Floor 9, Lowry House, 17 Marble Street, Manchester, M2 3AW. The principal activity of Redx is to act as a holding company. The principal activity of the Group is drug discovery, pre-clinical development and licensing.

This historical financial information ("Historical Financial Information"):

(a) has been prepared on a going concern basis under the historical cost convention;

(b) has been prepared in accordance with the requirements of the AIM Rules for Companies, for the purposes of the AIM admission document dated 26 March 2015; and

(c) and is in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and the International Financial Reporting Standards Interpretations Committee interpretations issued by the International Accounting Standards Boards ("IASB") that are currently effective or early adopted.

The preparation of the historical financial information requires the Directors to exercise judgements in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 5.

The Historical Financial Information in this Part 5 (B) does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Historical Financial Information is presented in sterling and, unless otherwise stated, amounts are expressed in thousands, with rounding accordingly.

The Board of Directors and the Finance Director are together considered the chief operating decision maker.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

2.01 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (the Subsidiaries) made up to 30 September each year. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and, has the ability to use its power to affect its returns.

The Company reassesses 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 listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

2.02 Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with International Accounting Standard ("IAS") 12 Income Taxes and IAS 19 Employee Benefits respectively; and

(b) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the statement of comprehensive income as a bargain purchase gain.

2.03 Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009".

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this Historical Financial Information. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital to honour all of its obligations to creditors as and when they fall due.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Historical Financial Information.

2.04 Currencies

(a) *Functional and presentational currency*

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which the Group operates ("the functional currency") which is UK sterling (£). The Historical Financial Information is presented in UK sterling, as described in Note 1.01.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.05 Intangible assets

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

All ongoing development expenditure is currently expensed in the year in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Development costs are capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

(a) technical feasibility of the completed intangible asset has been established;

(b) it can be demonstrated that the asset will generate probable future economic benefits;

(c) adequate technical, financial and other resources are available to complete the development;

(d) the expenditure attributable to the intangible asset can be reliably measured; and

(e) management has the ability and intention to use or sell the asset.

Expenses for research and development include associated wages and salaries, material costs, depreciation on non current assets and directly attributable overheads.

All research and development costs, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such.

Development costs recognised as assets are amortised over their expected useful life.

The cost of a purchased intangible asset is the purchase price plus any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

2.06 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

- Laboratory Equipment – 2 or 3 years
- IT Equipment – 2 or 3 years

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 the statement of comprehensive income.

2.07 Impairment of non-current assets

At each reporting date, the Directors review the carrying amounts of property, plant and equipment 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 in order 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 Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.08 Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for the sale of services in the ordinary course of business and is shown net of Value Added Tax. The difference between the amount of revenue recognised and the amount invoiced is included in the statement of financial position as accrued or deferred income.

Where sales transactions are considered to have more than one principal component, revenue is allocated fairly between the components and recognised for each component at the point that the relevant component of the risks and rewards have passed to the customer.

2.09 Current and deferred tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) *Current tax*

Current tax is based on taxable income for the year and any adjustment to tax from previous years. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted by the reporting date.

Credit is taken in the accounting period for research and development tax credits, which will be claimed from HM Revenue & Customs, in respect of qualifying research and development costs incurred in the same accounting period.

(b) *Deferred tax*

Deferred tax is calculated at the latest tax rates that have been substantially enacted by the reporting date that are expected to apply when settled. It is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

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 income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

The minimum term of the lease is estimated if it is not clear.

2.11 Government grants

Government grant assistance of a revenue nature is credited to the statement of comprehensive income in the same period as the related funded expenditure. Government grants in respect of capital expenditure are credited to a deferred income account and are released to the statement of comprehensive income by equal monthly instalments over the expected useful lives of the relevant assets.

2.12 Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered.

2.13 Pension costs

The Group operates a defined contribution pension scheme for the benefit of its employees. The Group pays contributions into an independently administered fund via a salary sacrifice arrangement. The costs of providing these benefits are recognised in the statement of comprehensive income and consist of the contributions payable to the scheme in respect of the year.

2.14 Share-based compensation

The Group issues share-based payments to certain employees and directors. Equity-settled share-based payments are measured at fair value at the date of grant and if material are expensed immediately or on a straight-line basis over any vesting period, along with a corresponding increase in equity.

At each reporting date, the Directors revise their estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of any revision is recognised in statement of comprehensive income, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black Scholes model, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest.

2.15 Dividends

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

2.16 Related party transactions

Intragroup transactions are not disclosed based on the exemption in IAS 24.

2.17 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group.

The Group has therefore determined that it has only one reportable segment under IFRS8.

2.18 Accounting developments

At the date of approval of the Historical Financial Information, the following Standards and Interpretations which have not been applied were in issue but not yet effective:

- IFRS 2 (amended) Share-Based Payments
- IFRS 3 (amended) Business Combinations
- IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Liabilities
- IFRS 8 (amended) Operating Segments
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 (amended) Fair Value Measurement
- IFRS 15 Revenue from Contracts
- IAS 16 (amended) Property, Plant and Equipment
- IAS 19 (revised) Employee Benefits
- IAS 24 (revised) Related Party Disclosures
- IAS 27 Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures

- IAS 32 (amended) Offsetting Financial Assets and Liabilities
- IAS 38 (amended) Depreciation and Amortisation
- IAS 39 Financial Instruments – Presentation Amendment

The Directors have assessed that these Standards would not have a material effect on the presentation of the Historical Financial Information.

3. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

3.01 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.02 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.03 Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

3.04 Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.05 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 are recognised as the proceeds received, net of direct issue costs.

3.06 Compound instruments

The component parts of compound instruments (convertible notes) issued are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

At the date of issue, the fair value of the liability is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised upon conversion or expiry of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying value of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

4. Financial risk management

4.01 Financial risk factors

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.

(a) Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing, interest rates, foreign exchange rates.

(b) Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.

(c) Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flow.

4.02 Capital risk management

The Group is funded by equity and loans. The components of shareholders' equity are:

(a) The share capital and share premium account arising on the issue of shares.

(b) The retained reserve or deficit reflecting comprehensive income to date.

(c) Other equity resulting from the Company's grant of equity-settled share options to selected employees and measured in accordance with IFRS 2 Share-based Payment.

The objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. Expenditures on commitments are funded from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans.

4.03 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values because of the short-term nature of such assets and the effect of discounting liabilities is negligible.

5. Critical accounting estimates and judgements

Details of significant accounting judgements and critical accounting estimates are set out in this Historical Financial Information and include:

5.01 Share based payment charge

The Group has issued a number of share options to certain employees. The Black-Scholes model was used to calculate the appropriate charge for the year of issue and subsequent years. The Group has also sought and obtained HMRC agreement of the value of the shares under option.

The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

The total charge recognised and further information on share options can be found in Note 21.05.

5.02 Government Grant Accrued income

Grant Income is recognised as set out in Note 2.11.

The recognition of Grant income (and hence the related accrued income balances) requires the Directors to make assumptions in relation to the allocation of resources to date and the likelihood of a successful claim. Details of the total received and carried forwards at the end of each year are set out in Note 26.

5.03 Operating Lease term

Rentals payable under operating leases are recognised as set out in Note 2.10.

Where an asset is in use but a lease has not yet been signed, and no rent has yet been paid, the related accrual requires the Directors to make assumptions in relation to the likely minimum term and the total rent payable.

5.04 Recoverability of deferred tax assets

Deferred tax assets are recognised to the extent that it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent these assumptions change, there can be an increase or decrease in the level of deferred tax assets recognised, which can result in a charge or credit to the statement of comprehensive income in that year.

5.05 Research and development tax credit

The Group's research and development tax claim is complex and requires the Directors to make significant assumptions in building the methodology for the claim, interpreting research and development tax legislation to the Group's specific circumstances, and agreeing the basis of the Group's tax computations with HM Revenue and Customs.

6. Revenue

There was no revenue in the period. For details of other operating income see Note 8.

The Group's activities are described in Note 1.01.

All assets and liabilities are located in the country of domicile, being the UK, and all activity occurs there.

7. Expenses

	2012 £000	*2013 £000*	*2014 £000*
The loss is stated after charging expenses as follows:			
Research and development	2,039	3,746	2,898
Staff costs – Note 10	1,196	3,887	4,876
Establishment and general:			
Gain on disposal of property, plant and equipment	—	(5)	—
Operating lease costs – land and buildings	75	303	608
Operating lease costs – other	50	305	358
Depreciation of owned property, plant and equipment	58	239	252

8. Other operating income

	2012 £000	*2013 £000*	*2014 £000*
Reimbursement of costs	17	1,300	2,400
Government grants receivable	1,766	5,096	3,757
	1,783	6,396	6,157

9. Auditors' remuneration

	2012 £000	*2013 £000*	*2014 £000*
The Group obtained the following services from the auditors and their associates:			
Audit of the financial statements	7	4	4
Audit of the Subsidiaries' financial statements	5	11	13
Tax compliance	3	9	22
Tax consultancy	3	16	11
All other services	22	7	8
Total auditors' remuneration	40	47	58

10. Staff and Remuneration

10.01 Number of staff

	2012 Number	*2013 Number*	*2014 Number*
Average number of employees (including directors):			
R&D – Chemistry	19	76	82
R&D – Biology	7	34	38
R&D – Analytical	5	16	18
General and Administrative	11	19	21
	42	145	159

10.02 *Remuneration*

	2012 £000	*2013 £000*	*2014 £000*
Aggregate remuneration of staff (including directors):			
Wages and salaries	1,039	3,238	4,240
Social security costs	112	324	380
Pension contributions	30	148	187
Non-Executive Director fees	15	39	55
Share-based payments	—	138	14
	1,196	3,887	4,876

10.03 Directors' Remuneration

	2012 £000	*2013 £000*	*2014 £000*
Remuneration of the Directors who are the key members of management, within statement of comprehensive income:			
Short-term remuneration	316	381	399
Social security costs	38	42	59
Pension contributions	4	4	—
Share-based payments	—	138	—
	358	565	458
Short-term remuneration of highest paid director	150	161	167

11. Finance expense

	2012 £000	*2013 £000*	*2014 £000*
Interest payable on loan notes	60	240	240
Loan arrangement fees	51	9	—
Other interest and similar charges	3	4	9
	114	253	249

12. Taxation

12.01 Net tax credit

	2012 £000	*2013 £000*	*2014 £000*
Current tax – R&D Tax Credits			
Current year – Note 12.02	323	389	910
Adjustment for prior years	—	—	—
Net tax credit	323	389	910

12.02 Factors affecting the tax charge

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Tax is assessed for the year at a rate different to the UK corporate tax rate for the reasons below:			
UK corporate tax average rate	25.0%	23.5%	22.0%
	£000	*£000*	*£000*
Net income before taxation	(2,426)	(3,581)	(4,263)
Tax at the UK corporate tax rate	(607)	(842)	(938)
Movement on unrecognised deferred tax asset	549	730	749
Fixed asset timing differences not recognised	(60)	(12)	37
Expenses not deductible in determining taxable result	118	124	152
Current year research and development tax credit	323	389	910
Tax for the year	323	389	910
Tax losses carried forward	4,594	7,739	9,378
Unrecognised deferred tax asset carried forward	872	1,550	2,004

The Group has received tax credits in relation to its research and development work. The Group was previously advised that the government grants received were not 'notified state aid' for the purposes of the SME research and development tax relief claims.

If grants are subsequently treated by HMRC as notified state aid then it will not be possible to claim any relief under the SME relief scheme for the projects concerned as this would constitute an additional form of state aid.

In October 2014 HMRC opened informal enquiries into the tax relief claim for 2013 and asked for certain further information which has been provided.

Following recent correspondence HMRC have stated that grants receivable by RAIL (and hence other Group companies) are considered notified state aid. Research indicates that the Group will be able to claim Research and Development Expenditure Credit ("RDEC") instead on the relevant projects.

The Group believes that the worst case position in respect of the expected payment relating to R&D activities to the Group in respect of the two year period ended 30 September 2014 would be a reduction of £145,000.

12.03 Factors that may affect future tax charges

The effective rate of UK Corporation tax for the year to 30 September 2014 was 22 per cent. During the year a further reduction to 20 per cent. with effect from 1 April 2015 was enacted.

As at 30 September 2014, the Group had unrecognised deferred tax assets as shown above, which primarily relates to losses. The Group has not recognised this as an asset in the statement of financial position due to the uncertainty in the timing of its crystallisation.

13. Property, plant and equipment

	Lab equipment £000	*IT equipment £000*	*Total £000*
Cost:			
As at 1 October 2011	60	7	**67**
Additions	258	51	**309**
As at 30 September 2012	318	58	**376**
Additions	201	76	**277**
Disposals	(9)	(2)	**(11)**
As at 30 September 2013	510	132	**642**
Additions	42	12	**54**
As at 30 September 2014	552	144	**696**
Accumulated depreciation:			
As at 1 October 2011	20	2	**22**
Charge for the year	49	9	**58**
As at 30 September 2012	69	11	**80**
Charge for the year	191	48	**239**
Disposals	(4)	(1)	**(5)**
As at 30 September 2013	256	58	**314**
Charge for the year	195	57	**252**
As at 30 September 2014	451	115	**566**
Carrying Amount			
As at 1 October 2011	40	5	**45**
As at 30 September 2012	249	47	**296**
As at 30 September 2013	254	74	**328**
As at 30 September 2014	101	29	**130**

The depreciation charge for the year has been included in Operating Expenses in the Statement of Comprehensive Income.

14. Intangible Assets

	Goodwill £000
Cost:	
As at 1 October 2011	309
As at 30 September 2012	309
As at 30 September 2013	309
As at 30 September 2014	309

An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where it is higher than the recoverable amount, an impairment results.

The intangible assets were tested for impairment, with no charges resulting.

The recoverable amounts were measured based on value in use. Detailed forecasts for the next 5 years have been used, based on approved annual budgets and strategic projections representing the best estimate of future performance.

15. Trade and other receivables

	2012 *£000*	*2013* *£000*	*2014* *£000*
Trade receivables	14	—	—
VAT recoverable	90	248	78
Other receivables	3	5	1,858
Accrued income	582	2,432	114
Prepayments	318	897	547
	1,007	3,582	2,597

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date.

Details on the Group's credit risk management policies are shown in Note 20.06. The Group does not hold any collateral as security for its trade and other receivables.

16. Cash and cash equivalents

	2012 *£000*	*2013* *£000*	*2014* *£000*
Cash and cash equivalents	59	1,028	2,892

The Group's cash and cash equivalents do not currently earn interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

17. Trade and other payables

	2012 *£000*	*2013* *£000*	*2014* *£000*
Trade payables	647	1,443	1,151
Payments received on account	17	—	—
Accruals	501	1,300	1,801
Employee tax and social security	57	117	125
	1,222	2,860	3,077

Trade and other payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 45 day terms.

The Directors consider that the carrying value of trade and other payables approximates to their fair value. All trade and other payables are denominated in Sterling. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

18. Borrowings

	2012 £000	*2013 £000*	*2014 £000*
Current			
Convertible loan notes	—	2,000	2,000
Non-current			
Convertible loan notes	1,700	—	—
Total borrowings	1,700	2,000	2,000

The earliest that the lenders of the above non-current borrowings require repayment is as follows:

	2012 £000	*2013 £000*	*2014 £000*
Between one and two years			
Convertible loan notes	1,700	—	—

In June 2012 a convertible loan facility of £2m was agreed with Liverpool City Council to finance working capital. It was repayable in May 2014 and was secured by a fixed and floating charge. Interest is 12 per cent. per annum and is payable upon repayment of the loan. The lender has an option to convert into ordinary shares.

The convertible loan notes were issued on 1 June 2012 (£1,300,000), 20 July 2012 (£400,000) and 25 October 2012 (£300,000).

On 8 January 2015 it was agreed to extend the loan until 31 March 2015.

On 25 March 2015 it was agreed to extend the maturity date of the loan until 31 March 2017.

All loans are denominated in sterling.

19. Assets and liabilities classified as held for sale

In late 2013 the Board decided to dispose of Redx Crop Protection Limited, and negotiations commenced with a potential purchaser in early 2014. The sale to that purchaser completed on 9 October 2014.

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the consolidated statement of financial position.

a) Assets and liabilities of disposal classified as held for sale

	2012 £000	*2013 £000*	*2014 £000*
Current tax asset	—	133	183
Trade and other payables	—	(169)	(162)
	—	(36)	21

b) Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	2012 £000	*2013 £000*	*2014 £000*
Operating expenses	—	(603)	(474)
Loss from operations	—	(603)	(474)
Finance costs	—	—	—
Loss before taxation	—	(603)	(474)
Taxation	—	95	88
Loss for the year	—	(508)	(386)

c) Analysis of the cashflows of discontinued operations is as follows:

	2012 £000	*2013 £000*	*2014 £000*
Operating cashflows	—	(473)	(442)
Investing cashflows	—	—	—
Financing cashflows	—	473	442
Total cashflows	—	—	—

20. Financial instruments

The Group is exposed to the risks that arise from its financial instruments. The policies for managing those risks and the methods to measure them are described in Note 4. Further quantitative information in respect of these risks is presented below and throughout this Historical Financial Information.

20.01 Capital risk management

The Group is funded by equity and loans. Loans were outstanding as shown in Note 18.

20.02 Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

	2012 £000	*2013 £000*	*2014 £000*
Trade and other receivables	689	2,685	2,050
Trade and other payables	721	1,560	1,276
Cash and cash equivalents	59	1,028	2,892

20.03 Financial assets

The Group held the following financial assets, all of which are classified as loans and receivables:

	2012 £000	*2013 £000*	*2014 £000*
Cash and cash equivalents	59	1,028	2,892
Trade receivables	14	—	—
Other receivables	675	2,685	2,050
	748	3,713	4,942

20.04 Financial liabilities

The Group held the following financial liabilities, all of which are classified as other financial liabilities:

	2012 £000	*2013 £000*	*2014 £000*
Trade payables	647	1,443	1,151
Loans	1,700	2,000	2,000
Other payables	74	117	125
	2,421	3,560	3,276

20.05 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. In the period, both these risks are considered to have been minimal.

20.06 Credit risk

The Group gives careful consideration to which organisations it uses for banking in order to minimise credit risk. The Group holds cash with one large bank in the UK, an institution with an AA credit rating (long term, as assessed by Moody's). The amounts of cash held with that bank at the reporting date can be seen in the financial assets table above. All of the cash and equivalents held with that bank were denominated in UK sterling.

There was no significant concentration of credit risk at the reporting date.

The carrying amount of financial assets, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

No allowance has been made for impairment losses. In the Directors' opinion, there has been no other impairment of financial assets during the year. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held by the Group as security in relation to its financial assets.

20.07 Liquidity risk management

The Directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short term cashflow forecasts and medium term working capital projections.

20.08 Foreign currency risk management

The Group's exposure to foreign currency risk has been limited; most of its invoicing and the payments are in sterling. Accordingly, no sensitivity analysis is presented in this area as it is immaterial.

20.09 Maturity of financial assets and liabilities

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in Note 18.

21. Share capital and share premium account

21.01 Number of shares in issue

	2012 Number	*2013 Number*	*2014 Number*
Ordinary shares of £0.01	351,428	498,515	614,880
Ordinary B shares of £0.01	59,800	59,800	59,800
Ordinary C shares of £0.01	—	2,931	2,931
Total shares	411,228	561,246	677,611

There is no maximum number of authorised shares.

21.02 Share Capital at par, fully paid

	2012 £000	*2013 £000*	*2014 £000*
Carried forward			
Ordinary shares of £0.01	3	5	6
Ordinary B shares of £0.01	1	1	1
Ordinary C shares of £0.01	—	—	—
Ordinary share capital	4	6	7
Movement in year			
Ordinary shares of £0.01	—	2	1
Ordinary B shares of £0.01	—	—	—
Ordinary C shares of £0.01	—	—	—
Total movement in year	—	2	1

The Ordinary Shares and the C Ordinary Shares rank *pari passu* in respect of voting. The B Ordinary Shares do not have the right to vote.

Only the Ordinary Shares have the right to receive dividends save in limited circumstances where the B and C Ordinary Shares have the right to participate in the profits or assets of the Company.

On a return of capital the holders of B Ordinary Shares shall receive a maximum of £598 in total.

There is a threshold equivalent to the number of issued Ordinary Shares times £19.50 plus £598.

On a return of capital below this threshold, nothing will be paid to holders of C Ordinary shares.

On a return of capital above this threshold, the excess will be applied *pari passu* to both the Ordinary and C Ordinary Shares.

21.03 Changes in shares issued

The Company allotted and issued shares at various dates during the year as follows:

	2012 Number	*2013 Number*	*2014 Number*
Ordinary shares issued at £19.50	56,514	16,705	—
Ordinary shares issued at £37.50	—	130,382	42,931
Ordinary shares issued at £42.00	—	—	73,434
	56,514	147,087	116,365
Ordinary C shares of £0.01 issued at par	—	2,931	—
	56,514	150,018	116,365

The proceeds of the share issues were as follows:

	2012 £000	*2013 £000*	*2014 £000*
Ordinary shares of £0.01	1,102	5,215	4,694
Ordinary C shares of £0.01	—	—	—
Total issued in year	1,102	5,215	4,694

21.04 Share Premium Account

	2012 £000	*2013 £000*	*2014 £000*
Brought forward	1,978	3,040	7,931
Arising during the year	1,062	4,891	4,382
Carried forward	3,040	7,931	12,313

21.05 Share Options

Details of the number of share options and the weighted average exercise price ("WAEP") outstanding during each period are as follows:

	2012		*2013*		*2014*	
	Number	*WAEP £*	*Number*	*WAEP £*	*Number*	*WAEP £*
Outstanding at the beginning of the year	—	—	—	—	20,516	0.01
Granted during the year	—	—	20,516	0.01	800	37.50
Outstanding at the end of the year	—	—	20,516	0.01	21,316	1.41

Options over shares were granted to a director and to an employee under the schemes (the "Share Schemes"). Vesting has been immediate. They all expire 10 years from the grant date.

Share options outstanding at 30 September 2014 have the following expiry date and exercise prices:

Grant date	*Number*	*Option price*	*Date from which exercisable*	*Expiry date*
20 December 2012	20,516	£0.01	20 December 2012	20 December 2022
4 February 2014	800	£37.50	4 February 2014	4 February 2024
	21,316			

The Group has accounted for the charge arising from the issue of share options as below:

The total charge recognised in the year to 30 September 2012 is £nil, in the year to 30 September 2013 is £138,000, and in the year to 30 September 2014 is £14,000.

The fair values of the options granted have been calculated using a Black-Scholes model.

Assumptions used were an option life of 5 years, a risk free rate of 2 per cent., a volatility of 50 per cent. and no dividend yield. Other inputs were as follows:

	2012 Number	*2013 Number*	*2014 Number*
Number granted in year	—	20,516	800

	2012 £000	*2013 £000*	*2014 £000*
Assumed share price at grant date	—	6.75	37.50
Exercise price	—	0.01	37.50
Fair value of each option	—	6.74	16.98

21.06 Share based compensation

	2012 £000	*2013 £000*	*2014 £000*
Credit on issue of share options carried forward	—	138	152

22. Ultimate controlling party

In the opinion of the Directors there is no ultimate controlling party.

23. Related party transactions

23.01 Remuneration of key personnel

Disclosures required in respect of IAS 24 regarding remuneration of key management personnel are covered by the disclosure of the directors' remuneration in Note 10.03:

23.02 Transactions and balances with key personnel

The Group has purchased consultancy services in the normal course of business, as set out below, from P McPartland, DWP Hallahane and D Lindsay who are or were directors of the Company.

	2012 £000	*2013 £000*	*2014 £000*
Purchases:			
P McPartland	18	15	18
DWP Hallahane (resigned 21 May 2014)	14	16	—
D Lindsay	28	16	4
	60	47	22

	2012 £000	*2013 £000*	*2014 £000*
Balance owed by Group carried forward			
P McPartland	6	—	7
DWP Hallahane (resigned 21 May 2014)	8	16	—
D Lindsay	1	1	—
	15	17	7

23.03 Transactions with related companies and businesses

The Group has purchased services in the normal course of business from the following companies related to individuals who are or were directors of the Group: (a) Intelia Consulting Ltd, owned by P Jackson; (b) Jadara Pharma Ltd, owned by P L Gould; (c) Yorkshire Process Technology Ltd, of which P Jackson is a director; (d) Redag Crop Protection Ltd, of which N Molyneux is a director; and (e) Acceleris Ltd, of which N Molyneux is Chief Executive.

The Group has purchased arms-length health and safety consultancy services from Mrs R Jackson (Health, Safety and Risk Management Consultancy, who is the wife of P Jackson). The Group has purchased arms-length administration services from Mrs J Murray, who is the wife of N Murray.

The purchases from these parties and the balances owed at year end are as set out below.

The Group has purchased other services, and has paid deal fees and commissions, in connection with external fundraising from Acceleris Ltd. These are also set out below and were charged to the Share Premium Account.

	2012 £000	*2013 £000*	*2014 £000*
Purchases from related parties:			
Intelia Consulting Ltd	97	120	100
Jadara Pharma Ltd	38	66	22
Yorkshire Process Technology Ltd	52	286	229
Redag Crop Protection Ltd	—	—	47
Acceleris Ltd	105	230	95
Acceleris Ltd (fundraising items)	22	182	200
Mrs R Jackson	12	4	6
Mrs J Murray	14	18	18
	340	906	717

	2012 £000	2013 £000	2014 £000
Amounts owed to related parties carried forward:			
Intelia Consulting Ltd	—	54	21
Jadara Pharma Ltd	7	1	—
Yorkshire Process Technology Ltd	—	118	98
Redag Crop Protection Ltd	—	—	47
Acceleris Ltd	33	444	231
Mrs R Jackson	2	—	—
Mrs J Murray	1	2	2
	43	619	399

24. Principal Subsidiaries

The Company owns 100 per cent. of the issued shares of the following:

- Redx Oncology Limited
- Redx Anti-Infectives Limited
- Redx Metabolic Limited (non-trading, renamed Redx Immunology Limited on 16 December 2014)
- Redx MRSA Limited (non-trading)

The Company also held 100 per cent. of the shares of Redx Crop Protection Limited, which it disposed of on 9 October 2014 to a third party (Note 27).

All subsidiary undertakings are incorporated in England and Wales and, if trading, have been included in the consolidation.

25. Operating lease arrangements

	2012 £000	2013 £000	2014 £000
Outstanding commitments for future minimum lease payments under non-cancellable operating leases were as follows:			
Within one year	250	875	760
In the second to fifth years inclusive	701	858	225
	951	1,733	985

Operating lease commitments relate to buildings and to plant and equipment.

26. Contingent liabilities

The Group has continued to receive Regional Growth Fund grants administered by the Department of Business, Innovation and Skills of the UK Government in support of its research programmes around early stage proprietary small molecule therapeutics. At the end of each year the Group had received total grants carried forward as follows:

	2012 £000	2013 £000	2014 £000
RGF 2	1,282	4,964	5,920
RGF 3	—	1,414	4,173
Total	1,282	6,378	10,093

Receipt of these grant monies is subject to various performance criteria, the most significant of which are the obligation to defray specific operational expenditure in relation to the research programmes before the claims were made (considered to be the funded expenditure); and the requirement to confirm the reasonable belief that funded expenditure will lead to the creation or safeguarding of a specified average number of jobs connected with these programmes to the end of the monitoring periods which are for RGF2 31 March 2017 and 17 April 2019 for RGF3 (considered to be the long-term results). If the Group fails to create or safeguard an average number of jobs connected with the research programmes through to the end of the monitoring periods which are 160 for RGF2 and 99 for RGF3, it may be required to repay £37,000 and £47,475 in relation to RGF2 and RGF3 respectively, for each job not created or safeguarded. The Group has never been asked to make any such repayment in the past and believes that it has satisfied the Monitoring Officer appointed by the Department of Business, Innovation and Skills that it continues to be is on track to meet the jobs target specified. The Group has therefore made no provision for such repayment. There were no other contingent liabilities at the year-ends.

27. Subsequent events

On 9 October 2014 the Company sold its subsidiary, Redx Crop Protection Limited, to a third party, Redag Crop Protection Limited, for £1 (see Note 19).

On 3 February 2015 the Company reduced its share premium account from £12,303,525 to £703,525, a reduction of £11,600,000.

On 13 March 2015 pursuant to an option agreement dated 12 December 2012 Neil Murray exercised his options into 20,516 C Ordinary Shares in the Company.

On 16 March 2015 the B Ordinary Shares were reclassified as 9 Ordinary Shares and 9 Deferred B Shares.

On 16 March 2015 the C Ordinary Shares were reclassified as 16,233 Ordinary Shares and 16,233 Deferred C Shares.

On 17 March 2015 the Company reduced its issued share capital from £6,981.27 to £6,311.22, by the cancellation of the B Deferred Shares and the C Deferred Shares referred to below.

On 17 March 2015 the 9 B Deferred Shares and 16,233 C Deferred Shares were cancelled.

On 17 March 74 Ordinary Shares were allotted to each shareholder for every 1 Ordinary Share issued, resulting in an issued share capital of £473,341.50, all of which is paid up.

On 18 March the Company re-registered as a plc.

On 25 March 2015 a letter of variation was entered into, pursuant to which the maturity date of the LCC Loan was extended to 31 March 2017.

On 13 March 2015, the Share Option Scheme was created allowing options over up to ten per cent. of the fully diluted Ordinary shares to be issued to key individuals within the Group.

On 26 March 2015, the Group applied for admission to AIM.

There have been no other substantial events since the period that require disclosure.

PART 6

ADDITIONAL INFORMATION

1. THE COMPANY

1.1. The Company was incorporated in England and Wales on 7 September 2010 in England under the Act as Redx Pharma Limited with company number 07368089. The Company was re-registered as a public limited company, Redx Pharma Plc, on 18 March 2015.

1.2. The Company is domiciled in the UK. The registered office of the Company is Floor 9, Lowry House, 17 Marble Street, Manchester, Greater Manchester, M2 3AW and its telephone number is +44 (0)161 850 0156. The head office of the Company is Duncan Building, Royal Liverpool University Hospital, Daulby Street, Liverpool, L69 3GA and its telephone number is +44 (0)151 706 4747.

1.3. The Company's accounting reference date is 30 September. The Company's auditors are Fairhurst of Douglas Bank House, Wigan Lane, Wigan WN1 2TB and are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

1.4. The principal legislation under which the Company now operates and under which the Ordinary Shares have been created, is the Act and regulations made thereunder. The Company operates in conformity with its constitution.

1.5. The Company's website address is www.redxpharma.com.

1.6. The Company is the holding company of the following subsidiaries:

Company name	*Place of incorporation*	*Percentage of issued share capital or interest and voting power*	*Principal activity*
Redx Oncology Limited	United Kingdom	100% by Redx Pharma Plc	Generating drugs for cancer treatment
Redx Anti-Infectives Limited	United Kingdom	100% by Redx Pharma Plc	Generating anti-bacterial and antiviral drugs
Red Immunology Limited	United Kingdom	100% by Redx Pharma Plc	Dormant
Redx MRSA Limited	United Kingdom	100% by Redx Anti-Infectives Limited	Dormant

2. SHARE CAPITAL OF THE COMPANY

2.1. As at 26 March 2015, the issued share capital of the Company, all of which is fully paid up, was as follows:

Number	*Amount*
47,334,150 Ordinary Shares	1p

2.2. The following alterations to the Company's share capital have taken place since incorporation:

2.2.1. On 20 September 2010, the Company sub-divided the entire issued share capital of 1 ordinary share at £1.00 into 100 Ordinary Shares.

2.2.2. On 20 September 2010, 250,824 Ordinary Shares were issued in the Company.

2.2.3. On 20 September 2010, the Company reclassified the 59,800 Ordinary Shares into 59,800 B Ordinary Shares.

2.2.4. On 1 December 2010, 1,334 Ordinary Shares were issued in the Company.

2.2.5. On 12 March 2011, 17,621 Ordinary Shares were issued in the Company.

2.2.6. On 17 June 2011, 84,835 Ordinary Shares were issued in the Company.

2.2.7. On 10 December 2011, 39,915 Ordinary Shares were issued in the Company.

2.2.8. On 31 March 2012, 15,779 Ordinary Shares were issued in the Company.

2.2.9. On 31 July 2012, 820 Ordinary Shares were issued in the Company.

2.2.10. On 5 November 2012, 16,705 Ordinary Shares were issued in the Company.

2.2.11. On 20 December 2012, 2,931 C Ordinary Shares were issued in the Company.

2.2.12. On 31 December 2012, 23,711 Ordinary Shares were issued in the Company.

2.2.13. On 22 March 2013, 83,655 Ordinary Shares were issued in the Company.

2.2.14. On 26 June 2013, 16,503 Ordinary Shares were issued in the Company.

2.2.15. On 30 September 2013, 6,513 Ordinary Shares were issued in the Company.

2.2.16. On 29 November 2013, 2,666 Ordinary Shares were issued in the Company.

2.2.17. On 7 January 2014, 3,928 Ordinary Shares were issued in the Company.

2.2.18. On 17 January 2014, 3,937 Ordinary Shares were issued in the Company.

2.2.19. On 30 January 2014, 26,666 Ordinary Shares were issued in the Company.

2.2.20. On 31 March 2014, 5,734 Ordinary Shares were issued in the Company.

2.2.21. On 30 September 2014, 73,434 Ordinary Shares were issued in the Company.

2.2.22. On 3 February 2015 the Company reduced its share premium account from £12,303,525 to £703,525, a reduction of £11,600,000.

2.2.23. On 13 March 2015 pursuant to an option agreement dated 12 December 2012 Neil Murray exercised his options into 20,516 C Ordinary Shares in the Company.

2.2.24. On 16 March 2015 the B Ordinary Shares were reclassified as 9 Ordinary Shares and 9 Deferred B Shares.

2.2.25. On 16 March 2015 the C Ordinary Shares were reclassified as 16,233 Ordinary Shares and 16,233 Deferred C Shares.

2.2.26. On 17 March 2015 the 9 B Deferred Shares and 16,233 C Deferred Shares were cancelled and the Company reduced its issued share capital from £6,981.27 to £6,311.22.

2.2.27. On 17 March 74 Ordinary Shares were allotted by way of bonus issue to each shareholder for every 1 Ordinary Share issued, resulting in an issued share capital of £473,341.50, all of which is paid up.

2.3. By a resolution of the Company passed on 17 March 2015:

2.3.1. the Directors were generally and unconditionally authorised in accordance with section 551 of the Act, in substitution for all prior authorities conferred upon them, but without prejudice to any allotments made pursuant to the terms of such authorities, to exercise all of the powers of the Company to allot shares or grant options or other rights to subscribe for or to convert any equity security into shares in the Company as follows:

(a) up to an aggregate nominal amount of £605,346.57;

(i) up to £176,470.59 to be issued pursuant to the Placing; and

(ii) up to an aggregate nominal amount of £214,437.99; and

(iii) up to an aggregate nominal amount of £214,437.99 by way of a rights issue (as defined in the Listing Rules issued by the FCA pursuant to Part VI of FSMA): (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares; and (ii) to holders of other securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or any stock exchange,

such power expiring at 11.59 p.m. on 30 April 2015, provided that if Admission occurs prior to that time the authorities conferred shall expire at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement as if the authority had not expired;

2.3.2 the Directors were empowered to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to and conditional upon the authorities conferred in the resolution at paragraph 2.3.1 above, pursuant to section 570 and section 573 of the Act in substitution for all prior powers conferred upon them, but without prejudice to any allotments made pursuant to the terms of such powers, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities by way of a rights issue as described in paragraph 2.3.1 above;

(b) the allotment of shares with an aggregate nominal value of up to £176,470.59 to be issued pursuant to the Placing; and

(c) the allotment of equity securities (other than under paragraphs (a) and (b) above) up to an aggregate nominal amount of £64,981.21,

such power expiring at 11.59 p.m. on 30 April 2015, provided that if Admission occurs prior to that time the authorities conferred shall expire at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement as if the authority had not expired.

2.4. As at 25 March 2015, being the latest practicable date prior to the date of this document, the Company held no treasury shares. No Ordinary Shares have been issued other than fully paid.

2.5. The Ordinary Shares will carry the right to receive dividends and distributions paid by the Company following Admission. The Shareholders will have the right to receive notice of and to attend and vote at all general meetings of the Company.

2.6. The ISIN of the Ordinary Shares is GB00BSNB6S51.

2.7. Further information on the rights attached to the Ordinary Shares is set out in paragraph 3 and 4 of this Part 6 and further information on dealing arrangements and CREST is set out in Part 1.

2.8. As at the date of this document, and save as otherwise disclosed in this Part 6:

(i) no share or loan capital of the Company has, since the incorporation of the Company, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

(ii) no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital; and

(iii) no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

2.9. As at the date of this document, there were 47,334,150 Ordinary Shares in issue. As at Admission, it is expected there will be 64,981,209 Ordinary Shares in issue. On Admission, Existing Shareholders who do not participate in the Placing will suffer an immediate dilution of 37.3 per cent. of their interests in the Company.

2.10. By a resolution dated 3 February 2015 the Company reduced its share premium account from £12,303,525 to £703,525.

2.11. On 17 March 2015 the Company reduced its issued share capital from £6,981.27 to £6,311.22.

3. INFORMATION ABOUT THE ORDINARY SHARES

3.1. Description of the type and class of securities being offered

The Ordinary Shares being offered pursuant to the Placing have a nominal value of 1p each. Upon Admission the Company will have one class of issued share (Ordinary Shares), the rights of which will be set out in the Articles, a summary of which is set out in paragraph 4 of this Part 6.

Each of the Ordinary Shares offered pursuant to the Placing will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

3.2. Legislation under which the Ordinary Shares are created

The Ordinary Shares have been created under the Act and they conform with the law of England and Wales. The Ordinary Shares have been duly authorised according to the requirements of the Company's constitution and have and will have all necessary statutory and other consents.

3.3. Admission of the Ordinary Shares

Application has been made for all of the Ordinary Shares to be admitted to AIM. No application has been made for admission of the Ordinary Shares to trading on any other stock exchange, and the Company does not currently intend to make any such application in the future.

It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence on the London Stock Exchange, at 8.00 a.m. on 27 March 2015.

3.4. **Form and currency of the Ordinary Shares**

The Ordinary Shares are in registered form and capable of being held in certificated and uncertificated form upon Admission. The Registrar of the Company is Equiniti Limited.

Title to certificated Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry in the operator register maintained by Euroclear UK & Ireland Limited (which will form part of the register of members of the Company).

No share certificates will be issued in respect of Ordinary Shares held in uncertificated form. If any such Ordinary Shares are converted to be held in certificated form, share certificates will be issued in respect of those Ordinary Shares in accordance with applicable legislation. No temporary documents of title have been or will be issued in respect of the Ordinary Shares.

It is currently anticipated that the Ordinary Shares will be eligible to join CREST with effect immediately upon Admission and the commencement of dealings on the London Stock Exchange.

The Ordinary Shares are denominated in Pounds Sterling and the Placing Price is payable in Pounds Sterling.

3.5. **Rights attaching to the Ordinary Shares**

Subject to the provisions of the Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Please see paragraph 4.7 of this Part 6 for a description of the waivers of pre-emption rights that will apply from Admission.

Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company.

The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on or off-market, subject to the Act. The Company may purchase Ordinary Shares only out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase.

Further details of the rights attaching to the Ordinary Shares in relation to attendance and voting at general meetings, dividend rights, entitlements on a winding-up of the Company and transferability of shares are set out in paragraph 4.5 of this Part 6.

4. SUMMARY OF THE ARTICLES

The Articles, which were adopted on 18 March 2015 contain provisions (among others) to the following effect:

4.1. **Voting rights**

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every Shareholder present in person, by proxy (regardless of the number of members for whom he is a proxy) or by a duly authorised corporate representative at a general meeting of the Company shall have one vote on a show of hands and, on a poll, every Shareholder present in person, by proxy, or by a duly

authorised corporate representative shall have one vote for every Ordinary Share of which he is the holder.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise as if it were an individual shareholder.

A Shareholder is not entitled to vote unless all calls or other sums due from him have been paid.

Unless the Board determines otherwise, a Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice (or, where the shares represent at least 0.25 per cent. of their class, 14 days), is served with a disenfranchisement notice. Such disentitlement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

4.2. **General meetings**

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting or general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting; (iv) any intention to propose a resolution as a special resolution; and (v) that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director may attend and speak at any general meeting.

Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting.

4.3. **Dividends and other distributions**

Subject to the Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Act, the Board may from time to time pay to the Shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any shares otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any

dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class (calculated exclusive of treasury shares) after there has been a failure to comply with any notice under section 793 of the Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 4.8 below.

4.4. **Return of capital**

On a voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and subject to the Act and the Insolvency Act 1986 (as amended), divide amongst the Shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

4.5. **Transfer of Shares**

The Articles provide for shares to be held in a system for holding shares in uncertificated form (for example CREST), such shares being referred to as "Participating Securities". The Ordinary Shares are freely transferable, save as set out in this paragraph 4.5.

In the case of shares represented by a certificate ("**Certificated Shares**"), the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee, and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may refuse to register a transfer unless:

(i) in the case of a Certificated Share, the instrument of transfer, duly stamped (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;

(ii) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and

(iii) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 4.8 below) unless the

Shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

(i) a transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the Shareholder and with any other person appearing to be interested in the share;

(ii) a transfer pursuant to the acceptance of an offer made to all the Company's Shareholders or all the Shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or

(iii) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

Transfer restrictions under the Act

The Company may, under the Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can order directing, among other things, that any transfer of shares which are the subject of the statutory notice is void.

4.6. **Variation of rights**

Subject to the Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

4.7. **Share capital and changes in capital**

Subject to and in accordance with the provisions of the Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued with such rights or such restrictions as the Company shall from time to time determine by ordinary resolution.

Subject to the provisions of the Articles and the Act, the power of the Company to offer, allot and issue any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital, in accordance with the Act. The resolution may determine that, as between holders of shares resulting from a sub-division any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

Subject to the Act and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its own shares of any class (including any redeemable shares). The Company may only purchase Ordinary Shares out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase.

4.8. **Disclosure of interests in shares**

The provisions of rule 5 of the Disclosure Rules and Transparency Rules of the FCA govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. *Inter alia*, this requires a person who is interested in 3 per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to 1 per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Section 793 of the Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "disenfranchisement notice"). The disenfranchisement notice will state that the identified shares no longer give the Shareholder any right to attend or vote at a Shareholders' meeting or to exercise any other right in relation to Shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Act.

4.9. **Non-UK Shareholders**

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

4.10. **Untraced Shareholders**

Subject to various notice requirements, the Company may sell any of a Shareholder's shares in the Company if, during a period of 12 years, at least three dividends (either interim or final) on such shares have become payable and no cheque or warrant or other method of payment for amounts payable in respect of such shares sent and payable in a manner authorised by the Articles has been cashed or effected and no communication has been received by the Company from the member or person concerned.

4.11. **Borrowing powers**

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

party provided that the Board shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company, so as to secure (so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Group (excluding any money owed between members of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the greater of (i) £10 million and (ii) 2.5 times adjusted capital and reserves of the Group.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the Shareholders.

4.12. **Directors**

Subject to the Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests 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:

(i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;

(ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;

(iv) 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 is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);

(v) any arrangement for the benefit of employees of the Company (and/or the members of their families (including a spouse or civil partner or a former spouse or former civil partner) or any person who is or was dependent on such persons including but without being limited to a retirement benefits scheme and an employees' share plan) which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and

(vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration (by way of salary, commission, participation in profits or otherwise) as any committee authorised by the Board may determine and either in addition to or in lieu of his remuneration as Director. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company or his duties as Director, including the attendance of any spouse or civil partner where such spouse or civil partner accompanies a Director for the purpose of advancing the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependents of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Act. Subject to sections 205(2) to (4) of the Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any Non-Executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two in number and not more than eight.

4.13. **Redemption**

The Ordinary Shares are not redeemable.

4.14. **Electronic communication**

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

5. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE ORDINARY SHARES

Other than as provided by the City Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares or the Company.

5.1. Mandatory bids

The City Code applies to the Company. Under Rule 9 of the City Code, if an acquisition of interests in 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 the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in 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.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

5.2. Squeeze-out rules

Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

5.3. Sell-out rules

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the shares and not less than 90 per cent. of the voting rights carried by the shares in the Company,

any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three-months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. INTERESTS OF MAJOR SHAREHOLDERS

6.1. Major shareholders

In so far as was known to the Company, as at 25 March 2015 (being the latest practicable date prior to the publication of this document), each of the persons set out in the table below will, following Admission, be directly or indirectly interested in 3 per cent. or more of the issued Ordinary Share capital of the Company.

	Interests immediately prior to Admission		*Interests following Admission*	
	Number of Ordinary Shares	*Percentage of Existing Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Jon Moulton	9,998,850	21.12	10,881,203	16.75
Axa Framlington	—	—	6,400,000	9.85
Graham Edwards[1]	3,999,900	8.45	4,583,429	7.05
NW VCF HF LLP	3,506,775	7.41	3,506,775	5.40
WCS Nominees Limited	3,425,925	7.24	3,425,925	5.27
Peter Jackson[2]	3,209,550	6.78	3,268,374	5.03
Alderley Park Holdings Limited	—	—	2,352,941	3.62
Derek Lindsay	2,002,425	4.23	2,002,425	3.08

Note:

1. On Admission 583,529 Ordinary Shares of Mr Edward's interest will be held by Edwards Family Holdings Limited
2. On Admission Peter Jackson will hold 455,874 Ordinary Shares through the Peter Jackson Liberty SIPP (held under the name Pershing (Nominees) Ltd)

6.2. Other disclosures relating to Shareholders

(a) Other than as described in paragraph 6.1 of this Part 6 the Company is not aware of any persons who, following Admission, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

(b) As of Admission the Ordinary Shares will be the only class of share capital of the Company. All Shareholders will have equal voting rights and none of the Shareholders will have different voting rights.

7. DIRECTORS

7.1. Directorships and partnerships of the Directors outside the Group

Details of those companies and partnerships outside the Group of which the Directors and are currently directors or partners, or have been directors or partners at any time during the five years prior to the date of this document, are as follows:

Name	*Current*	*Past*
Frank Murdoch Armstrong	Actinopharma Limited AMS Securities Limited Blast Foundation Columbia Laboratories Inc CardioRentis AG Dr Frank M Armstrong Consulting Limited Love Africa Charitable Trust Summit Corporation Plc Xceleron Inc	Asceneuron SA Entelos Inc Fulcrum Pharma Developments International Limited Fulcrum Pharma Limited
Peter Jackson	ADC Biotechnology Limited DWFCO 5 Limited Intelia Consulting Limited Yorkshire Process Technology Limited	Blackley Holdings Limited Blackley 2010 Limited Bradford Pharma Limited National Skills Academy Process Industries Limited Reaxa Limited Reaxa Holdings Limited Reaxa (2010) Limited
Derek Lindsay	None	Bradford Pharma Limited
Peter McPartland	L3 Technology Limited Reacta Biotech Limited	Cutest Systems Limited Q-Tis Pharmaceuticals Limited The Manchester Centre For Skin Health Limited
Norman Molyneux	Acceleris Limited Acceleris Capital Limited Acceleris Nominees Limited Clavitron (Nominees) Limited Douglas Valley Properties Limited DWFCO 5 Limited Everycloud Computing Limited Norman Molyneux Consultancy Limited Penny Petrol Stations Limited Projgre2013 Limited Reacta Biotech Limited RedAg Crop Protection Limited Seneca Partners Limited The Frank Food Company Limited	Acceleris Innovations Limited Acceleris PR Limited Bardale Ventures Limited Bradford Pharma Limited Ipereon (Holdings) Limited Metronet (UK) Limited Opalray Limited Soccercity North Limited Thrombo Limited Westech Instrument Holdings plc
Neil Murray	Essential Science Limited Liverpool Life Sciences UTC Pharmecosse Limited	Bradford Pharma Limited
Philip Tottey	None	None

7.2. **Conflicts of Interest**

There are no actual or potential conflicts of interests between the duties of the Directors and private interests and/or other duties that they may also have.

7.3. **Confirmations by the Directors**

Subject to the qualifications set out in paragraph 7.4 of this Part 6 below,no Director has:

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

(b) been bankrupt or entered into an individual voluntary arrangement; or

(c) was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or

(d) has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

(e) has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

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

There are no family relationships between any of the Directors.

There are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors.

7.4. **Qualification to the Directors' confirmations**

Animal Biotechnology Cambridge Limited of which Peter McPartland was a director appointed a liquidator on 22 December 1994. The company then held a final meeting of the creditors on 18 August 2000 before being dissolved on 30 November 2000.

Westech Instrument Holdings plc of which Norman Molyneux was a director appointed an administrator on 15 January 2010. The joint administrators then issued a final progress report on 14 January 2011. The company was dissolved on 21 April 2011.

7.5. **Interests in the share capital of the Company of the Directors following Admission**

	Interests immediately prior to Admission		*Interests following Admission*	
	Number of Ordinary Shares	*Percentage of Existing Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Peter Jackson[1]	3,209,550	6.78	3,268,374	5.03
Derek Lindsay	2,002,425	4.23	2,002,425	3.08
Neil Murray[2]	1,265,084	2.67	1,265,084	1.95
Norman Molyneux	2,36,850	0.50	248,615	0.38
Peter McPartland[3]	77,925	0.16	77,925	0.12
Philip Tottey	—	—	—	—
Frank Armstrong	—	—	11,765	0.02

Note:

1. On Admission Peter Jackson will hold 455,874 Ordinary Shares through the Peter Jackson Liberty SIPP (held under the name Pershing (Nominees) Ltd)
2. On Admission Neil Murray will hold 63,450 Ordinary Shares through Yorsipp Trustees Limited
3. Peter McPartland has a carried interest in 6,614,175 Ordinary Shares held by Jon Moulton, relating to consultancy services that he has previously provided to Jon Moulton, which is realisable on any gain following disposal of such Ordinary Shares by Jon Moulton.

7.6 **Options to subscribe in the share capital of the Company**

As at the date of this document the following options to subscribe for Ordinary Shares have been granted under the Share Option Scheme, and are held as follows:

7.6.1 Options issued to the Directors

	Options immediately prior to Admission		*Options following Admission*	
	Number of Ordinary Shares	*Percentage of Existing Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Peter Jackson[1]	601,275	1.27	601,275	0.93
Frank Armstrong[2]	473,250	1.00	473,250	0.73
Derek Lindsay[3]	425,850	0.90	425,850	0.66
Norman Molyneux[4]	250,425	0.53	250,425	0.39
Philip Tottey[5]	135,000	0.29	135,000	0.21
Neil Murray[6]	75,000	0.16	75,000	0.12
Peter McPartland	—	—	—	—

Note:

1. 551,325 options vest on Admission. The balance (49,950 options) vest in equal tranches on the first and second anniversary from Admission. The options have an exercise price of the Placing Price.
2. Frank Armstrong will be issued with 473,250 options, equivalent to 1 per cent. of the issued share capital prior to issue of the Placing Shares. 157,750 options vest on Admission. 78,875 options vest in equal tranches on the first and second anniversary from Admission. 157,750 vest in equal tranches of 78,875 options on the 1 September 2015 and 1 September 2016. 236,625 options have an exercise price of £0.56, the balance (236,625 options) have an exercise price of the Placing Price.
3. 375,900 options vest on Admission. The balance (49,950 options) vest in equal tranches on the first and second anniversary from Admission. The options have an exercise price of the Placing Price.
4. 200,475 options vest on Admission. The balance (49,950 options) vest in equal tranches on the first and second anniversary from Admission. The options have an exercise price of the Placing Price.
5. 45,000 options vest on Admission. 16,650 options vest in equal tranches of 8,325 options on the first and second anniversary from Admission. 73,350 vest in equal tranches of 36,675 options on the 17 June 2015 and 17 June 2016. 110,025 options have an exercise price of £0.50, the balance (24,975 options) have an exercise price of the Placing Price.
6. 25,050 options vest on Admission. The balance (49,950 options) vest in equal tranches on the first and second anniversary from Admission. The options have an exercise price of the Placing Price.

7.6.2 Options issued to other employees of the Group

A further 864,975 options have been granted to certain employees of the Group. 840,000 options have an exercise price of £0.50. 24,975 options have an exercise price of the Placing Price. 320,025 options vest on Admission. 16,650 options vest in equal tranches on the first and second anniversary from Admission. The balance (528,300) vest in equal tranches on the 17 June 2015 and 17 June 2016.

Save as set out in this Part 6, none of the Board nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

7.7. **Transactions with Directors**

Save as set out in this Part 6, none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business which was effected by any member of the Group or any of its subsidiary undertakings during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

Save as set out in this Part 6, none of the Directors has or had a beneficial interest in any contract to which any member of the Group or any of its subsidiary undertakings was a party during the current or immediately preceding financial year.

7.8. **Executive Directors' service contracts, remuneration and emoluments**

The Company entered into service contracts with Neil Murray, Derek Lindsay and Philip Tottey, the Executive Directors of the Company, on 26 March 2015. The principal terms of these contracts, which are conditional upon Admission, are set out below.

(a) General terms

The basic annual salary payable to Neil Murray is £175,000. Neil is also entitled to certain benefits including a 50 per cent. cash bonus based on the achievement of agreed goals as approved by the Remuneration Committee. The service agreement contains restrictive covenants for periods of 12 months following termination of his employment.

The basic annual salary payable to Derek Lindsay is £135,000. Derek is also entitled to certain benefits including a 25 per cent. cash bonus based on the achievement of agreed goals as approved by the Remuneration Committee. The service agreement contains restrictive covenants for periods of 6 months following termination of his employment.

The basic annual salary payable to Philip Tottey is £90,000. Philip is also entitled to certain benefits including a 25 per cent. cash bonus based on the achievement of agreed goals as approved by the Remuneration Committee. The service agreement contains restrictive covenants for periods of 6 months following termination of his employment.

(b) Termination provisions

Neil Murray's service contract may be terminated by either party serving 12 months' written notice on the other. The service agreement contains provisions for early termination in the event, *inter alia*, of: any breach of his statutory duties as a director; any act of gross misconduct or serious/gross incompetence; bankruptcy; being found guilty of a material breach of the AIM Rules or the Share Dealing Code; failure or cessation to meet the requirements of any regulatory body whose consent is required to enable him to undertake all or any of his duties or he becomes prohibited by law from being a director of a company.

Derek Lindsay's service contract may be terminated by either party serving 6 months' written notice on the other, such notice not to expire within 12 months of Admission. The service agreement contains provisions for early termination in the event, *inter alia*, of: any breach of his statutory duties as a director; any act of gross misconduct or serious/gross incompetence; bankruptcy; being found guilty of a material breach of the AIM Rules or the Share Dealing Code; failure or cessation to meet the requirements of any regulatory body whose consent is required to enable him to undertake all or any of his duties or he becomes prohibited by law from being a director of a company.

Philip Tottey's service contract may be terminated by either party serving 6 months' written notice on the other, such notice not to expire within 12 months of Admission. The service agreement contains provisions for early termination in the event, *inter alia*, of: any breach of his statutory duties as a director; any act of gross misconduct or serious/gross incompetence; bankruptcy; being found guilty of a material breach of the AIM Rules or the Share Dealing Code; failure or cessation to meet the requirements of any regulatory body whose consent is required to enable him to undertake all or any of his duties or he becomes prohibited by law from being a director of a company.

7.9. **Non-Executive Directors' letters of appointment and fees**

The Company has four Non-Executive Directors, Frank Armstrong, Peter Jackson, Norman Molyneux and Peter McPartland. The following agreements have been entered into between the Non-Executive Directors and the Company, in each case conditional on and commencing from Admission:

a) Frank Armstrong has been appointed as Non-Executive Chairman under a letter of appointment dated 26 March 2015. In addition, on 26 March 2015 the Company entered into a consultancy agreement with Dr Frank M Armstrong Consulting Limited, a company controlled by Dr Armstrong. He will also serve as Chairman of the Nominations Committee and a member of the Remuneration Committee. Pursuant to these arrangements, Dr Armstrong receives an annual fee of £15,000 and Dr Frank M Armstrong Consulting Limited receives a fee of £3,000 per calendar month for the provision of certain other additional services.

b) Peter Jackson has been appointed as a Non-Executive Director under a letter of appointment dated 26 March 2015. In addition, on 26 March 2015 the Company entered into a techno-commercial consultancy agreement with Intelia Consulting Limited, a company controlled by Dr Jackson. Pursuant to these arrangements, Dr Jackson receives an annual fee of £15,000 in respect of his role as a non-executive director and, to the extent that Dr Jackson is required to devote additional time to the Company for the provision of additional services, Intelia Consulting Limited is entitled to fees at a rate of £750 per day with a minimum commitment of four days per month.

c) Norman Molyneux has been appointed as a Non-Executive Director under a letter of appointment dated 26 March 2015. In addition, on 26 March 2015 the Company entered into a consultancy agreement with Norman Molyneux Consultancy Limited. He will also serve as Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. Pursuant to these arrangements, Mr Molyneux receives an annual fee of £15,000 and Norman Molyneux Consultancy Limited receives a fee of £3,000 per calendar month for the provision of certain other additional services.

d) Peter McPartland has been appointed as a Non-Executive Director under a letter of appointment dated 26 March 2015. Mr McPartland will serve as Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. Pursuant to these arrangements, Mr. McPartland receives an annual fee of £20,000 (subject to annual review).

Each Non-Executive Director will be entitled to be reimbursed for all reasonable expenses incurred by him in the course of his duties to the Company and has the benefit of indemnity insurance maintained by the Group on his behalf indemnifying him against liabilities he may potentially incur to third parties as a result of his office as Director.

The appointment of each of the Non-Executive Directors and the consultancy arrangements referred to in 7.9 (a), (b) and (c) above are for an initial period of one year and are terminable by either the Non-Executive Director, the applicable consultant or the Company on three months' notice. All fees described above are subject to annual review.

Each Non-Executive Director has entered into an indemnity in favour of the Company in respect of any liability arising from any employment-related or worker status claims including, without limitation, any income tax, National Insurance and social security contributions.

Save as set out in paragraphs (a) to (d) above, there are no existing or proposed service agreements between any of the Directors and the Company or any of its subsidiaries that provide for benefits on termination of employment.

8. Share Option Schemes

8.1. The Company adopted the Share Option Scheme on 13 March 2015. The purpose of the Share Option Scheme is to assist in the recruitment or retention of employees and directors by enabling the Company to grant EMI Options and unapproved share options (the "**Options**") to such persons (the "**Option Holders**") pursuant to the rules of the Share Option Scheme (the "**Rules**").

8.2. It is intended that Options may vest in tranches which subject to the Board's discretion may be:

8.2.1. on the grant of the Options;

8.2.2. on the first anniversary of the date of grant of the Options;

8.2.3. on the second anniversary of the date of grant of the Options; and

8.2.4. on the third anniversary of the date of grant of the Options.

8.3. No consideration will be payable for the grant of Options under the Share Option Scheme.

8.4. The Options may be granted as the Board or the Remuneration Committee may specify during:

8.4.1. the period of 42 days after the date of adoption of the Share Option Scheme;

8.4.2. any period of 42 days after any date on which announcements to a regulatory information service of results of the Company for any period are made; or

8.4.3. any other period that the Board or the Remuneration Committee has decided should be a period of grant of the options due to exceptional circumstances.

8.5. Options may not be granted if, at the date of grant, such grant would result in the number of Shares issued or issuable (or transferred or transferable out of treasury) under any employees share scheme (for the purposes of Section 1166 of the Act) over the previous ten year period exceeding ten per cent. of the issued share capital of the Company.

8.6. Options may not be granted at any time when the grant would be prohibited by, or in breach of:

8.6.1. law;

8.6.2. regulation with the force or law;

8.6.3. non-statutory guidelines or codes that apply to the Company or with which the Board complies including the AIM Rules;

8.6.4. the Share Dealing Code unless clearance has been obtained in accordance with Share Dealing Code; or

8.6.5. after the tenth anniversary of the date of adoption of the Share Option Scheme.

8.7. The Options may not be exercised:

8.7.1. later than the end of the day preceding the tenth anniversary of the date of grant of the Options or such earlier time as the Board or the Remuneration Committee shall determine and notify to the Option Holder when the Option is granted;

8.7.2. if the issue and allotment of shares consequent upon the exercise of the Option would be contrary to any enactment or regulation for the time being in force in the United Kingdom;

8.7.3. if it would be a breach of any law, regulation with the force of law or non-statutory guidelines or code that applies to the Company or with which the Board complies including the AIM rules; or

8.7.4. if it would be a breach of the Share Dealing Code, unless clearance has been obtained in accordance with the Share Dealing Code.

8.8. The exercise of an Option may be made wholly or partly subject to the allotment by the Group or the Option Holder of any objective condition as the Board or the Remuneration Committee may select.

8.9. Upon the death of an Option Holder, such portion of his Options as the Board or the Remuneration Committee may determine may be exercised during the 12 month period after his death, after which his Options will lapse.

8.10. If an Option Holder ceases to be an employee of the Group due to injury, ill health, disability, retirement, redundancy, his employer ceasing to be a member of the Group, the transfer of the business that employs him to a person who is not a member of the Group or, if the Board or the Remuneration Committee so determines, for any other reason, such portion of his Options as the Board or the Remuneration Committee may determine may be exercised during the 90 day period after his ceasing to be an employee of the Group, after which his Options will lapse.

8.11. If a takeover offer is made for the Company, the Board or the Remuneration Committee may determine that all or any part of the Options may be exercised within 42 days after the offer becomes unconditional. Options not exercised within that period shall continue to be exercisable in accordance with the Rules.

8.12. If any person acquires, or becomes entitled or bound to acquire, all of the issued shares in the capital of the Company, the Board may determine that all or any part of the Options may be exercised within 42 days after such event, after which they will lapse. Alternatively on a takeover Options may, with the agreement of an acquiring company, be exchanged for options over shares in the acquiring company.

8.13. The Company (or relevant Subsidiary) is entitled to require that the Option Holder indemnifies it for any Employers' NIC liability arising on exercise.

8.14. The Options shall lapse:

8.14.1. if they are not exercised by the tenth anniversary of the date of grant;

8.14.2. if the Options are to be transferred or assigned; or

8.14.3. if the Option Holder is adjudged bankrupt or if the Option Holder makes or proposes a voluntary arrangement under the Insolvency Act 1986 in relation to his debts; or

8.14.4. subject to paragraphs 8.8 and 8.9 above, if the employee's employment with any member of the Group ceases for any reason.

9. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this Part 6, the following arrangements which have been entered into since 1 October 2011 constitute related party transactions:

(a) pursuant to a consultancy agreement dated 20 September 2010 and made between (1) the Company and (2) Peter Jackson, Peter Jackson agrees to provide commercial and technical consultancy services including (but not limited to) support of technology innovation across the portfolio program, development and execution of business development strategy for process chemistry exploitation, input to overall business development strategy, commercial support as

requited for the CEO and other activities agreed by the Board. Peter Jackson is required to carry out at least 4 working days per calendar month at a fee of £750 per working day. This fee is billed through Intelia Consulting Limited, a company of which Peter Jackson is a director and shareholder. This agreement shall be terminated upon Admission;

(b) pursuant to a consultancy agreement dated 20 September 2010 and made between (1) the Company and (2) Jadara Pharma Limited, Jadara Pharma Limited, a company of which Philip Gould (a former director of the Group) is a director and shareholder, agreed to provide to the Company commercial and technical consultancy services. Under this agreement, Jadara Pharma Limited is required to carry out at least 3 working days per calendar month at a fee of £750 per working day. The agreement was terminated on 31 May 2014 when Philip Gould resigned from the Board;

(c) pursuant to a consultancy agreement dated 2 April 2012 and made between (1) Redx Oncology and (2) Jadara Pharma Limited. Jadara Pharma Limited, a company of which Philip Gould (a former director of the Group) is a director and shareholder, agreed to provide to Redx Oncology commercial and technical consultancy services. Under this agreement, Jadara Pharma Limited is required to carry out at least 2 working days per calendar month at a fee of £750 per working day. This agreement was terminated on 31 May 2014 when Philip Gould resigned from the Board;

(d) Redag Crop Protection Limited is a company in which Norman Molyneux is a director. The Group has incurred costs for services to the value of £47,474. The balance owed by the Group as at 30 September 2014 is £47,474;

(e) pursuant to a sale and purchase agreement dated 9 October 2014 and made between (1) the Company and (2) RedAg Crop Protection Limited of which Norman Molyneux is a director, the Company sold the entire issued share capital of Redx Crop Protection Limited, of which Norman Molyneux is a director, to RedAg Crop Protection Limited for a purchase price of £1.00. Under this agreement, the Company has given a number of limited scope warranties which are not limited in time or by reference to any financial sum. The limited warranties are qualified by matters fairly disclosed in an agreed form disclosure letter. The Company had provided various loan advances to Redx Crop Protection Limited for a total sum of £713,948 which were left outstanding at completion. The outstanding balance has been documented by way of a loan agreement dated 9 October 2014 and made between (1) the Company and (2) Redx Crop Protection Limited. The loan is unsecured and attracts interest at 5 per cent. per annum. The total sum of £713,948 is repayable, together with all unpaid interest in full on the occurrence of a sale, listing or change of control of Redx Crop Protection Limited or RedAg Crop Protection Limited or if earlier, as agreed between the parties;

(f) pursuant to a consultancy agreement dated 20 September 2010 and made between (1) the Company, (2) Acceleris Limited and (3) Norman Molyneux, Acceleris Limited, a company of which Norman Molyneux is a director, agreed to make Norman Molyneux available to the Company to act as a part time financial director and to provide commercial and technical consultancy services. Acceleris Limited also provides accountancy support, directors' fees and company secretarial services and receives deal fees and commissions in connection with equity fundraisings. Under this agreement, Norman Molyneux is required to carry out at least 3 working days per calendar month at a fee of £750 per working day. This agreement shall be terminated upon Admission;

(g) pursuant to an agreement made between (1) Redx Crop Protection Limited and (2) Yorkshire Process Technology Limited, of which Peter Jackson is a director, Yorkshire Process Technology Limited agreed to provide chemistry services to synthesize new agricultural active compounds for the purposes of filing new patents. This agreement was transferred to RedAg Crop Protection Limited as part of the agreement referred to in paragraph 9(e) of this Part 6;

(h) pursuant to an agreement between Bradford Pharma Limited (purchased by the Company on 20 September 2010) and Julie Murray (wife of Dr. Neil Murray, a director of the Company) trading as SOS Event Management dated 30 March 2009 (and assigned to the Company on 5 October 2010), Mrs Murray invoices for administration services she performs on behalf of the Company. Julie Murray was paid £18,000 for such services in 2014;

(i) Rowena Jackson (wife of Peter Jackson, a director of the Company), who is a Chartered Member of the Institute of Occupational Safety and Health, has provided health and safety consultancy services to the Company on an ad hoc basis. Mrs Jackson was paid £6,425 for such services in 2014;

(j) an agreement between the Company and Acceleris Capital Limited dated 31 October 2014 under which Acceleris Capital Limited are retained by the Company as a financial adviser to provide general advice and certain other services. Under the agreement, Acceleris Capital Limited will receive a fee of £25,000 for corporate advice from the period from March 2014 to Admission; a success fee of £35,000 upon Admission and 1 per cent. commission on the gross value of the proceeds from the Placing; and

(k) the consultancy agreements referred to in paragraph 7.9 of this Part 6.

10. COMMERCIAL AND COLLABORATIVE AGREEMENTS

Set out below is a summary of the Company's material commercial and collaborative agreements signed to date:

10.1. on 1 August 2014, the Company signed a Research Collaboration and Option Agreement with AstraZeneca against an undisclosed oncology target, which provides, for significant potential future income in respect of R&D, licence fees, clinical and commercial milestones and single digit, tiered royalties on commercial sales. The absolute level of potential income received under the contract will depend on AstraZeneca exercising its option to progress development, how far the programme progresses through development and the ultimate level of commercial sales obtained by AstraZeneca.

10.2. a collaboration agreement for an unlimited term in relation to the development of new drugs for the treatment of infection by MRSA made between (1) Redx Anti-Infectives Limited and (2) Royal Liverpool and Broadgreen University Hospitals Trust (NHS) and dated 27 September 2014. The key terms of this agreement are:

10.2.1. RAL shall pay to the NHS a royalty of 20 per cent. of the Net Revenues (defined as the amounts received by RAL as a direct result of the commercial exploitation of the Project Outputs in respect of the Field) in respect of each royalty period, within 30 days of the end of such royalty period;

10.2.2. each party grants to the other a non-exclusive, worldwide, royalty-free licence to use its background IPR for the purposes of the project;

10.2.3. each party indemnifies the other against all losses in connection with any claim that the use of the indemnifying party's technical information in accordance with this agreement infringes the IPR of a third party, except to the extent that is caused by any modification of such technical information;

10.2.4. each party warrants that all background IPR does not and will not infringe the rights of any third party, and none of the background IPR is the subject of any actual or threatened challenge, opposition or revocation proceedings; and

10.2.5. liability for indirect, special, incidental or consequential damages or losses, loss of profits or pure economic loss arising out of the agreement is excluded by both parties.

For other types of loss, each party's liability for breach shall not exceed £500,000 or £500,000 per event or series of events for physical damage to the other's tangible personal property.

10.3. a collaboration and option agreement dated 4 February 2014 and made between (1) Redx Oncology (2) and Institut de Recherche Pierre Fabre (IRPF) under which ROL owns or controls SMO inhibitor materials and IRPF is an established pharmaceutical company in which SMO inhibitor materials may yield a therapeutic effect and where IRPF wishes to gain samples of such materials from ROL to conduct vitro and vivo experiments. The key terms of this agreement are as follows:

10.3.1. ROL owns and retains all rights, title and interests in and to the materials provided to IRPF under the agreement and the results (including IPR) of any studies carried out under the agreement shall be jointly owned by the parties;

10.3.2. in no event shall ROL be liable for any use of the materials by IRPF for any loss or liability arising in connection with the agreement; and

10.3.3. liability for indirect, special, incidental or consequential damages or losses, loss of profits or pure economic loss arising out of the agreement is excluded by both parties.

10.4 an agreement dated 4 February 2014 between (1) the Company and (2) National Institute of Allergy and Infectious Diseases (NIAID), under which the Company has requested to utilize the non-clinical and pre-clinical services program funded by the Division of Microbiology and Infectious Diseases (DMID), part of the NIAID, an institute of the National Institutes of Health (NIH), which is a component of the Department of Health and Human Services (HHS), an agency of the U.S. Government; and

10.5 an agreement date 1 January 2014 between (1) GlaxoSmithKline Research & Development Limited, (2) Uppsala University, (3) Cardiff University, (4) Inspiralis Ltd, (5) John Innes Centre, (6) KeytoLead AB, (7) Latvijas Organiskas Sintezes Instituts, (8) Molecular Discovery Ltd, (9)National Medicines Institute, (10) OT Chemistry, (11) SP Process Development, (12) Hvidovre Hospital, (13) Stichting VU-VUmc, (14) Københavns Universitet, (15) Helsingin Yliopisto, (16) Servicio Madrileño de Salud, (17) MPS Hamburg GmbH, (18) Beactica AB, (19) European Biotechnology Network aisbl, (20)) University of Liege, (21) Universitat de Barcelona, (22) The Chancellor, Masters and Scholars of the University of Oxford, (23) Biomol-Informatics SL, (24) Aston University, (25) Agencia Estatal Consejo Superior de Investigaciones Científicas, (26) Northern Antibiotics Oy Ltd, (27) Fundación Centro de Excelencia en Investigación de Medicamentos Innovadores en Andalucía, (28) the Company, (29) Asclepia Outsourcing Solutions BVBA, (30) Basilea Pharmaceutica International AG, (31) AstraZeneca AB, (32) Sanofi-Aventis Recherche & Développement in respect of the ND4BB ENABLE project to discover new compounds to treat systemic infections caused by Gram negative ESKAPE Pathogens. comprising the entirety of research activities to be carried out by the participants under all of the programmes.

11. MATERIAL CONTRACTS

Set out below is a summary of (i) each material contract (other than contracts entered into in the ordinary course of business) to which the Company or any member of the Group is a party which has been entered into within the two years immediately preceding the date of this document; and (ii) any other contract (other than contracts entered into in the ordinary course of business) entered into by any member of the Group which contains obligations or entitlements which are or may be material to the Group as at the date of this document:

11.1. the sale and purchase agreement dated 9 October 2014 referred to in paragraph 9(e) of this Part 6;

11.2. a loan agreement dated 1 June 2012 and subsequently on 30 June 2014 made between (1) the Company, (2) Redx Oncology Limited, (3) LCC and (4) certain of the Directors (being Peter Jackson, Norman Molyneux, Neil Murray and Derek Lindsay) and the key terms of which are as follows:

11.2.1. LCC agreed to provide a loan for £2.0 million plus interest which is repayable by Redx Oncology by 31 March 2015;

11.2.2. on 25 March 2015 LCC entered into a letter of variation, under which LCC has agreed to extend the maturity date of the loan referred to at paragraph 11.2.1 above until 31 March 2017;

11.3. an offer letter in respect of a grant for the sum of £4,240,000 from the Regional Growth Fund (RGF5), dated 24 July 2014 and signed by the Company on 17 September 2014. This letter was then varied in non-material terms pursuant to a letter dated 12 December 2014. The grant is to be made in instalments based on the achievement of certain milestones and is given to help implement the initial two year clinical phase of a five year research and development project which will deliver up to eight new drug candidates targeting immunologic diseases and create 107 jobs, subject to the following pre-payment conditions:

11.3.1. receipt of an up-to-date project delivery plan which demonstrated that the Company will be able to achieve the milestones set out in the offer letter and complete the project;

11.3.2. evidence that sufficient funds are in place to meet the next spend trigger; and

11.3.3. evidence that an agreement is in place between the Company and the project delivery company Redx Immunology which clearly sets out responsibilities, delivery milestones and job output targets of Redx Immunology.

Additionally, under the agreement, there is a monitoring period of five years from the date of the offer letter. If before the end of the monitoring period any of a number of specific events has occurred, RGF will have the opportunity to vary or withhold any or the payments or require re-payment of the grant. The Company is required, by the end of this monitoring period, to have maintained a total number of 74 full time jobs (averaged over the entire monitoring period). In the event that this requirement has not been fulfilled, RGF will be able to claw back the grant in proportion to the number of jobs created;

11.4. an offer letter in respect of a grant for the sum of £4,700,000 from the Regional Growth Fund (RGF3), dated 17 April 2013 and signed by the Company on 26 April 2013. The grant is to be made in instalments based on the achievement of certain milestones and is given to help implement the initial two year clinical phase of a five year research and development project which will deliver 11 new drug candidates targeting microbial infection, influenza, hepatitis C and HIV for progression to human clinical trials and create 119 jobs, subject to the following pre-payment conditions:

11.4.1. receipt of an up-to-date project delivery plan which demonstrated that the Company will be able to achieve the milestones set out in the offer letter and complete the project;

11.4.2. documented evidence for the £4.5million private equity share issue as funds raised to contribute to the project cost; and

11.4.3. a copy of the license agreement with Dishman Pharmaceuticals to confirm a minimum of £1.57 million will be available to contribute to the project costs; and

11.4.4. evidence that an agreement is in place between the Company and the project delivery company Redx Anti-infectives which clearly sets out the responsibilities, agreed project delivery milestones and job output targets of the subsidiary company Redx Anti-infectives.

As at 30 September 2014 the Group had received total funds of £4,173k under this grant. Additionally, under the agreement, there is a monitoring period of six years from the date of the offer letter. If before the end of the monitoring period any of a number of specific events has occurred, RGF will have the opportunity to vary or withhold any of the payments or require re-payment of the grant. The Company is required, by the end of this monitoring period, to have maintained a total number of 99 full time jobs (averaged over the entire monitoring period). In the event that this requirement has not been fulfilled, RGF will be able to claw back the grant in proportion to the number of jobs created;

11.5. an offer letter in respect of a grant for the sum of £5,920,000 from the Regional Growth Fund (RGF), dated 4 May 2012. The grant is to be made in installments based on the achievement of certain milestones and is given to help create a private sector centre of excellence for pre-clinical research and development of novel anti-cancer drugs and create 246 jobs, subject to the following pre-payment conditions:

11.5.1. receipt of a satisfactory up-to-date project delivery plan which converts (at a minimum) the issues set out in schedule 1 of the letter and which demonstrates that the Company will be able to achieve the milestones set out in schedules 2 and 3 of the letter;

11.5.2. evidence that a lease/rental agreement is in place on the new premises; and

11.5.3. evidence that an agreement is in place between the Company and the project delivery company, ROL, which clearly sets out the responsibilities, agreed project delivery milestones and job output targets of ROL.

As at 30 September 2014 the Group had received total funds of £5,920k under this grant. Additionally, under the agreement, there is a monitoring period of five years from the date of the offer letter. If before the end of the monitoring period any of a number of specific events has occurred, RGF will have the opportunity to vary or withhold any or the payments or require re-payment of the grant. The Company is required, by the end of this monitoring period, to have maintained a total number of 160 full time jobs (averaged over the entire monitoring period). In the event that this requirement has not been fulfilled, RGF will be able to claw back the grant in proportion to the number of jobs created;

11.6. a software licence agreement dated 28 March 2012 and made between (1) Dotmatics Limited and (2) the Company, under which Dotmatics Limited has agreed to deliver to the Company and install on the Company's computer, computer software applications which will provide data browsing and document management and to grant to the Company a non-exclusive licence to use such programs and their associated documentation. The licence is granted for an unlimited term and the Company can terminate on three months' notice. The total licence fee payable by the Company between 1 January 2015 and 31 December 2017, including full support, maintenance and training is £290,000 plus VAT;

11.7. the Company is party to a lease agreement which is not signed between the Company and RLBUHT in respect of a lease of equipment used by Redx Oncology in The Duncan Building, Prescot Street/Daulby Street in Liverpool. The parties entered into the agreement in March 2012 under which RLBUHT agreed to let laboratory equipment to Redx Oncology. The intended term of the lease was to be from the date of the lease to the date at which Redx Oncology vacates the premises or 30 June 2015 (whichever is earlier). The equipment would be specified by Redx Oncology and purchased by RLBUHT to a maximum cost of £2.0 million. Redx Oncology would pay rentals to RLBUHT equivalent to 50 per cent. of the costs on dates to be determined but

with all rentals paid prior to 30 June 2015. As the end of the lease term, Redx Oncology can enter in to a new agreement with RLUBHT to either extend the rental period or purchase the equipment from RLUBHT. RLBUHT has submitted rental invoices to Redx Oncology periodically. RLBUHT has confirmed in a letter dated 9 January 2015 that the Company has no further liability under this agreement;

11.8. on 26 March 2015, the Company entered into the Placing Agreement, further details of which are set out in paragraph 17 of this Part 6;

11.9. a nominated adviser and broker agreement dated 19 March 2015 and made between (1) the Company (2) SCC and (3) SCS pursuant to which the Company has appointed SCC to act as nominated adviser and SCS to act as broker, in each case to the Company for the purposes of the AIM Rules. The agreement is for an initial term of 12 months following Admission ("initial term") and thereafter is terminable upon not less than three months' prior written notice by either the Company or Shore Capital such notice to expire on or after the end of such initial term. In return for its services as nominated adviser and broker under this agreement, the Company has agreed to pay Shore Capital a fee of £75,000 plus VAT per annum; and

11.10. on 26 March 2015, the Company executed a warrant instrument pursuant to which warrants exercisable over 649,812 Ordinary Shares were granted to SCS, such warrants to be exercisable at the Placing Price at any time prior to the third anniversary of Admission. The warrants may be transferred by SCS within its group of companies but are not otherwise transferable.

12. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 September 2014 being the latest date to which the historical financial information in Part 5 was prepared.

13. WORKING CAPITAL STATEMENT

The Directors are of the opinion, having made due and careful enquiry, that after taking into account the expected 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 12 months from the date of Admission.

14. LITIGATION AND DISPUTES

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Company and/or the Group's financial position or profitability.

15. TAXATION

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation, and what is understood to be the current practice of HMRC in the United Kingdom regarding the ownership and disposal of ordinary shares. This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position of UK resident, ordinarily resident and domiciled Shareholders who are beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

15.1. **Taxation of dividends**

Individual Shareholders

There is no UK withholding tax on dividends, including cases where dividends are paid to a shareholder who is not resident (for tax purposes) in the UK.

A UK resident individual shareholder who receives a dividend from the Company will be entitled to a tax credit, currently at the rate of 1/9th of the cash dividend paid (or 10 per cent. of the aggregate of the net dividend and related tax credit). The individual is treated as receiving for tax purposes gross income equal to the cash dividend plus the tax credit. The tax credit is set against the individual's tax liability on that gross income. The lower rate of income tax on dividend income is currently 10 per cent. An individual shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will have no income tax to pay in respect of the dividend. The higher rate of income tax on dividends is currently 32.5 per cent. within the 40 per cent. income tax bracket and 37.5 per cent. within the 45 per cent. bracket. This means that an individual shareholder who is taxed on the dividend in the 40 per cent. bracket will have further income tax to pay at a rate of 22.5 per cent. of the gross dividend (or 25 per cent. of the net dividend) subject to a possible further charge if the dividend results in a full or partial loss of their personal allowance. An individual shareholder in the 45 per cent. bracket will have further income tax to pay at a rate of 27.5 per cent. of the gross dividend paid (or approximately 30.6 per cent. of the net dividend).

Corporate Shareholders

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company in respect of Ordinary Shares held, provided the dividends fall within an exempt class and certain conditions are satisfied. In general, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to a company's assets on its winding-up and (ii) dividends paid to a person holding less than, among other things, 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

Tax credit

Other than as set out below, a Shareholder (whether an individual or a company) who is not liable to tax on dividends from the Company will not be entitled to claim repayment of the tax credit in respect of those dividends.

The right of a Shareholder who is not resident (for tax purposes) in the UK to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit will depend on the existence and terms of any double taxation convention between the UK and the country in which the holder is resident, although generally no such payment will be available.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions or what relief or credit may be claimed in the jurisdiction in which they are resident.

15.2. **Taxation of chargeable gain**

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company. The Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will usually

constitute the base cost of a shareholder's holding. If an individual Shareholder disposes of all or some of his Ordinary Shares a liability to tax on chargeable gains may, depending on their circumstances arise. The shareholder's annual exemption and any capital losses they have may reduce the chargeable gain. UK resident individuals and trustees are generally subject to capital gains tax at a current flat rate of 28 per cent. (reduced to 18 per cent. where a gain falls within an individual's unused basic rate income tax band). Disposals realised by corporate Shareholders within the charge to corporation tax may give rise to a chargeable gain, subject to the availability of an exemption (e.g. the substantial shareholding exemption) or relief. Indexation allowance may reduce the chargeable gain for corporate Shareholders. A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares. In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK.

Any shares acquired under the EIS Income Tax scheme should be capable of being sold free of capital gains tax if held for a period exceeding 3 years.

15.3. **EIS and VCT**

Venture Capital Trusts

The Company has obtained assurance from HMRC that the Placing Shares will be eligible shares for the purposes of the investment by VCTs. The status of the Placing Shares as a qualifying holding for VCTs 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 Venture Capital Trust provisions so that it continues to be a qualifying company for these purposes. However, the Directors cannot give any warranty 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 the Venture Capital Trust status, or as a result of changes in legislation.

Enterprise Investment Scheme

The Company has obtained provisional assurance from HMRC that a subscription for Placing 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 and submission of such a claim by the Company 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 advisor 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.

The Directors consider that Group may have received, in the 12 months immediately prior to the Placing, investments totalling £3.2 million (including under EIS and from VCTs) pursuant to a measure approved by the European Commission as compatible with Article 107 of the Treaty on the Functioning of the European Union in accordance with the principles laid down in the current Community Guidelines on State Aid to promote Risk Capital Investments in Small and Medium-sized Enterprises. Accordingly, the Placing will limit funds up to £1.8 million from VCTs, investors seeking EIS reliefs and any other State Aid risk capital investors in order not to exceed the maximum amount of £5 million that can be raised annually through risk capital schemes.

15.4. **Stamp duty and stamp duty reserve tax**

No UK stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value will generally give rise to a liability to pay UK *ad valorem* stamp duty, or stamp duty reserve tax, at the rate in each case of 50 pence per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5). From 28 April 2014 stamp duty and stamp duty reserve tax is abolished on transactions in shares traded on AIM where the shares are not also listed on a recognised stock market.

16. LOCK-IN ARRANGEMENTS

16.1. In accordance with Rule 7 of the AIM Rules the Directors and Jon Moulton have entered into a lock-in agreement dated 20 March 2015 between (1) the Company, (2) Shore Capital and (3) the Directors and Jon Moulton, representing in aggregate 17,958,894 Ordinary Shares and 27.6 per cent. of the Enlarged Share Capital, pursuant to which each of the Directors and Jon Moulton have undertaken to Shore Capital that they shall not, except in certain specified circumstances, sell, transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in any Ordinary Shares ("**Interest**") held by them at the date of Admission (or rights arising from any such shares or other securities or attached to any such shares) (together "**Restricted Shares**") prior to the first anniversary of Admission ("**Lock In Period**"). In order to maintain an orderly market in the Ordinary Shares, such Directors and Jon Moulton

have also undertaken to Shore Capital that they shall (save in certain specified circumstances), for a period of 12 months following the expiry of the Lock In Period only dispose of any Interest in the Restricted Shares through the Company's broker (from time to time), to ensure an orderly market.

16.2. Lock-in agreements dated 20 March 2015 between (1) the Company, (2) Shore Capital and (3) certain Shareholders representing in aggregate 29,663,716 Ordinary Shares and 45.6 per cent. of the Enlarged Share Capital, pursuant to which the Shareholders have undertaken to Shore Capital that they shall not, except in certain specified circumstances, sell, transfer, grant any option over or otherwise dispose of any other Interest in any Restricted Shares held by them for the Lock-in Period.

17. PLACING AGREEMENT

On 26 March 2015, the Company, the Directors and Shore Capital entered into the Placing Agreement. Pursuant to the Placing Agreement, Shore Capital has agreed as agent for the Company to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price. The Placing Agreement is conditional, *inter alia*, on Admission taking place not later than 27 March 2015 (or such later date as Shore Capital and the Company may agree, but in any event no later than 30 April 2015).The issue of the VCT Placing Shares and the EIS Placing Shares is not conditional upon Admission. Under the Placing Agreement:

(a) the Company has agreed to pay Shore Capital a corporate advisory fee of £200,000 together with a commission of four per cent. of the gross aggregate value of the Placing Shares at the Placing Price (plus any applicable Value Added Tax);

(b) the Company has agreed to grant the warrants described in paragraph 11.10 of this Part 6;

(c) the Company has agreed to pay all other costs and expenses of the Placing and the related arrangements together with value added tax on such costs; and

(d) the Company and the Directors have given certain warranties to Shore Capital as to the accuracy of the information in this document and as to other matters relating to the Group and its business and have granted an indemnity to Shore Capital in respect of certain liabilities arising out of or in connection with the Placing. The Placing Agreement may be terminated by Shore Capital if certain customary circumstances occur prior to Admission including a breach of the warranties referred to above.

18. PROPERTY

The Company does not believe that there are any material environmental issues which may affect the Group's utilisation of its properties.

Pursuant to a lease dated 7 May 2013 and made between the Company and AstraZeneca, the Company occupies the Second Floor, Block 3, The Biohub at Alderley Park, Merseyside, Alderley Edge, Cheshire SK10 4TG. The term of the lease is for 5 years from and including 7 May 2013 with a break period between 24 June 2015 and 31 December 2015 subject to 12 months' notice.

Pursuant to a supplemental lease dated 7 May 2013 and made between the Company and AstraZeneca, the Company occupies the Second Floor, Block 3, The Biohub at Alderley Park, Merseyside, Alderley Edge, Cheshire SK10 4TG. The term of the lease is for 4 years from and including 4 May 2014 with a break period between 24 June 2015 and 31 December 2015 subject to 12 months' notice. The total area occupied by the Group in the Second Floor, Block 3, The Biohub at Alderley Park is 1,853 square metres of laboratory space and 55 square metres of office space.

Redx Oncology occupies the 3rd and 9th floors of The Duncan Building, Daulby Street in Liverpool under agreement from the Royal Liverpool and Broadgreen University Hospital Trust and University of

Liverpool. This agreement permits Redx Oncology to occupy the premises for an annual fee that is inclusive of rates, services, utilities, taxes and maintenance costs. The initial term is for two years up to 31 March 2014, with automatic extensions.

The aggregate annual fees currently payable in respect of the occupancy of the properties referred to above is approximately £1.2 million.

The Company has also entered in to an agreement with RedAg Crop Protection Limited in July 2014 in respect of use of space and use of equipment currently occupied and used by Redx Anti-Infectives at The Biohub at Alderley Park. This agreement can be terminated by either party by giving six months' notice and will automatically terminate on termination of the lease agreements, referred to above, between the Company and AstraZeneca.

19. CONSENTS

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

19.2. Baker Tilly Corporate Finance LLP has given and has not withdrawn its written consent to the inclusion in this document of its Accountant's Report as included in Part 5 and the references thereto in the form and context in which they appear.

19.3. HGF Limited has given and has not withdrawn its written consent to the inclusion in this document of its Patent Report as included in Part 4 and the references thereto in the form and context in which they appear.

20. EXPENSES OF THE PLACING AND ADMISSION

The total costs and expenses of, and incidental to, the Placing and Admission (including placing commissions, the application fees, printer's fees, advisers' fees, professional fees and expenses, the costs of printing and distribution of documents) to be borne by the Company are estimated to be approximately £1.5 million.

21. GENERAL

21.1. Baker Tilly Corporate Finance LLP, has provided an Accountant's Report on the historical financial information of the Group for the three years ended 30 September 2014 set out in Part 5.

21.2. The financial information contained in this document which relates to the Company does not constitute full statutory accounts as referred to in section 434(3) of the Act. Statutory audited accounts of the Company, on which the auditors, Fairhurst Chartered Accountants, have given their unqualified report and which contained no statement under section 498(2) or (3) of the Act, have been delivered to the Registrar of Companies in respect of the three accounting periods ended 30 September 2014.

21.3. There have been no payments by the Group to promoters since incorporation and no fees have been paid since incorporation (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

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

a) received, directly or indirectly from the Group in the two years prior to the date of this document; or

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

i. fees totalling £10,000 or more;

ii. securities in the Company where these have a value of £10,000 or more calculated by reference to the opening price of Ordinary Shares upon Admission; or

iii. any other benefit with the value of £10,000 or more at the date of Admission.

21.5. The Directors are not aware of (i) any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects in the period between Incorporation and the date of this document or (ii) any trends in production, sales and inventory, and costs and selling prices between incorporation and the date of this document.

22. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document, which is dated 26 March 2015, will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered office of the Company at Floor 9, Lowry House, 17 Marble Street, Manchester, Greater Manchester, M2 3AW and at the offices of DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester, M3 3AA from the date of this document to the date one month from the date of Admission.

Dated: 26 March 2015

Printed by Michael Searle & Son Limited