

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000, as amended, if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or transferred all of your Existing Ordinary Shares in Healthcare Investment Opportunities plc ("Healthcare Investment Opportunities" or "the Company"), please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold part only of your holding of Existing Ordinary Shares in Healthcare Investment Opportunities, you should retain these documents.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange ("AIM"). Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. The Existing Ordinary Shares are not traded on any other recognised investment exchange and no application has been made for the Consideration Shares to be admitted to trading on any other recognised trading exchange. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on AIM on 2 January 2014.

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 UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies published by London Stock Exchange plc (the "AIM Rules") to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. London Stock Exchange plc has not itself examined or approved the contents of this document.

The Directors and Proposed Director, whose names appear on page 4 of this document, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Director (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.

A copy of this document, which is drawn up as an admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the issued and to be issued ordinary share capital of the Company. This document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the Financial Conduct Authority ("FCA") pursuant to section 85 of FSMA. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT and the registered office of the Company, 1 Scott Place, 2 Hardman Street, Manchester M3 3AA from the date of this document until one month from the date of Admission in accordance with the AIM Rules.

The distribution of this document and/or the accompanying Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out on pages 9 to 18 of this document and which recommends that you vote in favour of the resolutions to be proposed at the General Meeting referred to below and the Risk Factors set out in Part II of this document.

Healthcare Investment Opportunities plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 8446337)

Proposed Acquisition of Collbio Limited Change of Name to Collagen Solutions plc Approval of waiver of obligations under Rule 9 of the Takeover Code Admission of the Enlarged Share Capital to trading on AIM and Notice of General Meeting

Nominated Adviser and Broker

Zeus Capital

SHARE CAPITAL AT THE DATE OF THIS DOCUMENT AND IMMEDIATELY FOLLOWING COMPLETION OF THE PROPOSALS

Current	<i>Number</i>	<i>Issued and fully paid Amount</i>
Ordinary shares of 1p as at the date of this document	40,500,000	£405,000
At Admission		
Ordinary shares of 1p following completion of the Proposals	63,826,007	£638,260.07

Notice convening a General Meeting of Healthcare Investment Opportunities to be held at 3 Robroyston Oval, Nova Technology Park, Glasgow G33 1AP on 27 December 2013 at 9.00 a.m. is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. To be valid, the Form of Proxy must be signed and returned in accordance with the instructions printed thereon so as to be received by Capita Asset Services, PXS, 34 Beckenham Road, Kent BR3 4TU as soon as possible but in any event by not later than 9.00 a.m. on 25 December 2013. Completion and posting of the Form of Proxy does not prevent a Shareholder from attending and voting in person at the General Meeting.

Zeus Capital Limited ("Zeus Capital"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to Healthcare Investment Opportunities and is acting for no-one else in connection with the Proposals and will not be responsible to anyone other than Healthcare Investment Opportunities for providing the protections afforded to clients of Zeus Capital nor for providing advice in connection with the Proposals or any other matter referred to herein. Zeus Capital has not authorised the contents of or any part of, this document and no liability whatsoever is accepted by Zeus Capital for the accuracy of any information or opinions contained in this document or for the omission of any information.

Cairn Financial Advisers LLP ("Cairn"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Rule 3 Adviser to Healthcare Investment Opportunities plc and is acting for no-one else in connection with the Proposals and will not be responsible to anyone other than Healthcare Investment Opportunities for providing advice in connection with the Proposals or any other matter referred to herein. Cairn has not authorised the contents of or any part of, this document and no liability whatsoever is accepted by Cairn for the accuracy of any information or opinions contained in this document or for the omission of any information.

Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus Capital and/or Cairn by the Financial Services and Markets Act 2000, Zeus Capital and Cairn accept no responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Proposals. Each of Zeus Capital and Cairn accordingly disclaim all and any liability (whether arising in tort under contract or otherwise) (save as referred to above), which it might otherwise have in respect of this document or such statement.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, the United States of America or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Existing Ordinary Shares and the Consideration Shares and the Consideration Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, the United States of America or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Existing Ordinary Shares together with the Consideration Shares have not been, and (together with the Consideration Shares) will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and they may not be offered or sold, directly or indirectly, within Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, the United States of America or to or for the account or benefit of any national, citizen or resident of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, the United States of America or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

The distribution of this document outside the UK may be restricted by law. No action has been taken by the Company, Zeus Capital or Cairn that would permit a public offer of shares in the Company or possession of this document where action for that purpose is required. Persons outside the UK who come into possession of this document should inform themselves about the restrictions relating to the distribution of this document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdictions.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Proposals, the expected timing and scope of the Proposals and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as "intends", "anticipates", "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the current expectations of Healthcare Investment Opportunities and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are also a number of other factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, local and global political and economic conditions, interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither Healthcare Investment Opportunities, Zeus Capital, Cairn, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority and the City Code on Takeovers and Mergers), neither Healthcare Investment Opportunities, Zeus Capital nor Cairn is under any obligation and each of them expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

	<i>Page</i>
Directors, Proposed Director, Secretary and Advisers	4
Definitions	5
Expected Timetable of Principal Events	9
Key Statistics	9
Part I Letter from the Chairman	10
Part II Risk Factors	20
Part III Information on the Concert Party	26
Part IV Section A: Unaudited Interim Financial Information on Healthcare Investment Opportunities	31
Section B: Historical Financial Information on Collbio Limited	36
Section C: Accountants' Report on Collbio Limited	52
Section D: Pro Forma Statement of Net Assets	54
Section E: Accountants' Report on Pro Forma Statement of Net Assets	56
Part V Additional Information	58
Notice of General Meeting	79

DIRECTORS, PROPOSED DIRECTOR, SECRETARY AND ADVISERS

Directors	David Evans (<i>Non-Executive Chairman</i>) Kevin Wilson (<i>Non-Executive Director</i>) Malcolm Gillies (<i>Non-Executive Director</i>) All of: 1 Scott Place 2 Hardman Street Manchester M3 3AA
Proposed Director	Stewart White (<i>Chief Executive Officer</i>) Of: 3 Robroyston Oval Nova Technology Park Glasgow G33 1AP
Company Secretary	Malcolm Gillies
Company Website	www.healthcareinvestmenttopps.co.uk
Nominated Adviser and Broker	Zeus Capital Limited 23 Berkeley Square London W1J 6HE and 3 Ralli Courts West Riverside Manchester M3 5FT
Rule 3 Adviser	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Reporting Accountants to the Company	Baker Tilly Corporate Finance LLP 3 Hardman Street Manchester M3 3HF
Solicitors to the Company	DWF LLP 1 Scott Place 2 Hardman Street Manchester M3 3AA
Solicitors to the Nominated Adviser and Broker	BPE Solicitors LLP St James House St James Square Cheltenham GL50 3PR
Registrars to the Company	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

“Acquisition Agreement”	the conditional acquisition agreement dated 9 December 2013 between Healthcare Investment Opportunities and the Vendors in relation to the sale and purchase of 65.82 per cent. of the issued share capital of Collbio, further details of which are set out in paragraph 9.1(k) of Part V of this document
“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Collbio, pursuant to the terms of the Acquisition Agreement and the Minority Agreements
“Act”	the Companies Act 2006
“Admission”	admission of the existing and to be issued ordinary share capital of the Company to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
“AIM”	a market operated by London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
“Board” or “Directors”	the board of directors of the Company at the date of this document
“Cardium Therapeutics”	Cardium Therapeutics, Inc., a health sciences and regenerative medicine company of 11750 Sorrento Valley Rd., Suite 250, San Diego, CA 92121
“Change of Name”	the proposed change of name of the Company to Collagen Solutions plc, further details of which are set out in paragraph 10 of Part I of this document
“Collagen Solutions”	Collagen Solutions LLC, a limited liability company based in San Jose, California, USA with registered number 95135, engaged in the provision of medical grade bovine collagen, corium and tendon
“Collagen Solutions Acquisition”	the proposed acquisition of the Collagen Solutions Business by CS (US) Inc pursuant to the terms of the Collagen Solutions Acquisition Agreement conditional on Admission
“Collagen Solutions Acquisition Agreement”	the conditional acquisition agreement dated 9 December 2013 and made between CS (US) Inc, a subsidiary of Collbio, and Collagen Solutions LLC in relation to sale and purchase of the business and assets of Collagen Solutions LLC further details of which are set out in paragraph 9.1(m) of Part V of this document
“Collagen Solutions Business”	the business and assets of Collagen Solutions the subject of the Collagen Solutions Acquisition Agreement
“Collagen Solutions Consideration Shares”	7,326,007 new Ordinary Shares to be allotted to Collagen Solutions, conditional upon Admission, pursuant to the terms of the Collagen Solutions Acquisition Agreement
“Collagen Solutions Deferred Consideration”	the deferred consideration payable to Collagen Solutions in respect of the Collagen Solutions Acquisition, subject to the satisfaction of certain sales targets, details of which are set out in paragraph 9.1(m) of Part V of this document
“Collbio”	Collbio Limited, a company incorporated in England and Wales with registered number 8419577

“Collbio Consideration Shares”	16,000,000 new Ordinary Shares to be allotted to the Vendors and the Minority Vendors, conditional upon Admission, pursuant to the terms of the Acquisition Agreement and the Minority Agreements
“Company” or “Healthcare Investment Opportunities”	Healthcare Investment Opportunities plc, a company registered in England and Wales with registered number 8446337
“Completion”	completion of the Acquisition in accordance with the terms of the Acquisition Agreement and the Minority Agreements
“Concert Party”	those parties described in paragraph 13 of Part I of this document
“Consideration Shares”	the Collbio Consideration Shares, the Deferred Consideration Shares and the Collagen Solutions Consideration Shares
“Corporate Governance Code”	the UK Corporate Governance Code issued from time to time by the Financial Reporting Council
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI2001 No. 3755), as amended, and any applicable rules made under those regulations
“CS (US) Inc”	Collagen Solutions (US) Inc, a subsidiary of Collbio
“Deferred Consideration”	the deferred consideration payable to the Vendors and Minority Vendors in respect of the Acquisition which may be payable subject to the satisfaction of certain sales targets, details of which are set out in paragraphs 9.1(k) and (l) of Part V of this document
“Deferred Consideration Shares”	such number of new Ordinary Shares to be issued to the Vendors and Minority Vendors in satisfaction of the Deferred Consideration
“Director Option”	the option granted pursuant to an option agreement between the Company and David Evans, further details of which are set out in paragraph 6.11 of Part V of this document
“Dollar” or “US\$”	the legal currency of the US
“Enlarged Group”	the Company and its subsidiaries following Admission
“Enlarged Share Capital”	the entire issued ordinary share capital of the Company as enlarged by the issue of the Consideration Shares
“Existing Ordinary Shares”	existing ordinary shares of 1p each in the capital of the Company as at the date of this document
“FDA”	the Food and Drug Administration
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the GM
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting” or “GM”	the general meeting of the Company, convened for 9.00 a.m. on 27 December 2013, and any adjournment thereof, notice of which is set out at the end of this document
“Independent Director”	Malcolm Gillies

“Independent Shareholders”	the holders of Existing Ordinary Shares other than any person being a member of the Concert Party
“IFRS”	International Financial Reporting Standards
“IPR”	intellectual property rights
“Locked-in Persons”	those persons set out in paragraph 12 of Part I of this document
“Notice”	the notice of the General Meeting set out at the end of this document
“London Stock Exchange”	London Stock Exchange plc
“Minority Agreements”	the conditional acquisition agreements dated 9 December 2013 between Healthcare Investment Opportunities and each of the Minority Vendors in relation to sale and purchase of 34.18 per cent. (in aggregate) of the issued share capital of Collbio, further details of which are set out in paragraph 9.1(l) of Part V of this document
“Official List”	the list maintained by the Financial Conduct Authority (acting in its capacity as the UK Listing Authority) in accordance with Section 74(1) of FSMA for the purposes of Part VI of FSMA
“Minority Vendors”	those vendors of shares in Collbio other than the Vendors
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Proposals”	the Acquisition, the Collagen Solutions Acquisition, the Change of Name, the Rule 9 Waiver, the General Meeting and the Admission
“Proposed Director”	Stewart White
“Registrars”	Capita Asset Services of 34 Beckenham Road, Kent BR3 4TU
“Resolutions”	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice
“RIS”	Regulatory Information Service
“Rule 9 Waiver”	the waiver of the obligations of the Concert Party to make a general offer under Rule 9 of the Takeover Code which may otherwise arise as a consequence of the issue of the Collbio Consideration Shares to the Concert Party, granted by the Panel conditional upon approval of the Independent Shareholders voting on a poll, further details of which are set out in paragraph 7 of Part I of this document
“Shareholders”	holders of Ordinary Shares
“Takeover Code” or the “Code”	The City Code on Takeovers and Mergers issued from time to time by or on behalf of the Panel
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US”, “USA” or “United States”	United States of America, each state thereof (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction
“Vendors”	the founding Shareholders of Collbio Limited

“Whitewash Resolution”

Resolution numbered 7 in the Notice

“Zeus Capital”

Zeus Capital Limited, a company registered in England and Wales with registered no. 4417845

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2013

Admission document publication date	10 December
Latest time and date for receipt of Forms of Proxy	9.00 a.m. on 25 December
Time and date of General Meeting	9.00 a.m. on 27 December
Completion of the Acquisition, Collagen Solutions Acquisition, Admission and commencement of dealings in the Enlarged Share Capital	8.00 a.m. on 2 January 2014
CREST accounts credited in respect of the Consideration Shares	2 January 2014
Definitive share certificates dispatched in respect of the Consideration Shares	13 January 2014

Notes:

1. References to time in this document are to London time. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.
2. The timing of events in the above timetable is indicative only.

KEY STATISTICS

Issue price per Consideration Share	12.5p
Number of Existing Ordinary Shares in issue upon Admission	40,500,000
Number of Consideration Shares to be issued	23,326,007
Number of Ordinary Shares in issue on Admission	63,826,007
Market capitalisation of the Company on Admission†	£7,978,251
Percentage of Enlarged Share Capital represented by the Consideration Shares	45.25%
Aim ticker symbol	COS
ISIN code	GB00B94T6Y14

*Based on no Deferred Consideration Shares being issued and the Directors Option not being exercised.

†Based on the share price of 12.5p per Ordinary Share.

PART I

LETTER FROM THE CHAIRMAN

Healthcare Investment Opportunities plc

(Incorporated in England and Wales with registered number 8446337)

Directors:

David Evans (*Non-Executive Chairman*)
Malcolm Gillies (*Non-Executive Director*)
Kevin Wilson (*Non-Executive Director*)

Registered Office:

1 Scott Place
2 Hardman Street
Manchester
M3 3AA

10 December 2013

To the holders of Existing Ordinary Shares

Dear Shareholders,

Proposed Acquisition of Collbio Limited
Change of name to Collagen Solutions plc
Proposed waiver of obligations under Rule 9 of the Takeover Code
Admission of the Enlarged Share Capital to trading on AIM
and
Notice of General Meeting

1. Introduction

The Company announced earlier today that it has agreed terms in respect of an acquisition. As a result, a number of proposals are to be put to Shareholders at the General Meeting. The purpose of this document is to set out the details of, and reasons for, each of those proposals.

The Acquisition, if completed, is of sufficient size to constitute a Reverse Takeover under the AIM Rules, and therefore is subject to the approval of Shareholders at the General Meeting. Further details of the General Meeting are set out in paragraph 13 of Part I of this document. Further details of the terms and conditions of the Acquisition are set out below under the heading "Principal terms of the Acquisition".

The consideration will take the form of cash and New Ordinary Shares in Healthcare Investment Opportunities up to a maximum amount of circa. £7.07 million, being £1.4 million in cash and £2.91 million in New Ordinary Shares in Healthcare Investment Opportunities, payable on completion, and a further £2.76 million in New Ordinary Shares in Healthcare Investment Opportunities and cash depending on the achievement of certain performance criteria. Based on the Issue Price, the Acquisition values Healthcare Investment Opportunities' equity at £5 million, representing 38 per cent. premium to Healthcare Investment Opportunities' cash per share and a 25 per cent. premium to Healthcare Investment Opportunities' share price as at admission to trading on AIM on 5 April 2013. The Healthcare Investment Opportunities equity valuation of £5 million is approximately equal to the closing mid-market price of Healthcare Investment Opportunities Shares on 9 December 2013 (the latest practicable date prior to the publication of this document).

In addition, conditional upon Admission, CS (US) Inc, a newly incorporated subsidiary of Collbio, registered in the US, has entered into the Collagen Solutions Acquisition Agreement to acquire certain assets and liabilities of a collagen supplier, Collagen Solutions LLC, based in California. The consideration for this transaction will be satisfied partly in cash and partly by the issue by Healthcare Investment Opportunities, of the Collagen Solutions Consideration Shares, plus, subject to certain sales targets having been met, the Collagen Solutions Deferred Consideration. Further details of the Collagen Solutions Acquisition are set out in paragraph 9.1(m) of Part V of this document.

David Evans is a director of both Healthcare Investment Opportunities and Collbio, and both he and Kevin Wilson are Shareholders in both companies. Accordingly, David Evans and Kevin Wilson have not taken part in any of the Board's deliberations concerning the Acquisition, and Malcolm Gillies, the Independent Director, is seeking Shareholders' approval for the Acquisition at the General Meeting. The Acquisition constitutes a Related Party Transaction for the purposes of the AIM Rules and will also require the prior approval of Shareholders at the General Meeting for the purposes of the Act.

Following implementation of the Proposals, certain Shareholders of the Enlarged Group who are deemed to be acting in concert will hold 18,579,126 Ordinary Shares, representing 29.09 per cent. of the Enlarged Share Capital pursuant to the terms of the Acquisition. If certain sales targets are met, certain contracts are entered into over the next three years and David Evans' option vests and is exercised, this will result in an aggregate maximum shareholding of the Concert Party of 37,958,255 Ordinary Shares representing 45.25 per cent. of the Enlarged Share Capital should no other new Ordinary Shares be issued in the intervening period.

Under Rule 9 of the Takeover Code the issue of the Deferred Consideration Shares would normally result in the Concert Party being obliged to make an offer to all Shareholders (other than the Concert Party) to acquire their Ordinary Shares. Following an application by the Concert Party, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders (on a poll) at the General Meeting. Your attention is drawn to the Rule 9 Waiver section contained in paragraph 7 of Part I of this document.

The Directors believe that it is appropriate, should the Acquisition be approved by Shareholders at the General Meeting and the Acquisition and the Collagen Solutions Acquisition each complete, that the name of the Company be changed to Collagen Solutions plc.

The purpose of this document is to give you further information regarding the matters described above and to seek your approval of the Resolutions, which include the Rule 9 Waiver, at the General Meeting. The notice of General Meeting is set out at the end of this document. The Proposals are conditional, *inter alia*, on the passing of the Resolutions and Admission. If the Resolutions are approved by Shareholders, it is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence on AIM on or around 3 January 2014. The General Meeting of the Company has been convened for 9.00 a.m. on 27 December 2013 at 3 Robroyston Oval, Nova Technology Park, Glasgow G33 1AP at which the Resolutions will be proposed.

You should read the whole of this document and not just rely on the information contained in this letter. In particular, you should consider carefully the "Risk Factors" set out in Part II of this document. Your attention is also drawn to the information set out in Parts III to V of this document.

2. Background to and reasons for the Acquisition

The Company was established with the objective of generating an attractive rate of return for Shareholders predominantly through capital appreciation by acquiring and/or investing in businesses in the healthcare sector. The Company's primary investment focus has been businesses that have embedded or protected IP, are scalable and have the potential to gain significant market share.

In April 2013, the Company raised £3.6 million net of expenses and since then the Board has reviewed thirty different proposals in the following fields:

- In-vitro diagnostics (6)
- Bio-Pharma (10)
- Bio-materials (2, including Collbio)
- Medical Devices (9)
- Software (2)
- Other (1)

The criteria used to evaluate opportunities included whether the target was or had:

- revenue or near revenue generating;
- embedded or protected IP;

- UK based;
- capable of significant growth potential; or
- a capable management team.

Collbio, in which David Evans has a material interest and which he helped found (and in which Kevin Wilson also has an interest), met a number of the criteria set out above. The decision to proceed with the Acquisition was made by the Independent Director.

The Independent Director believes that the Acquisition is in accordance with the Company's investment policy. Furthermore, he believes that the Acquisition will provide the Company with a management team that has previously worked together servicing the medical devices industry, and a business which already benefits from several customer relationships and has the ability to generate long term revenues and opportunities.

In addition, the Independent Director believes that the Acquisition provides a significant opportunity for the Company to give financial backing, and add valuable strategic input, to a management team that could build a significant international business by assisting customers in expediting the transition of their products from development to manufacture through the provision of cost effective, functional collagen materials and devices across a range of clinical indications, for the ultimate benefit of providing effective and affordable treatment to patients.

3. Information on Collbio

Collbio

The Collbio facility, based in Glasgow, was until recently run as Angel Biomedical Limited, a division of Angel Biotechnology plc (which was placed into administration on 8 February 2013). The assets of Angel Biomedical Limited were acquired from the administrators in March 2013. Collbio manufactures medical grade collagen components for use in regenerative medicine, medical devices and in-vitro diagnostics. Collbio's capabilities include the development and contract manufacture of collagen-based medical devices and the provision of soluble collagen products. In addition, Collbio assists customers in developing collagen products and processes by providing contract manufacturing and distribution.

The Collbio facility comprises a total of 6,500 sq ft, the majority of which comprises Grade B and Grade C clean room manufacturing areas, with additional laboratory and office space. Collbio currently manufactures the FDA-cleared product "Excellagen" for Cardium Therapeutics.

Collbio has entered into the Collagen Solutions Acquisition Agreement to acquire, conditional upon Admission, the assets and business of Collagen Solutions, which is based in California.

Collagen Solutions

Collagen Solutions, which is based in San Jose, California, was established in January 2012 and provides medical grade bovine collagen, corium and tendon from closed herd and GBR1 countries and customised collagen based on customer requirements. Collagen Solutions' current products range from minimally processed to highly purified collagen. Collagen Solutions also offers research and development services to create and develop devices from concept to clinical trial stage, and also offers consultancy services for technology transfers to outside contract manufacturing facilities. Operating within a biotechnology hub, Collagen Solutions services customers with products that have both gone through, and are going through, FDA approval.

Collagen Solutions supports a range of medical device and life science customers manufacturing a wide range of products made from, or containing, collagen and other active ingredients. The success of this business since incorporation has largely been the result of the significant experience of its two employees, Diane Mitchell and Jacqueline Schroeder (who will join the Group post acquisition), in collagen and materials science. This expertise has enabled Collagen Solutions to process and select opportunities with customers which dovetail with its own capabilities. This high value-added business is also conveniently located with regard to market access of and proximity to existing and potential customers on the west coast of the US.

Further details of the Collagen Solutions Acquisition Agreement are available in paragraph 9.1(m) of Part V.

Rationale for the Acquisitions

The rationale for the Acquisition is to unite the research and development capabilities of Collagen Solutions with the manufacturing asset base and expertise of Collbio. Some of the team within the Enlarged Group have previously worked together to develop and manufacture the FDA cleared product “Excellagen”, which is owned by Cardium Therapeutics and is manufactured by Collbio.

The Enlarged Group’s activities will include the provision of functional collagen biomaterials, the development of collagen formulations and products, and the contract manufacture of collagen-based medical devices. The Enlarged Group will immediately have sales in both the US and Europe, with facilities in both these locations providing a strong foundation on which to base the Enlarged Group’s strategy to build a global biomaterials business.

The Directors believe that the Enlarged Group will be well placed to respond to the changing and challenging requirements of healthcare systems and patient demographics. The Enlarged Group will seek to build upon its expertise by:

- using its access to safe and certified raw materials;
- providing scientific knowledge to convert these raw materials into functional formulations; and
- providing the expertise and investment in clean room manufacturing that such products and regulatory agencies require.

The Enlarged Group will also immediately be able to provide a suite of collagen formulation products which can be used across a range of applications, such as wound care, tissue scaffolds, bone grafts, haemostats, vascular grafts, diagnostics and as reagents in research applications.

The estimated value of the global biomaterials market is predicted to reach US\$64.7 billion by 2015. A significant part of this market already comprises collagen-based products, which have decades of precedent use. The Directors believe that the industry preference to develop collagen-based devices will continue and that this is founded on the conserved nature of collagen types across species and the flexible nature of collagen itself, making it the ultimate biomaterial. The competencies within the Group mean that it is well placed to service this attractive market through its development expertise and ability to secure ongoing, multi-year manufacturing contracts.

Management

The Directors are pleased to announce that existing Collbio and Collagen Solutions personnel have been retained in senior management roles. Dr Stewart White, current CEO of Collbio, will join the Board, upon Admission, as Chief Executive Officer, bringing prior experience of the development and manufacture of biologics and medical devices, in addition to having established and run a biomedical collagen business. The Company will also benefit from the experience of both Diane Mitchell and Jacqueline Schroeder who will join the Company from Admission as Chief Business Officer and Chief Scientific Officer respectively. Experienced individuals have already been identified for the roles of Finance Director (Board member) and Chief Operating Officer (non-Board member).

4. Principal terms of the Acquisition and the Collagen Solutions Acquisition

The Company will pay consideration up to a maximum of £7.07 million.

This will consist of:

- £1.4 million in cash payable on Completion;
- £2.91 million in New Ordinary Shares in Healthcare Investment Opportunities, payable on Completion; and
- Up to a further £2.76 million in New Ordinary Shares and cash depending on certain performance criteria being met.

Further details of the Acquisition and the performance criteria are set out in paragraphs 9.1(k) and (l) of Part V of this document.

5. Financial information

The Directors draw your attention to Section A of Part IV of this document which contains the Unaudited Interim Accounts of the Company for the six months ended 30 September 2013, and particularly the Company's cash position recorded therein as £3.63 million.

In addition, attention is drawn to Section B of Part IV of this document, Historical Financial Information on Collbio Limited and Section C of Part IV, Accountants' Report on Collbio Limited.

For the 9 months to 30 September 2013, Collagen Solutions had Adjusted Retained Profits of £84,513 and turnover of £384,655 and as at 30 September 2013 had Net Assets of £184,757 including net cash of £110,076.

6. Future Strategy

A cohesive sales and marketing strategy

The Enlarged Group's future strategy will allow greater resources to be allocated to sales and marketing which is expected to result in the improved representation of the Company's capabilities in the medical device, regenerative medicine and diagnostic markets in the USA, Europe and Japan. This is likely to include strengthening strategic partnerships with both suppliers and distributors.

Review regulatory status of collagen formulation products

The Company will assess registration requirements for existing "platform technology" formulations, building on prior experience of adding value through regulatory approval, with a view to allowing customers to utilise already-approved formulations.

Enhance manufacturing capability

The Company will make investment to provide the necessary range of manufacturing requirements to service near-term opportunities, provide cost savings and optimise production.

Resource Research and Development

The Enlarged Group will not unnecessarily digress from its three main competencies of raw material supply, development services and contract manufacturing. However, an ongoing view will be taken to explore opportunities for the Company to move up the value chain will be expected and the Directors will continue to consider further acquisition of other companies, products and intellectual property rights as appropriate.

7. The Takeover Code

The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all the remaining Shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, then they will not generally be required to make a general offer to the other Shareholders to acquire the balance of their shares, although individual members of the Concert Party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold, without Panel consent.

An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code. The Concert Party comprises David Evans, Ross Andrews, Stewart White, Alex Clarkson, Kevin Wilson, Chris Brinsmead, Stephen O'Hara, Doug Wilson, Peter Whitehurst, Jan Rodgers, Adrian Gare, David Gare, Kate Rowe, Nicholas Mustoe, Neil McArthur and Claire Hughes. Further details regarding the members of the Concert Party can be found in Part III of this document.

Immediately following Completion, the Concert Party will together, hold in aggregate 18,579,126 Ordinary Shares, representing 29.09 per cent. of the Enlarged Share Capital.

If the Deferred Consideration becomes payable, the Concert Party will together, hold in aggregate 33,908,255 Ordinary Shares, representing 42.48 per cent. of the Enlarged Share Capital. Should the Director Option vest and be exercised, the Concert Party will together, hold in aggregate 37,958,255 Ordinary Shares, representing 45.25 per cent. of the Enlarged Share Capital which, in either case, without a waiver of the obligations under Rule 9 of the Takeover Code, would oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

The Concert Party's existing shareholdings in Healthcare Investment Opportunities and their proposed interest in the Enlarged Share Capital (i) immediately following Admission; (ii) should all performance targets be met; and (iii) should all performance targets be met and the Director Option be exercised are set out in the table below.

	<i>Current interests in Healthcare Investment Opportunities</i>		<i>Proposed interests in Healthcare Investment Opportunities on Admission</i>		<i>Proposed interest in Healthcare Investment Opportunities should all performance targets be met</i>		<i>Proposed interest in Healthcare Investment Opportunities should all performance targets be met and the Director Option be exercised</i>	
	<i>No. of shares</i>	<i>% of issued share capital</i>	<i>No. of Healthcare Investment Opportunities Shares</i>	<i>% of Enlarged Share Capital</i>	<i>No. of Healthcare Investment Opportunities Shares</i>	<i>% of Enlarged Share Capital</i>	<i>No. of Healthcare Investment Opportunities Shares</i>	<i>% of Enlarged Share Capital</i>
David Evans	125,000	0.31%	5,495,874	8.61%	10,866,748	13.61%	14,916,748	17.78%
Kevin Wilson	125,000	0.31%	1,078,010	1.69%	2,031,019	2.54%	2,031,019	2.42%
Ross Andrews	Nil	Nil	387,961	0.61%	775,922	0.97%	775,922	0.93%
Stewart White	Nil	Nil	3,107,184	4.87%	6,214,369	7.78%	6,214,369	7.41%
Alex Clarkson	Nil	Nil	1,099,805	1.72%	2,199,612	2.76%	2,199,612	2.62%
Chris Brinsmead	Nil	Nil	560,000	0.88%	1,120,000	1.40%	1,120,000	1.34%
Stephen O'Hara	Nil	Nil	365,825	0.57%	731,650	0.92%	731,650	0.87%
Doug Wilson	Nil	Nil	388,350	0.61%	776,699	0.97%	776,699	0.93%
Neil McArthur	1,500,000	3.69%	2,470,874	3.87%	3,441,748	4.31%	3,441,748	4.10%
Peter Whitehurst	Nil	Nil	485,437	0.76%	970,874	1.22%	970,874	1.16%
Jan Rodgers	Nil	Nil	194,175	0.30%	388,350	0.49%	338,350	0.46%
Adrian Gare	Nil	Nil	194,175	0.30%	388,350	0.49%	338,350	0.46%
David Gare	Nil	Nil	194,175	0.30%	388,350	0.49%	338,350	0.46%
Kate Rowe	Nil	Nil	194,175	0.30%	388,350	0.49%	338,350	0.46%
Clare Hughes	Nil	Nil	1,897,087	2.97%	2,294,175	2.87%	2,294,175	2.74%
Nicholas Mustoe	Nil	Nil	466,019	0.73%	932,039	1.17%	932,039	1.11%
Total	1,750,000	8.12%	18,579,126	29.09%	33,908,255	42.48%	37,958,255	45.25%

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Acquisition and any subsequent exercise of Director Option without triggering an obligation on the part of Concert Party to make a general offer to the Shareholders. The Panel has agreed, subject to Independent Shareholders' approval on a poll, to waive the possible requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of the Acquisition, the allotment of the Deferred Consideration Shares and exercise of Director Option.

The Waiver granted by the Panel relates only to Ordinary Shares held by Concert Party as a result of Deferred Consideration, the exercise of the Director's Option and the Acquisition and is conditional on the passing of Resolution 7 (as set out in the General Meeting Notice) by Independent Shareholders of the Company on a poll. The Acquisition is also conditional on the passing of Resolution 6.

Following Completion and the satisfaction of the performance targets as referred to in paragraphs 9.1(k) and (l) of Part V of this document the Concert Party will be interested in shares which carry more than 30 per cent. but will not hold more than 50 per cent. of the Company's voting share capital and, save for the exercise of the Director Option, any further increase in the number of shares in which it is interested will be subject to the provisions of Rule 9 of the Takeover Code.

Further details concerning members of the Concert Party are set out in Part III of this document.

8. Directors, Proposed Director and Key Management

(a) Directors

The Board currently comprises of the following directors:

David Evans (*Chairman, aged 53*)

David Evans has a proven track record in acquiring, integrating and growing businesses in the diagnostic area and in value creation, exemplified by his role at BBI Holdings plc where he grew the company through acquisition and organic growth, from a value of £4 million to a value of £84 million in 2007, when BBI was sold to Inverness Medical Innovations Inc. He was chairman of DxS Limited, which was sold three months after his departure in 2009 for £82 million. David was also chairman of Sirigen Group Limited, an early stage medical technology company that was sold in 2012 to Becton, Dickinson and Company, a global medical technology company. David was also previously Chairman of Immunodiagnosics Systems Holdings plc.

David is currently chairman of Epistem Holdings plc, EKF Diagnostic Holdings plc, Scancell Holdings plc, Omega Diagnostics Group plc and Venn Life Sciences Holdings plc.

Kevin Wilson (*Non-Executive Director, aged 62*)

Dr. Kevin Wilson was corporate finance director and head of the Manchester office for Arbutnot Securities. Kevin has spent over 25 years as a securities analyst and corporate finance adviser in both stockbroking and investment banking, providing advice to a wide range of smaller public and private companies. He is a visiting fellow at Lancaster and Manchester Business Schools and formerly a visiting professor at Lausanne and Geneva. Kevin is a director of AIM listed EKF Diagnostics plc and a former director of BBI Group plc.

Malcolm Gillies (*Non-Executive Director, aged 62*)

Malcolm is a director in several private companies mostly involved in the healthcare area including Aircraft Medical Limited; Antoxis Limited and Ohmedics Limited. He has previously held positions as a non-executive director in public companies and was company secretary at Axis-Shield plc. He has a background as a corporate finance lawyer, having been a senior partner with Shepherd+Wedderburn LLP.

The Directors have known each other for around 20 years and have historically worked together as investors and directors on several businesses.

Proposed Director

Stewart White (*Chief Executive Officer, aged 42*)

Dr Stewart White is currently CEO of Collbio and will be joining with recent and direct board experience of an AIM quoted company. Stewart has international experience in operations, business and product

development, and 'Good Manufacturing Practices' (GMP) compliant manufacturing of collagen medical devices, advanced biologics and APIs in both SMEs and global pharmaceuticals. Stewart is a graduate of the University of Strathclyde and holds a First Class degree in Applied Microbiology, a Ph.D. in Fermentation Technology and Bioprocessing and an MBA.

Key Employees

Diane Mitchell (*Chief Business Officer*)

Diane Mitchell is currently the CEO of Collagen Solutions and brings a wealth of sector experience in customer-facing roles dealing with a wide variety of companies who require collagen-based products and devices. Diane has held a number of commercial roles gained at companies such as Allergan and Inamed, in the form of business development, sales, marketing and distribution. Diane holds a degree in Business Administration and an MBA from the University of Phoenix.

Jacqueline Schroeder (*Chief Scientific Officer*)

Jacqueline Schroeder is currently the Chief Scientific Officer of Collagen Solutions and has worked in the biomedical polymer field since 1987 with companies such as Collagen Corporation, Cohesion, Allergan and Inamed. Jacqueline brings significant experience from product development through to scale-up and manufacturing. During her career Jacqueline has been co-inventor on 17 patents with most of these patents utilising collagen in medical devices. Jacqueline holds a BSc in Chemistry from the University of California, Santa Cruz.

Ross Andrews (*Operations Manager*)

Ross Andrews is an employee and shareholder of Collbio and fulfils the role of Operations Manager at Collbio. Ross has several years' experience in GMP clean room manufacturing, quality systems, project management, aseptic processing – including collagen-based medical devices. Ross has held positions with companies such as Sigma and Aptuit.

Keith Green (*Interim Finance Director*)

Keith Green is a chartered accountant who spent over twenty years in the accounting profession before joining a private life sciences company as finance director. During the past ten years he has taken on many consultancy and interim finance roles for private and AIM quoted companies in the life science sector and has been involved with the Company since May 2013.

9. Corporate Governance and Internal Controls

The Directors acknowledge the importance of the principles set out in the Corporate Governance Code. Although the Corporate Governance Code is not compulsory for AIM quoted companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

The Board meets regularly to consider strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Subject to the terms of the executive Directors' service contracts, Directors are subject to retirement by rotation and re-election by the Shareholders at annual general meetings each year, as required by the Articles of Association and any Director appointed by the Board shall hold office only until the next annual general meeting and shall then be eligible for election.

The Directors have already established an Audit and Risk committee. The Audit and Risk Committee has Kevin Wilson as Chairman, and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit and Risk Committee meets at least twice a year. Malcolm Gillies is the other member of the Audit and Risk Committee.

Upon Admission the Company will establish a Remuneration Committee and a Nominations Committee. The Remuneration Committee will comprise Malcolm Gillies as Chairman and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet no less than once every year. The other member of the Remuneration Committee will be Kevin Wilson.

The Nominations Committee will comprise Malcolm Gillies as Chairman and other members will be David Evans and Kevin Wilson. The Nominations Committee will meet no less than once every year.

The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and there are procedures in place to ensure compliance by the Company's applicable employees. The Company has a share dealing code which is appropriate for an AIM quoted company.

10. Change of Name

It is proposed to change the name of the Company to Collagen Solutions plc with effect from the General Meeting. Following the change of name the Company will issue new share certificates to those Shareholders holding shares in certificated form. Following the issue of new share certificates, share certificates in respect of Existing Ordinary Shares will no longer be valid. Shareholders will still be able to trade in Ordinary Shares during the period between the passing of the Resolutions and the date on which Shareholders receive new share certificates.

11. Dividend Policy

The Company will only commence trading if the Acquisition is completed and the Directors believe that it is inappropriate to give an indication of the future dividend policy at this time.

12. Lock-in Arrangements

Upon Admission, the Directors, the Proposed Director, Diane Mitchell, Jacqueline Schroeder and Ross Andrews (together, the "Locked-In Persons") will be interested in Ordinary Shares which together will represent 27.65 per cent. of the Enlarged Share Capital. The Locked-In Persons have each undertaken that, save in limited circumstances set out in Rule 7 of the AIM Rules, and in respect of the giving of an irrevocable undertaking in respect of, or an acceptance of, a take-over offer for the Company which is open to all Shareholders they will not, during a period of twelve months from the date of Admission, dispose of any interest in Ordinary Shares held by them. The Locked-In Persons have further agreed that for a further 12 months they will only dispose of shares under the terms of an orderly marketing arrangement, further details of which are set out in paragraph 9.1(i) of Part V of this document.

In addition, a shareholder interested in 2.99 per cent. of the Company's Existing Ordinary Shares has agreed that for 24 months post Completion, he will only dispose of shares under the terms of an orderly marketing arrangement, further details of which are set out in paragraph 9.1(h) of Part V of this document.

13. General Meeting

Set out at the end of this document is the notice convening the General Meeting to be held at 3 Robroyston Oval, Nova Technology Park, Glasgow G33 1AP on 27 December 2013 at 9.00 a.m. at which the Resolutions will be proposed to approve:

- the Acquisition and Collagen Solutions Acquisition;
- the change of name to Collagen Solutions plc;
- the Rule 9 Waiver;
- the allotment of the Consideration Shares);
- the authorisation of the Directors to allot Ordinary Shares; and
- the disapplication of the statutory pre-emption provisions to enable the Directors in certain circumstances to allot Ordinary Shares for cash other than on a pre-emptive basis.

14. Action to be taken by Shareholders

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Kent BR3 4TU as soon as possible, but in any event so as to be received by no later than 9.00 a.m. on 25 December 2013. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the General Meeting and voting in person should he or she so wish.

15. Risk factors

Shareholders should be aware of the potential risk factors set out in Part II of this document and to the section entitled "Forward Looking Statements" on page 2 of this document. Shareholders should, in addition to all other information set out in this document, carefully consider the risks described in those sections.

16. Related party transaction

The Acquisition is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules. This is due to the fact that, while David Evans and Kevin Wilson are directors of the Company, David Evans is a Vendor and a director of Collbio and David Evans and Kevin Wilson hold, in aggregate, 39.53 per cent. of the issued share capital of Collbio.

The Independent Director who is not involved in the transaction as a related party considers, having consulted with its nominated adviser Zeus Capital, that the terms of the Acquisition are fair and reasonable insofar as its shareholders are concerned.

17. Additional Information

You should read the whole of this document and not just rely on the information contained in this letter. Your attention is drawn to the information set out in Parts II to V (inclusive) of this document.

18. Recommendation

The Independent Director having been so advised by Cairn Financial Advisers LLP, pursuant to Rule 3 of the Takeover Code, considers the Proposals to be fair and reasonable and in the best interests of its Independent Shareholders and the Company as a whole.

In providing its advice, Cairn Financial Advisers LLP has taken account of the Independent Director's commercial assessments.

Accordingly the Independent Director recommends that Shareholders vote in favour of all of the Proposals at the General Meeting as he will himself.

Yours faithfully

David Evans
Non Executive Chairman

PART II

RISK FACTORS

The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Board consider that the factors and risks described below are the most significant in relation to an investment in the Enlarged Group and should be carefully considered, together with all the information contained in this document, prior to investing in the Ordinary Shares. It should be noted that the risks described below are not the only risks faced by the Enlarged Group and there may be additional risks that the Board currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Enlarged Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below is not set out in any order of priority. The Enlarged Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.

Risks Specific to the Enlarged Group

Business Risks

Integration

Success of the Enlarged Group will be dependent in part on the ability to integrate. Potential risks include the inability to address necessary financial and operational amalgamation. Failure to meet Board expectations could have an adverse effect on the future financial position of the Enlarged Group. These risks are mitigated by a Board and management team with the necessary experience of mergers and acquisitions in different geographies.

Strategy

The Directors believe in the strategic opportunity for the Enlarged Group to enhance revenues by leveraging existing customers, products and facilities in order to provide a comprehensive offering of a broad range of collagen raw material, development services and contract manufacturing for collagen based medical devices. Although confident in the strategy, the Board offer no certainty of performance of the Enlarged Group. If the strategy is unsuccessful there is likely to have a detrimental impact on the trading performance.

Key Contracts

Collbio is party to a contract with Cardium Therapeutics Inc dated 13 March 2013, pursuant to which Collbio manufactures the product Excellagen for Cardium. There is a risk that this agreement could come to an end on short notice and that Collbio would be prohibited from exploiting similar products thereby affecting the value of Shareholders' interests in the Enlarged Group.

Growth

The ability of the Enlarged Group to manage growth effectively, and implement its strategy, requires effective planning and management control systems. The pace of change required could place a significant strain on the Enlarged Group's management, operational, financial and personnel resources and could have a detrimental impact on trading performance of the Enlarged Group. However, the Enlarged Group has an experienced management team and a clear strategy for any required integration and management of the business growth.

Revenue

The group may be unable to generate sufficient revenue to achieve profitability. The success of the business is reliant upon sales of our collagen products, development services and contract manufacturing. The demand for collagen may decrease, or fail to increase, for a number of reasons outside our control:

- Existing or potential customers may decline or discontinue their use of collagen devices or may use other biomaterials;
- Existing or potential customers may decide to use other collagen suppliers or other source materials;
- Governmental reimbursement policies for collagen based therapies may change, influencing payor-related utilisation which may adversely affect our ability to generate revenue;
- Customer clinical trials may terminate.

Attraction and Retention of Key Employees

The Enlarged Group will depend on the Chairman, proposed Chief Executive Officer and other key employees and with whom it will enter into, prior to Admission, the necessary contractual arrangements. We have a talented and experienced management team and the responsibility for the success of this business rests with the proposed senior team. Key person insurance will be explored to provide a level of mitigation. However, initial and ongoing retention of these employees cannot be guaranteed. The loss of the services of any of the Chairman, Chief Executive Officer or other key employees could damage the Enlarged Group's business. The ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Enlarged Group may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Enlarged Group.

Regulatory Clearance

Business growth is, to an extent, dependent on customers obtaining appropriate regulatory clearances on its products from the relevant geographical regulatory agencies. If regulatory approvals are not obtained this is likely to have a detrimental effect on trading performance. In mitigation, the Group will review its own products in line with regulatory requirements to ensure that our raw materials are, where possible, fit for purpose and relevant regulatory approval.

Technology

Technologies in the medical devices market continue to evolve and there is a risk that the Enlarged Group's offering may become outdated as improvements in technology are made. However, the Board have confidence in the Enlarged Group's research and development capabilities to respond to such eventualities. Similarly, the Enlarged Group relies on information technology systems, and any failure of these systems or loss of data could expose us to liability which could harm our business. As with any modern business we rely on software for communication, marketing and maintaining financial systems. These information technology and communications systems could be subject to attack by third parties and cause elements of our operations to fail.

Facilities

Should our facilities become damaged or we are required to move to new facilities which requires notified body or competent authority certification, our ability to generate revenue may be affected. Any of the Enlarged Groups' facilities and equipment could be rendered inoperable as a result of natural or man-made disasters making it difficult or impossible to operate for an extended period of time. The Company has in place the necessary insurances for damage to property and the disruption of our business, however, this insurance may not cover all of the risks or our potential losses. Our ability to continue to obtain insurance cover on acceptable terms, may be affected.

Patents and Confidentiality

The Enlarged Group will aim to protect its trade secrets with third parties through confidentiality agreements, which if breached could affect our operations. The Enlarged Group will be reviewing potential for exploiting any intellectual property ("IP") discovered and may seek access to other intellectual property. This will require the Enlarged Group to avoid infringement and protect any novelty around its own products. This may mean

that the Enlarged Group may face opposition from third parties which could require significant cost, management time and therefore distract us from delivering products and services to customers. To assist, the Group engages reputable legal advisers to mitigate the risk of patent infringement and the protection of any IP. The Board cannot guarantee success in any future patent submission or defence, nor can any guarantee be given as to future changes in worldwide patent legislation.

Litigation

The use of our products within the medical device sector could lead to product liability claims if the occasion arose whereby our products were involved in an adverse event – a liability claim might result in damages and become costly and time-consuming for the Enlarged Group to defend. Such liabilities could exceed our resources. In mitigation, the Enlarged Group has product and professional liability insurance, but this may not fully protect us from financial damage.

The Enlarged Group could be negatively affected by violations of anti-bribery laws. With global operations, the Enlarged Group could be subject to malevolent abuse of the United Kingdom's Bribery Act of 2010, and other such laws in international locations. Such laws can be complex and any violations could affect operations and cause significant management distraction. Similarly, employees, consultants or other commercial partners could engage in misconduct, non-compliance, insider trading or other fraudulent activities.

In the normal course of Enlarged Group operations, some hazardous materials are used which may mean some liability for damages should they cause injury. Although health and safety policies exist we cannot eliminate the risk of accidental injury to employees or third parties. The cost of addressing such issues may be significant requiring management time.

Competition

The Enlarged Group will be carrying out business activities where there are competitors. Many of these competitors are larger and have access to greater funds than the Enlarged Group. However, the Directors believe that the Enlarged Group is poised to compete strongly and that there are sufficient barriers to entry to other competitors entering the same markets as the Enlarged Group. The Directors and the Proposed Director also believe that a fully resourced marketing campaign will provide significant benefits and further support ongoing sales in Europe and the USA, in addition to other territories – however, revenue returns on this resource investment are not guaranteed.

Suppliers

The Enlarged Group will have a limited number of suppliers or indeed sole suppliers, for some of our raw materials that we may not be able to find replacements for, or immediately transition to alternative suppliers. Our existing raw materials are, and will be, used in validated processes. The substitution of replacement raw materials into existing processes can occur, but these activities could impact on revenue generation as a result of delays in finding appropriate replacements, validating the replacements and as a result of the duration to obtain approval by relevant regulatory agencies.

The Enlarged Group uses collagen from bovine sources which have been utilised in the implantable medical devices for decades. Our materials are sourced from BSE-free territories, with suppliers who have the necessary quality systems, certifications and export health attestations in place to ensure that any such risks are reduced and mitigated to a negligible level, to the acceptance of the relevant regulatory agencies. Any change in the BSE-free status of our suppliers could impact our supply chain and therefore our ability to conduct our business and generate revenue.

Product Development

Product development will be an ongoing activity in the Enlarged Group. However, the Directors and the Proposed Director cannot guarantee that further products will be developed, successfully launched, or accepted by the market. That is, new product development can be a lengthy process and suffer delays and setbacks as yet unforeseen.

We expect to expand our offering with range of ready to use collagen materials. There can be no assurance that these will be successful or will meet customers' requirements. New products may require investment,

sales and marketing resources without guarantee of return or market share. The fast changing nature of the medical device industry may mean new products may be obsolete, causing our results and reputation to suffer.

Customer Base

The stability and future growth of the business is largely dependent on retaining the majority of the Enlarged Group's existing customers in addition to winning new customers. If the existing customer base is reduced in either number or value, this is likely to have a detrimental impact on the trading performance. If we cannot maintain current relationships, or establish new meaningful commercial relationships, revenue generation could be delayed.

External Environment

Economic Climate

The trading activities of the Enlarged Group will be influenced to a certain extent by the global economic environment which may have a detrimental effect on trading and operational activities and overall results of the Enlarged Group and investors should be aware of the risks involved. In the territories where we operate, or plan to operate, there may be health care reforms beyond our control which may negatively influence the usage of our products, and/or our customers' products, resulting in a negative impact on our business.

Currency Risk

The majority of the Enlarged Group's revenue will be obtained in currencies other than Sterling. Due to the unpredictable nature of currency exchange rates, the Company cannot guarantee against any losses which may be incurred as a result of variations in exchange rates. The Enlarged Group's performance may be subject to exchange rate fluctuations. In order to mitigate these risks around currency, the Board intends to implement a currency hedging policy.

General Risks

AIM

The Enlarged Share Capital will be admitted to AIM and it is emphasised that no application is being made for admission of any of the Ordinary Shares to the Official List or to any other stock exchange at this time. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. Further, the London Stock Exchange has not itself examined or approved the contents of this document. Any 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 authorised who specialises in the acquisition of shares and other securities.

As a public company, we will incur significant legal, accounting and other expenses due to our compliance with AIM regulations and the disclosure obligations applicable to us. Our management expects to devote substantial time to public company compliance.

Liquidity and Pricing

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Enlarged Group's sector and other events and factors outside of the Enlarged Group's control.

In addition, stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their Ordinary Shares in the Enlarged Group may be influenced by a number of factors, some of which may pertain to the Enlarged Group and others of which are external. These factors could include the performance of the Enlarged Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Enlarged Group's operating expenses, variations

in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Enlarged Group encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise an investment in the Enlarged Group than in a company whose shares are quoted on the Official List. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group's net assets.

Future Funding

Whilst the Directors and the Proposed Director have no current plans for raising additional capital immediately after the issue of the Collbio Consideration Shares and the Collagen Solution Consideration Shares and are of the opinion that the working capital available to the Enlarged Group will be sufficient for its present requirements, it is possible that the Company will need to raise extra capital in the future to develop fully the Enlarged Group's business or to take advantage of future acquisition opportunities. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or Shareholders.

If further financing is obtained by issuing equity securities or convertible debt securities, Shareholders' holdings of Ordinary Shares may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Directors and the Proposed Director may seek debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Company's ability to raise further finance and its ability to operate its business may be subject to restrictions.

A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Company to obtain new financing on attractive terms or even at all. If the Company's borrowings become more expensive, then the Company's profits will be adversely affected.

Investment Risk

Potential investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of the Ordinary Shares at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, is likely to be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend upon there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Enlarged Group and he/she may lose all his/her investment. The Ordinary Shares therefore may not be suitable as a short-term investment.

The Enlarged Group is an early, commercial-stage company with limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

In the future, financial analysts may publish research about our business or use negative language which could cause the price of our shares to decline. In mitigation, the Directors and proposed Director will ensure that the Enlarged Group retain necessary professional advice – however, the business will be subject to external independent opinion which will not be within its control.

The Enlarged Group does not foresee payment of dividends in the short term, but rather we will retain our future earnings, if any, to fund the development and growth of our business.

Economic, Political, Judicial, Administrative, Taxation or Other Regulatory Matters

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters. The international nature of our business, the location of our facilities, the markets and territories we currently operate in, and plan to expand into, will provide the necessary opportunities to the business, but will also expose the business to multiple

governmental regulatory requirements and legislation which may have an adverse effect on Enlarged Group performance

Taxation

Tax rules and their interpretation relating to any investment in the Enlarged Group may change during its lifetime. Any such change in the Enlarged Group's tax status, taxation legislation, or interpretation could affect the value of the investments held in the Enlarged Group, or, the Enlarged Group's ability to provide returns to Shareholders or could change post-tax returns to Shareholders. Representations in this document concerning the taxation of the Enlarged Group and its investors are based upon current tax law and practice which is, in principle, subject to change.

EIS and VCT Relief

The Company has previously applied for clearance from HM Revenue and Customs that it is a qualifying company for EIS and VCT purposes. HM Revenue and Customs will not consider this until either a VCT investment is imminent or EIS 1 Forms are submitted. The Company intends to submit EIS Forms four months after commencing to trade. The Enlarged Group cannot guarantee to conduct its activities in such a way as to ensure its status as a qualifying EIS or VCT investment.

Legislation and Tax Status

This document has been prepared on the basis of current legislation, regulations, rules and practices and the Directors' and the Proposed Director's interpretation thereof. Such interpretation may not be correct and it is always possible that legislation regulations, rules and practices may change. Any change in legislation and in particular in tax status or tax residence of the Enlarged Group or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Enlarged Group.

Prospective investors are strongly recommended to consult an investment adviser authorised under FSMA, who specialises in advising on investments of this nature before making any decision to invest in the Ordinary Shares.

PART III

INFORMATION ON THE CONCERT PARTY

1. Composition of the Concert Party

The Concert Party comprises of David Evans, Ross Andrews, Stewart White, Alex Clarkson, Kevin Wilson, Chris Brinsmead, Stephen O'Hara, Doug Wilson, Peter Whitehurst, Jan Rodgers, Neil McArthur, Adrian Gare, David Gare, Kate Rowe, Nicholas Mustoe and Claire Hughes.

The address for each of the individual members of the Concert Party is 3 Robroyston Oval, Nova Technology Park, Glasgow G33 1AP.

David Evans: David Evans has a proven track record in acquiring, integrating and growing businesses in the diagnostic area and in value creation, exemplified by his role at BBI Holdings plc where he grew the company through acquisition and organic growth, to a value of £84 million in 2007, when BBI was sold to Inverness Medical Innovations Inc. He was chairman of DxS Limited, which was sold in 2009 for £82 million. David was also chairman of Sirigen Group Limited, an early stage medical technology company that was sold in 2012 to Becton, Dickinson and Company, a global medical technology company. David was also previously Chairman of Immunodiagnostics Systems Holdings plc.

David is currently chairman of Epistem Holdings plc, EKF Diagnostic Holdings plc and Scancell Holdings plc. David is also chairman of Omega Diagnostics Group plc and Venn Life Sciences Holdings plc. He is also a director and shareholder of Diagnostic Capital Limited.

Ross Andrews: Ross is an employee and shareholder of Collbio where he fulfills the role of Operations Manager. Ross has several years' experience in GMP clean room manufacturing, Quality Systems, project management, aseptic processing – including collagen-based medical devices. Ross has held positions with companies such as Sigma-Aldrich Corp. and Aptuit LLC.

Stewart White: Dr Stewart White is currently CEO of Collbio and will be joining with recent and direct board experience of an AIM-quoted company. Stewart has international experience in operations, business and product development, and the GMP manufacturing of collagen medical devices, advanced biologics and APIs in both SMEs and global pharmaceuticals. Stewart is a graduate of the University of Strathclyde and holds a First Class degree in Applied Microbiology, a Ph.D. in Fermentation Technology and Bioprocessing and an MBA.

Alex Clarkson: Alex is an experienced corporate financier, a Chartered Accountant and Chartered Member of the Institute for Securities and Investment, with a broad range of stock market, private equity, high net worth and banking relationships. He is a director and shareholder of Diagnostic Capital Limited and a former employee and current 4.5 per cent. shareholder of Zeus Capital.

Kevin Wilson: Dr Kevin Wilson has been a former corporate finance director with a number of stock-broking companies during the past thirty years and also spent four years with Natwest Markets. He sits on the boards of EKF Diagnostic Holdings plc, Arcis, Altos Ltd and The Big Life Group of companies. He is a director and shareholder of Diagnostic Capital Ltd. He is an author and also lectures in finance at both Manchester Business School and Lancaster Management School. He is an original investor in Collbio and is also a consultant to Zeus Capital, for which he is remunerated £30,000 per annum.

Stephen O'Hara: Stephen O'Hara is a scientist who has spent 30 years working in healthcare and lifesciences. Stephen started his career in the National Health Service (NHS) where he was responsible for delivering diagnostics services within a large University Teaching Hospital. He left the NHS to found The Asset Pool and Acolyte Biomedcia before joining 3M healthcare as a Director. Subsequently he became a Director of a NHS hospital, CEO of Intelligent Biotech, CEO of OptiBiotix Health, and NED of Diagnostic Capital. Stephen has authored over 40 articles including chapters in three books and been an editorial referee for numerous Life Science Journals.

Chris Brinsmead: Chris is a senior executive and Director with general management and commercial leadership experience gained nationally and internationally in the pharmaceutical industry within executive and non-executive roles. Chris currently serves in a number of roles which include the position of Chair of

Diagnostic Capital Limited, Proteus Digital Health Inc Europe and Proveca Ltd, in addition to non-executive roles with Domino Printing Science plc, Wesleyan Assurance Society, United Drug plc and Kinapse Ltd. Chris will play no active role in the enlarged group and be a passive shareholder.

Doug Wilson: Douglas is the son of Dr Kevin Wilson and invested in Collbio at his suggestion. Doug qualified as an ACA with PwC. He is currently self-employed and works in the marine engineering industry. He is a passive investor and will play no role in the enlarged group. He is not an active investor in other companies.

Peter Whitehurst: Peter Whitehurst qualified as a Chartered Accountant with Ernst & Young in the early nineties before joining Cable & Wireless plc and then Gallaher Group plc. In 2000 Peter joined SSL International plc and joined their Management Board in 2005 running Technology and the R&D/Innovation function. Peter helped transition the business to Reckitt Benckiser after their £2.54 billion acquisition of SSL in late 2010. In early 2011 Peter joined Arcis Biotechnology as CEO and has overseen a five-fold increase in shareholder value to date. Peter is a Non-Executive Director of The Brand Cloud, a consumer skincare business.

Jan Rodgers: Jan is currently the CSO at ArcisAltos developing and commercialising a range of antimicrobial products and related technologies. She has over 20 years' experience developing medical devices for both the consumer and professional market and has held senior R&D management roles at SSL International, Regent Medical, Molnlycke, and Convatec. Whilst at Convatec Jan was responsible for the Hydrofiber Technology (Aquacel and Aquacel Ag) and delivering a pipeline of products. Jan has a PhD in Surface Chemistry from the University of Reading and an MBA specializing in Innovation from the University of Bath.

Neil McArthur: Neil is a founder of Opal Telecom which was acquired by The Carphone Warehouse Group in 2002 and became its UK fixed Line division now called the TalkTalk group. After seven years as Managing Director of the technology division, Neil became Talk Talk's chairman in 2009. TalkTalk technology runs and develops the Group's next generation network and services. Neil is an engineer and has worked in telecommunications networks for the last 14 years. He is also Chairman and a trustee of the Hamilton Davies Charitable Trust which supports community projects and regeneration in the communities of Irlam, Cadishead and Rixton-with-Glazebrook.

Adrian Gare: Adrian Gare is a qualified chartered accountant with over 15 years of experience in corporate finance. Adrian started his career at Ernst and Young in Manchester and subsequently held senior managerial roles at BDO Stoy Hayward and Baker Tilly. Over recent years Adrian has worked in Industry and is M&A Director of Instem plc and Non Exec Director of Ionix Systems (Leigh) Limited , Greenfold Systems Limited and Greenfold Partners Limited.

David Gare: David is Non-Executive Chairman of Instem Plc. Instem Plc is an AIM listed company providing IT solutions to the life science market. David was a founder member of the Company's former parent, Instem Limited and led the resulting businesses through most of their history. David successfully achieved a succession of strategic developments for Instem Limited, including its sale to Kratos Inc in 1976, its MBO in 1983, its flotation on the USM in 1984, its flotation on the Official List in 1996, its public to private and demerger in 1998 and the buyout of Instem LSS Limited from Alchemy Partners in 2002.

Kate Rowe: Kate Rowe is the wife of Peter Rowe. Following a directorship at BWD Rensburg, Peter joined TD Waterhouse as head of Institutional equities, a business that consistently achieved top ratings by institutional fund managers. Subsequently he established his own boutique corporate advisory business and until recently was with the corporate sales team at Zeus Capital.

Nicholas Mustoe: Nick started his career in 1984. He worked in top London Advertising agencies across many clients including Tesco, Heineken, Whitbread, Vauxhall, Wicks, Weetabix, Bauer Publishing and Hanson Group Companies. Demonstrating his entrepreneurial spirit, Nick started his own agency Mustoes Merriman Levy in 1993, which he ran as an independent agency for 15 years. During this time, the agency managed clients including Kia Cars, Lloyds pharmacy, Doctor Marten, Bauer Publishing, Coca-Cola and Unilever. In 2008, Nick played a key role in the merger between Mustoes and Geronimo PR to form Kindred, which he now heads up as MD.

Claire Hughes: Claire is the wife of Richard Hughes. Richard has over 25 years' experience of corporate activity including flotations, capital raisings and mergers and acquisitions for both public and private companies. He was a founding partner of Zeus Capital.

Interests and dealings

1.1 For the purposes of this paragraph 2:

- 1.1.1 "acting in concert" has the meaning attributed to it in the Takeover Code.
- 1.1.2 "arrangement" includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.
- 1.1.3 "connected person" has the meaning attributed to it in section 252 of the Act.
- 1.1.4 "control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control.
- 1.1.5 "dealing" or "dealt" includes the following:
 - (a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
 - (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (c) subscribing or agreeing to subscribe for relevant securities;
 - (d) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
 - (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; or
 - (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position.
- 1.1.6 "derivative" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security.
- 1.1.7 "disclosure date" means the Latest Practicable Date.
- 1.1.8 "disclosure period" means the period commencing on 9 December 2012, being the date 12 months prior to the date of the posting of this document and ending on the disclosure date.
- 1.1.9 being "interested" in relevant securities includes where a person:
 - (a) owns relevant securities;
 - (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it.
- 1.1.10 "relevant securities" means shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

1.1.11 “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

1.2 As at the close of business on the disclosure date, the interests of the members of the Concert Party and their immediate families, related trusts and the interests of persons connected with them in the issued share capital of the Company (and showing the effect on those interests as if the Acquisition were completed on the assumption that (i) no other changes to the issued share capital occur during the period; and (ii) all of the Consideration Shares are issued) were as follows:

	<i>Current interests in Healthcare Investment Opportunities</i>		<i>Proposed interests in Healthcare Investment Opportunities on Admission</i>		<i>Proposed interest in Healthcare Investment Opportunities should all performance targets be met</i>		<i>Proposed interest in Healthcare Investment Opportunities should all performance targets be met and the Director Option be exercised</i>	
	<i>No. of shares</i>	<i>% of issued share capital</i>	<i>No. of Healthcare Investment Opportunities Shares</i>	<i>% of Enlarged Share Capital</i>	<i>No. of Healthcare Investment Opportunities Shares</i>	<i>% of Enlarged Share Capital</i>	<i>No. of Healthcare Investment Opportunities Shares</i>	<i>% of Enlarged Share Capital</i>
David Evans	125,000	0.31%	5,495,874	8.61%	10,866,748	13.61%	14,916,748	17.78%
Kevin Wilson	125,000	0.31%	1,078,010	1.69%	2,031,019	2.54%	2,031,019	2.42%
Ross Andrews	Nil	Nil	387,961	0.61%	775,922	0.97%	775,922	0.93%
Stewart White	Nil	Nil	3,107,184	4.87%	6,214,369	7.78%	6,214,369	7.41%
Alex Clarkson	Nil	Nil	1,099,805	1.72%	2,199,612	2.76%	2,199,612	2.62%
Chris Brinsmead	Nil	Nil	560,000	0.88%	1,120,000	1.40%	1,120,000	1.34%
Stephen O'Hara	Nil	Nil	365,825	0.57%	731,650	0.92%	731,650	0.87%
Doug Wilson	Nil	Nil	388,350	0.61%	776,699	0.97%	776,699	0.93%
Neil McArthur	1,500,000	3.69%	2,470,874	3.87%	3,441,748	4.31%	3,441,748	4.10%
Peter Whitehurst	Nil	Nil	485,437	0.76%	970,874	1.22%	970,874	1.16%
Jan Rodgers	Nil	Nil	194,175	0.30%	388,350	0.49%	388,350	0.46%
Adrian Gare	Nil	Nil	194,175	0.30%	388,350	0.49%	388,350	0.46%
David Gare	Nil	Nil	194,175	0.30%	388,350	0.49%	388,350	0.46%
Kate Rowe	Nil	Nil	194,175	0.30%	388,350	0.49%	388,350	0.46%
Clare Hughes	Nil	Nil	1,897,087	2.97%	2,294,175	2.87%	2,294,175	2.74%
Nicholas Mustoe	Nil	Nil	466,019	0.73%	932,039	1.17%	932,039	1.11%
Total	1,750,000	8.12%	18,579,126	29.09%	33,908,255	42.48%	37,958,255	45.25%

1.3 During the disclosure period, no dealings in Ordinary Shares or shares in Collbio have taken place by the Directors, the Proposed Director or members of the Concert Party save for:

1.3.1 the subscription by David Evans, Kevin Wilson and Neil McArthur in the Company at the date of its admission on 5 April 2013;

1.3.2 The following acquisitions of shares in Collbio at the time Collbio was acquired from the administrators on 13 March 2013:

- Alex Clarkson: 11,327;
- David Evans: 45,320;
- Stewart White: 32,004;
- Kevin Wilson: 9,816;
- Chris Brinsmead: 3,768;
- Stephen O'Hara: 3,768;
- Ross Andrews: 3,996; and

1.3.3 the acquisition of an additional 10,000 shares on 22 April 2013 by David Evans, satisfied by capitalising £25,000 of his loan to the Company.

- 1.4 Save as disclosed in this document, as at the close of business on the disclosure date:
- 1.4.1 no member of the Concert Party nor any person acting in concert with any member of the Concert Party had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to, any relevant securities in the Company, nor had any of them dealt in any relevant securities in the Company during the disclosure period;
 - 1.4.2 there are no relevant securities of the Company in respect of which any member of the Concert Party nor any person acting in concert with any member of the Concert Party has borrowed or lent at any time during the disclosure period;
 - 1.4.3 the Company has not redeemed or purchased any relevant securities in the Company during the disclosure period;
 - 1.4.4 neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to any shares in Healthcare Investment Opportunities nor had any of them dealt in any relevant securities in Healthcare Investment Opportunities during the disclosure period;
 - 1.4.5 neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to any relevant securities in the Company nor had any of them dealt in any relevant securities in the Company during the disclosure period;
 - 1.4.6 there are no relevant securities of the Company in respect of which any of the Directors or any person acting in concert with the Company has borrowed or lent at any time during the disclosure period.
- 1.5 Save as disclosed in this document:
- 1.5.1 no agreement, arrangement or understanding (including any compensation arrangement) exists in relation to a transfer or otherwise between any member of the Concert Party or any person acting in concert with a member of the Concert Party and any of the Directors, recent directors, Shareholders or recent Shareholders in the Company having any connection with or dependence upon the Proposals; and
 - 1.5.2 there is no agreement, arrangement or understanding whereby the beneficial ownership of the Consideration Shares to be issued to the Concert Party pursuant to the Acquisition will be transferred to any other person.

2. Intentions of the Concert Party

Save as described in Part I of this document, the Concert Party is not intending to seek any changes to the Board and has confirmed that it is its intention that, following Completion, the business of Collbio would become the business of Healthcare Investment Opportunities and would be continued in substantially the same manner as it is at present.

With this in mind, there will be no repercussions on employment or the location of the Company's places of business and no redeployment of the Company's fixed assets. The Concert Party is also not intending to prejudice the existing employment rights, including pension rights, of any of the employees or management of the Enlarged Group nor to procure any material change in the conditions of employment of any such employees or management or to take any steps to amend the Company's share trading facilities in force at the date of this document.

PART IV
SECTION A

**UNAUDITED INTERIM FINANCIAL INFORMATION ON HEALTHCARE INVESTMENT
OPPORTUNITIES PLC FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

Unaudited Statement of Comprehensive Income

for the six months to 30 September, 2013

	<i>Unaudited six months to 30/09/2013 £</i>
Continuing operations	
Administrative expenses	(62,631)
OPERATING LOSS	(62,631)
Interest receivable and similar income	–
LOSS BEFORE TAXATION	(62,631)
Tax on loss on ordinary activities	–
LOSS FOR THE PERIOD	<u>(62,631)</u>
Other comprehensive income, net of tax	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u><u>(62,631)</u></u>
LOSS PER ORDINARY SHARE (PENCE)	
Basic (Note 2)	(0.15)p
Diluted (Note 2)	(0.15)p

Unaudited Statement of Changes in Equity

for the six month period to 30 September, 2013

	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Retained earnings £</i>	<i>Total Equity £</i>
(Loss) for the six month period	–	–	(62,631)	(62,631)
Funds raised	405,000	3,645,000	–	4,050,000
Issue expenses	–	(360,060)	–	(360,060)
At 30 September, 2013	<u>405,000</u>	<u>3,284,940</u>	<u>(62,631)</u>	<u>3,627,309</u>

Unaudited Statement of Financial Position

as at 30 September 2013

	<i>Unaudited</i> 30/09/2013 £
ASSETS	
Current assets	
Cash and cash equivalents	3,632,309
	<u>3,632,309</u>
TOTAL ASSETS	<u>3,632,309</u>
LIABILITIES	
Current liabilities	
Trade and other payables	5,000
	<u>5,000</u>
NET CURRENT ASSETS	<u>3,627,309</u>
NET ASSETS	<u>3,627,309</u>
TOTAL EQUITY	
Called up share capital	405,000
Share premium account	3,284,940
Retained earnings	(62,631)
	<u>3,627,309</u>

Unaudited Cash Flow Statement

for the six month period to 30 September 2013

	<i>Unaudited</i> 6 months 30/09/2013 £
Cash flows from operating activities	
Operating (loss) for the period	(62,631)
Increase in trade and other payables	5,000
	<u>(57,631)</u>
Cash generated from operations	(57,631)
Income taxes received	–
	<u>(57,631)</u>
Net cash used in operating activities	<u>(57,631)</u>
Cash flows from financing activities	
Proceeds from issue of share capital	4,050,000
Expenses of share issue	(360,060)
	<u>3,689,940</u>
Net cash generated from financing activities	<u>3,689,940</u>
Net increase in cash and cash equivalents	<u>3,632,309</u>
Cash and cash equivalents at end of the period	<u>3,632,309</u>

Notes to the Interim Financial Statements

for the period to 30 September, 2013

1 Basis of preparation

The interim financial statements have been prepared in accordance with the AIM rules and on the basis of all International Financial Reporting Standards (“IFRS”) as adopted by the European Union that are expected to be applicable to the Company’s statutory accounts for the year ended 31st March 2014. The interim financial statements are unaudited and were approved by the Directors on 9 December 2013. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Company has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups, in the preparation of these interim financial statements.

The Company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The financial information of Healthcare Investment Opportunities plc is presented in Pounds Sterling (£), which is also the functional currency of the Company.

Key sources of estimation and uncertainty

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as intangible assets. Although these estimates are based upon management’s best knowledge of the amount event or actions, actual results may ultimately differ from those estimates. In the process of applying the Company’s accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Identification and valuation of intangible assets on acquisition

The directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential and other relevant factors. These fair values will be reviewed for indications of impairment annually.

Segmental analysis

The directors believe that the company’s activities comprise one operational segment and consequently segmental analysis by business segment is not considered necessary.

Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any costs related to the acquisition are expensed in the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of assets and liabilities is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Acquisitions:

On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the income statement. Impairment is determined by comparing

the recoverable amount of goodwill with its carrying value. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the income statement to its recoverable amount.

The results and cash flows relating to the business are included in the consolidated accounts from the date of combination.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense, in the Income Statement. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the income statement to its recoverable amount less costs to sell.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if amortisation of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxation profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary differences can be utilised.

Deferred tax is provided on temporary differences arising in the subsidiary company except where the timing of reversal of the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected to fall from the manner in which the asset or liability is recovered or settled.

Investments

Investments in subsidiaries are stated at cost less any provisions for impairment. An impairment is recognised when the recoverable amount of the investment is less than the carrying amount.

Research and development

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

An internally generated asset arising from the group's development activities is only recognised if all of the following criteria are met:

- technical feasibility of completing the intangible asset so that it will be available for sale
- intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- the intangible asset will generate future economic benefit
- resources are available both technically and financially in order to complete the development.

In the case of development projects undertaken by the group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Foreign currencies

Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the profit and loss account as they arise.

Cash

Cash includes cash-in-hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Retained earnings include all current and prior period results as disclosed in the income statement.

2. Loss per share

Basic loss per share, from continuing operations, is calculated by dividing the earnings attributable to ordinary Shareholders by the weighted average number of ordinary shares outstanding during the year.

The calculations of earnings per share are based on the following losses and numbers of shares.

	<i>6 months to 30/09/2013</i>
Loss after taxation	(62,631)
Weighted average number of shares	40,500,000
Basic earnings per share	(0.15)p

At 30 September, 2013 the Company had 40,500,000 Ordinary Shares of 1p in issue.

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the six months ended 30 September 2013 are identical to those used for the basic earnings per share.

3. Interim results

These results were approved by the Board of Directors on 9 December 2013.

SECTION B

HISTORICAL FINANCIAL INFORMATION ON COLLBIO LIMITED

The historical financial information for Collbio Limited (“Collbio”) is set out in Section B of this Part IV. This financial information comprises information for Collbio Limited for the period 26 February 2013 to 30 September 2013.

The Directors and Proposed Director of Healthcare Investment Opportunities plc (“the Company”) are required to prepare the financial information in a form consistent with that which will be adopted in the Company’s next published annual financial statements having regard to the accounting standards and policies and legislation applicable to such annual financial statements. In accordance with the legislation applicable within the United Kingdom, the financial information is required to give a true and fair view of the state of affairs of Collbio Limited for that period.

In preparing that financial information, the Directors and Proposed Director are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the financial information on the going concern basis unless it is inappropriate to presume that Collbio Limited will continue in business.

Section C of this Part IV sets out a report from Baker Tilly Corporate Finance LLP, the Reporting Accountants, required by Paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if they had been applied by part (a) of Schedule Two to the AIM Rules and given for the purpose of complying with that paragraph and for no other purpose.

Statement of Comprehensive Income

For the period 26 February 2013 to 30 September 2013

	Note	£
Revenue		10,000
Cost of sales		(7,178)
Gross profit		2,822
Administrative expenses		(206,704)
Other income		6,299
Loss from operations and loss before taxation	6	(197,583)
Taxation	8	–
Total comprehensive loss for the period attributable to Shareholders		(197,583)
Loss per share (basic and diluted)	9	(155p)

All operations were continuing throughout the period

Statement of Financial Position

As at 30 September 2013

	Note	£
Assets		
Property plant and equipment	10	27,500
Investments	11	–
Total Non-current assets		27,500
Inventories	12	3,040
Trade and other receivables	13	67,930
Cash and cash equivalents	14	41,874
Total current assets		112,844
Total assets		140,344
Liabilities		
Trade and other payables	15	39,459
Loans	16	38,468
Total current liabilities		77,927
Net current assets		34,917
Net assets		62,417
Equity		
Share capital	18	16,480
Share premium account	18	243,520
Retained deficit		(197,583)
Equity attributable to Shareholders		62,417

Statement of Changes in Equity

For the period 26 February to 30 September 2013

	Note	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
Total comprehensive loss for the period		<u>–</u>	<u>–</u>	<u>(197,583)</u>	<u>(197,583)</u>
Transactions with owners					
Share issue	18	16,480	243,520	–	260,000
Balance at 30 September 2013		<u>16,480</u>	<u>243,520</u>	<u>(197,583)</u>	<u>62,417</u>

Statement of Cash Flows

For the period 26 February 2013 to 30 September 2013

	Note	£
Cash flow from operating activities		
Loss before taxation		(197,583)
Increase in inventories	12	(3,040)
Increase in trade and other receivables	13	(67,930)
Increase in trade payables and other payables	15	39,459
Cash used in operations		<u>(229,094)</u>
Cash flows from investing activities		
Purchase of plant and equipment	10	<u>(27,500)</u>
Net cash used in investing activities		<u>(27,500)</u>
Cash flows from financing activities		
Proceeds from the issue of share capital	18	260,000
Proceeds from borrowings	16	38,468
Net cash from financing activities		<u>298,468</u>
Net increase in cash and cash equivalents		41,874
Cash and cash equivalents at start of period		<u>–</u>
Cash and cash equivalents at end of period	14	<u><u>41,874</u></u>

Notes to the Historical Financial Information

For the period 26 February 2013 to 30 September 2013

1. General Information

1.1 Business Description

Collbio Limited ("Collbio") manufactures medical grade collagen components for use in regenerative medicine, medical devices and in-vitro diagnostics.

Collbio was incorporated on 26 February 2013 and is domiciled in the UK.

Collbio acquired the assets of Angel Biomedical Limited from the administrators in March 2013.

1.2 Basis of preparation

This financial information ("Financial Information") has been prepared on a going concern basis under the historical cost convention and is in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the International Financial Reporting Standards Interpretations Committee interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and early adopted as at the time of preparing this Financial Information.

The preparation of 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 Financial Information, are disclosed in note 5.

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

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

2.1 Foreign currencies

(a) Functional and presentational currency

Items included in the Financial Information are measured using the currency of the primary economic environment in which Collbio operates ("the functional currency") which is UK sterling (£). The financial information is presented in UK sterling (£), which is Collbio's presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-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.

2.2 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. Depending on the contractual terms, revenue is recognised based on the level of work completed to date in respect of each individual element of the contract. Laboratory services are recognised on a fee-for-service basis. The difference between the amount of revenue recognised and the amount invoiced on a particular contract is included in the statement of financial position as deferred income.

Normally amounts become billable in advance upon the achievement of certain milestones, in accordance with agreed payment schedules included in the contract or on submission of appropriate detail. Any cash payments received as a result of this advance billing are not representative of revenue earned on the contract, as revenues are recognised over the period in which the specified contractual obligations are fulfilled. Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities. In the event of contract termination, if the value of work performed and recognised as revenue is greater than aggregate milestone billings at the date of termination, cancellation clauses provide for Collbio to be paid for all work performed to the termination date.

2.3 **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. Tangible 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 when they are first used, over the following periods:

- Plant and machinery 5 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.

At each reporting date, Collbio reviews the carrying amounts of its 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, Collbio estimates 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.

2.4 **Inventories**

Inventories are reported at the lower of cost (purchase price and/or production cost) and net realisable value. In determining net realisable value, any costs of completion and selling costs are deducted from the realisable value. Inventories comprise completed product and work in process. The cost of inventory is calculated using the weighted average cost method. The cost included within inventories comprises direct materials and, where applicable, direct labour costs and an attributable portion of production overheads incurred in bringing the inventories to their present location and condition. Adjustments are made for any inventories with a lower net realisable value or which are considered obsolete. Any inventories which the Directors consider as not useable on future commercial engagements are fully written off to the Statement of Comprehensive Income.

2.5 **Current and deferred tax**

The tax expense/(credit) represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities. Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Collbio's liability for current tax is calculated by using tax rates that have been substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax 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 the deferred tax 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 Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.6 **Operating leases**

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.7 **Government Grants**

Government Grants of a revenue nature are shown as Other Income on an accruals basis.

A Grant which has been claimed but not paid to Collbio is shown as Other Receivables provided it is expected to be paid.

2.8 **Accounting developments**

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

- IFRS 1 (amended) Government Loans
- IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Liabilities
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 10, IFRS 12, IAS 27 Investment entities (amended)
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- IAS 32 (amended) Offsetting Financial Assets and Liabilities

Where relevant, Collbio is still evaluating the effect of these Standards issued but not yet effective, on the presentation of its financial information.

3. Financial Instruments

Financial assets and financial liabilities are recognised in Collbio's statement of financial position when Collbio 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.

3.1 Trade receivables

Trade 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.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise 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.

3.3 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.

4. Financial Risk Management

4.1 Financial Risk Factors

Collbio's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Collbio's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Collbio's financial performance. Risk management is carried out by the Board of 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 commodity prices, interest rates and foreign exchange rates.
- (b) Credit risk is the financial loss to Collbio if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from Collbio's cash and cash equivalents and receivables balances.
- (c) Liquidity risk is the risk that Collbio will not be able to meet its financial obligations as they fall due. This risk relates to Collbio's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of Collbio's liquidity and cash and cash equivalents based on expected cash flow.

4.2 Capital risk management

Collbio is funded principally by equity although short-term loans have been utilised during the review period of this Financial Information. The components of Shareholders' equity are as follows:

- (a) The share capital and the share premium account arising on the issue of shares.
- (b) The retained deficit reflecting losses incurred to date.

Collbio's 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 of Collbio is managed and adjusted to reflect changes in economic conditions. Collbio funds its expenditures on

commitments 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 by the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet Collbio's commitments and development plans.

4.3 **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 Collbio's significant accounting judgements and critical accounting estimates are set out in this financial information and include:

5.1 **Going Concern**

The assessment of Collbio's ability to execute its strategy by funding future working capital involves judgement. The Directors monitor future cash requirements to assess Collbio's ability to meet these funding requirements.

5.2 **Revenue, deferred income and accrued income**

Revenue is recognised based on the level of work completed to date. The recognition of revenue (and hence the related deferred and accrued income balances) requires the Directors to make assumptions in relation to the level of work done to date and the costs to complete each project. In carrying out this task, the Directors consider the contract value for each individual element of the contract and split this amount on a straight line basis over the anticipated time period in which that element is to be completed. At each period end, the Directors review each individual contract to assess whether any anticipated losses exist, which are recognised immediately.

5.3 **Recoverability of deferred tax assets**

Deferred tax assets are recognised only 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 profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability 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 period.

5.4 **Segmental Information**

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 Collbio. Collbio has therefore determined that it has only one reportable segment under IFRS8, as described in Note 1.

Collbio's revenue, results, and assets for this one reportable segment can be determined by reference to its statement of comprehensive income and statement of financial position. Collbio carries out all its activities from a single location in the UK and as such only has a single geographic segment. During the period, only one customer generated revenue.

6. Loss from operations

The loss for the period has been arrived at after charging:

	£
Staff costs (see Note 7)	95,145
Depreciation on owned property, plant and equipment	–
Auditors' remuneration	–
Operating lease costs – land and buildings	17,096

The aggregate cost of sales and administrative expenses by nature is as follows:

Staff costs	95,145
Premises and equipment	73,298
Insurance	8,639
Professional fees	3,510
Other costs	33,290
	<u>213,882</u>

7. Staff Costs

The average number of employees (including executive directors) employed was:

	<i>Number</i>
Management, administration and business development	2
Operations and quality management	2
	<u>4</u>

The aggregate remuneration comprised (including Directors):

	£
Wages and salaries	92,375
Social security costs	2,770
Pension contributions	–
	<u>95,145</u>

The remuneration of the Executive Director, who constitutes the key management personnel of Collbio, is shown in Note 21 (Related Parties).

8. Taxation

	£
Current tax	–
	<u>–</u>
Factors affecting the tax charge for the period:	
The tax assessed for the period is lower than the UK corporate tax rate of 20 per cent. as explained below:	
Loss before taxation	(197,583)
	<u>(197,583)</u>
Tax at the UK corporate tax rate	(39,517)
Expenses not deductible for tax purposes	552
Losses not recognised as deferred tax	38,965
	<u>–</u>
Tax for the period	–
	<u>–</u>
Unrecognised deferred tax asset	38,965
	<u>38,965</u>

The unrecognised deferred tax asset relates to losses. This has not been recognised as an asset in the Statement of Financial Position due to the uncertain timing of its crystallisation.

9. Loss per share

Basic loss per share amounts are calculated by dividing the net loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. In the case of diluted amounts, the denominator also includes ordinary shares that would be issued if any dilutive potential ordinary shares were converted. The basic and diluted calculations are based on the following:

	£
Loss for the period	<u>197,583</u>
	<i>Number</i>
Weighted average number of shares	<u>127,778</u>
Basic and diluted loss per share	155p

10. Property, plant and equipment

	£
Cost:	
Additions	<u>27,500</u>
At 30 September 2013	<u>27,500</u>
Accumulated depreciation:	
Charge for the period	–
At 30 September 2013	–
Carrying amount:	
At 30 September 2013	<u>27,500</u>

11. Investments

	£
Carrying amount:	
At 30 September 2013	—
	<u> </u>

The investment consists of 50 ordinary 1 penny shares in Jellagen Pty Ltd, a company involved in the production of Collagen. These were acquired at nominal value in July 2013 and represent a 5 per cent. holding.

12. Inventories

	£
Consumables	3,040
	<u> </u>

Inventories expensed in the statement of comprehensive income are shown within cost of sales. All inventories are carried at the lower of cost and net realisable value. In the period to 30 September 2013 no inventories were written down.

13. Trade and other receivables

	£
Trade receivables	12,000
Allowance for impairment losses	—
	<u> </u>
	12,000
VAT recoverable	23,343
Other receivables	16,099
Prepayments	16,488
Accrued income	—
	<u> </u>
	<u>67,930</u>

Contractual payment terms with Collbio's customers are typically 20 days. At 30 September 2013 Collbio had a single trade debt due to it and this was received in full after that date.

Other receivables consist of Government Grants that had been claimed and agreed but not yet received. There is no reason not to expect these to be paid.

There were no other significant concentrations of credit risk at the reporting date.

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables Collbio considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on Collbio's credit risk management policies, refer to Note 17.6. Collbio does not hold any collateral as security for its trade and other receivables.

14. Cash and cash equivalents

	£
Cash and cash equivalents	41,874
	<u> </u>

All of Collbio's cash and cash equivalents at 30 September 2013 are at floating interest. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

15. Trade and other payables

	£
Trade payables	13,863
Other tax and social security	2,934
Accruals	12,862
Deferred income	9,800
	<hr/>
	39,459
	<hr/> <hr/>

Trade and other payables principally comprise 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 their fair value. All trade and other payables are denominated in Sterling. Collbio 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 period.

16. Loans

	£
Amounts falling due within one year	
Loan from a director	33,468
Other loan	5,000
	<hr/>
	38,468
	<hr/> <hr/>

The loan from a director earns no interest and is repayable on demand.

17. Financial instruments

Collbio is exposed to the risks that arise from its use of financial instruments. This Note describes the objectives and policies for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

17.1 *Capital risk management*

Collbio manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. Collbio is funded principally by equity although short term loans have been used. As at 30 September 2013, loans were outstanding as shown in Note 16.

The capital structure of Collbio consists of equity, comprising issued share capital. Collbio has no externally imposed capital requirements. In order to maintain or adjust the capital structure, Collbio may return capital to Shareholders or issue new shares.

17.2 *Principal financial instruments*

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

	£
Trade and other receivables	67,930
Trade and other payables	16,797
Cash and cash equivalents	41,874

17.3 **Financial assets**

At the reporting date, Collbio held the following financial assets:

	£
Cash and cash equivalents	41,874
Trade receivables	12,000
Other receivables	55,930
	<hr/>
	109,804
	<hr/> <hr/>

17.4 **Financial liabilities**

At the reporting date, Collbio held the following financial liabilities, all of which were classified as other financial liabilities:

	£
Trade payables	13,863
Loans	38,468
Other payables	2,934
	<hr/>
	55,265
	<hr/> <hr/>

17.5 **Market risk**

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

17.6 **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Collbio. Credit risk arises principally from Collbio's cash balances and trade and other receivables. The concentration of Collbio's credit risk is considered by counterparty, geography and currency. Collbio gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. Collbio holds cash with one large bank in the UK, an institution with a 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 cash equivalents held with that bank were denominated in UK sterling.

The nature of Collbio's business and the current stage of its development are such that individual customers can comprise a significant proportion of Collbio's trade and other receivables at any point in time. Collbio mitigates the associated risk by ensuring that its contracting terms provide for invoices to be raised in stages where necessary and through the close monitoring of the debtor ledger. Furthermore, many of Collbio's clients are either large, publicly listed companies or are owned by such entities mitigating the credit risk.

At 30 September 2013 the major part of the other receivables was due from a single Government agency. There were no other significant concentrations of credit risk at the reporting date.

The carrying amount of financial assets recorded in the Financial Information, net of any allowances for losses, represents Collbio's maximum exposure to credit risk without taking account of the value of any collateral obtained. At 30 September 2013, there was no allowance for impairment losses.

In the Directors' opinion, there has been no other impairment of financial assets during the period. 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 Collbio as security in relation to its financial assets.

17.7 **Liquidity risk management**

Liquidity risk is the risk that Collbio will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board manages liquidity risk by regularly reviewing Collbio's cash requirements by reference to short term cashflow forecasts and medium term working capital projections.

17.8 **Foreign currency risk management**

Collbio's exposure to foreign currency risk has been limited, all of its invoicing and the majority of its payments are in sterling. It has made no payments in foreign currencies. Accordingly, no sensitivity analysis is presented in this area as it is immaterial.

17.9 **Maturity of financial assets and liabilities**

All of Collbio's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year.

18. **Share capital and share premium account**

Ordinary shares of £0.10 each

	<i>Number</i>
Issued during the period	164,800
At 30 September 2013	<u>164,800</u>
	£
Share Capital	
Issued during the period	16,480
At 30 September 2013	<u>16,480</u>
Share premium account	
Arising during this period	243,520
At 30 September 2013	<u>243,520</u>

Collbio allotted and issued the ordinary shares as follows:

	<i>Number</i>
On 26 February 2013 and 11 March 2013 for consideration of £11,000	110,000
On 22 April 2013 for consideration of £25,000	10,000
On 17 July 2013 for consideration of £224,000	<u>44,800</u>
At 30 September 2013	<u>164,800</u>

19. **Pensions**

Collbio intends to operate a defined contribution pension scheme whose assets will be held separately from those of Collbio in an independently administered fund. The pension charge represents contributions payable by Collbio to one employee's personal pension.

20. **Ultimate controlling party**

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

21. Related party transactions

Remuneration of key personnel

The remuneration of the Directors, who are the key management personnel of Collbio, is shown below:

	£
Executive Directors aggregate	
Short-term employee benefits and fees	40,927
Post employment benefits	–
	<hr/> 40,927 <hr/>
Non-executive Directors aggregate	
Short-term employee benefits and fees	–
Payments to third parties	–
	<hr/> – <hr/>
Total short-term employee benefits and fees	40,927
Total Directors' remuneration	40,927
Remuneration and benefits paid to the highest paid Director totalled	<hr/> 40,927 <hr/>

Amounts outstanding to key personnel

As at 30 September 2013, £1,074 was due to one Director in relation to reimbursement of expenses arising in the ordinary course of business.

The balances outstanding to Shareholders at the end of the period are as follows:

Loans	<hr/> 33,468 <hr/>
-------	--------------------

22. Operating lease arrangements

At the statement of financial position date, Collbio had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

During the period Collbio's main facility was occupied under licence at an annual rental of £14,500. Insurance and service charges are payable in addition to the rent. The licence was extended until 27 November 2013 to enable negotiations in respect of a five year lease to be concluded.

23. Subsequent events

On 20 November 2013 the shareholder and director that had loaned the £33,468 (Notes 16 and 21) advanced an additional £20,000 on the same terms, and agreed to make a further £20,000 available if needed.

During November 2013 the licence to occupy the manufacturing premises was further extended until 31 December 2013 (Note 22).

On 21 November 2013 Collbio created a subsidiary, Collagen Solutions (US) Inc, registered in California, USA. On 9 December 2013 Collagen Solutions (US) Inc entered into an agreement to acquire the business, assets and certain liabilities from Collagen Solutions LLC, also registered in California, for a maximum consideration of US\$5,034,000 (equivalent to £3,073,260). In addition it signed employment contracts with the two owners of Collagen Solutions LLC.

On 9 December 2013 Healthcare Investment Opportunities plc entered into an agreement to acquire Collbio via a share-for-share exchange whereby the shareholders of Collbio will become Shareholders of Healthcare Investment Opportunities plc, to be renamed Collagen Solutions plc, and Collbio will become its 100 per cent. subsidiary.

There have been no other substantial events since 30 September 2013 that require disclosure.

SECTION C: ACCOUNTANTS' REPORT ON COLLBIO LIMITED

The following is the full text of a report on Collbio Limited from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors and Proposed Director of Healthcare Investment Opportunities plc.



3 Hardman Street
Manchester
M3 3HF
www.bakertilly.co.uk

The Directors and Proposed Director
Healthcare Investment Opportunities plc
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

10 December 2013

Dear Sirs

COLLBIO LIMITED

We report on the financial information set out in Part IV, Section B. This financial information has been prepared for inclusion in the Admission Document dated 10 December 2013 ("Admission Document") of Healthcare Investment Opportunities plc ("the Company") on the basis of the accounting policies set out in notes 1 – 5 of Section B.

This report is made solely for the purposes of paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if they had been 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 if they had been 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 if it had been applied by part (a) of Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

As described in Section B of Part IV the Directors and Proposed Director of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the 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 financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the

accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Collbio Limited as at the dates stated and of its losses, 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 if they had been 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 registered 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 D: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The unaudited pro forma statement of net assets set out below has been prepared by the Directors and Proposed Director of Healthcare Investment Opportunities plc (“Healthcare Investment Opportunities”) to illustrate the effect of the acquisition of Collbio Limited (“Collbio”) and Collbio’s acquisition of the business and assets of Collagen Solutions LLC (“CSL”) on Healthcare Investment Opportunities’ net assets as if both transactions had occurred on 30 September 2013. It is the sole responsibility of the Directors and Proposed Director to prepare the pro forma statement. It has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent Healthcare Investment Opportunities’ or the Enlarged Group’s actual financial position or results. The unaudited pro forma statement of net assets has been prepared on the basis set out in the notes below.

Unaudited pro forma statement of net assets of the Enlarged Group as at 30 September 2013

	<i>Adjustments</i>			<i>Pro forma as at 30 September 2013 £'000</i>
	<i>Healthcare Investment Opportunities as at 30 September 2013 £'000 Note</i>	<i>Collbio as at 30 September 2013 £'000 (3)</i>	<i>Acquisition accounting adjustments £'000 (4,5,6)</i>	
Intangible assets	–	–	6,825	6,825
Property, plant and equipment	–	27	32	60
Non current assets	–	27	6,857	6,885
Inventories	–	3	27	30
Trade & other receivables	–	68	34	102
Cash and equivalents	3,632	42	(1,662)	2,012
Current assets	3,632	113	(1,601)	2,144
Total assets	3,632	140	5,256	9,029
Bank borrowings and overdraft	–	–	–	–
Trade and other payables	(5)	(39)	(18)	(62)
Loans	–	(38)	–	(38)
Current liabilities	(5)	(77)	(18)	(100)
Contingent consideration	–	–	(2,763)	(2,763)
Deferred tax liability	–	–	–	–
Long term liabilities	–	–	(2,763)	(2,763)
Net assets	3,627	63	2,476	6,166

Notes:

- The pro forma statement of net assets has been prepared in a manner consistent with the accounting policies adopted by Healthcare Investment Opportunities for the six months ended 30 September 2013.
- Financial information in respect of Healthcare Investment Opportunities has been extracted without material adjustment from the unaudited interim financial information of Healthcare Investment Opportunities for the six months ended 30 September 2013 which is set out in Part IV of this document. No account has been taken of the performance of Healthcare Investment Opportunities since 30 September 2013.
- Financial information in respect of Collbio has been extracted without material adjustment from the Historical Financial Information of Collbio for the period 26 February to 30 September 2013 which is set out in Part IV of this document. No account has been taken of the performance of Collbio since 30 September 2013.

4. For the purpose of the pro forma statement of net assets, the difference between the consideration payable for Collbio and the net assets of Collbio is shown as goodwill in intangible assets.

	£'000
Purchase consideration:	
Consideration shares	2,000
Deferred consideration	2,000
Net assets of Collbio as at 30 September 2013	<u>(63)</u>
Goodwill re acquisition of Collbio	<u><u>3,937</u></u>

The calculation of purchase consideration has been extracted from paragraph 9 in Part V of the Admission Document and is based on valuing Healthcare Investment Opportunities shares at the issue price per share of 12.5 pence as noted in the Acquisition Agreement between Healthcare Investment Opportunities and the Collbio Shareholders. The number of Healthcare Investment Opportunities shares to be issued as Consideration Shares is 16 million and the number of Healthcare Investment Opportunities shares to be issued as Deferred Consideration is 16 million and assumes that the full amount of Deferred Consideration will become payable.

5. Paragraph 1 in Part I of the Admission Document notes that, conditional upon Admission, Collagen Solutions (US) Inc, a newly incorporated subsidiary of Collbio, will enter into an agreement for the acquisition of the business and assets of Collagen Solutions LLC ("CSL"). For the purposes of the pro forma statement of net assets, the difference between the consideration payable by Collagen Solutions (US) Inc and the estimated net assets of CSL is shown as goodwill in intangible assets.

	£'000
Purchase consideration:	
Completion payment	1,394
Equity consideration	916
Deferred consideration	763
Estimated net assets of CSL as at 30 September 2013	<u>(185)</u>
Goodwill re acquisition of CSL	<u><u>2,888</u></u>

The calculation of purchase consideration above has been extracted from paragraph 9 of Part V of the Admission Document and assumes Deferred Consideration of US\$1,250,000 (£763,000) will be paid in full. An exchange rate of US\$1.638 : £1 has been used to calculate the Completion payment (US\$2,284,000) and Deferred Consideration, being the rate used in the Collagen Solutions Acquisition Agreement to determine the number of Healthcare Investment Opportunities shares to be issued to settle the Equity consideration. The calculation of the Equity consideration is based on the issue of 7,326,007 of Healthcare Investment Opportunities shares at the issue price of 12.5p as referred to in note 4 above.

6. Aggregate fees and expenses of £378,000 are expected to be incurred in connection with the transactions.
7. The pro forma statement of net assets does not give effect to fair value adjustments to net assets. The fair value adjustments, when finalised post acquisitions, may be material. In all other respects the transactions have been accounted for as acquisitions in accordance with IFRS 3 Business Combinations.

SECTION E – ACCOUNTANTS’ REPORT ON THE PRO FORMA STATEMENT OF NET ASSETS

The following is the full text of a report on Healthcare Investment Opportunities plc from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors and Proposed Director of Healthcare Investment Opportunities plc.



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The Directors and Proposed Director
Healthcare Investment Opportunities plc
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

10 December 2013

Dear Sirs,

HEALTHCARE INVESTMENT OPPORTUNITIES plc (“the Company”)

We report on the pro forma statement of net assets (the “Pro forma financial information”) set out in Part IV, Section D of the Admission Document dated 10 December 2013 (“Admission Document”) of Healthcare Investment Opportunities plc, which has been prepared on the basis described at notes 1 – 3 to the Pro forma financial information, for illustrative purposes only, to provide information about how the acquisition of Collbio Limited might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the financial statements for the period ending 31 March 2014. This report is has been prepared in accordance with the requirements of paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if it had been 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 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if it had been 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 assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, and given solely for the purposes of complying with paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules as if it had been applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

Responsibilities

It is the responsibility of the Directors and Proposed Director of the Company to prepare the Pro forma financial information in accordance with paragraph 20.2 of Annex I of the Prospectus Rules as if it had been applied by part (a) of Schedule Two to the AIM Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Rules as if it had been applied by part (a) of Schedule Two to the AIM Rules, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

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 if it had been 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 registered 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

PART V

ADDITIONAL INFORMATION

1. Responsibility Statements

- 1.1 The Directors, whose names appear on page 4 of this document, and the Company, accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors and the Company, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Baker Tilly Corporate Finance LLP accepts responsibility for its reports contained in Part IV of this document. To the best of the knowledge and belief of Baker Tilly Corporate Finance LLP, which has taken all reasonable care to ensure that such is the case, the information contained in such reports is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The members of the Concert Party, whose names are set out in paragraph 1 of Part III of this document, accept responsibility, both collectively and individually, for the information contained in this document relating to the members of the Concert Party. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales on 15 March 2013 under the Act as Healthcare Investment Opportunities plc a public company limited by shares and with registered number 08446337.
- 2.2 The principal legislation under which the Company operates is the Act and the regulations made there under. The liability of the members of the Company is limited.
- 2.3 The Company's registered office is at c/o DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester M3 3AA. The Company's telephone number is 0161 831 1512.
- 2.4 The principal activity of the Company is that of an investment company.
- 2.5 The Company has no subsidiaries and there are no undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profit and losses. There are no companies in which the Company has an interest.
- 2.6 Following the Acquisition, Collbio will become a wholly owned subsidiary of the Company and Collagen Solutions (US) Inc is a wholly owned subsidiary of Collbio.

3. Share Capital

- 3.1 On incorporation the issued share capital of the Company was £1 divided into 1 ordinary share of £1.
- 3.2 On 26 March 2013, the ordinary share of £1 each was subdivided into 10 ordinary shares of 10p each.
- 3.3 On 26 March 2013, David Evans, Kevin Wilson and Malcolm Gillies respectively subscribed for 124,990, 125,000 and 250,000 ordinary shares of 10p each.

- 3.4 On 28 March 2013, each ordinary share of 10p was subdivided into 1 ordinary share of 1p and 1 deferred share of 9p in the capital of the Company, resulting in 500,000 Ordinary Shares and 500,000 Deferred Shares of 9p each in issue.
- 3.5 On 5 April 2013, 40,000,000 Ordinary Shares were issued pursuant to a placing.
- 3.6 The Acquisition will result in the issue of 23,326,007 New Ordinary Shares. The Company's share capital is, at the date of this document, and is expected to be, immediately following Admission:

	<i>At the date of this document</i>		<i>Following Admission</i>	
	<i>Ordinary Shares</i>		<i>Ordinary Shares</i>	
	<i>Amount £</i>	<i>Number</i>	<i>Amount £</i>	<i>Number</i>
Issued and fully paid	405,000	40,500,000	63,826,007	63,826,007

- 3.7 Save as set out in paragraph 6.16 of this Part V, the Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities, exchangeable securities or securities with warrants issued or proposed to be issued by the Company.
- 3.8 Save as set out in this paragraph, there have been no movements in the Company's ordinary share capital since incorporation to the date of this document.
- 3.9 The provisions of section 561 of the Act (which confers Shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Act) will apply to unissued shares in the capital of the Company to the extent not disapplied as described in paragraph 3.10.2 below.
- 3.10 At the General Meeting, the following resolutions will be proposed:
- (a) in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company up to an aggregate nominal value of £39,326,007 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company) provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and
 - (b) in substitution for all existing and unexercised authorities and powers, the directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority referred to in paragraph 3.9(a) above as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:
 - (i) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary Shareholders where the equity securities respectively attributable to the interest of all ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory;
 - (ii) the allotment (otherwise than pursuant to 3.9(b)(i) above) of equity securities up to an aggregate nominal amount of £135,000 in respect of; and

- (iii) the allotment (otherwise than pursuant to sub-paragraphs 3.9(b)(i) or 3.9(b)(ii) above) of equity securities up to an aggregate nominal amount of £135,000, representing approximately 10 per cent. of the Enlarged Share Capital.

and shall expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- 3.11 As at the date of this document and on Admission, David Evans, Kevin Wilson and Malcolm Gillies respectively hold 125,000, 125,000 and 250,000 Deferred Shares.

4. Major Shareholders

- 4.1 The following persons hold, as at the date of this document, and are expected (based on the information available as at the date of this document), following Admission, to hold directly or indirectly 3 per cent. or more of the Existing Ordinary Shares or Enlarged Share Capital (as appropriate):

Shareholder	<i>At the date of this document</i>		<i>On Admission</i>	
	<i>Ordinary Shares</i>		<i>Ordinary Shares</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Legal and General	6,000,000	14.81%	6,000,000	9.40%
Killik & Co	5,000,000	12.35%	5,000,000	7.83%
Hargreave Hale	4,000,000	9.88%	4,000,000	6.27%
Rathbones Investment Management City Financial Investment Company Limited	2,825,000	6.98%	2,825,000	4.43%
Andy Parker	2,500,000	6.17%	2,500,000	3.92%
Neil Mcarthur	1,500,000	3.70%	1,500,000	2.35%
Michael Halsall	1,500,000	3.70%	2,470,874	3.87%
Richard Hughes	1,500,000	3.70%	1,500,000	2.35%
David Evans	1,500,000	3.70%	1,914,466	2.99%
Stewart White	125,000	0.31%	5,495,874	8.61%
Diane Mitchell	0	0%	3,107,184	4.87%
Jacqueline Shroder	0	0%	3,633,003	5.74%
	0	0%	3,663,004	5.74%

- 4.2 None of the holders of Ordinary Shares listed above have voting rights different from the other Shareholders.
- 4.3 Save that the Concert Party is viewed by the Panel to be acting in concert in relation to the Company and the members of the Concert Party will together own approximately 30.14 per cent. of the Enlarged Share Capital, neither the Company nor the Directors nor the Proposed Director are aware of any person or persons who either alone or, if connected, jointly following Admission will (directly or indirectly) exercise or could exercise control over the Company.
- 4.4 Insofar as is known to the Company, no arrangements are in place, the operation of which may at a later date result in a change of control of the Company.

5. Memorandum and Articles of Association

5.1 *Memorandum of Association*

In accordance with the Act, the Company's Memorandum of Association does not set out any objects or purposes. The Company's objects are unrestricted and its purposes are therefore whatever the Directors determine.

5.2 **Articles of Association**

The Articles which were adopted pursuant to a special resolution of the Company passed on 28 March 2013 contain provisions, *inter alia*, in respect of the Ordinary Shares, general meetings of the Company and the directors to the following effect:

(a) *Voting Rights*

Subject to any rights or restrictions attached to the shares (including as a result of unpaid calls) and/or as mentioned below, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall upon a show of hands have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 793 of the Act, in the reasonable time period specified in the notice, the shares in question may be disenfranchised.

(b) *Major Shareholders*

Nothing in the Articles confers on major Shareholders in the Company any voting rights which are different to those conferred on the holders of Ordinary Shares as described in paragraph 5.2.1 above.

Pursuant to Rule 5.1 of the DTR, holders of three per cent. or more of the voting rights attaching to the Company's share capital are required to notify their holdings in writing to the Company. To the extent that persons who already hold at least three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, Rule 5.1 of the DTR requires that this is also notified to the Company by the shareholder.

Pursuant to section 793 of the Act, the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) to indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares to comprised, to give such further information as may be required in accordance with section 793 of the Act.

(c) *General Meetings*

An annual general meeting shall be held once a year, within a period of not more than 6 months of the Company's accounting reference date.

Subject to a member's right to requisition a general meeting pursuant to section 303 of the Act, general meetings of the Company are convened at the discretion of the board, and with the exception of the annual general meeting, all such general meetings of the Company shall be called general meetings.

An annual general meeting shall be called by at least 21 clear days' notice in writing. All general meetings shall be called by at least 14 clear days' notice to the Company regardless of the type of resolution being passed (under section 307(1) of the Act). A notice must be served on a member in accordance with the provisions of the Act, that is, in hard copy form, or where the member has consented or is deemed to have consented under the Act, in electronic form or via a website. If the notice contains an electronic address for the Company, a member may send any document or information relating to the relevant general meeting to that electronic address. Notice shall be given to all members and the directors and the auditors.

The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, day and hour of the meeting. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such. Every notice must include a reasonably prominent statement that a member entitled to

attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

A general meeting may be called by shorter notice being less than 14 days with the consent of members who (i) are a majority in number and (ii) hold 95 per cent. in nominal value of the voting shares of the company.

(d) *Changes in capital*

The Company may by ordinary resolution consolidate and divide its shares, or any of them, into shares of a larger amount. The Company may by ordinary resolution divide all or any of its share capital into shares of a larger amount or sub-divide all or any of its shares into shares of a smaller amount.

The Company may, from time to time, by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised, and with and subject to any incident prescribed or allowed by the Act and the rights attached to existing shares. Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including redeemable shares).

(e) *Variation of Rights*

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (the "Statutes"), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either:

- (i) in such a manner (if any) as may be provided by the rights attaching to such class; or
- (ii) in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the issued shares of the relevant class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the relevant class. At any such separate meeting the holders present in person or by proxy of one third of the issued shares of the class in question shall be a quorum.

The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided by these Articles or the rights attached to such last-mentioned shares as a class) be deemed to be a variation of the rights of such shares. A reduction of the capital paid up on any shares of any class will not be deemed to constitute a variation or abrogation of the rights attached to those shares. A purchase or redemption by the Company of any of its own shares in accordance with the provisions of the Statutes and of these Articles shall not be deemed to be a variation of the rights attaching to any shares.

(f) *Redemption*

The Company may, subject to the Statutes, create shares which are liable to be redeemed. As at the date of this document, there are no shares in issue which are capable of being redeemed by the Company.

(g) *Conversion*

The Company may from time to time, by ordinary resolution and subject to the Statutes, convert all or any of its fully-paid shares into stock of the same class and denomination and may from time to time in like manner reconvert such stock into fully paid up shares of the same class and denomination.

(h) *Distribution of assets on a winding up*

In the event of liquidation of the Company the holders of shares are entitled *pari passu* to any surplus dividends. A liquidator may, with the sanction of an extraordinary resolution, divide the assets among the members in specie.

(i) *Transfer of Shares*

The Ordinary Shares are in registered form and may be in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation.

Transfers of shares in certificated form may be affected by instrument in writing in any usual or common form or in any other form acceptable to the directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Company's register of members.

The directors may, in their absolute discretion (but subject to any rules of regulations of the London Stock Exchange or any rules published by the FSA applicable to the Company from time to time) and without assigning any reason therefore, refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

Where in respect of any shares any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 793 of the Act, then following a sale shown to the satisfaction of the Directors to be of the full legal and beneficial ownership of such shares at arm's length to a bona fide third party purchaser or of shares where the registered holder's holding of shares immediately prior to the proposed transfer represents less than 0.25 per cent. in nominal value of the issued shares of the relevant class. The registration of transfers may be suspended by the Directors for any period not exceeding 30 days in a year.

(j) *Dividends and other distributions*

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends to be paid to the members in accordance with their respective rights and interests in the profits, but not exceeding the amount recommended by the directors.

No dividends or moneys payable by the Company in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

The directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.

Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled *pari passu* amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company.

A liquidator may, with the sanction of an ordinary resolution, divide the assets among the members in specie. The directors shall give effect to any such resolution provided that no such distribution shall be made unless recommended by the directors.

The directors may, with the sanction of an ordinary resolution, offer the Shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive new Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in shares of the Company fails to comply with any notice given by the Company under section 793 of the Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal amount of the issued shares of the relevant class, the Company may withhold dividends on such shares.

All unclaimed dividends or other sums payable on or in respect of a share may, after one year of being declared, be invested or otherwise made use of by the Directors for the benefit of “the Company” until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company and shall revert to the Company absolutely. The payment of any unclaimed dividend or other sum payable by the Company or in respect of any share into a separate account shall not constitute the Company a trustee thereof.

(k) *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets both present and future (including uncalled capital) and, subject to the Act, to issue debentures, loan stock or any other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party subject to a limit equal to three times the Company’s adjusted share capital and reserves.

(l) *Constitution of board of directors*

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall not be more than seven. No shareholder qualification is required of any director.

(m) *Retirement of directors by rotation*

At the first annual general meeting of the Company, all of the directors in office shall retire from office and may offer themselves for reappointment by Shareholders. At every subsequent annual general meeting any directors who (a) have been appointed by the directors since the last annual general meeting; or (b) who were not appointed or reappointed at one of the preceding two general meetings, must retire from office and may offer themselves for reappointment by Shareholders. A director retiring at a meeting shall retain office until the dissolution of such meeting.

The directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will (unless they otherwise agree) be determined by lot. The length of time a Director has been in office shall be computed from his last election, re-election or appointment when he has previously vacated office. A retiring Director shall be eligible for re-election.

(n) *Remuneration of directors*

The fees to be paid to the directors shall be determined by the Remuneration Committee of the Company from time to time. Such fees shall be divided among such Directors in such proportion or manner as may be determined by the Directors and, in default of determination, equally. A fee payable to a Director pursuant to this Article is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of these Articles and accrues from day to day.

Each director may also be paid all reasonable travelling, hotel and other expenses properly incurred by him in respect of or about the performance of his duties as director including any expenses incurred in connection with his attendance at meetings of the directors of the Company or otherwise in the discharge of his duties as a director.

Any director who holds any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, lump sum, participation in profits or otherwise as the directors determine.

(o) *Permitted interests of directors*

Subject to the provisions of the Statutes, a director is not disqualified by his office by entering into any contract, arrangements, transaction or proposal with the Company in any manner, nor is any contract, arrangement, transaction or proposal in which he is interested or in which he has entered into by or on behalf of the Company in which any director or person connected with him is in any way interested, whether directly or indirectly, liable to be avoided, and any director who enters into any such contract, arrangement, transaction or proposal or is so interested is not liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of the director holding that office or of the fiduciary relationship thereby established but the nature and extent of his interest shall be disclosed by him in accordance with the provisions of the Statutes.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director and may act by himself or through his firm in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

(p) *Restrictions on voting by directors*

Save as provided below, a director shall not vote on or in respect of any contract, arrangement, transaction or any other proposal in which he (together with any person connected with him) has an interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through 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 not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested (including, without limitation, fixing or varying the terms of his appointment or the termination or extension thereof).

A director shall (in the absence of some other material interest than is 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 security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) any proposal, contract, arrangement or transaction concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;
- (iv) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and where as an officer or member or otherwise howsoever provided that he (together with any person connected (within the meaning of section 252 of the Act) with him) is not the holder of or interested in shares representing one per cent. or more of any class of the equity share capital or voting rights;
- (v) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a pension, superannuation or similar fund or scheme, a

retirement, death of disability benefits fund or scheme or an employees' share scheme which has been approved by or is subject to and conditional upon approval by HM Revenue & Customs for taxation purposes or does not accord to any director as such any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

- (vi) any contract for the grant, purchase and/or maintenance of insurance against any liability of any directors.

(q) *Deferred Shares*

The Deferred Shares shall have and enjoy the following rights and be subject to the following restrictions:

- (i) as regards income, the Deferred Shares shall confer upon the holders thereof as a class their right to receive 0.1p for each £999,999 of such dividends and other distributions as shall be resolved to be distributed amongst the holders of the Deferred Shares in proportion to the amounts paid up or credited as paid up thereon;
- (ii) as regards capital, in the event of winding up of the Company or other return of capital, the Deferred Shares shall confer upon the holders thereof as a class the right to receive 0.1p for each £999,999 of the assets of the Company available for distribution amongst the members the same to be distributed amongst the holders of the Deferred Shares in proportion to the amounts paid up or credited as paid up thereon; and
- (iii) as regards voting, the Deferred Shares shall not at any time confer on the holders any right to attend, vote or speak at any general meeting of the Company or to receive notices thereof.

5.3 ***Sell-out Rules, Squeeze-out Rules and Takeover Bids***

Sell-out

Under the Act, if an offeror makes an offer to acquire all the Ordinary Shares and successfully acquired 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

Squeeze-out

The Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares 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. of the Ordinary Shares, 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 Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.

6. Directors' Interests

6.1 The following persons are directors of the Company:

David Eric Evans (*Non-Executive Chairman*)
Kevin William Wilson (*Non-Executive Director*)
Malcolm John Gillies (*Non-Executive Director*)

6.2 The following person is a proposed director of the Company with effect from Admission:

Stewart White (*Chief Executive*)

6.3 The business address of all of the Directors and Proposed Director is 1 Scott Place, 2 Hardman Street, Manchester M3 3AA.

6.4 The interests of the Directors and the Proposed Director in the issued ordinary share capital of the Company and the interests of each Director's and Proposed Director's family (which shall bear the meaning given to it as set out in the AIM Rules) required to be notified to the Company pursuant to Rule 17 of the AIM Rules and the existence of which is known or which could, with reasonable diligence, be ascertained by a Director or Proposed Director are, and following Admission will be, as follows:

Shareholder	At the date of this document		On Admission	
	Ordinary Shares		Ordinary Shares	
	Number	%	Number	%
David Evans	125,000	0.31	5,495,874	8.61
Kevin Wilson	125,000	0.31	1,078,010	1.69
Malcolm Gillies	250,000	0.62	250,000	0.39
Stewart White	nil	nil	3,107,184	4.87

6.5 Save as set out in this document in respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

6.6 There are no outstanding loans granted by any member of the Company to the Directors or any guarantees provided by any member of the Company for the benefit of the Directors.

6.7 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant in respect of the business of the Company and which was effected by any member of the Company 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.

6.8 There are no arrangements or understandings between the Directors and any major shareholder, customer or supplier of the Company pursuant to which any Director was selected or will be selected as a member of the administrative, management or supervisory bodies or member of senior management of the company.

6.9 Save as set out in paragraph 9.1(i) of this Part V, there are no restrictions on any Director on the disposal within a period of time of their holding of Ordinary Shares.

6.10 None of the Directors nor any member of their respective families (as defined in the AIM Rules) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

6.11 Under the terms of an option agreement between the Company and David Evans dated 29 March 2013, David Evans was granted an option over 4,050,000 new Ordinary Shares, representing 10 per cent. of the issued share capital at admission of the company to trading on AIM which was effective on 5 April 2013. The share option was granted with an exercise price per Ordinary Share of 10 pence and may be exercised conditional upon (a) an acquisition being completed within 12 months of the Company's admission to trading on AIM (on 5 April 2013), and (b) the share price of the Company being at least 20 pence per Ordinary Share. The option will lapse on the expiry of ten years from the date of grant.

7. Directors' and Proposed Director's terms of appointment

- 7.1 The Company has entered into the following agreements with the Directors and the Proposed Director:
- (a) a letter of appointment dated 28 March 2013 between (1) the Company and (2) David Evans whereby David was appointed as Chairman of the Company. The appointment may be terminated by either party being at least one month notice on the other. The letter of appointment contains provisions for early termination *inter alia* in the event of serious or repeated breach by the director of his obligations to the Company. An annual fee of £12,000 is payable to David which will be effective upon Admission (being completion of the first acquisition by the Company). No benefits are provided to David under his appointment;
 - (b) a letter of appointment dated 28 March 2013 between (1) the Company and (2) Kevin Wilson whereby Kevin was appointed as non executive director of the Company. The appointment may be terminated by either party being at least one month notice on the other. The letter of appointment contains provisions for early termination *inter alia* in the event of serious or repeated breach by the director of his obligations to the Company. An annual fee of £12,000 is payable to Kevin but no benefits are provided to Kevin under his appointment;
 - (c) a letter of appointment dated 28 March 2013 between (1) the Company and (2) Malcolm Gillies whereby Malcolm was appointed as non executive director of the Company. The appointment may be terminated by either party being at least one month notice on the other. The letter of appointment contains provisions for early termination *inter alia* in the event of serious or repeated breach by the director of his obligations to the Company. An annual fee of £12,000 is payable to Malcolm but no benefits are provided to Malcolm under his appointment.
 - (d) an agreement dated 9 December 2013 between (1) the Company and (2) Dr Stewart White whereby Dr White was appointed, conditional upon Admission, as Chief Executive of the Company. The agreement shall continue for a period of 12 months from the date of the agreement and thereafter may be terminated by six months' notice by either party on the other. The agreement contains provisions for early termination *inter alia* in the event of serious or repeated breach by Dr White of his obligations to the Company. The agreement provides for a salary of £75,000 per annum plus a discretionary bonus as determined by the Remuneration Committee. Dr White's salary may be reviewed annually by the Remuneration Committee.
- 7.2 Save as set out in this paragraph 7, there are no existing or proposed service contracts or consultancy agreements between any of the Directors or the Proposed Director and the Company or any member of the Company. None of the arrangements referred to in this paragraph 7 contains a right to benefits upon termination (other than those during the notice period under the relevant contract).
- 7.3 Neither the Directors nor the Proposed Director have received or are entitled to receive any Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.
- 7.4 Other than as disclosed in this paragraph 7 no member of the Company is party to any service contract with any of the Company's directors or the Proposed Director which provides for benefits on the termination of any such contract.
- 7.5 No sums have been set aside or accrued by the Company or any member of the Company to provide pension, retirement, or similar benefits for the Directors or the Proposed Director.
- 7.6 There is no arrangement under which any Director or the Proposed Director has waived or agreed to waive future emoluments.

8. Additional information on the Directors and Proposed Director

8.1 Other than directorships of the Company, the Directors have been directors or partners in the following companies or partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Current</i>	<i>Past</i>
David Eric Evans	Collbio Limited Cytos Limited Diagnostic Capital Limited EKF Diagnostics Holdings plc Epistem Holdings plc Integrated Magnetic Systems Limited Jellagen Pty Limited LochGlen Whisky Company Limited Marine Biotech Limited Momentum Bioscience Limited Omega Diagnostics Group plc OptiBiotix Health Limited Scancell Limited Scancell Holdings plc Spectrum (General Partners) Limited St Andrews Golf Art Limited Venn Life Sciences Holdings plc	BBI Holdings Limited BGenuinetec KK Criterion Licencing Limited Criterion Limited DXS EBT Company Limited Epistem Limited Immunodiagnosics Systems Holdings plc Immunodiagnosics Systems Limited Microtest Matrices Limited Onyx Research Chemicals Limited Qiagen Manchester Limited (formerly Dxs Limited) Quotient Diagnostics Limited Rosnes Limited Scipac Limited Sirigen Group Limited Storyland Group plc Storyland Limited Vindon Healthcare plc
Kevin William Wilson	Arcis Biotechnology Limited Arcis Biotechnology Holdings Limited Big Life Centres Big Life Enterprises Limited Diagnostic Capital Limited EKF Diagnostics Holdings plc Hon-Sho Limited The Big Issue in the North Limited The Big Issue in the North Trust The Big Life Company Limited Self Help Services Limited	SoccerStockMarket Limited Storyland Group plc
Malcolm John Gillies	Aircraft Medical Limited Antoxis Limited Ohmedics Limited Recyclatech Group Limited Tyre Tech Ltd	IDMoS plc Trading Emissions plc
Stewart White	Angel Biotechnology Holdings plc Angel Biomedical Limited Collbio Limited	None

8.2 Save as disclosed below, none of the Directors or Proposed Director has:

- (a) any unspent convictions in relation to indictable offences;
- (b) been subject to any bankruptcies or individual voluntary arrangements;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its

creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

- (d) been a partner in or member of any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (e) been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months preceding such events;
- (f) been publicly criticised by any statutory or regulatory authorities (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

On 18 December 2010, David Evans was appointed as a director of Cytos Limited. On 23 March 2011, Cytos Limited went into administration and the statement of affairs signed by David Evans showed a creditor shortfall of £418,500. On 2 June 2011, Cytos Limited entered into a Company Voluntary Arrangement which was completed on 24 July 2012.

David Evans was appointed as a director of Lineplan Limited on 24 March 1995. Lineplan Limited went into Creditors' Voluntary Liquidation on 18 May 2000. Under the liquidation, the dividends were as follows: Preferential debts of £10809.22 received 100p per pound and unsecured debts of £52,851 received 0p in the pound. Lineplan Limited was subsequently dissolved on 22 August 2002.

David Evans was appointed as a director for CY Realisations Limited on 28 November 2000. CY Realisations went into creditors' voluntary liquidation on 11 April 2003. The directors' statement of affairs dated 11 April 2003 showed a creditor shortfall of £237,254. CY Realisations was subsequently dissolved on 29 October 2009.

Malcolm Gillies was, as a representative of venture capital shareholders, a director of Cranbrook Electronic Holdings Limited. He was appointed on 10 April 1997. Cranbrook Electronic Holdings Limited went into administrative receivership on 21 May 1999. The directors' Statement of Affairs dated 11 June 1999 showed a creditors shortfall of £151,500.00. Cranbrook Electronic Holdings Limited was subsequently dissolved on 16 January 2001.

Malcolm Gillies was a director and the secretary of Idmos plc. He was appointed as director from 20 June 2007 and secretary from 6 November 2007. Idmos plc went into administration on 16 April 2008. The Statement of Affairs showed an estimated creditor surplus of £321,191.00. Idmos plc was subsequently dissolved on 23 July 2009.

Stewart White is a director of Angel Biotechnology Holdings plc. He was appointed as director from 5 December 2011. Angel Biotechnology Holdings plc went into administration on 8 February 2013. The Statement of Affairs showed an estimated creditor deficit of £575,883.

Stewart White is a director Angel Biomedical Limited. He was appointed as director from 21 March 2012. Angel Biomedical Limited went into administration on 8 February 2013. The Statement of Affairs showed an estimated creditor deficit of £29,587.

- 8.3 There are no further disclosures to be made in accordance with paragraph (g) of Schedule Two of the AIM Rules for Companies.

9. Material Contracts

9.1 The Company

The following contracts (a) have been entered into by the Company since incorporation, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by the Company which are material or contain, or may contain, provisions under which the

Company has an obligation or entitlement which is material to the Company as at the date of this document:

- (a) the Placing Agreement dated 28 March 2013 between (1) Zeus Capital; (2) the Company and (3) the Directors pursuant to which Zeus Capital agreed as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Company has agreed to pay Zeus Capital a corporate finance fee of £100,000 and a commission of 5 per cent. of the gross proceeds of the Placing. The Company and the Directors have, subject to certain limitations in relation to time and quantum, given certain limited warranties and indemnities to Zeus Capital including, but not limited to, as to the accuracy of information contained in this document;
- (b) an agreement dated 28 March 2013 between (1) the Company, (2) the Directors and (3) Zeus Capital pursuant to which Zeus Capital was appointed to act as Nominated Adviser and Broker to the Company for the purposes of the Company's Admission. The Company agreed to pay Zeus Capital a fee of £10,000 per annum, quarterly in advance by standing order, for its services as Nominated Adviser. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement runs for a period of one year and thereafter may be terminated by either the Company or Zeus Capital on not less than 3 months' notice;
- (c) the letters of appointment referred to in paragraph 7 of this Part V;
- (d) the option agreement referred to in paragraph 6.11 of this Part V;
- (e) the lock-in agreements dated 28 March 2013 between each of David Evans, Kevin Wilson and Malcolm Gillies, Zeus Capital and the Company pursuant to AIM Rule 7 under which those Shareholders agree that they will not, save in very limited circumstances set out below, dispose of any interest in Ordinary Shares until 5 April 2014.

The circumstances in which the lock-in arrangements will not apply are, *inter alia*, as follows:

- the giving of an irrevocable undertaking in respect of, or an acceptance of, a general offer made to the Company's shareholders (made in accordance with the City Code on Takeovers and Mergers) to acquire the entire issued share capital of the Company;
 - (for a disposal by the personal representative of those shareholders if any of them shall die during the period of such restrictions; and
 - in the event of an intervening court order;
- (f) an engagement letter dated 9 October 2013 between Zeus Capital and the Company under which Zeus Capital agreed to act as the Company's nominated adviser in respect of the Proposals. The majority of the relevant terms are reproduced in the introduction agreement referred to in paragraph 9.1(j) of this Part V except that (i) if Admission does not occur, Zeus will be paid a fee of £30,000 and (ii) if the Proposals are completed within 12 months of them being initially adopted, Zeus will be paid its fee of £100,000 (plus VAT, if applicable) even if it is no longer advising the Company;
 - (g) a consultancy agreement dated 18 November 2013, having a commencement date of 1 May 2013, pursuant to which Finance & Management Resources Limited agreed to provide consultancy services to the Company. Keith Green provides the services on behalf of Finance & Management Resources Limited. The agreement can be terminated by either party giving the other 3 months' notice. A fee of £300 plus VAT is payable per 8 hour day and the number of days per month for which services are provided shall be agreed between the parties to the agreement. Finance & Management Resources Limited is responsible for the payment of tax on the fees paid pursuant to the agreement;
 - (h) a lock-in agreement dated 9 December 2013 between (1) Richard Hughes, (2) Zeus Capital and (3) the Company under which Richard Hughes agreed that the Ordinary Shares registered in his name will, for a period of 24 months following Admission will be subject to standard orderly market arrangements with Zeus Capital;
 - (i) a lock-in agreement dated 9 December 2013 between (1) each of David Evans, Kevin Wilson, Malcolm Gillies, Stewart White, Diane Mitchell, Jacqueline Schroeder and Ross Andrews,

(2) Zeus Capital and (3) the Company pursuant to AIM Rule 7 under which those shareholders agree that they will not, save in very limited circumstances set out below, dispose of any interest in Ordinary Shares for a period of 12 months following Admission;

The circumstances in which the lock-in arrangements will not apply are, *inter alia*, as follows:

- the giving of an irrevocable undertaking in respect of, or an acceptance of, a general offer made to the Company's shareholders (made in accordance with the Code) to acquire the entire issued share capital of the Company;
- (for a disposal by the personal representative of those shareholders if any of them shall die during the period of such restrictions;
- in the event of an intervening court order; and under Part 26 of the Act.

In addition, there will be a further 12 month period following the end of the initial 12 month period referred to above during which such Ordinary Shares will be subject to standard orderly market arrangements with Zeus Capital.

- (j) an introduction agreement dated 9 December 2013 between (1) the Company, (2) the Directors, (3) the Proposed Director and (4) Zeus Capital pursuant to which Zeus Capital has agreed to make the application for the Enlarged Share Capital to be admitted to trading on AIM in consideration of which the Company has agreed to pay Zeus Capital a fee of £100,000 (plus VAT if applicable). The agreement is subject to various conditions and the Company and the Directors and Proposed Director have given to Zeus Capital normal warranties for a transaction of this nature in respect of the business and affairs of the Enlarged Group. The Company has also given normal indemnities for a transaction of this nature to Zeus Capital.
- (k) the Acquisition Agreement dated 9 December 2013 pursuant to which the Company has agreed, conditional on Admission, to acquire the Vendors' shares in Collbio, being equal to 65.82 per cent. of the entire issued share capital of Collbio. The consideration payable for the Acquisition (to the Vendors and the Minority Vendors) shall be a maximum of £4,000,000 to be satisfied as follows: (a) the issue and allotment of 16,000,000 Ordinary Shares upon Admission; and (b) the issue and allotment of further Ordinary Shares dependent upon Collbio meeting certain agreed sales targets and entering into certain contracts over the three accounting periods ending 31 December 2016 up to a maximum of 16,000,000 additional Ordinary Shares. The Acquisition Agreement contains warranties and indemnities given to the Company by the Vendors in relation to Collbio and its tax position;
- (l) the Minority Agreements dated 9 December 2013 pursuant to which the Company has agreed, conditional on Admission, to acquire each of the Minority Vendors' shares in Collbio, being equal to 34.18 per cent. of the entire issued share capital of Collbio. The consideration payable shall be a rateable proportion of the Consideration referred to in the Acquisition Agreement by reference to the percentage of shares in Collbio being sold by the Minority Vendors (summarised in paragraph 9.1(k) above. The Minority Agreements contain warranties and indemnities given to the Company by the Minority Vendors in relation to their title to the shares held by them; and
- (m) the Collagen Solutions Acquisition Agreement dated 9 December pursuant to which CS (US) Inc has agreed, conditional on Admission, to acquire the business and assets and liabilities of Collagen Solutions. The consideration payable for the Acquisition shall be a maximum of £3,073,260 to be satisfied as follows: (a) on Completion, the payment of £1,394,384 in cash and the issue and allotment of 7,326,007 Ordinary Shares; and (b) a further cash payment of up to £763,125 dependent upon the Collagen Solutions Business meeting certain agreed sales targets over the four accounting periods ending 31 December 2017. The Collagen Solutions Acquisition Agreement contains warranties and indemnities given to Collbio by Collagen Solutions in relation to the Collagen Solutions Business. Diane Mitchell and Jacqueline Schroeder, the owners of Collagen Solutions, have agreed to guarantee the obligations of Collagen Solutions pursuant to the Collagen Solutions Acquisition Agreement.

9.2 **Collbio**

The following contracts (a) have been entered into by Collbio in the two years preceding the date of this document, not being contracts entered into by Collbio in the ordinary course of business; or (b) are, or may be, contracts entered into by the Company which are material or contain, or may contain,

provisions under which Collbio has an obligation or entitlement which is material to Collbio as at the date of this document:

- (a) on 13 March 2013, Collbio entered into an asset purchase agreement pursuant to which it purchased the business and assets of Angel Biomedical Limited (in administration). Given that the assets were acquired from an administrator, Collbio received no comfort as to the title to the assets it acquired and no warranty or similar cover in relation to the risks inherent in the transaction it was entering into;
- (b) the Shareholders of Collbio and Collbio entered into a Shareholders' agreement on 9 December 2013 pursuant to which they agreed to manage certain aspects of their relationship with each other as Shareholders of Collbio. That agreement will be terminated with effect from Admission;
- (c) On 11 March 2013, Collbio entered into an addendum which relates to a contract that was originally entered into between Angel Biomedical Limited and Cardium Therapeutics Limited on or around 14 May 2012. The agreement relates to the manufacture and supply of Excellagen (a collagen gel product) by Angel Biomedical Limited to Cardium Therapeutics Limited. This addendum is in effect a transfer, from Angel Biomedical Limited to Collbio with Cardium's consent, of the initial contract between Angel Biomedical Limited and Cardium Therapeutics Limited with certain variations in respect of lead times and pricing. Collbio can only terminate the contract on 12 months' prior written notice in certain limited circumstances, and then only subject to Collbio giving to Cardium certain IP and know-how. Cardium may terminate on 2 months' notice;
- (d) the Collagen Solutions Acquisition Agreement, further details of which are set out in paragraph 9.1(m) of Part V of this document; and
- (e) On 19 September 2013, Collbio entered into an agreement with Diagnostic Capital Limited pursuant to which Diagnostic Capital Limited was appointed to provide various professional services including corporate finance advice and project management services in relation to the acquisition of Collagen Solutions. Collbio agreed to pay a fee of £75,000 (plus vat if applicable) for these services.

9.3 Collagen Solutions LLC is not party to any material contracts other than the Collagen Solutions Acquisition Agreement referred to in paragraph 9.1(m) of this Part V.

10. Employees

10.1 The Company

The Company has no employees.

10.2 Collbio

Collbio has 5 employees, all of whom are employed at Collbio's facility in Glasgow.

Collagen Solutions LLC has no employees.

11. Related Party Transactions

11.1 The Company

Save as set out in this document the Company is not a party to any related party arrangements.

11.2 Collbio

Collbio is a party to the following related party arrangements:

- (a) David Evans has loaned the sum of £33,468 to Collbio as at 30 September 2013. The loan is repayable on demand and is interest free. A further £20,000 was loaned by David Evans to Collbio on 20 November 2013 on the same terms.
- (b) Diagnostic Capital Limited, a company in which David Evans and Alex Clarkson have an interest, provides outsourced finance director services to Collbio (for which it pays on a time and materials basis) and corporate finance services to Collbio in relation to the Acquisition.

12. Working Capital

The Directors and the Proposed Director are of the opinion, having made due and careful enquiry, that, taking into account the existing resources available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

13. Litigation

13.1 The Company

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 in the 12 months preceding the date of this document a significant effect on the Company's financial position or profitability.

13.2 Collbio

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Collbio is aware), which may have or have had in 12 months preceding the date of this document a significant effect on Collbio's financial position or profitability.

14. Significant Change

14.1 The Company

There has been no significant change in the financial or trading position of the Company since 30 September 2013, being the date to which the unaudited interim financial information has been prepared in Part IV of this document.

14.2 Collbio

There has been no significant change in the financial or trading position of Collbio since 30 September 2013, being the date to which the historical financial information has been reported on in Part IV of this document.

15. Corporate Governance

15.1 Audit and Risk Committee

The following is a summary of the terms of reference under which the Company's Audit and Risk Committee (the "Committee") operates. The Committee comprises Kevin Wilson and Malcolm Gillies, both of whom are non-executive directors of the Company.

The Committee shall have at least two members and each member shall be an independent non-executive director. The Board must be satisfied that at least one member of the Committee has recent and relevant financial experience. Appointments to the Committee should be made by the Board in consultation with the chairman of the Committee.

The Committee shall meet at least three times in every year and any other time as required by either the chairman of the Committee, the finance director of the Company or the external auditors of the Company. In addition, the Committee shall meet with the external auditors of the Company without any executives attending.

The Committee shall, *inter alia*:

15.2 approve the appointment and removal of the head of the internal audit function;

15.3 maintain and oversee appropriate relationships with external auditors including considering the appointment and remuneration of external auditors and review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;

15.4 monitor the financial reporting and internal financial control principles of the Company;

- 15.5 review all financial results of the Company and financial statements, including all announcements in respect thereof before submission of the relevant documents to the Board; including reviewing the external auditors' management letter and management's response;
- 15.6 consider all major findings of internal operational audit reviews and management's response to ensure co-ordination between internal and external auditors;
- 15.7 review the Board's statement on internal reporting systems and keep the effectiveness of such systems under review;
- 15.8 review and assess the annual internal audit plan; and
- 15.9 consider all other relevant findings and audit programmes of the Company.

The Committee shall report annually on the Board's behalf to the Shareholders. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall compile a report to Shareholders on its activities to be included in the Company's annual report such report to comply with the Corporate Governance Code or, where the Committee has determined that there are good reasons for not so complying, an explanation of those reasons.

For the purposes of compliance, whistleblowing and fraud, the Committee shall:

- (a) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (b) review the Company's procedures for detecting fraud; and
- (c) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

The Committee is authorised to:

- (a) investigate any activity within its terms of reference;
- (b) seek any information it requires from any employee of the Company; and
- (c) obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

16. United Kingdom 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.

16.1 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). 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. 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.

16.2 **Taxation of chargeable gain**

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Acquisition 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. The shareholder's annual exemption may reduce the chargeable gain.

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. 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. Indexation allowance may reduce the chargeable gain.

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.

16.3 **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). At Budget 2013, it was announced that legislation in the Finance Bill 2014 would abolish the charge to stamp duty reserve tax on transactions in shares listed on the Alternative Investment Market.

17. **Market quotations**

The closing middle market quotations for an Ordinary Shares, derived from the AIM Appendix to the London Stock Exchange Daily Official List, for the first dealing day in each of the last six months prior to the date of this document and on 9 December 2013, being the last practicable date prior to publication of this document, were as follows:

1 July	13p
1 August	16.5p
1 September	14.5p
1 October	14.25p
1 November	12.75p
2 December	12.38p
9 December	12.38p

18. **General**

- 18.1 Zeus Capital has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 18.2 Baker Tilly Corporate Finance LLP has given and not withdrawn its written consent to the inclusion in this document of its name and reports and the references thereto in the form and context in which they appear.
- 18.3 Cairn Financial Advisers LLP has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 18.4 There are no patents or licences, industrial, commercial or financial contracts or manufacturing processes which are material to the Enlarged Group's business or profitability.
- 18.5 There have been no interruptions in the business of the Enlarged Group, which may have or have had since incorporation a significant effect on the financial position of the Company or which are likely to have a material effect on the prospects of the Enlarged Group for the next 12 months.
- 18.6 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 Enlarged 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.

- 18.7 The Ordinary Shares are in registered form and may be held in certificated or uncertificated form. No temporary Documents of title will be issued. The Ordinary Shares will be issued pursuant to the Act. The ISIN number of the Ordinary Shares is GB00B94T6Y14. The Company's registrars, Capita Registrars Limited, are responsible for maintaining the Company's register of members.
- 18.8 There have been no payments by the Enlarged 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.
- 18.9 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- (a) received, directly or indirectly from the Enlarged 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 or 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.
- 18.10 There are no investments in progress which are significant to the Company and there are no principal future investments on which the Enlarged Group have at the date hereof made firm commitments. There are no existing or planned material tangible fixed assets.
- 18.11 It is estimated that the total expenses payable by the Company in connection with Admission will amount to approximately £377,750 (excluding VAT).
- 18.12 The Directors and the Proposed Director are not aware of any environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- 18.13 Within this document, where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19. Documents available for inspection

Copies of the following documents are displayed on the Company's website at www.heathcareinvestmentopps.co.uk and may be inspected at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month following Admission:

- 19.1 the memorandum and articles of association of the Company and Collbio;
- 19.2 the consent letters referred to in paragraphs 18.1 to 18.3 of this document;
- 19.3 the reports and letters from Baker Tilly Corporate Finance LLP set out in Part IV of this document;
- 19.4 the appointment letters and service contract for the Directors and the Proposed Director referred to in paragraph 7 of this Part V;
- 19.5 the lock-in agreements referred to in paragraph 9.1 of this Part V;
- 19.6 the material contracts referred to in paragraph 9 of this Part V; and
- 19.7 this document.

Dated: 10 December 2013

Healthcare Investment Opportunities PLC

(the "Company")

NOTICE OF GENERAL MEETING

NOTICE is hereby given that a general meeting of the Company (the "**Meeting**") will be held on 27 December 2013 at 9.00 a.m. at 3 Robroyston Oval, Nova Technology Park, Glasgow G33 1AP for the purpose of considering and if thought fit, passing the following resolutions which shall be proposed as ordinary and special resolutions as indicated below:

1. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"**THAT**, in substitution for all existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the "**Act**") in connection with the Acquisition and the Collagen Solutions Acquisition (as such terms are defined in the admission document of which these resolutions form a part (the "**Admission Document**")), to exercise all or any of the powers of the Company to allot shares of the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights being together referred to as "**Relevant Securities**") up to an aggregate nominal value of £39,326,007 to such person at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company, **PROVIDED THAT** this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

2. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"**THAT**, in addition to the authority referred to in the resolution numbered 1 in this notice of general meeting, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Act:

- (a) to exercise all or any of the powers of the Company to allot Relevant Securities of the Company up to an aggregate nominal value of £135,000 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company); and further
- (b) to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £135,000 in connection with a rights issue or similar offer in favour of ordinary Shareholders where the equity securities respectively attributable to the interest of all ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory,

PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

3. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

“THAT, subject to and conditional upon the passing of the resolution numbered 2 in the notice convening the meeting at which this resolution was proposed and in substitution for all existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by the said resolution 2 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary Shareholders where the equity securities respectively attributable to the interest of all ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and
- (b) the allotment (otherwise than pursuant to sub-paragraph 2(a) above) of equity securities up to an aggregate nominal amount of £40,500, representing approximately 10 per cent. of the current share capital of the Company, and shall expire at the conclusion of the next annual general meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.”

4. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

“THAT, for the purposes of section 701 of the Act, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company (**“Ordinary Shares”**) provided that:

- (a) the maximum number of Ordinary Shares which may be purchased is 4,050,000 (representing approximately 10 per cent. of the Company’s share capital);
- (b) the minimum price which may be paid for each Ordinary Share is 1p;
- (c) the maximum price which may be paid for each Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of London Stock Exchange plc for the 5 business days immediately preceding the day on which the Ordinary Share in question is purchased;
- (d) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2014 or, if earlier, on the date which is 12 months after the date of the passing of this resolution; and
- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which contract or contracts will or maybe executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.”

5. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

“THAT the proposed acquisition by the Company of 55,320 ordinary shares in the capital of Collbio Limited (**“Collbio”**) from David Eric Evans and 9,816 ordinary shares in the capital of Collbio from Kevin Wilson on the terms of the agreement to be entered into between (1) David Eric Evans, Kevin Wilson and others, (David Eric Evans and Kevin Wilson being directors of the Company) and (2) the Company (further details of which are set out in the Admission Document), be and is hereby approved for all purposes including, without limitation, section 190 of the Act.”

6. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

“THAT, conditional upon the passing of the resolution numbered 1 in this notice of general meeting, the Acquisition and the Collagen Solutions Acquisition (as defined in the Admission Document referred to in the resolution numbered 1 in this notice of general meeting) be and are hereby approved and that the directors of the Company (or any duly constituted committee thereof) be and they are hereby authorised to: (i) take all such steps as may be necessary or desirable in connection with, and to implement, the Acquisition and the Collagen Solutions Acquisition; and (ii) do all such things and enter into such documents as may be necessary to give effect to the Acquisition and the Collagen Solutions Acquisition including the making of such non-material variations, revisions, or waived amendments to the terms and conditions of the Acquisition and the Collagen Solutions Acquisition as the directors of the Company (or any duly constituted committee thereof) shall, in their absolute discretion, think appropriate.”

7. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

“THAT, the waiver, on the terms described under the heading “Takeover Code” contained in Part 1 of the Admission Document, by the Takeover Panel of any requirement under Rule 9 of the City Code on Takeovers and Mergers for the Concert Party (as such term is defined in the Admission Document) to make a general offer to Shareholders of the Company as a result of the issue of the Consideration Shares (as such term is defined in the Admission Document) in connection with the Acquisition be approved by the Independent Shareholders (as such term is defined in the Admission Document) on a poll.”

8. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

“THAT the name of the Company be and it is hereby changed to Collagen Solutions plc.”

BY ORDER OF THE BOARD

MALCOLM GILLIES
DIRECTOR

Dated: 10 December 2013

Registered Office:

C/o DWF LLP
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Notes

- 1 A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company.
- 2 A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. To appoint a proxy, a member may complete, sign and date the enclosed proxy form and deposit it at the office of the Company's Registrars, Capita Registrars Ltd at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 9.00 a.m./p.m. on 25 December 2013. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
- 3 In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company's Registrars, Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 9.00 a.m./p.m. on 25 December 2013.
- 4 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) thereof, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's registrars, Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (whose CREST ID is RA06) by the latest time for receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 5 Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's Registrars prior to the commencement of the meeting.
- 6 The right to vote at the meeting shall be determined by reference to the register of members of the company. Only those persons whose names are entered on the register of members of the Company at 6.00 p.m. on 24 December 2013 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

