PROVEXIS PLC

ANNUAL REPORT AND ACCOUNTS 2006

Corporate statement

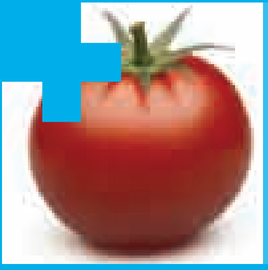
Provexis PLC is a nutraceutical Company that develops scientifically-proven functional and medical foods.

Provexis Limited was founded in 1999 to commercialise specific intellectual property and technology (now known as Fruitflow®) developed at the Rowett Research Institute in Aberdeen, UK. The Company remained a technology development business until 2005, at which point it merged with Nutrinnovator Holdings PLC to form Provexis PLC.

The combined entity is now unique with regard to the combination of our scientific and commercial talent which means that we can take innovations from laboratory to market in rapid timeframes.

OUR BIOACTIVE PORTFOLIO

Provexis currently has three bioactive technology platforms:



ANTI-THROMBOTIC BIOACTIVE DERIVED FROM TOMATO

- Tomato-derived water-based extract (i.e. no fats or lycopene) which contains a range of charecterised antiplatelet compounds

IBD MANAGEMENT BIOACTIVE DERIVED FROM PLANTAIN

- Plantain (from the banana family)-derived extract enriched in specific types of non-starch polysaccharides (NSP)

CANCER-PROTECTIVE BIOACTIVE DERIVED FROM BROCCOLI

- Broccoli-derived extract enriched in sulforaphane

Operational highlights

- Completion of acquisition of Provexis Limited, placing and admission of Provexis PLC to AIM
- Lead product Sirco® launched in major UK supermarkets in January 2006
- US patent granted for Fruitflow® technology
- Product endorsement agreement with H•E•A•R•T UK for lead product Sirco®
- Independent expert panel in United States affirmed that Fruitflow® technology is Generally Recognised as Safe ("GRAS"), paving the way for products containing Fruitflow® to be marketed in North America
- Collaboration agreement with leading global clinical nutrition company for the development of Provexis' Crohn's disease technology
- Awarded £180,000 research grant for Crohn's Disease Technology from the North West Development Agency

+ BENEFIT: proven to inhibit blood platelet aggregation

+ DEVELOPMENT STATUS: industrial-scale extract fully-developed (Fruitflow®) and efficacy in a fruit juice product successfully demonstrated in human trials

+ BENEFIT: potentially increases remission time in patients with Inflammatory Bowel Disease (IBD) which includes Crohn's disease and ulcerative colitis

+ DEVELOPMENT STATUS: transfer from laboratory-scale extract to industrial-scale extract underway with an industrial partner; clinical trial in Crohn's disease patients starts in 2006

+ BENEFIT: associated with a reduced risk of certain types of cancer

+ DEVELOPMENT STATUS: laboratory-scale extract developed, standardisation underway; human trials on a prototype product set for 2006

Chairman's statement

"Provexis combines excellent scientific, marketing and sales talent which enables us to develop and commercialise new functional food technologies via a combination of licensing and new brands."

The Company has made considerable progress in the year ended 31 March 2006. Since the acquisition of Provexis Limited, we have successfully integrated the two businesses whilst remaining focussed on the delivery of several major milestones. Provexis combines excellent scientific, marketing and sales talent which enables us to develop and commercialise new functional food technologies via a combination of licensing and new brands.

TRANSFORMING TECHNOLOGY AND PRODUCT PIPELINE

In 1998, Professor Asim Duttaroy made the discovery that the clear fraction of tomatoes contains compounds that inhibit blood platelet aggregation, thereby helping blood to flow smoothly to maintain a healthy heart and circulation. Following seven years of development, it has been extremely rewarding to witness the emergence of this technology in the market place. The technology is now known as Fruitflow®, and the first product to contain this bioactive is the fruit juice drink, Sirco®. Sirco®, endorsed by the charity H•E•A•R•T UK, was launched on schedule in major UK supermarkets in January 2006.

We are encouraged by the steady increase in the rate of sale of Sirco® and favourable performance benchmarks against other functional fruit juices in the market. In Tesco, we are encouraged by the fact that Sirco® now enjoys a rate of sale which is comparable to many more established brands.

Sirco® has been strategically important to Provexis as a demonstrable example of the Fruitflow® technology in action, and there is little doubt that the launch of the brand in the UK has facilitated global licensing discussions with major food and beverage companies. The Directors believe a successful licensing strategy, across foods, supplements and medical products, is central to maximising the value from the Fruitflow® technology and I am pleased with the advanced status of these negotiations.

We received notice from the American Journal of Clinical Nutrition that they have accepted for publication two scientific papers which detail the clinical efficacy of Fruitflow®. The AJCN is internationally recognised as the highest-ranked peer-reviewed journal in the nutrition field and this represents a major endorsement for the technology. This development is key to implementing an effective and credible PR campaign and over the coming months, activity in this area will be escalated.

In conjunction with the University of Liverpool and Professor Jon Rhodes, the Company continues to develop a medical food, based on a patented extract from the plantain (from the banana family), for the dietary management of Crohn's disease, a condition for which there is currently no cure. We also entered into a collaboration with a global clinical nutrition company and secured a substantial research grant from the North West Development Agency.

Provexis continues to work closely with Plant Bioscience Limited, the intellectual property arm of The Institute of Food Research in Norwich, to develop a functional food product which is enriched in cancer-protective compounds extracted from broccoli.

MANAGEMENT RESTRUCTURE

During the course of the year the Company undertook a management restructure. In January, we were delighted to welcome Stewart Slade to the Board following his appointment as Finance Director and Company Secretary. Stewart has excellent credentials and a wealth of experience having worked with major chemical and healthcare companies.

Following the year end Dr Stephen Franklin stepped down from his role as Chief Executive Officer and Stephen Moon, formerly Commercial Director of the Company, was appointed Chief Executive Officer. Dr Franklin will continue to work with the Company as Acting Director of Research until early 2007. I should like to thank him for his significant contribution to the establishment and development of the Company and we are pleased that he will continue to work with us in an advisory capacity.

OUTLOOK

The functional food sector continues to grow strongly in all major markets worldwide and I believe that Provexis, with its evidence-based approach, is uniquely positioned to be a significant source of innovation for the industry. We look forward to making yet further progress during the next year.

DAWSON BUCK
Chairman

POST YEAR-END DEVELOPMENTS

- International scientific endorsement for clinical efficacy of Fruitflow® and Sirco® from the highest-ranked peer-reviewed journal in the nutrition field – The American Journal of Clinical Nutrition ("AJCN")
- Single serve 250ml pack of Sirco® launched on schedule, initially in 150 Holland & Barrett stores; and also additional distribution in independent health food stores
- Secured a Standby Equity Distribution Agreement with a capital provider for £3 million, to be utilised at our discretion
- Entered into an exclusivity agreement for a period of twelve months with a major global branded food business for the joint development and use of the patented Fruitflow® heart health technology
- Extended the distribution of the Sirco® heart health juice drink, by securing 235 Morrisons stores with effect from 14 August 2006
- The Board appointed Stephen Moon, formerly Commercial Director of Provexis, as Chief Executive Officer

Chief executive's review

"We have made considerable progress with our technology pipeline and, importantly, have also integrated the two businesses following the acquisition of Provexis last summer."

The Provexis business model is to develop patented extracts from food which have clinically proven health benefits. The intention is to commercialise these technologies in the functional food and medical food markets via a combination of new brand development and licensing to major brand-owning food companies and clinical nutrition companies.

YEAR'S HIGHLIGHTS

During the year ended 31 March 2006 we have made considerable progress with our technology pipeline and, importantly, have also integrated the two businesses following the acquisition of Provexis last summer.

The on-schedule launch of our lead product, Sirco®, in the UK in January 2006 represented an important milestone in the Company's progress. The Sirco® business is significant in its own right, but the wider ambition for the launch was to act as a catalyst for the global commercialisation of the underpinning Fruitflow® technology. We have made very encouraging progress in licensing negotiations with major food and beverage companies.

In addition to the successful development of our lead product, the Company also secured a US patent for the Fruitflow® technology and subsequently an expert panel in the US affirmed that the ingredient was GRAS. These are two critical developments in realising our licensing ambitions; and enabling us to penetrate our largest target market with products containing Fruitflow®. The US functional food market is expected to reach US$34 billion sales by 2010.

Our Sirco® heart health juice drink

FINANCIAL REVIEW

Total turnover for the Group for the year ended 31 March 2006 was £267,660. Group turnover from continuing operations was £139,972 for the year ended 31 March 2006, arising from Sirco® sales. Sirco® was launched in three of the UK's supermarket chains during the first quarter of 2006. Group turnover from discontinued operations for the year ended 31 March 2006 was £127,688.

The turnover decrease from continuing operations of 55%, for the year ended 31 March 2006 compared to the year ended 31 March 2005, was principally due to the one-off fee of £310,000 paid by Provexis Limited to Nutrinnovator Holdings PLC in the year ended 31 March 2005, partially offset by sales from the launch of Sirco® during the fourth quarter of fiscal 2006.

The turnover decrease from discontinued operations of 57%, for the year ended 31 March 2006 compared to the year ended 31 March 2005, is due to the sale of he Altu food bar business on 4 October 2005.

Other administration expenses for the year ended 31 March 2006 were £2,976,931 compared to £1,441,158 for the year ended 31 March 2005. This increase was due to increased overheads for the new Group following the acquisition of Provexis Limited in June 2005. In addition, exceptional re-organisation costs of £119,850 have been charged to the profit and loss account.

Operating loss before interest and taxation from continuing operations for the year ended 31 March 2006 totalled £3,346,385, compared to an operating loss of £1,106,715. The increase in operating loss is mainly due to the decrease in revenues for the year and the new Group structure following the acquisition of Provexis Limited in June 2005. Share option compensation expense of £455,446 was charged to the profit and loss account during the year in connection with share options granted at exercise prices that were lower than market price on the date of grant. Also, included in operating loss is amortisation of goodwill arising from the reverse acquisition of Provexis Limited in the amount of £363,264.

Operating loss before interest and taxation from discontinued operations for the year ended 31 March 2006 totalled £172,003. The Altu food bar business was sold to Altú Limited, trading as Go Lower Limited in October 2005. A provision of £32,756 was recorded in September 2005 in connection with certain write-offs following the sale of the Altú business.

Cash at bank as at 31 March 2006 was £2,166,243 compared to £1,105,689 as at 31 March 2005. To strengthen liquidity and capital resources the Company has secured a Standby Equity Distribution Agreement with a capital provider for £3 million. Under the agreement the Company may, at its discretion and throughout its term, sell ordinary shares up to the amount of £3 million.

SIRCO® HEART HEALTH JUICE DRINK

During the period the industrial-scale manufacturing process for the Fruitflow® ingredient was finalised and the Company has successfully developed and launched Sirco®, the first heart health drink to contain the active ingredient, Fruitflow®. Fruitflow® works by reducing blood platelet aggregation, a significant contributing factor to thrombosis (internal blood clot).

Chief executive's review continued

"We have made good progress during the period and met the milestones that we set out to achieve at the time of our admission to AIM."

SIRCO® HEART HEALTH JUICE DRINK continued

Sirco® was launched during January 2006 in Tesco, Sainsbury's and Waitrose. Since the year end Sainsbury's has de-listed Sirco® as part of its wide ranging rationalisation of chilled juice brands reducing the distribution base. However, the product continues to be sold in 550 Tesco stores and 120 Waitrose stores, and we are witnessing an increasing rate of sale in both. In particular, the steady growth of rate of sale in Tesco is encouraging and is comparable to many of the more established brands.

LICENSING OF FRUITFLOW® TECHNOLOGY

The Company is implementing a global licensing strategy for the Fruitflow® technology in different areas of application, ranging from food and supplements to medical categories.

ALTU FOOD BAR

During the period we completed the disposal of the Altu food bar business in order to focus on the core business of developing and commercialising functional foods.

NEW PRODUCT DEVELOPMENT

The Company entered into a collaboration agreement with a global clinical nutrition company in order to facilitate the development of a novel medical food, based on a patented extract from plantain, for the dietary management of Crohn's disease. Crohn's disease is a chronic, relapsing disease of the intestine which affects 1 in 1,000 people in the UK. The disease is incurable and management of the condition is currently restricted to various drug regimes and surgery. Furthermore, the Company secured a £180,000 research grant, after a competitive pitch, from the North West Development Agency.

We continue to work closely with the technology transfer organisation of The Institute of Food Research to develop a bioactive ingredient, sourced from broccoli, associated with a reduced risk of developing certain types of cancer. We are currently reviewing the relative merits of launching a new brand in the UK followed by a global licensing strategy, or alternatively moving straight to licensing arrangements.

The Group is 18 months into a three year technology acquisition agreement with Plant Bioscience Limited, who continue to access their global network of 35 research institutes to find further functional food opportunities.

OUTLOOK

In summary, we have made good progress during the period and met the milestones that we set out to achieve at the time of our admission to AIM. The prospects for the next twelve months are very encouraging. Most recently we have secured another vital endorsement from the most highly regarded peer-reviewed publication in the field of nutrition, the AJCN. This represents a major validation of the quality of the science behind Fruitflow®.

We are delighted to announce that the single-serve 250ml version of Sirco® was launched on schedule, in independent health food stores and an initial distribution base of 150 Holland & Barrett stores. We remain in ongoing discussions with a number of retailers regarding new listings for both the existing one litre and the new 250ml format. We are pleased to announce the extension of the current distribution network of the Sirco® heart health juice drink, by securing 235 Morrisons outlets.

Since the year end the Company has entered into an Exclusivity Agreement for a period of twelve months with a major global branded food business. Under the terms of the agreement, Provexis and its partner will develop a second-generation concentrated format of the Fruitflow® product. The new format will increase its applicability across all food, beverage, supplement and medical formats. During the twelve month exclusivity period, the companies intend to ensure technical and economic targets for the new format are met and to negotiate a global licence and supply arrangement for the Fruitflow® technology.

We believe that the Company is well positioned to take advantage of the increasing global demand for functional foods.

STEPHEN MOON
CHIEF EXECUTIVE OFFICER

Directors, senior management and advisors

Board of directors

DAWSON BUCK
NON EXECUTIVE CHAIRMAN
Dawson has over 20 years' senior international experience within the electronic security, property, retail and IT industries. Dawson was a founder and the CEO of Automated Loss Prevention Ltd, which he led from its inception to its sale to the Sensormatic Electronic Corporation Inc. in 1992. Until 2005 Dawson was Deputy Chief Executive of ANGLE plc.

DR NEVILLE BAIN
NON EXECUTIVE DIRECTOR
Neville has recently retired as Chairman of Hogg Robinson plc, is Non Executive Director of Scottish & Newcastle plc and is Chairman of the Institute of Directors. He has worked internationally for most of his career and became the Deputy Group Chief Executive Officer and Financial Director of Cadbury Schweppes in 1990. He then spent six and a half years with Coats Viyella plc where he was Group Chief Executive. His portfolio career of directorships commenced in 1998 and has included the post of Chairman of Royal Mail Group plc and Non Executive Director of Safeway.

STEPHEN MOON MBA
CHIEF EXECUTIVE OFFICER
Stephen has over 20 years' senior cross-functional experience in the grocery brands industry. Stephen was formerly the Strategy Planning and Worldwide Business Development Director for GlaxoSmithKline's Nutritional Healthcare business before founding Nutrinnovator in 2003.

STEWART SLADE BSc ACA
FINANCIAL DIRECTOR AND COMPANY SECRETARY
Stewart began his career as biochemist with the SmithKline Corporation before qualifying as a chartered accountant at Coopers & Lybrand. He has over 28 years' senior financial management experience gained with Colgate Palmolive, Dubois Chemicals, Diversey Operations Limited and Senetek plc both in the UK and internationally.

Advisors and company information

SECRETARY AND REGISTERED OFFICE
S.W. SLADE
10 Williams House
Manchester Science Park
Lloyd Street North
Manchester M15 6SE

Senior management

FIONA VIGAR BA (Hons) MCIM
DIRECTOR OF MARKETING

Fiona has over 15 years' sales and marketing experience with Diageo and GlaxoSmithKline. She was formerly Marketing Category Director for GlaxoSmithKline's Lucozade and Lucozade Sport brands in the UK, responsible for revenue growth of 70%, before becoming a founding director of Nutrinnovator.

IAN HOUGHTON
DIRECTOR OF SALES

Ian has over 20 years' experience in the beverage industry with Britvic, Quaker and Ubevco. As Sales Director of Ubevco he was responsible for building a salesforce of 75 which contributed to the growth of Red Bull's UK sales from £3 million to over £130 million.

DR NIAMH O'KENNEDY BSc MSc PhD
PRINCIPAL SCIENTIST

Niamh is a research chemist, specialising in the field of natural products chemistry. Her experience in isolating and characterising plant-derived compounds and understanding the roles these play in complex biological systems has been pivotal in the development of Provexis' product portfolio.

Scientific advisory board

PROFESSOR ASIM-DUTTAROY BS MS PhD DSc FICN

Asim discovered the anti-aggregatory effect of the tomato extract (Fruitflow®), whilst undertaking research at the Rowett Research Institute. He is currently Professor of Nutrition at the Institute for Nutrition Research, University of Oslo. Prior to this he was Principal Scientist & Group Leader of Lipid Transport & Metabolism Group at the Rowett Research Institute in Aberdeen. He has also been Director of Insulin Research at Efamol Inc. in Canada and has held research positions at VA Medical Centre, Ohio; Wright State University School of Medicine, Dayton, Ohio; and the Thrombosis Research Centre, Temple University School of Medicine, Philadelphia.

PROFESSOR DAVID RICHARDSON MSc PhD FIFST FRSM RNutr

David advises Provexis in the field of health claims and functional food regulation. Prior to being an independent consultant, he was the Group Chief Scientist with Nestlé UK Ltd. He is a Visiting Professor at the University of Newcastle upon Tyne and the University of Reading. David was formally a member of the UK committee on Medical Aspects of Food Policy (COMA); has chaired the EU Concerted Action Programme (PASSCLAIM) to develop a process for the scientific substantiation of health claims; and was on the Council of the UK Joint Health Claims Initiative (JHCI).

PROFESSOR IAIN BROOM BSc MBChB FRCP(Glas) FRCPath

Iain is a Research Professor in Clinical Biochemistry and Metabolic Medicine at Robert Gordon University in Aberdeen. He is Head of Metabolic Medicine and Obesity at the Aberdeen Centre for Energy Regulation & Obesity and he is an Honorary Research Fellow of the Rowett Research Institute in Aberdeen. He is also a Consultant in Clinical Biochemistry and Metabolic Medicine at Grampian University Hospitals NHS Trust, a Clinical Senior Lecturer in Clinical Biochemistry at the University of Aberdeen and Deputy Director of the Surgical Nutrition and Metabolism Unit in the Departments of Surgery and Clinical Biochemistry.

COMPANY NUMBER
5102907

AUDITORS
BDO STOY HAYWARD LLP
8 Baker Street
London W1U 3LL

LAWYERS
PINSENT MASONS
Dashwood House
69 Old Broad Street
London EC2M 1NR

NOMINATED ADVISOR AND BROKER
ARBUTHNOT SECURITIES LIMITED
Arbuthnot House
20 Ropemaker Street
London EC2Y 9AR

Report of the directors

for the year ended 31 March 2006

The Directors present their report together with the audited financial statements for the year ended 31 March 2006.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 17 and shows a loss after tax for the year of £3,410,970 (2005: loss of £1,824,094).

The Directors do not recommend the payment of any dividend.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Provexis PLC has two wholly-owned subsidiaries, Provexis Nutrition Limited ("PNL") and Provexis Natural Products Limited ("PNP") each of which is registered in England. Provexis PLC also owns 75% of Provexis (IBD) Limited ("IBD") and owns 94% of Altucea Limited (dormant) each of which is registered in England.

Provexis PLC is a life sciences-driven enterprise engaged in developing and marketing proprietary nutrition products that fulfil important unsatisfied consumer needs related to heart health, cancer protection and gastrointestinal health. The Group's business is comprised of three business segments: Fruitflow® tomato extract, currently principally addressing the inhibition of platelet aggregation in blood (the "Heart Health Segment"); plantain extract compounds principally addressing Inflammatory Bowel Disease (the "Inflammatory Bowel Disease Segment"); and brassica vegetable extracts principally addressing the minimisation of risk factors associated with certain types of cancer (the "Shield Segment").

The acquisition of Provexis Limited by Nutrinnovator Holdings PLC took place in June 2005. At this time the Company also changed its name from Nutrinnovator Holdings PLC to Provexis PLC. During the ensuing months the Company successfully integrated the two businesses rationalising both product lines and management teams. As an adjunct to this programme the Group sold its interest in the non-core Altu food bar business.

Group turnover from continuing operations was £139,972 for the year ended 31 March 2006, arising from the sale of Sirco® products which contains the Provexis proprietary Fruitflow® technology. The Sirco® brand was launched in three of the UK's supermarket chains during the first quarter of 2006.

The overall revenue decrease from continuing operations of 55% for the year ended 31 March 2006 compared to the year ended 31 March 2005 was represented by a decrease of the one time fee of £310,000 paid by Provexis Limited to Nutrinnovator Holdings PLC in the prior year and an increase in Sirco® sales of £139,972 to three UK supermarkets in the current year.

Administrative expenses – other, for the year ended 31 March 2006 were £2,976,931 compared to £1,441,158 for the year ended 31 March 2005. The increase is represented by the increased overheads of the new Group composition following the acquisition of Provexis Limited in June 2005. One time reorganisation costs in connection with the finance and administration function of £119,850 have been disclosed separately in the profit and loss account. Share option compensation expense of £455,446 was charged to the profit and loss account during the year in connection with share options granted at exercise prices that were lower than market price on the date of grant. Also, included in operating loss is £363,264, relating to amortisation of goodwill arising from the acquisition of Provexis Limited in June 2005.

Operating loss from continuing operations for the year ended 31 March 2006 totalled £3,346,385 compared to an operating loss of £1,106,715 for the year ended 31 March 2005. The increase in operating loss is mainly due to the decrease in revenues for the year and the new Group structure which includes the operating results of Provexis Natural Products Limited (formerly Provexis Limited).

Loss on ordinary activities in respect of discontinued operations of £172,003 for the year ending 31 March 2006 related to trading activities in connection with the Altu food bar up to the date of sale of the Altu business. The Altu business was sold to Altú Limited, trading as Go Lower Limited. This sales transaction was executed in October 2005. A provision of £32,756 was recorded in September 2005 in connection with the sale of the Altu business.

Cash at bank as at 31 March 2006 was £2,166,243, compared to £1,105,689 at 31 March 2005. A Standby Equity Distribution Agreement ("SEDA") was executed with Cornell Capital Partners Limited on 5 June 2006. Under the terms of the SEDA, the Company may at its discretion sell its 1p ordinary shares to Cornell in specified draw downs up to a total amount of £3 million. The SEDA is discussed in more detail in note 25 to the accounts – Post Balance Sheet Events.

We anticipate that our research and development expenditures related to the Fruitflow®, the IBD and the Brassica projects will increase for the year ending 31 March 2007 as we complete development of a new Fruitflow® format and initiate an 18 month clinical trial on patients in remission from Crohn's disease. The net development costs for Fruitflow® will reflect the receipt of agreed co-development credits from a potential licensing partner on a next generation food format.

POLICY ON THE PAYMENT OF CREDITORS

It is the policy of the Group to pay creditors and suppliers in accordance with their normal terms of business. Creditor days outstanding for the Company at 31 March 2006 amounted to 55 days compared to 50 days at 31 March 2005.

DIRECTORS

The following Directors have held office during the year and subsequently:

C.D. Buck	Non Executive Chairman	(appointed 23 June 2005)
N.C. Bain	Non Executive	
S.J. Franklin	Executive	(appointed 23 June 2005, resigned 24 July 2006)
S.N. Moon	Executive	
S.W. Slade	Executive	(appointed 12 January 2006)
F.L. Vigar	Executive	(resigned 24 May 2005)
D.C. Gardner	Executive	(resigned 24 May 2005)
T.D. Mustard	Non Executive	(resigned 24 May 2005)

N.C. Bain who retires by rotation according to the Articles of Association of the Company at the Annual General Meeting ("AGM") and being eligible will seek re-election. S.W. Slade will retire at the AGM and being eligible will seek re-election.

The beneficial interests of the Directors in the ordinary share capital of the Company and options for such shares, as detailed below, both reflect the year end figures and any subsequent changes. No Director has any interest in any other Group company.

	Ordinary shares of 1p each			
	31 March 2006		31 March 2005	
	Options and similar interests	**Shares**	Options and similar interests	Shares
C.D. Buck	**—**	**536,000**	—	—
N.C. Bain	**330,300**	**447,000**	330,300	—
S.J. Franklin	**8,251,234**	**3,234,129**	—	—
S.N. Moon	**2,411,773**	**6,000,000**	1,117,620	6,000,000
S.W. Slade	**2,088,167**	**—**	—	—

Executive and Non Executive Directors were granted share options in accordance with the Company's share option plans. Details of Directors share options are contained within the Directors' Remuneration Report.

The options are exercisable at various dates to January 2016 at prices varying from 1p to 8.62p.

There have been no changes in the above beneficial shareholdings between 31 March 2006 and 29 August 2006.

No Director's options were exercised during the year. The market price of the Company's shares at 31 March 2006 was 10.09p and the range during the period 23 June 2005 to 31 March 2006 was 4.53p to 12.55p.

One third of the Directors who have held office since the date of the last AGM and currently hold office will retire by rotation.

FINANCIAL INSTRUMENTS

Disclosures in respect of financial instruments are made in note 16 of the financial statements.

RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the year are disclosed in note 26 to the financial statements.

Report of the directors continued

for the year ended 31 March 2006

CHARITABLE DONATIONS

During the year the Group made charitable donations totalling £nil (2005: £300). It is Group policy not to make political donations and no such donations were made during the year (2005: £nil).

SUBSTANTIAL SHAREHOLDINGS

As at 29 August 2006 the following interests in 3% or more of the Company's existing ordinary share capital had been reported:

	Number of ordinary shares of 1p each	Per cent of issued ordinary shares of 1p each
Rising Stars Growth Fund	58,959,444	23.62
Progeny Bioventures Limited	31,969,179	12.81
ANGLE Technology Limited	29,926,464	11.99
North West Equity Fund	13,514,990	5.40
Rowett Research Services Limited	13,167,873	5.28

EMPLOYEE INVOLVEMENT AND POLICY

The Directors recognise the need for communication with employees at every level. Copies of the Annual Report and financial statements are available to all employees which, together with staff briefings on Group developments, keeps them informed of the Group's progress. The Group is committed to a policy of equal opportunity in matters related to employment, training and career development and is opposed to any form of less favourable treatment afforded on the grounds of disability, sex, marital status, nationality, race or religion. Full consideration is given to continuing the employment of staff who become disabled and to provide training and career development opportunities to disabled employees.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Friday 29 September 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

AUDITORS

A resolution to reappoint BDO Stoy Hayward LLP will be proposed at the next Annual General Meeting.

By order of the Board

S.W. SLADE
COMPANY SECRETARY
29 AUGUST 2006

Directors' remuneration report

REMUNERATION COMMITTEE

The Company's compensation policy is administered by the Remuneration Committee. The Remuneration Committee is comprised of C.D. Buck and N.C. Bain.

REMUNERATION POLICY

The following comprises the principal elements of remuneration:

- basic salaries and benefits;
- bonus;
- long term incentives – stock options; and
- stakeholder pensions.

Currently the Company and its subsidiaries have ten employees. The Company's compensation programme is designed to complement the Company's short and long term business strategy by attracting and retaining key Executives critical to the Company's success and establishing appropriate incentives for them to build the Company's business and enhance the Company's profitability and stock value for its shareholders. To achieve this, the Remuneration Committee has sought to develop similar compensation programmes paid by companies in businesses similar to the Company's, with which the Company must compete for executive talent, including a cash and equity incentive compensation programme that will motivate continual improvement in the Company's financial and business results. To date, the Remuneration Committee has primarily undertaken its own research and utilised its members' extensive business experience and relationships to determine appropriate levels of compensation. The Remuneration Committee may use from time to time compensation experts in the future to evaluate Executive compensation arrangements.

Given its personnel structure and the Company's formative stage of development, it had not, in the past, been practicable for the Company to set up a detailed and integrated compensation philosophy for its Executives, nor to specify levels of seniority, areas of responsibility, performance criteria and profitability-related awards.

Typically, Executives have been awarded employment agreements. The Company's current executive employment agreements provide for consideration by the Remuneration Committee of discretionary cash bonuses but have no provisions assuring any bonus or any increases in fixed compensation during the terms of the agreements. A bonus amounting to £30,000 was paid to S.J. Franklin in January 2006 in connection with predetermined performance measures.

The Remuneration Committee believes that ownership interest by Executive Directors and senior management personnel of the Company strengthens the link between personal interests and those of the shareholders. The Company's Executive Directors and senior management personnel are eligible to participate in the new Provexis PLC Share Option Plan, which was established in June 2005. Options under the plan are granted at an exercise price not less than the market value of the ordinary shares on grant date.

The Company's Executive Directors and senior management personnel are eligible to participate in the Company's stakeholder retirement plan. Beginning in the 2006 fiscal year, the Company makes a 5% of gross salary contribution into personal pension arrangements.

SERVICE CONTRACTS

The Company has entered into service contracts with the following Executive Directors, S.J. Franklin, S.N. Moon and S.W. Slade and senior management personnel. None of the service contracts, with the exception of S.J. Franklin which makes reference to a fixed performance related bonus for the year ended 31 March 2006, contain any performance provisions related to Director options or long term incentive plans.

Directors' remuneration report continued

DIRECTORS' REMUNERATION

The emoluments for the Directors were as follows:

	Salary and fees	Benefits and other compensation	Total	Total	Pension contributions	
	2006	2006	2006	2005	2006	2005
	£	£	£	£	£	£
S. J. Franklin	119,455	30,267(1)	149,722	95,250	4,688	—
S.N. Moon	108,818	648	109,466	105,000	5,386	5,000
S.W. Slade	32,727(2)	—	32,727	—	1,636	—
C.D. Buck	16,667(3)	—	16,667	—	—	—
N.C. Bain	15,000(4)	18,250(5)	33,250	15,000	—	—
Total	292,667	49,165	341,832	215,250	11,710	5,000

(1) Contractual performance related bonus for the year ended 31 March 2006 of £30,000 and private medical insurance of £267
(2) Joined Company on 21 November 2005
(3) Monthly stipend of £2,083
(4) Quarterly stipend of £3,750
(5) Consulting fee regarding capital reorganisation and share placing

The Directors' interests in total long term incentive share option schemes are as follows:

	1 April 2005	Granted	Lapsed or exercised	Outstanding at 31 March 2006	Options vested at 31 March 2006	Date from which exercisable	Expiration Dates
S.J. Franklin	—	8,251,234	—	8,251,234	5,871,469	June 2006	2013–2015
S.N. Moon	1,117,620	1,294,153	—	2,411,773	1,117,620	June 2004	2015
S.W. Slade	—	2,088,167	—	2,088,167	—	January 2009	2016
C.D. Buck	—	—	—	—	—	—	—
N.C. Bain	330,300	—	—	330,300	330,300	June 2004	2014

There were no payments made to third parties for making available the services of any of the above Directors.

On behalf of the Board

C.D. BUCK
CHAIRMAN, REMUNERATION COMMITTEE
29 AUGUST 2006

Audit committee report

Directors are expected to attend each Board meeting, in person. Management provides all Directors with an agenda and appropriate written materials in advance of each meeting. To ensure active and effective participation, Directors are expected to arrive at each Board and committee meeting having reviewed the materials for the meeting. The role of the Audit Committee, which is comprised of N.C. Bain and C.D. Buck is to oversee the Company's financial reporting process on behalf of the Board of Directors, including the selection of the Company's auditors and the approval of services and fees provided by the auditors. Management of the Company has the primary responsibility for the Company's financial statements as well as the Company's financial reporting process, principles and internal controls. The independent auditors are responsible for performing an audit of the Company's financial statements and expressing an opinion as to the conformity of such financial statements with United Kingdom generally accepted accounting principles.

In this context, the Audit Committee reviewed and discussed the audited financial statements of the Company as of and for the year ended 31 March 2006 with management and the independent auditors. The Audit Committee also considered whether the independent auditors' provision of non-audit services to the Company is compatible with maintaining the auditors independence.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the independent auditors

to the shareholders of Provexis PLC

We have audited the Group and parent company financial statements (the "financial statements") of Provexis PLC for the year ended 31 March 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Directors and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's affairs as at 31 March 2006 and of its loss for the year then ended;
- the parent company's financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2006;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO STOY HAYWARD LLP
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
LONDON
29 AUGUST 2006

Consolidated profit and loss account

for the year ended 31 March 2006

		2006			2005		
	Note	Continuing operations £	Discontinued operations £	Total £	Continuing operations £	Discontinued operations £	Total £
Turnover	2						
Existing operations		**—**	**127,688**	**127,688**	310,000	298,667	608,667
Acquisitions		**139,972**	**—**	**139,972**	—	—	—
		139,972	**127,688**	**267,660**	310,000	298,667	608,667
Cost of sales		**(75,707)**	**(100,091)**	**(175,798)**	(246,709)	(222,985)	(469,694)
Gross profit		**64,265**	**27,597**	**91,862**	63,291	75,682	138,973
Distribution costs		**(10,968)**	**(14,299)**	**(25,267)**	—	(30,821)	(30,821)
Administrative expenses:							
Other		**(2,824,386)**	**(152,545)**	**(2,976,931)**	(664,370)	(776,788)	(1,441,158)
Reorganisation costs	5	**(119,850)**	**—**	**(119,850)**	—	—	—
Share option costs	5	**(455,446)**	**—**	**(455,446)**	(505,636)	—	(505,636)
Total administrative expenses		**(3,399,682)**	**(152,545)**	**(3,552,227)**	(1,170,006)	(776,788)	(1,946,794)
Operating loss	5						
Existing operations		**—**	**(139,247)**	**(139,247)**	(1,106,715)	(731,927)	(1,838,642)
Acquisitions		**(3,346,385)**	**—**	**(3,346,385)**	—	—	—
		(3,346,385)	**(139,247)**	**(3,485,632)**	(1,106,715)	(731,927)	(1,838,642)
Provision for loss on disposal of discontinued operations	6	**—**	**(32,756)**	**(32,756)**	—	—	—
Loss on ordinary activities before interest		**(3,346,385)**	**(172,003)**	**(3,518,388)**	(1,106,715)	(731,927)	(1,838,642)
Interest receivable				**113,918**			34,286
Interest payable and similar charges	7			**(6,500)**			(19,738)
Loss on ordinary activities before and after taxation				**(3,410,970)**			(1,824,094)
Loss for the year	18			**(3,410,970)**			(1,824,094)
Basic and diluted loss per share							
Continuing operations	9			**(2.0)p**			(4.0)p
Discontinued operations	9			**—**			(2.0)p
Total basic and diluted loss per share	9			**(2.0)p**			(6.0)p

All recognised gains and losses are included in the profit and loss account.

The notes on pages 21 to 34 form part of these financial statements.

Consolidated balance sheet

at 31 March 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	10		**6,902,013**		—
Tangible assets	11		**16,517**		11,455
			6,918,530		11,455
Current assets					
Stocks	13	**17,963**		47,243	
Debtors	14	**554,102**		288,984	
Cash at bank and in hand		**2,166,243**		1,105,689	
		2,738,308		1,441,916	
Creditors: amounts falling due within one year					
Convertible debt	15	**—**		(400,000)	
Other	15	**(807,240)**		(543,549)	
		(807,240)		(943,549)	
Net current assets			**1,931,068**		499,367
Total assets less current liabilities			**8,849,598**		509,822
Capital and reserves					
Called up share capital	17		**2,500,010**		332,184
Share premium account	18		**5,312,243**		1,335,192
Merger reserve	18		**6,273,909**		1,137,616
Share option reserve	18		**804,797**		420,903
Profit and loss account	18		**(6,041,361)**		(2,716,073)
Total shareholders' equity			**8,849,598**		509,822

The financial statements were approved and authorised by the Board on 29 August 2006 and signed on its behalf by:

S.N. MOON
DIRECTOR

The notes on pages 21 to 34 form part of these financial statements.

Company balance sheet

at 31 March 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Investments in subsidiary undertakings	12		**1,382,919**		265,583
			1,382,919		265,583
Current assets					
Debtors	14	**6,443,485**		1,801,814	
		6,443,485		1,801,814	
Creditors: amounts falling due within one year					
Convertible debt	15	**—**		(400,000)	
Net current assets			**6,443,485**		1,401,814
Total assets less current liabilities			**7,826,404**		1,667,397
Capital and reserves					
Called up share capital	17		**2,500,010**		332,184
Share premium account	18		**5,312,243**		1,335,192
Other reserves	18		**804,797**		420,903
Profit and loss account	18		**(790,646)**		(420,882)
Total shareholders' equity			**7,826,404**		1,667,397

The financial statements were approved and authorised by the Board on 29 August 2006 and signed on its behalf by:

S.N. MOON
DIRECTOR

The notes on pages 21 to 34 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 March 2006

	Note	2006 £	2006 £	2005 £	2005 £
Net cash outflow from operating activities	19		**(2,741,662)**		(1,247,519)
Returns on investments and servicing of finance					
Interest received		**119,981**		25,566	
Interest paid on convertible loan notes		**(6,500)**		(16,900)	
Interest element of finance lease rental payments		**—**		(238)	
Net cash inflow from returns on investment and servicing of finance			**113,481**		8,428
Capital expenditure and financial investment					
Purchase of tangible fixed assets			**(16,264)**		(2,282)
Acquisitions and disposals					
Purchase of subsidiary undertakings			**(39,745)**		—
Cash acquired with subsidiary undertakings			**763,956**		—
Cash received on disposal of business			**43,455**		—
Net cash outflow before financing			**(1,876,779)**		(1,241,373)
Financing					
Issue of ordinary share capital		**3,775,744**		2,025,080	
Exercise of share options		**3,725**		1,884	
Cost of shares issues		**(841,514)**		(265,071)	
Capital element of finance lease rental payments	21	**(622)**		(1,769)	
Issue of convertible loan notes	21	**—**		400,000	
Cash inflow from financing			**2,937,333**		2,160,124
Increase in cash	21		**1,060,554**		918,751

The notes on pages 21 to 34 form part of these financial statements.

Notes forming part of the financial statements

for the year ended 31 March 2006

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. In preparing these financial statements the Group has adopted acquisition accounting as set out in Financial Reporting Standard ("FRS") 6 "Acquisitions and Mergers". The financial statements are presented in UK Pounds Sterling as this represents the functional currency of the Group. The following principal accounting policies have been applied:

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Provexis PLC, and its wholly-owned and majority owned subsidiary undertakings, Provexis Nutrition Limited 100%, Provexis Natural Products Limited 100%, Provexis Limited 75% and Altucea Limited 94%, a dormant company all of which are registered in England. All entities are referred to as the "Group" and those operations exclusively of Provexis PLC are referred to as the "Company".

The acquisition method of accounting is used to consolidate the results of purchased subsidiary undertakings in the Group's financial statements.

Where merger relief applies, the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

During the year the Group adopted Financial Reporting Standard (FRS) 21 "Events after the balance sheet date", FRS 22 "Earnings per Share", FRS 28 "Corresponding amounts" and the presentational requirements of FRS 25 "Financial instruments (Disclosure and Presentation)." Neither FRS 22, 28 or 25 had any impact on the net assets of the Group or the Company nor on the profit of the Group. In relation to the adoption of FRS 25, no equity element has been recognised on the convertible debt as at 1 April 2005 on the grounds of materiality.

A separate profit and loss account dealing with the results of the Company only has not been presented, as provided by section 230 of the Companies Act 1985. The Group loss for the year includes a loss after tax of £455,446 (2005: £505,636) which is dealt with in the financial statements of the parent company.

The Group is also exempt under the terms of FRS 8 ("Related Party Disclosures") from disclosing normal trading related party transactions with entities that are part of the Provexis PLC Group.

SHARE BASED EMPLOYEE REMUNERATION

When shares and share options are awarded to employees a charge is made to the profit and loss account based on the difference between the market value of the Company's shares at the date of grant and the option price in accordance with UITF Abstract 17 (Revised 2003) "Employee Share Schemes". The credit entry for the charge is taken to the share option reserve and reported in the Reconciliation of Movements in Shareholders Funds.

NATIONAL INSURANCE ON SHARE OPTIONS

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted under unapproved schemes after 19 May 2002, provision for any National Insurance contribution has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

TURNOVER

Turnover from sales of the Company's Sirco® product and the discontinued Altu product are recognised upon delivery which is generally the time of shipment where legal title and risk of loss is transferred to the Group's customers, and is stated at the net invoiced value of goods supplied to customers after deduction of value added tax where applicable.

DEFERRED TAXATION

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Notes forming part of the financial statements

for the year ended 31 March 2006

1 ACCOUNTING POLICIES continued

INTANGIBLE ASSETS

Goodwill is amortised on a straight-line basis over its useful life of 15 years. Goodwill included in the consolidated financial statements relates to the Group's acquisition on 23 June 2005 of Provexis Limited.

IMPAIRMENT OF FIXED ASSETS AND GOODWILL

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

INVESTMENTS

Investments are held at cost less any provision for an impairment in value.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost. Depreciation is calculated on a straight-line basis so as to write off the cost less residual value of tangible fixed assets by equal instalments over their useful economic lives as follows:

Plant, machinery and vehicles – 3 years
Fixtures, fittings and equipment – 3 years

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off as incurred and includes a proportion of salaries and other expenses relating thereto.

STOCK

Stock has been valued at the lower of cost and net realisable value.

PENSION COSTS

Contributions to the stakeholder pension plan are charged to the profit and loss account in the period in which they become payable.

FINANCIAL INSTRUMENTS

In relation to the disclosures made in note 16:

- short term debtors and creditors are not treated as financial assets or financial liabilities (other than for currency disclosures);
- the Group does not hold or issue derivative financial instruments for trading purposes;
- in the Group's current situation, hedging for interest rate risk is not considered appropriate; and
- short term liquidity risk is managed by obtaining and reviewing the adequacy of banking facilities on a regular basis. Operations and working capital requirements are financed principally through the Group's cash balances. However, the Board constantly monitors the financial markets to ensure this policy remains in the Group's interest.

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital payments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 TURNOVER

Turnover, net assets and results are wholly attributable to the principal activity of the Group and arise solely within the United Kingdom.

3 EMPLOYEES

The average number of persons employed by the Group and the Company during the year, including Executive Directors, was as follows:

Group	2006 Number	2005 Number
Management	**3**	4
Administration and selling	**3**	3
Research and development	**4**	4
	10	11

Company	2006 Number	2005 Number
Management	**3**	3

Staff costs for all employees, including Executive Directors, consist of:

	2006 £	2005 £
Wages and salaries	**717,546**	406,881
Social security costs	**85,883**	49,099
Other pension costs	**29,553**	16,008
	832,982	471,988

Remuneration of the employees of the Company are borne by other Group companies.

4 DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Emoluments	**368,160**	295,841
Company contributions to money purchase pension schemes	**11,968**	11,250

The Company recorded emoluments for the highest paid Director in 2006 of £149,722 (2005: £105,000) which included a base salary of £119,455 (2005: £105,000), and a performance related bonus of £30,000 (2005: £nil). None of the Executive Directors exercised any share options during 2006 (2005: £nil). All three Executive Directors received share options during 2006 and two Executive and one Non Executive Director received share options during 2005.

The figures above represent contractual entitlements, including salary, benefits, discretionary bonuses and stipends and exclude share options.

Directors' shareholdings and interests are disclosed in the Report of the Directors.

Notes forming part of the financial statements continued

for the year ended 31 March 2006

5 OPERATING (LOSS)

Supplemental profit and loss information is set out below:

	2006 £
Turnover	
Existing	**127,688**
Acquisitions	**139,972**
Cost of sales	
Existing	**(100,091)**
Acquisitions	**(75,707)**
Gross profit	
Existing	**27,597**
Acquisitions	**64,265**
Distribution	
Existing	**(14,299)**
Acquisitions	**(10,968)**
Administration expenses – other	
Existing	**(741,242)**
Acquisitions	**(2,235,689)**
Reorganisation costs	
Acquisitions	**(119,850)**
Share option expense	
Acquisitions	**(455,446)**
Operating loss	
Existing	**(727,944)**
Acquisitions	**(2,757,688)**

This is stated after charging the following:

	2006 £	2005 £
Research and development	**394,300**	—
Depreciation and amortisation of assets – tangible owned	**16,612**	8,056
– intangible	**363,264**	—
Operating leases rental expense – property	**—**	22,956
Auditors' remuneration and expenses – audit services (1)	**32,811**	15,000
– non-audit services	**84,189**	6,000
Share option costs (UITF 17 and UITF 25)	**455,446**	505,636

(1) Company fees totalled £28,000 and £11,000 in 2006 and 2005 respectively.

5 OPERATING (LOSS) continued

REORGANISATION COSTS

During the year, the Company incurred £119,850 of one time non-recurring restructuring costs for the finance department. The costs related to the severance packages of the previous financial management team and the recruitment of a new Finance Director.

6 DISCONTINUED OPERATIONS

On 4 October 2005, the Company closed a transaction in which Altú Limited (trading as Go Lower Limited) purchased the Altu food bar business, for £43,455 cash, and an obligation to pay £1,250 and £30,000 on 31 October 2005 and 31 December 2005 respectively in relation to promotional activities undertaken by the Company. Delivery of trademarks, which had no carrying value, were made on 4 October 2005 concurrent with the receipt of £43,455 cash and the recording of title transfers by the respective Patent and Trademark agencies.

A provision for loss on disposal of the Altu food bar business amounting to £32,756 has been recorded in connection with the write off of Altu inventory items and fixed assets.

The Company has accounted for this transaction as a sale of assets.

7 INTEREST EXPENSE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable comprises the following:		
Convertible notes payable	**6,500**	19,500
Interest on finance leases	**—**	238
	6,500	19,738

8 TAXATION ON LOSS FROM ORDINARY ACTIVITIES

	2006 £	2005 £
UK corporation tax on loss of the year	**—**	—

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2006 £	2005 £
Loss on ordinary activities before tax	**(3,410,970)**	(1,824,094)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	**(1,023,291)**	(547,228)
Effect of:		
Expenses not deductible for tax purposes	**2,500**	3,512
Losses created in the year	**769,168**	386,834
Short term timing differences	**251,623**	156,882
Current charge for period	**—**	—

It is uncertain if the tax losses available to the Company to carry forward will be utilised in the near future. Accordingly, a deferred tax asset has not been recognised. The unrecognised deferred tax is approximately £1,913,660 and £670,548 at 31 March 2006 and 2005, respectively.

UK Group tax losses carried forward at 31 March 2006 are estimated to amount to approximately £6,378,863 (2005 – £2,056,182).

The short term timing differences relate to excess book depreciation and amortisation over capital allowances and increases in general provisions.

Notes forming part of the financial statements continued

for the year ended 31 March 2006

9 BASIC AND DILUTED LOSS PER SHARE

	2006 **£**	2005 £
Loss for the year – continuing	**(3,238,967)**	(1,092,167)
Loss for the year – discontinued	**(172,003)**	(731,927)
Loss for the year – continuing and discontinued	**(3,410,970)**	(1,824,094)

	2006 **Number**	2005 Number
Weighted average number of shares in issue	**200,292,337**	32,064,060(1)
Share options	**11,283,370**	—
	211,575,707	32,064,060

(1) The weighted average number of shares in issue for 2005 has been adjusted to take into account the 2 for 1 share split effected on 23 June 2005 (see note 17).

Options to purchase shares totalling 27,769,880 were outstanding at 31 March 2006 (2005: 1,654,358). As at 31 March 2006 all of the 27,769,880 options were 'in the money' and through application of the treasury stock method 16,486,510 options were excluded from the calculation of diluted earnings per share as their effect on the loss for the period would have been anti-dilutive.

10 INTANGIBLE ASSETS

On 23 June 2005 the Company acquired the entire issued share capital of Provexis Limited, a private company engaged in research and development in connection with functional foods and nutraceuticals.

Provexis Limited has been consolidated using the acquisition method and its results are incorporated from that date.

The difference between the acquisition cost and the fair value of the separable net assets acquired, goodwill, is amortised over a period of 15 years as, in the opinion of the Directors, this represents the period over which the goodwill is effective.

Group	Goodwill £
Cost	
Additions	7,265,277
At 31 March 2006	**7,265,277**
Amortisation	
Provision for the year	363,264
At 31 March 2006	**363,264**
Net book value	
At 31 March 2006	**6,902,013**
At 31 March 2005	—

10 INTANGIBLE ASSETS continued

In calculating the goodwill arising on the acquisition the fair value of net assets of Provexis Limited have been assessed and adjustments from book value have been made where necessary. These adjustments are summarised in the following table:

	Book value £	Deferred cost adjustment £	Fair value £
Tangible assets	5,409	—	5,409
Debtors	163,946	(97,061)	66,885
Cash at bank	763,956	—	763,956
Creditors	(118,570)	—	(118,570)
Net assets	814,741	(97,061)	717,680
Consideration – 111,658,555 Provexis PLC ordinary 1p shares issued at 5.6p per share			6,252,879
Assumption of loan liability			1,690,333
Stamp duty payable on share purchase			39,745
Total consideration for the acquisition			7,982,957
Goodwill arising from acquisition			7,265,277

The deferred cost adjustment relates to a reclassification of professional fees incurred by Provexis Limited in connection with the acquisition.

The liability of £1,690,333 assumed as part of the acquisition was converted to ordinary shares and the conversion is included within shares issued for loan conversion as disclosed in notes 17 and 18.

The results of Provexis Limited prior to acquisition were as follows:

PROFIT AND LOSS ACCOUNT

	1 April 2005 to 23 June 2005 £	Year ended 31 March 2005 £
Other operating income	—	24,143
Operating costs	(556,995)	(977,760)
Operating loss	(556,995)	(953,617)
Interest receivable	5,817	4,831
Loss on ordinary activities before taxation	(551,178)	(948,746)
Tax on loss on ordinary activities	—	41,250
Net loss	(551,178)	(907,536)

All recognised gains and losses are included in the profit and loss account.

Notes forming part of the financial statements continued

for the year ended 31 March 2006

11 TANGIBLE ASSETS

Group	Plant, machinery and vehicles £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2005	15,315	9,221	24,536
Additions	—	16,264	16,264
Acquisition of subsidiary	—	12,830	12,830
At 31 March 2006	**15,315**	**38,315**	**53,630**
Depreciation			
At 1 April 2005	7,657	5,424	13,081
Charge for year	7,658	8,954	16,612
Acquisition of subsidiary	—	7,420	7,420
At 31 March 2006	**15,315**	**21,798**	**37,113**
Net book value			
At 31 March 2006	**—**	**16,517**	**16,517**
At 31 March 2005	7,658	3,797	11,455

The net book value of tangible fixed assets includes an amount of £nil (2005: £1,446) in respect of assets held under finance leases. The related depreciation charge for the year was £nil (2005: £1,446).

12 FIXED ASSET INVESTMENTS

Company	£
At cost or valuation	
At 1 April 2005 – Provexis Nutrition Limited	265,583
Additions	
– Provexis Natural Products Limited	1,116,586
– Provexis (IBD) Limited	750
At 31 March 2006	**1,382,919**
Provisions for impairment	
At 1 April 2005 and 31 March 2006	—
Net book value	
At 31 March 2006	**1,382,919**
At 31 March 2005	265,583

12 FIXED ASSET INVESTMENTS continued

The Company owns, the following subsidiary undertakings:

Name and % owned	Country of registration	Nature of business
Provexis Nutrition Limited (100%)	England	The supply of functional food and nutraceutical products.
Provexis Natural Products Limited (100%)	England	The research and development of functional food and nutraceutical products.
Provexis IBD Limited (75%)	England	The research and development of functional foods in connection with the amelioration of Inflammatory Bowel Disease.
Altucea Limited (94%)	England	Dormant company.

The above subsidiaries are included in the consolidated financial statements.

13 STOCKS

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Finished goods	**10,307**	22,142	**—**	—
Raw materials	**7,656**	25,101	**—**	—
	17,963	47,243	**—**	—

14 DEBTORS

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Amounts receivable within one year:				
Trade debtors	**112,782**	140,711	**—**	—
Amounts due from subsidiary undertakings	**—**	—	**6,443,485**	1,680,814
Other debtors	**214,908**	1,994	**—**	—
Prepayments and accrued income	**226,412**	146,279	**—**	121,000
	554,102	288,984	**6,443,485**	1,801,814

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Trade creditors	**369,886**	271,139	**—**	—
Taxation and social security	**58,384**	84,328	**—**	—
Obligations under finance leases	**—**	622	**—**	—
Accruals	**378,970**	187,460	**—**	—
Convertible secured loan notes 2005	**—**	400,000	**—**	400,000
	807,240	943,549	**—**	400,000

The convertible loan notes 2005 were secured against the assets of Provexis Nutrition Limited by virtue of a second fixed and floating charge.

Notes forming part of the financial statements continued

for the year ended 31 March 2006

16 FINANCIAL INSTRUMENTS

(a) INTEREST RATE AND CURRENCY OF FINANCIAL ASSETS AND LIABILITIES

The primary market risks facing the Company are fluctuations in interest rates and variability in interest rate spread relationships (i.e. Prime to LIBOR spreads). The policy of the Directors for managing interest rate risk is to attempt to secure fixed rate interest on debt.

The Directors believe that fluctuations in interest rates in the near term would not materially affect the consolidated operating results, financial position or cash flows as they have limited risks related to interest rate fluctuations as all the debt is at fixed rate.

The interest rate exposure of the Group's borrowings is shown below:

As at 31 March 2006

Currency	**Total £**	**Floating borrowings £**	**Fixed borrowings £**	**Weighted average interest rate %**	**Weighted average time for which rate is fixed years**
Sterling	**—**	**—**	**—**	**—**	**—**

As at 31 March 2005

Currency	Total £	Floating borrowings £	Fixed borrowings £	Weighted average interest rate %	Weighted average time for which rate is fixed years
Sterling	400,000	—	400,000	6.5	0.75

The fixed rate borrowings as at 31 March 2005 consists of £400,000 of short term borrowings.

(b) FAIR VALUES OF FINANCIAL INSTRUMENTS

Set out below is a year end comparison of current and book values of all the Group's financial instruments by category. Where available, market rates are used to determine current values. Where market rates are not available, current values are calculated by discounting cash flows at prevailing interest rates and exchange rates.

	2006		2005	
	Book value £	**Fair value £**	Book value £	Fair value £
Cash	**2,166,243**	**2,166,243**	1,105,689	1,105,689
Short term convertible debt	**—**	**—**	(400,000)	(400,000)

The fair market value of short term debt approximates to the cost.

(C) CREDIT RISK

The Group's credit risk is primarily attributable to its trade debtors, which are spread over a range of customers, a factor which helps to dilute the concentration of risk. To help mitigate the exposure, credit worthiness checks are undertaken before entering into contracts with new customers and credit limits are set on all new and existing customers. Amounts presented in the Balance Sheet are stated net of allowances for doubtful recovery. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings.

17 SHARE CAPITAL

	2006		2005	
	Number	**£**	Number	£
Authorised				
Ordinary shares of 1p each (2005: ordinary shares of 2p each)	**400,000,000**	**4,000,000**	26,000,000	520,000
Allotted, called up and fully paid				
Ordinary shares of 1p each (2005: ordinary shares of 2p each)	**250,000,864**	**2,500,010**	16,609,194	332,184

	Ordinary shares of 1p each	
Company	Number	£
In issue at 1 April 2005 (2p nominal)	16,609,194	332,184
Share split 2 for 1 to adjust nominal value to 1p	16,609,194	—
Issue of shares for loans conversions	37,327,381	373,274
Issue of shares for acquisition of Provexis Limited	111,658,555	1,116,587
Issue of shares via placing	67,424,000	674,240
Exercise of share options	372,540	3,725
In issue at 31 March 2006	**250,000,864**	**2,500,010**

On 23 June 2005 the following changes to the Company's share capital took place:

(a) a capital reorganisation was effected so that each existing 2p ordinary share was split into two new 1p ordinary shares.

(b) 111,658,555 new ordinary shares of 1p each were issued at 5.6p per share as consideration for the acquisition of the entire issued share capital of Provexis Limited.

(c) 37,327,381 new ordinary shares of 1p each were issued at 5.6p per share in satisfaction of outstanding loans in the Company and for Provexis Limited.

(d) 67,424,000 new ordinary shares of 1p each were issued at 5.6p per share for cash consideration under the placing effected by the Company's readmission to AIM

In addition to the above changes on 21 March 2005, 372,540 ordinary shares were issued in connection with the exercise of share options for a former Director of the Company.

SHARE OPTIONS OUTSTANDING

In June 2005, the Company adopted a new share option plan for employees. Under the plan, options to purchase ordinary shares are granted by the Board of Directors, subject to the exercise price of the option being not less than the market value at the grant date. The options vest after a period of three years and the vesting schedule is subject to predetermined overall Company selection criteria. In the event that the option holders employment is terminated, the option may not be exercised unless the Board of Directors so permits. The options expire ten years from the date of grant.

Notes forming part of the financial statements continued

for the year ended 31 March 2006

17 SHARE CAPITAL continued

The following tables summarise option movements during the year ended 31 March 2006:

Options granted under:

(a) EMI Option Plan	Options outstanding Number	Weighted average option price per share £	Dates exercisable
Balance at 1 April 2005	811,269	0.020	June 2004 – June 2014
Nutrinnovator 2 for 1 option split	394,603	0.010	June 2004 – June 2014
Provexis option exchange	9,855,678	0.018	June 2005 – March 2013
Granted	4,252,867	0.064	July 2008 – January 2016
Exercised	(372,540)	0.010	
Cancelled	(416,666)	0.480	
Balance at 31 March 2006	**14,525,211**	**4.0p**	**June 2004 – January 2016**

(b) Unapproved Option Plan	Options outstanding Number	Weighted average option price per share £	Dates exercisable
Balance at 1 April 2005	843,089	0.020	June 2004 – June 2014
Nutrinnovator 2 for 1 split	609,860	0.010	June 2004 – June 2014
Provexis option exchange	3,370,104	0.010	June 2005 – March 2013
Granted	8,654,845	0.058	July 2008 – January 2016
Cancelled	(233,229)	0.480	
Balance at 31 March 2006	**13,244,669**	**4.2p**	**June 2004 – January 2016**

The market price of the shares at 31 March 2006 was 10.09p and the price range from 23 June 2005 to 31 March 2006 was 4.53p to 12.55p.

18 RESERVES

Group	Share premium account £	Merger reserve £	Share option reserve £	Profit and loss account £
At 1 April 2005	1,335,192	1,137,616	420,903	(2,716,073)
Shares issue for acquisition of Provexis Limited	—	5,136,293	—	—
Share placing	3,101,504	—	—	—
Shares issued for loans conversions	1,717,060	—	—	—
Share issue costs	(841,513)	—	—	—
Share option compensation expense	—	—	469,576	—
Share options exercised	—	—	(85,682)	85,682
Loss for the year	—	—	—	(3,410,970)
At 31 March 2006	**5,312,243**	**6,273,909**	**804,797**	**(6,041,361)**

18 RESERVES continued

Company	Share premium account £	Share option reserve £	Profit and loss account £
At 1 April 2005	1,335,192	420,903	(420,882)
Share placing	3,101,504	—	—
Shares issued for loans conversions	1,717,060	—	—
Share issue costs	(841,513)	—	—
Share option compensation expense	—	469,576	—
Share options exercised	—	(85,682)	85,682
Loss for the year	—	—	(455,446)
At 31 March 2006	**5,312,243**	**804,797**	**(790,646)**

19 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating (loss) continued operations	**(3,346,385)**	(1,106,715)
Operating (loss) discontinued operations	**(139,247)**	(731,927)
Total operating (loss)	**(3,485,632)**	(1,838,642)
Depreciation and amortisation	**379,876**	8,057
(Increase) decrease in stocks	**(46,931)**	14,648
(Increase) decrease in debtors	**(204,296)**	(223,040)
Increase (decrease) in creditors	**145,745**	327,225
Share option compensation (UITF 17)	**469,576**	464,233
Net cash outflow from operating activities	**(2,741,662)**	(1,247,519)

20 RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

	2006 £	2005 £
Increase in cash in the year	**1,060,554**	918,751
Decrease (increase) in debt	**622**	(398,231)
Change in net funds resulting from cash flows	**1,061,176**	520,520
Decrease in debt – non cash	**400,000**	—
Net funds at beginning of year	**705,067**	184,547
Net funds at end of year	**2,166,243**	705,067

Notes forming part of the financial statements continued

for the year ended 31 March 2006

21 ANALYSIS OF NET FUNDS

	At 1 April 2005 £	**Cash flow £**	**Other non cash items £**	**At 31 March 2006 £**
Cash at bank and in hand	1,105,689	**1,060,554**	**—**	**2,166,243**
Obligations under finance leases	(622)	**622**	**—**	**—**
Convertible loan notes	(400,000)	**—**	**400,000**	**—**
Total	705,067	**1,061,176**	**400,000**	**2,166,243**

22 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group	
	2006 £	2005 £
Loss for the year	**(3,410,970)**	(1,824,094)
Issue of shares (net proceeds)	**11,281,170**	1,761,892
Share option compensation expense	**469,576**	464,233
Net increase to shareholders' funds	**8,339,776**	402,031
Opening shareholders' funds	**509,822**	107,791
Closing shareholders' funds	**8,849,598**	509,822

23 COMMITMENTS

(a) OPERATING LEASES

As of 31 March 2006, the Group and Company had no annual commitments under non-cancellable operating leases.

(b) RESEARCH

Under existing agreements, the Company has committed but not contracted for research expenditure amounting to approximately £15,000.

24 POST BALANCE SHEET EVENTS

On 5 June 2006, the Company entered into a Standby Equity Distribution Agreement ("SEDA") with Cornell Capital Partners, LP. Pursuant to the SEDA, the Company may, at its discretion, periodically sell to Cornell, ordinary shares of 1p each in the Company, for a total purchase price of up to £3.0 million. For each ordinary share purchased under the SEDA, Cornell will pay the Company 95% of the lowest volume weighted average price of the Company's ordinary shares for the five days immediately following an advance notice date. Cornell will also retain 5% of each advance under the SEDA. Cornell's obligation to purchase the ordinary shares under the SEDA is limited to £50,000 per weekly advance. The amount and timing of all advances under the SEDA are at the discretion of the Company and the Company is not obligated to issue and sell any securities to Cornell, unless and until it decides to do so. In connection with the SEDA arrangement, an implementation fee of £90,000 will be paid to Cornell by the issue of 1,037,608 new ordinary shares of 1p each. The SEDA contains various affirmative and negative covenants for each rolling advance period during the term, including conduct of the Company's business only in the ordinary course and absence of material adverse changes in the Company's financial results, condition or prospects. Based upon projected operating results for the year and the Company's ability to manage discretionary expenditures, the Company presently believes it will have adequate cash for the next twelve months.

25 PENSION COSTS

The Company funds employee money purchase plans at a rate of 5% of basic salary. At 31 March 2006 there were no contributions outstanding (2005: £nil).

26 RELATED PARTY TRANSACTIONS

N.C. Bain is a Non Executive Director of Provexis PLC and a director of Neville Bain Developments Limited. Consulting services of £18,250 (2005: £nil) were provided by Neville Bain Developments Limited in connection with the acquisition of Provexis Limited in June 2005.

Notice of Annual General Meeting

Notice is hereby given that the second Annual General Meeting of Provexis PLC (the "Company") will be held at the offices of Arbuthnot, Arbuthnot House, 20 Ropemaker Street, London, EC2Y 9AR at 10.00am on 29 September 2006 for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions numbered 1 to 4 inclusive will be proposed as ordinary resolutions and the resolutions numbered 5 to 7 inclusive will be proposed as special resolutions:

ORDINARY BUSINESS

1. That the annual financial statements for the year ended 31 March 2006 and the reports of the Directors and auditors thereon be received and adopted.

2. That BDO Stoy Hayward LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company, and the Directors be authorised to agree the auditors' remuneration.

3. That Stewart Slade, who is vacating office having been appointed a Director by the Directors since the last Annual General Meeting in accordance with the Articles of Association of the Company, be elected as a Director.

4. That, Neville Bain who retires by rotation in accordance with the Articles of Association of the Company, be re-elected as a Director.

SPECIAL BUSINESS

5. That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Companies Act 1985) up to an aggregate nominal amount of £833,336, provided such power shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2007 or 15 months after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting) but the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired.

6. That, subject to the passing of resolution 5, the Directors be and they are hereby generally empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) for cash pursuant to the authority conferred by resolution 5 as if section 89(1) of the Act did not apply to the allotment. This power is limited to:

   (a) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company made in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:

      (i) to deal with equity securities representing fractional entitlements; and

      (ii) to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   (b) the allotment of equity securities for cash otherwise than pursuant to paragraph (a) up to an aggregate nominal amount of £125,000;

   and shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2007 or 15 months after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting) but 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 that offer or agreement as if the authority conferred by this resolution had not expired.

7. That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 1p each in the capital of the Company provided that:

   (a) the maximum number of ordinary shares that may be purchased is 12,500,040 (representing 5% of the Company's issued ordinary share capital);

   (b) the minimum price (exclusive of expenses) which may be paid for each ordinary share is 1p;

   (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations of an ordinary share of the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;

   (d) the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2007 or twelve months after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting); and

Notice of Annual General Meeting continued

(e) the Company may, before such expiry, enter into one or more contracts to purchase ordinary shares under which such purchases may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

By order of the Board

STEWART SLADE
COMPANY SECRETARY
29 AUGUST 2006

REGISTERED OFFICE
10 WILLIAMS HOUSE
MANCHESTER SCIENCE PARK
LLOYD STREET NORTH
MANCHESTER M15 6SE

Notes concerning the Annual General Meeting and the resolutions

A member entitled to attend and vote may appoint another person, who need not be a member, to attend and vote as his proxy. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person. A Form of Proxy is included with this Notice and instructions for use are given on the form.

To be valid, a Form of Proxy and, if applicable any authority under which it is signed, or a certified copy of such authority, must be lodged at the office of the registrars of the Company, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA not later than 48 hours before the time appointed for holding the meeting. Completion and return of the Form of Proxy will not prevent a member from attending and voting at the meeting should he so wish.

A member is not entitled to attend and vote at the meeting (whether in person or by proxy) unless his name is entered in the register of members 48 hours before the date of the meeting.

The Company, pursuant to the Uncertificated Securities Regulation 2001, has specified that only holders of ordinary shares registered in the register of members of the Company as at 10.00am on 27 August 2006 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 10.00am on 27 August 2006 shall be disregarded in determining the right of any person at attend and vote at the meeting.

Copies of the Directors' service contracts will be available during the meeting and for a period of 30 minutes prior to the meeting.

Explanatory notes concerning the resolutions are set out below:

RESOLUTION 1 – ANNUAL FINANCIAL STATEMENTS

The Directors are obliged to lay the annual financial statements before the Company in general meeting.

RESOLUTION 2 – APPOINTMENT OF AUDITORS

The Company is required to appoint auditors at each Annual General Meeting at which accounts are laid. This resolution proposes the appointment of BDO Stoy Hayward LLP as auditors and authorises the Directors to agree their remuneration.

Notes concerning the Annual General Meeting and the resolutions continued

RESOLUTIONS 3 AND 4 – ELECTION AND RE-APPOINTMENT OF DIRECTORS

Under the provisions of the Company's Articles of Association, any Director who has been appointed by the Board to be a Director, either to fill a vacancy or as an addition to the existing Board, shall hold office only until the next Annual General Meeting and shall then be eligible for election. Stewart Slade retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

Under the provisions of the Company's Articles of Association, at every Annual General Meeting one-third of the Directors (or the number nearest to and less than one third) shall retire from office and, Stewart Slade not being taken into account in determining the Directors or the number of Directors who are to retire by rotation at the upcoming Annual General Meeting, the Board has determined at start of business on today's date, being 29 August 2006, that Neville Bain shall retire by rotation and that, being eligible, he offers himself for re-appointment.

Separate resolutions will be proposed for the above election and re-appointment.

RESOLUTION 5 – AUTHORITY TO ALLOT SHARES

Under section 80 of the Companies Act 1985, the directors of a company may only allot unissued shares and other "relevant securities" if authorised to do so. This resolution, if passed, will continue the Directors' flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares, and renews the section 80 authority given on 20 June 2005.

Resolution 5 will allow the Directors to allot new shares up to a nominal value of £833,336 which is equivalent to one third of the total issued ordinary share capital as at 29 August 2006 . The Directors have no current intention of exercising this authority .

This authority will expire at the conclusion of the next Annual General Meeting or fifteen months from the date of the resolution, whichever is the earlier.

RESOLUTION 6 – DISAPPLICATION OF PRE-EMPTION RIGHTS

If equity securities are to be allotted for cash, section 89(1) of the Companies Act 1985 requires that those equity securities are offered first to existing shareholders in proportion to the number held by them at the time of the offer and otherwise in compliance with the technical requirements of that Act. However, it may be in the interests of the Company for the Directors to allot shares other than to shareholders in proportion to their existing holdings or otherwise than strictly in compliance with those requirements.

Resolution 6 is a special resolution which, if passed, would allow the Directors, pursuant to section 95 of the Companies Act 1985, to allot shares for cash without first offering them to shareholders in accordance with that Act. This power is limited to the allotments of equity securities for cash up to a maximum nominal amount of £125,000, which is equivalent to 5% of the total issued ordinary share capital of the Company as at 29 August 2006 and allotments of equity securities in connection with a rights issue or other offer to shareholders, subject to the Directors ability to make arrangements to deal with certain legal or practical problems arising in connection with such offer. This power will expire at the conclusion of the next Annual General Meeting or fifteen months from the date of the resolution, whichever is the earlier.

RESOLUTION 7 – AUTHORITY TO PURCHASE OWN SHARES

The Companies Act 1985 permits a company to purchase its own shares provided the purchase has been authorised by the Company in general meeting. To provide the Directors with flexibility for the forthcoming year this authority is being sought at the Annual General Meeting.

Resolution 7 is a special resolution which, if passed, would give the Company the authority to purchase its own issued ordinary shares at a price of not less than 1p per share and not more than 105% above the average of the middle market quotations of the Company's shares as shown in the London Stock Exchange Daily Official List for the five dealing days before the purchase is made. The authority would be to purchase a maximum of 5% of the Company's issued share capital as at 29 August 2006 and would expire at the end of the next Annual General Meeting or fifteen months from the date of the resolution, whichever is the earlier.

The Directors would not make purchases unless they believed that the purchase was generally in the best interests of the shareholders and unless (except in the case of purchases intended to satisfy obligations under share schemes) the expected effect of the purchase would be to increase earnings per share of the remaining shares. The Directors have no present intention of making such purchases.

designed & produced by The Design Portfolio
a member of the flathill communications group plc
www.flathillplc.com

PROVEXIS PLC
20 Mortlake High Street
London SW14 8JN
United Kingdom

Tel: +44 (0)208 392 6631
Fax: +44 (0)208 392 6632
www.provexis.com