This document is important. If you are in any doubt about the contents of this Prospectus you should consult a stockbroker, bank manager, accountant or other independent adviser authorised under the Financial Services Act 1986, who specialises in advising on the acquisition of shares and other securities.

There is at present no listing or quotation on any stock exchange or other market for the shares in the capital of the Company and no application for any such listing or quotation has been or is currently intended to be made. Investments in unquoted securities carry higher risks than investments in quoted securities, may be difficult to realise, and there can be no certainty that market makers will be prepared to deal in them. Proper information for determining their value may not be available.

The Directors of the Company accept responsibility for the information contained in this document. To the best of their knowledge and belief the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This Prospectus has been drawn up in accordance with The Public Offers of Securities Regulations 1995 (as amended) ("POS"). A copy of the Prospectus has been delivered to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of POS.

Mazars Neville Russell who are regulated and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales, are acting as sponsor for Amro Biotech plc in connection with the Offer and are not advising any other person or treating any other person as a customer in relation to the Offer and will not be responsible to any such person for providing the protections afforded to customers of Mazars Neville Russell or for providing advice in connection with the Offer.

AMRO BIOTECH PLC

(incorporated in England and Wales under the Companies Act 1985 No 3773864)

OFFER FOR SUBSCRIPTION

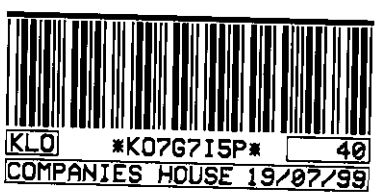
of up to 9,375 Ordinary Shares at £160 per Share
payable in full on application

This Prospectus is published on 19 July 1999. The subscription list will open at 10 am on 21 July 1999 and close at 5pm on 17 September 1999 or earlier if fully subscribed, unless extended.

The Minimum Total Subscription for the Offer is £800,000. Subject to achieving the Minimum Total Subscription, the Directors will proceed to allot Shares even if the Offer is not subscribed in full. Applications must be made on the Terms and Conditions of Application appearing on page 40 by completing the Application Form appearing on page 39.

The Directors will apply for clearance from the Inspector of Taxes that the Company and its activities will qualify under the Enterprise Investment Scheme. Whilst the Company and its activities may qualify for the purposes of EIS relief, whether investment in the Company will qualify cannot be fully determined until the Inland Revenue has agreed that the Company and its activities will qualify for the purposes of EIS relief. Investors are however advised to take their own taxation advice.

The whole text of this Prospectus should be read. In particular please read the section "Risk Factors" on pages 20 and 21.



CONTENTS

Definitions

Save where the context otherwise requires, the following definitions apply throughout this Prospectus:-

"Act"	the Companies Act 1985, as amended;
"Amro", "Amro Biotech", or "Company"	Amro Biotech plc;
"Amro Intellectual Property"	the intellectual property rights being rights under a UK patent and applications for patents in non-UK jurisdictions and know how licensed to Amro Biotech under the Amro Patent Licence relating to the Amro Monoclonal Antibodies and their use in the treatment of Diabetes and in the prediction of the onset of Diabetes;
"Amro Monoclonal Antibodies"	antibodies and ligands to be used in the treatment of Diabetes and in the prediction of the onset of Diabetes;
"Amro Patent Licence"	the patent licence agreement dated 15 July 1999 and made between Dr. Arpi Matossian-Rogers and Amro Biotech details of which are set out in paragraph 9(a) of Appendix I to this Prospectus;
"Application Form"	the form of application for use in connection with the Offer appearing on page 39 of this Prospectus;
"CGT"	capital gains tax;
"Diabetes"	Type I and/or Type II Diabetes, as the case may be;
"Diabetic"	a person suffering from Diabetes;
"Diavax"	the product, about to enter phase I trials, which utilises monoclonal antibodies in the treatment of Diabetes which the Company has been licensed to develop and manufacture under the Amro Patent Licence;
"Directors" or "Board"	the directors of the Company;
"EIS"	Enterprise Investment Scheme;
"Maximum Total Subscription"	the maximum total subscription of £1,500,000 pursuant to the Offer;
"Minimum Total Subscription"	the minimum total subscription of £800,000 pursuant to the Offer;
"Shares" or "Ordinary Shares"	new ordinary shares of £1 each in the capital of the Company which are the subject of the Offer;
"Type I Diabetes"	insulin dependent diabetes mellitus;
"Type II Diabetes"	non-insulin dependent diabetes mellitus;
"Offer" or "Issue"	the offer for subscription for Ordinary Shares as set out in this Prospectus; and
"Prospectus"	this document.

Glossary of Terms

"antibody"	a protein produced by the body in response to an antigen which promotes the destruction or inactivation of corresponding antigens;
"antigen"	a substance (e.g., a toxin) that causes the body to produce antibodies;
"insulin"	a hormone produced by the β cells in the pancreas involved with the utilisation of glucose;
"monoclonal antibody"	an antibody made by the immune system and derived from a single group of cells which recognises only one kind of antigen;
"phase I trials"	studies normally carried out on healthy volunteers to determine the tolerance of the body to a new medicine. See Appendix 3 for further details; and
"phase II trials"	studies on small numbers of patients suffering from a specified condition to determine whether a product has efficacy such that it should be studied further or abandoned. See Appendix 3 for further details.

DIRECTORS AND ADVISERS

DIRECTORS	Dr. A Matossian-Rogers	-	Chairman and Joint Chief Executive Officer
	Dr. P D Rogers	-	Joint Chief Executive Officer
	D R Walker	-	Commercial Director*
	J Watkins	-	Finance Director*
	Dr. Y E L A Pambakian	-	Clinical Administration Director*
			(*Non-executive)
	All of 24 Bevis Marks, London EC3A 7NR		

SECRETARY AND REGISTERED OFFICE	Dr. P D Rogers 24 Bevis Marks London EC3A 7NR
SPONSORS TO THE ISSUE, AUDITORS, EIS AND TAXATION ADVISERS TO THE COMPANY	Mazars Neville Russell 24 Bevis Marks London EC3A 7NR
SOLICITORS TO THE ISSUE AND TO THE COMPANY	Nicholson Graham & Jones 110 Cannon Street London EC4N 6AR
PRINCIPAL BANKERS	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
PATENT ATTORNEY	H G Hallybone Carpmaels and Ransford 43 Bloomsbury Square London WC1 2RA

SUMMARY OF THE ISSUE

The Company

Amro Biotech plc is a new, London based, company which has been granted a licence in respect of intellectual property rights relating to monoclonal antibodies and their target molecules and their use in the prediction and treatment of Diabetes.

The Issue

The Company is seeking to raise up to £1.5 million (before expenses) by the issue of up to 9,375 Shares at £160 per Share to:

(i) finance the continuing development (including phase I and phase II trials) of Diavax, the therapeutic and prophylactic product which may, potentially, represent a cure for Diabetes;
(ii) pursue further research and development in respect of the Amro Intellectual Property and;
(iii) trial and produce kits for predicting the onset of Diabetes.

Diabetes

Diabetes is a disease which affects approximately 120 million people worldwide and is characterised by the body's inability to regulate levels of glucose. Diabetes is a hugely costly disease in terms of human suffering and financial expenses with worldwide expenditure of approximately £100 billion annually on its treatment and the treatment of its complications. So far as the Directors are aware, there is currently no cure for Diabetes. Type I Diabetes is currently treated by the administering of insulin to the patient. Type II Diabetes is currently treated by regulation of diet and use of antiglycaemic drugs. Such treatments do not cure Diabetes and are not able to prevent the life threatening complications of Diabetes.

The Potential Breakthrough

Dr. Arpi Matossian-Rogers, the joint Chief Executive Officer of the Company has identified autoantibodies in diabetic individuals which appear to be the cause of both Types I and II Diabetes. She has also developed monoclonal antibodies which when used as a vaccine are expected to induce the body's own immune system to counteract the damaging autoantibodies which cause Diabetes (and may, potentially, represent a cure for Type II and early stage Type I Diabetes) and which can be utilised in the design and manufacture of predictive kits. Dr. Matossian-Rogers has granted a 15 year licence to the Company to develop, manufacture and market treatments for Diabetes and the complications of Diabetes and a predictive kit using this technology.

High Calibre Management

Amro Biotech has a management team whose experience encompasses both scientific and technical development and commercial and financial management. Dr A Matossian-Rogers and Dr P D Rogers will act as joint Chief Executive Officers and will manage the Company's operations. Dr Arpi Matossian-Rogers will be mainly responsible for research and development and overseeing patent related matters. Dr Paul Rogers will participate in research and development and will have responsibility for product development that is subcontracted to service companies and regulatory matters. Both will be involved with the design and management of clinical trials and will maintain close links with the professional company that will carry out such trials. Non-executive director Dr Yvonne Pambakian will be Amro's clinical administrator.

Non-executive directors David Walker and John Watkins will also have responsibility for commercial matters and statutory and financial matters respectively.

Tax Reliefs

Certain tax reliefs may be available in the event that the Inland Revenue agrees that the Company and its activities qualify for the purposes of EIS relief. Investment under the Issue may qualify for income tax relief of 20% under the EIS and exemption from Capital Gains Tax on any gain arising from the first disposal after 5 years. Existing CGT liabilities may also be deferred, thus increasing initial tax reliefs to a maximum of 60% for a higher rate tax payer. The maximum loss relief available to the higher rate tax payer should the investment fail or be realised at a loss limits the risk to 48% of the cost. Alternatively, CGT rollover relief on reinvestment is applicable, but not in respect of the same shares on which EIS relief is claimed.

Closing Date

The closing date of the issue is 17 September 1999 or earlier if fully subscribed unless extended by the Company.

Summary Only

Potential investors should read the whole of this Prospectus and not rely on this summary alone.

Assistance

Inquiries and request of further copies of this Prospectus should be directed to John Hughesdon of Mazars Neville Russell on 0171 377 1000.

THE COMPANY

Amro Biotech was incorporated in 1999 as a research and development vehicle to develop treatments and predictive kits in the field of Diabetes.

The Company has been granted a licence in respect of intellectual property rights relating to certain monoclonal antibodies and their use in the treatment and prediction of the onset of Type I and Type II Diabetes.

The Directors intend that the Company will, under the Amro Patent Licence:

- continue the development and commence phase I and phase II trials of Diavax, the product for the treatment of Type I and Type II Diabetes based on Amro Intellectual Property which may, potentially, represent a cure for Type II and early stage Type I Diabetes
- develop and test predictive kits based on the Amro Intellectual Property for the prediction of Diabetes
- undertake further research and development relating to the refinement of therapeutic and prophylactic compounds and predictive kits and new uses for the Amro Intellectual Property

DIABETES

Diabetes is a chronic disease characterised by the body's failure to utilise carbohydrates properly, especially glucose. This failure is due to a lack of insulin or because of factors that oppose the action of insulin within the body. After 5-10 years a Diabetic often suffers complications which can include coronary heart disease, stroke, gangrene leading to amputation of limbs, blindness, kidney damage, nerve damage and coma which can result in death.

There are two types of diabetes: insulin dependent diabetes mellitus, also known as Type I Diabetes; and non-insulin dependent diabetes mellitus also known as Type II Diabetes.

Type I Diabetes has an onset generally between the ages of 5 and 20 years. Type I Diabetics make little or no insulin. Type I Diabetes accounts for 10-20% of Diabetics in the United Kingdom.

Type II Diabetes occurs mostly in the over-45's a proportion of whom are overweight and sedentary and who suffer from an insufficiency of insulin production in relation to their blood glucose levels or an increase in insulin resistance. Type II Diabetes accounts for 80-90% of Diabetics in the United Kingdom. A tendency for Type II Diabetes to run in families has been noted, but the pattern of inheritance is unclear.

Existing Treatments

So far as the Directors are aware there is currently no cure for either Type I or Type II Diabetes.

Prior to the early 1920's Type I Diabetes was, more often than not, fatal. A major breakthrough occurred in 1921 with the discovery of insulin. Type I Diabetics make little or no insulin and the condition is treated with insulin injections. Type I Diabetics are dependant on such injections for survival.

Type II Diabetes is characterised by an insufficiency of insulin production in relation to the patient's blood glucose levels or an increase in insulin resistance. Often Type II Diabetics cope with the disease through lifestyle changes which include weight loss, an exercise regime and a low calorie diet. If such lifestyle changes are not effective the condition can be treated with the use of oral hypoglycaemics. There are two types of oral hypoglycaemics. The first stimulate insulin release from cells in the pancreas and the second increase glucose uptake and reduce glucose production in the liver. Another product, acarbose, works in a different way, and when taken with a meal, slows digestion of carbohydrates and reduces the likelihood of a glucose surge in the blood. A large number of Type II Diabetics require insulin injections, but they differ from Type I Diabetics in that they have an insulin requirement rather than true insulin dependance.

Although the administration of insulin has transformed and extended the lives of many Diabetics, it is not able to prevent the complications of Diabetes. Treatment by insulin involves the restrictive management of blood glucose levels. This can result in hypoglycaemic (low blood glucose) episodes which can lead to coma and a risk of death. Indeed, though treatments are at present life-saving, the condition of people with Diabetes often slowly worsens and they can become insulin-resistant or may develop complications which impose further problems (as noted above).

Current treatments for Diabetes alleviate the symptoms (i.e. the loss of the body's ability to produce sufficient insulin) rather than the underlying cause of the disease. Establishing a cure for Diabetes will be dependent on an understanding of the mechanism of induction of the disease process. The Directors believe that the scientific community has, so far, not fully understood the mechanism of disease induction in Diabetes.

A more detailed discussion of Diabetes and its effects is set out in Appendix 2.

NEW TREATMENTS

Interest in insulin and the treatment of Diabetes now focuses on new forms of treatment that it is hoped will eliminate the daily injection routine. Amongst treatments that are in various stages of development are the following:-

- an inhaled dosage form
- an oral dosage form
- long acting basal insulin which overcomes certain of the problems of the daily injection routine and avoids night time falls in sugar levels
- glitazone medicine that enhances insulin action
- recombinant glucagon which counters hypoglycaemic attacks
- amylin related compounds which may prevent glucose appearance in the blood
- injectable peptides for Type II Diabetics
- non-enzymatic glycosylation inhibitors

The reason for this large number of diverse developments is the enormous market available for treatments for Diabetes and the unsatisfactory nature of those treatments currently in use. All of

these new treatments are based on the existing mainstream concepts of the cause of Diabetes and its complications and are designed to balance blood glucose levels. They will have little effect on the associated complications of Diabetes as the underlying condition which causes Diabetes and its complications will remain untreated.

The Amro Intellectual Property addresses the underlying cause of Diabetes and the Directors believe that the treatments deriving from it may, potentially, represent a cure for Type II Diabetes and early stage Type I Diabetes by restoring normal pancreatic function in those patients who retain residual cells in the pancreas which secrete insulin; in those who do not retain such cells insulin will continue to be required but the Directors believe that diabetic complications should be greatly reduced.

THE MARKET

United Kingdom

Approximately 3% of the UK population are affected by Type I or Type II Diabetes by the end of their lives. Taking into account the various complications of Diabetes it has been estimated that the cost of Diabetes to the United Kingdom is in excess of 5% of NHS resources. This translates to an annual cost of £2.1 billion in the UK alone.

United States

Approximately 12 million people (4.5% of the population) in the United States suffer from Type I or Type II Diabetes. Direct medical costs of Diabetes in the United States during 1997 totalled $90 billion with indirect costs calculated at a further $50 billion.

Europe and Japan

In 1997 Japan had some 6 million Diabetics (5% of the population) and Europe had 22 million Diabetics of which a total of 4 million were in France and Germany and a total of 4.4 million in Italy and Spain.

Rest of World

In 1997 there were 22 countries each having over 1 million Diabetics. It has been estimated that by the year 2010 a further nine countries will also each have over 1 million Diabetics.

The total global estimates for Diabetics are as follows:-

Year	Number
1997	123m
2000	151m
2010	220m

Until a cure is available Diabetes will remain the most common global metabolic disease. It will also continue to rank in the top five leading causes of death in most developed countries. The predicted increase in Diabetes and its complications will mean that Diabetes is most likely to be one of the leading health problems in the next century.

The huge number of Diabetics throughout the world gives an indication of the possible level of sales that are available for an effective cure for Type II Diabetes and early stage Type I Diabetes and for a diagnostic kit that will accurately predict the onset of Diabetes.

THE POTENTIAL BREAKTHROUGH

Current thinking in respect of the cause of Diabetes centres around the dysfunction or damage to cells in the pancreas called β cells which are responsible for the production of insulin. The Directors, however, believe that damage to certain types of cell in the pancreas called α cells (which interact with β cells) is the crucial factor which leads to Diabetes. As far as the Directors are aware no similar concept or discovery relating to Diabetes has been published or patented.

Some individuals have an immune response to environmental agents in the body such as viruses which leads to the production of a certain type of antibodies (autoantibodies) which, the Directors believe, damage the function of α cells. The Directors believe that, in time, this leads to dysregulation of β cells causing Diabetes and can lead to many of the complications associated with Diabetes.

Dr. Arpi Matossian-Rogers, Chairman and joint Chief Executive Officer of the Company has developed monoclonal antibodies from which she has produced initial quantities of Diavax, which may, potentially, represent a cure for Type II and early stage Type I Diabetes. The Directors predict that the Amro Monoclonal Antibodies, when used as a vaccine, will cause the body's own immune system to counteract the damaging autoantibodies which the Directors believe cause Diabetes.

The Company has been granted a 15 year exclusive licence in respect of the Amro Intellectual Property which relates to the Amro Monoclonal Antibodies. The licence was granted to the Company by Dr. Matossian-Rogers pursuant to the Amro Patent Licence further details of which are given at paragraph 9(a) of Appendix 1 to this Prospectus. Under the licence the Company has the exclusive right to develop, manufacture and market products which utilise the Amro Intellectual Property including Diavax, a product which utilises the Amro Monoclonal Antibodies and which may, potentially, represent a cure for Type II and early stage Type I Diabetes and a predictive kit to provide an early warning of potential Diabetes. The Patent Licence Agreement and the successful exploitation of the Amro Intellectual Property are fundamental to the success of the Company.

PREDICTIVE KITS

It is estimated that up to fifty percent of Diabetics are unaware that they are sufferers. The failure to identify and treat the condition results in damage being inflicted on the pancreas, kidney and other organs. The ability to predict that an individual will develop Diabetes in the future will, accordingly, be of enormous benefit. The potential market for an accurate predictive kit for Diabetes is huge.

The Directors are confident that the Amro Intellectual Property can be applied in the development of a predictive kit which will provide an early warning of potential Diabetes to high risk cases. Given the importance of detecting Diabetes in children, an inexpensive, accurate predictive kit will prove to be an invaluable tool enabling early treatment and control of Diabetes.

In the case of Type II Diabetes, the early identification of the possibility of contracting the disease will enable the patient to come under strict and early controls which could help prevent the onset of Diabetes.

It is hoped to have the predictive kits fully developed and tested by the Summer of 2001, with first commercial sales being made no later than early 2002.

The manufacture and marketing of the predictive kits is not dependant on the successful development by the Company of Diavax or other therapeutic compounds but it will be dependent, *inter alia, on the ability of the Company to raise further finance at the appropriate time.*

ILLUSTRATIVE FINANCIAL PROJECTIONS

There are set out below illustrative projections for profit and loss, balance sheet and cash flow of the Company for the next 2 years, the period which it is intended will cover the development of the predictive kit and phase I and II trials of Diavax.

Principal Assumptions

The illustrative projections are based on the following principal assumptions:-

- £1,500,000 is raised as a result of the issue.
- Satisfactory progress is made with respect to the development of Diavax with the aim of approval being granted for and successful completion of phase I and II trials for Diavax by September 2001.
- It will be necessary to prepare two forms of Diavax and for both of these forms of Diavax to proceed to phase I and phase II trials.
- A precautionary provision for either an additional phase II trial for Diavax in respect of either Type I or Type II Diabetes has been allowed.
- The Company will subcontract the carrying out of all phase I and phase II trials in respect of Diavax and production of the quantities of Diavax required for such trials to relevant service providers.
- The Company will subcontract the development of the predictive kit.
- No marketing or sales of predictive kits until 2002.
- There will be no change in relevant legislation or regulations which will affect significantly the Company's business.
- There will be no change in rates or levels of taxation inflation and interest.
- There will no exceptional or extraordinary items of income or expenditure.
- No provision has been made for inflation.

Projected Profit and Loss accounts

	Period ending 30 June 2000	Period ending 30 June 2001	Period ending 31 August 2001
	£.000	£.000	£.000
Income			
Interest Receivable	17	10	1
Expenditure			
Staff costs	117	153	28
Development costs	419	394	55
Establishment costs	23	30	5
Other	44	46	11
Depreciation	10	13	2
Amortisation	2	4	1
	615	640	102
Loss for the year	(598)	(630)	(101)
Balance B/Fwd	-	(598)	(1,228)
Balance C/Fwd	(598)	(1,228)	(1,329)

Projected Balance Sheet

	As at 19 July 1999	As at 30 June 2000	As at 31 June 2001	As at 31 August 2001
	£,000	£.000	£.000	£.000
Fixed Assets				
Intangible	0	40	66	70
Tangible	0	15	2	0
	0	55	68	70
Debtors	0	7	8	3
Bank and cash	50	830	186	88
	50	892	262	161
Share capital and reserves				
Issued share capital	50	59	59	59
Share premium account	0	1,431	1,431	1,431
Profit & Loss reserve	0	(598)	(1,228)	(1.329)
	50	892	262	161

Projected Cash Flows

	19 May 1999 to 31 December 1999	Six months to 30 June 2000	Six months to 31 December 2000	Six months to 30 June 2001	Two months to 31 August 2001
	£,000	£,000	£,000	£,000	£,000
Cash receipts issue of shares	1,550	0	0	0	0
interest received	7	11	7	4	1
Total receipts	1,557	11	7	4	1
Cash payments					
Revenue expenditure	299	372	352	273	94
Capital *expenditure*	37	30	20	10	5
Total payments	336	402	372	283	99
Net cash inflow/(outflow)	1,221	(391)	(365)	(279)	(98)
Opening cash balance	0	1,221	830	465	186
Closing cash balance	1,221	830	465	186	88

ISSUE STRUCTURE AND USE OF PROCEEDS

The Issue

Amro Biotech intends to raise up to £1.5 million (before expenses) by the issue of up to 9,375 Shares at a price of £160 per Share. The issue will not be underwritten and is conditional, inter alia, upon raising a minimum of £800,000. The subscription list will open at 10 a.m. on 19 July 1999 and close on Friday 17 September 1999 or earlier if fully subscribed, unless extended. The minimum individual subscription under the Issue is £4,000.

Use of the Proceeds

Amro Biotech is planning to use the proceeds of the Issue for the following principal purposes:-

- to provide working capital for operation of the business for the next 24 months
- to continue the development of, and commence phase I and phase II trials for, Diavax, the product for the treatment of Type II and early stage Type I Diabetes based on the Amro Intellectual Property under the Amro Patent Licence

- to develop, test and apply for a patent in respect of kits for the prediction of Type I Diabetes based on the Amro Intellectual Property under the Amro Patent Licence

- undertake research and development relating to the refinement of Diavax and its proposed predictive kit and new uses for the Amro Intellectual Property under the Amro Patent Licence.

The Company's medium term objectives include the following:-

- the commencement of phase III trials for Diavax

- the manufacture and marketing of its predictive kits (irrespective of the success of trials in respect of Diavax)

- the development of Diaffin, the proposed product which is based on the Amro Intellectual Property and is for the treatment of the complications of Diabetes under the Amro Patent Licence

- increase shareholder value

It is stressed that the achievement of these medium term objectives will be dependant, inter alia, on the Company's ability to raise further finance at the appropriate time.

In the event that the Minimum Total Subscription is achieved but the net proceeds of the Issue are less than £1,200,000 the Directors intend that the Company will:-

- continue the development of, and proceed to phase I and phase II trial for, Diavax

- seek further finance, where necessary, from alternative sources to finance the development and testing of predictive kits as noted above; however, pending the raising of such further finance such development and testing will be deferred

In the event that the net proceeds of the issue are in excess of £1,200,000, the Directors do not intend that the Company will incur any liability in the nature of borrowings for at least 2 years from the date of this document.

THE DIRECTORS

Dr. Arpi Matossian-Rogers - Chairman and Joint Chief Executive Officer

Dr Arpi Matossian-Rogers B.Sc., M.Sc., Ph.D., FRCPath., is discoverer of the Amro Monoclonal Antibodies and their properties and founder of the Company. She was appointed as a lecturer at the University of London in 1978 and as senior lecturer in 1989. Following extensive experience in project development and supervision Dr Matossian-Rogers was appointed as a Consultant to a Charitable Trust from 1991-1996 and has managed several projects in this capacity. The significant contribution of her work to the advancement of science embodied in scientific publications was recognised by the award of Membership of the Royal College of Pathologists followed by Fellowship of the same College. Dr Matossian-Rogers' expertise encompasses the fields of bacteriology, virology, parasitology, and immunology especially in the areas of transplantation, cancer and autoimmune diseases. She has written over 50 scientific papers and brings a wealth of knowledge regarding Diabetes and its treatment to the Company. Dr Matossian-Rogers left her academic post in 1998 and has recently been promoting the interests of the Company.

Dr. Paul Rogers - Joint Chief Executive Officer

Dr. Paul Rogers B.Sc. PhD was, until his resignation in June 1999, a Senior Lecturer in Physiology and Immunology at the University of East London. Trained as a physiologist, he became interested in immunology in the early 70's and has maintained links with both fields ever since. He was a visiting research scientist in the Department of Immunogenetics at Stanford University, California in 1979-80, has many years of research experience and has published in the fields of physiology, nutrition, alternative medicine and immunology. Dr Rogers is a skilled administrator and has many years experience in liaising with personnel in academic, health service, universities and industrial institutions such as pharmaceutical and biotechnology companies in a project supervisor capacity.

David Walker - Commercial Director (non-executive)

David R Walker CA is a chartered accountant and following post-qualifying experience in the profession he became a partner in Neville Russell, a national firm of chartered accountants now named Mazars Neville Russell. His role in Neville Russell was largely in the commercial and audit fields. His other roles included chairman of National Marketing and membership of the London and National Management Boards.

David has been finance director, chief executive and chairman respectively of a number of companies. David is also a director of Newbattle Management Limited, a consultancy business, which is currently retained in an advisory role to a chemical company.

John Watkins - Financial Director (non-executive)

John Watkins is a Chartered Accountant practising on his own account. He is a director of Trustee Services Company Limited through which he is engaged in the promotion of philanthropy and charitable activities. He is a non-executive director of Auto Online Limited and Chairman of the Association of Lloyd's Members Tax Group; he writes and lectures on matters relating to Lloyd's.

Until June 1997, John was a private client partner in the London office of Ernst & Young, prior to which he had a similar role at Neville Russell, now Mazars Neville Russell. During the previous twenty-five years, he held a variety of management responsibilities including staff motivation and development, service delivery, re-engineering projects and information technology.

Dr. Yvonne Pambakian - Clinical Administration Director (non-executive)

Dr. Yvonne Pambakian MB.BS. trained at the Charing Cross and Westminster Medical School. She graduated in medicine in 1993 and since then she has gained experience in many Hospital specialities including paediatrics, obstetrics and orthopaedics. She now practises as a General Practitioner Registrar.

MANAGEMENT OF THE COMPANY

The management of the Company will be controlled by the Board. The initial and ongoing responsibilities of the Board will be as follows:

Initial responsibilities

- setting up laboratory facilities
- initiation of sub-contracting of development work
- initiation of sub-contracting of clinical trials

Ongoing responsibilities

- performing in-house quality control tests at various stages of product development
- pursuing research and development
- supervision of clinical trials
- liaison with regulatory authorities
- planning of Company strategy for future growth
- anticipation and design of marketing strategy
- monitoring and planning for future financial requirements
- pursuing patent protection

Dr A Matossian-Rogers and Dr P D Rogers will act as joint Chief Executives and will manage the Company operations.

Dr Matossian-Rogers will be responsible for managing, directing and actively participating in research and development and overseeing the progress of the international patents, the initiation of new patent applications where applicable and other intellectual property matters. Dr Paul Rogers will actively participate in research and development and will have responsibility for monitoring the activities and progress of the aspects of development subcontracted to service companies and regulatory matters. Both will be involved with the design and management of the clinical trials and will maintain close links with the professional company that will carry them out.

Dr. Y Pambakian will supervise the selection of volunteers, monitor the pace and progress of trials, report on results at various stages and act as liaison between Amro and the research organisation conducting the trials.

David Walker will have responsibility for commercial matters and John Watkins will have responsibility for statutory and financial matters. David Walker, John Watkins and Yvonne Pambakian are non-executive directors. John Watkins and Yvonne Pambakian will provide services to the Company on a part time basis and David Walker's services, which are also on a part time basis, are provided by Newbattle Management Limited under a management services agreement details of which are given in paragraph 9(b) of Appendix 1 of this Prospectus.

The Company intends to arrange key person insurance policies in respect of the following Directors in the sums indicated:-

Dr Arpi Matossian-Rogers	£1,500,000
Dr Paul Rogers	£ 500,000
David Walker	£ 100,000
John Watkins	£ 100,000

TAX RELIEF FOR INVESTORS

Introduction

To obtain the tax reliefs described below it is necessary to subscribe for ordinary shares in a qualifying company and claim the relief. On the basis of the information to be provided, including a copy of this document, the Directors believe that the Inland Revenue may give provisional confirmation that the Company is a qualifying company. **The grant of EIS reliefs is dependant upon either the recognition by the Inland Revenue that the Company is carrying on research and development (as defined for the purposes of EIS) or the commencement of trading by the Company within two years of the issue of the Shares under the Offer**. The summary below gives only a brief outline of how the tax reliefs are given assuming the investor is a 40% tax payer. It does not set out all the rules which must be met for periods of between three and five years by the investor and the Company. The summary is not a substitute for the investor obtaining professional tax advice before applying for Shares.

New EIS Relief

On 6 April 1998 the reinvestment rollover relief scheme merged with the EIS. The new EIS relief has four elements:

- **Income Tax Relief**

Individuals can obtain income tax relief on the amount subscribed for shares (up to £150,000 in the tax year 1999/2000) in one or more qualifying companies provided the individuals are not connected with the issuing company. Husbands and wives can each subscribe up to £150,000. To calculate the relief, the lower rate of tax (currently 20%) is multiplied by the amount subscribed. The relief is given against the individual's income tax liability for the tax year in which the shares are issued.

Examples	£	£
Gross investments in Shares	50,000	10,000
Less income tax relief at 20%	(10,000)	(2,000)
Net cost of investment	40,000	8,000

- **Exemption from CGT**

Any capital gains realised on the first disposal after five years of the Shares on which EIS income tax relief has been given and not withdrawn, are tax free.

Examples	£	£
Realised value of Shares after 5 years	100,000	20,000
Less original gross investment in Shares	(50,000)	(10,000)
Tax free gain	50,000	10,000

- **Loss relief against income or gains**

Tax relief is available where there is a loss on a disposal at any time of shares on which EIS income tax relief (see 1 above) has been given and not withdrawn. The amount of loss (after taking account of the income tax relief initially obtained) can be set against the individual's gains or taxable income in the tax year in which the disposal occurs, or against taxable income of the previous year.

Example	£	£
Gross investment in shares	50,000	10,000
Less income tax relief at 20%	(10,000)	(2,000)
Net Interest	40,000	8,000
Realised value of shares	(10,000)	Nil
Loss before tax relief	30,000	(8,000)
Tax relief at 40%	(12,000)	3,200
Net loss	18,000	4,800

- **CGT deferral**

To the extent which a UK resident investor (an individual or in some cases a trustee) subscribes for qualifying shares, he can claim to defer paying tax on all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £150,000 for income tax relief and the exemption from CGT there is no limit on the amount of gains that can be deferred.

The subscription must be made within one year before or three years after the date of the disposal which gives rise to the gain or the date when a previously deferred gain crystallises. **The gain is deferred until there is a chargeable event such as a disposal of shares or an earlier breach of the EIS rules.** The investor must be UK resident or ordinarily resident at the time of the original gain and for 5 years after reinvestment.

- **Inheritance Tax and Business Property Relief**

Provided a shareholder has owned shares in a qualifying unquoted trading company for at least two years and certain conditions are met at the time of death, 100% business property relief is available, which reduces the inheritance tax liability on death to nil.

- **Tax Relief Certificates**

Following an application for the same the Directors believe that provisional EIS clearance in respect of the Offer may be received from the Inland Revenue. **The grant of EIS reliefs are dependant upon either the recognition by the Inland Revenue that the Company is carrying on research and development (as defined for the purposes of EIS) or the commencement of trading by the Company within two years of the issue of the Shares under the Offer.** Accordingly, the Directors anticipate that the EIS 3 Certificates, which investors need to claim the

tax relief, will not be made available until 29 February 2000 at the earliest subject to Inland Revenue working practices.

The figures in this section are examples only. They are not and should not be construed as forecasts or the likely performance of the investment described in this prospectus. Please note that this is only a condensed summary of the tax rules and should not be construed as constituting advice, which a potential investor should obtain from his or her own investment or taxation adviser before applying for shares.

RISK FACTORS

Investment in the Company involves a high degree of risk. Your attention is drawn to the following risk factors which are associated with this investment:

Patent Risk

Whilst the Directors believe that the UK patent and the global Patent Cooperation Treaty application which are the subject of the Amro Patent Licence will provide considerable protection, it remains possible that (i) a competitor may find a means of developing a competing product without infringing any such patent; (ii) a competitor may exploit the remaining unpatented aspects of relevant technology; (iii) a competitor may successfully challenge such patent or the grant of any such patent; and (iv) the pending non-UK patents may not be granted.

In addition, a competitor may seek to market a product which uses the Amro Intellectual Property thereby infringing the relevant patents. In such a case the Company would, where appropriate, have to seek redress, which can be expensive and protracted.

Technology Risk

Whilst the Directors are confident that the Amro Intellectual Property represents a significant breakthrough in the treatment of Diabetes and they are not aware of any third party which is successfully approaching the treatment of Diabetes in the same way there can be no assurance that a competitor will not market products with similar or superior qualities to those being developed by the Company in a shorter time span and/or at a cheaper price.

The use of antibodies as a vaccine for chronic disease is unproven in principle and the duration of effectiveness and side effects on the body are therefore unknown.

Regulatory Risk

Any products produced, or licensed to others by the Company require the approval of relevant regulatory authorities in most, if not all, of its potential markets. The obtaining of such approvals can take up to 5 years following completion of phase II trials. No assurance can be given that approvals will be obtained on a timely basis or at all.

Funding Risk

Bringing products to market is a very expensive process. The ability of the Company to proceed to phase III trials of Diavax or to the manufacture and marketing of the proposed predictive kit is dependant on the Company's ability to raise further finance at the appropriate time. If the Company were to prove unable to raise the further finance necessary for Diavax and/or the kit then it is extremely unlikely that Diavax and/or the kit (as appropriate) would reach the market.

Market Risk

Sales of Amro's products are subject to the changing expenditure, resource and priorities of healthcare bodies in both the public and private sector in each of its potential markets. These may, in turn, depend upon wider political influences relating to the provision of healthcare.

Other Risk Factors

Events in the past, or experience derived from these, or indeed present facts, beliefs or circumstances, or assumptions derived from any of these, do not predetermine the future. Hopes, aims, targets, plans or intentions contained in this Prospectus are no more than that, and should not be construed as forecasts.

Levels, bases of, and reliefs from taxation are subject to change, and the tax reliefs referred to in this Prospectus are those currently applying.

There is no guarantee that formal EIS tax clearance will be achieved or that it will not be subsequently withdrawn. In such circumstances subscription monies will not be returned to investors. Percentage returns to investors would be lower in the event that the Company fails to obtain EIS tax relief or that it is subsequently withdrawn and in that case relief from CGT would not be granted.

The value of shares may go up or down, and an investor in the Company may not get back the amount invested. The priority of the Company will initially be to reinvest any profits back into the business of the Company, and accordingly, the payment of dividends to investors should not be expected for at least the next 5 years.

The investment offered in this Prospectus may not be suitable for all recipients of the Prospectus. Investors are accordingly advised to consult an investment adviser who is authorised under the Financial Services Act 1986 and who specialises in investments of this kind, before making their decision to invest.

The Investors' Compensation Scheme or similar arrangement is not available for claims related to the subscription for, or the performance of, EIS shares.

FURTHER AND GENERAL INFORMATION RELATING TO THIS OFFER

Minimum Investment

The minimum individual investment under this Issue is £4,000. The maximum investment on which income tax relief is available under EIS is £150,000. **However, the availability of CGT deferral under EIS is unlimited**.

Minimum and Maximum Total Subscription

The Minimum Total Subscription and Maximum Total Subscription under this Offer are £800,000 and £1,500,000 respectively.

Cost of the Issue

The estimated costs of this Issue are £57,000.

Reports and Accounts

The first audited accounts available for Investors will be for the period ending 30 June 2000.

Dividends

The nature of this investment is such that Investors should not expect dividends to be paid for at least the next 5 years.

Exit Arrangements

The Directors intend to provide shareholders with the opportunity to realise their investment in the Company in the next 5 to 7 years and expect this to be achieved through a flotation of the Company in the UK or elsewhere.

Closing Date

The closing date will be Friday 17 September 1999 or earlier if fully subscribed, unless extended. Applications for Shares should reach the address indicated on the application form no later than this.

MAZARS

MAZARS NEVILLE RUSSELL
Chartered Accountants

The Directors
Amro Biotech plc
24 Bevis Marks
LONDON
EC3A 7NR

19 July 1999

Ladies and Gentlemen

AMRO BIOTECH plc ("The Company")

We report on the financial information set out below. This financial information has been prepared for inclusion in the prospectus dated 19 July 1999 of the Company ("the Prospectus").

Introduction

The Company, which has no subsidiaries, was incorporated in England and Wales as Talkmind PLC on 19 May 1999 with the registered number 3773864 and an authorised share capital of £50,000 comprising 50,000 ordinary shares of £1 each ("Ordinary Shares"). On 19 May 1999 the Company issued two Ordinary Shares at par for cash. On 30 June 1999 a further 49,848 Ordinary shares were issued at par, paid as to 25p per share. The balance of 75p per share was paid on 16 July 1999 and on the same day a further 150 Ordinary Shares were issued for cash at par. On 15 July 1999 the authorised share capital was increased to £59,375 by the creation of a further 9,375 Ordinary Shares. On the 9 July 1999 the name of the Company was changed to Amro Biotech plc.

Basis of Preparation

The Company has not been required to prepare statutory accounts and the financial information set out below is based on the balance sheet of the Company as at 30 June 1999. This does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985 and has been prepared on the basis of the historical cost convention.

Responsibility

Such balance sheet is the responsibility of the Directors of the Company who have approved it.

The Directors of the Company are responsible for the contents of the Prospectus in which this report is included.

It is our responsibility to compile the financial information set out in this report, to form an opinion on the financial information and to report our opinion to you.

Financial Information

Other than the issue of shares referred to above, and save for entering into the contractual arrangements referred to in the Prospectus, the Company has not traded since incorporation, has made neither a profit nor a loss and has not declared nor paid a dividend.

As at 30 June 1999 the Company's balance sheet was as follows:

	£
Cash in hand	12,464
Share capital	12,464

Since the balance sheet date the balance of 75p per share in respect of the 49,848 shares issued part paid on 30 June 1999 and £1 per share in respect of the 150 shares issued on 16 July have been paid up. The Company has been granted a licence of certain Intellectual Property rights by Dr A Matossian-Rogers pursuant to a patent licence agreement described in paragraph 9 (a) of Appendix I of the Prospectus.

Basis of Opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

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

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 30 June 1999.

Consent

We consent to the inclusion in the Prospectus of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

Mazars Neville Russell

Mazars Neville Russell
Chartered Accountants

Appendix 1

STATUTORY AND GENERAL INFORMATION

1. ***Constitution and Share Capital of the Company***

(a) The Company was incorporated in England and Wales as a public limited company with registered number 3773864 on 19 May 1999 under the name of Talkmind plc.

(b) Subject to receipt of the Minimum Total Subscription, the Company will apply to the Registrar of Companies for a certificate under Section 117 of the Act entitling it to do business.

(c) The liability of the members of the Company is limited.

(d) The authorised share capital of the Company on incorporation was £50,000 comprising 50,000 ordinary shares of £1 each, of which two shares were issued to the two subscribers to the Memorandum of Association. On 30 June 1999 one of the issued shares was transferred to Dr A Matossian-Rogers and the other to Dr P Rogers.

(e) By special resolution of the Company passed on 30 June 1999 the name of the Company was changed to Amro Biotech plc.

(f) By special resolution of the Company passed on 30 June 1999 the Company adopted new articles of association (the "New Articles of Association").

(g) On 30 June 1999 the Company allotted 49,848 ordinary shares of £1 each in the capital of the Company which were subscribed for in cash at 25 pence.

(h) By ordinary resolution of the Company passed on 15 July 1999 the authorised share capital of the Company was increased to £59,375 by the creation of a further 9,375 ordinary shares of £1 each in the capital of the Company.

(i) By ordinary resolution of the Company passed on 15 July 1999 the Directors were generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Act) up to a maximum amount of the authorised share capital of the Company for the time being at any time or times during the period of five years from the date of resolution and at any time thereafter pursuant to any offer or agreement made by the Company before the expiry of this authority.

(j) By special resolution of the Company passed on 15 July 1999 the Directors were empowered (pursuant to section 95(1) of the Act) to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph (e) above as if section 89(1) of the Act did not apply such allotment during the period commencing on the date of the passing of the resolution and ending five years thereafter.

(k) On 16 July 1999 the Company allotted a further 150 ordinary shares of £1 each in the capital of the Company which were subscribed for in cash at par.

(l) On 16 July 1999 the Company made a call of 75 pence in respect of each of those 49,848 ordinary shares of £1 each allotted on 30 June 1999 and such call was met in full.

(m) Save as disclosed in this Prospectus:-

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

(ii) no share or loan capital of the Company is under option or is proposed to be put under option, or agreed conditionally or otherwise, to be put under option; and

(iii) no commission, discount, brokerage or other special terms have been granted by the Company, or are proposed, in connection with the issue or sale of any of its share or loan capital.

(n) Dr Arpi Matossian-Rogers and Dr Paul Rogers are the joint registered holders of 40,000 Ordinary Shares which they hold on trust for the beneficiaries of the Amro Family Trust. In addition Dr Matossian-Rogers and Dr Rogers are each the legal and beneficial owner of a further 1,610 Ordinary Shares respectively. Dr Rogers also holds a further 1,610 Ordinary Shares as bare trustee for Yolanda E. H. Rogers, the infant daughter of Dr Matossian-Rogers and Dr Rogers. Accordingly, Dr Matossian-Rogers and Dr Rogers exercise joint control over the Company and the proportion of the Company's voting capital held by them is as follows:-

Dr A. Matossian-Rogers (alone)	3.22%
Dr Rogers (alone)	6.44%
Dr Matossian-Rogers and Dr P Rogers (Jointly)	80%

2. **The Memorandum of Association of the Company**

The Memorandum of Association of the Company provides that the Company's principal object is to, inter alia, carry on business as chemists, druggists, manufacturers, researchers and developers, importers, exporters and dealers in and of pharmaceutical, medicinal, chemical, industrial, cosmetic, hygienic and other preparations and articles, and manufacturers of and dealers in proprietary articles of any description and of electrical, chemical, surgical, scientific and photographic apparatus and materials and to carry on any other trade or business whatsoever of a like and similar nature. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association.

3. **The New Articles of Association of the Company**

The New Articles of Association of the Company contain provisions to the following effect:-

(a) **Rights attaching to the Ordinary Shares**:-

(i) Voting and General Meetings

Every member present at a general meeting shall have one vote on a show of hands and on a poll shall have one vote for every share of which he is holder, provided that all moneys payable by him in respect of the shares he holds have been paid. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion. In the case of joint holders, the vote of the senior holder, whose seniority is determined by the order in which the names of the holders stand in the register of members, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) Income

The members may receive dividends on their shares, the amount of which will be recommended by the directors. The directors may pay interim dividends if justified by the profits of the Company. All dividends shall be apportioned and paid proportionately, and a dividend may be satisfied wholly or partly by the distribution of assets. No dividend or other moneys payable in respect of ordinary shares shall bear interest against the company.

(iii) Capital

Any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine. For the purposes of Section 80 of the Act the directors are unconditionally authorised to exercise the power of the Company to allot shares, grant options over or otherwise dispose of the same to such persons and on such terms as they think fit. The New Articles of Association exclude the application of statutory pre-emption rights.

(iv) Rights upon Winding Up

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide among members the whole or any part of the assets of the Company. The liquidator may vest the whole or any part of the

assets in trustees upon trusts for the benefit of the members, but no member shall be compelled to accept any assets upon which there is a liability.

(v) Variation of Share Rights

The consent of the shareholders by special resolution is required for variation of the rights attaching to shares.

(vi) Changes in Share Capital

The Company may by ordinary resolution increase its share capital by new shares of any amount, consolidate and divide, or sub-divide all or any of its share capital and cancel shares which have not been taken or agreed to be taken by any person.

If any members become entitled to fractions of a share, the directors may on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person and distribute the net proceeds of sale in proportion among those members.

(vii) Purchase by the Company of its own shares.

The Company may give financial assistance for the purpose of any acquisition of shares in the Company or its holding Company; issue shares which are to be redeemed or are liable to be redeemed at the option of the Company provided that always any purchase by the Company of redeemable shares shall be limited to a maximum price determined by the Company in general meeting, and that purchase by tender shall be available to all shareholders alike; purchase its own shares including its own redeemable shares; and make a payment in respect of the redemption or purchase of any of its own paid-up shares out of the distributable profits of the Company or the proceeds of a fresh issue of shares.

Any shares purchased or redeemed by the Company shall be treated as cancelled.

(b) **Borrowing Powers**

The directors may borrow without limit as to amount and upon such terms and in such manner as they think fit. Subject to Section 80 of the Act (in the case of any security convertible into shares), the directors may grant any mortgage, charge or standard security over the Company's property and uncalled capital or any part thereof. The directors may issue debentures, debenture stock or any other securities whether outright or as security for any debt liability or obligation of the Company or of any third party.

(c) **Transfer of shares**

The instrument of transfer of a share may be in any usual form or in any other approved by the directors. The directors may refuse to register the transfer of a share which is not fully paid, and the transfer of a share on which the Company has a lien. They also have the right to refuse to register a transfer unless it is lodged at the appointed office with the relevant certificate; it is in respect of only one class of shares; and it is in favour of not more than four transferees. The directors will send a notice of refusal within 2 months after the date on which the transfer was lodged with the Company.

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and to such periods (not exceeding 30 days in any year) as the directors may determine.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when the notice of refusal is given.

(d) **Directors**

(i) Interests in Contracts

A Director who is in any way either directly or indirectly interested in any contract transaction or arrangement (whether actual or proposed) with the Company or in which the Company is

otherwise interested shall declare the nature of his interest at a meeting of the Directors in accordance with Section 317 of the Act. Subject to such disclosure a director shall be entitled to vote in respect of any such contract transaction or arrangement (whether actual or proposed) in which he is interested and whether or not he votes he shall be counted in reckoning whether a quorum is present or not.

Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a director notwithstanding his office:

(A) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

(B) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

(C) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

For the purposes of (A) - (C) above:

(aa) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and

(bb) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

(ii) Directors' Remuneration

The directors shall be entitled to such remuneration as the Company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

The directors may also be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

(iii) Number and Share Qualification

The maximum number and minimum number respectively of the directors may be determined from time to time by ordinary resolution in general meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of directors and in accordance with Section 282 of the Act the minimum number of directors shall be two.

There is no requirement on Directors to hold a qualifying shareholding in the Company.

4. **Directors' Service Contracts**

The existing service contracts, contracts for service and remuneration of the Directors are as follows:-

(a) By an agreement dated 15 July 1999 and made between the Company and Dr Arpi Matossian-Rogers. Dr Matossian-Rogers was appointed Chairman and Joint Chief Executive Officer of the Company at a salary of £50,000 per annum. The agreement is terminable by notice on either side of 12 months but subject to a minimum term of 3 years. Dr Matossian-Rogers is entitled to a bonus payable at the absolute discretion of the Board. Dr Matossian-Rogers is also entitled to 25 days holiday a year and free use of a mobile phone. The agreement requires Dr Matossian-Rogers to assign intellectual property rights discovered during her employment to the Company and places restrictions on Dr Matossian-Rogers carrying

out activities competing with the Company during and for 12 months following termination of the agreement.

(b) By an agreement dated 15 July 1999 and made between the Company and Dr Rogers. Dr Rogers was appointed Joint Chief Executive Officer of the Company at a salary of £50,000 per annum. The agreement is terminable by notice on either side of 12 months but subject to a minimum term of 3 years. Dr Rogers is also entitled to 25 days holiday a year and free use of a mobile phone. The agreement requires Dr Rogers to assign intellectual property rights discovered during his employment to the Company and places restrictions on Dr Rogers carrying out activities competing with the Company during and for 12 months following termination of the agreement.

(c) The services of David Walker as non-executive Commercial Director are provided by Newbattle Management Limited pursuant to a management services agreement details of which are given at paragraph 9(b) of this Appendix 1.

(d) The services of John Watkins as non-executive Finance Director are provided under a letter of engagement dated 15 July 1999 and made between the Company and John Watkins. Mr Watkins' appointment is for a fixed term of 3 years, subject to the articles of association of the Company. Mr Watkins is to be paid director's fees of £5,000 per annum. In addition, Mr Watkins will provide financial and company secretarial services to the Company for which he will receive a further fee of £4,000 per annum. In the event that Mr Watkins is required to work in excess of 20 days in any year he will be entitled to be paid a further sum of £450 per excess day worked.

(e) The services of Dr Yvonne Pambakian as non-executive Clinical Administration Director are provided under a letter of engagement dated 15 July 1999 and made between the Company and Dr Yvonne Pambakian. Dr Pambakian's appointment is for a fixed term of 3 years, subject to the articles of association of the Company. Dr Pambakian is to be paid director's fees of £9,000 per annum and will be expected to work for 25 days in each year.

The aggregate remuneration payable to the Directors in respect of the financial year period to 30 June 2000 under arrangements in force at the date of this document is estimated to be £117,000 in aggregate for the Company.

5. **Directors and Other Interests**

Save as disclosed herein, none of the Directors is interested, either directly or indirectly (whether beneficially or non-beneficially) in the issued share capital of the Company or any of the assets proposed to be acquired by or disposal of or leased to the Company. Any of the Directors may, however, subscribe for some of the Shares under the terms of the Offer, and the Directors currently own or are interested in such number of Shares in the Company as is set out below:-

	No. of Ordinary Shares	
Director	Beneficial Interest	Non-beneficial Interest
Dr. Arpi Matossian-Rogers	1,610	41,610
Dr. Paul Rogers	1,610	
David Walker	1,600	-
John Watkins	200	-
Dr Yvonne Pambakian	1,610 *	-

*Dr Yvonne Pambakian is also a discretionary beneficiary under the Amro Family Trust and, as such, has a joint beneficial interest in a further 40,000 Ordinary Shares.

6. **Subsidiaries**

The Company has no subsidiaries.

7. **Details of Borrowing**

The Company has no indebtedness, no mortgages, charges, other borrowings or indebtedness in the nature of borrowing including bank overdrafts term loans other liabilities under acceptances or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

8. **Minimum Total Subscription and Net Proceeds of Issue**

The minimum amount that must be raised by the issue of Shares pursuant to this Prospectus for the Company to provide for the items specified in paragraph 21 of Schedule 1 of POS (the "Minimum Total Subscription") is made up as follows:-

(a)	Purchase cost of property		£nil
(b)	Issue costs		£ 57,000
(c)	Repayment of monies borrowed		£nil
(d)	Working Capital		£743,000
		Total	£800,000

On the basis of the Minimum Total Subscription the gross proceeds of the Offer will amount to £800,000 and, after deduction of expenses, the net proceeds will be approximately £743,000.

On the basis of the Maximum Total Subscription, the gross proceeds of the Offer will amount to £1,500,000 and, after deduction of expenses, the net proceeds will be approximately £1,443,000.

9. **Material Contracts**

The only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and are or may be material to the Company are as follows:-

(a) By a patent licence dated 15 July 1999 (the "Patent Licence Agreement") and made between Dr Arpi Matossian-Rogers and the Company, Dr Arpi Matossian-Rogers granted an exclusive worldwide licence of the Amro Intellectual Property to the Company for the purposes of research and development, manufacture, marketing and sale of products relating to the Amro Intellectual Property, for the period of 15 years commencing on the date of the agreement. Under the Patent Licence Agreement Dr Arpi Matossian-Rogers is to supply all know-how relating to the Amro Intellectual Property to the Company. In consideration of the grant of the rights under the Patent Licence Agreement the Company is to pay to Dr Matossian-Rogers royalties of 4 % of the sales of any products produced and sold by the Company relating to the Amro Intellectual Property. Dr Matossian-Rogers has given warranties only as to title; power and authority to enter into the Patent Licence Agreement; and that the know-how disclosed will be accurate. No warranty has been given regarding non infringement of third party rights. Dr Matossian-Rogers and the Company have agreed to take any action necessary to halt infringement of the Amro Intellectual Property, the costs of which will be borne by the Company. The Company is under an obligation to grant a non-exclusive royalty-free licence of any improvements made to the Amro Intellectual Property to Dr Arpi Matossian-Rogers. Ownership of improvements made to the Amro Intellectual Property by either party alone will belong to that party; improvements made jointly shall be owned jointly. Under the agreement Dr Arpi Matossian-Rogers is also to provide consultancy services to the Company for the purposes of aiding the transfer and development of the Amro Intellectual Property.

(b) By an agreement dated 15 July 1999 and made between Newbattle Management Limited ("NML") and the Company, NML agreed to provide the services of David Walker to the Company. Under the agreement NML is required to make Mr Walker's services available for 20 days per year in return for an annual fee of £9,000. In the event that Mr Walker provides services in excess of 20 days NML is entitled to be paid a further £450 per each additional day. The agreement is expressed to run for a period of 3 years. David Walker is the beneficial owner of the entire issued share capital of Newbattle Management Limited.

10. **General**

(a) Subject to receipt of at least £800,000 in applications under this Offer, Shares subscribed for pursuant to the Offer may be issued even if the Offer is not fully subscribed. If these conditions are not fulfilled investors' funds will be returned to them without interest by cheque within ten days of the closure of the subscription list.

(b) If valid applications for more than 9,375 shares are received, then applications will be treated on a "first come, first served" basis at the absolute discretion of the Directors and all or the balance of any investor's funds will be returned to the investor without interest by cheque within ten days of the closure of the subscription list. If the Directors shall decide in their absolute discretion not to allot shares to given

applicants, or to allot a lesser number of Shares than those for which an application is received, or if applications are received after the Closing Date, then all or the balance (as the case may be) of those investors' funds will be returned without any payment of interest thereon by cheque within ten days of the closure of the subscription list.

(c) There is no litigation, arbitration or claim pending or threatened against the Company and there are no facts known to the Directors which are likely to lead to any such litigation arbitration or claim.

(d) The accounting reference date of the Company is 30 June.

(e) The Directors consider that the prospects of the Company for the financial period ending 30 June 2001 are satisfactory.

(f) The Company is dependent on certain intellectual property rights which are of fundamental importance to its business. Details of such rights are contained in paragraph 9(a) of part Appendix 1 of this Prospectus.

(g) The Company has no investments.

(h) Other than as provided herein no amount or benefit in the sum of £10,000 or more in cash or in kind has been paid or given by the Company since incorporation to any promoter or any other person (excluding trade suppliers) immediately preceding the date of this Prospectus, or is intended to be paid or given.

(i) The Directors consider that upon receipt of the Minimum Total Subscription under the Offer, the Company will have sufficient working capital for its present requirements.

(j) Other than as provided herein, since incorporation no commissions, discounts, brokerages or other special terms have been paid or agreed in connection with the issue or sale or any share or loan capital of the Company.

11. **Taxation**

Dividends

Under current legislation dividends are not subject to payment of advance corporation tax. Individual shareholders who are treated for tax purposes as resident in the United Kingdom will receive a notional tax credit such that the individual's lower and basic rate tax liability on the amount of grossed up dividends received will be satisfied. Only higher rate tax payers will be required to pay any further income tax (equivalent to 25% of the dividend received).

A corporate shareholder resident for tax purposes in the UK will not normally be liable to UK corporation tax on any dividend received. Such a shareholder will generally be able to treat any dividend received (other than a Foreign Income Dividend) and the related tax credit as franked investment income. The value of the tax credit in the hands of a UK resident corporation shareholder will be an amount equal to 25% of the dividend.

Whether shareholders who are resident (for tax purposes) in countries other than the UK are entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of any dividends received (other than a Foreign Income Dividend) depends in general upon the provisions of any double taxation agreement or convention which exists between such countries and the UK. Individual shareholders who are resident (for tax purposes) in countries other than the UK but who are Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands or within certain other categories contained in Section 278(2) Income and Corporation Taxes Act 1988 are entitled to a tax credit which they may set off against their total UK income tax liability or, in appropriate cases, reclaim in cash. Shareholders who are resident (for tax purposes) in countries other than the UK should consult their own tax advisers concerning their tax liabilities on dividends received and as to whether they are entitled to reclaim any part of the tax credit and, if so, the procedure for claiming payment and what relief or credit may be claimed in respect of such tax credit in the country in which they are resident (for tax purposes). A shareholder outside the UK may also be subject to foreign taxation under local law.

The statements made in the paragraphs above are intended as a general guide only to this aspect of current UK taxation law and Inland Revenue practice and may not apply to certain classes or persons (such as dealers in securities).

Other

Information concerning EIS and Capital Gains Tax deferral reliefs are given on pages 17, 18 and 19.

Any person who is in any doubt as to his tax position, and in particular any person who is subject to taxation in a jurisdiction other than the United Kingdom is strongly advised to consult his professional advisers.

12. **No Offer to Overseas Persons**

No person receiving a copy of this Prospectus in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him, nor should he in any event use the application form, unless in the relevant territory such an invitation can lawfully be made to him and the application form can be lawfully used without compliance with any unfulfilled registration or other lawful requirements. Persons resident in, or a citizen of, territories outside the United Kingdom should consult their own professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Shares under the Offer.

13. **Report and Accounts**

Investors will receive copies of the annual report and accounts of the Company and will be entitled to attend any meeting of the shareholders.

14. **Documents available for inspection**

Copies of this Prospectus will be available free of charge during normal business hours on any week day (Saturdays, Sundays and Public Holidays excepted) at the offices of Mazars Neville Russell at 24 Bevis Marks, London EC3A 7NR whilst the subscription list remains open.

Dated 19 July 1999

APPENDIX 2

DIABETES AND THE AMRO MONOCLONAL ANTIBODIES

Cells of the body use glucose from the blood to generate much of the energy they need to function properly. Glucose diffuses from the blood into the liver cells for storage and is taken up by other body cells for use. These processes require insulin, a hormone which is secreted by cells present in the pancreas known as β cells. The removal and utilisation of glucose from the blood can sometimes (i.e. before meals or where excess insulin is present) result in lower than normal levels of glucose. These circumstances result in a rise in the level of another hormone, glucagon, which is secreted by certain other cells present in the pancreas known as α cells. This causes the liver to release glucose back into the blood to raise the blood glucose level.

In Type I Diabetes, there is absolute insufficiency of insulin. Consequently, blood glucose cannot enter the body's cells or be stored properly in the liver and so the level of glucose in the blood greatly increases. It is widely thought that this problem arises from some of the body's own white cells (T cells) attacking and destroying the β cells. However, the Directors believe that current scientific thinking ignores the fact that α cells do not behave normally in Diabetes either. In non-Diabetics these α cells increase their output of glucagon to raise blood glucose when glucose levels fall before eating. This prevents the brain being starved of glucose. After a meal, because the blood glucose level is high, glucagon output by the α cells falls.

In Diabetics, the level of glucagon output remains steady. As a result if too much insulin is given and blood glucose levels fall, there is no increase in glucagon levels to compensate and coma can result. In contrast, following a meal, the level of glucagon remains high causing blood glucose levels to remain much higher than normal.

The Directors believe that the principal cause of Diabetes is an autoantibody attack on the α cells rather than an immune attack on the β cells. This causes a high constant level of glucagon output which keeps blood glucose levels consistently high. The Directors believe that the need to counteract this puts constant pressure on the β cells to increase insulin output causing them, in certain individuals, to become exhausted and die thus leading to Type I Diabetes.

The Directors believe that in Type II Diabetics the same conditions requiring increased insulin output prevail but do not cause β cell death. The increased insulin output is insufficient to reduce the raised blood glucose levels. As a result drugs are often given to enhance insulin secretion or its action: this enhancement can eventually lead to the β cells in the pancreas becoming exhausted and bring about conversion to Type I Diabetes.

Dr. Arpi Matossian-Rogers, Chairman and joint Chief Executive Officer of the Company has identified the molecules on the α cells which are attacked by autoantibodies and has produced monoclonal antibodies which on injection the Directors believe will regulate these damaging autoantibodies. This should allow the α cells to return to normal functioning and thus allow remaining β cells to function normally as well. This represents a potential cure for Type II Diabetics and also for early stage Type I Diabetics who still have some residual β cells. For advanced Type I Diabetics with no residual β cell function, the restoration of α cell function activity should make control of blood glucose levels by insulin therapy much easier and more reliable.

Summary and consequences of the potential breakthrough

Current ideas of the cause of Diabetes focus on β cell damage by the immune system. Failure to find a cure has resulted in current Diabetes treatment revolving around supplementing insulin activity which is insufficient or absent in Diabetics.

Dr. Matossian-Rogers' discoveries lead the Directors to believe that the principal cause of Diabetes is not β cell damage but rather an antibody attack on α cells. She has also discovered the molecules which are the targets of such antibody attack. Thus for the first time it should be possible to counteract the pathogenic autoantibodies and treat the cause of Diabetes. The Directors believe that it is the attack on α cells which later leads to β cell damage. By correcting α cell activity, β cell activity and, thus, normal insulin secretion should be restored which the Directors believe should lead to a cure for the disease.

APPENDIX 3

THE DRUG DEVELOPMENT PIPELINE

The development of a new medicine usually takes place over a long time period known as the drug development pipeline. The average period for the development of new medicine can be up to 12 years. There are several stages in the development of a conventional medicine. There are typically three broad stages. The first, discovery research, can take place over a protracted period. The second stage, development research involving trials known as phase I, phase II and phase III trials, takes place over a further period of up to 6 years. Amro is at the beginning of this second stage of research in respect of Diavax. The final stage of regulatory review can take a further 2 years.

Discovery research involves the extraction, synthesis and testing of new molecules. There is a high attrition rate of potential molecules. It is estimated that for every several thousand molecules that may be synthesised and tested only one new medicine will reach the patient. If a molecule is identified as having useful activity scientists will try to maximise the desired effects by optimising its structure and making many close variations of the original molecule. Once an improved molecule has been established it enters the development stage.

Development research is the research that is undertaken prior to a medicine being given to humans. This research will attempt to determine whether it is acceptably safe, and sufficiently stable. Work is also done on how the potential medicine is absorbed and excreted by the human body. This stage of research involves a great deal of work. Research will be done on preparing a form of dosage which will suit the specific medical needs of the product. These may take the form of injection, tablet, capsule, aerosol, or suppository. Once this initial phase of development research has been completed the product will enter trials known as phase I, phase II and phase III trials.

Phase I trials will usually involve studies of informed, healthy volunteers which are conducted under the close supervision of a qualified doctor. Phase I trials are invariably the first time the new substance has been administered to humans. Ideally, phase I trials will determine tolerance by the body of the new compound and whether the predictions for the way in which the substance will behave have been accurate. At this stage the dose administered to the volunteers will be as low as possible subject to the minimum required to obtain the necessary information. If it is deemed safe doses may be increased to match the expected therapeutic dosage. On occasion, people who actually suffer from the condition which the product is designed to treat will take part in these trials, particularly if the compound is particularly powerful. At the end of phase I trials an application will be made to the Medicine Control Agency. Independent medical and scientific experts will review the information provided to the Agency to determine whether a certificate to conduct clinical trials should be granted. The Agency will either make a recommendation that further trials may commence or may request further information. Once a certificate is granted two further phases of medical trials must be passed before a licence can be sought for the widespread use of the new medicine.

Phase II trials involve trials on a small number, usually about 30-50 of patients who are diagnosed as having the disease or ailment in question. Phase II trials involve the analysis of whether a compound is suitable for further study or whether it should be abandoned. This will be done by giving varying dose levels to different patient groups. It is usually desirable to set up an in-house laboratory for quality control of trial materials and further research in order to anticipate and deal with minor adjustments or modification which may be required during these phases. Encouraging results in a phase II study will invariably lead to phase III trials.

Phase III trials involve trials on a large, statistically satisfactory body of patients of up to 3.000 in number. It is often the case that new medicines are compared with a placebo (dummy) medication. Also the new medicine may be compared with an existing medicine for the disease to provide a reference standard. Patients will be allocated randomly to the new product, placebo or reference and during the trials, neither the doctor nor the patient will know which preparation is being given. Typically, if the medicine proves successful and well tolerated at this stage it will then be possible for a product licence application to be made which includes all aspects of the data generated in the trials. An application will typically run into many volumes.

APPLICATION FORM OVERLEAF

HOW TO COMPLETE THE APPLICATION FORM

1. Insert (in figures) the amount you wish to invest. Applications must be for a minimum amount of £4,000 and thereafter in multiples of £160.

2. The following are illustrative application amounts and the corresponding number of shares applied for

£4,000	-	25 Shares	£32,000	-	200 Shares
£6,080	-	38 Shares	£40,000	-	250 Shares
£7,200	-	45 Shares	£48,000	-	300 Shares
£8,000	-	50 Shares	£64,000	-	400 Shares
£9,600	-	60 Shares	£80,000	-	500 Shares
£12,000	-	75 Shares	£96,000	-	600 Shares
£16,000	-	100 Shares	£100,000	-	625 Shares
£20,000	-	125 Shares	£120,000	-	750 Shares
£24,000	-	150 Shares	£140,000	-	875 Shares
£28,000	-	175 Shares	£160,000	-	1,000 Shares

3. Affix a cheque or a banker's draft for the total amount payable to "Mazars Neville Russell" and crossed a/c Payee.

4. Insert your full name and address in BLOCK CAPITALS and sign and date the Application Form. Joint applications should preferably be made on separate application forms. Where an application must be made in joint names this must be clearly specified on the application form.

5. **Send your cheque or banker's draft and completed application form to: Mazars Neville Russell (Ref Amro/JSH) at 24 Bevis Works London EC3A 7NR.**

Basis of Allotment
The subscription lists will open on 21 July 1999 at 10 am and may be closed at any time thereafter but no later than 5 pm on Friday 17 September 1999 unless extended. Applicants are strongly recommended to submit their applications and cheques as soon as possible.

The Directors reserve the right to accept any application in part only or to reject any application.

General
Applications will be irrevocable.

All applications will be acknowledged.

Application monies will be retained in Mazars Neville Russell's client bank account pending allotment of Shares. Any interest on application monies received will be paid to the Company.

Completion and delivery of an application form accompanied by a cheque will constitute a representation that such cheque will be honoured on first presentation.

Share certificates will be posted to successful applicants within one month of the final allotment of Shares. If any application is not accepted, the amount paid will be returned by cheque without interest within ten days of the closure of the subscription list. If an application is accepted for a lesser number of shares than the number applied for, the balance of the amount will be returned by cheque without interest within ten days of the closure of the subscription list.

All cheques, certificates and other documents will be despatched by post at the risk of the person entitled thereto.

Shares will be allotted by the Directors at their sole discretion.

Money Laundering Regulations 1993 - Important note.

If an Application by an individual for £10,000 or more is accompanied by a cheque or banker's draft drawn by someone other than the applicant (for example, a building society cheque), one of the following additional documents must be enclosed with the Application Form:
- **a copy of the applicant's passport or driving licence; or**
- **a recent original bank or building society statement; or**
- **a utility bill in the applicant's name.**

A copy passport or driving licence should be certified by a solicitor or a bank.

Original documents will be returned by post at the applicant's own risk. Please note that if the above requirements are not fulfilled and suitable evidence of identity cannot be obtained, your Application may not be accepted.

APPLICATION FORM

This Application Form should be completed and sent to Mazars Neville Russell (Ref: Amro/JSH) at 24 Bevis Marks, London EC3A 7NR, so as to arrive as soon as possible. The subscription list will open at 10 am on 21 July 1999 and may be closed at any time thereafter or when the Issue is fully subscribed, but in any event no later than 5 pm on 17 September 1999 unless extended by the Directors.

AMRO BIOTECH plc

Offer for subscription of up to 9,375 Ordinary Shares of £1 each in the capital of the Company each payable in full on application at £160 per share.

Amount Enclosed	**No. of Shares applied for**

Applications must be for a minimum of £4,000 and, thereafter, in multiples of £160.

Cheques should be made payable to "Mazars Neville Russell" and crossed a/c Payee

To: The Directors, Amro Biotech plc

I/We offer to subscribe for such number of fully paid Ordinary Shares at £160 each as shall as nearly as possible equate to the sum enclosed on the terms and conditions set out in the Offer on the terms and conditions of application overleaf and subject to the Memorandum and Articles of Association of the Company. I/We enclose my/our cheque for the amount of application payable to "Mazars Neville Russell (Ref: Amro/JSH)". I/We agree to accept such smaller number of Shares in respect of which this application may be accepted. Joint applicants should add their name and signatures only in the box below.

Full Names(s) _____

Address _____

_____

_____

_____ Post Code _____

Daytime Tel No. _____

Signed _____ Date _____

I/We authorise/do not authorise (delete as applicable) **Mazars Neville Russell** to contact me/us by telephone in connection with any queries arising on my application.

I/we confirm that I/we have read the Important Notice concerning the Money Laundering Regulations on Page •6 and that I/we have enclosed the additional documentation there requested if the terms of the Note are applicable to me/us.

Send to: Mazars Neville Russell (Ref: Amro/JSH) at 24 Bevis Marks, London EC3A 7NR

Terms and Conditions of Application

To: The Directors, Amro Biotech Plc.

In consideration for your accepting my application on the terms of the Offer dated 19 July 1999, I/We hereby:

1. Confirm that I/we appreciate that the Ordinary Shares which are being offered at £160 per Share will be allotted on a "first come first served" basis at the absolute discretion of the Directors.

2. Understand that no application will be accepted unless and until payment in full for the Shares concerned has been made.

3. Accept that the application shall be irrevocable and that the application and these Terms and Conditions of Application shall constitute a collateral contract between me/us and you which shall become binding on delivery of this Application Form duly completed to the address above.

4. Request that a definitive share certificate for the number of Shares in respect of which this application is accepted, together with a cheque, if applicable, for any surplus application money, be issued by post at my/our own risk to the address first given above or as I/we may otherwise direct.

5. Confirm that to the best of my knowledge and belief acceptance of this application in full will not result in the Company being controlled by any company with which I/we am/are connected or by any such company or any person connected with such other company within the meaning of section of the Taxes Act.

6. Confirm that due completion and delivery of this Application Form accompanied by a cheque will constitute an undertaking that the cheque will be honoured on first presentation.

7. Confirm that I/we have read and understood the terms and conditions set out in this Prospectus.

8. Confirm that I/we have taken such independent advice in relation to the Offer as I/we considered appropriate before submitting this Application Form.

9. I/We confirm that I/we hereby desire execution of the transaction which is the subject matter of this transaction and that I/we are not seeking, nor have we received, advice from the Company or Mazars Neville Russell regarding the merits of the investment or its suitability for me/us.

10. If I have sent an amount not divisible by £160 then I shall be deemed to have applied for the next amount down or none at discretion of directors.