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This document, which is an Admission Document in relation to AIM a market operated by the London Stock Exchange, has been drawn up in accordance with the AIM Rules for Companies. It does not comprise a prospectus in accordance with the Prospectus Rules of the UK Listing Authority and has therefore not been approved by the Financial Services Authority as a prospectus.

The Directors of Frontier IP Group Plc, whose names appear on page 5 of this document, and Frontier IP Group Plc accept responsibility for the information contained in this document and individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and Frontier IP Group Plc (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

The whole of this document should be read, in particular the letter from the Chairman of Frontier IP which is set out in Part I of this document and the section entitled "Risk Factors" which is set out in Part III of this document.

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

Frontier IP Group Plc

(Incorporated in England and Wales under the Companies Act 2006 with registered number 6262177)

Placing of 2,000,000 New Ordinary Shares at 50 pence per Share

Admission of Enlarged Share Capital to trading on AIM

and

Cancellation of trading on PLUS

Nominated Adviser and Broker

Arbuthnot Securities Limited

Number of
Existing Ordinary Shares
4,972,165

ordinary shares
of 10p each

Number of
Ordinary Shares in issue
immediately following Admission
6,972,165

Application has been made for the whole of the issued and to be issued share capital of Frontier IP Group Plc to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 31 January 2011. No application is currently intended to be made for the Ordinary Shares to be admitted to listing or dealt in on any other exchange.

The distribution of this document in certain jurisdictions may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Arbuthnot Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority is acting as nominated adviser and broker to the Company in connection with the proposed Admission and not for any other person. Arbuthnot Securities Limited will not otherwise be responsible to any person other than the

Company for providing the protections afforded to customers of Arbuthnot Securities Limited or for advising any other person in respect of the proposed Admission. Arbuthnot Securities Limited's responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation, express or implied, is made by Arbuthnot Securities Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company or Arbuthnot Securities Limited and, in particular, is not for distribution into the United States, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa and the Ordinary Shares may not be offered or sold directly or indirectly within the United States, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to, or for the account or benefit of, US persons or any national, resident or citizen of the United States, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon in any respect whatsoever.

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PLACING STATISTICS

Placing Price	50p
Number of Ordinary Shares in issue at the date of this document	4,972,165
Number of New Ordinary Shares being placed on behalf of the Company	2,000,000
Gross proceeds of the Placing	£1.0 million
Percentage of Enlarged Share Capital being placed pursuant to the Placing	28.7 per cent.
Number of Ordinary Shares in issue immediately following the Placing and Admission	6,972,165
Market capitalisation of the Company at the Placing Price immediately following the Placing and Admission	£3.5 million
Current PLUS symbol	FIPP.PL
AIM symbol	FIPP.L
ISIN code	GB00B63PS212

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2011

Publication of this document	28 January
Last day for dealings in Existing Ordinary Shares on PLUS	28 January
Admission and dealings in the Enlarged Share Capital commence on AIM	8.00 a.m. on 31 January
Crediting of CREST accounts	8.00 a.m. on 31 January
Despatch of share certificates (where applicable)	by 14 February

Each of the times and dates in the above timetable may be subject to change.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Neil David Crabb Jacqueline Ann McKay David John Cairns Marilyn Dawn Cole Timothy Bruce Cockroft Graham Fleming Barnet	<i>Executive Chairman</i> <i>Partnership Director</i> <i>Executive Director</i> <i>Finance Director</i> <i>Non-executive Director</i> <i>Non-executive Director</i>
Secretary	Marilyn Dawn Cole	
Registered office	c/o Dundas & Wilson North West Wing Bush House Aldwych WC2B 4EZ	
Website	www.frontierip.co.uk	
Nominated Adviser and Broker	Arbuthnot Securities Limited Arbuthnot House 20 Ropemaker Street London EC2Y 9AR	
Reporting Accountants and Auditors to the Company	Chantrey Vellacott DFK LLP Russell Square House 10-12 Russell Square London WC1B 5LF	
Legal Advisers to the Company	HBJ Gateley Wareing (Scotland) LLP Exchange Tower 19 Canning Street Edinburgh EH3 8EH	
Legal Advisers to Arbuthnot Securities	K&L Gates LLP 110 Cannon Street London EC4N 6AR	
Bankers	Lloyds TSB Scotland plc Henry Duncan House 120 George Street Edinburgh EH2 4LH	
Registrars	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL	

PART I

LETTER FROM THE CHAIRMAN OF FRONTIER IP

Frontier IP Group Plc

(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 6262177)

Directors:

Neil Crabb, *Executive Chairman*
Jacqueline McKay, *Partnership Director*
David Cairns, *Executive Director*
Marilyn Cole, *Finance Director*
Timothy Cockroft, *Non-executive Director*
Graham Barnet, *Non-executive Director*

Registered Office:

c/o Dundas & Wilson
North West Wing
Bush House
Aldwych
London WC2B 4EZ

28 January 2011

To Shareholders and, for information only, to Warrant holders

**Placing of 2,000,000 New Ordinary Shares at 50 pence per Share
and
Admission of Enlarged Share Capital to trading on AIM**

Dear Shareholder

1. Introduction

The Company has today announced that it has conditionally raised £1.0 million by way of a placing of 2,000,000 New Ordinary Shares at 50 pence per share and intends to seek cancellation of the Existing Ordinary Shares from trading on PLUS and apply for the admission of the Enlarged Share Capital to trading on AIM. The Placing is conditional on Admission, which is expected to become effective and that dealings in the Enlarged Share Capital will commence on AIM at 8.00 a.m. on 31 January 2011.

The purpose of this document is to set out the background to and reasons for the Proposals, including the cancellation of the Company's listing on PLUS and admission of the Enlarged Share Capital to trading on AIM, and to explain why your Board considers that the Proposals are in the best interests of the Company and its Shareholders as a whole. Shareholders are reminded that at the Annual General Meeting of the Company, held on 6 December 2010, resolutions were passed granting the Directors the authority to allot a maximum of £665,571.70 by nominal value of Ordinary Shares, equating to 6,655,717 new Ordinary Shares, without first being required to offer such shares to Existing Shareholders.

2. Background to and reasons for the Proposals

Frontier IP Shares were admitted to trading on PLUS in May 2009 following a reverse takeover by ARH Leisure Investments Plc. Since the Company's admission to PLUS, the Directors have continued to develop the business by fostering its relationship with its existing university partners, seeking new commercialisation relationships with a number of additional universities and research institutions, establishing dedicated funds to invest in spin-out opportunities, seeking to establish sector specific IP commercialisation funds and strengthening its management team by the appointment of two new Directors to support the Company's growth plans.

The Directors believe that moving the Company's quotation to AIM, through the cancellation of its existing quotation on PLUS and by way of Admission, will enable the Company to continue its development in the following ways:

- enhance the status of the Company's brand and market recognition;

- assist the Company in raising additional equity capital for the further development of the Company's business;
- enable the Company to take advantage of future acquisition and investment opportunities by using its quoted shares as consideration;
- enable the Company to recruit and retain key personnel more effectively through a suitable incentivisation programme; and
- enhance liquidity for investors through the ability to buy and sell Ordinary Shares.

3. Details of the Placing and use of proceeds

The Company is proposing to raise £1.0 million (before expenses) through a conditional placing by Arbuthnot Securities of 2,000,000 New Ordinary Shares at 50 pence per share. The Placing Shares will represent approximately 28.7 per cent. of the Enlarged Share Capital.

Under the terms of the Placing Agreement, Arbuthnot Securities has agreed to use its reasonable endeavours, as agent on behalf of the Company, to procure placees for the Placing Shares at the Placing Price and has conditionally placed the Placing Shares with institutional and other investors.

The Placing is conditional upon the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, and on Admission. The Placing Agreement contains provisions entitling Arbuthnot Securities to terminate the Placing Agreement at any time prior to Admission in certain circumstances that are customary for an agreement of this nature. If this right is exercised, the Placing will lapse. The Placing has not been underwritten by Arbuthnot Securities.

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the ordinary share capital of the Company following Admission.

The Company intends to use the net proceeds of the Placing primarily to provide working capital for:

- resource to support new commercialisation relationships;
- resource to support complementary advisory roles; and
- capital commitments to new funds to be launched in the foreseeable future, further details of which are set out in Part II of this document.

Further details of the Placing Agreement are set out in paragraph 14.1 of Part V of this document.

4. Share Acquisitions

IP Group, Jackie McKay and I have conditionally agreed to acquire some of Sigma's shareholding in the Company and IP Group and I have agreed to subscribe for certain of the Placing Shares. IP Group and the Company have also agreed to work together on an informal basis to identify mutual opportunities in Scotland and in their respective target sectors. In addition, IP Group may co-invest alongside certain dedicated investment funds established by the Company from time to time.

Yours faithfully,

Neil Crabb
Executive Chairman

PART II

INFORMATION ON FRONTIER IP

1. Introduction and background

Frontier IP Limited was incorporated in Scotland on 10 January 2008, as a wholly-owned subsidiary of Sigma, for the purpose of furthering and consolidating the activities of Sigma in the commercialisation of intellectual property developed by universities. Sigma, via funds managed by its subsidiary, Sigma Technology Management Limited, had a history of investing in university spin-out projects. On 13 May 2009, the Company was admitted to trading on PLUS by way of a reverse takeover of Frontier IP Limited by ARH Leisure Investments Plc, raising approximately £0.63 million, following which Sigma held approximately 77.4 per cent. of the Existing Share Capital.

The focus and purpose of Frontier IP is to provide consultancy services to assist universities and research organisations in the commercialisation of intellectual property arising from their research. Frontier IP combines:

- sector expertise with a blend of relevant skills;
- two existing university relationship agreements, namely with the University of Dundee and Robert Gordon University, Aberdeen, with more relationships in the pipeline;
- equity and licensing revenue from these existing relationships; and
- a fledgling equity portfolio.

The Frontier IP team has substantial experience of involvement in the IP commercialisation sector and in spin-out companies. Neil Crabb, co-founder and former Chief Investment Officer of Sigma, is Executive Chairman of Frontier IP and has over 14 years' investment experience in university spin-outs. Jackie McKay, Partnership Director, has 10 years' experience in the venture capital industry, in particular in the university IP sector. Marilyn Cole, Finance Director, has 13 years' experience as a finance director of publicly quoted companies, including as Finance Director and Company Secretary of Sigma. David Cairns, who joined the Company in September 2010 as Executive Director, has 25 years' experience in developing technology, including 15 years at Optos plc, from concept through to commercialisation.

Further details of the Frontier IP management team can be found in paragraph 7 below.

Frontier IP seeks to generate value through working with universities and research institutions in the commercialisation of IP by:

- establishing long-term relationship agreements;
- sharing in the successful commercialisation of IP; and
- establishing related long-term venture funds.

The Company also earns fees from spin-out company retainers and advisory work.

2. Existing relationships

Frontier IP establishes relationships with individual universities to assist with spin-out and licensing activities and to help maximise the commercial value of technologies emerging from their research programmes. Frontier IP has already established a strong presence with long-term contracts with two Scottish universities, which have preferential access to spin-out opportunities.

The University of Dundee

Frontier IP has a 10-year relationship with University of Dundee covering all disciplines under which, in return for commercialisation support, it is entitled to receive equity in each spin-out company.

The University of Dundee is one of the UK's leading universities and is internationally recognised for its expertise across a range of disciplines. It has a reputation for excellence in research with 54 per cent. of its research achieving 'world leading' or 'internationally excellent' standards in the most recent Research

Assessment Exercise. For the 2009-2010 academic year the total research award value was approximately £93 million. The University of Dundee has a focus on medicine, life sciences and engineering, with the College of Life Sciences ranked, in the 2008 Research Assessment Exercise, as one of the UK's top five universities for Biological Sciences, ahead of Cambridge University and Imperial College. According to the Times Higher Education 2010 survey (based on Thomson Reuters Essential Science Indicators), it is also ranked top in the world for the impact of its research in pharmacology. It has good links with industry and key industry funders and collaborators include Wellcome Trust, Wyeth Pharmaceutical, AstraZeneca, Cancer Research UK and GlaxoSmithKline.

In September 2009, Frontier IP launched the University of Dundee Venture Fund, a 10-year fund, which also secured partnership status with Scottish Enterprise's Scottish Co-investment Fund. The Dundee Fund launched with committed funds at its first closing of £0.75 million. Frontier IP and the University of Dundee have agreed to subscribe for commitments in the Dundee Fund, to be drawn down in tranches over the life of the Dundee Fund at the discretion of the manager of the Dundee Fund. The Dundee Fund remains open to new investors for a further two years from launch.

The relationship with the University of Dundee, which commenced in November 2006, is for a period of 10 years and may be extended by the mutual agreement of Frontier IP Limited, a wholly owned subsidiary of Frontier IP, and the University of Dundee.

Robert Gordon University, Aberdeen

Frontier IP has a 25-year relationship with Robert Gordon University covering all disciplines under which, in return for commercialisation support, it is entitled to receive equity in each spin-out company. Frontier IP is also entitled to a percentage of income from licensing received by the RGU.

RGU has three cross-disciplinary research institutes with a focus on applied research: the Institute for Health & Welfare Research; the Institute for Innovation, Design & Sustainability Research; and the Institute for Management, Governance and Society Research. In the 2008 Research Assessment Exercise, 70 per cent. of its research was classed as of 'international quality', which contributed to a 99 per cent. increase in the research award for 2009-10 on the previous year. It also has close links to Aberdeen's oil and gas industry.

In July 2009, Frontier IP launched the RGU Ventures Investment Fund, a 10-year fund, which also secured partnership status with Scottish Enterprise's Scottish Co-investment Fund. The RGU Fund launched with committed funds at its first closing of £1.1 million. Frontier IP and RGU have agreed to subscribe for commitments in the RGU Fund, to be drawn down in tranches over the life of the RGU Fund at the discretion of the manager of the RGU Fund. The RGU Fund remains open to new investors for a further two years from launch.

The relationship with RGU, which commenced in August 2006, is for a period of 25 years and may be terminated by either Frontier IP Limited, a wholly owned subsidiary of Frontier IP, or RGU by giving not less than one year's prior written notice to the other, which notice may only be given after the fifth anniversary of the commencement of the relationship.

3. Strategy

The Frontier IP business model is low cost with potential for high quality earnings and capital appreciation. It is the Board's intention to seek other university relationships throughout the UK and a number of discussions are already underway with other universities and research institutions. The Board also believes that in addition to the acquisition of new relationships, there is also the opportunity for consolidation in the university IP commercialisation sector and it aims to participate in this process.

Relationships

The strategy is to grow the portfolio of commercialisation relationship agreements, participate in sector consolidation and generate value and revenue by:

- holding equity in spin-out companies;
- generating income from licensing;

- retainers which will accrue to the Company; and
- bespoke advisory work in the sector.

The model is to forge close commercialisation relationships with universities and research institutions whereby, as a result of the assistance provided to these organisations in the commercialisation of the IP produced from their research activities, Frontier IP seeks to share in the founder equity and licence revenue that these organisations receive from the commercialisation of this research.

Venture Funds

In addition to the founder equity for services and the associated fee income created through advisory fees and retainers, Frontier IP intends, where appropriate, to establish dedicated funds for each of the relationships in order to help to accelerate the commercialisation process and provide a source of revenue for Frontier IP. It also intends to make capital commitments to these funds. The model is that such funds potentially provide recurring fund management income and rights to investment gains and carried interest.

Frontier IP Limited, as the operating subsidiary of Frontier IP, intends shortly to seek authorisation from the FSA to enable it to be appointed manager of these dedicated funds. Currently, the management of the Dundee Fund and the RGU Fund is sub-contracted to Sigma Technology Management Limited as part of the Sigma Services Agreement, under which Frontier IP receives the benefit of the management fee. Under the limited partnership agreements for the Funds, Frontier IP is entitled to a share of investment gains and carried interest.

The Dundee Fund and the RGU Fund have partnership status with the Scottish Enterprise – Scottish Co-investment Fund and Frontier IP plans to seek partnership status for new funds established in Scotland. This scheme potentially provides for matched funding of up to 100 per cent. of any partner's investment in qualifying Scottish companies.

4. Summary Financial Information

The selected financial information on Frontier IP set out below has been extracted without material adjustment from the financial information set out in Part IV of this document.

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Revenue	94	53
Operating loss	(328)	(120)
Loss before taxation	(326)	(120)
Cash and cash equivalents	330	710

5. Current trading and future prospects

The Company is in discussions with a number of universities regarding potential new relationships and has developed a pipeline of opportunities to further its aim of securing additional long-term partnerships, including having signed one Memorandum of Understanding and one non-binding Heads of Agreement. These pipeline relationships are potentially all long-term and include a share of spin-out equity and licensing revenue.

The Company intends, where appropriate, to establish dedicated funds for its new partner universities and also to develop sector-specific funds. The Company is also seeking additional limited partners for its existing Funds.

The Company announced on 31 December 2010 that it had made encouraging progress in the first half of its financial year and that the Board expected the Group to deliver total revenues for the full year significantly ahead of market expectations, in particular driven by an IFRS uplift in the value of its portfolio.

6. Portfolio

Frontier IP has interests in the following spin-out companies:

Advanced Underwater Surveys Limited (“ADUS”)

ADUS was spun out from the University of Dundee and the University of St Andrews. It delivers high resolution sonar imaging for the inspection of underwater assets. ADUS sonargrams offer photographic like detail of vessels, underwater structures and wrecks. The results provide a tool for those engaged in the management, development and research of the marine environment. The company has secured commercial customers.

www.adus-uk.com

The Company currently holds approximately 5 per cent. of the issued share capital of ADUS.

Aridhia Informatics Limited (“Aridhia”)

Aridhia is a joint venture between the University of Dundee, Sumerian Europe Limited and Scottish Health Equities Limited. Aridhia develops an intelligent data analysis service for the medical and life sciences sector which represents key performance indicators for both management and clinical purposes.

www.aridhia.com

The Company currently holds approximately 1.1 per cent. of the issued share capital of Aridhia.

B1 Medical Limited (“B1 Medical”)

B1 Medical is an orthopaedic product development and commercialisation company established to exploit an exclusive 10 year pipeline of IP from NHS Grampian, the University of Aberdeen and RGU. B1 Medical’s commercial model is a combination of an OEM model, to develop and subsequently sell products through the channels of a larger orthopaedic company and to on-license “close to manufacture” product lines to major orthopaedics companies. B1 Medical is characterised by its expertise and speed to market in its chosen orthopaedic sectors, particularly trauma and elective surgery where it has a growing network of IP relationships.

www.b1medical.com

The Company receives an annual retainer from B1 Medical.

Counterweight Limited (“Counterweight”)

The Counterweight Programme is an evidence and theory based intervention programme for obesity management, fully evaluated in Primary Care in the UK. Counterweight is a flexible and sustainable model which can be adapted to deliver tailored programmes in general practice, pharmacies and wider community- based settings.

www.counterweight.org

The Company currently holds approximately 10 per cent. of the issued share capital of Counterweight.

Living in the Moment Limited (“LIM”)

LIM has been set up by the University of Dundee and the University of St Andrews to develop tools to support people suffering from dementia and their carers.

www.computing.dundee.ac.uk/projects/lim/

The Company currently holds approximately 4.55 per cent. of the issued share capital of LIM.

Nandi Proteins Limited ("Nandi")

Nandi is a spin-out from Heriot-Watt University and is commercialising technology which improves the functional properties of proteins used in the food sector.

www.nandiproteins.com

The Company currently holds approximately 3 per cent. of the issued share capital of Nandi and also receives an annual retainer.

Rapid Quality Systems Limited ("RQS")

Spun out from the University of Dundee, RQS is a software development company which has launched its first software product, Code Rocket, which is a software tool which simplifies and supports the design of software systems.

www.getcoderocket.com

The Company currently holds approximately 5 per cent. of the issued share capital of RQS.

7. Directors and senior management

The Frontier IP management team has substantial experience in the IP commercialisation sector and in spin-out companies. In addition, Frontier IP plans, in due course, to recruit additional members to the management team to support new commercialisation relationships and advisory activities.

Board of Directors

Neil Crabb, *Executive Chairman*, (Aged 43)

Neil Crabb is the co-founder and former Chief Investment Officer of Sigma. Neil has considerable investment management experience, particularly in technology and smaller companies. Prior to co-founding Sigma, Neil spent two years, from 1995 to 1996, with Duncan Lawrie Limited where he was an investment manager with responsibility for a range of managed portfolios. These portfolios invested primarily in UK smaller companies. Whilst at Duncan Lawrie, Neil was responsible for investment activity in unquoted technology companies. From 1990 to 1994, he worked for the Equitable Life Assurance Society, latterly as investment analyst with investment authority for approximately one-third of the Society's UK smaller company holdings, as well as larger stocks in the electronics sector. Neil is an approved person under FSMA.

Jacqueline McKay, *Partnership Director*, (Aged 51)

Jackie has substantial experience in the private equity industry having been with Sigma for over 10 years, latterly as Corporate Development Director. She has experience of the university IP sector in particular, including structuring and executing university relationship agreements and venture funds. She has been working with Frontier IP since its inception to help develop new and existing university relationships for the Company. Prior to joining Sigma, Jackie spent 12 years with the Bank of Scotland. Jackie is responsible for structuring and executing new relationship agreements and funds and for the operation of existing university relationships.

Marilyn Cole, *FCA, Finance Director and Company Secretary* (Age 56)

Marilyn qualified as a chartered accountant with Deloitte Haskins & Sells. She moved to Pannell Kerr Forster in 1985 and spent eight years in its corporate finance department assisting clients on a variety of transactions, including flotations, acquisitions, disposals and fundraisings. In 1993 Marilyn set up her own business advisory practice working with local businesses and also undertaking work for the DTI and The Competition Commission. During this period, she undertook consultancy work for Northamber plc which she subsequently joined as finance director in 1997. Marilyn joined Sigma in January 2000 and was appointed Finance Director in April 2000. Marilyn is an approved person under FSMA.

David Cairns, *Executive Director*, (Aged 46)

David has been developing technology from concept through to commercialisation for 25 years. He spent 15 years with Optos plc, the retinal imaging company, where he was an integral part of the business growth

from commercial launch in 2000 to achievement of annual sales exceeding \$100 million in 2008. David served on the Optos plc board until 2005, prior to its flotation on the London Stock Exchange. Latterly, as Chief Technology Officer, he played a key role in evolving the company's product IP, which included liaising with universities. David is responsible for developing and managing Frontier IP's relationship equity and licensing portfolio.

Timothy Cockroft, *Non-Executive Director*, (Aged 43)

Tim is Chief Executive of Singer Capital Markets Limited, the independent stockbroking business. He was previously Chief Executive Officer of KBC Peel Hunt Limited, having been a founding member of Peel Hunt Limited in 1989. Tim is an approved person under FSMA.

Graham Barnet, *Non-Executive Director*, (Aged 47)

Graham Barnet is Chief Executive Officer and co-founded Sigma with Neil Crabb in 1996. Graham is a qualified lawyer, having specialised whilst in private practice in corporate finance and corporate law. Graham worked at Shepherd and Wedderburn, Noble Grossart and Edinburgh Financial Trust prior to forming his own specialist investment company, Merchant Investments Limited, in 1994. Graham is an approved person under FSMA.

Senior Management

Michael Brennand, *Regional Director North West*, (Aged 54)

Michael has had an extensive career in food and related industries and is currently Executive Chairman of Nandi Proteins Ltd, a portfolio company of Frontier IP. On Admission, Michael will be appointed to assist both with regional development and a potential food fund dedicated to IP commercialisation in the food and drink sector.

In addition, Frontier IP plans, in due course, to recruit additional members to the team to support new commercialisation relationships and advisory activities. Frontier IP intends that these additional team members will provide support for the transaction element of its advisory activities and for the technical evaluation of its projects.

8. Reasons for Admission

Frontier IP's Shares were admitted to trading on PLUS in May 2009 following a reverse takeover by ARH Leisure Investments Plc. Since the Company's admission to PLUS, the Directors have continued to develop the business by fostering its existing university relationships, seeking new commercialisation relationships with a number of additional universities and research institutions, establishing dedicated funds to invest in spin-out opportunities, seeking to establish sector specific IP commercialisation funds and strengthening its management team by the appointment of two new Directors to support the Company's growth plans.

The Directors believe that moving the Company's quotation to AIM, through the cancellation of its existing quotation on PLUS and Admission, will enable the Company to continue its development in the following ways:

- enhance the status of the Company's brand and market recognition;
- assist the Company in raising additional equity capital for the further development of the Company's business;
- enable the Company to take advantage of future acquisition and investment opportunities by using its quoted shares as consideration;
- enable the Company to recruit and retain more effectively key personnel through a suitable incentivisation programme; and
- enhance liquidity for investors through the ability to buy and sell Ordinary Shares.

9. Details of the Placing and use of proceeds

The Company is proposing to raise £1.0 million (before expenses) through a conditional placing by Arbuthnot Securities of 2,000,000 New Ordinary Shares at 50 pence per share. The Placing Shares will represent approximately 28.7 per cent. of the Enlarged Share Capital.

Under the terms of the Placing Agreement, Arbuthnot Securities has agreed to use its reasonable endeavours, as agent on behalf of the Company, to procure placees for the Placing Shares at the Placing Price and has conditionally placed the Placing Shares with institutional and other investors.

The Placing is conditional upon the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, and on Admission. The Placing Agreement contains provisions entitling Arbuthnot Securities to terminate the Placing Agreement at any time prior to Admission in certain circumstances that are customary for an agreement of this nature. If this right is exercised, the Placing will lapse. The Placing has not been underwritten by Arbuthnot Securities.

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the ordinary share capital of the Company following Admission.

The Company intends to use the net proceeds of the Placing primarily to provide working capital for:

- resource to support new commercialisation relationships;
- resource to support complementary advisory roles; and
- capital commitments to new funds.

Further details of the Placing Agreement are set out in paragraph 14.1 of Part V of this document.

10. Venture Capital Trusts (“VCT”) and Enterprise Investment Scheme (“EIS”)

The Company has received advance assurance from HMRC that the New Ordinary Shares placed with VCTs are expected to constitute a qualifying holding for such VCTs. HMRC has also confirmed that the New Ordinary Shares should satisfy the requirements for tax relief under the Enterprise Investment Scheme. Eligibility is also dependent on a Shareholder’s own position and not just that of the Company. Accordingly, Shareholders and potential investors should take their own independent advice and they are referred in particular to paragraph 19 of Part V of this document.

11. Lock-in and Orderly Market Agreement

Each of Neil Crabb, Jackie McKay and David Cairns (being the only Directors who hold shares in Frontier IP at Admission) and Sigma has agreed not to offer, dispose of, or agree to offer or otherwise dispose of directly or indirectly, conditionally or unconditionally, whether for consideration or not, any of the Ordinary Shares in which each of them is legally or beneficially interested at Admission, for a period of 12 months following Admission. This restriction is subject to a number of standard exceptions, such as to permit an acceptance of an offer for the entire issued share capital of Frontier IP, the giving of an irrevocable undertaking to accept such an offer, or transfers by the covenantor (in the case of a corporate entity) to its ultimate holding company. In addition, Sigma will be permitted to dispose of Ordinary Shares to one or more third parties introduced by Arbuthnot Securities provided that each such transaction is conducted with Arbuthnot Securities’ consent and provided that Sigma will not reduce its shareholding in Frontier IP pursuant to such transfers below 29.9 per cent. before the date falling 12 months after Admission.

In all cases any dealings in Ordinary Shares by the Directors will only be undertaken in accordance with the Company’s code of dealing and can only be only made through the Company’s brokers.

Further details of the lock-in arrangements are set out in paragraph 14.12 of Part V of this document.

12. Sigma Services Agreement

The Company and STML, which is a wholly owned subsidiary of Sigma, have entered into the Sigma Services Agreement, under which STML provides various services to the Company. Further details of the Sigma Services Agreement are set out in paragraph 14.3 of Part V of this document.

13. Share incentive schemes

The Company has authority to introduce one or more share option schemes and to grant share options (directly or pursuant to a scheme) to the employees and directors of, and consultants to, the Company over, in aggregate, up to 10 per cent. of the enlarged issued share capital of the Company from time to time.

The Company has granted unapproved (i.e. non-EMI and non-HMRC approved) share options to Neil Crabb, details of which are set out in paragraph 6 of Part V of this document.

Conditional on Admission, it is proposed that the options currently granted to Neil Crabb are cancelled and replaced by new options that will be granted when the Company's approved and unapproved share option schemes are in place, which will happen following Admission. The proposed options to be granted following Admission are set out in paragraph 6 of Part V of this document.

14. Corporate Governance and Share Dealing Code

The Directors recognise and value the importance of high standards of corporate governance and intend to observe the requirements of the QCA Guidelines to the extent that they consider reasonably practicable in light of the Company's size, stage of development and resources. The Board will also ensure that proper procedures are adhered to with regard to the preparation and approval of the Company's annual and half-yearly financial statements.

Immediately following Admission, the Board will consist of six directors, two of whom will be non-executive. The Board expects to hold 8 board meetings each year. The Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have established an Audit Committee, a Remuneration Committee and a Nomination Committee with formally delegated rules and responsibilities. It is intended that the Audit Committee and the Remuneration Committee will meet at least twice a year and the Nomination Committee will meet as and when appropriate, normally before or after regular meetings of the Board.

The Audit Committee will comprise Graham Barnet and Timothy Cockroft and will be chaired by Timothy Cockroft. The Audit Committee will, *inter alia*, determine and examine matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope for the annual audit. It will receive and review reports from management as well as considering the accounting and the internal control systems in use throughout the Company.

The Remuneration Committee will comprise Graham Barnet and Timothy Cockroft and will be chaired by Graham Barnet. The Remuneration Committee reviews the Directors' remuneration and benefits packages including the determination of the payment of bonuses, share options and the terms for their appointment. The Remuneration Committee will consider the recommendations of the Executive Chairman regarding bonuses or performance related remuneration to all members of staff of the Company.

The Nomination Committee will comprise all Directors and will be chaired by Graham Barnet. The Nomination Committee is responsible for considering Board appointments, reviewing Board structure, size and composition and identifying the need for Board appointments by reference to the balance of skills, knowledge and experience on the Board and the scale of the Company.

The Company has adopted a share dealing code appropriate for a company whose shares are admitted to trading on AIM, and will take appropriate steps to ensure compliance with this code by the Company, the Directors and all applicable employees.

15. Admission, settlement and CREST

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission of the Ordinary Shares is expected to take place on 31 January 2011.

The Articles permit the Company to issue Shares in uncertificated form in accordance with the CREST Regulations. CREST is a paperless settlement system enabling title to securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument, in accordance with the CREST Regulations.

Settlement of transactions in the Shares following Admission may continue to take place within the CREST system if Shareholders so wish. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates are still able to do so.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB. Trading in Ordinary Shares on AIM will require Shareholders to deal through a stockbroker or other intermediary who is a member of the London Stock Exchange.

Definitive share certificates in respect of the Placing Shares are expected to be dispatched by 14 February 2011.

16. Dividend Policy

The Directors anticipate that, following Admission, cash resources will be retained for organic expansion, acquisition opportunities and capital growth and therefore will not be distributed until the Company has an appropriate level of distributable profits. The declaration and payment by the Company of any dividends and the amount thereof will depend on the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

17. Taxation

The attention of Shareholders, Placees and prospective investors is drawn to the information regarding taxation, which is set out in paragraph 19 of Part V of this document. These details are, however, intended only as a general guide to the current tax position under current UK taxation law. Shareholders who are in any doubt as to their tax position and those who are subject to tax in a jurisdiction other than the UK, are strongly advised to consult their own professional advisers.

18. Risk Factors

The Group's business is dependent on many factors and potential investors are advised to read the whole of this document, and in particular Part III entitled "Risk Factors".

19. Further Information

Shareholders should read the whole of this document, which provides additional information on the Company, the Placing and Admission and should not rely on summaries of, or individual parts only of, this document. Your attention is drawn, in particular, to the Risk Factors set out in Part III of this document and the Additional Information set out in Part V of this document.

PART III

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Ordinary Shares.

The Directors consider the following risk factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors (or which the Directors currently believe are immaterial) may also have an adverse effect on the Group's business.

In addition to the other information contained in this document, the following risk factors should be considered in evaluating whether to make an investment in the Company. If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Before making any investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities in the UK.

There are various risks and other factors associated with an investment in the Ordinary Shares. In particular (but without limitation):

General investment risks

The Ordinary Shares may not be a suitable investment for all investors. Before making a decision to invest, investors are advised to consult an appropriate independent adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The value of the Shares and the income received from them can go down as well as up and investors may get back less than their original investment or may lose the whole of their investment.

The market price of the Shares may not reflect the underlying value of the assets of the Company. The market in the Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for investors to sell their Shares and they may receive less than the amount originally invested.

Liquidity of the Ordinary Shares and the AIM market generally

It may be more difficult for an investor to realise his or her investment on AIM than to realise an investment in a company whose shares or other securities are quoted on the Official List. The AIM Rules are less demanding than those of the UK Listing Authority. An investment in a share that is traded on AIM is likely to carry a higher risk than an investment in a share quoted on the Official List.

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect quoted companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares particularly as, on Admission, the Company will have a limited number of Shareholders. Historically, the market for shares in smaller public companies (which would include the Company) has been less liquid than for larger public companies. The Company is aiming to achieve capital growth and, therefore, the Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

Share Price Volatility

A number of factors, many of which are outside the Company's control, may cause the Company's share price and the income derived from the Company's shares to fluctuate significantly in the future.

Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the Lock-In Agreements (or otherwise), details of which are set out in paragraph 14.12 of Part V of this document. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. If these or any other sales were to occur, the Company may in the future have difficulty in offering or selling Ordinary Shares at a time or at a price it deems appropriate.

Influence of certain Shareholders

Following Admission and the Acquisitions, Sigma will own approximately 46.7 per cent. of the Enlarged Share Capital and have two representatives on the Board. As a result, they could be able to exercise significant control over all matters requiring Shareholder approval, which could delay or prevent an outside party from acquiring or merging with the Company. The ability to prevent or delay these transactions could cause the price of the Ordinary Shares to decline.

EIS/VCT

Advance assurance has been sought and obtained from HMRC that the Company should be a qualifying company and the Placing Shares are eligible shares for the purposes of EIS provisions. Advance assurance has also been obtained that the Placing Shares may form part of a qualifying holding for VCT purposes. The actual availability of relief under the EIS and VCT qualifying status will be contingent upon certain conditions being met by both the Company and the relevant investors. Neither the Company nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will be available or that, if given, such relief or status will not be withdrawn. Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost. Additional information on the EIS and on VCT qualifying status is included in paragraph 19 of Part V of this document.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves EIS relief (including Capital Gains Tax reliefs) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder.

If the Company does not employ the proceeds of an EIS/VCT share issue for qualifying purposes within 24 months, the EIS shares would cease to be eligible shares and all of the EIS tax reliefs of investors would be withdrawn. In respect of share subscriptions made by a VCT, the funds invested by the VCT would be apportioned pro rata and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holdings.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

If the Group ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Group's activities and which is a non qualifying trade for EIS and VCT relief, this could prejudice the qualifying status of the Company (as referred to above) under the VCT scheme or under the EIS if this occurred during the three year period from the last issue of shares to EIS investors. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

Share dilution

Future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior to or otherwise adversely affect those attached to the Shares.

Current economic and financial uncertainty

Recent turmoil in the financial markets has had a significant adverse impact on certain sectors of the economy. Although, at present, the future effect of the present economic conditions is unclear, economic and financial uncertainty or further deterioration in certain sectors of the economy may adversely affect the Company's business and ultimately its earnings and share price.

It is expected that the university sector in the UK will be affected by funding cuts by the UK Government. Whilst the extent of any future cuts is currently uncertain, it is possible that funding cuts may adversely affect the Company's business and ultimately its earnings and share price.

Achievement of strategic aims

The value of an investment in the Company is dependent upon the Company achieving its strategic aims. Whilst the Directors are optimistic about the prospects for the Company there is no certainty that the business will be capable of achieving the anticipated revenues or growth. The Company's future operating results will be highly dependent upon how well it manages the planned expansion strategy. This growth and expansion could place significant strain on the Company's managerial, financial and other resources.

Operating performance of the Company

The results of the Company's operations may fluctuate, and it may not be able to achieve revenue growth and profitability in the future because the Company's results are influenced by a number of factors, many of which are beyond the Company's control. If the Company does not realise sufficient revenue levels to sustain profitability, it may require additional financing, which may or may not be available. The Company's growth and profitability may be reliant in the future on its ability to access capital for further development. Additional equity fundraising on the capital markets may be dilutive for existing shareholders, and to access funding may result in a curtailment of the scale of the Company's business.

Dividend payment

There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Technology Risk

An important factor in the success of the Company will be demand for products and services provided by Portfolio Companies to a number of industries including science, medicine, engineering, life sciences and renewable energy. Demand may vary as a result of factors outside the Company's control such as changes in economic conditions and regulatory environment, pricing pressures and reimbursement policies, market driven pressures on companies to consolidate and reduce costs, and other factors affecting research and development spending.

The Directors believe that the Company will be well placed to take advantage of relevant advances in technology, but there can be no certainty that competitors will not seek to use these technologies to compete with the Portfolio Companies' business.

In addition, with each new spin-out company in the technology sector established in which the Company is interested or where the Company has benefited from a share of licensing income, there is likely to be a risk that the technology application cannot be developed successfully within the timescale of the market opportunity.

Investments made are early stage

The majority of the Company's investments in Portfolio Companies will be in early stage companies which may be subject to any of the following specific risks (or a combination of these risks):

- early stage companies may not be able to secure later rounds of funding and may not be able to source and retain appropriately skilled personnel;
- it may take time to realise investments and Portfolio Companies may not grow rapidly and achieve exit;
- Portfolio Companies may not be able to achieve required growth plans given their early stage of development; and
- there is no certainty that a Portfolio Company will generate significant direct returns for its shareholders.
- The occurrence of any of these risks or a combination of these risks may adversely affect the financial performance of the Group.

Appetite for investment and ability to realise equity shareholdings

Some Portfolio Companies may have significant funding requirements in the future. The success of these Portfolio Companies may be influenced by the market's appetite for investment in early stage companies. Early stage Portfolio Companies have historically found it difficult and time consuming to find suitable seed capital. The appetite of investors may be insufficient in relation to the funding demands of Portfolio Companies. This may make it difficult for Portfolio Companies to develop their respective businesses fully. This may have an effect on the value of the Portfolio Companies and/or of the Company itself. As a result, it may take longer than anticipated to realise value from equity holdings in Portfolio Companies which may have an adverse effect on the Company's financial performance.

Access to appropriate investment opportunities

The future growth of the Company is dependent on suitable investment opportunities being identified and on terms which are attractive to the Company. There can be no guarantee that the Company will be able to identify and complete investments in technology and or business which meet the Company's investment criteria on terms which are attractive to the Company.

Future funding

The Company cannot give any assurance that further equity capital or other funding will not be required and, if required, that such capital or other funding will be available in the future. If required funds are not available, the Company may have to reduce expenditure on maintenance, establishment and development of its business which could have a material adverse effect on its financial condition and prospects.

Dependence on key personnel

The Company currently depends upon the expertise and continued service of certain key executives and other personnel. The Company's future performance is heavily dependent on its ability to retain the expertise of its key personnel and to attract the services of, retain and motivate suitable personnel. Although the Company has entered into service agreements with the Directors, its performance would be adversely affected if they were to resign or become unavailable due to illness or incapacity. The Company intends, following Admission, to carry key man insurance in respect of its Executive Chairman.

Delay of disposals of equity stakes

An important factor in the success of the Company will be the disposal of equity stakes in its Portfolio Companies. It may be difficult to realise such stakes at all or on terms considered advantageous by the Board. As equity realisations from the Portfolio Companies are expected to be achieved through liquidity events, including trade sales and initial public offerings, the total income receivable by the Group from these sources may vary substantially from year to year.

Portfolio Company risks

The size of the Company's shareholding in Portfolio Companies will vary between Portfolio Companies. The Company may not be able to exercise control over any affairs of Portfolio Companies in which it has only a minority interest. Furthermore, in raising funds for a Portfolio Company by way of an issue of shares in that company, the Company might be required to become subject to provisions which would force the Company to exit from that Portfolio Company at a time and/or price determined by other investor(s). There may also be restrictions on the transfer of shares (for example, pre-emptive rights) which means that the Company will not be able to freely transfer their interest in a Portfolio Company. Furthermore, some Portfolio Companies have or are entitled to put into place employee share plans which may dilute the Company's interest in a Portfolio Company.

Another technology provider may develop a product to compete with Portfolio Companies' products. Moreover, the Portfolio Companies' competitors may merge or enter into alliances with other companies and become substantial competitors. The Portfolio Companies' technological approach in a particular area may be rendered obsolete or uneconomical by advances in existing technological approaches or the development of different approaches by Portfolio Companies' current or future competitors. The Company's success depends upon its and the Portfolio Companies' ability to gain and/or maintain such a position.

There can be no assurances that other companies will not develop competing products, including products about which information is not presently available, that are more efficacious and/or cost effective and/or which are brought to the market earlier than those being developed by the Portfolio Companies, thereby making the Portfolio Companies' products economically unviable or unattractive to potential purchasers or consumers.

Limited track record of investment

Whilst the Group has an established model for identifying inventions, protecting intellectual property, negotiating and concluding licence deals, it has a limited track record of making and managing investments and as such, there can be no guarantee that the investments in Portfolio Companies made by the Group will produce the required rates of return one may expect of such investments.

Reliance on third parties and Strategic Partners

The Company relies on a number of relationships including relationships with academic institutions, Government agencies and corporates. Any benefits that are received by the Company through these relationships are dependent upon these relationships continuing. The termination of these relationships could restrict the growth of the Company and materially and adversely affect the Company's business. The Company has limited or no control over the resources any Strategic Partner may devote either to developing its own research or to the relationships. Any of the Company's present or future strategic partners may not perform their obligations as expected. These Strategic Partners may breach or terminate their agreements with the Company or otherwise fail to conduct their collaborative activities successfully and in a timely manner.

Conflicts

Portfolio Companies' pursuit of opportunities in research markets may result in conflicts with Strategic Partners. Moreover, disagreements with Strategic Partners may develop over rights to the Portfolio Companies' products and technology. In addition, collaborative agreements entered into or to be entered into with collaborators may have provisions that could give rise to disputes regarding rights and obligations of the parties. Any conflicts with Strategic Partners could lead to termination of any agreement or arrangement the Company or Portfolio Companies may have with such parties or result in litigation or arbitration and could negatively impact upon the relationship with Strategic Partners, which could materially and adversely affect the Company's business.

Furthermore, some of the Strategic Partners are, or may become, competitors in the future. In order to mitigate any potential conflicts with Strategic Partners, the Company and its Portfolio Companies operate and will continue to operate with suitable barriers between themselves and the Strategic Partners.

If Strategic Partners develop competing products, preclude the Company or Portfolio Companies from entering into collaborations with its competitors, fail to obtain necessary regulatory approvals, terminate their agreements with the Company or Portfolio Companies prematurely, or fail to devote sufficient resources to the development and commercialisation of Portfolio Companies products and technologies, the Company's development efforts and business could be materially and adversely affected.

Directors and staff may take personal interests in Portfolio Companies.

Laws and regulation

A number of the activities of the Company or Portfolio Companies may, in the future, fail to satisfy Government policy or fail to receive regulatory approval. Furthermore, there can be no assurance that regulatory approvals will not be withdrawn, restricted or changed.

Competition

Organisations or corporations that have more capital than the Company may result in the formation of a more competitive marketplace. The Company may not be able to compete on a significantly equal footing. The industrial area in which the Company operates is characterised by rapid technological changes and intense competition. The Company competes with a range of quoted companies, private companies and individuals. Access to the market may be reduced by new entrants.

Intellectual property

Termination of relationships with Strategic Partners could have a negative impact on the IP in which the Company has an interest. The Company may be open to claims in relation to infringement of IP rights. This could lead to long and protracted litigation to protect the Company's position. This process itself would divert resources away from the purposes of the Company, which include nurturing companies through research and development and creating value in IP. Any adverse judgements against a Portfolio Company or the Company could lead to substantial fees, fines and the inability to manufacture, market or sell any infringing products. This would lead to substantial losses for the company involved and, further, to the Company as a whole. The Company could suffer loss without having any remedy.

Other operational risks

The Company's projects may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

AN INVESTMENT IN THE COMPANY MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. POTENTIAL INVESTORS ARE ACCORDINGLY ADVISED TO CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 WHO SPECIALISES IN INVESTMENTS OF THIS KIND, OR AN APPROPRIATELY QUALIFIED TAXATION ADVISER, PRIOR TO INVESTING.

PART IV

FINANCIAL INFORMATION ON FRONTIER IP

Section A: Accountants' Report on the Historical Financial Information on Frontier IP

The Directors
Frontier IP Group Plc
41 Charlotte Square
Edinburgh
EH2 4HQ

28 January 2011

The Directors
Arbuthnot Securities Limited
20 Ropemaker Street
London
EC2Y 9AR

Dear Sirs

Frontier IP Group Plc (“Frontier IP” or “the Company”) and its subsidiary undertakings (together, “the Group”)

Introduction

We report on the financial information set out in Section B of Part IV of this document relating to Frontier IP. This financial information has been prepared for inclusion in the admission document dated 28 January 2011 (the “Admission Document”) relating to the proposed placing of 2,000,000 Placing Shares at 50 pence per share and the admission of the Company’s Enlarged Share Capital to trading on AIM and on the basis of the accounting policies set out in Note 1 to the financial information. This report is given for the purpose of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

Responsibility

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

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

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

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and

whether the accounting policies are appropriate to the Company's circumstances consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information set out in Section B of Part IV of the Admission Document gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its consolidated comprehensive income, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation and applicable financial reporting framework as set out in note 1 to the financial information.

Declaration

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

Yours faithfully

Chantrey Vellacott DFK LLP
Chartered Accountants

Section B: Historical Financial Information on Frontier IP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	<i>Period/year ended 30 June</i>		
		2008 £'000	2009 £'000	2010 £'000
Revenue				
Revenue from services		–	23	142
Other operating income				
Unrealised profit/(loss) on the revaluation of investments		–	30	(48)
Total revenue		–	53	94
Administrative expenses (net)	5	–	(173)	(422)
Loss from operations		–	(120)	(328)
Finance income	6	–	–	2
Loss before tax		–	(120)	(326)
Taxation	8	–	–	–
Loss/total comprehensive expense for the year		–	(120)	(326)
Loss per share attributable to the equity holders of the Company:				
Basic and diluted loss per share	9	0.00p	0.10p	0.07p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<i>As at 30 June</i>		
	<i>Notes</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Assets				
Non-current assets				
Goodwill	10	–	1,966	1,966
Financial assets at fair value through profit and loss	12	–	39	179
		<u>–</u>	<u>2,005</u>	<u>2,145</u>
Current assets				
Trade receivables	13	–	9	13
Other current assets	13	–	8	13
Cash and cash equivalents		–	710	330
		<u>–</u>	<u>727</u>	<u>356</u>
Total assets		<u>–</u>	<u>2,732</u>	<u>2,501</u>
Liabilities				
Current liabilities				
Trade and other payables	14	–	(46)	(107)
		<u>–</u>	<u>(46)</u>	<u>(107)</u>
Net assets		<u>–</u>	<u>2,686</u>	<u>2,394</u>
Equity				
Called up share capital	15	–	497	497
Share premium account	15	–	3,898	3,898
Reverse acquisition reserve		–	(1,667)	(1,667)
Share based payment reserve		–	78	112
Retained earnings		–	(120)	(446)
Total equity attributable to equity holders of the Company		<u>–</u>	<u>2,686</u>	<u>2,394</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Reserve acquisition reserve £'000</i>	<i>Share- based payment reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
At 10 January and 30 June 2008	–	–	–	–	–	–
Reserves of Frontier IP Group Plc on acquisition	69	296	–	15	–	380
Reserve arising on reverse acquisition	–	–	(1,667)	–	–	(1,667)
Issue of shares	428	3,720	–	31	–	4,179
Cost of issue	–	(118)	–	–	–	(118)
Loss/total comprehensive expense for the year	–	–	–	–	(120)	(120)
Share-based payments	–	–	–	32	–	32
At 30 June 2009	<u>497</u>	<u>3,898</u>	<u>(1,667)</u>	<u>78</u>	<u>(120)</u>	<u>2,686</u>
Loss/total comprehensive expense for the year	–	–	–	–	(326)	(326)
Share-based payments	–	–	–	34	–	34
At 30 June 2010	<u><u>497</u></u>	<u><u>3,898</u></u>	<u><u>(1,667)</u></u>	<u><u>112</u></u>	<u><u>(446)</u></u>	<u><u>2,394</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

		<i>Period/year ended 30 June</i>		
		<i>2008</i>	<i>2009</i>	<i>2010</i>
<i>Notes</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash flows from operating activities				
		–	(89)	(194)
		–	–	–
		<u>–</u>	<u>–</u>	<u>–</u>
	16	<u>–</u>	<u>(89)</u>	<u>(194)</u>
Cash flows from investing activities				
		–	(17)	–
		–	345	–
		–	(35)	–
		–	(9)	(188)
		–	–	2
		<u>–</u>	<u>–</u>	<u>2</u>
		<u>–</u>	<u>284</u>	<u>(186)</u>
Cash flows from financing activities				
		–	633	–
		–	(118)	–
		<u>–</u>	<u>515</u>	<u>–</u>
		<u>–</u>	<u>515</u>	<u>–</u>
		<u>–</u>	<u>710</u>	<u>(380)</u>
		–	–	710
		<u>–</u>	<u>710</u>	<u>330</u>
		<u><u>–</u></u>	<u><u>710</u></u>	<u><u>330</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout period under review.

Basis of accounting

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and does not constitute statutory accounts within the meaning of section 434 of the Companies act 2006.

The financial information has been prepared on the historical cost basis, except where IFRS requires an alternative treatment. The principal variations from historical cost relate to financial instruments stated at fair values.

Basis of consolidation

This financial information consolidates the financial statements of Frontier IP Group Plc ("Frontier IP" or "the Company") and its subsidiary undertakings (together "the Group"). All subsidiary undertakings are consolidated using acquisition accounting.

Frontier IP was incorporated on 29 May 2007 under the name ARH Leisure Investments Plc with registered number 06262177.

ARH Leisure Investments Plc was admitted to PLUS Markets in September 2007 as a cash shell and has not traded since incorporation.

On 13 May 2009, the Company acquired Frontier IP Limited in a share for share transaction by which the Company issued 350,000,000 0.1p shares in exchange for the entire issued share capital of Frontier IP Limited.

Due to the relative values of the Company and Frontier IP Limited, the substance of the transaction was that of a reverse acquisition.

As a consequence of applying reverse acquisition accounting, the consolidated financial information to 30 June 2009 comprises the results of the Company for the period from 13 May 2009 to 30 June 2009 and those of Frontier IP Limited from the period 10 January 2008 to 30 June 2008.

The comparative figures for the period ended 30 June 2008 are derived from the accounts of Frontier IP Limited for the period ended 31 December 2008. Frontier IP Limited was dormant until after 30 June 2008.

Financial information on the Company for the period from incorporation to 30 June 2008 is set out in note 19 to the consolidated financial information.

Segmental reporting

The Group operates in one market sector, the commercialisation of university intellectual property, and wholly within the UK. Therefore the segmental analysis of turnover, profit/(loss) on ordinary activities before tax and net assets do not need to be separately analysed.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

Financial instruments

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

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash

Cash and cash equivalents comprise cash at bank and in hand.

Investments

Investments are recognised and derecognised on the trade date. Investments are classified as either trade investments or financial assets at fair value through profit and loss. Investments classified as held for trading are initially measured at cost. Investments classified as financial assets at fair value through profit and loss are initially measured at cost, including transaction costs.

Where the Group receives equity in companies when they are spun out by a university and there is no associated funding round, the Group applies an initial standard valuation amount as a means of estimating fair value. Subsequently the fair value of those investments and the Group's other unlisted investments is established using International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines").

The following considerations are used when calculating the fair value using these guidelines:

- Where the investment being valued was itself made recently, its cost will generally be a good indication of fair value
- Where there has been any recent investment by third parties, the price of that investment will provide a basis of the valuation
- If there is no readily ascertainable value from following the "price of recent investment" methodology, the Group considers alternative methodologies as set out in the IPEV Guidelines being principally multiples, net assets, discounted cash flows and industry valuation benchmarks.

When managing its investments, the Group aims to profit from the receipt of interest and dividends and changes in the fair value of equity instruments. Accordingly, all equity investments are designated as at fair value through profit and loss and are subsequently recorded in the statement of financial position at fair value. Any gains or losses arising from changes in fair value are included in net gains or losses for the period.

Investments classified as financial assets at fair value through profit and loss are recognised as non-current assets. Investments classified as trade investments are recognised as current assets.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Current and deferred tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled.

Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Warrants and options

Fair value is measured using the Black Scholes-Merton pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Share based payments

The Group issues equity-settled share-based payments to certain employees and suppliers. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest.

Revenue recognition

Fees for services provided by the Group are measured at the fair value of the consideration received or receivable, net of value added tax.

Retirement benefit costs

The Group operates a defined contribution retirement benefit scheme. The amount charged to the statement of comprehensive income in respect of retirement benefit costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the statement of financial position.

Impairment

At the end of each financial year, the Group reviews the carrying amounts of its intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. However, impairment losses relating to goodwill may not be reversed.

2. Business activities

Frontier IP seeks to generate value through working with universities and research institutions in the commercialisation of their IP by:

- establishing long-term relationship agreements;
- sharing in the successful commercialisation of IP; and
- establishing related long-term venture funds.

The Company also earns fees from spin-out company retainers and advisory work.

3. Financial risk management objectives and policies

Financial risk factors

The Group's business activities are set out above. These activities expose the Group to a number of financial risks. The following describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. The Group only operates in the UK and transacts in sterling. It is therefore not exposed to any foreign exchange risk.

Market risk

i. Interest rate risk

As the Group has no borrowings it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. From time to time, certain of the Group's cash resources are placed on short-term fixed deposit (one month to three months) to take advantage of preferential rates. Otherwise, cash resources are held in current, floating rate accounts.

ii. Price risk

The Group is exposed to equity securities price risk because of equity investments classified on the consolidated statement of financial position as financial assets at fair value through profit and loss. The maximum exposure is the fair value of these assets which was £179,000 as at 30 June 2010.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other current assets and cash equivalents. The Group's current cash and cash equivalents are held with two UK financial institutions, the Lloyds Banking Group and Barclays.

The concentration of credit risk from trade receivables and other current assets varies throughout the year depending on the timing of transactions and invoicing of fees.

Other exposures of the Group are spread over a number of customers and counterparties with little concentration on any one entity.

The maximum exposure to credit risk for cash equivalents, trade receivables and other current assets is represented by their carrying amount.

Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The board reviews available cash to ensure that there are sufficient resources for working capital requirements. At 30 June 2010, 30 June 2009 and 30 June 2008 all amounts shown in the consolidated statement of financial position under current assets and current liabilities mature for payment within one year.

4. Significant accounting estimates

Sources of estimation uncertainty

The preparation of the financial information requires the Group to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Significant judgements

The Group believes that the most significant judgement area in the application of its accounting policies is establishing the fair value of its unlisted investments. The matters taken into account when assessing the fair value of the unlisted investments are detailed in the accounting policy on investments above.

5. Expenses by nature

Expenses included in administrative expenses are analysed below.

	<i>2008</i> £'000	<i>2009</i> £'000	<i>2010</i> £'000
Employee costs including directors	–	68	290
Travel and entertainment	–	9	22
Audit services:			
– for the audit of the Company and consolidated accounts	–	6	8
– the audit of the Company's subsidiaries pursuant to legislation	–	4	17
Non-audit services:			
– tax services	–	2	3
Legal, professional and financial costs	–	50	78
Fund management fees	–	–	(32)
Warrants issued to universities	–	31	31
Administration costs	–	3	5
	<u>–</u>	<u>173</u>	<u>422</u>

6. Finance income

	<i>2008</i> £'000	<i>2009</i> £'000	<i>2010</i> £'000
Interest income on short-term deposits	<u>–</u>	<u>–</u>	<u>2</u>

7. Directors and employees

The average number of employees and executive directors was as follows:

	2008 Number	2009 Number	2010 Number
Business and corporate development	<u>–</u>	<u>2</u>	<u>3</u>

8. Taxation

The tax assessed differs from the standard rate of corporation tax in the UK. The differences are explained below.

	2008 £'000	2009 £'000	2010 £'000
Loss before tax	<u>–</u>	<u>(120)</u>	<u>(326)</u>
Loss before tax at the effective rate of corporation tax in the UK of 21% (2009:21%)	–	(25)	(68)
Effects of:			
Trading losses carried forward	<u>–</u>	<u>25</u>	<u>68</u>
Tax charge for the year	<u>–</u>	<u>–</u>	<u>–</u>

The deferred tax asset relating to losses is not recognised in accordance with Group policy.

9. Loss per share

The calculation of the basic loss per share for the year ended 30 June 2010 and 30 June 2009 is based on the losses attributable to the shareholders of Frontier IP Group Plc divided by the weighted average number of shares in issue.

	Loss attributable to shareholders £'000	Weighted average number of share	Basic loss per share amount in pence
Year ended 30 June 2010	<u>326</u>	<u>497,216,495</u>	<u>0.07</u>
Year ended 30 June 2009	<u>120</u>	<u>125,313,402</u>	<u>0.10</u>

No warrant or option is potentially dilutive as the average market price throughout the period of the financial information was less than the exercise prices. Hence, basic and diluted loss per share are the same.

10. Goodwill

The goodwill arose on the reverse acquisition of Frontier IP Limited by the Company.

On 13 May 2009 the Company acquired Frontier IP Limited in a share for share transaction by which the Company issued 350,000,000 0.1p shares in exchange for the entire issued share capital of Frontier IP Limited. The fair value of these shares was £1,750,000 being 0.5p per share.

The consideration for the acquisition of Frontier IP Ltd comprised a combination of the fair value of the Company's share capital prior to the acquisition and the fair value of the new shares issued.

The fair value of the Company's shares before the acquisition was £345,000 being 0.5p per share.

The components of the goodwill of £1,966,065 are therefore as follows:

	<i>No of shares</i>	<i>Fair value £'000</i>
Fair value of the consideration shares (bid price) issued	350,000,000	1,750
Fair value of the Company's shares before the reverse acquisition	69,000,000	345
		<u>2,095</u>
Less:		
Net asset value of the Company at acquisition		310
Costs on acquisition		<u>(181)</u>
		<u>(129)</u>
Total goodwill on acquisition		<u><u>1,966</u></u>

11. Subsidiary undertakings

The Company has investments in the following subsidiary undertakings:

	<i>Country of incorporation</i>	<i>Class of capital</i>	<i>%</i>
Frontier IP Limited <i>Principal activity : commercialisation of intellectual property</i>	Scotland	Ordinary	100
Frontier IP Investments Limited <i>Principal activity : investment</i>	Scotland	Ordinary	100

12. Financial assets at fair value through profit and loss

	<i>2008 £'000</i>	<i>2009 £'000</i>	<i>2010 £'000</i>
Investments			
At 1 July	–	–	39
Additions	–	9	188
Provision	–	–	(83)
Fair value increase	–	30	35
	<u>–</u>	<u>30</u>	<u>35</u>
At 30 June	<u>–</u>	<u>39</u>	<u>179</u>

13. Trade receivables and other current assets

	<i>2008 £'000</i>	<i>2009 £'000</i>	<i>2010 £'000</i>
Trade receivables	–	9	13
VAT	–	3	–
Prepayments and accrued income	–	5	13
	<u>–</u>	<u>17</u>	<u>26</u>

14. Trade and other payables

	2008 £'000	2009 £'000	2010 £'000
Trade payables	–	21	49
Amount owed to Group undertakings	–	4	2
Social security and other taxes	–	6	8
Accruals and deferred income	–	15	48
	<u>–</u>	<u>46</u>	<u>107</u>

15. Share capital and premium

<i>Allotted, issued and fully paid</i>	<i>Ordinary shares of £1</i>	<i>Ordinary shares of 0.1p</i>	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Total £'000</i>
At 10 January 2008 and 30 June 2008	1	–	–	–	–
Reverse acquisition of Frontier IP Limited	(1)	69,000,000	69	296	365
Issue of shares	–	428,216,495	428	3,720	4,148
Costs of issue	–	–	–	(118)	(118)
At 30 June 2009	<u>–</u>	<u>497,216,495</u>	<u>497</u>	<u>3,898</u>	<u>4,395</u>
At 30 June 2010	<u>–</u>	<u>497,216,495</u>	<u>497</u>	<u>3,898</u>	<u>4,395</u>

<i>Authorised</i>	<i>Ordinary shares of £1</i>	<i>Redeemable shares of 1p</i>	<i>Ordinary shares of 0.1p</i>	<i>Share capital £'000</i>
At 30 June 2008	<u>1,000</u>	<u>–</u>	<u>–</u>	<u>1</u>
At 30 June 2009	<u>–</u>	<u>2,000,000</u>	<u>1,980,000,000</u>	<u>2,000</u>
At 30 June 2010	<u>–</u>	<u>2,000,000</u>	<u>1,980,000,000</u>	<u>2,000</u>

On 11 May 2009 the authorised share capital of the Company was increased to £2,000,000 by the creation of 1,500,000,000 ordinary shares of 0.1p each.

Warrants

Warrants were issued on the Company's initial admission to PLUS Markets entitling holders to subscribe for up to 6,900,000 new ordinary shares at an exercise price of 1p per share at any time up to 21 September 2012. These warrants had not been exercised as at 30 June 2010.

At the time of the reverse acquisition, warrants were issued over 19,944,330 ordinary shares. These warrants were exercisable at a price of 1p per share at any time up to 12 May 2014. These warrants had not been exercised as at 30 June 2010.

Warrants over 10,000,000 ordinary shares were issued in the year ended 30 June 2010. These warrants were exercisable at 1p per share and expire on 12 May 2014.

Warrants outstanding at each financial year end were as follows. All warrants had an exercise price of 1p per share at that time.

<i>Exercisable up to:</i>	2008	2009	2010
21 September 2012	6,900,000	6,900,000	6,900,000
12 May 2014	–	19,944,330	29,944,330

Following the share consolidation referred to in paragraph 3.11.2 of Part V of this document, the warrants were amended by the Board to warrants to subscribe for ordinary shares of 10 pence each at an exercise price of £1 per ordinary share.

The weighted average fair value of the warrants (based on the pre-consolidation number of shares and exercise price) issued during the period under review, determined using the Black-Scholes-Merton valuation model was 2010: 0.31p; 2009: 0.31p; 2008: 0.21p. The significant inputs into the model were exercise price as above, volatility of 2010: 30 per cent.; 2009: 30 per cent.; 2008: 5 per cent., dividend yield of 2010: 0 per cent.; 2009: 0 per cent.; 2008: 0 per cent., expected life of 2010: 5 years; 2009: 5 years; 2008: 5 years and an annual risk free interest rate of 2010: 2.59 per cent.; 2009: 2.59 per cent.; 2008: 4.75 per cent.

Share options

On 13 May 2009, options over 19,888,660 shares were granted to Neil Crabb, Executive Chairman and options over 14,916,495 shares were granted to Alister Minty, Managing Director, at an exercise price of 1p.

The grants were conditional on completing three years service following grant (the vesting period). Therefore, 14,916,495 options have lapsed following Alister Minty's resignation.

Following the share consolidation referred to in paragraph 3.11.2 of Part V of this document, the options granted to Neil Crabb were amended by the Board to options to subscribe for up to 198,887 ordinary shares of 10 pence each at a price of £1 per ordinary share.

The weighted average fair value of these options (based on the pre-consolidation number of shares and exercise price), determined using the Black-Scholes-Merton valuation model, was 0.03p per option.

16. Cash used in operations

	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Loss before tax	–	(120)	(326)
Adjustments for:			
Share-based payments	–	32	34
Finance income	–	–	(2)
Fair value loss/(gain) on financial assets through profit and loss	–	(30)	48
Changes in working capital:			
Trade and other receivables	–	(17)	(9)
Trade and other payables	–	46	61
Cash flows from operating activities	<u>–</u>	<u>(89)</u>	<u>(194)</u>

17. Related party transactions

During the period under review the Company had transactions with its controlling shareholder, Sigma Capital Group plc (“Sigma”).

Sigma charged fees of 2010: £50,000; 2009: £10,000; 2008: £nil, and recharged administration expenses of 2010: £nil; 2009: £7,000; 2008: £nil. The fees are in relation to the services of Graham Barnet and Marilyn Cole as directors of the Company and for administration support. At 30 June 2010, the Company owed Sigma £nil (2009: £17,000; 2008: £nil).

18. Ultimate controlling party

Sigma Capital Group plc, a company incorporated in England, is the ultimate parent company and the ultimate controlling party.

19. Company financial information

The Company's income statement and balance sheet, extracted from the Company's financial statements for the period from incorporation on 29 May 2007 to 30 June 2008, the last accounting reference period before the reverse acquisition of Frontier IP Limited, are set out below.

	2008 £
Income statement	
Operating expenses	(30,685)
Interest receivable	14,840
	<hr/>
Loss for the period	(15,845)
	<hr/> <hr/>
Loss per share	(0.00)p
	<hr/> <hr/>
Balance sheet	
Current assets	
Trade and other receivables	5,869
Cash and cash equivalents	361,130
	<hr/>
Total assets	366,999
	<hr/> <hr/>
Equity	
Called up share capital	69,000
Share premium account	296,425
Shares to be issued under warrants	14,628
Retained loss	(15,845)
	<hr/>
	364,208
Trade and other payables	2,791
	<hr/>
Total equity and liabilities	366,999
	<hr/> <hr/>

PART V

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors of the Company, whose names appear on page 5 of this document, and the Company accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

2. Incorporation and Registration

- 2.1 The Company was incorporated in England and Wales with registration number 6262177 on 29 May 2007 as a public limited company with the name ARH Leisure Investments plc. The Company's name was changed to Frontier IP Group Plc by certificate of incorporation on change of name dated 11 May 2009. The principal legislation under which the Company operates is the 2006 Act and the regulations made under such Act. The liability of the members of the Company is limited.
- 2.2 On 19 June 2007, the Company was issued with a certificate permitting it to commence business and borrow under Section 117(1) of the 1985 Act.
- 2.3 The registered office of the Company is c/o Dundas & Wilson CS LLP, North West Wing, Bush House, Aldwych, London WC2B 4EZ and the telephone number is 020 7584 3663.
- 2.4 The business address of the Company is at 41 Charlotte Square, Edinburgh EH2 4HQ and the telephone number is 0131 220 9491.
- 2.5 The Company has no administrative, management or supervisory bodies other than the Board and its remuneration committee, nominations committee and audit committee, all of whose members are Directors and details of which are set out in paragraph 7 of Part II of this document.
- 2.6 The Company's auditors during the period covered by the historical financial information set out in Part IV of this document were Littlejohn of 1 Park Place, Canary Wharf, London E14 4HJ, who are members of the Institute of Chartered Accountants, in relation to the year ended 30 June 2008 and Chantrey Vellacott DFK LLP of Russell Square House, 10-12 Russell Square, London WC1B 5LF, who are members of the Institute of Chartered Accountants, in relation to the years ended 30 June 2009 and 30 June 2010.

3. Securities being placed/admitted

- 3.1 The Ordinary Shares which will be admitted to trading on AIM are ordinary shares of 10 pence each in the capital of the Company created under the 2006 Act and to be issued in Pounds Sterling. The ISIN of the Ordinary Shares is GB00B63PS212.
- 3.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred, otherwise than by a written instrument in accordance with the CREST Regulations. The Company's registrars, Share Registrars Limited, are responsible for keeping the Company's register of members.
- 3.3 The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 8.4 below.
- 3.4 Sections 561 to 563 (inclusive) of the 2006 Act give the Shareholders pre-emption rights on any issue of shares by the Company to the extent not disappplied by the Shareholders in general meeting. Paragraph 3.11 below sets out the disapplication authorities that are in place at the date of this document, as granted by the Shareholders at the Company's Annual General Meeting on 6 December 2010.

- 3.5 The holders of Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital, further details of which are set out in paragraph 8.3 below.
- 3.6 Each Ordinary Share is entitled on a *pari passu* basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- 3.7 The Ordinary Shares have no redemption or conversion provisions.
- 3.8 On 26 June 2007, resolutions of the Company were passed for the following purposes:
- 3.8.1 to increase the share capital from £150,000 to £500,000 by the creation of 33,000,000 ordinary shares of 1 pence each and 2,000,000 redeemable shares of 1 pence each;
 - 3.8.2 the issued and unissued ordinary shares of 1 pence each in the capital of the Company were subdivided into 480,000,000 ordinary shares of 0.1 pence each;
 - 3.8.3 to authorise the Directors pursuant to and in accordance with Section 80 of the 1985 Act to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the 1985 Act) up to an aggregate nominal amount of the authorised but unissued share capital of the Company, such authority to expire 15 months after the passing of the resolution; and
 - 3.8.4 to empower the Directors pursuant to Section 95 of the 1985 Act to allot equity securities up to the amount of the authorised but unissued share capital of the Company (as defined in Section 94 of the 1985 Act) for cash pursuant to the Section 80 authority as if Section 89(1) of the 1985 Act did not apply to any such allotment, such power to expire 15 months after the date of the resolution or on the date of the annual general meeting of the Company to be held in 2008 (whichever is the earlier).
- 3.9 On 11 May 2009, resolutions of the Company were passed for the following purposes:
- 3.9.1 to increase the share capital from £500,000 to £2,000,000 by the creation of an additional 1,500,000,000 ordinary shares of 0.1 pence each;
 - 3.9.2 to authorise the Directors pursuant to and in accordance with Section 80 of the 1985 Act to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the 1985 Act) up to an aggregate nominal amount of the authorised but unissued share capital of the Company, such authority to expire 15 months after the passing of the resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2010; and
 - 3.9.3 to empower the Directors pursuant to Section 95 of the 1985 Act to allot equity securities up to the amount of the authorised but unissued share capital of the Company (as defined in Section 94 of the 1985 Act) for cash pursuant to the Section 80 authority as if Section 89(1) of the 1985 Act did not apply to any such allotment, provided that such power is limited to:
 - 3.9.3.1 the allotment of up to 350,000,000 ordinary shares of 0.1 pence each in connection with the acquisition of Frontier IP Limited by the Company;
 - 3.9.3.2 the allotment of 63,300,000 ordinary shares of 0.1 pence each pursuant to a placing;
 - 3.9.3.3 the grant of options to directors, employees and consultants of the Company and its subsidiaries and to allot ordinary shares of 0.1 pence each pursuant to the exercise of such options;
 - 3.9.3.4 the allotment of 14,916,495 ordinary shares of 0.1 pence each to Ruegg & Co Limited as a finders' fee for the introduction of Frontier IP Limited to the Company;
 - 3.9.3.5 the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in Section 162A(3) of the 1985 Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors

of the Company may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);

- 3.9.3.6 the grant of warrants over 9,944,330 ordinary shares of 0.1 pence each to Ruegg & Co Limited and the allotment of ordinary shares of 0.1 pence each pursuant to the exercise of such warrants;
- 3.9.3.7 the grant of warrants over up to 50,000,000 ordinary shares of 0.1 pence each to universities selected by the Board from time to time and the allotment of ordinary shares of 0.1 pence each pursuant to the exercise of such warrants;
- 3.9.3.8 the allotment of up to 36,200,000 ordinary shares of 0.1 pence each in the capital of the Company in connection with the acquisition of Frontier IP Limited by the Company at a price of 1 penny per share; and
- 3.9.3.9 the allotment (other than under paragraphs 3.9.3.1 to 3.9.3.8 above) of additional equity securities up to an aggregate nominal value of £74,582,

such authorities to expire 15 months from the date of passing of the resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2010 provided that the directors may, before the power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires.

3.10 On 7 December 2009, resolutions of the Company were passed for the following purposes:

- 3.10.1 to authorise the Directors pursuant to and in accordance with Section 551 of the 2006 Act to exercise all the powers of the Company to allot equity securities (as defined in Section 560(1) of the 2006 Act) up to an aggregate nominal amount equal to £220,655.53 (being the aggregate of (1) the nominal value of the ordinary shares that were then reserved to satisfy the exercise of share options and warrants which had not then been granted, plus (2) approximately 33 per cent. of the issued ordinary share capital of the Company), such authority to expire 15 months after the passing of the resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2010; and
- 3.10.2 to empower the Directors pursuant to Sections 570 and 573 of the 2006 Act to allot equity securities (as defined in Section 560(1) of the 2006 Act) up to the amount of the Section 551 authority referred to in paragraph 3.10.1 above for cash as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power is limited to:
 - 3.10.2.1 the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the Directors to the holders of equity securities in the capital of the Company on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);
 - 3.10.2.2 the allotment of up to 54,916,495 ordinary shares of 0.1 pence each to satisfy the exercise of share options and warrants which the Directors are entitled to grant but had not then granted; and
 - 3.10.2.3 the allotment to any person or persons (otherwise than in connection with a rights issue) of equity securities up to an aggregate nominal amount of £99,443.30 (being approximately 20 per cent. of the issued ordinary share capital of the Company at the date of the resolution).

3.11 On 6 December 2010, resolutions of the Company were passed for the following purposes:

- 3.11.1 2,000,000 redeemable ordinary shares of 1 pence each in the authorised but unissued share capital of the Company were reclassified as 2,000,000 ordinary shares of 1 pence each in the authorised but unissued share capital of the Company and each such ordinary share was

then immediately subdivided into 10 ordinary shares of 0.1 pence each in the authorised but unissued share capital of the Company;

3.11.2 pursuant to Section 618 of the 2006 Act, with effect from close of business on the date of passing of the resolution the share capital of the Company was altered such that every 100 ordinary shares of 0.1 pence each in the issued and unissued share capital of the Company was consolidated into 1 new ordinary share of 10 pence each such that the authorised share capital of the Company immediately after such consolidation was £2,000,000 divided into 20,000,000 new ordinary shares of 10 pence each;

3.11.3 to authorise the Directors pursuant to and in accordance with Section 551 of the 2006 Act to exercise all the powers of the Company to allot equity securities (as defined in Section 560(1) of the 2006 Act) up to an aggregate nominal amount equal to £665,571.70 (being the aggregate of (1) the nominal value of the ordinary shares that were then reserved to satisfy the exercise of share options and warrants which had not then been granted, plus (2) approximately 33 per cent. of the issued ordinary share capital of the Company, plus (3) the nominal value of the maximum number of ordinary shares which the Company wished to reserve for allotment should it seek to raise additional funding for the Company), such authority to expire 15 months after the passing of the resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2011; and

3.11.4 to empower the Directors pursuant to Sections 570 and 573 of the 2006 Act to allot equity securities (as defined in Section 560(1) of the 2006 Act) up to the amount of the Section 551 authority referred to in paragraph 3.11.3 above for cash as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power is limited to:

3.11.4.1 the grant of options to directors, employees and consultants of the Company and its subsidiaries and to allot ordinary shares of 10 pence each pursuant to the exercise of such options;

3.11.4.2 the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the Directors to the holders of equity securities in the capital of the Company on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and

3.11.4.3 the allotment (other than under paragraphs 3.11.4.1 and 3.11.4.2 above) of additional equity securities up to an aggregate nominal value of £449,721.70, representing approximately 10 per cent. of the issued share capital of the Company at the date of the resolution plus the amount referred to in paragraph 3.10.3 above which the Company wished to reserve for allotment should it seek to raise additional funding for the Company,

such authorities to expire 15 months from the date of passing of the resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2011 provided that the directors may, before the power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires.

3.12 In the event an offeror acquires at least 90 per cent. in value of the shares of any class of share capital of the Company to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, the offeror may in accordance with the procedure set out in Sections 974-991 of the 2006 Act require the holders of any shares he has acquired to sell them subject to the terms of the offer, and such shareholders may in turn require the offeror to purchase such shares on the same terms.

3.13 Save for the acquisition of Frontier IP Limited by the Company which completed on 11 May 2009 and was classified as a reverse takeover for the purposes of the PLUS Rules, no person has made a public takeover bid for the Company's issued share capital in the financial period to 31 December 2009 or in the current financial period.

3.14 A shareholder is required pursuant to Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the FSA, to notify the Company when he acquires or disposes of a major proportion of the voting rights of the Company equal to or in excess of 3 per cent. of the nominal value of that share capital.

3.15 The Company is subject to the City Code. Under Rule 9 of the City Code ("Rule 9") where (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of the company subject to the City Code but does not hold shares carrying more than 50 per cent. of such voting rights and such a person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, that person is normally obliged to make a general offer to all shareholders to purchase in cash their shares at the highest price paid by him or any person acting in concert with him within the preceding 12 months.

4. Share Capital of the Company

4.1 The authorised and issued share capital of the Company as at the date of this document is:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
£	<i>Number</i>		£	<i>Number</i>
2,000,000	20,000,000	Ordinary shares of 10p each	497,216.50	4,972,165

4.2 The authorised and issued share capital of the Company immediately following Admission will be:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
£	<i>Number</i>		£	<i>Number</i>
2,000,000	20,000,000	Ordinary shares of 10p each	697,216.50	6,972,165

4.3 Completion of the Placing will result in the allotment and issue of 2,000,000 New Ordinary Shares (being the Placing Shares), diluting existing holders of Ordinary Shares by 28.7 per cent.

4.4 The par value of each ordinary share in the capital of the Company is 10 pence.

4.5 The Company has no issued Ordinary Shares that are not fully paid up.

4.6 On incorporation, the share capital of the Company was £150,000 divided into 15,000,000 ordinary shares of 1 pence each of which 2 ordinary shares were issued to the subscribers to the Company's Memorandum of Association.

4.7 Since incorporation, there have been the following changes in the Company's authorised and issued share capital:

4.7.1 on 29 May 2007, one ordinary share of 1 penny was transferred from each of the subscribers to each of Ruegg & Co Limited and Guy Miller;

4.7.2 on 26 June 2007 the share capital of the Company was increased from £150,000 to £500,000 by the creation of 33,000,000 ordinary shares of 1 pence each and 2,000,000 redeemable ordinary shares of 1 pence each;

4.7.3 on 26 June 2007 the issued and unissued ordinary shares in the capital of the Company were subdivided into 480,000,000 ordinary shares of 0.1 pence each;

4.7.4 on 26 June 2007 the Company issued 29,999,980 new ordinary shares at a price of 0.1 pence per share fully paid and 2,000,000 redeemable ordinary shares of 1 pence each at a price of 1 pence per share, which were one quarter paid up;

4.7.5 on 21 September 2007 the Company issued 39,000,000 new ordinary shares for a consideration of 1 pence each and the 2,000,000 redeemable ordinary shares of 1 pence each were redeemed;

- 4.7.6 on 11 May 2009 the share capital of the Company was increased from £500,000 to £2,000,000 by the creation of an additional 1,500,000,000 ordinary shares of 0.1 pence each;
- 4.7.7 on 13 May 2009 the Company issued:
- 4.7.7.1 350,000,000 ordinary shares of 0.1 pence each to Sigma Capital Group Plc in exchange for the entire issued share capital of Frontier IP Limited;
 - 4.7.7.2 63,300,000 ordinary shares of 0.1 pence each for cash at a price of 1 pence each pursuant to a private placing; and
 - 4.7.7.3 14,916,495 ordinary shares of 0.1 pence each to Ruegg & Co Limited as a finders' fee for the introduction of Frontier IP Limited to the Company;
- 4.7.8 on 6 December 2010, 2,000,000 redeemable ordinary shares of 1 pence each in the authorised but unissued share capital of the Company were reclassified as 2,000,000 ordinary shares of 1 pence each in the authorised but unissued share capital of the Company and each such ordinary share was then immediately subdivided into 10 ordinary shares of 0.1 pence each in the authorised but unissued share capital of the Company; and
- 4.7.9 on 6 December 2010, pursuant to Section 618 of the 2006 Act, with effect from close of business on the date of passing of the resolution the share capital of the Company was altered such that every 100 ordinary shares of 0.1 pence each in the issued and unissued share capital of the Company was consolidated into 1 new ordinary share of 10 pence each such that the authorised share capital of the Company immediately after such consolidation was £2,000,000 divided into 20,000,000 new ordinary shares of 10 pence each.
- 4.8 Save as disclosed in paragraph 4.7 above, there has been no issue of share capital of the Company since its incorporation.
- 4.9 By Deeds of Warrant dated 26 June 2007 the Company granted each of Christopher Akers, Guy Miller and Hichens, Harrison (Ventures) Limited warrants to subscribe for up to 2,666,666 ordinary shares of 0.1 pence each at a price of 1 pence per share, subject to each such Deed of Warrant being restricted to 3.33 per cent. of the issued share capital of the Company as at re-admission to PLUS on or around 11 May 2009. Accordingly, each such Deed of Warrant has now been restricted to 2,300,000 ordinary shares. Furthermore, following the share consolidation referred to in paragraph 3.11.2 above each of the warrants referred to in this paragraph 4.9 were amended by the Board to warrants to subscribe for up to 23,000 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 4.10 By Deed of Warrant dated 13 May 2009 the Company granted the University of Dundee warrants to subscribe for up to 10,000,000 ordinary shares of 0.1 pence each at a price of 1 pence per share. Following the share consolidation referred to in paragraph 3.11.2 above the warrants referred to in this paragraph 4.10 were amended by the Board to warrants to subscribe for up to 100,000 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 4.11 By Deed of Warrant dated 14 April 2009 the Company granted Ruegg & Co Limited warrants to subscribe for up to 9,944,330 ordinary shares of 0.1 pence at a price of 1 pence per share. Following the share consolidation referred to in paragraph 3.11.2 above the warrants referred to in this paragraph 4.11 were amended by the Board to warrants to subscribe for up to 99,444 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 4.12 By Deed of Warrant dated 13 January 2010 the Company granted the Robert Gordon University warrants to subscribe for up to 10,000,000 ordinary shares of 0.1 pence each at a price of 1 pence per share. Following the share consolidation referred to in paragraph 3.11.2 above the warrants referred to in this paragraph 4.12 were amended by the Board to warrants to subscribe for up to 100,000 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 4.13 On 14 April 2009 the Company granted Neil Crabb an option to subscribe for up to 19,888,660 ordinary shares of 0.1 pence each at a price of 1 pence per share and Alister Minty an option to subscribe for up to 14,916,495 ordinary shares of 0.1 pence each at a price of 1 pence per share. Alister Minty ceased to be a director of the Company on 30 September 2010 and his options automatically lapsed on such date. Following the share consolidation referred to in paragraph 3.11.2

above the options granted to Neil Crabb were amended by the Board to options to subscribe for up to 198,887 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.

4.14 Save as disclosed in this document:

- 4.14.1 no share or loan capital of the Company has been issued or is proposed to be issued;
- 4.14.2 there are currently no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- 4.14.3 there are no shares in the Company not representing capital;
- 4.14.4 there are no shares in the Company held by or on behalf of the Company itself or Frontier IP Limited;
- 4.14.5 there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital;
- 4.14.6 no person has any preferential or subscription rights for any share capital of the Company; and
- 4.14.7 no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

5. Warrants

- 5.1 As at the date of this document, the Company has granted the warrants referred to in paragraphs 4.9 to 4.12 above (inclusive). Such warrants provide that in the event of any issue of shares of whatever class or other security of the grantor to shareholders by way of capitalisation of reserves or profits or any sub-division or consolidation or reduction of the ordinary share capital of the grantor, the nominal amount and the number of shares then still subject to the warrant (including any part of the warrant exercised but in respect of which shares have not yet been allotted) and/or the exercise price under the warrant shall be adjusted by the board of the grantor to take account of such event but so that no adjustment to the exercise price shall be such that it would thereby be reduced to a price per share below the nominal value of each share. Following the share consolidation referred to in paragraph 3.11.2 above the warrants referred to in paragraphs 4.9 to 4.12 above (inclusive) were amended by the Board as narrated in paragraphs 4.9 to 4.12 above (inclusive).
- 5.2 In addition, the Company has discretion to issue warrants to acquire Ordinary Shares to any university that the Company enters into a relationship agreement with from time to time, subject to an aggregate cap of £500,000 by nominal value of Ordinary Shares, less the warrants referred to in paragraphs 4.10 and 4.12 above.

6. Options

- 6.1 On 14 April 2009 the Company granted unapproved (i.e., non-EMI and non-HM Revenue & Customs approved) share options to each of Alister Minty and Neil Crabb as set out in the table below:

<i>Option Holder*</i>	<i>Number of ordinary shares of 0.1 pence each</i>	<i>Exercise Price</i>	<i>Grant Date</i>	<i>Option Period</i>
Neil Crabb	19,888,660	1 penny per ordinary share of 0.1 pence each	13 May 2009	The period commencing on the third anniversary of the Grant Date and expiring on the day preceding the tenth anniversary thereof
Alister Minty	14,916,495	1 penny per ordinary share of 0.1 pence each	13 May 2009	The period commencing on the third anniversary of the Grant Date and expiring on the day preceding the tenth anniversary thereof

Alister Minty ceased to be a director of the Company on 30 September 2010 and his options automatically lapsed on such date.

Following the share consolidation referred to in paragraph 3.11.2 above the options granted to Neil Crabb were amended by the Board to options to subscribe for up to 198,887 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.

Conditional on Admission, it is proposed that the options currently granted to Neil Crabb are cancelled and replaced by new options that will be granted when the Company's approved and unapproved share option schemes are in place. This will happen post-Admission. The proposed options to be granted post-Admission are as follows:

<i>Option Holder</i>	<i>Number of ordinary shares of 10 pence each</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
Neil Crabb	Such number of shares as represents 3.5 per cent. of the enlarged issued share capital of the Company at the date of grant	The market value of the Ordinary Shares at the date of grant, being the mid market price quoted on AIM at close of business on the date of grant	The period commencing on the third anniversary of the Grant Date and expiring on the day preceding the tenth anniversary thereof
Jackie McKay	Such number of shares as represents 1.5 per cent. of the enlarged issued share capital of the Company at the date of grant	The market value of the Ordinary Shares at the date of grant, being the mid market price quoted on AIM at close of business on the date of grant	The period commencing on the third anniversary of the Grant Date and expiring on the day preceding the tenth anniversary thereof
David Cairns	Such number of shares as represents 1.5 per cent. of the enlarged issued share capital of the Company at the date of grant	The market value of the Ordinary Shares at the date of grant, being the mid market price quoted on AIM at close of business on the date of grant	The period commencing on the third anniversary of the Grant Date and expiring on the day preceding the tenth anniversary thereof

6.2 The current Options may only be exercised during the Option Period and then only provided that, unless otherwise determined by the Board (in its sole and absolute discretion):

6.2.1 the option holder is a director and/or employee of the Group at the date of delivery to the Company of the option notice; and

6.2.2 the option holder has performed his duties and obligations in respect of the Company to the reasonable satisfaction of the Board during the three year period starting on the Grant Date and ending on the third anniversary thereof;

save that if the Company is to be sold (by way of a takeover or asset sale) or floated on a recognised investment exchange (each a "Trigger Event") after the Grant Date and prior to the expiry of the Option, the Board may, in its sole and absolute discretion, permit the Option to be exercised in whole or in part notwithstanding that the terms set out in paragraphs 6.2.1 and 6.2.2 above have not been satisfied.

6.3 The current Options shall immediately and automatically lapse upon the occurrence of the earliest of the following events:

6.3.1 the tenth anniversary of the Grant Date;

- 6.3.2 subject to paragraph 6.4 below, the option holder ceasing to be an employee and/or director of the Group;
 - 6.3.3 the option holder being deprived (otherwise than on death) of the legal or beneficial ownership of the Option by operation of law, or doing or omitting to do anything which causes him or her to be so deprived or become bankrupt or apparently insolvent;
 - 6.3.4 subject to paragraph 6.4 below, the death of the option holder;
 - 6.3.5 the date of completion or realisation of a Trigger Event without a notice of exercise having been delivered; and
 - 6.3.6 the passing of an effective resolution, or the making of an order by the court, for the winding up of the Company.
- 6.4 The current Options may, if permitted by the Board in its sole and absolute discretion, be exercised within the period of six months following the date on which the option holder ceases to be an employee or director of the Company if such cessation is a result of:
- 6.4.1 the death of the option holder;
 - 6.4.2 the unfair dismissal of the option holder, as determined by a court or tribunal of competent jurisdiction in accordance with the Employment Rights Act 1996, as amended;
 - 6.4.3 his or her office of employment or directorship being in a company of which the Company ceases to have control; or
 - 6.4.4 any other event or circumstance justifying, in the sole and absolute discretion of the Board, the exercise in whole or in part of the Option by the option holder.
- 6.5 The current Options are not assignable or transferable in whole or in part.
- 6.6 Pursuant to a shareholders' resolution that was passed on 11 May 2009, the directors have authority to introduce one or more share option schemes and to grant share options (directly or pursuant to a scheme) as they see fit to the employees and directors of, and consultants to, the Group over, in aggregate, up to 10 per cent. of the enlarged issued share capital of the Company from time to time (assuming exercise of all options) on such terms as may be approved from time to time by the Board, provided that the exercise price in each case shall be the higher of the market value of Ordinary Shares at the date of grant and 1 penny per Ordinary Share. It is proposed that the powers of the Board will be operated through and on the recommendation of the Remuneration Committee.
- 6.7 As stated in the shareholders' resolution that was passed on 11 May 2009, the maximum number of Ordinary Shares to be made available under option including those granted to the Directors described in paragraph 6.1 above shall not exceed 10 per cent. of the Company's issued ordinary share capital from time to time. Options that have lapsed or have been surrendered are excluded.

7. The Group

- 7.1 Save for Sigma, details of whose interest are set out in paragraph 9.2 below:
- 7.1.1 to the best of the knowledge of the Company, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company; and
 - 7.1.2 the Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.
- 7.2 As at the date of this document, the Company has two wholly owned subsidiaries, as follows:
- 7.2.1 the Company is the sole shareholder of Frontier IP Limited, a private limited company incorporated in Scotland on 10 January 2008 with registered number SC335992. The authorised share capital of Frontier IP Limited is £1,000 divided into 1,000 ordinary shares of £1 each, one of which is in issue and is owned by the Company. The directors of Frontier IP Limited are Marilyn Cole, Neil Crabb and Jackie McKay; and

7.2.2 the Company is the sole shareholder of Frontier IP Investments Limited, a private limited company incorporated in Scotland on 27 May 2009 with registered number SC360330. The authorised share capital of Frontier IP Investments Limited is £1,000 divided into 1,000 ordinary shares of £1 each, one of which is in issue and is owned by the Company. The directors of Frontier IP Investments Limited are Marilyn Cole, Neil Crabb and Jackie McKay. Frontier IP Investments Limited has one wholly owned subsidiary, Frontier IP Founder Partners Limited, which is a private limited company incorporated in Scotland on 27 May 2009 with registered number SC360333. The authorised share capital of Frontier IP Founder Partners Limited is £1,000 divided into 1,000 ordinary shares of £1 each, one of which is in issue and is owned by the Frontier IP Investments Limited. The directors of Frontier IP Founder Partners Limited are Marilyn Cole, Neil Crabb and Jackie McKay.

8. Memorandum and Articles of Association

8.1 At the Company's AGM held on 7 December 2009 the Company adopted new articles of association incorporating various amendments to reflect the changes in company law brought about by the 2006 Act, which came into effect on 1 October 2009, and by the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"), which came into effect on 3 August 2009 and which amended the provisions of the 2006 Act in relation to certain rights of shareholders at meetings of the Company. The principal changes in the Company's articles related to the Company's constitution and to proceedings and rights of shareholders at general meetings of the Company. Under the 2006 Act, as from 1 October 2009, all provisions of the Company's memorandum of association are deemed to form part of the Company's articles of association including, in particular, the statement of objects and the statement of authorised share capital. The 2006 Act does not require a company to set out its objects. It provides that, unless the articles of association state otherwise, a company's objects will be unrestricted. The 2006 Act also removes the requirement for a company to have an authorised share capital. Accordingly, the resolution passed at the Company's AGM on 7 December 2009 deleted all of the provisions of the Company's memorandum of association that were deemed to form part of the Company's articles of association with effect from 1 October 2009. The Company's articles do not contain the objects clause and accordingly, pursuant to the provisions of the 2006 Act, the Company's objects are unrestricted. In relation to the Company's authorised share capital, however, notwithstanding the 2006 Act the Company has elected to retain a requirement to state its authorised share capital in its articles.

8.2 At the Company's AGM held on 6 December 2010 the Company's articles of association were further amended to remove all references to the redeemable ordinary shares, pursuant to the resolution referred to at paragraph 3.11.1 above.

8.3 The liability of the members of the Company is limited.

8.4 The Articles of Association contain provisions as summarised below:

8.4.1 Dividends:

Subject to relevant statutory provisions, and to the rights attaching to any class of shares, the holders of the Ordinary Shares are entitled, *pari passu* amongst themselves, to the profits of the Company available for distribution and resolved to be distributed according to the amounts paid up on the Ordinary Shares held by them provided that no dividend shall be declared in excess of the amount recommended by the Directors. Interim dividends may be paid if profits are available for distribution and if the Directors so resolve. No dividends payable in respect of any Ordinary Share shall bear interest. The Directors may, with the prior sanction of an ordinary resolution of the Company, offer the holders of the Shares the right to elect to receive further Ordinary Shares, credited as fully paid, instead of cash in respect of all or part of such dividends.

8.4.2 Return of Capital:

On a winding up of the Company, the balance of the assets available for distribution shall, subject to any sanction required by statute, be divided among the members at the discretion of the liquidator.

8.4.3 *Voting:*

Subject to any special rights or restrictions as to voting attached to any class of shares, on a show of hands at any general meeting every holder of Ordinary Shares who is present in person shall have one vote and on a poll every such holder who is present in person or by proxy shall have one vote for each Ordinary Share held by him. A corporate shareholder may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and such person shall be entitled to exercise such powers as the corporate shareholder could exercise if it were an individual shareholder.

8.4.4 *Restrictions on Voting:*

8.4.4.1 A shareholder of the Company shall not, unless the Directors otherwise determine, be entitled, in respect of any Ordinary Share held by him, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts payable by him in respect of that Ordinary Share have been paid.

8.4.4.2 A shareholder of the Company shall not, if the Directors so determine, be entitled to attend or vote, or to exercise rights of membership as aforesaid, if he or any other person appearing to be interested in such Ordinary Shares has failed to comply with a notice given under Section 252 of the 2006 Act within 14 days from the date of service of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the Ordinary Shares in question are transferred or sold in the circumstances set out in the Articles.

8.4.5 *Record Dates and Unclaimed Dividends:*

The Company or its Directors may fix any date as the record date on which registered holders of Ordinary Shares shall be entitled to receipt of any dividend provided that such record date may be on or at any time before or after any date the dividend is declared. Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.

8.4.6 *Variation of Rights:*

Subject to the relevant statutory provisions, any rights attaching to any class of share in the Company may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class. The quorum for any such separate general meeting shall be two persons holding, or representing by proxy, not less than one third in nominal value of the issued shares of the relevant class.

8.4.7 *Transfer:*

8.4.7.1 Except as may be required by any procedures implemented pursuant to the Articles in accordance with the 2006 Act following the introduction of paperless trading, all transfers of shares must be effected by written instrument in any usual form or in any other form acceptable to the Directors of the Company and must be executed by or on behalf of the transferor and (in the case of a partly paid Ordinary Share) the transferee. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of them. The Directors of the Company have discretion to refuse to register a transfer of any share that is not fully paid without giving a reason but must provide the transferee with a notice of the refusal within ten business days. The Directors of the Company may also decline to register any instrument of transfer unless (i) it is lodged with the Company, together with the relevant share certificate(s); (ii) evidence reasonably required by the Directors of the Company regarding the right of the transferor to make the transfer is provided to the Directors; (iii) it is in respect of only one class of share; and (iv) it is in favour of not more than four transferees jointly.

8.4.7.2 The Directors of the Company may subject to the provision of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under Section 793 of the 2006 Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days.

8.4.8 *Alteration of Capital:*

The Company may alter its share capital as follows:

8.4.8.1 by ordinary resolution, it may increase its share capital, consolidate and divide all or any of its shares into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person;

8.4.8.2 by special resolution and subject to the statutory provisions, it may reduce its share capital, any capital redemption reserve or any share premium account in any manner; and

8.4.8.3 Subject to the statutory provisions and with the sanction of an extraordinary resolution of the holders of any class of shares carrying rights to convert into equity share capital of the Company, the Company may purchase any of its own shares.

8.4.9 *Directors:*

8.4.9.1 Unless altered by ordinary resolution of the Company, the minimum number of Directors of the Company is two; there is no maximum.

8.4.9.2 The aggregate fees paid to the directors of the Company for their services in the office of director in addition to any remuneration payable to a director of the Company as the Board may in its discretion determine by reason of his appointment to any executive office or payable to a director of the Company who performs services which, in the opinion of the directors of the Company, go beyond the ordinary duties of a director of the Company shall not exceed such amount as may be determined by the Board.

8.4.9.3 At each annual general meeting of the Company one-third of the directors of the Company who are subject to retirement by rotation (or, if their number is not three or a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation (and shall be eligible for re-election).

8.4.9.4 A director of the Company shall vacate his office at the conclusion of the annual general meeting of the Company which next follows his attaining the age of 70. A Director shall not be required to hold any shares in the Company.

8.4.10 *Directors' interests:*

Save as provided in the Articles, a director of the Company shall not vote or be counted in a quorum at a meeting in relation to any resolution concerning any contract or arrangement in which he is to his knowledge materially interested.

8.4.11 *Borrowing Powers:*

The directors of the Company may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital and to issue debentures and other securities. The Directors shall restrict the borrowing of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to any subsidiary or subsidiary undertaking so as to secure (so far, as regards subsidiaries and subsidiary undertakings, as by such exercise they can secure) that the aggregate amount at any one time outstanding in respect of all money borrowed by the Company and/or any of its subsidiaries or subsidiary undertakings (other than intra-group borrowing) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to four times the Adjusted Capital and Reserves (as defined in the Articles) of the Company. The certified opinion of the auditors as to the amount of the Adjusted Capital and Reserves shall be conclusive.

8.4.12 *General Meetings of Shareholders:*

All general meetings which are not annual general meetings are general meetings. General meetings may be called by directors, whenever they think fit or within 28 days of receipt of a requisition of members served in accordance with the 2006 Act. If there are insufficient directors in the UK to form a quorum, any director or shareholder may convene a general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the directors of the Company. An annual general meeting and a general meeting for the passing of a special resolution or a resolution appointing a person a director shall be called by twenty-one clear days' notice at least and all other extraordinary general meetings shall be called by at least fourteen days' notice.

9. Directors' and other Interests

- 9.1 As at the date of this document and as expected immediately following the Acquisitions, the Placing and Admission, the holdings of the Directors and their immediate families in the share capital of the Company (i) which would have been notified to the Company pursuant to Rule 17 of the AIM Rules; or (ii) which are holdings of a person connected (within the meaning of Section 252 of the 2006 Act) with a Director which would, if the connected person were a director, be required to be disclosed under (i) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors are as follows:

<i>Name</i>	<i>No. of Ordinary Shares held at the date of this document</i>	<i>% of Existing Share Capital at the date of this document</i>	<i>No. of Ordinary Shares held immediately following Admission</i>	<i>% of Enlarged Share Capital held immediately following Admission</i>
Neil Crabb*	125,000	2.51%	556,375	7.98
Jackie McKay	Nil	Nil	12,855	0.18
David Cairns	Nil	Nil	70,000	1.00
Marilyn Cole	Nil	Nil	Nil	Nil
Timothy Cockroft	Nil	Nil	Nil	Nil
Graham Barnet	Nil	Nil	Nil	Nil

*As at the date of this document, Neil Crabb holds Options over 198,887 Ordinary Shares.

Immediately following the Placing, Acquisitions and Admission, Sigma will own 3,255,212 Ordinary Shares, representing approximately 46.69 per cent. of the Enlarged Share Capital.

Graham Barnet is a director of Sigma and owns 7,521,571 ordinary shares in the capital of Sigma, representing approximately 16.08 per cent. of the issued share capital of Sigma as at the date of this document.

Neil Crabb owns 7,289,687 ordinary shares in the capital of Sigma, representing approximately 15.59 per cent. of the issued share capital of Sigma as at the date of this document but has contracted to sell 1,500,000 of these shares back to Sigma.

Marilyn Cole is a director of Sigma and owns 489,660 ordinary shares in the capital of Sigma, representing approximately 1.05 per cent. of the issued share capital of Sigma as at the date of this document.

Jackie McKay owns 66,182 ordinary shares in the capital of Sigma, representing approximately 0.14 per cent. of the issued share capital of Sigma as at the date of this document but has contracted to sell all of these shares back to Sigma.

- 9.2 Save as disclosed in paragraph 9.1 above and this paragraph 9.2, as at the date of this document the Company is not aware of any interest (within the meaning of Part 22 of the 2006 Act) in the Company's ordinary share capital which amounts or would, immediately following Admission, amount to 3 per cent. or more of the Company's issued share capital:

	<i>Number of Ordinary Shares of 10p each held as at the date of this document</i>	<i>Percentage of the existing issued share capital as at the date of this document</i>	<i>Number of Ordinary Shares held immediately following Admission</i>	<i>Percentage of Enlarged Share Capital held immediately following Admission</i>	<i>Warrants</i>
Sigma Hichens, Harrison (Ventures) Limited	3,850,000	77.43	3,255,212	46.69	Nil
IP Group	205,000	4.12	205,000	2.94	23,000
	Nil	Nil	490,558	7.04	Nil

The voting rights of the Shareholders set out in paragraphs 9.1 and 9.2 above do not differ from the voting rights held by other Shareholders.

- 9.3 There are no outstanding loans granted or guarantees provided by the Company or any member of the Group to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company or any member of the Group.
- 9.4 Save as disclosed in paragraph 14 below, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by any member of the Group during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed by or in respect of the Group.
- 9.5 Save as otherwise disclosed in this document, none of the Directors nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of Section 252 of the 2006 Act) has any interest, whether beneficial or otherwise, in the share capital of the Company.
- 9.6 None of the Directors, nor any member of a Director's family, is interested in any related financial instrument (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.
- 9.7 No associate company of the Company by virtue of paragraph (1) of the definition of associate in the Code, nor any pension fund of the Company or any of its associated companies, nor any bank, stockbroker, financial or other professional adviser nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company, nor any connected adviser (as defined in the City Code) (except for any exempt principal traders and any exempt fund managers) to the Company or to any subsidiary of the Company or to any associated company of the Company (including any persons controlling, controlled by, or under the same control as any connected adviser (as defined in the City Code), holds, owns or controls or is interested, directly or indirectly, in any relevant securities (whether by interests, rights to subscribe or short positions including any short positions under a derivative, or any delivery obligation or right to require another person to purchase or take delivery).

10. Directors' Service Agreements and Letters of Appointment

- 10.1 On 25 January 2011, Neil Crabb entered into a contract of employment with Frontier IP under the terms of which he agreed to act, conditional on Admission, as Director and Executive Chairman of Frontier IP for a fee of £100,000 per annum, payable monthly in arrears. Neil's effective period of employment commenced on 17 December 1996 and is terminable by either party giving the other 3 months' notice. From Admission, the Company will make a pension contribution of 10 per cent. of basic salary.
- 10.2 On 29 July 2010, Jackie McKay entered into a contract of employment with Frontier IP Limited under the terms of which she agreed to act as Partnership Director of the Group for a fee of £68,727 per annum, payable monthly in arrears, together with a car allowance in the sum of £4,000 per annum, payable monthly in arrears. Jackie's effective period of employment commenced on 5 December 2000 and is terminable by either party giving the other 3 months' notice. The Company makes a pension contribution of 10 per cent. of basic salary.
- 10.3 On 6 December 2010, David Cairns entered into a contract of employment with Frontier IP under the terms of which he agreed to act as Executive Director of Frontier IP for 25 hours per week for a fee of £55,000 per annum, payable monthly in arrears. David's effective period of employment commenced on 30 September 2010 and is terminable by either party giving the other 3 months' notice. The Company makes a pension contribution of 10 per cent. of basic salary.
- 10.4 On 14 January 2010, Timothy Cockroft entered into an appointment letter with Frontier IP recording the terms of his appointment as a non-executive director of Frontier IP. The commencement date of Mr Cockroft's appointment was 13 May 2009 and is for an initial period of two years. Mr Cockroft's fee is the sum of £24,000 per annum, payable monthly in arrears. Mr Cockroft's appointment is terminable by either party giving the other 3 months' notice.
- 10.5 On 8 December 2010, STML entered into the Sigma Services Agreement with Frontier IP which covers the provision by STML to Frontier IP of a non executive director (being, as at the date of this document, Graham Barnet), finance director (being, as at the date of this document, Marilyn Cole) and regulated activities, as further disclosed in paragraph 14.3 below.
- 10.6 There are no service contracts in place between any member of the Group and any member of the administrative/management or supervisory bodies which provides for benefits on termination of employment.
- 10.7 Save as disclosed in this paragraph 10, there are no service contracts or letters of appointment, existing or proposed, between any Director and the Company or any other member of the Group.
- 10.8 Save as disclosed in this paragraph 10, no service contract or letter of appointment has been entered into or amended by the Company or any other member of the Group in the 6 months prior to the date of this document.

11. Additional Information on the Directors

- 11.1 In addition to their directorships of the Company and its subsidiary companies, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Neil Crabb	Gullivers Wharf Freehold Limited Photo Therapeutics Group Limited B1 Medical Limited Frontier IP Limited Frontier IP Group plc Frontier IP Founder Partners Limited Frontier IP Investments Limited Counterweight Limited	Adventis Group plc Sigma Capital Group plc Sigma Technology Management Limited Sigma Technology Investments Limited Sigma Technology Venture Partners Limited Sigma Technology Founder Partners Limited

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Neil Crabb (continued)		Strategic Investment Management Limited Sigma Innovation Partners Limited McLaren Software Group Limited Vividas Group plc Nandi Proteins Limited Sigma English GP NO.2 Limited Sigma Scottish GP NO.2 Limited ARC International Cambridge Limited Managed Information Group Limited Sigma Technology Group Limited Sigma GP No 3 Limited Investthink Limited Madge Limited Micap PLC
Jacqueline McKay	Nandi Proteins Limited Frontier IP Founder Partners Limited Frontier IP Investments Limited Frontier IP Limited Frontier IP Group plc	Sigma Technology Management Limited
David Cairns	Visium Technologies Limited Frontier IP Group plc The Saint Andrews Entrepreneurial Partnership LLP	
Marilyn Cole	Sigma Capital Group plc Sigma Technology Investments Limited Sigma Technology Management Limited Sigma Technology Venture Partners Limited Sigma Technology Founder Partners Limited Sigma English GP No.2 Limited Sigma Scottish GP No.2 Limited Sigma Technology Group Limited Sigma GP No 3 Limited Sigma GP No 4 Limited Sigma GP No 5 Limited Strategic Investment Management Limited SI Cheltenham (GP1) Limited SI Cheltenham (GP2) Limited SI Cheltenham (LP) Limited SI Liverpool (GP1) Limited SI Liverpool (GP2) Limited SI Liverpool (LP) Limited SI (LP) Limited SI Hotels (GP1) Limited SI Hotels (GP2) Limited SI Hotels Investments Limited SI Hotels Investments (Nominees) Limited Magnum Gatwick Nominee 1 Limited Magnum Gatwick Nominee 2 Limited Magnum Hatfield Nominee 1 Limited Magnum Hatfield Nominee 2 Limited Magnum Penns Hall Nominee 1 Limited	Glasgow Leisure Investments (1) Limited Glasgow Leisure Investments (2) Limited Managed Information Group Limited SI Chalfont Park (GP) Limited SI Chalfont Park (LP) Limited

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Marilyn Cole <i>(continued)</i>	Magnum Penns Hall Nominee 2 Limited SI Hotels Glasgow (GP1) Limited SI Hotels Glasgow (GP2) Limited SI Hotels Glasgow Investments Limited SI No. 7 (GP1) Limited SI No.7 (GP2) Limited Sigma Property Investment Management Limited Strategic Investors Limited Sigma Property Investment Limited Aberdeen Leisure Investments Limited SI General Partner No 2 Limited SI Sheffield (GP) Limited SI Sheffield (LP) Limited Sigma Innovation Partners Limited SI City Wharf Limited Strategic Investment Management Holdings Limited SI Recovery Fund (GP) Limited SI Recovery Fund (GP2) Limited SI Management (LP) Limited SI Argyle Street Limited Frontier IP Limited Frontier IP Group plc Frontier IP Investments Limited Frontier IP Founder Partners Limited	
Timothy Cockroft	New Street Nominees Limited Singer Capital Markets Limited Singer Nominees Limited Frontier IP Group plc	KBC Peel Hunt CFD Limited PH Trustees Limited P.H. Nominees Limited Peel Hunt Limited Peel Hunt Nominees Limited
Graham Barnet	Strategic Investors Limited Sigma Property Investment Limited Sigma Innovation Partners Limited Merchant Investments Limited Sigma Technology Management Limited Sigma Capital Group plc Sigma Technology Investments Limited Sigma Technology Venture Partners Limited Sigma Technology Founder Partners Limited Strategic Investment Management Limited Sigma English GP No.2 Limited Sigma Scottish GP No. 2 Limited Pentland Systems Trustee Company Limited Merchiston Castle School Sigma GP No 3 Limited Strategic Investment Management Holdings Limited The Invicta Film Partnership No.5, LLP The Property Opportunities Fund LLP Sigma GP No 5 Limited Sigma GP No 4 Limited Frontier IP Group plc	Alderstone Realisations Limited Dunedin Investments Limited Fashion Rocks Group Limited Fashion Rocks Limited McLaren Software Group Limited Turning Heads Limited John Cadzow (Glendevon) Limited The Reach Group Limited SI Chalfont Park (LP) Limited SI Sheffield (GP) Limited SI General Partner No 2 Limited Cannongate Developments Limited Cannongate Holdings Limited SI City Wharf Limited SI Oceanpoint (SPV) Limited Petrodata Limited SFX Technologies Limited Dunedin Independent plc Alva Street Properties Limited Frontier IP Limited Dunwilco (1362) Limited SB Partners Limited

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Graham Barnet <i>(continued)</i>	Strategic Investors Limited Merchiston Enterprises Limited Sigma Property Investment Management Limited	

11.2 The following Directors were directors at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors of such company:

11.2.1 Graham Barnet was a director of Petrodata Limited which was dissolved on 16 August 2007 following compulsory liquidation by petition dated 22 August 2005.

11.2.2 Marilyn Cole was a director of Managed Information Group Ltd which went into administration on 30 May 2008 and was subsequently dissolved on 8 August 2009.

11.2.3 Neil Crabb is a director of Micap plc which went into administration on 28 October 2008.

Neil was a director of Investthink Limited which was dissolved on 29 March 2006 following a creditors' voluntary liquidation.

Neil was a director of Power X Limited which was dissolved on 2 August 2005 following administration orders and a corporate voluntary arrangement.

Neil was a director of Weather Index Limited which was dissolved on 5 May 2004 following a creditors' voluntary liquidation.

Neil was a director of Madge Limited which went into administration on 24 January 2006 and was dissolved on 23 April 2007.

Neil resigned as a director of Vividas Group plc on 4 December 2007 which went into administration on 18 November 2008.

11.3 Save as disclosed in paragraph 11.2 above, none of the Directors has:

11.3.1 any unspent convictions in relation to indictable offences;

11.3.2 had any bankruptcy order made against him or entered into any voluntary arrangements with creditors;

11.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

11.3.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

11.3.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

11.3.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

11.3.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

12. Employees

There are no employees other than the Directors. On 7 December 2010, Michael Brennand entered into a consultancy contract with Frontier IP Limited, conditional on and effective from Admission, under the terms of which Michael will provide consultancy services to act as North West Regional Director to Frontier IP

Limited. Michael provides these services for a fee of £477 plus VAT per working day plus a share of the Group's interests in each spin-out company from an agreed list and a share of all licensing revenues received by the Group from an agreed list. The consultancy contract is terminable by either party giving the other 1 month's notice.

13. Property

Frontier IP Limited has been granted a licence to occupy certain office premises at 41 Charlotte Square, Edinburgh, EH2 4HQ by Sigma. The licence runs from month to month and can be terminated by either party giving the other three months' notice. The licence fee as at the date of this document is £750 per month.

14. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or a member of the Group within the two years immediately preceding the date of this document and are, or may be, material:

14.1 On 28 January 2011 the Company, Arbuthnot Securities and the Directors entered into a placing agreement pursuant to which Arbuthnot Securities agreed to act as the Company's agent in relation to the Placing in consideration of a corporate finance fee and commissions based on the aggregate value of the Placing Shares at the Placing Price. In addition, the Company has agreed to pay all of Arbuthnot Securities' costs and expenses (including any applicable VAT) of the Placing, including the legal and other professional fees and expenses of Arbuthnot Securities. The Directors and the Company have each granted certain customary warranties to Arbuthnot Securities regarding the accuracy of the information in the Admission Document and other matters relating to the Company and its business. The Company has also granted certain customary indemnities to Arbuthnot Securities in relation to the Placing.

14.2 On 14 April 2009 the Company and Sigma entered into the a share sale and purchase agreement, pursuant to which Sigma agreed to sell the entire issued share capital of Frontier IP Limited to the Company in consideration for £3,500,000, satisfied by the allotment and issue of 350,000,000 ordinary shares of 0.1 pence each in the capital of the Company. The share sale and purchase agreement contained warranties and indemnities in respect of Frontier IP Limited by Sigma in favour of the Company and in respect of the Company by the Company in favour of Sigma. The liability of each of the Company and Sigma in relation to the warranties and indemnities was capped at £362,000 respectively. In addition, each time (if any) that the Company is obliged to make a payment to Sigma pursuant to a claim under the warranties or tax indemnity given by the Company to Sigma, Sigma is entitled (but not obliged), in its sole discretion, to reinvest the amount of such payment (or any part thereof, in Sigma's sole discretion) in ordinary shares in the capital of the Company at an allotment price of 1 penny per ordinary share of 0.1 pence each, with the intent that Sigma's shareholding in the Company will be increased as a result of the claim in question rather than further depleting the cash reserves of the Company.

14.3 The Sigma Services Agreement, whereby STML has agreed to provide certain services to Frontier IP as follows:

14.3.1 provide one nominated director (being, as at the date of this document, Graham Barnet) to attend meetings of the Board at a cost of £25,000 per annum, terminable by either party giving 3 months' notice;

14.3.2 to procure that any regulated activities of Frontier IP Limited are provided by a person authorised by the FSA until Frontier IP Limited obtains its own authorisation, terminable by either party giving 3 months' notice

14.3.3 provide the services of a finance director to the Company for a minimum period of six months (i.e. until 1 June 2011) and thereafter until terminated by either party giving 3 months' notice;

the services described in paragraphs 14.3.2 and 14.3.3 above being at a combined cost of £25,000 per annum payable for so long as STML provides the services in paragraphs 14.3.2 and/or 14.3.3 above.

STML and the Company have agreed to the continued employment of Neil Crabb by STML for so long as is required for STML to deliver the services set out in paragraph 14.3.2 above. STML has agreed to pay the Company an annual retainer equivalent to the management fee payable to STML as FSA authorised manager of the Funds, to be invoiced by Frontier IP quarterly in arrears.

The Sigma Services Agreement supersedes the previous agreement dated 14 April 2009 between Frontier IP Limited and STML, which was effective from Frontier IP's re-admission to PLUS on 13 May 2009 until 1 December 2010. The Sigma Services Agreement does not affect the licence to occupy referred to in paragraph 13 above, which remains in force in accordance with its terms.

- 14.4 The relationship agreement between STML and the University of Dundee dated 3 and 6 November 2006 was assigned to Frontier IP Limited on 14 January 2008. The University's consent letter is dated 27 May 2008. The agreement has a 10-year term (approximately 6 of which are unexpired) and Frontier IP Limited receives a percentage of the University of Dundee's equity interests in any spin-out companies, in exchange for providing spin-out and commercialisation services to the University.
- 14.5 Pursuant to the relationship agreement referred to in paragraph 14.4 above, University of Dundee Venture Fund LP (the Dundee Fund) was incorporated on 14 September 2009 as a 10-year fund. The purpose of the Dundee Fund is to invest in spin-out opportunities identified by Frontier IP and the University of Dundee and originating from the University of Dundee. The Dundee Fund has secured partnership status with Scottish Enterprise's Scottish Co-investment Fund. The Dundee Fund launched with committed funds at its first closing of £0.75 million, £0.5 million of which has been committed by Frontier IP Investments Limited and £0.25 million of which has been committed by the University of Dundee, to be drawn down in tranches over the life of the Dundee Fund at the discretion of the manager of the Dundee Fund. The Dundee Fund remains open to new investors for a further two years from launch. Frontier IP Founder Partners Limited, as the founding limited partner of the Dundee Fund, has a carried interest in the Dundee Fund, as set out in the Limited Partnership Agreement between Frontier IP Founder Partners Limited and the General Partner of the Dundee Fund dated 11 September 2009. The General Partner of the Dundee Fund is Sigma GP No 5 Limited, which is currently owned by STML. Frontier IP has been granted an option to acquire Sigma GP No 5 Limited at Frontier IP's discretion for the nominal value of the issued share capital of Sigma GP No 5 Limited. The FSA authorised manager of the Dundee Fund is STML. Sigma GP No 5 Limited can terminate the appointment of STML at its discretion and paragraph 14.3.2 above outlines Frontier IP Limited's ability to replace STML as the manager of the Dundee Fund.
- 14.6 The relationship agreement between STML and Robert Gordon University dated 24 and 25 August 2006 was assigned to Frontier IP Limited on 14 January 2009. The University's consent letter is dated 26 March 2008. The agreement has a 25-year term (approximately 21 of which are unexpired) and Frontier IP Limited receives a percentage of the University's equity interests in any spin-out companies, in exchange for providing spin-out and commercialisation services to the University.
- 14.7 Pursuant to the relationship agreement referred to in paragraph 14.6 above, RGU Ventures Investment Fund LP (the RGU Fund) was incorporated on 23 July 2009 as a 10-year fund. The purpose of the RGU Fund is to invest in spin-out opportunities identified by Frontier IP and RGU and originating from RGU. The RGU Fund has secured partnership status with Scottish Enterprise's Scottish Co-investment Fund. The RGU Fund launched with committed funds at its first closing of up to £1.1 million, £0.3 million of which has been committed by Frontier IP Investments Limited and up to £0.8 million of which has been committed by RGU, to be drawn down in tranches over the life of the RGU Fund at the discretion of the manager of the RGU Fund. The RGU Fund remains open to new investors for a further two years from launch. Frontier IP Founder Partners Limited, as the founding limited partner of the RGU Fund, has a carried interest in the RGU Fund, as set out in the Limited Partnership Agreement between Frontier IP Founder Partners Limited and the General Partner of the RGU Fund dated 27 July 2009. The General Partner of the RGU Fund is Sigma GP No 4 Limited, which is currently owned by STML. Frontier IP has been granted an option to acquire Sigma GP No 4 Limited at Frontier IP's discretion for the nominal value of the issued share capital of Sigma GP No 4 Limited. The FSA authorised manager of the RGU Fund is STML. Sigma GP No 4 Limited can terminate the appointment of STML at its discretion and paragraph 14.3.2 above outlines Frontier IP Limited's ability to replace STML as the manager of the RGU Fund.

- 14.8 Deeds of warrant grant each dated 26 June 2007 made between the Company and each of Guy Miller, Christopher Akers and Hichens, Harrison (Ventures) Limited. Under these deeds of warrant, the Company granted up to 2,666,666 warrants to each of Guy Miller, Christopher Akers and Hichens, Harrison (Ventures) Limited. Each warrant entitles the holder to subscribe for one new ordinary share of 0.1p each in the capital of the Company at 1p per share at any time until 21 September 2012. However, each warrant is restricted to 3.33 per cent. of the issued share capital of the Company as at re-admission to PLUS on or around 11 May 2009. Accordingly, each such warrant has now been restricted to 2,300,000 ordinary shares. Furthermore, following the share consolidation referred to in paragraph 3.11.2 above each of the warrants referred to in this paragraph 14.8 were amended by the Board to warrants to subscribe for up to 23,000 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 14.9 By deed of warrant dated 13 May 2009, the Company granted the University of Dundee warrants to subscribe for up to 10,000,000 ordinary shares of 0.1 pence each at a price of 1 pence per share. Following the share consolidation referred to in paragraph 3.11.2 above the warrants referred to in this paragraph 14.9 were amended by the Board to warrants to subscribe for up to 100,000 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 14.10 By deed of warrant dated 14 April 2009, the Company granted Ruegg & Co Limited warrants to subscribe for up to 9,944,330 ordinary shares of 0.1 pence at a price of 1 pence per share. Following the share consolidation referred to in paragraph 3.11.2 above the warrants referred to in this paragraph 14.10 were amended by the Board to warrants to subscribe for up to 99,444 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 14.11 By deed of warrant dated 13 January 2010 the Company granted Robert Gordon University warrants to subscribe for up to 10,000,000 ordinary shares of 0.1 pence each at a price of 1 pence per share. Following the share consolidation referred to in paragraph 3.11.2 above the warrants referred to in this paragraph 14.11 were amended by the Board to warrants to subscribe for up to 100,000 Ordinary Shares of 10 pence each at a price of £1 per Ordinary Share.
- 14.12 A lock-in agreement dated 28 January 2011 amongst the Company, Sigma, Neil Crabb, Jackie McKay and David Cairns pursuant to which each of Sigma, Neil Crabb, Jackie McKay and David Cairns has agreed not to dispose of or transfer any Ordinary Shares in which they are interested save in accordance with certain limited circumstances (including the acceptance of (or agreement to accept) an offer for the Company's share capital whether before or after its announcement), for a period of 12 months from Admission. In addition, Sigma is permitted to dispose of Ordinary Shares to one or more third parties introduced by Arbuthnot Securities provided that each such transaction is conducted with Arbuthnot Securities' consent and provided that Sigma will not reduce its shareholding in Frontier IP pursuant to such transfers below 29.9 per cent. before the date falling 12 months after Admission.
- 14.13 Frontier IP Limited has been granted a licence to occupy certain office premises at 41 Charlotte Square, Edinburgh EH2 4HQ by Sigma. The licence runs from month to month and can be terminated by either party giving the other three months' notice. The licence fee as at the date of this document is £750 per month.

15. Related Party Transactions

Other than as disclosed in this document, during the period from 28 January 2009 to the date of this document, the Company has not entered into any related party transactions.

16. Litigation

The Company is not and has not been engaged in any governmental, legal or arbitration proceedings including, so far as the Directors are aware, any such proceedings which are pending or threatened during the 12 months prior to the publication of this document which may have or have had in the recent past a significant effect on the Company's financial position.

17. Significant Change

Save as disclosed in Part II of this document, there has been no significant change in the financial or trading position of the Company since 30 June 2010, being the end of the period to which the audited historical financial information contained in Part IV of this document relates.

18. Working Capital

Having made due and careful enquiry and having taken into account the net proceeds of the Placing, the Directors are of the opinion that the working capital available to the Company is sufficient for its present requirements, that is for at least 12 months from the date of Admission.

19. Taxation

The following paragraphs, which are intended as a general guide based on current legislation and HMRC practice as at the date of this document and are not intended to be exhaustive, summarise advice received by the Directors about the UK tax position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who beneficially hold their shares as investments (otherwise than under an individual savings account ("ISA")). **Shareholders who receive shares in connection with an employment contract with the company or as an office holder, should seek specific advice on their tax position. Any Shareholder or potential investor who is in any doubt about their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, is strongly recommended to consult their own professional adviser immediately.**

Enterprise Investment Scheme and Venture Capital Trusts

On issue, the Placing Shares will not be treated as either "listed" or "quoted" securities for tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM), the Placing Shares should continue to be treated as unquoted securities.

The Directors have been advised that the Placing Shares should be eligible (subject to the circumstances of investors) for tax reliefs under the Enterprise Investment Scheme and for investment by Venture Capital Trusts. A formal application to HMRC has been made and provisional assurance to that effect has been received.

Companies can raise a combined maximum of £2 million under the three venture capital schemes; the Enterprise Investment Scheme (EIS), the Corporate Venturing Scheme (CVS) and Venture Capital Trusts (VCTs); in a given 12 month period.

Shares issued to a VCT using "protected money" do not count towards the £2 million total. "Protected money" is funds raised by VCTs prior to 6 April 2007 or derived from the investment of such money by the VCT. Shares issued to an approved EIS Investment Fund which closed before 19 July 2007 also do not count towards the £2 million total.

Enterprise Investment Scheme ("EIS")

Provided that the investor and the Company comply with the EIS legislation (Part V of the Income Tax Act 2007 and Sections 150A-C and Schedule 5B of the Taxation of Chargeable Gains Act 1992), which includes a requirement that the Ordinary Shares are held by investors for not less than three years, UK taxpayers should qualify for EIS relief on their investment in newly issued shares in the Company.

The Directors have received advance assurance from HMRC, in accordance with HMRC's practice, that subject to a form EIS1 being submitted, the Company is to be treated as carrying on a qualifying trade for EIS purposes. The Directors intend to manage the Company so as to maintain (as far as they are able) the status of the Company as a qualifying company although no guarantee can be given in this regard.

There are four EIS tax reliefs being:

(i) *Income tax relief*

Individuals can obtain income tax relief on the amount subscribed for ordinary shares (to a maximum of £500,000) in one or more qualifying companies, which are retained for a period of three years, provided the individuals are not connected to the issuing company. A tax credit of 20 per cent. of the eligible amount subscribed is given. The credit is given against the individual's income tax liability for the tax year in which the ordinary shares are issued although it is possible to carry back the relief to the preceding tax year. The relief will be limited to an individual's tax liability before EIS relief and cannot create a loss. EIS income tax relief is not available for individuals who own more than 30 per cent. of the issued share capital of the Company or certain other individuals connected with the Company.

(ii) *Capital gains tax ("CGT") exemption*

Any capital gains realised on the disposal, after three years, of ordinary shares on which EIS income tax relief has been given and not withdrawn are tax-free. This exemption is not available for individuals who own more than 30 per cent. of the issued share capital of the Company or other individuals connected with the Company.

(iii) *Loss relief*

Subject to certain conditions, tax relief is available for a qualifying shareholder who realises a loss on a disposal of ordinary shares on which EIS income tax relief (see (i) above) has been given and not withdrawn or CGT deferral relief (see (iv) below) has been given and not withdrawn. The amount of the loss (after taking account of the income tax relief initially obtained) can be set against a capital gain in the year of loss or following years or offset against taxable income in the tax year in which the disposal occurs or the preceding year.

(iv) *Capital gains tax liability/deferral*

To the extent that a UK resident (which includes individuals and certain trustees) subscribes for qualifying ordinary shares a claim can be made to defer all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £500,000 for income tax relief and a proportionate reduction in the exemption from CGT for subscriptions exceeding this limit (see (i) and (ii) above), there is no limit on the amount of gains that can be deferred in this way. The subscription must have been made within one year before or three years after the date of the disposal which gave 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 the disposal of ordinary shares after the three year qualifying period. If the investing ordinary shareholder dies or does not retain the ordinary shares for three years or the EIS rules are otherwise breached, the CGT deferral originally granted will be withdrawn and tax will be charged on the basis of a taxable event occurring at the date the rules cease to be met or, in certain instances, by reference to the normal payment date.

Although the Company currently expects to satisfy the relevant conditions for EIS investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

Venture Capital Trust ("VCT")

The Company has received advance assurance from HMRC of the Company's status as a qualifying VCT investment. The advance assurance, in accordance with customary HMRC's practice, relates to the qualifying status of the Company only and will be based on the facts supplied to HMRC. Subsequent conditions placed on the Company may affect its qualifying status.

Although the Company currently expects to satisfy the relevant conditions for VCT investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

Income Tax

Taxation of dividends

Under current UK taxation legislation, no tax is withheld at source from dividend payments made by the Company.

An individual shareholder who is resident (for tax purposes) in the United Kingdom and who receives a dividend paid by the Company will currently be entitled to receive a tax credit equal to 1/9th of the cash dividend. The individual will be taxable upon the total of the dividend and the related tax credit ("the gross dividend") which will be regarded as the top slice of the individual's income. An individual shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will pay tax on the gross dividend at the dividend ordinary rate, currently 10 per cent. Accordingly, the tax credit will be treated as satisfying the individual's liability to income tax in respect of the dividend and there will be no further tax to pay. It should be noted however that there is no right to claim any repayment of the tax credit from HMRC.

To the extent that the gross dividend (taken together with other taxable income) exceeds the individual's threshold for the higher rate of income tax the individual will, to that extent, pay tax on the gross dividend at the dividend upper rate (currently 32.5 per cent.). Accordingly, a shareholder who is a higher rate tax payer will have further income tax to pay at the rate of 22.5 per cent. on the gross dividend (equivalent to 25 per cent. of the dividend received). Tax credits are not repayable to shareholders with no income tax liability or whose liability to income tax does not exceed the amount of tax credit.

For dividends received after 6 April 2010, an increased higher rate of tax (the "additional rate") of 42.5 per cent. will apply to individuals with earnings in excess of £150,000. Accordingly, a shareholder who is taxed at this additional rate of tax will have further income tax to pay at the rate of 32.5 per cent. on the gross dividend (equivalent to 36.1 per cent. of the dividend received). Tax credits are not repayable to shareholders with no income tax liability or whose liability to income tax does not exceed the amount of tax credit.

Subject to exceptions for certain insurance companies and companies which hold shares as trading stock, a shareholder which is a company resident (for tax purposes) in the United Kingdom and which receives a dividend paid by the Company will not in most circumstances be liable to corporation tax or income tax on the dividend.

Trustees of discretionary trusts are liable to account for income tax at the dividend trust rate, currently 42.5 per cent.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but are not entitled to claim repayment of the tax credit.

Shareholders who are resident in countries other than the UK may be entitled to repayment of all or a proportion of the tax credit in respect of dividends paid to them. This will depend upon the provisions of the double tax treaty (if any) between the country in which the Shareholder is resident and the United Kingdom. Shareholders not resident in the UK should consult their own tax adviser on the application of such provisions and the procedure for claiming relief.

Taxation on capital gains for shareholders

If a shareholder who is resident or ordinarily resident in the UK for tax purposes disposes of all or any of his or its Placing Shares, he or it may, depending on the shareholder's particular circumstances, incur a liability to taxation on any gain.

Stamp duty and stamp duty reserve tax ("SDRT")

No liability to stamp duty or SDRT should arise on the allotment of Placing Shares by the Company under the Placing.

Subsequent sales of Placing Shares inside CREST will generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration calculated to the nearest penny. The SDRT is normally settled by CREST, on behalf of the purchaser or transferee, on the same day as the sale, but

otherwise is payable on the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made.

Subsequent sale of Placing Shares outside CREST will generally be liable to ad valorem stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. An obligation to account for stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Placing Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes, as described above. Stamp duty is normally, and SDRT is always, the liability of the purchaser or transferee of the Placing Shares. However, where an instrument of transfer which completes an unconditional agreement to transfer shares is duly stamped within six years after the agreement was entered into (or it becomes unconditional) the stamp duty will cancel the SDRT liability and any SDRT paid can be recovered.

The information in this section is intended as a general summary of the UK tax position and should not be construed as constituting advice. Potential investors should obtain advice from their own investment or taxation adviser.

20. Market Quotations

Set out below are the closing prices for the ordinary shares in the capital of the Company for the first business day in each of the six months immediately prior to the date of this document and for 27 January 2011, being the last practicable date before the publication of this document:

<i>Date</i>	<i>Price (Pence)</i>
2 August 2010	0.63 per ordinary share of 0.1 pence each
1 September 2010	0.63 per ordinary share of 0.1 pence each
1 October 2010	0.63 per ordinary share of 0.1 pence each
1 November 2010	0.63 per ordinary share of 0.1 pence each
1 December 2010	0.63 per ordinary share of 0.1 pence each
4 January 2011	60 per ordinary share of 10 pence each
27 January 2011	60 per ordinary share of 10 pence each

21. General

- 21.1 The gross proceeds of the Placing are expected to be £1.0 million. The total costs and expenses relating to Admission are payable by the Company and are estimated to amount to approximately £0.2 million (excluding Value Added Tax). The net proceeds of the Placing are expected to be approximately £0.8 million.
- 21.2 The Company’s ordinary shares of 0.1 pence each in the capital of the Company commenced trading on the PLUS Market on 21 September 2007 and were re-admitted to trading on the PLUS Market on 13 May 2009 following the acquisition of Frontier IP Limited by the Company, which was classified as a reverse takeover for the purposes of the PLUS Rules. Other than the current application for Admission, the Company’s shares have not been admitted to dealings on any other recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Company’s shares.
- 21.3 Arbuthnot Securities Limited has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 21.4 Chantrey Vellacott DFK LLP has given and not withdrawn its written consent to the inclusion in this document of its report set out in Part IV of this document and to the references to its name in the form and context in which they appear.
- 21.5 The accounting reference date of the Company is 30 June.
- 21.6 The Placing Price represents a premium over nominal value of the Ordinary Shares of 40 pence per Ordinary Share.

- 21.7 It is expected that definitive share certificates will be despatched by first class post by 14 February 2011. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited on 31 January 2011.
- 21.8 Save for the Options and the Warrants disclosed in this document, no person has directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) in the last twelve months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of this document.
- 21.9 As at the date of this document the Company maintains travel, employers' liability, public liability and products liability insurance directly and enjoys the benefit of directors' and officers' and professional indemnity insurance (specifically Private Equity & Venture Capitalist Management Liability Insurance) via a group policy maintained by Sigma. It is intended that the Company will acquire its own directors' and officers' and professional indemnity insurance in due course after Admission.
- 21.10 The Company has not declared a dividend for any of the financial years in the period covered by the historical financial information set out in Part IV of this document.

22. Availability of Admission Document

Copies of this Admission Document, which contains full details about the Company and Admission, are available free of charge from the Company's registered office and from the offices of Arbuthnot Securities Limited, Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR during normal business hours on any weekday (weekends and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 28 January 2011

DEFINITIONS

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

“2006 Act”	the Companies Act 2006, as amended from time to time
“Acquisitions”	the conditional acquisition by IP Group, Neil Crabb and Jackie McKay of some of Sigma’s shareholding in the Company
“Admission”	the admission of the issued and to be issued share capital of Frontier IP to trading on AIM becoming effective in accordance with the AIM Rules
“Admission Document”	this document which has been produced in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and their nominated advisers published by the London Stock Exchange from time to time
“Arbuthnot Securities” or “Nominated Adviser”	Arbuthnot Securities Limited, which is acting as nominated adviser and broker (as defined in the AIM Rules) to the Company
“Articles of Association” or “Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company whose names are set out on page 5 of this document
“Cancellation”	the cancellation of the Existing Ordinary Shares from trading on PLUS
“City Code”	the City Code on Takeovers and Mergers
“Combined Code”	the Combined Code on Corporate Governance issued by the Financial Reporting Council, as amended from time to time
“Company” or “Frontier IP”	Frontier IP Group Plc
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by Euroclear UK & Ireland Limited (formerly CRESTCo Limited)
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms published by Euroclear on 15 July 1996, as amended from time to time)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time
“Dundee Fund”	the University of Dundee Venture Fund, L.P.

“EIS” or “Enterprise Investment Scheme”	the Enterprise Investment Scheme as set out in Part 5 of the Income Tax Act 2007 (as amended) with the income tax reliefs contained therein and in sections 150 A to C and Schedule 5B of the Taxation of Chargeable Gains Act 1992 (as amended) with the capital gains tax reliefs contained therein
“Enlarged Share Capital”	the Existing Share Capital as enlarged by the Placing Shares
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“Existing Ordinary Shares”	the Ordinary Shares in issue as at the date of this document
“Existing Share Capital”	the issued share capital of Frontier IP as at the date of this document
“Existing Shareholders”	holders of Existing Ordinary Shares
“Frontier IP Shareholders” or “Shareholders”	the shareholders of Frontier IP
“FSA”	the Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services Market Act 2000, as amended from time to time
“Funds”	the Dundee Fund and the RGU Fund
“Group”	Frontier IP and its subsidiaries
“HMRC”	HM Revenue and Customs
“IP”	intellectual property
“IP Group”	together, IP Group Plc and its wholly owned subsidiary IP2IPO Limited
“Lock-in Agreement”	the agreement dated 28 January 2011 between the Company, Sigma, Neil Crabb, Jackie McKay and David Cairns, summary details of which are set out in paragraph 14.12 of Part V of this document
“London Stock Exchange”	London Stock Exchange Plc
“Options”	Options to subscribe for Ordinary Shares
“Ordinary Shares” or “Shares”	ordinary shares of 10 pence each in the capital of Frontier IP
“Panel”	The Panel on Takeovers and Mergers
“Placees”	the subscribers of Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares by Arbuthnot Securities on behalf of the Company pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 28 January 2011 between the Company, the Directors and Arbuthnot Securities, summary details of which are set out in paragraph 14.1 of Part V of this document
“Placing Price”	50 pence per Placing Share

“Placing Shares”	the 2,000,000 new Ordinary Shares to be issued pursuant to the Placing at the Placing Price
“PLUS”	PLUS Markets Plc, a recognised investment exchange under section 290 of FSMA
“PLUS Rules”	the Rules for Issuers, published by PLUS
“Portfolio Company”	a spin-out company in which Frontier IP has a direct or indirect equity interest
“Proposals”	the Placing and Admission
“QCA Guidelines”	the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance
“Research Assessment Exercise”	an exercise undertaken approximately every five years on behalf of the four UK higher education funding councils
“RGU”	Robert Gordon University, Aberdeen
“RGU Fund”	RGU Ventures Investment Fund, L.P.
“Sigma”	Sigma Capital Group Plc, a company incorporated in England and Wales with company number 3942129
“Sigma Services Agreement”	the agreement amongst STML, Frontier IP and Frontier IP Limited dated 8 December 2010 pursuant to which STML has agreed to provide certain services to Frontier IP and Frontier IP Limited, summary details of which are set out in paragraph 14.3 of Part V of this document
“STML”	Sigma Technology Management Limited, a wholly-owned subsidiary of Sigma
“Sterling” or “£”	the lawful currency of the UK
“Strategic Partner”	universities and research institutions with whom Frontier IP has or seeks to have a relationship
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“VCT”	a company satisfying the requirements of Chapter 3 of Part 6 of the Income Tax Act 2007, as amended, for venture capital trusts
“Warrant holders”	holders of the Warrants
“Warrants”	the warrants to subscribe for Ordinary Shares currently in issue, as described in paragraphs 4.9 to 4.12 inclusive of Part V of this document

All references to times in this document are to GMT unless otherwise stated. References to the singular shall include references to the plural, where applicable and vice versa.

