

**1 August 2008**

**PROVEXIS PLC**

**(“Provexis” or the “Company”)**

**PLACING OF NEW ORDINARY SHARES, SHARE RE-ORGANISATION**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

The Company announces that it proposes to raise approximately £2.5 million (before expenses) (the “Placing”) through the issue of 386,894,230 New Ordinary Shares (the “Placing Shares”) at a price of 0.65p per share (“Placing Price”). The Placing Price represents a discount of approximately 33.7 per cent. to the closing mid-market price of 0.98 pence per Existing Ordinary Share on 31 July 2008, being the last dealing day prior to the release of this announcement. The Placing Shares will represent approximately 49.1 per cent. of the Company’s Enlarged Ordinary Share Capital.

The Placing Shares have been conditionally placed by Arbutnot Securities with institutional, trade and other investors. Subject, *inter alia*, to the passing of the Resolutions at the Extraordinary General Meeting on 26 August 2008, Admission and dealings in the Placing Shares are expected to commence on AIM on 28 August 2008. As part of the Placing, certain Directors are subscribing for an aggregate of 12,695,000 Placing Shares. Certain Directors (and their related parties) and other Shareholders have irrevocably undertaken to vote in favour of the Resolutions in respect of 167,086,409 Existing Ordinary Shares, representing, in aggregate, approximately 41.59 per cent. of the Company’s Existing Ordinary Shares.

The Company intends to invest the proceeds of the Placing as follows:

- the investment in Fruitflow® and future potential Fruitflow® health claims;
- the commencement of a Crohn’s Disease patient trial using plantain-technology and the potential extension of the claim portfolio for this technology; and
- researching new intellectual property or the setting up of joint ventures related to new functional or medical food technologies.

As the Placing Price is below that of the nominal value of the Company’s Existing Ordinary Shares, the Company needs to effect the Share Re-organisation.

Stephen Moon, CEO commented:

“We are very pleased to have secured this funding in a difficult market and to have attracted an important strategic industry investor in DSM Venturing as part of the exercise. The working capital raised will assist in driving our current collaboration partnerships towards revenue generation and will in addition fund the acquisition and development of new functional and medical technologies and claims to enhance long-term shareholder value.”

## **ENQUIRIES**

### **Provexis plc**

Stephen Moon, CEO

Tel. 01753 752290

### **Arbuthnot Securities**

Tom Griffiths/Alasdair Younie

Tel. 0207 012 2000

### **Adventis Financial PR**

Chris Steele

Tel: 020 7034 4759

**PLACING OF NEW ORDINARY SHARES, SHARE RE-ORGANISATION  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Introduction**

The Company announces that it proposes to raise approximately £2.5 million (before expenses) by way of a conditional placing of 386,894,230 New Ordinary Shares at a price of 0.65p per share. Furthermore, the Company has also agreed temporary funding of £50,000 by way of unsecured loan notes from Rising Stars, Dawson Buck and Dr Neville Bain. The Company has also today announced its unaudited results for the full year ended 31 March 2008, the appointment of two new directors, one to take effect from Admission and the other to take effect from 1 October 2008 and the cancellation of some existing options and the issue of new options.

The Placing Shares have been conditionally placed with institutional, trade and other investors. Subject, *inter alia*, to the passing of the Resolutions at the EGM and Admission and dealings in the Placing Shares are expected to commence on AIM on 28 August 2008. As the Placing Price is below that of the nominal value of the Company's Existing Ordinary Shares, the Company needs to effect the Share Re-organisation.

The Placing and the Share Re-organisation are conditional, *inter alia*, upon the Company passing the Resolutions at the EGM. The Directors (and their related parties) and certain other Shareholders have conditionally undertaken to vote in favour of the Resolutions in respect of 167,086,409 Existing Ordinary Shares representing, in aggregate, approximately 41.59 per cent of the Company's Existing Ordinary Shares.

**The Company**

The Company's strategy is to discover, develop and license functional foods, medical foods and dietary supplements. Functional foods are foods and dietary components which provide specific health benefits beyond basic nutrition. Medical foods are foods which are formulated to be consumed or administered enterally under the supervision of a physician and which are intended for specific dietary management of a disease or condition for which distinctive nutritional requirements, based on recognised scientific principles, are established by medical evaluation.

The Company's lead technology, Fruitflow<sup>®</sup>, is a patented natural extract from tomato which has been shown in human trials to reduce the propensity for aberrant blood clotting, typically associated with cardiovascular disease, which can lead to heart attack and stroke.

**Reasons for the Placing**

The Directors believe that the Company's longer-term shareholder value will be maximised by continuing to focus on the discovery, development and licensing of functional and medical food technologies. The Directors are therefore actively focusing on existing collaborations and new licensing activities for Fruitflow<sup>®</sup>, as well as advancing the plantain-based technology for the treatment of Crohn's Disease, together with seeking further technologies to add to the Company's portfolio.

The planned investment in the Company's technologies and proposed future technologies in addition to the anticipated timing of revenues from Fruitflow<sup>®</sup> has resulted in a requirement for further working capital. The Directors believe that, subject to attaining the technical and commercial milestones prescribed by potential license partners, it is realistic to expect that licensing revenues will improve the financial performance of the Company.

The Company intends to use the proceeds of the Placing for:

- the investment in Fruitflow<sup>®</sup> and future potential Fruitflow<sup>®</sup> health claims;
- the commencement of a Crohn's Disease patient trial using plantain-technology and the potential extension of the claim portfolio for this technology; and
- researching new intellectual property or the setting up of joint ventures related to new functional or medical food technologies.

As part of the Placing, DSM Venturing have conditionally agreed to subscribe for 230,769,230 Placing Shares, representing 29.3 per cent. of the Enlarged Ordinary Share Capital.

Pursuant to a deed of warranty dated 31 July, 2008, the Company has given certain warranties and indemnities in favour of DSM Venturing in relation to the business and financial affairs and taxation of the Company, including the accuracy of the information provided to DSM Venturing as part of the due diligence exercise which they have undertaken. The warranties are given as at the date of the deed of warranty. The Company shall not be liable for a warranty claim pursuant to the deed of warranty unless the aggregate liability for all warranty claims exceeds £50,000. In addition, the Company's liability is capped at £1,500,000. The Company shall not be liable for any warranty claim where notice of that claim is received after midnight on the date on which the audited accounts of the Company for the year ending 31 March 2009 are sent to the Shareholders except in the case of a claim under the warranties given in respect of tax under which the Company may still be liable up to midnight on the day falling seven years from the date of Admission.

Further, the Company has agreed that DSM Venturing may nominate a director and an observer to the Board of the Company. A special resolution to change the Articles to effect this is set out in the EGM Notice. Following the passing and coming into effect the Resolutions at the EGM, DSM Venturing, for so long as it holds shares in the capital of the Company, will have the right (but not the obligation) to appoint a representative non-executive director and an observer to the Board of the Company.

Accordingly, it is anticipated that Krijn Rietveld will be appointed as a non-executive director of the Company following Admission. Mr Rietveld is currently a Senior Vice President of DSM Nutritional Products A.G.

The Directors believe that having DSM Venturing as a major Shareholder and having access to Mr Rietveld's experience will greatly assist the Company as it pursues license agreements for its Fruitflow<sup>®</sup> and other technologies. Further details of DSM and DSM Venturing are set out below.

## **DSM**

DSM is a Life Sciences and Materials Sciences Company. DSM's products and services are used globally in a wide range of markets and applications, supporting a healthier, more sustainable and more enjoyable way of life. End markets include human and animal nutrition and health, personal

care, pharmaceuticals, automotive, coatings and paint, electrics and electronics, life protection and housing. DSM has annual sales of almost EUR 8.8 billion and employs some 23,000 people worldwide. The company is headquartered in the Netherlands, with locations on five continents. DSM is listed on Euronext Amsterdam.

DSM Venturing is an active investor in emerging companies and Venture Capital Funds in DSM's strategic growth fields Nutrition, Pharma and Performance Materials. DSM Venturing's mission is to explore emerging markets and technologies in these strategic growth fields in order to enhance DSM's product portfolio and create value. DSM Venturing also plays an active role in the development of several new DSM business opportunities in the so-called emerging business areas Biomedical, Industrial (White) Biotechnology, Specialty Packaging and Personalized Nutrition.

### **Details of bridging loans**

In order to provide the Company with short term loan funding, Dawson Buck together with Dr. Neville Bain and one of the Company's existing Shareholders, Rising Stars have unconditionally committed to provide the Company with short term loan funding on 4 August 2008 as follows:

Rising Stars	£25,000
Dawson Buck	£15,000
Dr Neville Bain	£10,000

The loans are to be effected by the issue by the Company to the Lenders of loan notes. Those loan notes will be unsecured and will not be transferable by the relevant holders. The loan notes will be repayable by the Company on 31 August 2008.

The Company may repay the principal sum (in whole or in part) at any time earlier than 31 August 2008 on 24 hours' notice to the relevant holder of the loan notes. The principal sum of loan notes outstanding will become immediately repayable in the case of certain events of default. The Company shall be obliged to pay interest on the principal sum for the period until it is repaid at the rate of 20 per cent per annum.

Subject to a repayment notice having been issued by the Company in accordance with the terms of the loan notes, the Company shall, with the consent of the Lenders, be entitled to offset any repayment proceeds owed to any Lender by the Company under the loan notes to the subscription monies owed by that Lender in respect of the Placing Shares.

The Company has agreed to pay Rising Stars £5,000, Dr Neville Bain £2,000 and myself £3,000 as an inducement fee for the advancement of the loans. This inducement fee is required to be paid on repayment of the principle sum.

### **Details of the Placing**

The Company proposes to raise approximately £2.5 million (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of approximately 33.7 per cent. to the closing mid-market price of 0.98 pence per Existing Ordinary Share on 31 July 2008, being the last dealing day prior to the announcement of the Placing. The Placing Shares will represent approximately 47.1 per cent. of the Company's Enlarged Ordinary Share Capital.

Pursuant to the terms of the Placing Agreement, Arbuthnot, as agent for the Company, has agreed conditionally to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the EGM and Admission becoming effective on or before 8.00a.m. on 28 August 2008 (or such later time and/or date as the Company and Arbuthnot may agree, but in any event no later than 3.00 p.m. on 4 September 2008). The Placing Agreement contains provisions entitling Arbuthnot to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will not proceed. The Placing has not been underwritten by Arbuthnot.

Application will be made to the London Stock Exchange for the New Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares and the Placing Shares on AIM will commence on 28 August 2008.

The Placing Shares will rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions declared following Admission. It is expected that CREST accounts will be credited on the day of Admission and that share certificates (where applicable) will be dispatched by 4 September 2008.

As part of the Placing, Dawson Buck, Stephen Moon, Ian Ford and Dr Neville Bain, each directors of the Company have agreed to subscribe for 12,695,000 Placing Shares in aggregate at the Placing Price. This represents 3.28 per cent. of the Placing Shares comprising:

Director	Number of Placing Shares	Resultant Shareholding following Admission	% Shareholding following Admission
Dawson Buck	6,535,000	10,404,332	1.32
Dr Neville Bain	3,080,000	5,177,000	0.66
Stephen Moon	1,540,000	7,540,000	0.96
Ian Ford	1,540,000	1,540,000	0.20

### **Share Re-organisation**

The nominal value of the Existing Ordinary Shares is currently 1 pence per share. As a matter of English law, the Company is unable to issue the Placing Shares at a placing price which is below their nominal value. It is therefore proposed to sub-divide:

- each of the 401,724,366 issued Existing Ordinary Shares of 1 pence each in the capital of the Company into one New Ordinary Share of 0.1 pence and one Deferred Share of 0.9 pence; and
- each of the 148,275,634 unissued ordinary shares of 1 pence each into 10 New Ordinary Shares of 0.1 pence each,

thus enabling the Company lawfully to implement the Placing at the Placing Price. The aggregate nominal value of the Company's authorised share capital immediately after this alteration is approved by Shareholders will remain the same.

The rights attached to the New Ordinary Shares will be substantially the same as the rights attached to the Existing Ordinary Shares. The lower nominal value of the New Ordinary Shares will allow the Placing to proceed. The Deferred Shares will, as their name suggests, have very limited rights which are deferred to the New Ordinary Shares and will effectively carry no value as a result. Accordingly, the holders of the Deferred Shares will not be entitled to receive notice of, attend or vote at general meetings of the Company; nor be entitled to receive any dividends or any payment on a return of capital until at least £10,000,000 has been paid on each New Ordinary Share. No application will be made for the Deferred Shares to be admitted to trading on AIM. No certificates for the Deferred Shares will be issued.

No new certificates for the New Ordinary Shares will be dispatched if the Share Re-organisation becomes effective. Instead, on the date the Share Re-organisation is due to become effective, a letter confirming that the Share Re-organisation has become effective will be sent to Shareholders holding New Ordinary Shares in certificated form. If any Shareholder wishes to receive a replacement certificate for New Ordinary Shares he should send his certificate in respect of his holding of Existing Ordinary Shares to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, and the registrars will then issue to the Shareholder a replacement certificate for New Ordinary Shares.

If the Share Re-organisation becomes effective, then, prior to the commencement of dealings in the New Ordinary Shares on AIM, the appropriate stock account in CREST of the relevant Shareholder will be credited with such person's entitlement to New Ordinary Shares and the relevant holding of the Existing Ordinary Shares will be cancelled. The New Ordinary Shares are expected to be eligible to be traded through the CREST system with effect from the date of commencement of dealings on AIM.

## Options

The Company today announces, following a recommendation from the Company's Remuneration Committee, the grant of options to certain Directors.

As a condition of the grant of options, certain Directors have surrendered existing options as set out below:

Name of Director	Position	No. of Options	Date of Grant	EMI or unapproved	Option Price (pence)
Stephen Moon	CEO	1,294,153	12-Jul-05	Unapproved	3.500p
Stephen Moon	CEO	15,043,478	06-Jun-07	Unapproved	2.875p
Ian Ford	FD	2,751,479	29-Nov-07	EMI	3.380p

The Company's Remuneration Committee has recommended that the Directors be granted the following options over the Company's shares:

Name of Director	Position	Date of Grant	No. of Options	Option Price (pence)
Stephen Moon	CEO	26 August 2008	20,000,000	0.9p
Ian Ford	FD	26 August 2008	10,000,000	0.9p

The Company's Remuneration Committee believe the above surrender of options and grant of new options aligns director interests with those of shareholders. The options are subject to a number of performance criteria, including share price appreciation and profitability.

In addition to the above, a further 3,930,074 existing options have also been surrendered by existing employees and 15,796,575 new options granted.

Following the cancellation of existing options and the issue of the new options, as set out above, the total number of shares which could be issued to directors and all employees if all of the performance criteria are met are 57,250,767 New Ordinary Shares, representing 7.26 per cent. of the Enlarged Ordinary Share Capital of the Company.

### **Extraordinary General Meeting**

The EGM will be held on 26 August 2008 at the offices of Arbuthnot at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR at 10.00 am, at which the Resolutions will be proposed *inter alia*, to permit the issue of the Placing Shares and to change the Articles.

“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the Alternative Investment Market operated by the London Stock Exchange
“Arbuthnot”	Arbuthnot Securities Limited, the Company’s nominated adviser and broker
“Articles”	the articles of association of the Company as at the date of this document
“Company” or “Provexis”	Provexis plc
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations) of which Euroclear is the operator (as defined in the Uncertificated Securities Regulations)
“Deferred Shares”	the deferred shares of 0.9 pence each in the capital of the Company following the passing of the Resolutions
“Directors” or “Board”	the directors of the Company
“DSM”	Koninklijke DSM N.V. (Royal DSM N.V.)
“DSM Venturing”	DSM Venturing B.V.
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 26 August 2008
“EGM Notice”	the notice of the EGM to be sent to Shareholders of the Company on the date hereof
“Enlarged Ordinary Share Capital”	the New Ordinary Shares (including the Placing Shares) in issue immediately following Admission
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales, the operator of CREST
“Existing Ordinary Shares”	the 401,724,366 ordinary shares in the capital of the Company, having a nominal value of 1 pence each prior to the passing and coming into effect of the Resolutions
“Group”	the Company and its Subsidiaries
“Lenders”	Rising Stars, Dr Neville Bain and Charles Buck
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the ordinary shares in the capital of the Company having a nominal value of 0.1 pence following the passing and coming into effect of the Resolutions
“Placing”	the conditional placing by Arbuthnot of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 1 August

“Placing Price”	2008 between the Company and Arbuthnot relating to the Placing
“Placing Shares”	0.65p per Placing Share the 386,894,230 New Ordinary Shares to be issued pursuant to the Placing
“Resolutions”	the resolutions set out in the EGM Notice
“Rising Stars”	Rising Stars Growth Fund LP
“Shareholders”	the holders of Existing Ordinary Shares or New Ordinary Shares, as the case may be
“Share Re-organisation”	the share re-organisation proposed to be effected by the Resolutions
“Subsidiaries”	a “subsidiary” as defined in Section 1159 of the 2006 Act and any other company which is a subsidiary (as so defined) of such company
“Uncertificated Securities Regulations”	the Uncertificated Securities Regulations 2002 (SI 2001/3755)
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland

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