Provexis PLC

Report and Financial Statements

Year Ended

31 March 2007

BDO Stoy Hayward
Chartered Accountants

PROVEXIS PLC

Annual report and financial statements for the year ended 31 March 2007

Contents

Directors	C.D. Buck (Chairman) N.C. Bain J.B. Diggines S.N. Moon S.W. Slade
Secretary and registered office	S. W. Slade, 20 Mortlake High Street, London SW14 8JN.
Company number	5102907
Auditors	BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.
Lawyers	Shoosmiths, Apex Plaza, Forbury Road, Reading, Berkshire, RG1 1SH
Nominated advisor and broker	Arbuthnot Securities Limited, Arbuthnot House, Ropemaker Street London, EC2Y 9AR

Chairman’s statement

The past year has been one of significant change and progress for the business.

The Board appointed Stephen Moon as Chief Executive in July 2006, believing his skills to be ideally suited to this phase of the Company’s development. The Board has worked closely with Stephen to refine the strategy of the business and to put in place the necessary working capital to achieve our aims.

We believe that long-term shareholder value will be enhanced by focusing more fully on the discovery, development and licensing of functional and medical food technologies. This sector is substantial and is growing strongly, as consumers seek to enhance their health and quality of life through daily diet. This consumer demand is being met by major global food and beverage corporations developing new functional products. Our expertise in developing patented, scientifically-proven food technologies for an increasingly regulated environment leave us well placed to meet the needs of these potential license partners.

In this respect, we were delighted to announce a major collaboration with Unilever to develop an advanced version of our patented Fruitflow® heart-health technology and we expect this relationship, subject to reaching technical, regulatory and economic milestones, to develop into a full licensing arrangement. In addition, we are making progress on a further project with a major international beverage brand owner to assess the feasibility of the launch of a Fruitflow® based beverage. The awareness created by this activity, together with the constant progress being made on the regulatory and scientific fronts is resulting in increased attention from brand owners and major ingredients businesses. The size and quality of our future partnerships is a real endorsement of the value of our technology.

We are now also stepping up activity on our plantain-based medical food technology for the treatment of Crohn’s Disease and are to commence human trials this year. The management team is now also actively seeking to acquire the rights to technologies in other areas, such as cardiovascular disease, digestive health and cancer prevention.

Our Sirco® heart-health juice brand performed well, with 1,800 distribution points being achieved. While revenues were below expectations, this was in the context of reduced marketing expenditure as we focused our resources on potential licensing and development activities. Most importantly, the Sirco® brand has achieved its goal by creating a global awareness of our Fruitflow® technology within the industry.

I am very positive about the Company’s prospects for the year ahead and believe we have in place the management team, technologies and working capital to make strong progress.

Dawson Buck
Chairman

Strategy and management structure

The new management team has developed a focused strategy for the business which will see Provexis become a pure discovery, development and licensing business in functional and medical foods. Given the global market for functional foods is worth over $73 billion and growing faster than conventional foods, together with the strategic aims of global brand owners to deliver health-oriented foods and claims to consumers, we believe this is a fertile sector. While regulatory demands are increasing, particularly in the EU, we believe this is to our advantage given our approach of providing clinical proof for our claims, together with the capability of our management and R&D teams.

As part of the strategy, we are to attempt to exit the Sirco® heart-health juice brand. This brand has served its purpose by raising the profile of our Fruitflow® technology globally and demonstrating consumer awareness and demand to potential license partners. Exiting the brand will clear the path for potential license partners who require certain geographic and retail channel rights and will allow for deployment of cash and human resources to our development and licensing activities. We believe that the brand has been a success and, indeed, the breadth of distribution has exceeded our expectations. However, in a sector where global brands are increasingly assuming a leader role, the cost of doing business is rising sharply, leading us to the conclusion that shareholders' interests are best served by partnering rather than competing with these major brands.

In the 2007/8 financial year we intend to eliminate the bulk of Sirco® marketing and selling costs. We have also identified other administration, overhead and headcount savings. The result will be a reduction in total costs of approximately 45%.

Shortly after the year end, the Company raised approximately £2.15 million through a placing of 143,316,664 new ordinary shares at 1.5p per share. This working capital injection, together with the cost savings identified above, will give us sufficient cash to deliver our strategy.

We see the further development of a top quality R&D team as being key to the strategy and, as a result, we will continue to strengthen our team during this year. The acquisition of the rights to new technologies in the areas of cardiovascular health, digestive health, cancer prevention and skin health will be a focus during the upcoming months and we are working actively in this area.

Fruitflow licensing

We signed a Collaboration Agreement with Unilever in March 2007 to develop a concentrated format of Fruitflow® for inclusion in Unilever branded products. During this year we will work with Unilever to finalise technical specifications, carry out clinical trials, meet regulatory requirements and identify a cost effective supply chain. Subject to achieving this, we expect to progress to a long term and extensive license agreement. Following any agreement of a license arrangement with Unilever, Provexis will retain exclusive global rights for the use of Fruitflow® for drinks (excluding mini-drinks) containing fruit juice, products marketed for deep vein thrombosis, over the counter medicines and medical products. Categories outside of the exclusive areas are available to Unilever on a non-exclusive basis.

The management team is continuing to work with a major international beverage brand owner to assess the feasibility of a multi-country launch of a beverage containing Fruitflow®. In addition, global business development activities continue, with the Company being in dialogue with a range of major brand owners and ingredients manufacturers. The concentrated format under development will lend itself to tablets and gel capsules and, as such, will provide a platform for the dietary supplement and over the counter medicine sectors and as a result we are exploring routes to supply these sectors.

During the year, the Fruitflow® technology gained high profile recognition in the scientific arena, with the publication of two peer-reviewed papers in the prestigious American Journal of Clinical Nutrition. The FDA affirmed they had no further questions related to the GRAS dossier, clearing the way for products containing Fruitflow® to be launched in the USA. With a new EU health claim framework being introduced, a comprehensive support dossier has been completed and we have lodged our claims with both local and EU regulators.
Our scientific team have identified in-vitro proof of a beneficial mode of action related to the treatment of deep vein thrombosis and as a result we have filed a patent and will continue the development of this area. Deep vein thrombosis, commonly associated with economy-class airline travel, affects a wide range of people including those involved in long distance travel and patients immobilised for long periods in hospitals.

Pipeline

A US patent was granted for our plantain-based technology for the treatment of inflammatory bowel disease and specifically Crohn's Disease. We remain committed to this important technology and will carry out a healthy human trial in the summer, before commencing a trial on Crohn's Disease patients later in the year.

Our extensive network in the global functional food sector has highlighted a number of opportunities. We are continuing to assess these as well as continuing the search for new functional and medical food technologies. Selection criteria include opportunities where we can secure full ownership of the rights and the presence or potential for scientific proof.

Outlook

I am optimistic that we will progress successfully through the milestones with Unilever and proceed to a full license agreement for Fruitflow®. Given the ongoing discussions with a major international beverage brand owner, major brand owners and leading ingredients manufacturers, I am confident we will secure other areas of revenue generation for Fruitflow®. We aim to devote more resources to the plantain technology in the coming months and, in parallel, we will seek to acquire further high-potential technologies.

Cost saving programmes have been implemented and with our recent fund raising, we have sufficient resources with which to deliver the strategy. We are in advanced discussions for exiting Sirco® and expect to make an announcement in the near future.

Overall, I believe that the business is well set for the coming financial year, with license revenues in prospect, a focused management team and reduced cost base in place.

Stephen Moon
Chief Executive

The Directors present their report together with the audited financial statements for the year ended 31 March 2007.

Results and dividends

The results of the Group for the year are set out on page 17 and show a loss after tax for the year of £2,922,255 (2006 restated – loss of £3,463,485).

The Directors do not recommend the payment of any dividend.

Principal activities, review of business and future developments

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

Provexis PLC is a life sciences-driven enterprise engaged in developing and marketing proprietary nutrition products that fulfil important unmet consumer needs related to heart health, cancer protection and gastrointestinal health. The Group's business is currently comprised of two business segments; Fruitflow ™ tomato extract, currently principally addressing the inhibition of platelet aggregation in blood (the "Heart Health Segment"), Plantain extract compounds principally addressing Inflammatory Bowel Disease (the "Inflammatory Bowel Disease Segment").

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

Group turnover from continuing operations was £804,884 for the year ended 31 March 2007, compared to £139,972 for the year ended 31 March 2006. This turnover relates to the sale of Sirco™ product which contains the Provexis proprietary Fruitflow™ technology and an exclusivity fee paid by a potential licensing partner for Fruitflow™ in the food channel of distribution. The Sirco™ brand was launched in several of the United Kingdom's supermarket chains during the first quarter of 2006.

The overall revenue increase from continuing operations of 475% for the year ended 31 March 2007 compared to the year ended 31 March 2006 was mainly due an increase in volume since the Sirco brand was launched in the fourth quarter of 2006 and this is compared to a full year of trading.

Cost of sales for continuing operations was £403,837 for the year ended 31 March 2007 compared to £75,707 for the year ended 31 March 2006. The increase of 432% was mainly due to increased sales volume.

The Company is presently evaluating potential licensing opportunities for its Sirco brand and anticipates completing a non exclusive licensing arrangement in the first half of fiscal year 2007/2008.

Administrative expenses - other for the year ended 31 March 2007 were £3,090,925 compared to £2,976,931 for the year ended 31 March 2006. The increase of 3.8% was due to increased salaries, benefits and general overheads in line with inflation. Share option compensation expense of £118,619 was charged to the profit and loss account during 2007. In 2006 a total of £522,593 (of which £67,147 relates to a FRS20 prior year adjustment) share compensation expense was charged to the profit and loss account. The charge represents the amortisation of the fair value of unvested share options granted in July 2005 over their normal vesting period.

Also, included in administrative expenses is £484,400, relating to amortisation of goodwill arising from the acquisition of Provexis Limited in June 2005. The corresponding goodwill amortisation charge for 2006 was £363,264. Research and development costs included in administrative expenses amounted to £295,234 in 2007 compared to £394,300 in 2006. The decrease of 29% was mainly due to the sharing of costs for development of Fruitflow powder under the terms of a July 2006 Exclusivity agreement. The Company has also entered into a collaboration agreement with Unilever PLC in March 2007.

Operating loss from continuing operations for 2007 totalled £2,872,491 compared to an operating loss of £3,413,532 (as restated) for 2006. The decrease in operating loss is mainly due to increased Sirco contribution for the year, reduced level of research and development spend and a reduction in share option compensation cost recognised in the year.

Loss after tax for the year for continued operations for 2007 totalled £2,922,255 (Basic and diluted EPS (1p)) compared to £3,463,485 (Basic and diluted EPS (2p)).

There were no revenues from discontinued operations in 2007. Loss on ordinary activities in respect of discontinued operations of £172,003 for 2006 related to trading activities in connection with the Altú food bar up from April 2005 to October 2005. The Altú business was sold to Altu Limited, trading as Go Lower Limited in October 2005.

Cash at bank as at 31 March 2007 was £115,824, compared to £2,166,243 at 31 March 2006. The decrease in cash was mainly due to the outflow of cash from operating activities. Spending on new fixed assets was negligible in 2007 and no additional financing activities were undertaken. On 12 April 2007, the Company received new funding amounting to £2.15 million gross. The new funding derived from a share placing in which new shareholders, substantial existing shareholders and non executive directors participated. The share issue costs in connection with the placing amounted to £156,000.

The Company anticipates that its research and development expenditures related to the Fruitflow™ and IBD projects will increase during 2007/2008 as it continues development of additional Fruitflow™ formats and initiates an 18 month clinical trial on patients in remission from Crohn's disease. The net development costs for Fruitflow™ will reflect the receipt of agreed co-development credits from our potential licensing partner on the Fruitflow powder format.

In connection with the Standby Equity Distribution agreement (SEDA)entered into on 5 June 2006, the Company paid an implementation fee of £90,000 by issue of 1,037,608 Ordinary shares.

The Company initiated a restructuring plan in March 2007 to substantially reduce its central overheads. The company moved to a new head office on 19 March 2007 with a 40% saving on rental commitments. The focus to develop the Company as a technology licensing business has created certain staff redundancies which were put into effect in April 2007. The overall savings amount to approximately £400,000 per annum.

Principle risks and uncertainties

The Company relies on certain significant collaborative relationships for a large part of its product research and development activities. These collaborations with third party research and development organisations pose a number of risks including inability to control whether counter parties will allocate adequate resources to their efforts or fully perform their obligations, failure of which could delay the execution of license agreements and the recognition of royalty income.

The Company's success will also depend in part on its ability to obtain and maintain rigorous patent protection for its technologies both in the UK and internationally. The Company cannot give definitive assurance that pending or future patent applications will be granted or that patents granted will not be challenged, invalidated or held unenforceable. Furthermore, the Company cannot assure that its intellectual property rights are sufficiently broad to prevent third parties from producing competing food technologies similar in nature to its own. The Company also relies on protection of trade secrets, know how and confidential and proprietary information. To mitigate this, the Company enters into non disclosure agreements with employees, consultants and prospective commercial partners but cannot assure that such agreements will provide complete safeguards against unauthorised disclosure of confidential information.

The Company's commercial success will also depend in part on avoiding infringement of other third parties' patents or proprietary rights and the breach of any licenses in connection with the pursuit of its technologies. Management is of the opinion that it does not infringe third parties' patents or other rights but cannot assure that it will not be found in the future to such rights.

The Company has limited pipeline of new technologies and new indications for technologies already in development. As a result of regulatory and competitive uncertainties and the unpredictability of successful outcomes to new research and development, the Company cannot provide assurance that it will be able to develop and license these new technologies.

The Company currently employs ten people and has a very small management team and no succession plan. Should it lose any key management resources and be unable to attract replacements of equivalent calibre to continue implementation of its business plan, future development and commercial activities could be materially adversely affected.

The Company has limited liquidity and capital resources and significant delays to development projects could affect execution of its business plan in connection with the receipt of future royalties with a material adverse effect on the business. In these circumstances the Company would look to raise additional potential funding through the issue of additional equity through rights issues, share placing and the exercise of share options but no assurance can be given regarding the successful outcome of such financing initiatives.

The Directors are of the opinion that at 31 May 2007, the Company's liquidity and capital resources are adequate to deliver our current strategic objectives and 2008 business plan and that the Company meets Going Concern criteria.

Policy on the payment of creditors

It is the policy of the Group to pay creditors and suppliers in accordance with their normal terms of business. Creditor days outstanding for the Company at 31 March 2007 amounted to 87 days compared to 55 days at 31 March 2006. The increase in the creditor trade cycle was due to strict cash management in the fourth quarter of 2007, pending the receipt of monies from the April share placing.

Directors

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

C.D Buck	Non executive chairman	
N.C. Bain	Non executive	
J B Diggines	Non executive	(appointed 24 April 2007)
S.N. Moon	Executive	
S.W. Slade	Executive	
S.J. Franklin	Executive	(resigned 24 July 2006)

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

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

	Ordinary shares of 1p each			
	31 March 2007		31 March 2006	
	Options and similar interests	Shares	Options and similar interests	Shares
C.D. Buck	-	536,000	-	536,000
N.C. Bain	330,300	447,000	330,300	447,000
S.N. Moon	2,411,773	6,000,000	2,411,773	6,000,000
S.W. Slade	2,088,167	-	2,088,167	-
	4,830,240	6,983,000	4,830,240	6,983,000

	Ordinary shares of 1p each			
	31 May 2007		31 March 2007	
	Options and similar interests	Shares	Options and similar interests	Shares
C.D. Buck	-	3,869,332	-	536,000
N.C. Bain	330,300	2,097,000	330,300	447,000
S.N. Moon	2,411,773	6,000,000	2,411,773	6,000,000
S.W. Slade	2,088,167	-	2,088,167	-
	4,830,240	11,966,332	4,830,240	6,983,000

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

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

The changes to Directors beneficial shareholdings between 31 March 2007 and 31 May 2007 are detailed above.

No Director's options were exercised during the year. The market price of the Company's shares at 31 March 2007 was 3.19p and the range during the period 1 April 2006 to 31 March 2007 was 1.76p to 10.25p.

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

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 17a and 17b of the financial statements.

Substantial shareholdings

As at 31 May 2007 the following interests with 3 per cent or more of the Company's existing ordinary share capital had been reported:

	Number of Ordinary Shares of 1p each	% of issued ordinary shares of 1p each
Rising Stars Growth Fund	76,459,444	19.39
Progeny Bioventures Limited	31,969,179	8.11
ANGLE Technology Limited	47,426,464	12.03
North West Equity Fund	13,514,990	3.43

Employee involvement and policy

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

Post Balance sheet events

On 12 April 2007, the Company raised £2,149,750 gross from a new share placing to new shareholders, current substantial shareholders and non-executive directors. The net proceeds were £1,894,089 after the repayment of the short term bridging loan and share issue costs.

Based upon projected operating results for the year and the Company's ability to manage discretionary expenditures, the Company presently believes it will have adequate cash for the next 12 months.

Annual General Meeting

The Annual General Meeting will be held on Tuesday 24 July 2007.

Disclosure of information to auditors

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

Auditors

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

By order of the Board

S. W. Slade
Secretary
29 May 2007

Remuneration Committee

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

Remuneration Policy

The following comprises the principal elements of remuneration:

- Basic Salaries and Benefits
- Bonus
- Long Term Incentives-Stock Options
- Stakeholder Pensions

Currently the Company and its subsidiaries have 10 employees. The Company's compensation program is designed to complement the Company's short and long term business strategy by attracting and retaining key executives critical to the Company's success and establishing appropriate incentives for them to build the Company's business and enhance the Company's profitability and stock value for its shareholders. To achieve this, the Remuneration Committee has sought to develop similar compensation programs paid by companies in businesses similar to the Company's, with which the Company must compete for executive talent, including a cash and equity incentive compensation program that will motivate continual improvement in the Company's financial and business results. To date, the Remuneration Committee has primarily undertaken its own research and utilized its members' extensive business experience and relationships to determine appropriate levels of compensation. The Remuneration Committee may use from time to time compensation experts in the future to evaluate executive compensation arrangements.

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

Typically, executives have been awarded employment agreements. The Company's current executive employment agreements provide for consideration by the Remuneration Committee of discretionary cash bonuses but have no provisions assuring any bonus or any increases in fixed compensation during the terms of the agreements.

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

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

Service Contracts

The Company has entered into service contracts with the following executive directors, S.N. Moon and S.W. Slade and senior management personnel. None of the service contracts contain any performance provisions, related to Director options or long term incentive plans.

Directors' Remuneration

The emoluments for the directors were as follows:

	Salary and fees 2007	Benefits and other compensation 2007	Total 2007	Total 2006
	£	£	£	£
S. J. Franklin (resigned 24 July 2006)	**40,851**	**2,206**	**43,057**	149,722(1)
S.N. Moon	**122,950**	**6,759**	**129,709**	109,466
S.W. Slade	**93,150**	**5,264**	**98,414**	32,727(2)
C.D. Buck	**25,000 (3)**	**-**	**25,000**	16,667
N.C. Bain	**15,000 (4)**	**-**	**15,000**	33,250(5)
Total	**296,951**	**14,229**	**311,180**	341,832

(1) Includes a contractual performance-related bonus for the year ended 31 March 2006 of £30,000 and private medical insurance of £267
(2) Joined Company on 21 November 2005
(3) Monthly stipend of £2,083
(4) Quarterly stipend of £3,750
(5) Includes a consulting fee of £18,250 regarding capital re-organisation and share placing

PROVEXIS PLC

Directors' Remuneration Report for the year ended 31 March 2007 (continued)

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

	1 April 2006	**Granted**	**Lapsed or Exercised**	**Outstanding at 31 March 2006**	**Options vested at 31 March 2006**	**Date from which exercisable**	**Expiration Dates**
S.J. Franklin	**8,251,234**		**(2,379,765)**	**5,871,469**	5,871,469	Jun 2005	2013-2015
S .N. Moon	**2,411,773**	**-**	**-**	**2,411,773**	1,117,620	Jun 2004	2013 -2015
S.W. Slade	**2,088,167**	**-**	**-**	**2,088,167**	-	Jan 2009	2016
C.D. Buck	-	-	-	-	-	-	-
N.C. Bain	**330,300**	**-**	**-**	**330,300**	330,300	Jun 2004	2015

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

On behalf of the Board

C.D. Buck
Chairman, Remuneration Committee
29 May 2007

Statement of directors' responsibilities for the year ended 31 March 2007

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

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

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

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

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

Independent Auditor's Report To The Shareholders Of Provexis PLC

We have audited the group and parent company financial statements (the "financial statements") of Provexis PLC for the year ended 31 March 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 March 2007 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London
29 May 2007

Consolidated profit and loss account for the year ended 31 March 2007

	Note	Continuing operations 2007 £	Total As Restated 2006 £
Turnover	3		
Existing operations		**804,884**	127,688
Acquisitions		**-**	139,972
		804,884	267,660
Cost of sales		**(403,837)**	(175,798)
Gross profit		**401,047**	91,862
Distribution costs		**(63,994)**	(25,267)
Administrative expenses -			
Other		**(3,090,925)**	(2,976,931)
Re-organisation costs		**-**	(152,606)
Share option costs	4	**(118,619)**	(522,593)
Total administrative expenses		**(3,209,544)**	(3,652,130)
Operating loss	4		
Existing operations		**(2,872,491)**	(172,003)
Acquisitions		**-**	(3,413,532)
Loss on ordinary activities before interest		**(2,872,491)**	(3,585,535)
Interest receivable		**28,435**	113,918
Interest payable and similar charges	7	**(90,000)**	(6,500)
Loss on ordinary activities before and after taxation		**(2,934,056)**	(3,478,117)
Minority interest		**11,801**	14,632
Loss for the financial year	19, 10	**(2,922,255)**	(3,463,485)
Basic and diluted loss per share	10	**£(0.01)**	**£(0.02)**

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

The notes on pages 21 to 42 form part of these financial statements.

PROVEXIS PLC

Consolidated statement of total recognised gains and losses for the year ended 31 March 2007

	Note	2007	2006 As Restated
		£	£
Loss for the year		(2,922,255)	(3,463,485)
Total recognised gains and losses for the year		**(2,922,255)**	**(3,463,485)**
Prior year adjustment – Share based payment	2	(67,147)	
Total gains and losses recognised since last financial statements		**(2,989,402)**	

The notes on pages 21 to 42 form part of these financial statements.

PROVEXIS PLC

Consolidated balance sheet at 31 March 2007

	Note	2007 £	2007 £	2006 As Restated £	2006 As Restated £
Fixed assets					
Intangible assets	11		**6,417,613**		6,902,013
Tangible assets	12		**12,607**		16,517
			6,430,220		6,918,530
Current assets					
Stocks	14	**38,466**		17,963	
Debtors	15	**378,626**		554,102	
Cash at bank and in hand		**115,824**		2,166,243	
		532,916		2,738,308	
Creditors: amount falling due within one year	16	**(838,975)**		(807,240)	
		(838,975)		(807,240)	
Net current assets/(liabilities)			**(306,059)**		1,931,068
Total assets less current liabilities			**6,124,161**		8,849,598
Capital and reserves					
Called up share capital	18		**2,510,386**		2,500,010
Share premium account	19		**5,391,867**		5,312,243
Merger reserve	19		**6,273,909**		6,273,909
Share option reserve	19		**990,563**		871,944
Profit and loss account	19		**(9,016,131)**		(6,093,876)
Total shareholders' funds			**6,150,594**		8,864,230
Minority interests			**(26,433)**		(14,632)
			6,124,161		8,849,598

The financial statements were approved and authorised by the Board on 29 May 2007 and signed on its behalf by:

S.N. Moon
Director

The notes on pages 21 to 42 form part of these financial statements.

Company balance sheet at 31 March 2007

	Note	2007 £	2007 £	2006 As Restated £	2006 As Restated £
Fixed assets					
Investments in subsidiary undertakings	13		**1,382,919**		1,382,919
			1,382,919		1,382,919
Current assets					
Debtors	15	**6,543,485**		6,443,485	
		6,543,485		6,443,485	
Creditors: amounts falling due within one year					
Short term bridging loan	16	**(100,000)**		-	
Net current assets			**6,443,485**		6,443,485
Total assets less current liabilities			**7,826,404**		7,826,404
Capital and reserves					
Called up share capital	18		**2,510,386**		2,500,010
Share premium account	19		**5,391,867**		5,312,243
Other reserves	19		**990,563**		871,944
Profit and loss account	19		**(1,066,412)**		(857,793)
Shareholders' funds			**7,826,404**		7,826,404

The financial statements were approved and authorised by the Board on 29 May 2007 and signed on its behalf by:

S.N. Moon
Director

The notes on pages 21 to 42 form part of these financial statements.

PROVEXIS PLC

Consolidated cash flow statement for the year ended 31 March 2007

	Note	2007 £	2007 £	2006 £	2006 £
Net cash outflow from operating activities	20		**(2,078,729)**		(2,741,662)
Returns on investments and servicing of finance					
Interest received		**28,435**		119,981	
Interest paid on convertible loan notes		**-**		(6,500)	
Net cash inflow from returns on investment and servicing of finance			**28,435**		113,481
Capital expenditure and financial investment					
Purchase of tangible fixed assets			**(125)**		(16,264)
Acquisitions and disposals					
Purchase of subsidiary undertakings		**-**		(39,745)	
Cash acquired with subsidiary undertakings		**-**		763,956	
Cash received on disposal of business		**-**		43,455	
Net cash outflow before financing			**(2,050,419)**		(1,876,779)
Financing					
Issue of ordinary share capital		**-**		3,775,744	
Exercise of share options		**-**		3,725	
Cost of shares issues		**-**		(841,514)	
Capital element of finance lease rental payments		**-**		(622)	
Cash inflow from financing			**-**		2,937,333
(Decrease)/ increase in cash	22		**(2,050,419)**		1,060,554

The notes on pages 21 to 42 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. In preparing these financial statements the group has adopted FRS 20 "Share Based Payments" for the first time. The financial statements are presented in UK pounds sterling as this represents the functional currency of the Group. The following principal accounting policies have been applied:

Basis of consolidation

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

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

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

A separate profit and loss account dealing with the results of the Company only has not been presented, as provided by Section 230 of the Companies Act 1985. The group loss for the year includes a loss after tax of £208,619 (2006 - £455,446) which is dealt with in the financial statements of the parent company.

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

Going concern

The group accounts have been prepared on the basis of going concern as it is considered the group will continue in business for the foreseeable future.

Share based employee remuneration

Where share options are awarded to employees, the fair value of the options at the time of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that ultimately, the cumulative amount over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market conditions are satisfied. The cumulative expense is not adjusted for the failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Historically, when shares and share options were awarded to employees a charge was made to the profit and loss account on the difference between the market value of the Company's shares at the date of grant and the option exercise price in accordance with UITF17 (Revised 2003) " Employee Share Schemes". The credit entry for the charge was taken to the share option reserve.

National Insurance on Share Options

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

Turnover

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

Deferred taxation

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

Deferred tax balances are not discounted.

Goodwill

Goodwill is capitalised and amortised on a straight line basis over its useful life of 15 years. Goodwill included in the consolidated financial statements relates to the Group's acquisition on 24 June 2005 of Provexis Limited. Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use. Impairment tests on the carrying values are undertaken:

- at the end of the first financial year following acquisition
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Investments

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

Tangible fixed assets

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

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

Research and development

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

Stock

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

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. The assets of the scheme are held separately in independent administered funds.

Financial instruments

In relation to the disclosures made in note 17:

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

Leased assets

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

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

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

Liquid Resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

2 Changes to accounting policies – FRS 20 Share based payments

In preparing these financial statements the group has adopted for the first time FRS 20. FRS 20 requires the recognition of share based payments at fair value at the time of grant. Prior to the adoption of FRS 20, the group recognised the financial effect of the share based payment in the following way: when shares and share options were awarded to employees a charge was made to the profit and loss account based on the difference between the market value of the Company's shares at the date of grant and the option exercise price in accordance with UITF Abstract 17 (revised 2003) 'Employee Share Schemes'.

The credit entry for this charge was taken to the share option reserve and reported in the reconciliation of movements of shareholders' funds. In accordance with transitional provisions of FRS 20, the standard was applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested at 1 April 2006 and to liabilities for share based transactions at 1 April 2006. The adoption of FRS 20 has resulted in the retained profit reserve carried forward for the year ended 31 March 2006 and the year ended 31 March 2007 being decreased by £67,147 and £185,764 respectively.

3 Turnover

Turnover, net assets and results are wholly attributable to the principal activity of the Group and arise solely within the United Kingdom, therefore no segmental analysis has been reported.

Discontinued operations in the prior year relate to the sale of the Altú food bar trade to Altu Limited.

4 Operating loss

Supplemental profit and loss information is set out below:

		2007	2006
			As Restated
		£	£
This is stated after charging the following:			
Research and development		295,234	394,300
Depreciation and amortisation of fixed assets	- tangible owned	4,035	16,612
	- intangible	484,400	363,264
Auditors' remuneration and expenses	- audit services	50,000	32,811
	- non audit services- taxation	10,000	84,189
Share based payment		118,619	552,593

5 Employees

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

Group	2007 Number	2006 Number
Management	**2**	3
Administration and selling	**4**	3
Research and development	**4**	4
	10	10

Company	2007 Number	2006 Number
Management	**2**	3
	2	3

	2007	2006
Staff costs for all employees, including executive directors, consist of:	**£**	**£**
Wages and salaries	**712,328**	717,546
Social security costs	**84,188**	85,883
Other pension costs	**37,396**	29,553
	833,912	832,982

6 Directors' emoluments

	2007 £	2006 £
Emoluments	289,286	368,160
Company contributions to money purchase pension schemes	12,834	11,968

The Company recorded emoluments for the highest paid director in 2007 of £129,709 (2006: £149,722) which included a base salary of £122,950 (2005: £119,455), and a performance related bonus of £nil (2006: £30,000). None of the executive directors exercised any share options during 2007 (2006: Nil). None of the directors received share options during 2007 and three executive directors received share options during 2006.

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

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

There were two executive directors and one former executive director in the Company's defined contributions pension scheme during the year (2006: three)

7 Interest expense and similar charges

Interest payable comprises the following:

	2007 £	2006 £
Convertible notes payable	-	6,500
Implementation fee for equity line of credit	**90,000**	-
	90,000	6,500

8 Taxation on loss from ordinary activities

	2007	**2006**
	£	**£**
UK corporation tax on loss of the year	**-**	-

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

	2007	2006
	£	**£**
Loss on ordinary activities before tax	**(2,934,056)**	(3,478,117)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	**(880,216)**	(1,043,435)
Effect of:		
Expenses not deductible for tax purposes	**2,600**	2,500
Losses created in the year	**725,496**	789,312
Short term timing differences	**152,120**	251,623
Current charge for period	**-**	-

It is uncertain if the tax losses available to the Company to carry forward will be utilised in the near future. Accordingly, a deferred tax asset has not been recognised. The unrecognised deferred tax is approximately £2,945,996 and £1,913,660 at 31 March 2007 and 2006, respectively.

United Kingdom group tax losses carried forward at 31 March 2007 are estimated to amount to approximately £9,887,120 (2006 - £6,378,863).

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

10 Loss per share

	2007	2006
	£	£
Numerator		
Loss for the year	**(2,922,255)**	(3,463,485)
Loss per share	**1p**	2p
	2007	2006
Denominator	**Number**	Number
Weighted average number of shares used in basic and diluted EPS	**250,765,567**	200,292,102

The inclusion of the share options in the calculation of weighted average number of shares would have the effect of reducing the loss per share. Consequently, the share options have been excluded from the calculation.

11 Intangible assets

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

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

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

Group	**Goodwill**
	£
Cost	
At 1 April 2006	7,265,277
Additions	-
At 31 March 2007	**7,265,277**
Amortisation	
At 1 April 2006	363,264
Charge for the year	484,400
At 31 March 2007	**847,664**
Net book value	
At 31 March 2007	**6,417,613**
At 31 March 2006	6,902,013

12 Tangible assets

Group	**Plant, machinery and vehicles** £	**Fixtures, fittings and equipment** £	**Total** £
Cost			
At 1 April 2006	15,315	38,315	53,630
Additions	-	125	125
At 31 March 2007	**15,315**	**38,440**	**53,755**
Depreciation			
At 1 April 2006	15,315	21,798	37,113
Charge for year	-	4,035	4,035
At 31 March 2007	**15,315**	**25,833**	**41,148**
Net book value			
At 31 March 2007	**-**	**12,607**	**12,607**
At 31 March 2006	**-**	**16,517**	**16,517**

13 Fixed asset investments

Company	**Group Undertakings £**
Cost	
At 1 April 2006 and 31 March 2007	
Provexis Nutrition Limited	265,583
Provexis Natural Products Limited	1,116,586
Provexis (IBD) Limited	750
	1,382,919

At 31 March 2007 the Company owns, the following subsidiary undertakings:

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

The above subsidiaries are included in the consolidated financial statements.

14 Stocks

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Finished goods	**14,080**	10,307	**-**	-
Raw materials	**24,386**	7,656	**-**	-
	38,466	17,963	**-**	-

15 Debtors

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Amounts receivable within one year:				
Trade debtors	**110,298**	112,782	**-**	-
Amounts due from subsidiary undertakings	**-**	-	**-**	6,443,485
Other debtors	**80,066**	214,908	**-**	-
Prepayments and accrued income	**188,262**	226,412	**155,661**	-
	378,626	554,102	**155,661**	6,443,485

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Amounts receivable after one year:				
Amounts due from subsidiary undertakings	-	-	**6,387,824**	-
	-	-	**6,387,824**	-

16 Creditors: amounts falling due within one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Trade creditors	**395,664**	369,886	-	-
Taxation and social security	**65,374**	58,384	-	-
Accruals	**277,937**	378,970	-	-
Short term bridging loan	**100,000**	-	**100,000**	-
	838,975	807,240	**100,000**	-

The short term bridging loan was provided by Angle Technology Limited (Angle) and Rising Stars Growth Fund (RSGF) in March 2007 and was repaid out of the placing proceeds on 12 April 2007 for the new Ordinary shares which Angle and RSGF had subscribed for (see note 24 - Post balance sheet events).

17 Financial Instruments

(a) Interest rate and currency of financial assets and liabilities

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

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

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

As at 31 March 2007

Currency	**Total £**	**Fixed borrowings £**	**Weighted average interest rate %**	**Weighted average time for which rate is fixed years**
Sterling	100,000	100,000	20.0	2.0

As at 31 March 2006

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

(b) Fair values of financial instruments

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

	2007 Book value £	**2007 Fair value £**	**2006 Book value £**	**2006 Fair value £**
Cash	**115,824**	**115,824**	2,166,243	2,166,243

	2007 Book value £	**2007 Fair value £**	**2006 Book value £**	**2006 Fair value £**
Short term bridging loan	**100,000**	**100,000**	**-**	**-**

(c) Credit risk

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

18 Share capital

	2007 Number	2007 £	2006 Number	2006 £
Authorised				
Ordinary shares of 1p each	**400,000,000**	**4,000,000**	400,000,000	4,000,000
Allotted, called up and fully paid				
Ordinary shares of 1p each	**251,038,472**	**2,510,386**	250,000,864	2,500,010

Company	**Ordinary shares of 1p each**	
	Number	**£**
In issue at 1 April 2006	**250,000,864**	**2,500,010**
Issue of shares for implementation fee	**1,037,608**	**10,376**
In issue at March 31 2007	**251,038,472**	**2,510,386**

On 12 April 2007, the Company issued 143,316,664 1p Ordinary shares at a subscription price of 1.5p per share to certain new shareholders, existing major shareholders and non executive Directors. An Extraordinary General Meeting of shareholders took place on 10 April 2007 in connection with the share placing. Resolutions were passed increasing the authorised share capital to £5,500,000 and the following the placing the number of shares in issue were 394,355,136.

Share options outstanding

In June 2005, the Company adopted a new share option plan for employees. Under the plan, options to purchase Ordinary shares are granted by the Board of Directors, subject to the exercise price of the option being not less than the market value at the grant date. The options vest after a period of three years and the vesting schedule is subject to predetermined overall company selection criteria. In the event that the option holders employment is terminated, the option may not be exercised unless the Board of Directors so permits. The options expire 10 years from the date of grant.

The following tables summarise option movements during the year ended 31 March 2007:

a) EMI Option Plan
Number and weighted average exercise price of options

	2007 Number	2007 WAEP	2006 Number	2006 WAEP
Outstanding at 1 April	14,525,211	£0.04	811,269	£0.02
Granted	1,666,650	£0.06	14,503,148	£0.03
Forfeited	-	-	(416,666)	£0.48
Exercised	-	-	(372,540)	£0.01
Outstanding at 31 March	16,191,861	£0.04	14.525,211	£0.04
Exercisable at 31 March	10,272,344	£0.03	10,272,344	£0.03

(b) Unapproved Option Plan

Number and weighted average exercise price of options

	2007 Number	2007 WAEP	2006 Number	2006 WAEP
Outstanding at 1 April	13,244,669	£0.04	843,089	£0.02
Granted	-	£0.06	12,634,809	£0.04
Forfeited	(2,379,765)	£0.05	(233,229)	£0.48
Exercised	-	-	-	-
Outstanding at 31 March	10,864,904	£0.04	13,244,669	£0.04
Exercisable at 31 March	4,589,824	£0.01	4,589,824	£0.01

The market price of the shares at 31 March 2007 was 3.19p and the price range during the year to 31 March 2007 was 1.76p to 10.25p

The fair values of the options have been estimated at the date of grant using the Monte Carlo simulation model. The following table gives the assumptions used in valuing the grant of options made during the periods

Grant date	12 July 2005	16 January 2006	30 June 2006
Share price at grant date	£0.055	£0.086	£0.060
Exercise price	£0.055	£0.086	£0.060
Dividend yield	0%	0%	0%
Expected volatility	80%	80%	80%
Risk free investment rate	4%	4%	4%
Expected life of options	10 years	10 years	10 years
Expected forfeiture	5%	5%	5%
Expected to meet performance criteria	Yes	Yes	Yes

Market performance conditions – bottom tranche -10p, middle tranche 15p and top tranche 20p were applied in connection with vesting arrangements specified in individual option contracts.

The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The total charge for the year relating to employee share based payment plans was £118,619 gross (2006: £ 522,593 gross) all of which related to equity settled share based payment transactions.

19 Reserves

Group

	Share premium account £	Merger reserve £	Share option reserve £	Profit and loss account £
At 1 April 2006 as previously stated	5,312,243	6,273,909	804,797	(6,026,729)
FRS 20 prior year adjustment	-	-	67,147	(67,147)
At 1 April 2006 as restated	5,312,243	6,273,909	871,944	6,093,876
Premium on shares issued in lieu of implementation fee	79,624	-	-	-
Loss for the year	-	-	-	(2,922,255)
Fair value of unvested share options	-	-	118,619	-
At 31 March 2007	**5,391,867**	**6,273,909**	**990,563**	**(9,016,131)**

Company

	Share premium account £	Share option reserve £	Profit and loss account £
At 1 April 2006 as previously stated	5,312,243	804,797	(790,646)
FRS 20 prior year adjustment	-	67,147	(67,147)
At 1 April 2006 as restated	5,312,243	871,944	(857,793)
Issue of shares for implementation fee	79,624	-	-
Loss for the year	-	-	(208,619)
Fair value of unvested share options	-	118,619	-
At 31 March 2007	**5,391,867**	**990,563**	**(1,066,412)**

20 Reconciliation of operating loss to net cash outflow from operating activities

	2007 £	2006 As Restated £
Operating loss continued operations	**(2,872,491)**	(3,413,532)
Operating loss discontinued operations	**-**	(172,003)
Total operating loss	**(2,872,491)**	(3,585,535)
Depreciation and amortisation	**488,435**	379,876
Increase in stocks	**(20,503)**	(46,931)
Decrease/(increase) in debtors	**175,476**	(171,540)
Increase in creditors	**31,735**	145,745
Share based payment charges	**118,619**	536,723
Net cash outflow from operating activities	**(2,078,729)**	(2,741,662)

21 Reconciliation of net cash inflow to movement in net debt

	2007 £	2006 £
(Decrease)/ increase in cash in the year	**(2,050,419)**	1,060,554
Decrease in debt	**-**	622
Change in net funds resulting from cash flows	**(2,050,419)**	1,061,176
Decrease in debt – non cash	**-**	400,000
Net funds at beginning of year	**2,166,243**	705,067
Net funds at end of year	**115,824**	2,166,243

22 Analysis of net funds

	At 1 April 2006 £	Cash flow £	Other non cash items £	31 March 2007 £
Cash at bank and in hand	**2,166,243**	**(2,050,419)**	-	**115,824**
Total	**2,166,243**	**(2,050,419)**	**-**	**115,824**

23 Reconciliation of movement in shareholders' funds

	Group 2007 £	Group As Restated 2006 £
Loss for the year	**(2,922,255)**	(3,463,485)
Issue of shares (net proceeds)	**-**	11,281,169
Implementation fee	**90,000**	**-**
Share based payment	**118,619**	536,723
Net (decrease)/ increase to shareholders' funds	**(2,713,636)**	8,354,407
Opening shareholders' funds	**8,864,230**	509,823
Closing shareholders' funds	**6,150,594**	8,864,230

24 Commitments

(a) Operating leases

As of 31 March 2007, the Group and Company had no annual commitments under non-cancellable operating leases.

(b) Research

Under existing agreements, the Company has committed but not contracted for research expenditure amounting to approximately £10,000 (2006: £15,000)

25 Post balance sheet events

On 12 April 2007, the Company raised £2,149,750 gross from a new share placing to new shareholders, current substantial shareholders and non-executive directors. The net proceeds were £1,894,089 after the repayment of the short term bridging loan and share issue costs.

Based upon projected operating results for the year and the Company's ability to manage discretionary expenditures, the Company presently believes it will have adequate cash for the next 12 months.

26 Pension costs

The Company funds employee money purchase plans at a rate of 5% of basic salary. At 31 March 2007 there were no contributions outstanding (2006: £Nil)

27 Related party transactions

There were no related party transactions recorded in 2007 (2006 – £18,250).

Notice is hereby given that the third Annual General Meeting of Provexis PLC (the **"Company"**) will be held at the offices of Arbuthnot Securities Limited, Arbuthnot House, 20 Ropemaker Street, London, EC2Y 9AR at 11.00am on 24 July 2007 for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions numbered 1 to 3 inclusive will be proposed as ordinary resolutions and the resolutions numbered 4 to 7 inclusive will be proposed as special resolutions.

ORDINARY BUSINESS

1. That the annual financial statements for the year ended 31 March 2007 and the reports of the Directors and auditors thereon be received.

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

3. That, Stephen Moon who retires by rotation in accordance with the Articles of Association of the Company, be re-elected as a Director.

SPECIAL BUSINESS

4. That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Companies Act 1985) up to an aggregate nominal amount of £1,329,475.38, provided such power shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2008 or 15 months after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting) but the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired. This authority is in substitution for all subsisting authorities, to the extent unused.

5. That, subject to the passing of resolution 4, the Directors be and they are hereby generally empowered pursuant to section 95 of the Companies Act 1985 (the **"Act"**) to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) wholly for cash pursuant to the authority conferred by resolution 4 as if section 89(1) of the Act did not apply to the allotment. This power is limited to the allotment of equity securities:

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

      i. to deal with equity securities representing fractional entitlements; and

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

b) for cash otherwise than pursuant to paragraph (a) up to an aggregate nominal amount of £199,421.30,

and shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2008 or 15 months after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting) but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94 (3A) of the Act as if in the first paragraph of this resolution the words “pursuant to the authority conferred by resolution 4” were omitted.

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

a) the maximum number of ordinary shares that may be purchased is 19,942,130 (representing 5% of the Company’s issued ordinary share capital);

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

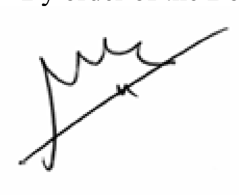
c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations of an ordinary share of the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding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

d) the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2008 or twelve months after the passing of this resolution, whichever first occurs (unless previously renewed, varied or revoked by the Company in general meeting); and

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

7. Notwithstanding anything in the Articles of Association of the Company, the Company be generally and unconditionally authorised to use electronic communications with its shareholders and in particular to send or supply documents or information to its shareholders by making them available on its website or by other electronic means.

By order of the Board



Stewart Slade
Company Secretary
29 May 2007

Registered office
20 Mortlake High Street
London
SW14 8JN

Notes concerning the Annual General Meeting

1. To be valid, the form of proxy enclosed with this Notice, together with any power of attorney or other written authority under which it is signed, (or notarially certified copy of such power or written authority or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or written authority) must be completed, signed and deposited with Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL so as to arrive at least 48 hours before the time of the meeting or any adjournment thereof.

2. In the event that a poll is demanded at the meeting, and such poll is taken more than 48 hours thereafter, the form of proxy may be returned to Lloyds TSB Registrars at the address in note 1 above so as to arrive not later than 24 hours before the time appointed for such poll. In the event that a poll is demanded at the meeting, and such poll is not taken forthwith but is taken less than 48 hours after the meeting, the form of proxy may be delivered at the meeting to the Chairman or to the Secretary or to a Director.

3. In the case of a corporation the form of proxy must be under its common seal or under the hand of an officer or other person so authorised. In the case of joint holders, any one of them may sign the form of proxy. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the other in which the names stand in the register of members of the Company in respect of the relevant joint holding. A member may appoint one or more proxies of his own choice on the form of proxy. A proxy need not be a member of the Company. Any alteration to the form of proxy must be initialled. Returning a completed form of proxy will not prevent the holder from attending and voting at the meeting in person, should he so wish.

4. Pursuant to regulation 41 of the Uncertificated Securities Regulation 2001, only persons entered on the register of members of the Company at 11 am on 22 July 2007 or, if the meeting is adjourned, 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.

5. Copies of the Directors' service contracts will be available during the meeting and for a period of 15 minutes prior to the meeting.

Notes concerning the resolutions

RESOLUTION 1 – ANNUAL FINANCIAL STATEMENTS

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

RESOLUTION 2 – APPOINTMENT OF AUDITORS

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

RESOLUTION 3 – APPOINTMENT OF DIRECTOR

Under the provisions of the Company's Articles of Association, at every Annual General Meeting one-third of the Directors (or the number nearest to and less than one third) shall retire from office and it has been determined at the start of business on today's date, that Stephen Moon shall retire by rotation and that, being eligible, he offers himself for re-appointment. Stephen Moon was first appointed to the Board in April 2004. Stephen has over 20 years' senior cross functional experience in the grocery brands industry. He was formerly the Strategy Planning and Worldwide Business Development Director for GlaxoSmithKline's Nutritional Healthcare business before founding Nutrinnovator in 2003.

RESOLUTION 4 – AUTHORITY TO ALLOT SHARES

Under section 80 of the Companies Act 1985, the directors of a company may only allot unissued shares and other "relevant securities" if authorised to do so. This resolution, if passed, will give the Directors' flexibility to issue shares on short notice without the need to hold an EGM, and renews the section 80 authority given on 10 April 2007.

Resolution 4 will allow the Directors to allot new shares up to a nominal value of £1,329,475.38 which is equivalent to one third of the total issued ordinary share capital as at the date of this Notice. The Directors have no current intention of exercising this authority.

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

RESOLUTION 5 – DISAPPLICATION OF PRE-EMPTION RIGHTS

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

Resolution 5 is a special resolution which, if passed, would allow the Directors, pursuant to section 95 of the Act, to allot shares for cash without first offering them to shareholders in accordance with that Act. This power is limited to the allotments of equity securities for cash up to a maximum nominal amount of £199,421.30, which is equivalent to 5% of the total issued ordinary share capital of the Company as at the date of this Notice, and allotments of equity securities in connection with a rights issue or other offer to shareholders, subject to the Directors ability to make arrangements to deal with certain legal or practical problems arising in connection with such offer. This power will expire on the conclusion of the next Annual General Meeting or fifteen months from the date of the resolution, whichever is the earlier. This renews the power given on 10 April 2007.

RESOLUTION 6 – AUTHORITY TO PURCHASE OWN SHARES

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

Resolution 6 is a special resolution which, if passed, would give the Company the authority to purchase its own issued ordinary shares at a price of not less than 1p per share and not more than 105% above the average of the middle market quotations of the Company's shares as shown in the London Stock Exchange Daily Official List for the five dealing days before the purchase is made. The authority would be to purchase a maximum of 5% of the Company's issued share capital as at the date of this Notice and would expire at the end of the next Annual General Meeting or fifteen months from the date of the resolution, whichever is the earlier.

The Directors would not make purchases unless they believed that the purchase was generally in the best interests of the shareholders and unless (except in the case of purchases intended to satisfy obligations under share schemes) the expected effect of the purchase would be to increase earnings per share of the remaining shares. Any shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors as being in the best interests of the shareholders at the time. The Directors have no present intention of making such purchases.

RESOLUTION 7 – ELECTRONIC COMMUNICATIONS

Although the Company's Articles of Association currently contain provisions relating to electronic communications, the provisions of the Companies Act 2006 (the **"2006 Act"**) which were brought into force on 20 January 2007 permit the use of electronic communications to a greater extent than was previously possible.

If this resolution is passed, the Company will have the general ability to communicate through its website with shareholders or other people who are nominated by shareholders to receive information from the Company. It will also be able to take advantage of the deemed consent procedure introduced by the 2006 Act.

The deemed consent procedure will allow the Company to ask an individual whether they consent to the Company communicating with them through publishing information on its website and, if that individual does not respond within 28 days of the request being sent, they will be deemed to have consented to the Company using its website for the purposes of all shareholder communications in the future.

Notes concerning the resolutions (continued)

Shareholders who consent, or are deemed to have consented, to communications by way of the Company's website will receive notifications (via email or post) alerting them whenever shareholder information is posted on the Company's website. Shareholders will have the right to change to receiving communications by post at any time or to request a hard copy of a particular document which has been published on the Company's website.

.

PROVEXIS PLC

Form of Proxy

For use at the Annual General Meeting to be held at the offices of Arbuthnot Securities Limited at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR at 11 a.m. on 24 July 2007.

I/We ………………………………………………………………………………….(name(s) in full – BLOCK LETTERS)

of ……………………………………………………………………......................(full postal address – BLOCK LETTERS)

being (a) member(s) of Provexis PLC (the **"Company"**) in respect of ……………………………ordinary shares of 1p each in the capital of the Company, hereby appoint the Chairman of the meeting or (see note 5)

………....................

as my/our proxy for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11 a.m. on 24 July 2007 at the offices of Arbuthnot Securities Limited at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR, or at any adjournment thereof. This form of proxy relates to the resolutions referred to below, a resolution to adjourn the meeting and any other business transacted at the meeting.

I/We instruct my/our proxy to vote as follows:

	For	**Against**
ORDINARY BUSINESS – Ordinary Resolutions		
1. Receive [and adopt] the accounts of the Company for the year ended 31 March 2007 and the reports of the Directors and auditors thereon.		
2. Appoint BDO Stoy Hayward LLP as auditors of the Company and to authorise the directors to agree their remuneration.		
3. Elect Stephen Moon as Director.		
SPECIAL BUSINESS – Special Resolutions		
4. Authority for the Directors to allot ordinary shares.		
5. Authority for the Directors to allot equity securities for cash otherwise than on a pre-emptive basis.		
6. Authority for the Company to make market purchases.		
7. Authority for the Company to make electronic communications.		

Please indicate by a cross in the box how you wish your proxy to vote. Subject to any voting directions so given the proxy will exercise his discretion as to how to vote, or whether to abstain from voting on the above resolutions, on any resolution to adjourn the meeting and on any other business that may properly come before the meeting.

Dated ………………………2007 Signature(s) or common seal ……………………………………………………………………………

Notes:

1. To be valid, this form of proxy, together with any power of attorney or other written authority under which it is signed, (or notarially certified copy of such power or written authority or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or written authority) must be completed, signed and deposited with Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL so as to arrive at least 48 hours before the time of the meeting or any adjournment thereof.

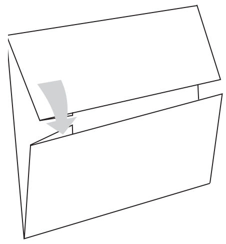
2. In the event that a poll is demanded at the meeting, and such poll is taken more than 48 hours thereafter, this form of proxy may be returned to Lloyds TSB Registrars at the address in note 1 above so as to arrive not later than 24 hours before the time appointed for such poll. In the event that a poll is demanded at the meeting, and such poll is not taken forthwith but is taken less than 48 hours after the meeting, this form of proxy may be delivered at the meeting to the Chairman or to the Secretary or to a Director.

3. In the case of a corporation this form of proxy must be under its common seal or under the hand of an officer or other person so authorised. In the case of joint holders, any one of them may sign. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the other in which the names stand in the register of members of the Company in respect of the relevant joint holding. A member may appoint one or more proxies of his own choice, in which case he should delete the reference to the Chairman of the meeting or initial the deletion and insert the name(s) of the person(s) appointed in the space provided. A proxy need not be a member of the Company. Any alteration to this form of proxy must be initialled. Returning this completed form of proxy will not prevent the holder from attending and voting at the meeting in person, should he so wish.

4. Pursuant to regulation 41 of the Uncertificated Securities Regulation 2001, only persons entered on the register of members of the Company at 11 am on 22 July 2007 or, if the meeting is adjourned, 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.

Third fold and tuck in

Business Reply
Licence Number
SEA 10846



First fold and tuck in

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6ZL

Second fold and tuck in