THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action you should take, you should consult your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 as amended (''FSMA'') who specialises in advising on the acquisition of shares and other securities in the United Kingdom, or another appropriately authorised independent professional adviser if you are not within the United Kingdom. The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled ''Risk Factors'' in Part 2 of this document, which sets out certain risk factors relating to any investment in Ordinary Shares.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The AIM Rules are less demanding than the Official List and the Ordinary Shares are not dealt on any regulated market and no application has been made or is being made for the Ordinary Shares to be admitted to any such exchange.

This document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for Admission. Accordingly, this document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the FCA in accordance with the Prospectus Rules, or approved by the FCA or any other authority which could be a competent authority for the purposes of the Prospectus Directive.

The Company, whose registered office appears on page 8 of this document, and the Directors, whose names and functions appear on page 8 of this document, accept responsibility (both individually and collectively) for the information contained in this document. To the best of the knowledge and belief of the Directors (each of which has taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 9 December 2016.

CREO MEDICAL GROUP PLC

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10371794)

PROPOSED PLACING OF

26,315,800 NEW ORDINARY SHARES AT 76 PENCE PER SHARE

AND

ADMISSION TO TRADING ON AIM

CENKOS SECURITIES PLC

Nominated Adviser and Broker

Authorised and regulated by the Financial Conduct Authority

EXPECTED SHARE CAPITAL OF THE COMPANY IMMEDIATELY FOLLOWING ADMISSION

	Amount	Number
Issued and fully paid Ordinary Shares of £0.001 each	£80,711.74	80,711,745

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

Cenkos Securities plc (''**Cenkos**''), which is a member of the London Stock Exchange, is authorised and regulated in the UK by the FCA and is acting as nominated adviser to the Company for the purposes of the AIM Rules and as broker to the Company in connection with the Placing and Admission. Cenkos is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to their customers or for advising any other person on the contents of this document or on any transaction or arrangement referred to in this document. Cenkos' responsibilities as the Company's nominated adviser under

the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company, any Director or to any other person. No representation or warranty, express or implied, is made by Cenkos as to, and no liability is accepted by Cenkos in respect of, any of the contents of this document.

In accordance with the AIM Rules for Companies, Cenkos has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules for Companies and that, in its opinion and to the best of its knowledge and belief, having made due and careful enquiry, all relevant requirements of the AIM Rules for Companies have been complied with.

This document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this document in certain jurisdictions may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the laws of such jurisdictions. In particular, this document is not for distribution into the United States of America, Canada, Australia, the Republic of South Africa or Japan, or any other jurisdiction where to do so would be in breach of any applicable laws and/or regulations. The Ordinary Shares have not been, and will not be, registered under the securities legislation of the United States of America, any province or territory of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the Ordinary Shares may not, subject to certain exemptions, be offered, sold, re-sold, renounced, taken up or delivered, directly or indirectly, into the United States of America, Canada, Australia, the Republic of South Africa or Japan, or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa or Japan. In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful.

The information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by subsequent purchasers of Ordinary Shares (whether on or off market) and, accordingly, no duty of care is accepted.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public AIM Rule 3 holidays) at the offices of the Company at Riverside Court, Beaufort Park Way, Chepstow, Gwent, Wales NP16 5UH for one month from the date of Admission.

IMPORTANT INFORMATION

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. This document should not be forwarded or transmitted to or into the Prohibited Territories or to any resident, national, citizen or corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the Prohibited Territories and they may not be offered or sold directly or indirectly within the Prohibited Territories or to or for the account or benefit of any national, citizen or resident of the Prohibited Territories.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective investors should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see Part 2 of this document headed ''Risk Factors'').

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the laws and practices currently in force in England and Wales and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, ''forward-looking statements''. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Group's future prospects, developments and business strategies.

These forward-looking statements can be identified by their use of terms and phrases such as ''anticipate'', ''believe'', ''could'', ''estimate'', ''expect'', ''intend'', ''may'', ''plan'', ''predict'', ''project'', ''will'' or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Part 1 of this document.

The forward-looking statements in this document, including statements concerning projections of the Group's future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Group are specifically described in Part 2 of this document headed ''Risk Factors''. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should, therefore, specifically consider the risk factors contained in Part 2 of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

PRESENTATION OF FINANCIAL INFORMATION

The Company publishes its financial statements in pounds sterling.

The Company presents its annual accounts as of 30 June each year. The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

GENERAL NOTICE

This document has been drawn up in accordance with the AIM Rules for Companies and it does not comprise a prospectus for the purposes of Part VI of FSMA. It has been drawn up in accordance with the requirements of the Prospectus Directive only insofar as required by the AIM Rules for Companies and has not been delivered to the Registrar of Companies in England and Wales for registration.

This document has been prepared for the benefit only of a limited number of persons all of whom qualify as ''qualified investors'' for the purposes of the Prospectus Directive, to whom it has been addressed and delivered and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this document (either in whole or in part) without the prior written consent of the Company and Cenkos is prohibited.

MARKET INFORMATION

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group's position therein, are based on the Group's records or are taken or derived from statistical data and information derived from the sources described in this

document. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

All times referred to in this document are, unless otherwise stated, references to London time.

CURRENCIES

Unless otherwise indicated, all references in this document to ''GBP'', ''£'', ''pounds sterling'', ''pounds'', ''sterling'', ''pence'' or ''p'' are to the lawful currency of the United Kingdom. All references in this document to ''US$'', ''$'', ''US Dollar'', ''dollars'', are to the lawful currency of the United States of America.

CONTENTS

PLACING STATISTICS

Placing Price	76 pence
Number of Preferred Ordinary Shares in issue at the date of this document*	18,501,480
Number of Ordinary Shares in issue at the date of this document	33,903,000
Number of Ordinary Shares being issued in connection with the Pre-IPO Fundraising	1,991,465
Number of New Ordinary Shares being issued pursuant to the Placing	26,315,800
Number of Ordinary Shares in issue following the Reorganisation, the Placing and Admission	80,711,745
Number of Ordinary Shares in respect of which Existing Options and Options are outstanding following the Placing and Admission	11,916,618
Fully diluted number of Ordinary Shares in issue following the Placing and Admission**	92,628,363
Percentage of Enlarged Share Capital represented by the Placing Shares	32.60 per cent.
Market capitalisation upon Admission at the Placing Price	£61,340,926
Estimated gross proceeds of the Placing receivable by the Company	£20,000,008
Estimated net proceeds of the Placing receivable by the Company	£17,874,332
ISIN	GB00BZ1BLL44
SEDOL	BZ1BL44
Website address	www.creomedical.com

* The Preferred Ordinary Shares are to be converted into Ordinary Shares on a 1:1 basis as part of the Reorganisation.

** Assuming exercise in full of the Existing Options and the Options.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	6 December 2016
Admission effective and dealings in the Ordinary Shares commence on AIM	9 December 2016
CREST accounts credited	9 December 2016
Despatch of definitive share certificates in respect of certificated Ordinary Shares	by 23 December 2016

Each of the dates in the above timetable is indicative only and subject to change at the absolute discretion of Cenkos and the Company. All references to times and dates in this document are to London time unless otherwise stated.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Charles Alexander Evan Spicer (*Chairman*) Craig Jonathan Gulliford (*Chief Executive Officer*) Richard John Rees (*Chief Finance Officer*) Christopher Paul Hancock (*Chief Technology Officer*) John Bradshaw (*Non-Executive Director*) David Gerard Woods (*Non-Executive Director*) all of the Company's registered office
Company secretary	Richard John Rees
Registered office	Riverside Court Beaufort Park Chepstow NP16 5UH
Website	www.creomedical.com
Telephone	+44 (0) 1291 606005
Nominated adviser and broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Legal advisers to the Company	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Legal advisers to the nominated adviser and broker	Simmons & Simmons LLP CityPoint One Ropemaker Street London EC2Y 9SS
Reporting accountant	KPMG LLP 66 Queen Square Bristol BS1 4BE United Kingdom
Auditor	KPMG LLP 66 Queen Square Bristol BS1 4BE United Kingdom
Patents and Trade Marks Attorneys	Mewburn Ellis LLP 20th Floor City Tower 40 Basinghall Street London EC2V 5DE
Financial PR to the Company	FTI Consulting LLP 200 Aldersgate Aldersgate Street London EC1A 4HD
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

DEFINITIONS

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

''£'', ''pounds'' and ''pence''	the legal currency for the time being of the United Kingdom;
''Act''	the Companies Act 2006 (as amended);
''Admission''	the admission of the Enlarged Share Capital (comprising the Eligible Shares and the Non Eligible Shares) to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
''Angel CoFund''	Angel CoFund, a company limited by guarantee registered in England and Wales (with registration number 07864831);
''AIM''	the market of that name operated and regulated by the London Stock Exchange;
''AIM Rules for Companies''	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time, which set out the rules, responsibilities and guidance notes in relation to companies whose shares are admitted to trading on AIM;
''AIM Rules for Nominated Advisors''	the rules for nominated advisors issued by the London Stock Exchange from time to time;
''Articles''	the articles of association of the Company adopted, conditional upon Admission, by special resolution at the General Meeting;
''Cenkos''	Cenkos Securities plc, the Company's nominated adviser and broker;
''Cenkos Engagement Letter''	the engagement letter between Cenkos and Creo Medical dated 5 October 2016 (as amended);
''Corporate Governance Code''	the UK Corporate Governance Code published by the Financial Reporting Council;
''Company''	Creo Medical Group plc (incorporated and registered in England and Wales with registered number 10371794);
''Creo Medical''	Creo Medical Limited (incorporated and registered in England and Wales with registered number 04658880), a wholly owned subsidiary of the Company;
''CREST''	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited;
''CREST Regulations''	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755) (as amended);
''Directors'' or ''Board''	the directors of the Company, whose names appear on page 8 of this document;
''Disclosure Guidance and Transparency Rules''	the disclosure, guidance and transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA, as amended;
''Distribution Agreement''	the distribution agreement dated 1 August 2016 entered into between Creo Medical and Hoya Pentax Medical, further details of which are provided at paragraph 19.4 in Part 5 of this document;
''EEA''	European Econonic Area;
''EIS''	Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007;

''EIS Eligible Shares''	certain Ordinary Shares to be issued in connection with the Pre-IPO Fundraising and certain New Ordinary Shares which are expected to be eligible for taxation relief pursuant to EIS legislation;
''Eligible Shares''	the EIS Eligible Shares and VCT Eligible Shares;
''Enlarged Share Capital''	the issued Ordinary Shares following the Placing comprising the Existing Ordinary Shares and the New Ordinary Shares;
''EU'' or ''European Union''	has the meaning given to it in Article 299(1) of the Establishing the European Economic Community Treaty as amended by, among others, the Treaty on European Unity (the Maastricht Treaty), the Treaty of Amsterdam and the Treaty of Lisbon;
''Euroclear''	Euroclear UK & Ireland Limited (incorporated and registered in England and Wales with registered number 02878738);
''Existing Options''	the options in existence over Ordinary Shares granted under the Share Option Scheme;
''Existing Ordinary Shares''	the Ordinary Shares in issue after the Reorganisation other than the New Ordinary Shares, as at the date of Admission;
''FCA''	the Financial Conduct Authority of the United Kingdom, acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
''FCA Rules''	the FCA Handbook of Rules and Guidance (as amended);
''Finance Wales''	means together, Finance Wales Investments (3) Limited, Finance Wales Investments (6) Limited, Finance Wales Investments (14) Limited;
''FSMA''	the Financial Services and Markets Act 2000 (as amended);
''General Meeting''	the general meeting of the Company held at the offices of Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW on 5 December 2016 at 1.30 p.m.;
''Group''	the Company and its subsidiaries;
''Hoya Pentax Medical''	Hoya Corporation Pentax Life Care Division;
''HMRC''	HM Revenue and Customs;
''Investment Agreement''	the investment agreement dated 9 November 2015 (as amended) entered into between the Company and certain new and existing shareholders dated 9 November 2016 as described in paragraph 19.6 of Part 5 of this document;
''ISIN''	International Securities Identification Number;
''Locked-in Shareholders''	together, the Directors who hold Ordinary Shares, the option holders who hold Existing Options, Hoya Pentax Medical, Angel CoFund, Finance Wales and all other Shareholders (except for a limited number of Shareholders representing less than 2.5 per cent. of the Existing Ordinary Shares as at the date of this document) as of the date of Admission;
''Lock-in Arrangements''	the lock-in arrangements as detailed in the Placing Agreement and/or Lock-in Deeds entered into by the Directors, the Locked-in Shareholders and Cenkos (as applicable), details of which are set out in paragraphs 19.2 and 19.8 of Part 5 of this document;
''Lock-in Deeds''	the lock-in deeds entered into by the Locked-in Shareholders and Cenkos, details of which are set out in paragraph 19.8 of Part 5 of this document;
''London Stock Exchange''	London Stock Exchange plc;
''Market Abuse Regulation''	the EU Market Abuse Regulation (No. 596/2014);

''New Ordinary Shares''	the 26,315,800 new Ordinary Shares to be issued by the Company pursuant to the Placing;
''New Share Option Plan''	the Creo Medical Group plc Enterprise Management Incentive Plan adopted by the Company on 5 December 2016 under which awards will take the form of Options to acquire fully paid Ordinary Shares, further details of which are set out in paragraph 12 in Part 5 of this document;
''Nomad'' or ''Cenkos''	Cenkos Securities plc (incorporated and registered in England and Wales with registered number 05210733), the Company's nominated advisor and broker;
''Non Eligible Shares''	the New Ordinary Shares which are not Eligible Shares;
''Official List''	the Official List of the UKLA;
''Option Exchange''	the release of options over shares in Creo Medical granted under the Share Option Scheme in consideration for the grant of replacement Existing Options over an equivalent proportion of Ordinary Shares in the Company on the same terms (except with a varied exercise price per share to reflect the terms of the Reorganisation);
''Options''	options to be granted over Ordinary Shares under the New Share Option Scheme, conditional upon Admission;
''Ordinary Shares''	ordinary shares of £0.001 each in the capital of the Company;
''Panel''	the Panel on Takeovers and Mergers;
''Placing''	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
''Placing Agreement''	the conditional agreement dated 5 December 2016 between Cenkos, the Company and the Directors relating to the Placing, details of which are set out in paragraph 19.2 of Part 5 of this document;
''Placing Price''	£0.76 per Placing Share;
''Placing Shares''	the New Ordinary Shares;
''Pre-IPO Fundraising''	the private fundraising undertaken by the Company prior to Admission in accordance with the terms of the Investment Agreement;
''Preferred Ordinary Shares''	preferred ordinary shares of £0.001 each in the capital of the Company having rights to an annual preferred dividend and priority in the capital of the Company to be converted into Ordinary Shares on a 1:1 basis conditional upon Admission;
''Prohibited Territories''	the Commonwealth of Australia, Canada, Japan, the Republic of South Africa and the United States;
''Prospectus Rules''	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No 809/2004 and published by the FCA pursuant to section 73A of FSMA;
''Registrars''	Equiniti Limited;
''Regulatory Information Service''	one of the regulatory information services authorised by the London Stock Exchange to receive process and disseminate regulatory information in respect of AIM listed companies;
''Reorganisation''	the share capital reorganisation of the Company as described in paragraph 5 in Part 5 of this document;
''SEDOL''	Stock Exchange Daily Official List identifier code;
''Share Exchange''	the share for share exchange between the Company and the shareholders of Creo Medical pursuant to the Share Exchange Agreement;

''Share Exchange Agreement''	the share exchange agreement dated 9 November 2016 entered into between the Company and the shareholders of Creo Medical as described in paragraph 19.5 in Part 5 of this document;
''Share Option Scheme''	the option plan originally set up by Creo Medical; the options granted under the scheme were exchanged for Existing Options in the Company by virtue of the Option Exchange;
''Shareholders''	a holder of an Ordinary Share;
''Takeover Code''	the City Code on Takeovers and Mergers (as amended) issued and administered by the Panel;
''UK'' or ''United Kingdom''	the United Kingdom of Great Britain and Northern Ireland;
''UK Corporate Governance Code''	the code published by the Financial Reporting Council which sets out standards of good practice for listed companies on board composition and development, remuneration, shareholder relations, accountability and audit;
''UKLA'' or ''UK Listing Authority''	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part 5 FSMA;
''uncertificated'' or ''in uncertificated form''	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
''US'' or ''United States''	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
''VCT''	a Venture Capital Trust as defined in Part 6 of the Income Tax Act 2007; and
''VCT Eligible Shares''	those New Ordinary Shares which are expected to be eligible for taxation relief under the VCT scheme.

References to the singular shall include references to the plural, where applicable, and vice versa. Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it.

GLOSSARY OF TECHNICAL AND SCIENTIFIC TERMS

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

''Ablation Probe''	an instrument developed for use with CROMA to be used to ablate pre-cancerous and cancerous lesions using microwave energy;
''CE Mark''	''European Conformity Marking'' which is a mandatory conformity mark for products placed on the market in the European Economic Area which ensures that the product conforms with the essential requirements of the applicable EC directives;
''CROMA''	the patented system developed by the Company that can deliver microwave and bipolar radiofrequency through a single accessory port;
''Electrosurgery''	the application of a high-frequency alternating polarity, electrical current to biological tissue as a means to cut, coagulate or ablate tissue;
''FDA''	the Food and Drug Administration, an agency within the US Public Health Service, which is part of the US Department of Health and Human Services;
''GI''	gastro intestinal;
''EMR''	endoscopic mucosal resection;
''Haemostasis Graspers''	an instrument developed for use with CROMA to be used mainly in the lower GI tract to clamp or grab tissue and apply microwave energy to coagulate the vessels to stop bleeding and create an effective plug;
''Haemostasis Probe''	an instrument developed for use with CROMA to be used mainly in the upper GI tract for stemming bleeding temporarily using adrenaline and then creating a permanent plug using microwave energy once the bleed has been controlled;
''IP''	intellectual property;
''EMR Snare''	the endoscopic mucosal resection snare with ablation capabilities being developed by the Group for both upper and lower gastrointestinal indications and which will effect the removal of GI polyps (being noncancerous growths located on the lining of human tissue) using a wire snare;
''RF''	radio frequency; and
''RS2 Speedboat''	an instrument developed for use with CROMA, known as the ''RS2 Speedboat''.

Generally in this document references to:

''ablation'' are intended to refer to the removal of abnormal growths from the body by mechanical surgery or *in-situ* heating of cancerous or pre-cancerous growths using microwave energy, where the cells ate denatured and the necrosed tissue is left inside the body to be absorbed by the body (being the natural removal process);

''coagulation'' are intended to refer to the disruption of tissue by physical means (including the use of microwave and/or RF energy (being electrocoagulation)) to form an amorphous residuum which is intended to clot the blood and stop a bleed;

''endoscopy'' are intended to refer to procedures using a device navigated through natural orifices; and

''laparoscopy'' are intended to refer to key hole surgery through abdominal incision.

PART 1

INFORMATION ON THE GROUP

1. INTRODUCTION

Creo Medical is a medical device company focused on the emerging field of surgical endoscopy, which is a recent development in minimally invasive surgery. The Company's mission is to improve patient outcomes by applying microwave and radiowave energy to surgical endoscopy.

Creo has developed CROMA, an electrosurgical platform that can deliver microwave and bipolar radiofrequency through a single accessory port. This technology makes it possible to conduct endoscopic surgery by enabling miniature endoscopic devices to cut, coagulate and ablate with precision.

The Company's strategy is to bring the CROMA platform to market through a suite of medical instruments which the Company has designed, initially into the field of GI therapeutic endoscopy, and later into a broader range of areas including bronchoscopy and laparoscopy.

The Company has an extensive portfolio of intellectual property including 76 granted patents and 184 patents pending as at 18 October 2016. It has received regulatory approval in Europe for its CROMA platform (for RF cutting use only) and for its first GI instrument and is also seeking approval with the FDA in the United States for these products.

2. HISTORY AND DEVELOPMENT

Creo Medical was founded in 2003 as MicroOncology Ltd by Prof Chris Hancock initially to target the treatment of cancers through use of high frequency microwave energy and dynamic matching techniques.

The business strategy subsequently evolved to develop medical devices with a wider application and was subsequently rebranded as Creo Medical in 2010 to reflect this.

The team was also expanded to introduce additional experience in the design, manufacture, production and commercialisation of electrosurgical medical devices. In the period from 2009 onwards, the Company has developed an electrosurgical platform and a pipeline of medical devices which it plans to launch commercially over the coming years. The Placing Proceeds will be applied primarily to complete the regulatory process, fund the commercialisation plan, progress the development of the product pipeline and for general working capital purposes.

3. BUSINESS OVERVIEW

Creo Medical has developed the CROMA electrosurgical platform which combines the key features of bipolar radio frequency and microwave energy, and is suited for use with endoscopic, single-use, minimally invasive surgical devices. CROMA's combination of radio frequency and microwave energy in a single platform enables a combined ability to cut, coagulate and ablate which the Directors believe is the next generation of minimally invasive surgery.

Electrosurgery is the application of electrical current to biological tissue as a means to cut, coagulate and ablate. Electrosurgical devices were first commercialised in the 1920's to be used in open surgical applications. Over time, advancing technology has driven innovation into laparoscopy, also known as keyhole surgery. There are now a considerable number of devices to support keyhole surgical procedures. Therapeutic endoscopy or endoscopic surgery has comparably few surgical tools available.

Endoscopes are effective screening and diagnostic instruments allowing physicians to visualise the internal structures of organs such as the gastro intestinal tract, lungs and bladder via naturally occurring orifices but are currently not equipped to perform a surgical intervention in most situations. Insertion of the endoscope is surgically non-invasive which is a key feature of these procedures. Surgical incisions, however small, increase the risk to the patient and increase the cost of the procedure.

Endoscope diameter is limited by the size of the entry orifice. For example a colonoscope will typically be 12mm in diameter while an orally inserted gastroscope will typically have a diameter of 10mm. Within these confines the endoscope must carry a video camera lens,

light source, air/water/suction channel and guide wires to control the insertion. There is very limited space left in an endoscope for instruments, with an instrument channel generally offering approximately 3mm of space. As such, while a patient can be diagnosed endoscopically, the majority of interventions still require a minimally invasive surgical procedure at best or an open surgery at worse.

A minimally invasive procedure such as laparoscopy improves on open surgery as it can be performed through a few small incisions rather than a single large one. Laparoscopic surgical procedures are versatile as multiple instruments can be placed at the surgical site through multiple bore insertion tubes with short lengths allowing fast insertion and removal of instruments. The Group's technologies are designed to enable certain surgical procedures to be effected through the insertion of devices through an endoscope circumventing the need to make abdominal incisions.

4. TECHNOLOGY, PRODUCTS AND APPLICATIONS

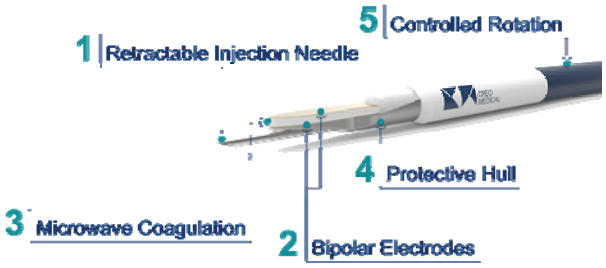
The Company has developed CROMA, an electrosurgical platform which combines radio frequency and microwave energy. CROMA has a number of benefits both for physicians and for patients, including:

- a bi-polar radio frequency energy source which facilitates precise, localised cutting or resecting of tissue, resulting in predictable tissue effect and reducing the risk of remote burns and of unwanted thermal damage to healthy tissue;
- a microwave energy source which facilitates controlled and focussed coagulation of vessels and ablation of cancerous or pre-canceous lesions to provide more control to the surgeon, resulting in predictable tissue effects, reduction of the risk of remote site burns and offers the potential to reduce post-operative perforations in the GI tract when vessels are coagulated and/or sealed; and
- a single interface port which simplifies the process of setting up ahead of, and during, procedures, removing the need for multiple, time consuming instrument changes.

CROMA:

The first device developed for use with CROMA is the RS2 Speedboat. The RS2 Speedboat harnesses the cut and coagulation capability of CROMA and enables the removal of cancerous and pre-cancerous GI growths and the removal of large lesions in the bowel. The use of the RS2 Speedboat reduces the risks associated with incisions which are necessary for laparoscopic procedures and can reduce the length of hospital stay.

RS2 Speedboat:



Endoscopy has been a rapidly expanding practice due to the advent of colorectal cancer screening in most healthcare systems. This has driven growth in equipment and devices to enhance the ability to screen and detect early stage and pre-cancerous lesions in the GI tract.

The Directors believe the potential market for the RS2 Speedboat is significant. In the US, over 16 million colonoscopies are performed annually. Of these, 1.1 million are likely to find a lesion which should be treated. Approximately 50 per cent. of those lesions are surgically removed. Traditional colorectal surgery is associated with a 6 per cent mortality rate at 30 days because of the risks of puncturing the colonic wall when using traditional surgical blades, a risk which the Directors believe can be reduced when using the RS2 Speedboat, which has the ability to coagulate bleeding vessels when the microwave energy is activated by the surgeon, and to cut or resect when the RF energy is activated. The Directors believe that the risk of puncturing tissue could be reduced by using the RS2 Speedboat as the following design features of the RS2 Speedboat enable certain procedures to be delivered endoscopically due to its enhanced safety profile:

- curved shape of underside of device;
- intergrated retractable needle to prevent multiple instrument changes; and
- flat gold plated top side of device to assist with orientation of the device that ensures it is in the correct plane in respect of the tissue.

The Company is working on further areas of application of bi-polar RF and microwave technology. One area of potential future application of the CROMA device is for bronchoscopically guided lung tumour ablation. There are approximately 1.8m cases of lung cancer each year with a poor survival rate of 17 per cent at five years, with more than 80 per cent. of patients unsuitable for curative surgery. Technology is developing fast to improve early diagnosis with an end goal of screening for lung cancer. Current treatment options are surgical removal of large sections of the lung and even the entire lung, with chemotherapy and radiotherapy being the primary treatment options. Challenges with the existing treatment include access and navigation.

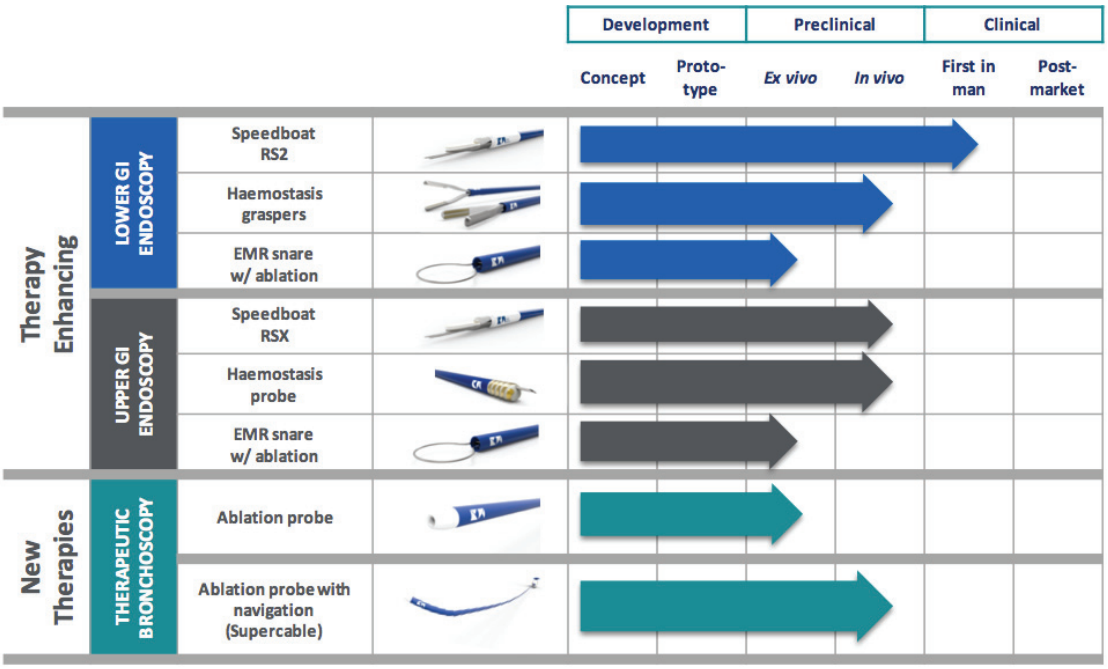
CROMA could potentially offer a minimally invasive treatment for these lesions. The Company has developed the Ablation Probe and the related 'super-cable' prototype intended to enhance the navigation of the Ablation Probe while providing integrated navigation and imaging.

The Group's 'super-cable' technology enables the centre conductor of a co-axial transmission line (microwave cable) to be made hollow which allows Creo to use the hollow centre of the cable to introduce a fibre-scope for illumination and a bundle of lensed fibres for vision. Creo has also integrated a control wire into the hollow cable for steering purposes. The Directors believe that the 'super-cable' is the basis for the future Creo endoscopic and bronchoscopic devices which could replace existing endoscopes and bronchoscopes with smaller diameter structures to allow access to sites that are currently inaccessible enabling diagnosis and therapy to be performed.

Development of the Ablation Probe and 'super-cable' is at preliminary stages; however in-vivo testing to demonstrate navigation deep into the lung has been achieved.

5. FUTURE OPPORTUNITIES AND DEVELOPMENTS

The Group has developed a strong pipeline of instruments for the GI endoscopy and therapeutic bronchoscopy markets which are at various stages of development as illustrated below:



Definitions:

Concept: Ideation stage, no specific devices, elements of a concept being designed and potentially demonstrated.

Prototype: Concepts become working prototypes, product designs or component design prototypes to prove they function as intended.

Ex-vivo: The next stage of prototyping involves the demonstration of tissue effects using "morbid tissue" of an appropriate type to prove the concept and control of thermal effects required of the design.

In-vivo: Involves the proof of concept in a living specimen to prove the technical and procedural relevance of the design concept and impact on the whole living specimen.

First-in-man: First use in human clinical setting, demonstrates safety and initial efficacy of the device.

Post-market: This stage is both to demonstrate efficacy and to gather clinical data.

6. INTELLECTUAL PROPERTY

The Company's core technology is its platform electrosurgical generator, CROMA, which delivers controllable RF and microwave energy.

The Company has a suite of products, which provide a range of instruments that use the microwave and RF energy for various endoscopic, bronchoscopic and laparoscopic procedures. The main products, which are at varying stages of development are the RS2 Speedboat, the EMR Snare, the Haemostasis Graspers, the Haemostasis Probe, and the lung tumour Ablation Probe.

The Company has an established and growing IP portfolio including 76 granted patents and 184 pending patent applications as at 18 October 2016, all in the area of electrosurgical energy generation and control, together with a range of applicator structures for advanced tissue management.

The Company's CROMA platform is protected by eight patent families, which include a key family that protects the concept of controlled delivery of both RF and microwave energy through the generation of control signals based on measurements taken of the delivered RF and microwave energy. Other families aim to protect key sub-assemblies used in the CROMA platform and certain waveform shaping control techniques.

The energy delivery and instrument control concepts are protected by a further seven patent families. These patent families are directed at various aspects of connecting elements between the generator and instrument, to provide solutions to the problems of controlling energy loss and maintaining instrument control in the spatially constrained environment associated with endoscopy.

The suite of instrument products each have their own set of supporting patent families. There are currently five patent families associated with the RS2 Speedboat, three patent families associated with the EMR Snare, five patent families associated with the haemostasis graspers, and five patent families associated with various incarnations of the haemostasis probe.

As the IP space in respect of the Company's technology is fairly crowded, and in order to minimise the risk of competitors patenting similar technology which could pose a freedom-to-operate risk, the Company files patent applications early in order to protect, to the extent possible, the patentable embodiments of its technology.

It is not cost-effective for the Company to obtain patent protection for an invention in all possible jurisdictions. In common with industry norms, the Company balances geographical coverage against cost, taking into account effectiveness of IP legal regimes, market importance and other factors. The result is that the Company aims to secure patent protection in major developed economies, including the United States, the larger European countries, Japan, China, and Canada. More recent patent families have a wider geographical scope, e.g. including Australia, India, Singapore, South Korea and Brazil, to cover other significant markets.

Further information on the Company's intellectual property policy is presented in the IP report contained in Part 4.

7. KEY STRENGTHS OF THE GROUP

The Directors believe the Group has the following key strengths:

- Disruptive patented technology – Creo has developed a patented energy system that combines microwave and bi-polar radio frequency energy capable of delivering precise cut, coagulation and ablation for electrosurgery applications;
- Product platform with clear benefits – the CROMA platform is capable of delivering time and cost benefits over invasive surgical solutions allowing practioners, in some indications, to diagnose and treat near simultaneously thus potentially avoiding the need for separate appointments at the diagnosis and treatment stages with the same patient;
- Rich product pipeline – the Group has developed a broad product pipeline targeting high value market segments, enhancing existing techniques and which could offer effective new curative therapies;
- Patent estate and significant scientific know-how – the Group has an established and growing IP portfolio including 76 granted patents and 184 pending patent applications as at 18 October 2016;
- Experienced team – the management team has been drawn from the surgical instrumentation market covering R&D, quality, regulatory approval and commercialisation;
- Established facilities with scale to meet near term requirements and with the capacity for growth – the Group has dedicated locations for innovation, design and development as well as cleanroom manufacturing and assembly facilities;
- Partnerships and relationships with industry leaders – the Group is working in collaboration with key opinion leaders in the medical device sphere building advocacy for its products; and
- Capacity to distribute its products – Creo Medical plans to distribute its products into the larger European markets directly and/or with regional partners and has recently signed a five year Distribution Agreement with Hoya Pentax Medical giving the Group the ability to distribute its products, once commercialised, in Japan, China, Australia, New Zealand and India (and other Asia Pacific countries as agreed from time to time).

8. THE MARKET

The precise cut, coagulation and ablation capabilities of the CROMA electrosurgery platform have utility in a range of electrosurgical applications where tissue resection with haemostasis (control of bleeding) and/or the ablation of tissue is required. Surgery is carried out in increasingly minimally invasive environments which necessitates long, flexible devices and the need for precision and control. The Company will initially focus on the gastrointestinal endoscopy market, potentially expanding to bronchoscopy and laparoscopy over time.

The Directors believe that the size of the global endoscopic devices market is estimated to be approximately $3bn to $3.5bn and the global laparoscopic devices market is estimated to be approximately $8bn.

The Group's current pipeline portfolio of instruments is targeted at three therapeutic endoscopic specialties: lower gastrointestinal; lung/bronchoscopy; and upper gastrointestinal. The Directors believe that the aggregate addressable market across these indications is sized at approximately $1.4bn.

9. REGULATORY OVERVIEW

9.1 Europe

Medical devices are currently governed by three European Directives, which have been implemented into the national law of EEA member states:

- Directive 90/385/EEC on Active Implantable Medical Devices;
- Directive 98/79/EC on In Vitro Diagnostic Medical Devices; and
- Directive 93/42/EEC on Medical Devices,

(together the "**Medical Devices Directive**").

All medical devices must bear a CE Mark to be lawfully marketed or sold in the EEA unless the device is subject to an exception under an applicable Directive. The CE Mark is essentially a declaration from the manufacturer that the relevant medical device conforms with the 'essential requirements' of the relevant Directive and is fit for its intended purpose. The 'essential requirements' are key criteria that certain types of medical devices must meet and the CE Mark is only granted once the criteria have been satisfied.

Medical devices under the Medical Devices Directive are classified as Class I, Class IIa, Class IIb or Class III, reflecting risk profile associated with each category (Class I being the lowest risk devices). The conformity assessment process which a manufacturer must follow before obtaining a CE Mark for such devices depends on this classification, as summarised below:

- All classes of medical devices – the manufacturer must prepare a technical file covering the design, manufacture and intended operation of the product. The particular requirements for the technical file will depend upon the conformity assessment procedure selected. For example, the technical file may describe the design, manufacture, quality assurance mechanisms, safety and performance of the product and must contain the documents needed to assess whether the product conforms to the Medical Devices Directive.
- Class I medical devices – the manufacturer follows a self-declaration process whereby it declares that the medical device conforms with the essential requirements of the Medical Devices Directive. Certain Class I medical devices also require certification by a "Notified Body" (an independent entity designated by the national competent authority for medical devices e.g. the Medicines and Healthcare products Regulatory Agency (MHRA) in the United Kingdom). The manufacturer must register the device with the relevant national competent authority.
- Class IIa, Class IIb and Class III devices – a conformity assessment must be undertaken by a Notified Body. Manufacturers of Class IIa, Class IIb and Class III devices must wait to receive a certificate from the Notified Body before marking their medical device with a CE Mark. If the device has an ancillary medicinal product component, the relevant competent authority for medicines is also involved in the conformity assessment procedure.

For all devices, once the relevant assessment has been successfully completed (and the certificate received, as applicable) the manufacturer may place the CE mark on their medical device and then put their device on the market anywhere in the EEA. If a Notified Body has been involved in the assessment procedure, the Notified Body's number must also be shown on the device.

The manufacturer has the primary responsibility for post-market regulatory monitoring of medical devices. Safety updates and/or issues are notified to the relevant national competent authority for medical devices.

RS2 Speedboat obtained a Class IIb CE Mark approximately two years ago for RF (radiofrequency) cutting use only. BSI, the Company's Notified Body and auditor in relation to CE Mark approval required the company to conduct a human clinical study to demonstrate the safety of microwave use for coagulation in the colon. The Company has completed this study and is awaiting confirmation that the CE Mark in respect of the RS2 Speedboat has been extended to include the use of microwave energy (for use in coagulation) but there is no guarantee such confirmation will be forthcoming. Whilst the current CE mark for the RF use of the product allows the product to be sold into the EEA, the Company has chosen not to do so until the extension to CE mark has been signed off. However, the product has been successfully used in patients as part of the above clinical study.

The regulatory regime in the EEA is set to change in the next few years as the Medical Devices Directive (mentioned above) will be replaced with two new EU Regulations, which will have direct effect in member states and this may affect the classification of the RS2 Speedboat device.

9.2 United States

Medical devices are regulated by the FDA in the United States. There are two main approval pathways available: the 510(k) route, and the premarket approval application (''**PMA**''). Devices are classified based on the control deemed necessary to reasonably ensure the safety and efficacy of the device.

- Class I – these devices are subject to general controls including registration and listing, labelling, pre-market notification and quality regulation.
- Class II – additional to the Class I controls, these devices are subject to controls on performance standards, post market surveillance, patient registries and FDA guidelines.
- Class III – these devices require a PMA to ensure their safety and efficacy.

The 510(k) pathway is the easier and faster means of gaining clearance for a medical device in the USA via the FDA, requiring the manufacturer to establish that its device is 'substantially equivalent' in intended use, safety and effectiveness to a previously approved 'predicate device'. The 510(k) pathway can sometimes involve gathering clinical trial data, the company has in this case secured written confirmation from the FDA that this is not the case, requiring only morbid tissue sample data to demonstrate equivalence. The 510(k) process has a published time frame with the FDA but can take up to 12 months. The FDA have confirmed during formal pre-submission meetings with the Company that a ''split'' predicate is acceptable with the above mentioned morbid tissue data, where separate ''predicate'' devices for the cutting and coagulation indications will be used to demonstrate the required substantial equivalence.

If no predicate device can be identified then the device will need to follow the PMA pathway. A PMA is a more comprehensive approval process compared to the 510(k) route and can take several years to complete.

Such an application must be supported by scientific evidence (pre-clinical and clinical) which demonstrates the product's safety and efficacy and also additional information relating to the device components, its manufacture and its labelling.

In the US, the Company has started discussions with the FDA in connection with a 510(k) application to place the RS2 Speedboat product on the US market. The 510(k) application for the device includes both RF and microwave energy sources. The Company currently intends to make its full 510(k) filing with the FDA in Q1 2017.

Following approval by the FDA, a post-marketing monitoring stage may be required, during which safety updates are required to be submitted to the FDA. The safety updates include reports of adverse events, as well as any new study results that are available whether published or not (including those published in other countries). The FDA also receives adverse event reports directly from healthcare providers, manufacturers and patients during this period. The FDA reviews and analyses the reports to assess the frequency and seriousness of the adverse events, and evaluates the aggregate public health benefit of the product compared to its evolving risk profile. Failure to comply with post-marketing regulatory requirements can result in the suspension of a regulatory approval, as well as in civil and criminal sanctions.

10. BUSINESS STRATEGY

The Group's vision is to develop and commercialise a suite of products based on the CROMA electrosurgery platform, initially launching this energy system into the flexible endoscopy market that includes GI endoscopy and bronchoscopy. In addition, the long term intention is expand into other adjacent markets, either organically, through partnership or acquisition.

The Group's strategy has the following key areas

- Innovation and IP – continue to invest in R&D to further develop the Group's technology and IP portfolio seeking non-dilutive grant funding where possible and appropriate;
- Regulatory – pursue regulatory approvals for its products in the EU the US and in the Asia Pacific region, through its Distribution Agreement with Hoya Pentax Medical;
- Commercialisation – leverage the ability of clinicians worldwide to share good practice in order to gather clinical data and analyse outcomes for patients with the RS2 Speedboat device. This is aimed at providing the foundations for the launch of a suite of devices initially in the GI, followed by bronchoscopic tumour ablation and other pulmonary applications;
- Manufacturing – retain manufacturing largely in-house to ensure quality control. In due course the Group will look at controlled outsourcing of aspects of the manufacturing process allowing the business to increase capacity and reduce production costs in the medium term; and
- Acquisitions – the Group will consider strategic acquisitions as a way to enhance its technological base and/or grow its market reach.

10.1 *Commercialisation*

The Group's commercialisation strategy is typical of the medtech industry, as it intends to leverage off increasing interest from physicians worldwide in adopting advanced endoscopic procedures to achieve cost savings and bring benefits to patients.

The Group plans to build advocacy by utilising its existing network of key opinion leaders (KOLs) to deliver and endorse a training program to endoscopists. The Directors believe this will demonstrate to the skilled endoscopist, that the Group's products could be utilised with their current level of competence and skill. The Directors are hoping for the market to adopt the Group's first device, RS2 Speedboat, initially in the EU during 2017 and then in 2018 in the US, following FDA clearance which it hopes to achieve in late 2017 or early 2018. Concurrently the Group will be providing support to Hoya Pentax Medical in the Asia Pacific region pursuant to the Distribution Agreement. The Company intends to establish a direct sales force in its core markets and to enter into distribution agreements in respect of the sale of products in non-core territories.

In parallel to the launch of RS2 Speedboat, the Company will be seeking regulatory approval for the GI suite of products, including the EMR Snare and the Haemostasis Graspers to enable their launch into the EU, US and through Hoya Pentax Medical into the Asia Pacific markets.

With the availability of the GI suite of products, the Directors believe that broader commercialisation will be achievable by bundling the GI products with the CROMA electrosurgical platform and deploying the products in target hospitals.

The Group's intended strategy is to shift the focus of its business development resource from the GI to pulmonary applications in late 2018 and early 2019 in anticipation of EU and FDA clearance for the lung tumour ablation devices. This would involve KOL training and placement of product in the EU and US to gather foundation clinical data. In the medium to long term, the Directors expect additional pulmonary devices to be progressed through development stages.

10.2 *Key Milestones*

The Directors believe that the following key milestones are achievable in the period up to 31 December 2019, provided no unexpected delays in the regulatory clearance procedures and /or clinical trials occur:

2017	2018	2019
○ CROMA & instruments with EU KOL's	○ FDA clearance of the Speedboat RS2	○ Develop a distributor network for regions outside the core markets
○ CE Mark for CROMA & Speedboat RS2	○ KOL advocacy phase for Speedboat RS2 in US market	○ Continued roll-out of instruments
○ Generation of clinical data and medical industry recognition	○ Expand the portfolio of consumable instruments available	○ Initiate general sales roll-out
○ Hoya Pentax Medical to initiate the regulatory procedures for entry into the Asia-Pacific region during 2017	○ Identify broader GI customer base in EU ○ Identify early-adopters for lung ablation device	○ Develop a direct sales force in EU
○ Lung ablation device pre-submission meeting with FDA	○ Continued placements in EU and Asia-Pacific	○ CE/FDA clearance for suite of devices

10.3 *Manufacturing*

The manufacturing strategy for CROMA is to assemble the constituent components and modules in-house, under strict control of Creo Medical's ISO:13485 Quality Management System. Current and short-medium term in-house production capacity could be scaled to achieve predicted demand through 2017 / 2018. During this period, the Group intends to identify and secure suitable outsourced partners to enable long term manufacturing capacity.

11. FINANCIAL SUMMARY

The financial information set out in the table below has been extracted from the historical financial information of the Group included in Part 3 of this document. Shareholders should read the full historical financial information in Part 3 of this document and not rely solely upon the summary below.

	4 month period 30 June 2016 (audited)	*Year ended 29 February 2016 (audited)*	*Year ended 28 February 2015 (audited)*	*Year ended 28 February 2014 (audited)*
	£	£	£	£
Total revenue	—	—	—	—
Research grant income	169,407	534,670	—	802,483
Admin & operational expenses	(2,044,063)	(4,336,686)	(2,880,994)	(2,754,281)
Operating loss	(1,874,656)	(3,802,016)	(2,880,994)	(1,951,798)

This information relates to past performance only. Past performance is not necessarily a reliable indicator of future results.

12. CURRENT TRADING AND PROSPECTS

The Group is pre-revenue. The Company is in the process of obtaining regulatory approval for its products, following which it will commence commercialisation activities. The Directors do not expect the Group to generate revenues for at least the next 24 months. The Company will continue to incur costs to fund its operations including development activities, regulatory approval and commercialisation efforts. Should the key milestones referred to in paragraph 10.2 above be achieved, the Directors believe that the Company has good prospects of growing the business and generating revenues.

13. REASONS FOR THE PLACING AND USE OF PROCEEDS

The net proceeds of the Placing receivable by the Company are expected to be approximately £17.9 million and are intended to be used, as follows:

- 20-25% Pipeline
  - to complete development of the lead product range and advancement of other products
  - to fund research and development into further applications of the products
- 20-25% Clinical & Regulatory
  - to expand the regulatory clearance for the CROMA electrosurgery platform
  - to complete the FDA regulatory pathway for the US market
- 15-20% Sales & Marketing
  - to build business development resources for Europe and the US
  - to launch the CROMA electrosurgery platform and the GI suite in Europe and the US
- 20-25% Design for Manufacturing
- 15-20% General and Admininstration

In addition, the Directors believe that Admission will assist the Group in its development by: (i) raising its profile in the sector; (ii) providing access to capital to fund future growth; (iii) providing a currency for strategic acquisitions; and (iv) attracting and retaining talent.

14. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Charles Alexander Evan Spicer (aged 51), *Chairman*

Charles is an experienced director of and adviser to public and private companies primarily in the med-tech sector. He is non-executive chairman of PuriCore plc, IXICO plc and 11 Health. He is a chair of the UK Department of Health's Invention for Innovation (i4i) Funding Panel.

Until recently he was a director of Aircraft Medical (acquired by Medtronic Inc. in December 2015) and Stanmore Implants (acquired by Stryker Inc., April 2016). He was previously chief executive of MDY Healthcare plc, a strategic healthcare investor and, prior to that, head of healthcare corporate finance at both Numis Securities and Nomura International.

Craig Jonathan Gulliford (aged 46), *Chief Executive Officer*

Craig is a founding angel investor in Creo and joined the Company as CEO in 2012.

Craig qualified with an MSc in Electronic Engineering from the University College of North Wales and has 20 years' experience in building international businesses from early stage through to significant scale. His early career developed in the Middle East working with large corporates delivering complex commercial projects.

In January 1999, Craig joined a start-up software and hardware business, where as COO, he was part of a small team that grew the company organically and through acquisition, from a loss making start-up to a profitable business delivering significant shareholder returns and an exit in 2007.

Richard John Rees (aged 40), *Chief Finance Officer*

Richard joined Creo as CFO in July 2016. Prior to joining Creo he was CFO of SPTS Technologies, a UK-based, global manufacturer of semiconductor equipment. In 2011, he was part of a management team at SPTS that, together with Bridgepoint, acquired SPTS for $200 million

from SPP. In 2014, they sold SPTS to Orbotech for more than $350 million. Prior to SPTS, Richard spend 7 years with KPMG in audit.

Christopher Paul Hancock (aged 49), *Chief Technology Officer*

Chris is the founder of Creo Medical with 20 years of experience in medical device development including four years at Gyrus Group plc in his role as Senior Engineer.

Chris holds a personal Chair in the Medical Microwave Systems Research Group at Bangor University. Chris is a Fellow of the Institute of Physics, a Chartered Physicist, Fellow of the Institute of Engineering and Technology, a Chartered Engineer and a Senior Member of the IEEE. He is a named inventor and lead author on over 300 patents/patent applications and journal publications.

John Bradshaw (aged 52), *Independent Non-Executive Director*

John Bradshaw is a chartered accountant with more than 20 years post qualification experience including as senior audit manager at Arthur Andersen and as CFO in a number of UK public companies, venture capital backed private companies and partnerships including Gyrus Group plc. Current activities include CFO of Evgen Pharma plc, Director of IXICO plc and partner at Syncona Partners LLP.

David Gerard Woods (aged 51), *Non-Executive Director*

David is an industry veteran within the med-tech sector. His experience in the Medical Device Market encompasses General and Orthopedic Surgery, Gastroenterology, Pulmonology and ENT. David is currently the Global Chief Marketing officer at Hoya Pentax Medical following senior roles as President and Vice President of sales of the Americas. David was awarded the ASGE Presidents award in 2010 recognising exceptional contributions to the society and its mission.

Senior Management

Roseanne Varner, *Chief Commercial Officer*

Roseanne has 25 years' experience as a senior executive in the medical device industry. She has been involved in a number of early stage medical device companies in a senior role including as CEO/President of Luxar Inc., Gynecare Inc., Atherotech Inc., Aspire Medical Inc., and Aragon Surgical Inc. Mrs. Varner holds a M.S. Systems Management and a B.S. Education.

Steve Morris, *Chief Operations Officer*

Steve Morris has over 15 years of experience of managing complex projects and programmes in the Defence sector. He has led project teams for the Ministry of Defence, and delivering major projects for the Royal Navy and for the British Army. Mr. Morris holds a BScEng and is a member of the IET and the Association for Project Management.

15. CORPORATE GOVERNANCE

Companies that are admitted to trading on AIM are not required to comply with the UK Corporate Governance Code. However, the Directors recognise the importance of sound corporate governance and confirm that, following Admission, they intend to comply with the UK Corporate Governance Code to the extent appropriate for a company of its nature and size. The Board also proposes to follow, as far as practicable, the recommendations in the QCA Guidelines, which have become a widely recognised benchmark for corporate governance of smaller quoted companies, particularly AIM companies.

Following Admission, the Board will meet at least six times a year to review, formulate and approve the Company's strategy, budgets, corporate actions and oversee the Company's progress towards its goals. It has established an audit committee and a remuneration committee with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Board and committee independence

The UK Corporate Governance Code recommends that, in the case of a UK listed company that is a ''smaller company'' (as defined in the UK Corporate Governance Code as being a company that

is outside the FTSE 350, as the Company is expected to be), it should have at least two independent non-executive directors. As of the date of this document, the Board consists of two independent non-executive directors (including the Chairman) and one non-independent non-executive director and three executive directors. Save for David Woods, the Company regards the non-executive directors as ''independent non-executive directors'' within the meaning of the UK Corporate Governance Code and free from any relationship that could materially interfere with the exercise of their independent judgment.

Audit committee

The audit committee is chaired by John Bradshaw and its other member is Charles Spicer, each of whom are independent non-executive directors. The audit committee is expected to meet formally at least two times a year and otherwise as required. It will have the responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

Remuneration committee

The remuneration committee is chaired by Charles Spicer and its other member is John Bradshaw, each of whom are independent non-executive directors. The remuneration committee is expected to meet at such times as required.

It will have responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, chairman, and the executive directors, the company secretary, senior managers and such other members of the executive management as it is designated to consider. The remuneration committee will also have responsibility for determining (within the terms of the Company's policy and in consultation with the chairman of the Board and/or the chief executive officer) the total individual remuneration package for each executive director, the company secretary and other designated senior executives (including bonuses, incentive payments and share options or other share awards). The remuneration of non-executive directors will be a matter for the chairman and executive directors of the Board. No director or manager will be allowed to partake in any discussions as to their own remuneration. In addition, the remuneration committee will have the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It will also have responsibility for recommending new appointments to the Board.

Share dealing policy

The Company has adopted, with effect from Admission a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy.

16. DETAILS OF THE PLACING

The Company is proposing to issue 26,315,800 New Ordinary Shares at a price of 76 pence per Ordinary Share through the Placing by Cenkos.

Cenkos has entered into the Placing Agreement with the Company and the Directors.

The Placing is conditional, *inter alia*, upon:

- the Placing Agreement not having been terminated in accordance with its terms prior to Admission; and
- the New Ordinary Shares having been allotted, conditional only on Admission taking place on 9 December 2016 or such later date as Cenkos and the Company may agree, being not later than 28 December 2016 (save that the allotment of the Eligible Shares shall not be conditional upon Admission).

The New Ordinary Shares to be issued by the Company pursuant to the Placing will represent approximately 32.60 per cent. of the Enlarged Share Capital, will be issued credited as fully paid and will, on issue, rank *pari passu* with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid. On Admission the Company will have a market capitalisation of approximately £61.34 million at the Placing Price.

The Company has obtained provisional assurance from HMRC that the Eligible Shares will be eligible for EIS or VCT purposes (as applicable) providing tax benefits to certain investor groups. In order to protect the Company's VCT and EIS status, the Placing will be effected in three tranches. The EIS Eligible Shares will be offered to those investors who may seek relief under the EIS legislation, the VCT Eligible Shares will be offered to those investors who may seek relief under the VCT legislation and the Non Eligible Shares will be offered to other investors. The Placing (other than the placing of the Eligible Shares) is conditional, *inter alia*, upon the Eligible Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 9 December 2016, or such later date (being no later than 28 December 2016) as the Company and Cenkos may determine.

The VCT Eligible Shares and EIS Eligible Shares will be issued to Placees regardless of whether Admission occurs.

Immediately following Admission, approximately 83.8 per cent. of the Enlarged Share Capital will not be in public hands. The proceeds of the Placing receivable by the Company (before expenses) will be approximately £20 million.

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Ordinary Shares will commence on 9 December 2016.

The Placing has not been underwritten. Further details of the Placing Agreement are set out in paragraph 19.2 of Part 5 of this document.

17. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

Pursuant to the terms of the Placing Agreement and/or the Lock-in Deeds (as applicable), the Directors who hold Ordinary Shares and the other Locked-in Shareholders, who hold in aggregate, 54,092,135 Ordinary Shares (representing 67.14 per cent. of the Enlarged Share Capital) have agreed for a period of 12 months from Admission that, subject to certain exceptions, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect), except with the prior written consent of Cenkos (subject to the exception that Finance Wales, Chris Hancock and Craig Gulliford, who are ''related parties'' for the purposes of the AIM Rules for Companies and Roseanna Varner and Steve Morris who are ''applicable employees'' for the purposes of the AIM Rules for Companies, shall not be able to dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect) for a period of 12 months from Admission (with or without the consent of Cenkos)).

In addition, the Directors who hold Ordinary Shares and, the other Locked-in Shareholders have agreed, for a further period of 12 months following the expiry of the initial 12 month period, not to trade any Ordinary Shares except through Cenkos.

The Lock-in Arrangements are intended to preserve an orderly market in the Ordinary Shares after Admission. Details of these arrangements are set out in paragraphs 19.2 and 19.8 of Part 5 of this document.

18. DIVIDEND POLICY

Once the Company generates revenues and profit, and then having regard to the Group's performance and future requirements, the Company intends to pursue a progressive dividend policy.

19. EMPLOYEE INCENTIVE SCHEMES

The Board considers employee share ownership to be an important part of its strategy for employee incentivisation and has an established framework to allow selected employees to share in the success of the Group by the award of options.

The Group has in place the Share Option Scheme. None of the Existing Options are to be exercised in accordance with the terms of the Share Option Scheme prior to Admission. No other

options will be granted under the Share Option Scheme following Admission. Immediately following the Placing and Admission, the number of Ordinary Shares under option pursuant to the Share Option Scheme is 6,035,040. Further details of the Share Option Scheme are set out in paragraph 12.6 of Part 5 of this document.

The Board has established a New Share Option Plan. On Admission the Company intends to grant 5,881,578 Options over Ordinary Shares with an exercise price equal to the Placing Price. The Options shall be granted to certain Directors and employees of the Group in the United Kingdom in order to allow selected personnel to share in the success of the Group and to incentivise and retain key staff members. On any date, no Option may be granted under the New Share Option Plan if, as a result, the number of Ordinary Shares issued or issuable pursuant to Options granted since Admission or if this is more than 10 years ago, during the previous ten years under the New Share Option Plan or any other employees' share scheme adopted by the Company would exceed 15 per cent of the share capital of the Company in issue on that date. Ordinary Shares held in treasury will be treated as newly issued Ordinary Shares for the purpose of this limit for as long as guidelines published by institutional investors so recommend. Ordinary Shares purchased in the market will not count towards this limit. Further details of the New Share Option Plan are set out in paragraph 12.7 of part 5 of this document.

20. ADMISSION, SETTLEMENT AND CREST

Application will be made to the London Stock Exchange for all the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence at 8.00 a.m. on 9 December 2016.

The Company has made arrangements for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system, if the relevant shareholder so wishes. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

In the case of placees who have requested to receive New Ordinary Shares in uncertificated form, it is expected that CREST accounts will be credited with effect from 9 December 2016. In the case of placees who have requested to receive New Ordinary Shares in certificated form, it is expected that share certificates will be dispatched by post within 14 days of the date of Admission.

Pending dispatch of definitive share certificates, the Registrars will certify instruments of transfer against the register. No temporary documents of title will be issued.

The ISIN number of the Ordinary Shares is GB00BZ1BLL44. The TIDM is CREO.

21. TAXATION

Information regarding taxation is set out in paragraph 17 of Part 5 of this document. This information is intended only as a general guide to the current tax position in the UK. **Any investor who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than the UK, should consult his or her own independent professional adviser without delay.**

22. VCT AND EIS ELIGIBILITY

Information regarding certain taxation considerations for corporate, individual and trustee shareholders in the United Kingdom is set out in paragraph 17 of Part 5 of this document. **These details are, however, intended as a general guide to the current position under UK taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser immediately.**

The EIS Eligible Shares will be offered to those investors who may seek relief under the EIS legislation, the VCT Eligible Shares will be offered to those investors who may seek relief under the VCT legislation and the Non Eligible Shares will be offered to other investors. The Placing (other than the placing of the Eligible Shares) is conditional, *inter alia*, upon the Eligible Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 9 December 2016, or such later date (being no later than 28 December 2016) as the Company and Cenkos may determine.

The VCT Eligible Shares and EIS Eligible Shares will be issued to Placees regardless of whether Admission occurs.

VCTs

Advance assurance has been sought and obtained from HMRC that the Company should be a ''qualifying company'' for the purpose of investment by VCTs.

The qualifying status for VCT purposes will be contingent upon certain conditions being met by the Company, the Group and the relevant VCT investor. Neither the Company nor the Company's advisers give any warranties or undertakings that VCT qualifying status will be available or that, if initially available, such status will not be subsequently withdrawn. Should the law change, then any qualifying status previously obtained may be lost.

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

EIS

The Company has applied for and obtained provisional assurance from HMRC that the New Ordinary Shares will be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such provisional assurance and submission of such a claim by the Company does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject to holding the shares throughout the relevant three year period.

The continuing status of the New Ordinary Shares as qualifying for EIS purposes will be conditional on qualifying conditions being satisfied throughout the relevant period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of EIS shares will remain a qualifying investment for EIS purposes.

Your attention is drawn to the further taxation information set out in paragraph 17 of Part 5 of this document.

23. CITY CODE ON TAKEOVERS AND MERGERS

The Takeover Code applies to the Company.

Rule 9 of the Takeover Code is designed to prevent the acquisition or consolidation of control of a company subject to the Takeover Code without a general offer being made to all shareholders. Rule 9 states that, when any person or group of persons acting in concert acquires (whether by one transaction or a series of transactions) an interest in shares which carry 30 per cent. or more of the voting rights of the company, such person or persons acting in concert must normally make a general offer for the balance of the issued share capital of such company. Rule 9 also states that any person or group of persons acting in concert that is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights must normally make a general offer for the balance of the issued share capital should there be any increase in the percentage of the shares carrying voting rights in which they or any person acting in concert with them are interested.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the City Code parties act in concert when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means an interest or interest in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

Further information on the provisions of the Takeover Code can be found in paragraph 18.1 of Part 5 of this document.

24. RISK FACTORS

Your attention is drawn to the risk factors set out in Part 2 of this document and to section entitled ''Forward Looking Statements'' on page 3 of this document. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

25. ADDITIONAL INFORMATION

Prospective investors should read the whole of this document, which provides additional information on the Company, the Placing and Admission and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part 2 of this document which contains a summary of the risk factors relating to an investment in the Company, to Part 3 of this document which contains historical financial information of the Group and an accountants' report thereon, to Part 4 of this document which contains the intellectual property report in respect of the Group's patent portfolio and to Part 5 of this document which contains further information on the Group.

PART 2

RISK FACTORS

AN INVESTMENT IN ORDINARY SHARES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN TO THE FACT THAT THE GROUP IS SUBJECT TO A VARIETY OF RISKS WHICH, IF ANY WERE TO OCCUR, COULD HAVE A MATERIALLY ADVERSE EFFECT ON THE GROUP'S BUSINESS AND/OR FINANCIAL CONDITION, RESULTS OR FUTURE OPERATIONS. IN SUCH CASE, THE MARKET PRICE OF THE ORDINARY SHARES COULD DECLINE AND INVESTORS MIGHT LOSE SOME OR ALL OF THEIR INVESTMENT.

In addition to the information set out in the rest of this document, the following risk factors in this Part 2 should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. Additionally, there may be risks not mentioned in this document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Ordinary Shares. In particular, the Group's performance may be affected by changes in the market or economic conditions and by legal, regulatory and tax requirements.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial adviser in the jurisdiction in which such investor is located.

1. RISKS RELATING TO THE GROUP AND THE BUSINESS

The Group's success depends on the market acceptance of current and new products

Whilst the Directors believe that a viable market for the Group's products exists, there can be no assurance that its technology will prove to be an attractive addition or alternative to existing surgical devices. The development of a market for the Group's products is affected by many factors, some of which are beyond the Group's control, including: (i) the emergence of newer, more competitive technologies and products; (ii) the cost of the Group's products themselves; (iii) regulatory requirements; (iv) customer perceptions of the efficacy and reliability of its products; and (v) customer reluctance to buy a new product. If a market fails to develop or develops more slowly than anticipated, the Group may be unable to achieve profitability.

Risks relating to delay in obtaining regulatory approvals

The product development milestones (including the estimated timing of when certain regulatory approvals will be obtained by the Group for its products) as set out in paragraph 10.2 of Part 1 of this document are indicative only. There can be no assurance that the Group will receive such regulatory approvals. If the Group's products are not approved and commercialised, the Group will be unable to generate product revenues, which would materially adversely affect its business, financial condition and result of operations. Moreover, any delay or setback in the regulatory approval process could have a material adverse effect on the Group's business and prospects.

Failure or delay in completing clinical studies (and delays or difficulties in the enrolment of subjects in clinical studies) for any of the Group's products may also prevent it from obtaining regulatory approval or commercialising products on a timely basis, or at all, which would require the Group to incur additional costs and would delay receipt of any product revenue. Even if the Group's clinical studies and laboratory testing are completed as planned, their results (and any future replication) may fail to provide support for approval of the Group's products which could result in development delays or failure to obtain regulatory approval.

The Group operates in a competitive environment

The surgical devices market is highly competitive and rapidly changing. Competitors may have access to considerably greater financial, technical and marketing resources. New products may enter the market and make the Group's products obsolete or a competitor's products may be more effective, cheaper or more effectively marketed than the Group's products and may have an adverse impact on the Group's business.

Acceptance of the Group's products in clinical settings

If the Group is unable to convince opinion leaders and health professionals of the benefits of its products, there could be weak penetration of the market, which might have a material adverse effect on the Group, its business, financial situation, growth and prospects. The slow adoption of new methods and technologies could result in timeframes being longer than anticipated by the Group.

Dependance on a limited number of suppliers for certain components and services

The Group purchases components and services from a number of suppliers. The Group has historically enjoyed good relations with its suppliers; however, any material increase in the purchase price of equipment and/or services or a material change in the terms of supply of such equipment and/or services could have a material adverse effect on the business.

Due to the specialised nature of the Group's products, it is reliant on some suppliers to produce specific components. For RS2 Speedboat, there are approximately 25 components suppliers, 22 of which could be sourced from an alternative supplier, albeit with some time penalty. For three critical components (the catheter shaft, the blade and the microwave cable assembly), alternative sources of supply would be more difficult and time consuming but achievable. The CROMA electrosurgery platform has many hundreds of components, but the vast majority are general-purpose electronic components that can be readily sourced from alternative suppliers. Three components/subassemblies are being manufactured by single suppliers to a custom design, and are more difficult to second-source. The Directors have identified potential alternative suppliers to reduce the Group's risk of single sourcing, however, there can be no guarantee that these alternative suppliers will be able to satisfy the Group's requirements and in such a case there would be potential disruption to the Group.

Risks of technological change and technological obsolescence

The Group's products could be adversely impacted by the development of alternative technology. There can be no assurance that the Group's products will not be rendered obsolete. In addition there is no guarantee that the Group will be able to adapt existing technology for future clinical applications and may not be able to gain traction, which will limit market potential.

Risks relating to IP and proprietary rights

The Group relies primarily on a combination of patents and proprietary knowledge, as well as confidentiality procedures and contractual restrictions to establish and protect its proprietary IP rights.

Whilst the Group seeks patent protection, where appropriate for its products, there can be no assurance that any existing patents, or patents which may be issued, will provide the Group with sufficient protection in the case of an infringement of its technology or that others will not independently develop technology comparable or superior to that employed by the Group. There can be no assurance regarding the degree and range of protection any patents will afford against competitors and competing technologies, that any existing patents or patents which may be issued will provide any competitive advantage to the Group or that they will not be successfully challenged, invalidated, found unenforceable or circumvented in the future. In addition, there can be no assurance that competitors will not seek to apply for and obtain patents that will prevent, limit or interfere with the Group's ability to make, use and sell its potential products either in the US or in international markets. The Group cannot predict whether the Group will need to initiate litigation or administrative proceedings, or whether such litigation or proceedings will be initiated by third parties against the Group, which may be costly and time consuming, regardless of whether the Group wins or loses, and whether third parties claim that the Group's technology infringes upon their rights.

The Group has entered into consultancy agreements with certain third parties. Although the Group has and will continue to take reasonable steps to ensure that any intellectual property created, designed or produced in the course of the delivery of the consultancy services will belong exclusively to the Group, there can be no assurance that third parties will not seek to claim rights over intellectual property developed by the Group and/or that disputes will not arise as to the proprietary rights to intellectual property that has been developed by the Group with the assistance of third parties.

The complexity and uncertainty of European patent laws has also increased in recent years. In addition, the European patent system is relatively stringent in the type of amendments that are allowed during prosecution and opposition proceedings. Changes in patent law or patent jurisprudence could limit the Group's ability to obtain new patents in the future that may be important for its business.

Failure to secure and maintain the Group's trade mark registrations could adversely affect its business. During trade mark registration proceedings, the Group may receive rejections of its applications by the applicable trade mark registry. Although the Group is given an opportunity to respond to those rejections, it may be unable to overcome such rejections. In addition, in many jurisdictions third parties are given an opportunity to oppose pending trade mark applications, which could result in the total or partial failure of the application. In addition, any registered trade mark can be the subject of challenges by third parties (including, for example, for non-use of a mark), which could result in the total or partial cancellation or revocation of the trade mark registrations. Opposition or cancellation proceedings may be filed against the Group's trade marks, and its trade marks may not survive such proceedings. Furthermore, in many countries, owning and maintaining a trade mark registration may not provide adequate defence against a subsequent infringement claim asserted by the owner of a senior trade mark.

Some of the trade marks held by Group are unregistered. The scope and extent of protection of such unregistered trade mark rights is impossible to define accurately. There is no assurance that the Group has the ability to prove the existence of its unregistered trade mark rights or to successfully enforce them against third parties. In addition, it may not be possible for some of the Group's unregistered trade marks to be registered, either due to objections raised by the relevant trade mark office or as a result of oppositions by third parties.

If some of the Group's registered trade marks are cancelled and/or any current or future trade mark applications are unsuccessful, this may mean that the Group has to rebrand its business, products and/or services, which may be expensive and may limit, delay or interfere with the Group's ability to make, use and sell its products and/or services.

Risks relating to the protection and infringement of the Group's IP

If the Group is unable to obtain, maintain, defend or enforce its intellectual property rights covering its products, third parties may be able to make, dispose (or offer to dispose) of, use, import or keep products that would otherwise infringe the Group's patents, which would materially adversely affect the Group's ability to compete in the market. The Group cannot guarantee the degree of future protection that it will have in respect of its product candidates and technology. Patent protection is deemed by the Group to be of importance to its competitive position in its planned product lines and a failure to obtain or retain adequate protection could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group's product candidates may infringe or may be alleged to infringe existing patents or patents that may be granted in the future. As some patent applications in Europe and the United States may be maintained in secrecy until the patents are issued, patent applications in Europe, the United States and many foreign jurisdictions are typically not published until 18 months after filing, and publications in the scientific literature often lag behind actual discoveries, the Group cannot be certain that others have not filed patents that may cover its technologies, its product candidates or the use of its product candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover the Group's technologies, its product candidates or the use of its product candidates. As a result, the Group may become party to, or threatened with, future adversarial proceedings or litigation regarding patents with respect to its product candidates and technology.

If the Group is sued for patent infringement, the Group would need to demonstrate that its product candidates or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and the Group may not be able to do this. If the Group is found to infringe a third party's patent, the Group could be required to obtain a licence from such third party to continue developing and marketing its product candidates and technology or the Group may elect to enter into such a licence in order to settle litigation or in order to resolve disputes prior to litigation. However, the Group may not be able to obtain any required licence on commercially reasonable terms or at all. Even if the Group is able to obtain a licence, it could be non-exclusive, thereby giving its competitors access to the same technologies licensed to the Group, and could require the Group to make substantial royalty payments. The Group could also be forced, including

by court order, to cease commercialising the infringing technology or product candidate. If the Group is found to infringe a third party's patent, the Group may also have to pay damages and/or redesign any infringing products, and redesigning any infringing products may be impossible or require substantial time and monetary expenditure. A finding of infringement could prevent the Group from commercialising its product candidates or force the Group to cease some of its business operations, which could materially harm its business. Further, if a patent infringement suit were brought against the Group, it could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. Claims that the Group has misappropriated the confidential information or trade secrets of third parties could have a similarly negative impact on its business.

Any such claims, with or without merit, could be time consuming and expensive to defend or settle and could divert management resources and attention, which could materially adversely affect the Group's business, results of operations or financial condition. There may also be related costs implications and/or potential monetary damages to be paid and/or implications for the products marketed by the Group. Some of its competitors may be able to sustain the costs of complex patent or other litigation more effectively than the Group can because they have substantially greater resources.

Competitors may infringe the Group's patents. To counter infringement or unauthorised use, the Group may be required to file infringement claims, which can be expensive and time-consuming. In addition, in a patent infringement proceeding, a court may decide that a patent of the Group is invalid, unenforceable, and/or has not been infringed. An adverse result in any litigation or defence proceedings could put one or more of the Group's patents at risk of being invalidated or interpreted narrowly and could put any other of the Group's patent applications at risk of not issuing.

The Directors are not aware of any infringement by the Group's products and services of the intellectual property rights of any third parties. However, it is not possible to be aware of all third party intellectual property rights and limited freedom to operate searches have been conducted on behalf of the Group. Third parties may assert claims that the Group and/or the products or services it supplies infringe intellectual property rights or misuse confidential information belonging to them.

Risks relating to the disclosure of confidential information

The Group relies on trade secrets, confidential information and proprietary know-how, which it seeks to protect, in part, through confidentiality and proprietary information agreements. The Group has a policy of requiring advisers, contractors and third-party partners to enter into confidentiality agreements and its employees to enter into invention, non-disclosure and non-compete agreements. The Group may not be able to protect its trade secrets, confidential information and proprietary know-how adequately. There can be no assurance that such confidentiality or proprietary information agreements will not be breached, that the Group would have adequate remedies for any breach (in the event of any unauthorised use or disclosure of information, for example), or that the Group's trade secrets will not otherwise become known to or be independently developed by competitors. If any of the Group's trade secrets were to be independently developed by a competitor, the Group would have no right to prevent them, or those to whom they disclose such trade secrets, from using that technology or information to compete with the Group. If any of the Group's trade secrets were to be unlawfully disclosed to, or independently developed by a competitor or other third-party, relief may not be obtained and the Group's competitive position would be harmed. It may be possible for competitors or customers to copy one or more aspects of the products marketed by the Group or obtain information that the Group regards as proprietary.

No assurance can be given that the Group has entered into appropriate agreements with all parties that have had access to its trade secrets, confidential information and proprietary know-how. Furthermore, the Group cannot provide assurance that any of its employees, consultants, contract personnel or third-party partners, either accidentally or through wilful misconduct, will not cause serious damage to its programmes and/or its strategy, by, for example, disclosing trade secrets, proprietary know-how or confidential information to its competitors. It is also possible that trade secrets, proprietary know-how or confidential information could be obtained by third parties as a result of breaches of its physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow the Group's competitors to learn confidential information and use it in competition against the Group. Any action to enforce the Group's rights

against any misappropriation or unauthorised use and/or disclosure of trade secrets, proprietary know-how or confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

The Group may be subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties. The Group employs individuals who were previously employed at other companies. The Group may be subject to claims that it or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of its employees' former employers or other third parties. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and if the Group does not prevail, the Group could be required to pay substantial damages and could lose rights to important intellectual property. Even if the Group is successful, litigation could result in substantial cost and be a distraction to its management and other employees.

Risks relating to the interoperability and compatibility of the Group's products with third party technologies

The Group's products are being designed and developed with the intention that they are interoperable with the most commonly manufactured and/or appropriate endoscopes, colonoscopes and bronchoscopes and other systems on the market such that the Group's products will be inserted within the working channel of the relevant scope. The Group's products are also being designed to be compatible with third party visualisation equipment. There can be no assurance that the Group's products will be interoperable and/or compatible with existing and/or future technologies. If the Group's products are not interoperable and/or compatible, the Group will be unable to generate product revenues, which would materially adversely affect its business, financial condition and result of operations.

Adverse decisions of a regulator, including tax authorities, or changes in tax treaties, laws, rules or interpretations could reduce or eliminate research and development tax relief that the Group may be eligible for in the United Kingdom

The Group may be eligible for tax relief for qualifying research and development expenditure in the United Kingdom. It is anticipated that each Group entity will, where available, claim such relief, but this will depend on tax planning as the business develops. However, the tax laws and regulations in the United Kingdom may be subject to change, and there may be a change in the interpretation and enforcement of the law (in each case possibly with retroactive effect) although no such change in law, interpretation or enforcement has been announced as at the date of this document. As a result, the Group may not, or may not in the future, be eligible for research and development tax relief in the United Kingdom, which could have a negative effect on the Group's profit and cash flow.

The UK has introduced a patent box regime in relation to certain income derived from UK or European patents. By electing to enter into the patent box regime, the relevant company making such election would benefit from a lower effective corporation tax rate on relevant income from assets inside the patent box. Entry into the patent box regime is subject to detailed rules, including ensuring that each entity is actively involved in the plans and decisions relating to the exploitation or development of the patent and/or performs a significant amount of activity for the purposes of developing the patent. The Group may, where available, make an election to participate in such regime, but this will require further analysis as to eligibility as the business develops. However, the patent box regime has been subject to intense scrutiny both by the European Commission and the OECD. As a result, the original patent box regime was closed to new entrants in June 2016 and was replaced by a revised regime with tighter eligibility requirements. Further changes may also be made to the regime as a result of the OECD's Base Erosion and Profit Shifting project and HMRC and HM Treasury have launched a consultation on changes to the patent box regime to ensure that it is consistent with the OECD's proposals on this area.

Furthermore, the Group may not be able to claim R&D tax credits on R&D expenditure or receive tax credit repayments due to changes in the R&D tax credit regime or changes in the interpretation of the regulations.

Any change in the Group's tax status or in taxation legislation in any jurisdiction in which the Group operates could affect the Group's financial condition and results and its ability (if any) to provide returns to Shareholders. Statements in this document concerning the taxation of investors

in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

Risk that HMRC will challenge the Company's historic treatment of contractors

The Company engages a number of individual consultants, whom it has historically treated as self-employed from a tax perspective. In the event that HMRC successfully challenges this treatment in respect of any consultant, the Company may be liable to pay HMRC sums representing: (a) income tax (via the Pay As You Earn system); and (b) employee and employer National Insurance Contributions, in respect of historic and future periods (including interest and penalties, if applicable). In the event that one or more of the consultants are deemed to be employed by the Group, this could have a material adverse effect on the Group's business, financial condition or operating results.

Requirement for additional financing to develop platform technology

The Group's financing requirements depend on numerous factors, including the rate of market acceptance of its technologies and its ability to attract customers. Some factors are outside of the Group's control. The Group may be unable to obtain adequate financing on acceptable terms, if at all, which could cause the Group to delay, reduce or abandon research and development programmes or hinder commercialisation of some or all of its products.

The Group may, in the medium term, need to raise additional capital, whether from equity or debt sources, to finance working capital requirements or to finance its growth through future stages of development. Any additional share issue may have a dilutive effect on Shareholders, particularly if they are unable or choose not to subscribe by taking advantage of rights of pre-emption that may be available. Debt funding may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group were to be unable to comply with the terms of the relevant debt facility agreement. Further, there can be no guarantee or assurance that additional funding will be forthcoming when required, nor as to the terms and price on which such funds would be available. Any of the foregoing could have a material adverse effect on the Group's business, financial condition or operating results.

Dependance on key executives and personnel

The Directors believe that the future success of the Group will depend in part upon the expertise and continued service of certain key executives and technical personnel, including the Directors. In particular, Dr. Chris Hancock has been, and remains, essential to the development of the Group. Furthermore, the Group's ability to successfully develop commercial products will also depend on its ability to attract and retain suitable management, engineering, marketing and sales personnel.

Competition for these types of employees is often intense due to the limited number of qualified professionals. The Group has attempted to reduce this risk by implementing share option schemes and entering into contracts, which contain limited non-competition provisions with key personnel. However, these measures do not guarantee that key personnel will stay employed with the Group.

Litigation and other adversarial actions in the ordinary course of business could materially adversely affect the Group

Although the Group is not currently subject to any material litigation, it may be subject to such litigation in the future. In addition, the Group may be subject to other disputes, claims and complaints, including adversarial actions, by customers, employees, suppliers, insurers and others in the ordinary course of business. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from the Group's operations and may result in the Group having to pay monetary damages, any of which could have a material adverse effect on the Group's results of operations and financial condition. In addition, adverse legal publicity or substantial litigation against the Group could negatively impact its reputation, even if the Group is not found liable, which could also adversely impact the Group's business, prospects, results of operations and financial condition.

Certain contracts with third parties expose the Group to uncapped indemnities or liabilities and / or are terminable on short notice

Certain agreements entered into between the Group and its suppliers are short term arrangements which may be terminated prematurely or come to an end without renewal. The termination of one

or multiple arrangements with the Group's suppliers could have a negative impact on the financial performance of the Group.

Furthermore, the contracts entered into with certain of the Group's suppliers and distributors contain indemnities and/or other provisions which expose the Group to several uncapped liabilities in the event that claims are made by the relevant parties in certain circumstances. Some of the indemnities are given in relation to any breach of contract committed by the Group, regardless of how immaterial this may be. Furthermore, other indemnities given by the Group relate to the actions of third parties outside of the control of the Group. A high value claim or a number of smaller claims brought under one or more of these indemnities could have a material adverse effect on the Group's financial condition.

The Group's risk management procedures may fail to identify or anticipate future risks

Although the Directors believe that the Group's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that is publicly available or otherwise accessible to the Group. Failure (or the perception that the Group has failed) to develop, implement and monitor the Group's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and trading issues which could have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

Dependance on distributors in certain geographical areas

The success of the sale of the Group's products depends in part on the financial resources, expertise and clients of its distributors, agents and other channel partners. The Group currently has a Distribution Agreement with Hoya Pentax Medical giving the Group the ability to distribute its products, once commercialised, in Japan, China, Australia, New Zealand and India (and other Asia Pacific countries as agreed from time to time). The Group does not currently have a distribution partner in the EU or US. The Group cannot ensure that it will be able to keep its distributors, renew existing distribution agreements on commercially favourable terms, or enter into new distribution agreements in respect of its target geographical markets or that any of its current and/or future distribution partners will dedicate the resources necessary for the commercial success of the Group's products. The loss of, or changes affecting, the Group's relationships with distribution or sales partners could adversely affect the Group's results of operations.

Product development

Much of the Group's future revenues depend on its ability to continue to develop new products. All new product development has an inherent level of risk. New products may take longer to develop than planned, impacting potential future revenue, may require more resources than planned which will increase development costs and may pose technical challenges that the Group cannot solve.

The Group has entered into certain grant agreements with a number of UK agencies relating to, among other things, the testing of the RS2 Speedboat and certain GI instruments (including the Haemostasis Graspers, the Haemostasis Probe and the EMR Snare). Further details of the grant agreements are summarised in paragraph 5.2 of Part 4 of this document. In the event the Group breaches the terms of a grant agreement or otherwise triggers a repayment provision therein, the Group may be required to repay some or all of the grant monies received which could have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

Regulatory risk

The Group's products are regulated by national and regional medical device regulations. Additionally, the Group is required to comply with ongoing regulatory requirements such as to maintain a quality system pursuant to these regulations which subjects it to periodic inspections, scheduled and unscheduled. Failure to pass an inspection, recall or the loss of clearance to market a particular product, could have an immediate and negative impact on the Group's revenues, prospects and its share price. The Group's prospects for the foreseeable future will depend heavily on its ability to successfully obtain regulatory approval for its products in multiple jurisdictions (if regulatory approval can be obtained at all).

Following regulatory approval of the products, the products will be subject to post-market safety surveillance programmes and adverse event reporting in the relevant countries. Failure by the Group to comply with post-marketing regulatory requirements may result in the suspension of a regulatory approval, as well as civil and criminal sanctions. If there are potential safety concerns in relation to a product, the Group may be required to take further action to improve product safety, or even to remove the relevant product from the market.

The applicable rules, regulations and guidance in the various countries also change frequently and are subject to interpretation. Change of rules applicable to a new product filing or as related to a currently marketed product (including substantial changes to devices) could mean that the Group needs to conduct additional studies and re-submit products to the regulatory authorities for re-examination / re-assessment, which may impact the Group's ability to generate revenue in certain markets and the costs, timing or successful completion of a clinical study. Furthermore, if any examination / assessment is not favourable, the Group may not be able to continue to market and sell the product.

There is a risk that the Group's employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and/or applicable law. It is not always possible to identify and deter misconduct by employees, independent contractors, principal investigators, consultants, suppliers, commercial partners and vendors, and the precautions the Group takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting the Group from governmental investigations or other actions or claims stemming from a failure to be in compliance with such laws or regulations. If any such actions are initiated against the Group, and the Group is not successful in defending itself or asserting its rights, those actions could have a significant adverse impact on its business, including the imposition of significant fines or other sanctions, and its reputation.

In the European Union, medical devices may be promoted only for the intended purpose for which the devices have been CE Marked. Failure to comply with this requirement could lead to the imposition of penalties by the competent authorities of the European Union member states. Promotional materials must also comply with various laws and codes of conduct developed by medical device industry bodies in the European Union governing promotional claims, comparative advertising, advertising of medical devices reimbursed by the public health authorities and advertising to the general public.

Reimbursement of medical devices in Europe is essentially determined on a country-by-country basis. In some cases, reimbursement is determined at a national level and in others by regional authorities within countries. Reimbursement may also differ according to whether the medical devices are supplied to the hospital or community sectors. The process of securing reimbursement may require the Group to collect and disseminate further clinical and economic data in order to demonstrate the clinical value and cost-effectiveness of its products as compared with currently available treatments. However, there can be no assurance that the reimbursement process will be successful for each country in which commercialisation is intended. If the Group is unable to obtain suitable and timely reimbursement for its products, its ability to generate product revenues is likely to be significantly reduced. There may also be a material adverse effect on the market acceptance and adoption of the products in the relevant countries.

Acquisitions

The Group's strategy foresees further acquisitions of businesses and technologies. Considerable costs can be incurred in pursuing potential transactions that are not completed. Conclusion of a transaction to acquire further technologies or businesses may not yield the return expected and may lead to the cost of acquisition having to be written off or may expose the Group to additional liabilities associated with the acquired technology or business.

Insurance

The Group's business will expose it to potential product liability and other legal risks related to its operations. Criminal or civil proceedings might be filed against the Group by study subjects, patients, the regulatory authorities, other companies and any other third party using or marketing its products. These actions could include claims resulting from acts by its partners, licensees (if any) and subcontractors, over which the Group has little or no control. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of

dangers inherent in the products, negligence, strict liability and a breach of warranties. If the Group cannot successfully defend itself against product liability claims, it may incur substantial liabilities or be required to limit commercialisation of its products if approved. Even successful defence could require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in: decreased demand for its products due to negative public perception; injury to the Group's reputation or brands; withdrawal of clinical study participants or difficulties in recruiting new study participants; initiation of investigations by regulators; costs to defend or settle the related litigation; a diversion of management's time and its resources; substantial monetary awards to patients, study participants or subjects; product recalls, or withdrawals; labelling, and marketing or promotional restrictions; loss of revenues from product sales; and/or the inability to commercialise any of the Group's products, if approved.

There can be no assurance that product liability or other claims would not materially and adversely affect the business. Certain products planned for development by the Group and certain uses of these products may present greater risks than that presented by the Group's present product line.

While the Group maintains commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry, there is no guarantee that it will be able to obtain the desired level of cover on acceptable terms in the future. Furthermore, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from the Group's insurance coverage. There are also risks against which the Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Group's earnings and competitive position in the future and, potentially, its financial position. The Group's operations could suffer losses which may not be fully compensated by insurance. In addition, certain types of risk may, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Group's insurance policies. Any of the foregoing could have a material adverse effect on the Group's business, financial condition or operating results.

Reputation risk

The Group's reputation is central to its future success in terms of the services and products it provides, the way in which it conducts its business and the financial results which it achieves. Issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements, money-laundering, fraud prevention, privacy, record-keeping, sales and trading practices and the credit, liquidity, and market risks inherent in the Group's business. If the Group fails, or appears to fail, to deal with various issues that may give rise to reputational risk or if it fails to retain customers for any other reason, this could materially harm its business prospects.

Also, failure to meet the expectations of its customers, suppliers, employees, shareholders and other business partners may have a material adverse effect on the Group's reputation and future revenue.

Market risks and economic conditions

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. The Group's success depends on market acceptance of the Group's solutions and services and there can be no guarantee that this acceptance will continue to be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products or services.

Application of the proceeds from the Placing may not help develop the Group's revenues or increase the price of the Ordinary Shares

There is no guarantee that the use of net proceeds described in paragraph 13 of Part 1 of this document will result in the Group developing revenue and/or the price of the Ordinary Shares increasing.

The UK's exit from the European Union could have a material adverse effect on the Group's business, results of operations and financial condition

The United Kingdom voted to leave the EU in a referendum held on 23 June 2016 and the Group faces risks associated with the political and economic instability associated with this. For example, as a significant proportion of the legal and regulatory regime applicable to the Group is derived from EU directives and regulations a UK exit from the EU may materially change the legal framework applicable to the Group's business and result in further political and economic uncertainty which may adversely affect the market in which the Group operates. In addition, it could result in restrictions on the movement of capital and people. The general speculation and concern surrounding how and when the United Kingdom will leave the EU has also caused uncertainty in the market which may damage customers' and investors' confidence. Any of these risks could have a material adverse effect on the Group's business, results of operations and financial condition.

Force majeure

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

2. RISKS RELATING TO THE COMPANY'S SECURITIES

General

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets as part of a diversified investment portfolio. Accordingly, typical investors in the Group are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Conditionality of the Placing

The Placing (other than the placing of the Eligible Shares) is conditional, *inter alia*, upon the Eligible Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all other respects. In the event that certain conditions to which Admission is subject is not satisfied or, if capable of waiver, waived, then such Admission will not occur. The VCT Eligible Shares and EIS Eligible Shares will be issued to placees regardless of whether Admission occurs.

No prior market for the Ordinary Shares

Before Admission, there has been no prior market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

VCT

Advance assurance has been sought and obtained from HMRC that the Company should be a ''qualifying company'' for the purpose of investment by VCTs.

The qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Company, the Group and the relevant VCT investor. Neither the Group nor the Group's advisers give any warranties or undertakings that VCT qualifying status will be available or that, if initially available, such status will not be subsequently withdrawn. Should the law change, then any qualifying status previously obtained may be lost.

Circumstances may arise (which may include the sale of the Group) where the Directors believe that the interests of the Group are not best served by acting in a way that preserves VCT qualifying status. In such circumstances, the Group cannot undertake to conduct its activities in a way designed to secure or preserve any such status claimed by any Shareholder.

If the Company does not employ the proceeds of a VCT's share subscription for qualifying purposes within 24 months, the funds invested by the VCT would be apportioned *pro rata* and its

qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holdings.

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

If the Company or any qualifying subsidiary ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Group's activities and which is a non-qualifying trade for VCT purposes, this could prejudice the qualifying status of the Company (as referred to above) at any time that a VCT is an investor in the Company. This situation will be monitored by the Directors with a view to preserving the Company's qualifying status but this cannot be guaranteed.

EIS

The Company has applied for and obtained provisional assurance from HMRC that the New Ordinary Shares will be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such provisional assurance and submission of such a claim by the Company does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject to holding the shares throughout the relevant three year period.

The continuing status of the New Ordinary Shares as qualifying for EIS purposes will be conditional on qualifying conditions being satisfied throughout the relevant period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of EIS shares will remain a qualifying investment for EIS purposes. Investors must take their own advice and rely on it. If the Company carries on activities beyond those disclosed to HMRC, then Shareholders may cease to qualify for the tax benefits.

Share price volatility and liquidity

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the Group's actual financial, trading or operational performance. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions in the Lock-In Arrangements), legislative changes and market, economic, political or regulatory conditions. The share price for publicly traded companies can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for such Ordinary Shares.

Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List of the UK Listing Authority. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should, therefore, be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List and may not reflect the underlying value of the net assets of the Group. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

Dilution of Shareholders' interest as a result of additional equity fundraisings

Although the Group's business plan does not involve the issuance of Ordinary Shares other than in connection with the Placing, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest and the proportionate voting interest of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares under a pre-emptive offer. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

Dividends

Upon the Company generating revenues and profits, the Company's current policy is to retain future distributable profits and only recommend dividends when appropriate and practicable. There can be no assurance as to the level of future dividends (if any) that may be paid by the Company or, in light of the accrued losses of the Group, of the ability to pay dividends. Any determination to pay dividends in the future will be a decision for the Board (and will be subject to applicable laws and generally accepted accounting principles from time to time, and other factors the Board deems relevant).

Forward-looking statements

Some of the statements in this document include forward-looking statements which reflect the Company's or, as appropriate, the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's business). These statements include forward-looking statements both with respect to the Group and the sectors and industry in which the Group operates. All forward looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual performance to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in this Part 2 of this document which should be read in conjunction with the other cautionary statements that are included in this document.

Any forward-looking statements in this document reflect the Company's or, as appropriate, the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. These forward-looking statements speak only as at the date of this document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise, unless required by the AIM Rules and Disclosure Guidance and Transparency Rules, as appropriate. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Foreign exchange rate fluctuations may adversely affect the Group's results

The Group records its transactions and prepares its financial statements in pounds sterling, but a substantial proportion of the Group's income is expected to be received in US dollars and Euros as well as smaller amounts in other currencies. Furthermore, the Group incurs some expenditure in US dollars and other currencies. To the extent that the Group's foreign currency assets and liabilities are not matched, fluctuations in exchange rates between pounds sterling, the US dollar and the Euro and to a lesser extent, other currencies, may result in realised or unrealised exchange gains and losses on translation of the underlying currency into pounds sterling that may increase or decrease the Group's results of operations and may adversely affect the Group's financial condition, each as stated in pounds sterling.

PART 3

FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT ON THE GROUP

KPMG LLP
Audit
66 Queen Square
Bristol BS1 4BE
United Kingdom

Private & confidential
The Directors
Creo Medical Group plc
Riverside Court
Beaufort Park
Chepstow NP16 5UH

6 December 2016

Dear Sirs

Creo Medical Limited

We report on the financial information of Creo Medical Limited set out on pages 44 to 73 for the four months ended 30 June 2016 and the years ended 29 February 2016, 28 February 2015 and 28 February 2014. This financial information has been prepared for inclusion in the AIM Admission Document dated 6 December 2016 published by Creo Medical Group plc (being the direct parent company of Creo Medical Limited) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Creo Medical Group plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

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

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 6 December 2016, a true and fair view of the state of affairs of Creo Medical Limited as at 28 February 2014, 28 February 2015, 29 February 2016 and 30 June 2016 and of its losses, cash flows, and changes in equity for the four periods ended 30 June 2016 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

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

Yours faithfully

KPMG LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE GROUP

Statements of Profit or Loss and Other Comprehensive Income

	Notes	*Period 1.3.16 to 30.06.16* £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Continuing operations					
Revenue	2	—	—	—	—
Other operating income	2	169,407	534,670	—	802,483
Administrative expenses		(2,044,063)	(4,336,686)	(2,880,994)	(2,754,281)
Operating loss		(1,874,656)	(3,802,016)	(2,880,994)	(1,951,798)
Finance costs	5	(1,472)	(2,566)	—	(4)
Finance income	5	7,793	6,799	2,796	263
Loss before income tax	6	(1,868,335)	(3,797,783)	(2,878,198)	(1,951,539)
Taxation	7	255,077	468,193	496,188	254,869
Loss for the period		(1,613,258)	(3,329,590)	(2,382,010)	(1,696,670)
Other comprehensive income		—	—	—	—
Total comprehensive loss for the period		(1,613,258)	(3,329,590)	(2,382,010)	(1,696,670)
Earnings per share	22				
Basic and diluted	22	(21.02)	(43.37)	(31.57)	(29.75)

Statements of Financial Position

	Notes	*30.06.16* £	*29.02.2016* £	*28.02.2015* £	*28.02.2014* £
Assets					
Non-current assets					
Intangible assets	9	12,876	—	—	—
Property, plant and equipment	10	239,748	199,360	125,636	139,210
Other financial assets	11	7,402	1,400	389	—
Trade and other receivables	12	13,053	13,053	—	—
		273,079	213,813	126,025	139,210
Current assets					
Trade and other receivables	12	479,150	413,594	106,951	301,871
Tax receivable	15	842,466	560,670	506,170	296,121
Cash and cash equivalents	20	823,283	2,566,779	305,244	887,648
		2,144,899	3,541,043	918,365	1,485,640
Total assets		2,417,978	3,754,856	1,044,390	1,624,850
Shareholder equity					
Called up share capital	14	18,267	18,267	17,894	17,735
Share premium		13,463,344	13,463,344	7,937,525	6,187,365
Share option reserve		511,468	491,107	214,058	208,609
Retained earnings		(12,363,915)	(10,750,657)	(7,421,067)	(5,039,057)
Total equity		1,629,164	3,222,061	748,410	1,374,652
Liabilities					
Non-current liabilities					
Interest bearing liabilities	16	15,044	20,419	—	—
Current liabilities					
Trade and other payables	13	761,987	501,206	295,980	250,198
Interest bearing liabilities	16	11,783	11,170	—	—
		773,770	512,376	295,980	250,198
Total liabilities		788,814	532,795	295,980	250,198
Total equity and liabilities		2,417,978	3,754,856	1,044,390	1,624,850

Statements of Changes in Equity

	Called up share capital £	*Retained earnings* £	*Share premium* £	*Share option reserve* £	*Total equity* £
Balance at 1 March 2013	17,545	(3,342,387)	4,092,605	189,911	957,674
Changes in equity:					
Issue of share capital	190	—	2,094,760	—	2,094,950
Total comprehensive loss	—	(1,696,670)	—	—	(1,696,670)
Share based payments	—	—	—	18,698	18,698
Balance at 28 February 2014	17,735	(5,039,057)	6,187,365	208,609	1,374,652
Changes in equity:					
Issue of share capital	159	—	1,750,160	—	1,750,319
Total comprehensive loss	—	(2,382,010)	—	—	(2,382,010)
Share based payments	—	—	—	5,449	5,449
Balance at 28 February 2015	17,894	(7,421,067)	7,937,525	214,058	748,410
Changes in equity:					
Issue of share capital	373	—	5,525,819	—	5,526,192
Total comprehensive loss	—	(3,329,590)	—	—	(3,329,590)
Share based payments	—	—	—	277,049	277,049
Balance at 29 February 2016	18,267	(10,750,657)	13,463,344	491,107	3,222,061
Changes in equity:					
Total comprehensive loss	—	(1,613,258)	—	—	(1,613,258)
Share based payments	—	—	—	20,361	20,361
Balance at 30 June 2016	18,267	(12,363,915)	13,463,344	511,468	1,629,164

Statements of Cash Flows

	Notes	*Period 1.3.16 to 30.06.16* £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Cash flows from operating activities					
Cash outflow from operations	20	(1,644,849)	(3,587,717)	(2,561,119)	(1,729,783)
Interest paid		(1,472)	(2,566)	—	(4)
Tax received		—	464,607	286,139	368,419
Net cash from operating activities		(1,646,321)	(3,125,676)	(2,274,980)	(1,361,368)
Cash flows from investing activities					
Purchase of intangible fixed assets		(13,244)	—	—	—
Purchase of tangible fixed assets		(86,962)	(145,780)	(60,839)	(42,635)
Sale of tangible fixed assets		—	—	300	—
Interest received		7,793	6,799	2,796	263
Net cash from investing activities		(92,413)	(138,981)	(57,743)	(42,372)
Cash flows from financing activities					
Capital repayments in year		(4,762)	—	—	—
Share issue		—	5,526,192	1,750,319	2,094,950
Net cash from financing activities		(4,762)	5,526,192	1,750,319	2,094,950
(Decrease)/Increase in cash and cash equivalents		(1,743,496)	2,261,535	(582,404)	691,210
Cash and cash equivalents at beginning of period		2,566,779	305,244	887,648	196,438
Cash and cash equivalents at end of period	20	823,283	2,566,779	305,244	887,648

Notes

(forming part of the financial information)

1. Accounting policies

Statutory information

Creo Medical Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 04658880 and the registered office is Riverside Court, Beaufort Park Way, Chepstow, Gwent, Wales, NP16 5UH.

Basis of preparation

The historical financial information of Creo Medical Limited (the "**company**") (being the direct subsidiary of Creo Medical Group plc) has been prepared for inclusion in the Admission Document for the initial public offering (the "**IPO**") of shares in Creo Medical Group plc on AIM. Creo Medical Group plc and Creo Medical Limited are both registered in the United Kingdom.

In preparation for the transaction, which involves seeking admission onto the AIM market, Creo Medical Group plc is required to present certain historical information on a basis consistent with accounting policies that will be applied in preparing its next financial statements following the conclusion of the Transaction. For the purposes of this document, the company has prepared the historical financial information under International Financial Reporting Standards as adopted by the EU ('IFRS') and in accordance with UK Company's legislation as applicable to companies reporting under IFRS. The Financial Information has been prepared on a going concern basis and under the historical cost convention.

The financial information set out in this document does not constitute the company's statutory accounts for the four month period ended 30 June 2016 and for the years ended 29 February 2016, 28 February 2015 and 28 February 2014. The financial information for the four month period ended 30 June 2016 and for years ended 29 February 2016, 28 February 2015 and 28 February 2014 is derived from the statutory accounts which have been delivered to the registrar of companies. These statutory accounts were not audited.

The Financial Information is presented in pounds sterling (GBP) rounded to the nearest £1. This is the predominant functional currency of the entity and is the currency of the primary economic environment in which it operates.

Going concern

The financial information has been prepared on a going concern basis. The directors have taken steps to ensure that they can conclude that the company has adequate resources to continue in business for the foreseeable future and thus that the going concern basis of preparation remains appropriate.

Notwithstanding that the company is pre-revenue and does not have any bank debt or overdraft and working capital facilities, it is able to meet its day-to-day working capital requirements through funding obtained from its investors.

Such funding arrangements have continued in the form of a pre-IPO funding round from existing and new investors which raised £1,400,000 for the Company on 9 November 2016, and which is to be followed by anticipated proceeds of approximately £20 million from the IPO expected in December 2016.

The pre-IPO fund raise of £1,400,000 represents advance subscription monies from new and existing investors for which they will receive ordinary shares in the company's newly incorporated parent, Creo Medical Group plc, on admission to AIM, at a 7.5% discount to the placing price. The company is using the advance subscription funds for its general working capital purposes and in particular to provide cash flow for its trading activities. This monies is committed funding regardless of whether the IPO takes place, therefore, the company will continue to use such monies to continue its activities in the near future.

The date of the preparation of this financial information, is before the anticipated IPO takes place, therefore, given that there is never any complete guarantee that an IPO will occur, the Directors have considered the going concern assumption in light of the scenario where an IPO does not happen. In this regard, the company would seek to continue raising finance from existing investors in order to continue its activities over the longer term. The directors acknowledge that there is always a risk with raising additional capital, whether from equity or debt sources. However,

management has demonstrated its ability to raise funding from investors and consider there to be no significant reason it could not do so again given the nature and stage of the technology platform it has developed and the current level of appetite from both management and shareholders.

Further, the company does not currently having any bank funding or overdraft facilities; therefore it could potentially raise bank funding or put facilities in place.

The Company has prepared detailed forecasts and projections taking into account the above funding scenarios and its planned activities up to and beyond June 2018 when it is expected to launch product sales. On the basis of the financial projections and the ongoing support from the company's shareholders, the Directors are satisfied that the Company will have adequate resources to continue in operational existence for the foreseeable future and for a period of not less than 12 months from the date of signing these accounts. Thus they continue to adopt the going concern basis of accounting in preparing the financial information.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	33% on cost
Office equipment	25% and 33.3% on cost
Fixtures and fittings	25% and 33.3% on cost
Motor vehicles	25% on cost
Plant and machinery	25% reducing balance or 33% on cost

Property plant and equipment is stated at amortised historical cost, less any provisions for impairment. The initial cost of Property plant and Equipment relates to its purchase price plus associated costs of bringing it into use.

The gain or loss arising on the disposal of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in income on the transfer of the risks and rewards of ownership.

The Company has no class of tangible fixed asset that has been revalued in 2015. On transition to IFRS the net book values recorded at 1 March 2012 have been applied and these are based on historic cost at the date of acquisition.

Financial instruments

The company predominantly enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable financial instruments. Any transactions relating to share options issued by the entity are disclosed in the share based payment accounting policy and note. The company is also able to enter into a variety of derivative financial instruments to manage its exposure to foreign exchange risk, including foreign exchange forward contracts and cross currency swaps. Further details of derivative financial instruments are disclosed in the notes to the accounts.

Debt instruments like finance lease liabilities are initially measured at present value of the future lease payments and subsequently at amortised cost; Debt instruments that are payable or receivable within one year, typically trade receivables or payables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received.

A financial asset measured at amortised cost is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event

causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Financial assets and liabilities are offset and the net amounts reported in the statement of financial position when there in an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the investment is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

Up to 30 June 2016 the company has not adopted hedge accounting for the foreign currency forward contracts purchased to hedge against short term movements in cash flows of the underlying hedged item. The exposure has been short-term and involves relatively few but highly predictable transactions. Whilst the exposure to foreign currency risk remains relatively low the cost of implementing the required controls and administration processes to perform hedge accounting is judged to be uneconomic at present. Should these circumstances change the company will review the adoption of hedge accounting.

The notes to the accounts set out details of the fair values of any derivative instruments used for hedging purposes.

Share-based payments

Equity-settled share options are granted to certain officers and employees. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognised over the tranche's vesting period based on the number of awards expected to vest, through an increase to equity. The number of awards expected to vest is reviewed over the vesting period, with any forfeitures recognised immediately.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The company incurs research and development expenditure which qualifies for Research and Development (R&D) tax relief and as such, prepares and submits an R&D claim to HMRC in relation to each accounting period. The claims are made on the basis that the company and its activities meet the necessary conditions.

As the company is currently loss making, there is no corporation tax liability arising, therefore it has chosen to convert the tax relief into payable tax credits instead of carrying forward a loss. This results in the credit being paid in cash directly to the company following the submission of a valid claim.

The company is claiming R&D tax relief predominately under the small or medium sized enterprises ('SME') scheme therefore the credit is accounted for as tax in accordance with IAS 12 Income Taxes. However, where the R&D expenditure is related to monies received from research grants, the company is claiming an R&D expenditure credit ('RDEC') under the Large Company Scheme and as such the related credit is accounted for 'above the line' in accordance with IAS 20 Accounting for Government Grants, specifically as a reduction from the related expenditure in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Critical accounting judgments and key sources of estimation uncertainty

In application of the accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Research and development costs

The company's principal activity is the research and development of electrosurgical medical devices relating to the emerging field of surgical endoscopy. Expenditure on research and development activities is recognised in the statement of profit or loss as incurred. Although the company has to date developed an electrosurgical platform, significant know-how and intellectual property, the company is currently in the process of obtaining regulatory approval for its products, following which it will commence commercialisation activities. The Directors do not expect the company to generate revenues for at least the next 18 months and the company will continue to incur costs relating to development activities, regulatory approval and commercialisation efforts. Failure or delay in completing clinical studies and laboratory testing may prevent the company from obtaining regulatory approval or commercialising its products. Based on the product development milestones still to be achieved, the directors have concluded that the all the recognition criteria of IAS 38 to capitalise an internally generated intangible asset has not yet been achieved and therefore continue to expense the related expenditure as incurred.

Taxes

The Company is subject to a variety of taxes relating to its current operations. The determination of the company's potential tax related liabilities and its provision for corporation tax as well as deferred tax assets and liabilities involves significant judgments and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the Company's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The deferred tax asset related to losses incurred by the company to date has not been recognised due to the uncertainty over the timing and amount of its recoverability.

Share Option Scheme

The Company has established a share option scheme known as the Enterprise Management Incentive ('the Scheme') The fair value of the options issued under the scheme is derived by the company using the Black-Scholes model and the resultant values are allocated to the income statement over the period of vesting. In arriving at the fair value using this model, the Company calculates a number of inputs to the model, including estimated share price volatility. Further details regarding the scheme are set out in the notes of the accounts.

Financing expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments (effective 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (effective 1 January 2018).
- IFRS 16 Leases (effective 1 January 2019)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective date to be confirmed).
- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41 (effective date to be confirmed).
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (effective date to be confirmed).
- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective date to be confirmed)
- Annual Improvements to IFRSs – 2012-2014 Cycle (effective date to be confirmed).
- Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective date to be confirmed).
- Disclosure Initiative – Amendments to IAS 1 (effective date to be confirmed).

Research and development

Expenditure on research activities is recognised in the statement of comprehensive income as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Revenue and other operating income

The company does not currently generate any revenue from its activities. Other operating income relates to research grants. Income is recognised necessary to match it with the related costs in the profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. Furthermore, income is recognised only when there is reasonable assurance that the company will comply with any conditions attached to the grant and the grant will be received.

Segmental reporting: Operating segments are identified on the basis of internal reporting and decision making. The board regularly reviews the company's performance and balance sheet position for its operations and receives financial information for the company as a while. As a result the company has one reportable segment, which is being the research and development of electrosurgical medical devices relating to the field of surgical endoscopy. As there is only one reportable segment whole profit, expenses, assets, liabilities and cash flows are measured and reported on a basis consistent with the financial statements, no additional disclosure are necessary.

3. Staff numbers and costs

	Period 1.3.16 to 30.06.16	*Year ended 29.02.2016*	*Year ended 29.02.2015*	*Year ended 29.02.2014*
	£	£	£	£
Wages and salaries	155,264	408,517	354,782	311,499
Social security costs	12,944	39,006	35,206	32,378
Share-based payments	3,546	158,610	2,899	6,615
	171,754	606,133	392,887	350,492
The average monthly number of employees during the period was as follows;				
Research and development	27	23	18	15

4. Directors remuneration

	Period 1.3.16 to 30.06.16	*Year ended 29.02.2016*	*Year ended 29.02.2015*	*Year ended 29.02.2014*
	£	£	£	£
Directors remuneration	104,658	302,440	259,779	258,755
Amounts receivable under long term incentive schemes	16,815	118,439	2,550	12,083
Amounts paid to third parties in respect of directors services	23,732	61,715	49,018	24,000
	145,205	482,594	311,347	294,838

The aggregate of emoluments and amounts receivable under long-term incentive schemes (LTIS) of the highest paid Director was £57,600 (Year to February 2016: £189,314, 2015: £129,850, 2014: £107,276), there were no Company pension contributions made to a defined contribution scheme during the current period nor prior years. There were no share options exercised in the period by the highest paid Director.

The emoluments paid to Directors are as follows:

	Fees and salary £	*Taxable benefits* £	*LTIS* £	*Period 1.3.16 to 30.06.16 Total* £	*Year ended 29.02.2016 Total* £	*Year ended 28.02.2015 Total* £	*Year ended 28.02.2014 Total* £
Executive							
CP Hancock	30,000	160	—	**30,160**	112,993	87,435	85,239
C Gulliford	44,167	158	13,275	**57,600**	189,314	129,850	107,276
S Morris	30,000	173	3,540	**33,713**	118,572	45,044	78,323
	104,167	491	16,815	**121,473**	420,879	262,329	270,838
Non-Executive							
S Cartmell	8,000	—	—	**8,000**	14,520	3,388	—
M Jackson	8,000	—	—	**8,000**	24,000	24,000	24,000
M Farmer	7,732	—	—	**7,732**	23,195	21,630	—
	23,732	—	—	**23,732**	61,715	49,018	24,000
Total	127,899	491	16,815	**145,205**	482,594	311,347	294,838

5. Finance income and costs

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Finance income:				
Bank interest (gross)	1,791	5,788	2,407	263
Fair value adjustment for derivatives	6,002	1,011	389	—
Total finance income	7,793	6,799	2,796	263
Finance costs:				
Bank interest	17	—	—	4
HP interest	1,455	2,566	—	—
Total finance costs	1,472	2,566	—	4

6. Loss before tax

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
The loss before income tax is stated after charging/(crediting):				
Depreciation – owned assets	45,566	103,515	74,412	61,904
Depreciation – assets on hire purchase contracts	1,007	—	—	—
Amortisation	368	—	—	—
(Profit)/Loss on disposal of fixed assets	—	130	(300)	—
Foreign exchange differences	(657)	(175)	285	234

7. Taxation

Recognised in the income statement	*Period 1.3.16 to 30.06.16* £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Current tax				
Current year	**(263,255)**	(469,040)	(506,170)	(255,405)
Adjustments for prior years	**8,178**	847	9,982	536
Current tax credit	**(255,077)**	(468,193)	(496,188)	(254,869)
Deferred tax				
Origination and reversal of temporary differences (note 15)	**—**	—	—	—
Total tax credit	**(255,077)**	(468,193)	(496,188)	(254,869)

Reconciliation of effective tax rate	*Period 1.3.16 to 30.06.16* £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Loss for the period	**(1,613,258)**	(3,329,590)	(2,382,010)	(1,696,670)
Total credit	**266,952**	468,193	496,188	254,869
Loss excluding taxation	**(1,880,210)**	(3,797,783)	(2,878,198)	(1,951,539)
Tax using the UK corporation tax rate of 20% (*2016-14: 20%)*	**(376,042)**	(759,557)	(575,640)	(390,308)
Research and development	**(110,134)**	(166,840)	(189,963)	(57,995)
Movement in deferred tax not provided	**171,231**	364,103	239,353	187,798
Non-deductible expenses	**39,815**	93,254	20,080	5,100
Prior year adjustment	**8,178**	847	9,982	536
Total tax credit	**(266,952)**	(468,193)	(496,188)	(254,869)

Reductions in the main UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The unprovided deferred tax balances at 30 June 2016 have been calculated based on these rates.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

8. Research and development expenditure

During the current and comparative periods, all of the entity's activity was research and development activity. Expenditure on research and development activities is recognized in the statement of profit or loss as incurred.

9. Intangible assets

	Computer software £
Cost	
Additions	13,244
At 30 June 2016	13,244
Amortisation	
Charge for period	368
At 30 June 2016	368
Net book value	
At 30 June 2016	12,876

10. Property, plant and equipment

	Leasehold property £	*Office equipment* £	*Fixtures and fittings* £	*Motor vehicles* £	*Plant and machinery* £	*Total* £
Cost						
At 1 March 2016	16,664	210,381	68,334	10,000	184,901	490,280
Additions	—	61,716	—	—	25,245	86,961
At 30 June 2016	16,664	272,097	68,334	10,000	210,146	577,241
Depreciation						
At 1 March 2016	3,064	108,232	52,358	10,000	117,266	290,920
Charge for period	1,851	21,643	5,408	—	17,671	46,573
Eliminated on disposal	—	—	—	—	—	—
At 30 June 2016	4,915	129,875	57,766	10,000	134,937	337,493
Net book value						
At 30 June 2016	11,749	142,222	10,568	—	75,209	239,748
At 29 February 2016	13,600	102,149	15,976	—	67,635	199,360

The net book value of Office equipment as at 30 June 2016 includes £37,274 (February 2016, 2015, 2015 – £Nil) in respect of assets held under hire purchase contracts.

	Leasehold property £	*Office equipment* £	*Fixtures and fittings* £	*Motor vehicles* £	*Plant and machinery* £	*Total* £
Cost						
At 1 March 2015	—	118,889	58,537	10,000	136,285	323,711
Additions	16,664	101,907	10,181	—	48,616	177,368
Disposals	—	(10,415)	(384)	—	—	(10,799)
At 29 February 2016	16,664	210,381	68,334	10,000	184,901	490,280
Depreciation						
At 1 March 2015	—	80,376	35,593	10,000	72,106	198,075
Charge for period	3,064	38,142	17,149	—	45,160	103,515
Eliminated on disposal	—	(10,286)	(384)	—	—	(10,670)
At 29 February 2016	3,064	108,232	52,358	10,000	117,266	290,920
Net book value						
At 29 February 2016	13,600	102,149	15,976	—	67,635	199,360
At 28 February 2015	—	38,513	22,944	—	64,179	125,636

	Leasehold property £	*Office equipment* £	*Fixtures and fittings* £	*Motor vehicles* £	*Plant and machinery* £	*Total* £
Cost						
At 1 March 2014	—	95,437	53,859	10,000	104,047	263,343
Additions	—	23,452	4,678	—	32,708	60,838
Dispsosals	—	—	—	—	(470)	(470)
At 28 February 2015	—	118,889	58,537	10,000	136,285	323,711
Depreciation						
At 1 March 2014	—	51,740	21,214	9,167	42,012	124,133
Charge for period	—	28,636	14,379	833	30,564	74,412
Eliminated on disposal	—	—	—	—	(470)	(470)
At 28 February 2015	—	80,376	35,593	10,000	72,106	198,075
Net book value						
At 28 February 2015	—	38,513	22,944	—	64,179	125,636
At 28 February 2014	—	43,697	32,645	833	62,035	139,210

	Leasehold property £	*Office equipment* £	*Fixtures and fittings* £	*Motor vehicles* £	*Plant and machinery* £	*Total* £
Cost						
At 1 March 2013	—	78,179	47,270	10,000	85,259	220,708
Additions	—	17,258	6,589	—	18,788	42,635
At 29 February 2014	—	95,437	53,859	10,000	104,047	263,343
Depreciation						
At 1 March 2013	—	27,921	8,888	6,667	18,753	62,229
Charge for period	—	23,819	12,326	2,500	23,259	61,904
Eliminated on disposal	—	—	—	—	—	—
At 29 February 2014	—	51,740	21,214	9,167	42,012	124,133
Net book value						
At 29 February 2014	—	43,697	32,645	833	62,035	139,210
At 28 February 2013	—	50,258	38,382	3,333	66,506	158,479

11. Financial instruments

Carrying amount of financial instruments

The amounts for all financial assets carried at fair value are as follows:

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Foreign currency forward contracts:				
Assets	7,402	1,400	389	—

Financial instruments measured at fair value

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate.

Hedge accounting

The company has not adopted hedge accounting. Cash flows associated with the fair value hedging instrument is expected to occur within one year.

Financial risk management

The main purpose of the Company's financial instruments is to finance the Company's operations. The financial instruments comprise of finance leases, foreign currency forward contracts, cash and liquid resources and various items arising directly from its operations, such as trade receivables and trade payables. The main risks arising from the Company's finance instruments are exchange rate risk and liquidity risk. The Company's policies on the management of liquidity and foreign currency risks are set out below.

Fair Values of Financial Instruments

All financial assets and liabilities are held at amortised cost apart from forward exchange contracts, which are held at fair value, with changes going through the Statement of Profit or Loss. The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The Company measured the fair value of instruments which are categorised as level 2 in the fair value hierarchy, being forward exchange contracts, by using the forward change rates at the measurement date with the resulting value discounted back to present values.

Liquidity

The Company's policy is to ensure that it has sufficient cash resources to cover its future trading requirements which is predominately sourced from its shareholders and investors. Short-term flexibility is available through current investor support via funding rounds held when required.

Foreign exchange risk

The Company currently purchases certain materials from the United States in connection with Research and Developments of its primary product. The consequence of this is that the Company is exposed to movement in foreign currency rates. Forward foreign exchange contracts are used to manage the net foreign exchange exposure.

12. Trade and other receivables

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Current:				
Research grant receivable	263,613	170,483	—	213,013
Other debtors	94,248	170,011	47,454	31,492
VAT	121,289	73,100	59,497	57,366
Total current	479,150	413,594	106,951	301,871
Non-current other debtors	13,053	13,053	—	—
Total trade and other receivables	492,203	426,647	106,951	301,871

13. Trade and other payables

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Current:				
Trade payables	329,435	239,064	172,145	149,299
Social security and other taxes	48,899	40,404	32,264	28,525
Other payables	7,589	10,079	4,293	3,468
Accrued expenses	376,064	211,659	87,278	68,906
Total trade and other payables	761,987	501,206	295,980	250,198

There are no payables due in greater than one year.

14. Share capital

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Allotted, called up and fully paid				
92,253 Ordinary shares of £0.01 each	923	923	767	667
51,393 Preferred ordinary shares of £0.01 each	514	514	297	238
1,683,000 Deferred shares of £0.01 each	16,830	16,830	16,830	16,830
	18,267	18,267	17,894	17,735

On 3 March 2013 the preferred ordinary shares were each divided into 100, to form 1,700,000 £0.01 preferred ordinary shares. 1,683,000 have since been transferred from preferred ordinary preference shares into deferred shares. The deferred shares do not have voting, dividend or capital distribution rights.

During the year to 28 February 2015 there were 10,003 £0.01 ordinary shares issued. There was a £109.99 premium attached to each share. In addition there were 5,909 preferred ordinary shares issued. These are £0.01 shares, issued at a £109.99 premium.

During the year to 29 February 2016 there were 12,227 £0.01 ordinary shares issued. There was a £109.99 premium attached to each share. In addition there were 6,818 preferred ordinary shares issued. These are £0.01 shares, issued at a £109.99 premium.

The preferred ordinary shares are considered to be compound instruments incorporating a liability element relating to the associated right to an annual dividend and an equity element relating to the option of the holders to convert the preferred ordinary shares into ordinary shares. No liability element has been recognised for the payment of dividends as management believe this is immaterial at this point in the business product development and the uncertainty around timing of regulatory approvals which are key to the future timing of profitability as discussed elsewhere in the financial information. The preferred ordinary shares are to be converted into ordinary shares on a one to one basis conditional upon admission.

Holders of ordinary shares are entitled to receive notice of and to attend and to speak at any general meeting of the company and any holder of ordinary shares shall on a show of hands have one vote and on a poll have one vote for each ordinary share of which he is a holder. Holders of ordinary shares are entitled to participate in dividends provided that preferred shareholders have received their preferred dividend in full including any arrears. Holders of ordinary shares are entitled to participate *pari passu* in the proceeds of a liquidation with all other shareholders only after the holders of Preferred Ordinary shares have received all arrears of dividends and an amount equal to the issue price of the Preferred Ordinary shares owned.

Holders of Preferred Ordinary shares are entitled to receive notice of and to attend and to speak at any general meeting of the company and any holder of ordinary shares shall on a show of hands have one vote and on a poll have one vote for each ordinary share of which he is a holder. Dividends – Holders of Preferred Ordinary shares are entitled to a Preferred dividend of 10% of the Net Profits from the date of issue of the shares to 28 February 2014 increasing by 2% a year up to a maximum of 20%. No dividends have been declared or accrued to date.

The deferred ordinary shares have attached to them no voting, dividend or capital distribution (including wind up) rights, other than a payment of the sum of £1.00 in aggregate between all of the holders of Deferred Ordinary shares on a return of capital, wind-up or otherwise. After the balance sheet date, deferred shares have been cancelled.

15. Deferred tax and other tax receivables

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Balances				
Accelerated capital allowances	36,528	25,944	8,422	7,576
Tax losses offset (see below)	(36,528)	(25,944)	(8,422)	(7,576)
	—	—	—	—

The accelerated capital allowances deferred tax liability set out above is expected to reverse over the life of the related fixed assets. The tax losses deferred tax asset is expected to reverse in future years.

There are unused trading losses at 30 June 2016 of £6,906,165 (29 February 2016 – £5,997,084; 28 February 2015 – £4,088,960; 28 February 2014 – £2,887,970). A deferred tax asset of £1,344,705 (29 February 2016 – £1,173,473; 28 February 2015 – £809,370; 28 February 2014 – £570,018) has not been recognised in respect of these tax losses due to uncertainty in respect of its recoverability.

Tax receivables at 30 June 2016 of £842,466 (29 February 2016 – £560,670; 28 February 2015 – £506,170; 28 February 2014 – £296,121) relate solely to R&D Tax credits. The company has submitted R&D tax credit claims for the periods presented in relation to its qualifying research & development expenditure and has taken the option of surrendering the resulting losses and claiming an R&D tax credit in the form of immediate cash payments from HMRC.

16. Interest bearing liabilities – finance leases

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Current:				
Finance lease liabilities	11,783	11,170	—	—
Non-current:				
Finance lease liabilities	15,044	20,419	—	—
	26,827	31,589	—	—

Finance lease liabilities are payable as follows:

	Period 1.3.16 to 30.06.16 £	*Year ended 29.02.2016* £	*Year ended 28.02.2015* £	*Year ended 28.02.2014* £
Finance lease contracts:				
Less than one year	11,783	11,170	—	—
Between one and five years	13,621	13,621	—	—
More than five years	1,423	6,798	—	—
	26,827	31,589	—	—

17. Related party disclosures

Identity of related parties with which the Company has transacted

Finance Wales Investments Limited is a significant shareholder of the company and therefore it is disclosed as a related party in accordance with IAS 24. Fees paid to Finance Wales Investments Limited in respect of monitoring fees totalled £145,416 in the period (4 months to 30 June 16 – £20,068; year to 29 February 2016 – £54,700; year to 28 February 2015 – £42,199; year to 28 February 2014 – £28,449). The balance payable to Finance Wales Investments Limited at 30 June 2016 was £7,860 (29 February 2016 – £5,100, 28 February 2015 – £nil; 28 February 2014 – £3,300).

Transactions with key management personnel

Key management personnel include statutory executive directors and statutory non-executive directors.

Directors of the Company control 11.8 per cent of the voting shares of the Company.

The compensation of key management personnel is provided in note 5.

Share options held by key management personnel (including the directors) by tranche is shown in the table below.

Tranche	*Grant date*	*Exercise price*	*Number of options at 30 June 2016*	*Number of options at 29 February 2016*	*Number of options at 28 February 2015*	Number of options at 28 February 2014
Award 1	04/01/2012	56-80p	4,751	4,751	4,751	5,566
Award 2	06/12/2013	77p	602	602	602	602
Award 3	14/07/2015	60p	8,533	8,533	—	—

18. Ultimate controlling party

By virtue of the shareholding structure, there is no sole ultimate controlling party.

19. Operating leases

The Company has annual commitments under non-cancellable operating leases relating primarily to land and buildings, plant and machinery and office equipment. Land and buildings have been considered separately for lease classification. Land and buildings amounts relate to leasehold properties at the Chepstow site and Bath sites.

During the period to 30 June 2016 £229,722 was recognised as an expense in the Statement of Profit and Loss in respect of operating leases (Year to February 2016: £118,238, 2015: £76,384, 2014: £34,650).

Land and buildings

	Period 1.3.16 to 30.06.16	*Year ended 29.02.2016*	*Year ended 28.02.2015*	*Year ended 28.02.2014*
	£	£	£	£
Less than one year	129,859	121,348	109,790	67,686
Between one and five years	103,913	149,130	270,478	247,269
	233,772	270,478	380,268	314,955

Other

	Period 1.3.16 to 30.06.16	*Year ended 29.02.2016*	*Year ended 28.02.2015*	*Year ended 28.02.2014*
	£	£	£	£
Less than one year	51,340	53,452	8,448	8,698
Between one and five years	48,667	67,583	8,448	16,896
	100,007	121,035	16,896	25,594

20. Reconciliation of loss before income tax to cash generated from operations

	Period 1.3.16 to 30.06.16	*Year ended 29.02.2016*	*Year ended 28.02.2015*	*Year ended 28.02.2014*
	£	£	£	£
Loss before income tax	(1,880,210)	(3,848,697)	(2,878,198)	(1,992,255)
Depreciation charges	46,942	103,515	74,413	61,904
(Profit)/Loss on disposal of fixed assets	—	130	(300)	—
Increase/decrease in share option reserve	20,361	277,049	5,449	18,698
Fair value adjustment to derivatives	(6,002)	(1,011)	(389)	—
Finance costs	1,472	2,566	—	4
Finance income	(7,793)	(6,799)	(2,796)	(263)
	(1,825,230)	(3,473,247)	(2,801,821)	(1,911,912)
Increase in trade and other receivables	(80,400)	(319,696)	194,920	204,852
Increase in trade and other payables	260,781	205,226	45,782	(22,723)
Cash outflow from operations	(1,644,849)	(3,587,717)	(2,561,119)	(1,729,783)

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Period 1.3.16 to 30.06.16	*Year ended 29.02.2016*	*Year ended 28.02.2015*	*Year ended 28.02.2014*
	£	£	£	£
Cash and cash equivalents	823,283	2,566,779	305,244	887,648

21. Share based payments

Equity settled share option scheme

The Company has an established Enterprise Management Incentive ('EMI') and a non-EMI ('the Schemes') that have been granted to certain employees. The Schemes are equity-settled share based payment arrangement whereby the employees are granted share options of the Company's equity instruments.

The scheme includes non-market based vesting conditions only, whereby the share options may be exercised from the date that they vest until the 10th anniversary of the date of the grant. There are no performance based vesting conditions and the only vesting requirement is that the recipient remains in employment with the Company.

Share option activity for each of the three years ended 28 February 2016 and the 4 month period ended 30 June 2016 is presented below:

	Number 30.06.2016	*Weighted average exercise 30.06.2016*	*Number 29.02.2016*	*Weighted average exercise 29.02.2016*	*Number 28.02.2015*	*Weighted average exercise 28.02.2015*
		£		£		£
Outstanding at start of period	14,434	59.53	6,243	59.05	6,243	59.05
Granted during the period	—	—	8,945	60.00	—	—
Forfeited during the period	—	—	(165)	60.00	—	—
Exercised during the period	—	—	(589)	61.44	—	—
Outstanding at end of period	14,434	59.53	14,434	59.53	6,243	59.05
Exercisable at end of period	10,984	59.38	10,984	59.38	6,184	58.87
Weighted average remaining contractual life (in years) of options outstanding at period end		8.1		8.4		7.1

Share option activity for the year ended 28 February 2013, to be shown as a comparative in the 2014 accounts, is as follows:

	Number 28.02.2014	*Weighted average exercise 28.02.2014*	*Number 28.02.2013*	*Weighted average exercise 28.02.2013*
		£		£
Outstanding at start of period	5,566	56.86	5,566	56.86
Granted during the period	677	77.00	—	—
Forfeited during the period	—	—	—	—
Exercised during the period	—	—	—	—
Outstanding at end of period	6,243	59.05	5,566	56.86
Exercisable at end of period	5,959	58.19	5,570	57.49
Weighted average remaining contractual life (in years) of options outstanding at period end		8.1		8.8

The estimated fair value of the share options was calculated by applying a Black-Scholes model. The model inputs for the current period option grants were as follows. No new options were granted in the 4 month period ended 30 June 2016:

	29.02.2016	*28.02.2015*	*28.02.2014*	*2013 and prior*
Fair value	£41 to £42	—	£34	£30 to £35
Exercise price	£60	—	£77	£56 to £80
Share price at date of grant	£60	—	£77	£56
Risk-free interest rate	0.5%	—	0.5%	0.5%
Expected volatility	62-65%	—	36%	54%
Dividend yield	0%	—	0%	0%
Contractual life of option (years)	10	—	10	10

Expected volatility was based on historical volatility of comparable listed companies, which may not necessarily be the actual outcome.

Share-based payment expense

	Period 1.3.16 to 30.06.16	*Year ended 29.02.2016*	*Year ended 28.02.2015*	*Year ended 28.02.2014*
	£	£	£	£
Expense arising from share-based payment transactions	20,361	277,049	5,449	18,698

22. Earnings per share

Earnings per share has been calculated in accordance with IAS 33 – Earnings Per Share using for the loss for the period after tax, divided by the weighted average number of shares in issue, as per the following table.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. The potential ordinary shares are considered to be antidilutive on the basis that they reduce the loss per share and are such are not included in the company's EPS calculation, meaning that diluted EPS is the same as basic EPS.

	Period 1.3.16 to 30.06.16		*Year ended 29.02.2016*		*Year ended 28.02.2015*		*Year ended 28.02.2014*	
(Loss) (£)								
(Loss) attributable to equity holders of Company (basic)	£1,613,258		£3,329,590		£2,382,010		£1,696,670	
Shares (number)	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Weighted average number of ordinary shares in issue during the period	76,732	76,732	76,780	76,780	75,452	75,452	57,029	57,029
Dilutive share options	—	—	—	—	—	—	—	—
	76,732	76,732	76,780	76,780	75,452	75,452	57,029	57,029
Earnings per share (£)								
Basic and diluted	(21.02)	(21.02)	(43.37)	(43.37)	(31.57)	(31.57)	(29.75)	(29.75)

23. Subsequent events

With effect from 9 November 2016, a new parent company, Creo Medical Group plc, was inserted above Creo Medical Limited. This was achieved by way of a share exchange whereby the shareholders of Creo Medical Limited exchanged their shares in Creo Medical Limited for shares in Creo Medical Group plc.

24. First-time adoption of IFRS

The company's statutory financial statements for the 4 month period ended 30 June 2016 was the first time the company has prepared its financial statements in accordance with IFRS and they were prepared and approved prior to the completion of the historical financial information. For periods up to and including the year ended 29 February 2016, the company prepared its financial statements in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE) and generally accepted accounting practice in the United Kingdom (UK GAAP). The IFRS statutory financial statements for the 4 month period ended 30 June 2016 included the IFRS 1 transition disclosures for all the periods considered in the historical financial information, therefore, the company has chosen to also set out details of its transition in preparing this historical financial information.

Accordingly, the company has prepared financial information which comply with IFRS applicable for period ending on or after 30 June 2016, together with the comparative period data as at and for the years ending 29 February 2016; 28 February 2015 and 28 February 2014 as described in the accounting policies. In preparing this financial information, the company's opening statement of financial position was prepared as at 1 March 2013, the company's date of transition to IFRS. This note explains the principal adjustments made by the company in restating its UK GAAP (FRSSE) statement of financial position as at 1 March 2013 and its previously published UK GAAP financial

statements as at and for the year ending 29 February 2016, 28 February 2015 and 28 February 2014.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from their retrospective application of certain IFRS. The company has applied the following exemption:

Share Based Payments

IFRS 2 Share-based Payments has not been applied to equity instruments in share-based payment transactions that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2010.

The principal IFRS transition adjustments made by the company in restating its UK GAAP (FRSSE) financial statements are as follows:

a) Share based payments

IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. Share options totalling £189,911, which were granted before and still vesting at 1 March 2013, have been recognised as a separate component of equity against retained earnings at 1 March 2013. An additional expense of £277,049 has been recognised in the profit or loss for the year ended 29 February 2016; of £5,449 for the year ended 28 February 2015 and of £18,698 for the year ended 28 February 2014;

b) Recognition of financial derivatives

The fair value of forward exchange contracts is recognised under IFRS, and was not recognised under UK GAAP. The fair value of forward exchange contracts as at 28 February 2015 and 29 February 2016 has been recognised on the balance sheet. The company has not applied hedge accounting therefore the corresponding adjustment has been recognised in the profit or loss;

c) Income from research grants

Income relating to research grants classified as turnover in the UK GAAP financial statements are reclassified as other operating income under IFRS;

d) Costs of sales

Amounts classified as cost of sales in the UK GAAP financial statements are reclassified as administrative expenses under IFRS on the basis that the amounts relate to the administrative and operational expenses of the company;

e) Dilapidation provision

Recognition of a dilapidation provision in relation to leased properties under IFRS.

f) Research and development tax credits

The R&D tax credits claimed under the small or medium sized entity (''SME'') schemes was accounted for in accordance with IAS 12 Income Taxes, however following transition to IFRS the money received classified as research grants has been reclassified above the line in accordance with IAS 20 Accounting for Government Grants.

In addition to the IFRS transition adjustments and reclassification, minor cut-off corrections made under the previous GAAP were discovered during the transition to IFRS and accordingly the company has corrected these in the transition. The principal correction adjustments are as follows:

g) Income from research grants

Recognition corrections have been made in order to appropriately match the income with the related costs in accordance with the accounting policy;

h) Expenses cut-off

Corrections have been applied to ensure expenses transactions have been recorded in the correct accounting period under IFRS.

Reconciliation of Equity 1 March 2013
(Date of Transition to IFRSs)

	Notes	*UK GAAP (FRSSE)* £	*Transition adjustments* £	*Other* £	*IFRSs* £
Assets					
Non-current assets					
Property, plant and equipment		158,479	—	—	158,479
Current assets					
Trade and other receivables	(c)	323,692	175,681	7,350	506,723
Tax receivable		368,955	—	—	368,955
Cash and cash equivalents		196,438	—	—	196,438
		889,085	175,681	7,350	1,072,116
Total assets		1,047,564	175,681	7,350	1,230,595
Shareholders' equity					
Called up share capital		17,545	—	—	17,545
Share premium		4,092,605	—	—	4,092,605
Share option reserve	(a)	—	189,911	—	189,911
Retained earnings		(3,327,473)	(14,230)	(684)	(3,342,387)
Total equity		782,677	175,681	(684)	957,674
Liabilities					
Current liabilities					
Trade and other payables	(h)	264,887	—	8,034	272,921
Total liabilities		264,887	—	8,034	272,921
Total equity and liabilities		1,047,564	175,681	7,350	1,230,595

Reconciliation of Equity
28 February 2014

	Notes	*UK GAAP (FRSSE)* £	*Transition adjustments* £	*Other* £	*IFRSs* £
Assets					
Non-current assets					
Property, plant and equipment		139,210	—	—	139,210
Current assets					
Trade and other receivables		88,858	—	—	88,858
Tax receivable		296,121	—	—	296,121
Cash and cash equivalents		887,648	—	—	887,648
Prepayments	(c),(g)	—	211,184	1,829	213,013
		1,272,627	211,184	1,829	1,485,640
Total assets		1,411,837	211,184	1,829	1,624,850
Shareholders' equity					
Called up share capital		17,735	—	—	17,735
Share premium		6,187,365	—	—	6,187,365
Share option reserve	(a)	—	208,609	—	208,609
Retained earnings		(4,998,622)	16	(40,451)	(5,039,057)
Total equity		1,206,478	208,625	(40,451)	1,374,652
Liabilities					
Current liabilities					
Trade and other payables	(e),(h)	205,359	2,559	42,280	250,198
Total liabilities		205,359	2,559	42,280	250,198
Total equity and liabilities		1,411,837	211,184	1,829	1,624,850

Reconciliation of Loss for the year ended 28 February 2014

	Notes	*UK GAAP (FRSSE)* £	*Transition adjustments* £	*Other* £	*IFRSs* £
Revenue	(c)	766,980	(766,980)	—	—
Cost of sales	(d)	(426,623)	426,623	—	—
Gross profit		340,357	(340,357)	—	—
Other operating income	(c)	—	766,980	35,503	802,483
Administrative expenses	(d),(e),(f)	(2,307,350)	(370,887)	(76,044)	(2,754,281)
Finance costs		(4)	—	—	(4)
Finance income		263	—	—	263
Loss before tax		(1,966,734)	55,736	(40,541)	(1,951,539)
Income tax	(f)	295,585	(40,716)	—	254,869
Loss for the year		(1,671,149)	15,020	(40,541)	(1,696,670)

Reconciliation of Equity
28 February 2015

	Notes	*UK GAAP (FRSSE)* £	*Transition adjustments* £	*Other* £	*IFRSs* £
Assets					
Non-current assets					
Property, plant and equipment		125,636	—	—	125,636
Loans and other financial assets	(b)	—	389	—	389
Loans and other financial assets		125,636	389	—	126,025
Current assets					
Trade and other receivables	(g)	103,983	—	2,968	106,951
Tax receivable		506,170	—	—	506,170
Cash and cash equivalents		305,244	—	—	305,244
		915,397	—	2,968	918,365
Total assets		1,041,033	389	2,968	1,044,390
Shareholders' equity					
Called up share capital		17,894	—	—	17,894
Share premium		7,937,525	—	—	7,937,525
Share option reserve	(a)	—	214,058	—	214,058
Retained earnings		(7,176,072)	(233,878)	(11,117)	(7,421,067)
Total equity		779,347	(19,820)	(11,117)	748,410
Liabilities					
Current liabilities					
Trade and other payables	(e),(h)	261,686	20,209	14,085	295,980
Total liabilities		261,686	20,209	14,085	295,980
Total equity and liabilities		1,041,033	389	2,968	1,044,390

Reconciliation of Loss for the year ended 28 February 2015

	Notes	*UK GAAP (FRSSE)* £	*Transition adjustments* £	*Other* £	*IFRSs* £
Revenue	(c)	211,184	(211,184)	—	—
Cost of sales	(d)	(160,492)	160,492	—	—
Gross profit		50,692	(50,692)	—	—
Administrative expenses	(d),(e),(h)	(2,726,737)	(143,140)	(11,117)	(2,880,994)
Finance income	(b)	2,407	389	—	2,796
Loss before tax		(2,673,638)	(193,443)	(11,117)	(2,878,198)
Income tax		496,188	—	—	496,188
Loss for the year		(2,177,450)	(193,443)	(11,117)	(2,382,010)

Reconciliation of Equity
29 February 2016

	Notes	*UK GAAP (FRSSE)* £	*Transition adjustments* £	*Other* £	*IFRSs* £
Assets					
Non-current assets					
Property, plant and equipment		199,360	—	—	199,360
Loans and other financial assets	(b)	—	1,400	—	1,400
Trade and other receivables	(c)	—	13,053	—	13,053
Loans and other financial assets		199,360	14,453	—	213,813
Current assets					
Trade and other receivables	(c),(g)	335,234	70,832	7,528	413,594
Tax receivable		560,670	—	—	560,670
Cash and cash equivalents		2,566,779	—	—	2,566,779
		3,462,683	70,832	7,528	3,541,043
Total assets		3,662,043	85,285	7,528	3,754,856
Shareholders' equity					
Called up share capital		18,267	—	—	18,267
Share premium		13,463,344	—	—	13,463,344
Share option reserve	(a)	—	444,430	—	444,430
Retained earnings		(10,267,428)	(427,325)	(9,227)	(10,703,980)
Total equity		3,214,183	17,105	(9,227)	3,222,061
Liabilities					
Non-current liabilities					
Interest bearing liabilities – finance leases		20,419	—	—	20,419
Current liabilities					
Trade and other payables	(e),(h)	416,271	68,180	16,755	501,206
Interest bearing liabilities – finance leases		11,170	—	—	11,170
Total liabilities		447,860	68,180	16,755	532,795
Total equity and liabilities		3,662,043	85,285	7,528	3,754,856

Reconciliation of Loss for the year ended 29 February 2016

	Notes	*UK GAAP (FRSSE)* £	*Transition adjustments* £	*Other* £	*IFRSs* £
Revenue	(c)	410,069	(410,069)	—	—
Cost of sales	(d)	(489,546)	489,546	—	—
Gross profit		(79,477)	79,477	—	—
Other operating income	(c)	40,716	493,954	—	534,670
Administrative expenses	(d),(e),(h),(f)	(3,574,924)	(752,535)	(9,227)	(4,336,686)
Finance income	(b)	5,788	1,011	—	6,799
Finance costs		(2,566)	—	—	(2,566)
Loss before tax		(3,610,463)	(178,093)	(9,227)	(3,797,783)
Income tax	(f)	519,107	(50,914)	—	468,193
Loss for the year		(3,091,356)	(229,007)	(9,227)	(3,329,590)

25. Creo Medical Group plc

Creo Medical Group Limited was incorporated on 12 September 2016 under the Act as a private limited company and re-registered as a public company with the name Creo Medical Group plc on 28 November 2016 (the ''CMG''). On 9 November 2016, CMG acquired the entire issued share capital of Creo Medical Limited (''CML'') in accordance with the terms of the share exchange agreement entered into between (1) CMG; (2) CML; and (3) the shareholders in CML. CMG has a financial year end of 30 June.

Since the date of its incorporation, CMG, has not yet commenced operations and it has no material assets or liabilities apart from its investment in CML, and therefore no financial statements have been prepared as at the date of this document, and no separate historical financial information on CMG is presented in this document.

Refer to paragraph 19.5 of Part 5 of this document for details of the share exchange pursuant to which CMG acquired the entire issued share capital of CML.

PART 4

INTELLECTUAL PROPERTY REPORT

MEWBURN ELLIS INTELLECTUAL PROPERTY

European Patent Attorneys
European Trade Mark Attorneys
European Design Attorneys
Chartered Patent Attorneys

22-24 Queen Square
Bristol BS1 4ND

Tel +44 (0)117 945 1234
Fax: +44 (0)330 111 4455
mail@mewburn.com
www.mewburn.com

Creo Medical Group plc
Riverside Court
Beaufort Park
Chepstow
NP16 5UH

Cenkos Securities plc
6-8 Tokenhouse Yard
London
EC2R 7AS

6 December 2016

Dear Sirs

CREO MEDICAL GROUP PLC ADMISSION DOCUMENT
INTELLECTUAL PROPERTY ("IP") REPORT

We have prepared this report for inclusion in the admission document (the "**Admission Document**") to be issued by Creo Medical Group plc ("**CMG**") in connection with the admission of CMG's entire issued and to be issued ordinary share capital to trading on AIM, a market operated by the London Stock Exchange. Creo Medical Limited (the "**Company**") is the wholly owned subsidiary of CMG. Defined terms in this report shall have the same meaning as those referred to in the definitions section of the Admission Document, except as specifically provided for above and otherwise defined herein.

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we declare (a) that we are responsible for this report, parts of which may form part of the Admission Document, and (b) that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge and belief, in accordance with the facts and contains no omission likely to affect its importance.

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

1.1 *Core technology*

The Company's core technology is its platform electrosurgical generator, sometimes referred to as the CROMA generator, which delivers finely controllable RF and microwave energy. The generator technology is supported by energy delivery and instrument control solutions (e.g. cabling, handpiece etc.) that enable the controllable energy to be utilised by a wide range of surgical scoping devices.

The Company has a suite of products, which provide a range of endoscopy instruments that use the microwave and RF energy for various bronchoscopic, endoscopic, laparoscopic and open procedures. The main products are the Speedboat Endoscopic Submucosal Dissection (ESD) instrument (Fig. 1), the Endoscopic Mucosal Resection (EMR) Snare (Fig. 2), the Haemostasis Graspers, the Haemostasis Probe (Fig. 3), and the Lung Tumour Ablation Probe.

Fig. 1 Speedboat ESD instrument

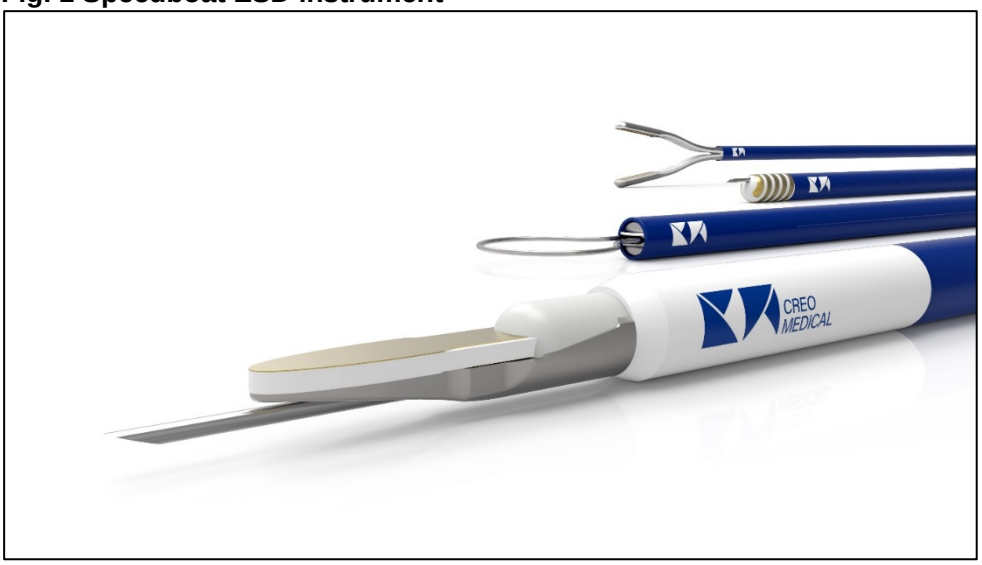


Fig. 2 EMR Snare

Fig. 3 Haemostasis Probe

1.2 *Patent overview – platform generator*

The Company's platform generator is protected by eight patent families, which include a key family that protects the concept of controlled delivery of both an RF signal and a microwave signal through the generation of control signals based on a measurements taken of the delivered RF and microwave energy. Other families aim to protect key isolating components used in the generator, and certain waveform shape control techniques.

The energy delivery and instrument control concepts are protected by a further seven patent families. These patent families are directed at various aspects of connecting elements between the generator and instrument, to provide innovative solutions to the problems of controlling energy loss and maintaining instrument control in the spatially constrained environment associated with endoscopy.

1.3 *Patent overview – other products*

The suite of instrument products each have their own set of supporting patent families. There are currently five patent families associated with the Speedboat ESD instrument, three patent families associated with the EMR Snare, five patent families associated with the Haemostasis Graspers, and five patent families associated with various incarnations of the Haemostasis Probe.

1.4 *Management of IP*

(A) The IP space in respect of the Company's technology is fairly crowded. To minimise the risk of competitors patenting similar technology which could pose a freedom-to-operate ("FTO") risk, the Company files patent applications early in order to protect, to the extent possible, the various patentable embodiments of its technology.

(B) Decisions in respect of IP rights ("IPR"), including (without limitation) the maintenance and prosecution of patent and trade mark rights are managed internally by the Company's Chief Technical Officer ("CTO"): Chris Hancock. He is assisted externally by the IP firm of Mewburn Ellis LLP, in particular the patent attorney and partner Richard Johnson.

(C) We understand that there has been no significant development or change in respect of (A) or (B) above in the last six years.

1.5 *IP Entitlement*

The Company has good title to its current patent, trade mark and design families. We understand that the Company does not co-own any of this IP with another party. None of the patent families list any entity other than the Company as the owner or applicant of each family.

1.6 *Current status - renewal fee payments*

All renewal fees due on the Company's granted patents and, where applicable, pending applications by 7 October 2016 have been paid.

1.7 *Freedom to operate – platform generator*

A limited FTO analysis has been carried out in respect of Platform Generator. The sheer number of existing patents relating to electrosurgery is such that a comprehensive FTO review has not been economically viable. The FTO that has been performed has been targeted at companies with earlier similar technology and (through keyword limitation) at the specific areas of use of interest to the Company (e.g. endoscopy in the gastrointestinal tract). Within this limited scope, no freedom to operate issues have been identified.

1.8 *Freedom to operate – other products*

A limited FTO analysis has also been carried out for the Speedboat ESD instrument, which considered the potential FTO impact on the basic Speedboat ESD instrument structure of prior art documents that had been cited at that time against the Company's own resection patent applications. Within this limited scope, no FTO issues have been identified.

Owing to their comparatively less advanced stage of development, detailed FTO analysis in respect of other of the Company's suite of products has not been carried out. However, preliminary FTO investigations (discussed below) have been performed for:

- the concept of surface/deep tissue coagulation corresponding to Patent Family 28 below
- the Handiplasma concept,
- three aspects of the Supercable concept,
- the double helix instrument rotation mechanism,
- the helical antenna that may be used in the Haemostasis Probe

The Company has not identified any material freedom to operate issues from these preliminary investigations.

1.9 *Trade marks*

The Company has a number of registered trade marks. The Company intends to conduct a branding exercise for its business and product ranges prior to the launch of the products (due in approximately two years), after which the Company may discontinue some or all of these existing registered marks.

The Company also has a number of unregistered trade marks, including the CREO MEDICAL word mark and the CM logo. The Company has been advised to register the CREO MEDICAL word mark and the CM logo. It may not be possible to register all of these trade marks due to possible official objections from trade mark offices or oppositions by third parties, but the Company has not undertaken research to confirm these possibilities. The existing unregistered brands may or may not be used following the branding exercise. If they are to be used, and for any new brands, we understand that the Company will allocate a suitable budget towards conducting clearance searches, seeking suitable trade mark advice and, if there is a likelihood that an application will succeed, seeking to file appropriate trade mark applications.

1.10 *Trade secrets*

We understand that the Company has a substantial body of confidential information, in particular in respect of (a) written procedures for the manufacture of the instruments, including drawings, build plans and CAD designs, (b) lists of product components, (c) specific "tooling" designed by the Company for the manufacture of its products, and (d) the verification and validation documents for the products. Cumulatively, this confidential information amounts to a "blue print" for the manufacture of the Company's products. The Company appears to take usual business care in protecting its trade secrets, in particular comprehensive use of non-disclosure agreements with suppliers, consultants and business opportunities. Employees and officers of the Company are also subject to obligations of confidence.

1.11 *Copyright*

The Company's material copyright is in its product software. Currently this takes the form of firmware operating on Fujitsu hardware in the Platform Generator to control and limit the microwave energy delivery to the Speedboat ESD instrument.

1.12 *Designs*

The Company appears to have a number of unregistered UK design rights. These include of its forceps and handle for use with the Speedboat ESD and Haemostasis Probe product ranges. It may also have design rights in respect of its Platform Generator and the instrument connectors. The Platform Generator was publically disclosed in May 2016, but this is within the twelve month grace period afforded to retrospectively register a design in the UK or the EU. To date the Company has not filed any applications to register its new or prototype designs. It is within its contemplation to do so, once the final decision on the designs are made prior to product launch.

1.13 *IP valuation*

The Company has not undertaken a market valuation of its IP portfolio. We understand that no such valuation is currently planned.

1.14 *IP Contracts*

(A) The Company does not in-licence IPR or out-licence its IPR. The sole exception to the former is the BES microcontroller design in respect to the Platform Generator (to the extent still used as the platform microcontroller design has evolved). Design rights in this design are licensed on a non-exclusive, perpetual and royalty-free basis.

(B) We understand that there are no security interests, liens, mortgages or charges on the IPR of the Company.

(C) The Company is party to a number of collaborations with consultants (or their companies). These consultancies relate to the development or testing of various products of the Company. The Company is entitled to IP generated under these consultancy agreements.

(D) The Company has an obligation to pay a royalty share under its assignment agreement with MDI in respect of PRODUCT 8 – Microwave Scalpel. The Company is not currently commercialising this product.

(E) The Company has received funding through grant agreements with Invention for Innovation ("i4i"), the Small Business Research Initiative ("SRBI") and the South West Regional Development Agency ("SWRDA"). The i4i funded projects to relate mainly to testing of the Speedboat ESD instrument and the family of GI instruments (i.e. Haemostasis Graspers, EMR Snare, and Haemostasis Probe).

(F) The Company participates in a number of studentship research agreements with Bangor University students, including two funded by KESS. We understand that these studentships are not related the key products in the Company's pipeline to be launched: i.e. the Platform Generator, Speedboat, Haemostasis Probe, and Haemostasis Graspers.

1.15 *IP disputes and entitlement*

The Company is not aware of any claim, allegation or threat (a) by a third party in the last six years that the operations of the Company misuse, misappropriate, are similar to, incorporate or infringe a third party's IP or (b) by the Company in the last six years that a third party misuses, misappropriates, are similar to, incorporate or infringe the Company's IP.

The Company has not challenged the validity or ownership of a third party's IP, or been the subject of such a challenge by a third party.

2. SCOPE OF REPORT & DISCLAIMERS

2.1 *Overview*

This report relates to the IPR of the Company.

2.2 *Basis*

Mewburn Ellis LLP has been commissioned to review the IPR owned by or licensed to the Company. This report does not include a review of the technical, regulatory or financial issues that relate to the Company's business or its respective IP estates.

This report is based on (a) documents disclosed by the Company, (b) due diligence meetings with the Company and (c) the information contained in our files in respect to the prosecution of the Company's patents and trade marks (whether granted or filed).

2.3 *Patent family information – summary & context*

For each patent family owned by the Company, we have included a brief summary of the invention and its commercial context. This information is subjective and is intended to provide a useful summary, rather than to be relied on in a factual sense.

2.4 *Patent family information – exemplary claim*

For the patent families that relate to one of the Company's main product lines, an exemplary claim is presented in the listing below. Care has been taken to copy claims (or translations thereof) accurately, but errors cannot be excluded. Interested parties are encouraged to review granted patents and published patent applications referred to herein, and which are publically available, e.g., from the relevant patent office websites. No single claim can completely reflect the scope of the various claims in the different members of the patent family. Therefore, the exemplary claim is in each case intended to provide the reader with an example from the patent family in question. In particular, it cannot be assumed that other members of the patent family share the same scope as that of the exemplary claim provided herein.

2.5 *Patent family information – expiry date & prosecution status*

For the patent families that relate to one of the Company's main product lines, we have also summarised the overall prosecution status for that patent family, focussing on any material issues. Opinions expressed in this summary are based on our best assessment of the relevant facts and information as known to us, and represent our honest belief. This report is not intended as a substitute for reviewing the publicly available prosecution files, which in the case of the European Patent Office and the US Patent & Trade Mark Office are available online (for patents and published patent applications). Reports from the PCT procedure are also available online from the World Intellectual Property Organisation (WIPO).

In addition, we have provided a basic expiry date for the patents belonging to each family. These dates are calculated as twenty years from the relevant international filing date, and therefore ignore any patent term adjustments or extensions that may apply.

2.6 *Patent family information – entitlement*

All of the patent families listed below are owned by the Company. The chain of title has been checked from the inventors, authors or makers. The correctness of the inventorship has not been checked. The Company appears to have good title to their patent and trade

mark rights and other IP rights. Although our checks have not been exhaustive, we have made checks to confirm the existence of employment, service or consultancy contracts and their IP provisions. Such agreements allow the Company to claim entitlement in the UK to be claimed by the operation of law or contract. We have also checked IPR assignments, which are often confirmatory in nature, and the identity of the parties. Subject to reviewing the IP provisions, we have not, however, conducted a detailed review of the other provisions of the employment contracts.

2.7 *Patent family information – limitations*

Some of patent rights have not yet been granted and remain as applications. It is not yet clear what rights will ultimately be granted in respect of such applications. It is also possible that granted patents may be revoked. Patent applications are examined by the applicable national or international IP office (IPO). They can also be the subject of third party objections and, even after they are granted, can be the subject of post-grant reviews or oppositions at some IPO, or third party revocation claims in front of an applicable national court. As a consequence, the patent claims applied for may be amended. It is also possible that the entire application or patent may be held to be invalid and revoked. If such claim amendments are proposed or required there may not be a definite product at the time against which a technical or commercial assessment of the impact of any such amendments can be made.

2.8 *Registered trade mark information - limitations*

Any registered trade marks can be the subject to challenges by third parties, which could result in the total or partial cancellation of the registrations.

2.9 *Unregistered trade mark information - limitations*

Some of the trade marks held by the Company are unregistered. Some protection is available for unregistered trade marks which have been used and which have acquired goodwill as a result of that use. This applies particularly in the UK by virtue of the common law tort of passing off, but also in some other countries which have legal systems with a basis in common law (for example many Commonwealth countries). As there is no formal register recording unregistered trade mark rights and no statutory legislation dealing with enforcement, the scope and extent of protection of such rights is impossible to define accurately. Any reference to unregistered trade marks in section 8 is for guidance only, and no certainty should be assumed as to the ability to prove the existence of those rights or to successfully enforce them against third parties.

It may not be possible for some of the Company's unregistered trade marks to be registered, either due to objections raised by the relevant trade mark office or as a result of oppositions by third parties.

2.10 *Other unregistered rights - limitations*

This report also reviews other unregistered IPR of the Company, specifically copyright, trade secrets and designs. Because of the nature of unregistered rights, the report focusses on those which are material to the products of the Company. To the extent reasonable possibly the entitlement of the Company to such unregistered IPR has been checked. As there is no formal register recording unregistered IPR the scope and extent of protection of such rights can be difficult to define accurately. No certainty should be assumed as to the ability to prove the existence of those rights or to successfully enforce them against third parties.

2.11 *External search results not included*

This report does not include a list or detail of the results of any searches conducted by an IPO, or the examination reports of an IPO, unless these were deemed material. Any material search results or examination reports are considered in the patent and trade mark sections below. In all other cases, the reader is invited to view the results of IPO searches, examination reports and cited documents, which are available from the public prosecution filed for each case (and accessible online at least for Europe and the US).

2.12 *Freedom to operate searches - limitations*

As far as we are aware, the Company has not systematically conducted infringement clearance searches or any other type of searches, or monitored the technical developments of their competitors, or sought any opinions as to validity, enforceability or otherwise of their respect IP estates, except for those detailed below.

2.13 *IP-related contracts - limitations*

This report includes a review of IP related contracts and disputes in respect of the Company that have been disclosed to us. This may not be a complete representation of the Company's contractual rights or obligations, or whether those contracts have been breached or continue in force.

2.14 *Report cut-off date*

The information presented in this report was compiled up to 7 October 2016. Unless stated otherwise, any change in the status of the patent and trade mark families, and any documents disclosed to us, after that date has not been included in this report.

3. INTRODUCTION

3.1 *A brief description of Mewburn Ellis LLP and its expertise*

Mewburn Ellis LLP ("Mewburn Ellis" or the "firm") is a limited liability partnership of patent and trade mark attorneys. It provides patent and trade mark prosecution services covering a wide range of technologies, including chemistry and life sciences. Mewburn Ellis LLP also has a team of qualified solicitors specialising in IP who provide IP commercialisation and transaction services. Some of Mewburn Ellis LLP's patent attorneys are qualified as Patent Attorney Litigators. They, along with our solicitors, provide dispute resolution and litigation services.

The contact details for Mewburn Ellis LLP are:

Mewburn Ellis LLP
City Tower
40 Basinghall Avenue
London
EC2V 5DE
Tel. +44 (0)20 7776 5300
Fax +44 (0)330 111 4455
www.mewburn.com

The relevant attorney details are as follows:

Richard Johnson (Patents): richard.johnson@mewburn.com
Sean Jauss (Legal): sean.jauss@mewburn.com
Edmund Harrison (Trade Marks): edmund.harrison@mewburn.com

3.2 *Mewburn Ellis LLP relationship with Creo Medical Limited*

Mewburn Ellis has acted for the Company since 2008. Mewburn Ellis provides IP legal services to the Company, in particular patent filing and prosecution services, as well as IP commercial law services.

3.3 *Relevant people at Mewburn Ellis LLP*

3.3.1 Richard Johnson

Richard Johnson, the principal author of this report, joined Mewburn Ellis in 2001, qualifying as a Chartered Patent Attorney and a European Patent Attorney in 2005. He joined the partnership in 2008. Richard has a masters degree in physics (MPhys) from Oxford University.

Richard is a member of the firm's electronics, computing & physics and engineering patent teams with experience in a wide range of industry sectors including electronics & electronic engineering, medical technology, semiconductors, structural & mechanical engineering, and telecommunications. Richard has advised the Company on all aspects of their patent portfolio, including original patent drafting, patent prosecution, patent opposition defence and strategic patent advice, since 2008.

3.3.2 Sean Jauss

Sean Jauss is the head of our legal services team and advises on all types of IP law, technology transfer and the exploitation of IP. Sean is ranked or recognised for his IP expertise in the Legal 500, Chambers & Partners and Managing IP.

Sean has a BSc in microbiology from Imperial College, London and a PhD in microbiology from the University of Cambridge. He obtained a Post-Graduate Diploma in Law from the College of Law, London. He trained as a solicitor at a Slaughter and May qualifying in 2003. Sean joined the London School of Hygiene & Tropical Medicine in 2004 to establish and manage its technology transfer office. In 2007 he joined Osborne Clarke as a senior associate advising on a wide range of commercial IP matters. Sean joined Mewburn Ellis in 2011 and the partnership in 2014.

3.3.3 Edmund Harrison

Edmund Harrison joined Mewburn Ellis in 2009. He qualified as a UK Registered Trade Mark Attorney in 2002 and as an authorised representative at EU IPO in 2001.

Edmund has a degree in Ancient History and Archaeology from the University of Birmingham. He is a Member of the Institute of Trade Mark Attorneys, INTA, PTMG and MARQUES. From 1995 to 2008 he worked at another large UK firm of patent and trade mark attorneys, becoming a partner in 2005. He previously also worked at law firms in Paris, France, and Washington DC, USA.

Edmund specialises in trade mark work, dealing with a wide range of issues including prosecution of applications, opposition, revocation and invalidity actions in the UK and OHIM. He has extensive experience of managing portfolios of trade marks for multinational companies, as well as smaller companies or individuals. Highly experienced in negotiating and concluding settlement agreements and in conducting hearings and appeals before the UK IPO. Edmund has also taken cases to the European Court of First Instance and has successfully reclaimed domain names for clients using Domain Name Dispute Resolution Proceedings.

3.4 *Patents*

A patent is a term-limited exclusive right to exploit an invention which is a product or process. To be patentable the invention must be new, inventive and capable of industrial application. A patent right is granted by national governments through their patent office following an application and examination procedure. The process of guiding a patent application through the application and examination procedure is generally known as patent prosecution.

3.5 *Patent ownership and entitlement*

Under English law, the right to be granted a patent primarily belongs to the inventor or joint inventors. However, that right may pass to the employer of the inventor by operation of law (provided certain conditions are met). Moreover, ownership of a patent may be transferred by assignment.

3.6 *Patent Term*

The basic term of a patent is twenty years from the date of filing (the date of grant does not affect this in most jurisdictions). Most notably in the United States, the twenty-year term may be adjusted or extended, e.g., due to delays on the part of the US Patent Office during prosecution. However, the calculation of such term adjustments, and the interplay with terminal disclaimers filed between commonly owned US patents in certain situations, is complex and beyond the scope of this report. As used herein the expiry date is given for guidance only and is simply the filing date plus twenty years.

3.7 *Trade Marks*

A trade mark is a distinctive symbol that distinguishes the goods or services of one trader from another. The symbol may consist of a device or word or combination of these. A trade mark can be registered. A registered trade mark provides an exclusive right to take action against other parties for use of a similar trade mark in the course of trade in connection with the goods or services for which is has been registered. Subject to the payment of office fees a trade mark can be renewed indefinitely. A registered trade mark is granted by national governments through their trade mark office following an application and examination procedure.

3.8 *Design Rights*

3.8.1 Registered rights

Design rights are a term-limited exclusive right that protect the whole or part of the appearance of purely functional or industrial product. Designs rights can be registered in the UK (as a UK Registered Design Right) or the EU (as a Registered Community Design). A registered design must be novel and have individual character to be valid. The first owner is the designer (but before 1 October 2014 this would have been the commissioner of the work), or their employer if the work is created in the course of employment. A registered design provides a term of protection of 25 years subject to payment of renewal fees. A registered design application is filed at the UK Intellectual Property Office or the EU Intellectual Property Office as the case may be. The application is not examined and, subject to compliance with necessary formalities, will be granted.

3.8.2 Unregistered rights

It is also possible to have unregistered rights in designs. Unregistered rights arise automatically on creation so long as the necessary criteria are met. An Unregistered Community Design is equivalent in its criteria to the Registered Community Design, but has a term of only three years. A UK unregistered design right arises if the work is original – i.e. not commonplace. It has a term of either 10 or 15 years. The first owner is the designer (but before 1 October 2014 this would have been the commissioner of the work), or their employer if the work is created in the course of employment.

3.8.3 Copyright in designs

There can also copyright in unregistered designs if they are works of artistic workmanship. But such copyright is less relevant in an industrial context such as that of the Company.

3.9 *Copyright*

Copyright is an unregistered IPR that arises automatically in respect of literary or artistic works if they are original. Copyright is a term-limited exclusive right in respect of the copying, adaptation and distribution of a work. Copyright does not protect ideas. The term of copyright is very long, lasting for the life of the author plus 70 years or 50 years if generated by a computer. The first owner of the copyright in a work is the author, or their employer if the work was created in the course of employment.

Software is most often protected by copyright as a literary work. It can also be protected by patents if it has a technical effect outside the computer.

3.10 *Trade Secrets*

Trade secrets, confidential know-how and confidential information are all types of

information which are secret, that is, not in the public domain. Trade secrets are not IPR per se, not least because under UK law information is not a property right. However, trade secrets are often treated as IP. Often secrets comprise subject matter that may become patentable (e.g. an unpublished or unfiled invention) or which is valuable to the business, for example technical, commercial or financial information. Trade secrets arise automatically on creation and remain in existence so long as they do not enter the public domain. The “owner” of a secret is arguably the person who has a right to enforce the obligations of confidence attaching to that information.

4. FILING AND MAINTENANCE OF THE PATENTS AND TRADE MARKS

4.1 *Patent filing and prosecution*

4.1.1 Geographical coverage

It is not cost-effective for the Company to obtain patent protection for an invention in all possible jurisdictions. In common with industry norms, the Company balances geographical coverage against cost, taking into account effectiveness of IP legal regimes, market importance and other factors. The result is that the Company aims to secure patent protection in major developed economies, including the United States, the larger European countries, Japan, China, and Canada. More recent patent families have a wider geographical scope, e.g. including Australia, India, Singapore, South Korea and Brazil, to cover other significant markets.

4.1.2 Prosecution procedural strategy

The strategy to obtain such patent protection makes use of well-established international legal systems. A first or "priority" application is made, which in all of the Company's patent families was submitted to the United Kingdom Intellectual Property Office (UKIPO). The principal goal of this application is to obtain an effective filing date. Under the Paris Convention, a later patent application submitted within 12 months of that first application can benefit from the earlier filing date to the extent that the patent applications are directed to the same invention. At this 12-month point, the Company typically initiates an international application under the Patent Cooperation Treaty (PCT). The PCT system provides for centralised application, search, publication and limited, non-binding examination during the "international phase". At 30 or 31 months (jurisdiction dependent) from the filing date of the priority application, it is necessary to convert the PCT application into one or more national patent applications by entering the national phase (called the regional phase where a regional patent office is available such as in Europe). The patent prosecution process typically involves the filing of comparatively broad claims at the outset, which often encounter objections from one of more national or regional patent offices. This is not unusual. Claims can be amended, provided that there is support for the amendments in the application as originally filed. Arguments, supplementary data and/or expert declarations can be filed as an additional or alternative strategy to amending the claims. The aim is to secure strong protection for commercially important subject-matter.

4.1.3 Prosecution management

As well as acting for the Company before the European Patent Office (EPO) and UK IPO, Mewburn Ellis LLP assist the Company with the coordination of foreign patent prosecution carried out by local patent attorneys in the relevant jurisdictions.

4.1.4 Patent families - introduction

In the patent schedule which follows, patents and patent applications are grouped into "families". The patent family members are related because they share a common priority application and typically have the same or very similar technical content. However, the family members may have different claims, not least because the various jurisdictions have different requirements (both formal and substantive) for a patent to be granted. Within each family we have listed the currently "live" cases, which may be granted patents or pending applications. We have not listed cases that are no longer live. The Company follows a conventional patent prosecution strategy in which an initial GB patent application is filed in order to obtain a priority date. This application is often abandoned in favour of later applications in the family. Similarly, the Company makes use of PCT

applications as a route to obtaining international patent protection. There is a fixed time period within which a PCT application can be used to initiate separate national phase application. Following this time period, the PCT application expires, and is therefore no longer pending. We do not list abandoned priority applications and expired PCT applications in the schedule below.

After grant, a European patent must be converted into one or more national rights in European countries where patent protection is wanted by a process known as validation. The term "validated in" as used here is followed by a list of European countries (using two-letter codes such as GB for the United Kingdom and DE for Germany) and shows those countries where the necessary formalities have been completed to secure patent protection on the basis of a European grant.

4.2 *Patent renewals*

Except where specifically noted in the schedule below, Mewburn Ellis, acting on instructions from the Company, has responsibility for renewal of granted patents and pending patent applications.

To the best of our knowledge, after due enquiry, all required patent renewal fees up to 7 October 2016 with respect to the Company's patents and, where applicable, pending patent applications have been paid.

4.3 *Trade mark filing and prosecution*

4.3.1 Geographical coverage

It is not cost-effective to seek protection for trade marks in every jurisdiction so a commercial decision has been taken to protect the Company's trade marks in the jurisdictions of main commercial interest where the Company is likely to be commercially active. Currently the Company has obtained registration for a limited number of trade marks in the UK only.

4.3.2 Extending protection

However, trade mark filings to extend protection further can be made at any point. Applications to register around the EU would likely be filed as EU TMs, a unitary trade mark that covers 28 EU countries. A wide scale filing programme outside the EU would most likely be filed by using the Madrid Protocol system administered by WIPO, which enables a single central filing to designate as many of the available countries as desired.

4.4 *Trade mark term and trade mark renewals*

4.4.1 Background

Most registered trade marks globally have an initial registration period of 10 years calculated from the filing date, and can then be renewed for further 10 year periods upon payment of the renewal fee. In the US, an affidavit of use needs to be additionally filed during the course of the 5th to 6th year after grant, failing which the trade mark may be removed from the register.

4.4.2 Management

Mewburn Ellis LLP are currently responsible for all registered trade marks shown in the trade mark section below, unless otherwise indicated. For registered trade marks, a renewal reminder is issued to the Company 6 months before the renewal deadline, and if

no instructions are received, subsequent reminders are sent at regular intervals, including within the last month. If the renewal deadline passes without instructions, a further reminder is issued pointing out the default, and advising on the availability of late renewal within the applicable grace periods.

4.4.3 Current renewal status

All renewal fees for the Company trade marks have been paid up to date. There are renewal deadlines falling within 2017 on which instructions will be needed in due course.

5. IP CONTRACTS, ENCUMBRANCES AND DISPUTES

5.1 *General information regarding the Company's IP contracts*

5.1.1 Licences out

We are informed by the Company that it has not granted any licenses of its IPR to any third parties.

5.1.2 Licences in

We are informed by the Company that it does not licence in any material third party IPR (other than standard office and research software packages). As far as the Company is aware and within the scope of the FTO conducted by it to date, there is no indication that access to any third party rights are needed.

5.1.3 Other IP-related contractual issues

We are informed by the Company that, except for the contracts noted below, it is not party to any options, rights-of-first-refusal, co-existence agreements, covenants-not-to sue or other IP arrangements, including pooling, cross-licensing or pipeline arrangements, or other IP related contract.

5.1.4 Research and development

We are informed that the Company does not outsource any of its R&D to contract research organisation.

5.1.5 Security interests

We are informed that the Company has no security interests, mortgages, charges or liens against its IP.

5.2 *Research grants*

The Company is party to a number research grants from UK agencies. The projects relate mainly to testing of the Speedboat ESD instrument and the family of GI instruments (i.e. Haemostasis Graspers, EMR Snare, and Haemostasis Probe). The projects have not affected ownership of the Company's IPR in the products. The Company does not believe that any new IP material to the current products was created under these grants.

5.2.1 Invention For Innovation ("i4i") FDP3 Grant Agreement 1 dated 6 January, 2010.

The Company undertook a six month research project entitled "Commercial viability assessment of a novel radiating spatula device for the endoscopic treatment of intestinal polyps". The project description provides more detail, referring to a "new device [which] enables focussed microwave energy to be delivered down the instrument channel of a standard surgical endoscope" – i.e. the microwave spatula, later becoming the Speedboat ESD and the various GI instruments.

5.2.2 i4i FDP3 Grant Agreement 2 dated 18 April, 2013

The Company undertook a one year research project entitled "A smart endoscopic reactor electrosurgical system for the quick, safe and accurate removal of pre-cancerous and early cancerous growths in the lower GI tract" – i.e. the Speedboat ESD.

5.2.3 i4i FDP3 Grant Agreement 3 dated 2 March, 2015

This project is still ongoing, with completion scheduled for 31 August 2017. The Company is to undertake a research project entitled "A family of smart endoscopic instruments for the gastro-intestinal tract" – i.e. the family of GI instruments comprising the EMR Snare, the Haemostasis Graspers, and the Haemostasis Probe.

5.2.4 Small Business Research Initiative ("SBRI") Contract dated 24 November, 2008, and 31 March, 2010.

The two phase project was entitled "Non-thermal plasma hand sterilisation system" – i.e. the HandiPlasma product. We understand that a prototype for this product was built, but that the project was not moved forward thereafter.

5.2.5 Grant offer from the South West Regional Development Agency dated 21 July, 2008

The project was to enable the Company to develop proof of concept system related to Family 39 in the patent schedule: "Plasma based sterilisation technology for healthcare".

5.3 *Material collaboration and consultancy agreements*

5.3.1 Collaboration Agreement for the Development of Medical Devices with Coloprotect Ltd dated 31 March, 2013

Coloprotect Ltd is the consultancy company of Prof Brian Saunders. This is an exclusive collaboration for the development of the Speedboat ESD endoscopic instruments for "the swift and safe performance of clinical endoscopic sub-mucosal resection procedure in the luminal gastro-intestinal tract using a combination of microwave and radio frequency energy, a bipolar blade structure, a "speedboat hull" structure and a means for the injection of fluids (the "Medical Devices")". The parties are currently negotiating an extension to this collaboration. The Company owns the IP generated under the collaboration.

5.3.2 Consultancy Agreement with Endo-Luminal Prisma Ltd dated 30 July, 2015

Endo-Luminal Prisma is a consultancy company for Dr Zacharias Tsiamoulos. The consultancy cover the research, development, evaluation and use of a range of electro-surgical instruments for use in the gastro-intestinal tract and elsewhere as appropriate. The Company owns the IP generated under the collaboration.

5.3.3 Grasper Development Agreement

Miriam Taimisto is to consult with the Company in respect of the Grasper instrument. The consultancy contract with Miriam, or her company, is still being negotiated. The Company has indicated that this is a first attempt by it to outsource product development.

5.3.4 Tripartite Clinical Investigation Agreement for Medical Technology Industry Sponsored Research in NHS Hospitals, Managed by Contract Research Organisation dated 10 February, 2016

This contract relates to a sponsored clinical investigation entitled "Clinical evaluation of the safety and performance of Microwave Coagulation by the CROMA Electrosurgical System [i.e. the Platform Generator] during the resection of complex colorectal polyps (CCRPS)". The Trust procures the services of Dr Zacharias Tsiamoulos (already a

consultant of the Company) to act as the principal investigator during the trials. The contract provides that the Company will own any foreground IP arising from and relating to the Clinical Investigation Plan or the Investigational Medicinal Device, and including the results of the investigation itself.

5.4 *Studentship agreements*

The Company participates in a number of studentship research agreements with students registered at Bangor University, including two funded by KESS. We understand that these studentship agreements are not related the key products in the Company's pipeline to be launched: i.e. the Platform Generator, Speedboat, Haemostasis Probe, and Haemostasis Graspers. The Company is seeking to place all its studentship arrangements with Bangor University under a common framework contract to ensure a consistent approach to IP ownership by the Company.

5.5 *MDI Transfer Back Agreement*

This agreement is between Medical Device Innovations Limited ("MDI") and the Company. It is dated 5 April 2009. Under the agreement, MDI assigned all its rights in respect of patent application families PCT/GB2007/003842, PCT/GB2007/003828 and PCT/GB2008/003235 to the Company (PRODUCT 8 – Microwave Scalpel). In consideration of the assignment, the Company will pay to MDI and the inventors a royalty on the net proceeds of all royalties received by the Company from licensing the patent families, or of the net proceeds from the assignment of the benefit contract to a third party, or of the net proceeds from the assignment of the patent families. We understand that the assigned patent family is not core technology of the Company. It is not used in any of the other existing products.

5.6 *Grounds for termination etc.*

The Company is not aware of any breach or ground for termination, or any grounds for invalidity or enforceability, of the above detailed contracts.

6. FREEDOM TO OPERATE

6.1 *Background*

Grant of a patent does not provide the patentee with a right to use his invention. The exclusive rights conferred by the patent are essentially rights to stop others. This means that consideration of third patent rights is necessary regardless of one's own patent position.

6.2 *Commercial Practicality*

However, freedom to operate (FTO) analysis is not always practical where a product or process is at the research stage, or in early stage development. This is because the scope of any such search would have be impractically broad in view of the uncertainty inherent in a product or process that has yet to be finalised. FTO searching and analysis of the search results usually becomes more practical at the stage, prior to commercialisation, when a project (method or product) can be specified sufficiently to focus the search to relevant third party rights.

6.3 *FTO overview*

In respect of the Company, Mewburn Ellis was asked to carry out freedom to operate analysis in relation to aspects of: (i) the Platform Generator and the Speedboat ESD instrument, (ii) the Handiplasma concept, (iii) the Supercable concept, and (iv) the helical antenna proposed for the Haemostasis Probe.

6.3.1 Platform generator and Speedboat ESD instrument FTO

The use of RF and microwave energy in therapy is a well known field of technology and is crowded with patents. It is not practical to review all documents that may be possibly relevant. The analysis for the Company was separated into three investigations, which resulted in three reports:

- A report dated 1 September 2014 discussing the results of a search for patent documents relevant to a generator and a surgical instrument for resecting sessile polyps in the gastrointestinal tract with RF and microwave electromagnetic radiation.

- A report dated 15 September 2011 discussing the results of a review of European patents in the name of a company that was known to have worked on devices that use RF and/or microwave radiation for simultaneous tissue cutting and coagulation.

- A report dated 15 September 2011 discussing the potential FTO impact on the basic Speedboat ESD instrument structure of prior art documents that had been cited at that time against Creo's own resection patent applications.

6.3.2 Haemostasis Probe FTO

An FTO review was undertaken by IP Pragmatics, with the aim of providing an understanding of the patent rights landscape in the area of argon plasma coagulation and related electrosurgery, and in particular as it relates to Creo's combined surface/deep coagulator invention (which corresponds to Patent Family 28 below).

The investigation resulted in a report issued on 25 July 2013.

6.3.3 Handiplasma FTO

An FTO review was undertaken for the Handiplasma concept, which was defined as:

> *Plasma sterilisation apparatus comprising a frame (open to the atmosphere) suitable for receiving hands (or other parts of the body), the frame including a plasma generating region arranged to receive pulses of microwave radiation, a gas supply and RF pulses in a manner to permit a non-thermal gas plasma to be struck and sustained, an applicator structure for directing the gas plasma to contact and sterilise the hands (or other parts of the body), and a controller arranged to manage the power level and gas supply to the plasma generating region.*

The investigation resulted in a report dated 13 January 2010 that discussed the FTO impact of documents cited in the International Search Reports of Creo' existing plasma sterilisation technology: WO 2009/060213 and WO 2009/060214.

6.3.4 Supercable and double helix FTO

Mewburn Ellis was instructed to carry out some initial FTO work following identification of the cable structure as another potential product for the company. The commercial patent search firm Patent Seekers Limited was instructed to look for patents and application that could pose an FTO risk. The investigation focussed on three concepts:

- a bipolar electrical connection techniques for attaching an instrument at the distal end of a cable (in particular looking for pin connectors, foil tabs, selective conductive coating);
- relative rotation within a coaxial cable, i.e. an inner conductor that is rotatable relative to its outer conductor;
- multi-use hollow "liner" endoscopic shaft for carrying electrical signal and different instruments, with capability of providing an electrical connection between the liner and the instrument.

This investigation resulted in three reports dated 30 & 31 July 2014.

In addition, Mewburn Ellis was instructed to carry out some initial FTO analysis of the double helix instrument rotation mechanism. The commercial patent search firm Patent Seekers Limited was again instructed to look for patents and application that could pose an FTO risk for the concept of:

> *a tool for rotating an instrument inside an endoscope (or other scoping device) that works by converting rotational motion at a proximal end of an instrument channel into axial motion of a rod or follower which extends along the instrument channel, and then at the other end of the rod or follower, the axial motion is converted back into rotational motion.*

This investigation resulted in a report dated 2 March 2016.

6.3.5 Helical antenna FTO

Mewburn Ellis was instructed to carry out some initial FTO work following identification of the helical antenna as a preferred energy delivery structure for the haemostasis probe. The commercial patent search firm Patent Seekers Limited was instructed to look for patents and applications that could pose an FTO risk. The investigation focussed on the concept of:

A helical antenna arranged to deliver microwave (e.g. 5.8 GHz) and RF energy (e.g. 400 kHz), which may also incorporate or define a fluid flow conduit (preferably a hypodermic needle) for delivering adrenaline, and sized to fit down the instrument channel of an endoscope, i.e. it has an outer diameter of less than 3.3 mm.

This investigation resulted in a report dated 25 January 2016.

6.4 *FTO analysis - limitations*

A number of general limitations apply to the potential effectiveness of the FTO analysis that has been performed. The searching was carried out by a respected outside provider of patent searching. However, FTO clearance searches are notoriously difficult to make fully comprehensive, because it is impractical to search all potentially infringed patent documents. It is impossible to guarantee that a relevant document will not have been missed, for example because of the searching strategy used or by being incorrectly indexed on a database. In addition, the search may not have detected recently filed patent applications (which may not yet have been published) or recently granted patents. The geographical scope of the search was also restricted as discussed above. The analysis focussed on the claims of granted European and US patents; patents in other jurisdictions have not been considered. Pending applications were also considered. However, the scope of claims in pending applications may change during examination, either to narrow or broaden the claim, and so conclusions drawn from patent applications cannot be certain. The analysis has not extended to any formal infringement or validity opinion on any of the identified patents. Rather, we and where appropriate the US attorneys responsible for Creo's patent portfolio have reviewed the patent documents and assessed the likelihood that valid, enforceable claims would present a material limitation to the Company's ability to market their products without undue risk of patent infringement. As UK patent attorneys, our analysis considered claim construction and infringement under UK law only.

6.5 *FTO analysis – no guarantee*

Whilst we have undertaken FTO analysis, with the scope summarised above, consistent with our professional standards, owing to the inherent limitations of such studies, there can be no guarantee of freedom to operate for any of the Company's products for which an FTO investigation has been performed.

6.6 *Future FTO analysis*

Owing to their comparatively less advanced stage of development, we have not been asked to carry out detailed FTO analysis in respect of other of the Company's intended products. We understand that it is the Company's intention to undertake FTO investigations for other products in the pipeline as their development progresses.

6.7 *Threatened action*

Mewburn Ellis is not aware of any actual or threatened litigation against the Company for infringement of third party patent rights or trade mark rights.

7 PATENT SCHEDULE

7.1 *Portfolio overview*

The Company's IP portfolio consists of 46 patent families, which at 18 October 2016 comprises in total 76 granted patents and 184 pending applications. The distribution of the granted patents and pending applications among the patent families is provided below.

In the listing that follows, detailed summaries of patent families relating to each of the Company's current product lines are presented in turn, followed by a briefer summary of the remaining patent families, which relate to ancillary or potential future products.

The core product is the platform electrosurgical generator, which is currently protected by eight families. New ideas based on proprietary means of energy generation and waveform control are being developed as an ongoing process to further strengthen the IP that supports this product.

A second product relates to the energy delivery and instrument control structure (e.g. cabling, handpiece etc.) that is used to convey microwave and RF energy, possible in combination with other items such as liquid or gas, and control wires through a surgical scoping device to an instrument in contact with tissue.

The remaining products relate to specific instruments that use the microwave and RF energy for performing bronchoscopic, endoscopic, laparoscopic and open procedures. The main products are the Speedboat ESD instrument, the EMR snare, the Haemostasis Graspers, the Haemostasis Probe, and the Lung Tumour Ablation Probe.

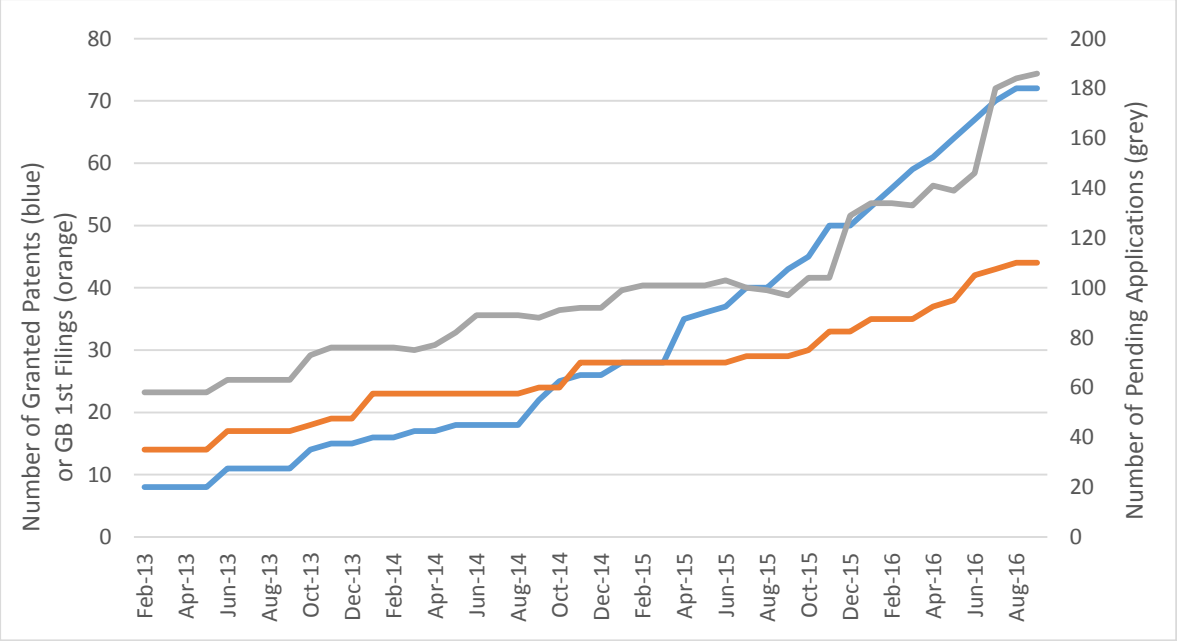
The remaining patent families relate to the use of microwave energy for other medical purposes. These technologies are not directly related to the main products listed above, although in some cases that can be used with the platform generator. These remaining families can be summarised as follows:

- Two patent families relating to the use of microwave radiation in conjunction with a sharp edge (referred to herein as a microwave scalpel or radiating blade) to promote coagulation while physically cutting tissue.
- Two patent families relate to hollow devices that can deliver microwave energy and extract fat cells, take tissue samples and ablate the needle tract, and introduce radioactive pellets and produce localised tumour ablation as an adjunct.
- Four patent families relate to applicators and control systems to deliver generate and deliver non-thermal plasma for control of bacteria in an open wound or inside the body. One of these families is directed towards a technique for striking and sustaining non-thermal plasma for disinfection. We understand that the Company intends to investigate how this non-thermal plasma can be used with its other products.
- Five patent families arising from other miscellaneous projects undertaken by the Company.

7.2 *IP growth*

The following graph illustrates the growth of Creo's IP portfolio over the past three and a half years. There are three growth metrics: (i) number of initial UK patent filings, (ii) number of pending applications, and (iii) number of granted patents. The number of initial UK patent filings is a measure of ongoing development, as it is an indicator of new inventions being protected. The number of pending applications is a measure of the

overall size of the portfolio in prosecution. The number of granted patents is a measure of the number of cases that have successfully passed prosecution.



7.3 PRODUCT 1 – Platform Generator

7.3.1 Family 1 – RF/Microwave cut-coagulator

7.3.1.1 Summary of invention and commercial context

Electrosurgical generator for delivering RF and microwave energy to a probe. Both delivered RF and delivered microwave energy are monitored and both the RF and microwave signals are controlled based on the respective monitoring.

This patent family is directed at key functionality of the generator, i.e. controlled delivery of RF energy for cutting and microwave energy for coagulation.

Basic expiry date: 7 December 2031

7.3.1.2 Inventors

Christopher Paul Hancock

Entitlement is by way of employment and a confirmatory assignment dated 2 February 2012.

7.3.1.3 Exemplary claim

Claim 1 of EP 2 648 636 B1 reads:

1. Electrosurgical apparatus (100) for resection of biological tissue, the apparatus comprising:
a radiofrequency (RF) signal generator (102) for generating RF electromagnetic (EM) radiation having a first frequency;
a microwave signal generator (104) for generating microwave EM radiation having a second frequency that is higher than the first frequency;

a probe (118) arranged to deliver the RF EM radiation and the microwave EM radiation separately or simultaneously from a distal end thereof;

a feed structure for conveying the RF EM radiation and the microwave EM radiation to the probe, the feed structure comprising an RF channel for connecting the probe (118) to the RF signal generator (102), and a microwave channel for connecting the probe (118) to the microwave signal generator (104);

an RF signal detector (1006) for sampling current and voltage on the RF channel and generating therefrom a RF detection signal (SRF) indicative of the current and voltage;

a microwave signal detector (1012, 1014) for sampling forward and reflected power on the microwave channel and generating therefrom a microwave detection signal (SM1, SM2) indicative of the microwave power delivered by the probe (118); and

a controller (106) in communication with the RF signal detector (1006) and microwave signal detector (1012, 1014) to receive the RF detection signal and microwave detection signal,

wherein the controller (106) is operable to select an energy delivery profile for the RF EM radiation and the microwave EM radiation, the energy delivery profile for the RF EM radiation being for tissue cutting and the energy delivery profile for the microwave EM radiation being for haemostasis or sealing or coagulation or ablation of tissue,

characterised in that:

the controller (106) comprises a digital microprocessor (110) programmed to output an RF control signal (CRF) for the RF signal generator (102) and a microwave control signal (CM) for the microwave signal generator (104), the RF control signal and the microwave control signal being for setting the energy delivery profile for the RF EM radiation and the microwave EM radiation respectively, and

the controller is arranged to determine a state for the RF control signal and the microwave control signal based on the received RF detection signal and microwave detection signal respectively.

7.3.1.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1121071.3	Granted	2486343	13/03/2013
EP	11794842.2	Granted*	2648636	03/12/2014
US	13/992666	Granted	9333034	10/05/2016
CN	201180067290.6	Granted	ZL201180067290.6	30/09/2015
JP	2013-542601	Granted	5768140	26/06/2015
CA	2858297	Pending		
IN	2000/KOLNP/2013	Pending		
SG	201304472-2	Granted	2013044722	28/12/2015
AU	2011340307	Granted	2011340307	04/06/2015

*EP validated in AT, BE, CH, CZ, DE, DK, ES, FR, GB, GR, IE, IT, NL, NO, PT, SE

7.3.1.5 Prosecution

All but two cases in this family have proceeded to grant with claims of similar scope to that in EP 2 648 636 B1. The pending cases in Canada and India are awaiting examination.

7.3.2 Family 2 – ES Generator Enhancement

7.3.2.1 Summary of invention and commercial context

Electrosurgical generator for delivering RF and microwave energy to a probe. The generator includes a signal combining circuit for combining an RF channel and a microwave channel onto a common pathway to the probe. The microwave channel

includes a waveguide isolator. Also includes a claim to a certain configuration of the combining circuit on its own.

This patent family is directed at a signal combining structure that enables a common delivery pathway to be used by minimising or eliminating signal interference on the RF and microwave channels.

Basic expiry date: 16 September 2033

7.3.2.2 Inventors

Christopher Paul Hancock
Malcolm White
Francis Amoah
Nuwan Dharmisiri

Entitlement is by way of employment and a confirmatory assignment dated 27 March 2015.

7.3.2.3 Exemplary claim

Claim 1 of pending EP application no. 1376631.9 reads:

1. Electrosurgical apparatus for resection of biological tissue, the apparatus comprising:
a radiofrequency (RF) signal generator (218) for generating RF electromagnetic (EM) radiation having a first frequency;
a microwave signal generator (220) for generating microwave EM radiation having a second frequency that is higher than the first frequency;
a probe arranged to deliver the RF EM radiation and the microwave EM radiation separately or simultaneously from a distal end thereof; and
a feed structure for conveying the RF EM radiation and the microwave EM radiation to the probe, the feed structure comprising an RF channel (212, 214) for connecting the probe to the RF signal generator, and a microwave channel (210) for connecting the probe to the microwave signal generator,
wherein the RF channel and microwave channel comprise physically separate signal pathways from the RF signal generator (218) and microwave signal generator (220) respectively,
wherein the feed structure includes a combining circuit (206) having a first input (203) connected to the separate signal pathway on the RF channel, a second input connected to the separate signal pathway on the microwave channel, and an output (207) connected to a common signal pathway for conveying the RF EM radiation and the microwave EM radiation separately or simultaneously along a single channel to the probe, and
wherein the microwave channel includes a waveguide isolator (200) connected to isolate the separate signal pathway on the microwave channel from the RF EM radiation.

7.3.2.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1217247.4	Pending		
EP	13766631.9	Allowed		
US	14/431684	Pending		
CN	201380061636.0	Pending		
JP	2015-533686	Pending		
CA	2925156	Pending		
IN	946/MUMNP/2015	Pending		

Country	Application Number	Status	Grant Number	Grant Date
SG	11201502389T	Allowed		
SG	10201605059P	Pending		
AU	2013322400	Pending		
HK (CN)	16100965.3	Pending		

7.3.2.5 Prosecution

All the cases in this family are still pending. Most are still awaiting examination. The initial UKIPO search and the international search report were wholly positive for the claim listed above, which presents the combining circuit in the context of the generator. It is currently intended to pursue claims for the combining circuit structure alone via divisional applications.

7.3.3 Family 3 – RS2 Waveforms

7.3.3.1 Summary of invention and commercial context

Electrosurgical apparatus for controlling delivery of pulsed RF energy, in which the energy accumulated in tissue during each pulse is monitored and the profile of each pulse controlled to maintain an average power delivered below a target value.

The patent family is directed at technique for controlling the RF waveform output by the generator in order to control the power delivered into tissue.

Basic expiry date: 14 April 2034

7.3.3.2 Inventors

Francis Amoah
Christopher Paul Hancock
Martin Jarman
Nuwan Dharmisiri

Entitlement is by way of employment and a confirmatory assignment dated 20 May 2015.

7.3.3.3 Exemplary claim

Claim 1 of pending EP application no. 14717849.5 reads:

1. Electrosurgical apparatus for resection of biological tissue, the apparatus comprising:
a radiofrequency (RF) signal generator (4, 5) for generating an RF waveform having a first frequency;
a probe (100) arranged to deliver the RF waveform from a distal end thereof;
a feed structure (9) for conveying the RF waveform to the probe along an RF channel;
an RF signal detector (8, 11) for sampling current and voltage on the RF channel and generating therefrom a RF detection signal indicative of the current and voltage; and
a controller (14, 16) in communication with the RF signal detector to receive the RF detection signal,
wherein the RF signal generator is arranged to deliver the RF waveform as a plurality of RF signal pulses, each of the plurality of RF signal pulses having a predetermined power limit and a pulse duration, and
characterised in that the controller is arranged to:

monitor, based on the RF detection signal, energy accumulated in the biological tissue during the pulse duration of each of the plurality of RF signal pulses, and

control the profile of each of the plurality of RF signal pulses to keep an average power delivered by that RF signal pulse to the biological tissue over its respective pulse duration below a target value.

7.3.3.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1308207.8	Pending		
HK (CN)	16106651.9	Pending		
HK (EP)	16110585.2	Pending		
KR	10-2015-7034831	Pending		
EP	14717849.5	Pending		
US	14/889795	Pending		
CN	201480038808.7	Pending		
JP	2016-512410	Pending		
IN	3357/MUMNP/2015	Pending		
SG	11201509079U	Granted	11201509079U	05/07/2016
AU	2014264489	Pending		
BR	BR1120150280625	Pending		
CA	2911710	Pending		

7.3.3.5 Prosecution

Most of the cases in this family are still awaiting examination. A Demand for International Preliminary Examination was submitted on the PCT application, which resulted in a positive International Preliminary Report on Patentability (IPRP). The SG case was granted based on the positive IPRP. The positive IPRP should also result in straightforward examination for the EP case in due course.

7.3.4 Family 4 – 3 Parameter control mechanism

7.3.4.1 Summary of invention and commercial context

A method of controlling RF power delivered by balancing maximum voltage limit, objective tissue current limit and a predetermined power dissipation target.

The patent family is directed at a further technique for controlling the RF waveform output by the generator to take into account losses in the cable that delivers the energy.

Basic expiry date: 14 April 2034

7.3.4.2 Inventors

Francis Amoah
Christopher Paul Hancock
Martin Jarman
Nuwan Dharmisiri

Entitlement is by way of employment and a confirmatory assignment dated 20 May 2015.

7.3.4.3 Exemplary claim

Claim 1 of pending EP application no. 14717848.7 reads:

1. A method of controlling radiofrequency (RF) power delivered from a bipolar electrosurgical instrument into a biological tissue at the distal end of the electrosurgical instrument, the method comprising:

generating an RF waveform;

delivering the RF waveform along an RF channel to the electrosurgical instrument;

controlling the profile of the RF waveform by:

setting a maximum voltage limit for a voltage applied across the bipolar electrosurgical instrument;

sampling current and voltage on the RF channel; and

calculating a tissue resistance from the sampled current and voltage, the calculating step including a correction for an impedance associated with the RF channel;

determining an objective tissue current limit from the calculated tissue resistance and a predetermined power dissipation target; and

dynamically adjusting the current limit based on the determined objective tissue current limit.

7.3.4.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1308209.4	Pending		
KR	10-2015-7034830	Pending		
EP	14717848.7	Pending		
US	14/889429	Pending		
CN	201480036440.0	Pending		
JP	2016-512409	Pending		
IN	3356/MUMNP/2015	Pending		
SG	11201509041P	Pending		
AU	2014264488	Pending		
BR	BR1120150280650	Pending		
CA	2911846	Pending		
HK (CN)	16107069.3	Pending		
HK (EP)	16109938.8	Pending		

7.3.4.5 Prosecution

Most of the cases in this family are still awaiting examination. The initial UKIPO search was positive. The international search report raised objections alleging lack of novelty and inventiveness. Arguments rebutting those objections without limiting the claims have been submitted on the EP case, and the Examiner's reaction is awaited.

7.3.5 Family 5 – Generator Enhancement Measurement

7.3.5.1 Summary of invention and commercial context

Electrosurgical generator for delivering RF and microwave energy to a probe. The generator includes a signal combining circuit for combining an RF channel and a microwave channel onto a common pathway to the probe. The microwave channel

includes a waveguide isolator with an adjustable impedance. Also includes a claim to a certain configuration of the combining circuit on its own.

The patent family builds on Family 2 by introducing a tunable element into the combining circuit of the generator.

Basic expiry date: 4 December 2034

7.3.5.2 Inventors

Christopher Paul Hancock
Malcolm White
Nuwan Dharmisiri

Entitlement is by way of employment and a confirmatory assignment dated 22 December 2014.

7.3.5.3 Exemplary claim

Claim 1 of GB 2 522 533 B reads:

1. Electrosurgical apparatus for resection of biological tissue, the apparatus comprising:
a radiofrequency (RF) signal generator for generating RF electromagnetic (EM) radiation having a first frequency;
a microwave signal generator for generating microwave EM radiation having a second frequency that is higher than the first frequency;
a probe arranged to deliver the RF EM radiation and the microwave EM radiation separately or simultaneously from a distal end thereof; and
a feed structure for conveying the RF EM radiation and the microwave EM radiation to the probe, the feed structure comprising an RF channel for connecting the probe to the RF signal generator, and a microwave channel for connecting the probe to the microwave signal generator,
wherein the RF channel and microwave channel comprise physically separate signal pathways from the RF signal generator and microwave signal generator respectively,
wherein the feed structure includes a combining circuit having a first input connected to the separate signal pathway on the RF channel, a second input connected to the separate signal pathway on the microwave channel, and an output connected to a common signal pathway for conveying the RF EM radiation and the microwave EM radiation separately or simultaneously along a single channel to the probe,
wherein the microwave channel includes a waveguide isolator connected to isolate the separate signal pathway on the microwave channel from the RF EM radiation, and
wherein the waveguide isolator has an adjustable impedance.

7.3.5.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1421526.3	Granted	2522533	30/12/2015
EP	14809683.7	Pending		
US	15/102,845	Pending		
AU	2014363209	Pending		
BR	BR1120160132327	Pending		
CA	2932652	Pending		
CN	201480071480.9	Pending		
IN	201627022060	Pending		

Country	Application Number	Status	Grant Number	Grant Date
JP	2016-536861	Pending		
SG	11201604629P	Pending		
KR	10-2016-7017260	Pending		
HK (CN)	16110613.8	Pending		

7.3.5.5 Prosecution

Most of the cases in this family are still awaiting examination. The initial UKIPO search and international search were both wholly positive. The GB patent has since been granted and the remaining cases are expected to follow suit.

7.3.6 Families 6 to 8

Three further unpublished patent families exist in relation to PRODUCT 1.

7.4 PRODUCT 2 – Energy Delivery and Instrument Control

7.4.1 Family 9 – RS2 System

7.4.1.1 Summary of invention and commercial context

This patent family contains three independent concepts. The first is a development of the spatula instrument tip that is relevant to Product 3 – Speedboat ESD instrument. The second is an interface joint, which forms the control handle used with a number of the instruments discussed below. The third is a torque transfer device, which has now been superseded.

Basic expiry date: 31 December 2034

7.4.1.2 Inventors

Julian Mark Ebbutt
Christopher Paul Hancock
Steven Morris
Malcolm White
Brian Saunders

Entitlement is by way of employment, a confirmatory assignment dated 6 March 2015, and an assignment dated 9 June 2015.

7.4.1.3 Exemplary claim

Claim 1 of GB 2 530 449 B reads:

1. An interface joint for interconnecting an electrosurgical generator and an electrosurgical instrument, the interface joint comprising:
a housing made of electrically insulating material, the housing having:
a first inlet for receiving radiofrequency (RF) electromagnetic (EM) energy and/or microwave frequency EM energy from the electrosurgical generator,
a second inlet for receiving fluid, and
an outlet;
a single cable assembly for connecting the outlet to the electrosurgical instrument, the single cable assembly comprising a flexible sleeve which defines a fluid flow path that is in fluid

communication with the second inlet and which conveys a coaxial cable that is connected to the first inlet; and

a slidable trigger on the housing, the slidable trigger being attached to a push rod that extends out of the housing through the outlet.

7.4.1.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1423386.0	Granted	2523246	17/02/2016
GB	1522417.3	Granted	2530449	04/05/2016
EP	14825181.2	Pending		
US	15/109077	Pending		
AU	2014375127	Pending		
BR	BR1120160152670	Pending		
CA	2934981	Pending		
CN	201480073787.2	Pending		
IN	201617023171	Pending		
JP	2016-543172	Pending		
SG	11201605131S	Pending		
KR	10-2016-7019711	Pending		

7.4.1.5 Prosecution

Patents for the first and second concepts (Speedboat tip and interface joint) have been granted in the UK. A Demand for International Preliminary Examination was submitted on the PCT application, and resulted in a positive IPRP for the first concept. The first concept will be pursued first in each country and the current intention is to submit divisional applications in due course to protect the second concept.

7.4.2 Family 10 – Overmoulds for interface cable

7.4.2.1 Summary of invention and commercial context

This patent family is directed at a sterile barrier sheath that can be extended over the interface cable at its connection with an electrosurgical instrument. This concept supports the idea of having a bespoke reusable cable, e.g. having the special features of the Supercable discussed below, without requiring the cable itself to be subjected to a sterilising procedure.

Basic expiry date: 20 July 2035

7.4.2.2 Inventors

Christopher Paul Hancock
Francis Amoah
Julian Mark Ebbutt
Jeremy Paul Gardner
Robin Alexander Crossley
Rohan Monico

Entitlement is by way of employment, a confirmatory assignment dated 14 July 2015, and an assignment dated 15 July 2015.

7.4.2.3 Exemplary claim

Claim 1 of pending PCT application no. PCT/GB2015/052099 reads:

1. An electrosurgical apparatus comprising:
an electrosurgical instrument for delivering RF energy and/or microwave frequency energy into biological tissue; and
an interface cable for conveying radiofrequency (RF) and/or microwave frequency energy between an electrosurgical generator and the electrosurgical instrument,
wherein the electrosurgical instrument comprises:
a connection interface that is cooperable with a terminal connector of the interface cable, and
a sterile barrier sheath surrounding the connection interface, the sterile barrier sheath being extendable over a portion of the interface cable to surround a connection between the connection interface and terminal connector.

7.4.2.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1512712.9	Pending		
WO	PCT/GB2015/052099	Pending		

7.4.2.5 Prosecution

The UKIPO search and international search report both cited a Covidien application (EP 2 854 236), which discloses a similar concept. However, the Covidien application was published after the priority date of this family, so for claims that are entitled to this priority date, the Covidien prior art is available only to attack novelty, i.e. it cannot be used in an obviousness attack. The Company has worked up a strategy that distinguishes the claims from this document, and feedback from the UKIPO is awaited.

7.4.3 Family 11 – Supercable: endoscopic liner

7.4.3.1 Summary of invention and commercial context

This patent family is the first in a group of families that protect different aspects of the "Supercable" concept, which broadly speaking is a cable having a coaxial transmission line for conveying RF and microwave whose dimensions are adapted to reduce losses and which includes one or more hollow axial channels (e.g. through the inner conductor) for conveying a fluid or an optical channel.

This particular family is directed at two related ideas: (i) a sleeve-like product that is insertable into the instrument channel of a surgical scoping device, and (ii) a surgical scoping device in which the energy conveying structure is integrally formed in the walls surrounding the instrument channel.

Basic expiry date: 16 October 2035

7.4.3.2 Inventors

Christopher Paul Hancock
Malcolm White
George Christian Ullrich
David Edward Webb

Shaun Preston
Steven Morris

Entitlement is by way of employment, a confirmatory assignment dated 15 October 2015, and an assignment dated 14 October 2015.

7.4.3.3 Exemplary claim

Claim 1 of GB 2 532 345 B reads:

1. An energy conveying structure for invasive electrosurgery, the energy conveying structure comprising a coaxial layered structure having:
an innermost insulating layer;
an inner conductive layer formed on the innermost insulating layer;
an outer conductive layer formed coaxially with the inner conductive layer; and
a dielectric layer separating the inner conductive layer and the outer conductive layer, wherein the inner conductive layer, the outer conductive layer and the dielectric layer form a transmission line for conveying radiofrequency (RF) and/or microwave energy,
wherein the coaxial layered structure is insertable in a flexible insertion tube of an invasive surgical scoping device, and
wherein the innermost insulating layer is hollow to form an instrument channel for the invasive surgical scoping device; the energy conveying structure including:
a first terminal that is electrically connected to the inner conductive layer and which extends through the innermost insulating layer into the instrument channel; and
a second terminal that is electrically connected to the outer conductive layer and which extends through the dielectric layer and innermost insulating layer into the instrument channel.

7.4.3.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1518330.4	Allowed		
WO	PCT/EP2015/074001	Pending		

7.4.3.5 Prosecution

The GB case has been granted with a claim limited to the presence of electrical connection terminals at the distal end of the coaxial structure. On the PCT application a Demand for International Preliminary Examination has been submitted that argues for a claim without the terminals. The international Examiner's preliminary opinion for this claim is negative, so further argument or amendment is needed.

7.4.4 Family 12 – Supercable: distal connection interface

7.4.4.1 Summary of invention and commercial context

This patent family relates to various configurations for electrical terminals at the distal end of the Supercable concept, which can be attached to one or a variety of electrosurgical instruments.

The claims focus on the particular construction of the cable and on the features of the instrument attachment (i.e. the different configurations for electrically and mechanically connecting an instrument at the end of the cable).

Basic expiry date: 16 October 2035

7.4.4.2 Inventors

Christopher Paul Hancock
Malcolm White
George Christian Ullrich
David Edward Webb
Louis Turner

Entitlement is by way of employment, a confirmatory assignment dated 14 October 2014, and an assignment also dated 14 October 2014.

7.4.4.3 Exemplary claim

Claim 1 of pending PCT application no. PCT/EP2015/074036 reads:

1. A cable for conveying radiofrequency and/or microwave frequency energy to an electrosurgical instrument at a first end of the cable, the cable comprising:

a hollow tube comprising inner and outer electrically conductive layers separated by dielectric material to form a transmission line;

a first terminal at the first end of the cable, the first terminal being arranged to form an electrical connection between the inner conductive layer and a first cooperating terminal of the electrosurgical instrument; and

a second terminal at the first end of the cable, the second terminal being arranged to form an electrical connection between the outer conductive layer and a second cooperating terminal of the electrosurgical instrument,

wherein the first terminal comprises a first electrically conductive protrusion extending in an axial direction from the first end of the cable and electrically connected to the inner conductive layer; and/or

wherein the second terminal comprises a second electrically conductive protrusion extending in an axial direction from the first end of the cable and electrically connected to the outer conductive layer.

7.4.4.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1518347.8	Pending		
WO	PCT/EP2015/074036	Pending		

7.4.4.5 Prosecution

The initial UKIPO demonstrated that protection for the concept of hollow coaxial cables that are connected to an electrosurgical instrument at their distal end is not available. The pending cases are directed at two particular configurations of the first and second terminals. A Demand for International Preliminary Examination has been submitted on the PCT case. The international Examiner's preliminary opinion is negative, so further argument or amendment is needed.

7.4.5 Family 13 – Supercable: rotation interface

7.4.5.1 Summary of invention and commercial context

This patent family relates to various configurations of a rotatable component at the distal end of the cable through which electrical connections are maintained with first and second distal terminals for attachment of various electrosurgical tools.

Basic expiry date: 16 October 2035

7.4.5.2 Inventors

Christopher Paul Hancock
Malcolm White
George Christian Ullrich
David Edward Webb
Louis Turner
Steven Morris

Entitlement is by way of employment, a confirmatory assignment dated 15 October 2015, and an assignment dated 14 October 2015.

7.4.5.3 Exemplary claim

Claim 1 of pending PCT application no. PCT/EP2015/074047 reads:

1. A cable for conveying radiofrequency and/or microwave frequency energy to an electrosurgical instrument at a first end of the cable, the cable comprising:

a hollow tube comprising inner and outer electrically conductive layers separated by dielectric material to form a transmission line;

a first terminal at the first end of the cable for forming an electrical connection to the inner conductive layer;

a second terminal at the first end of the cable for forming an electrical connection to the outer conductive layer;

a rotatable component at the first end of the cable, wherein the rotatable component comprises a longitudinal passageway continuous with the hollow tube, and wherein the rotatable component is rotatable relative to the transmission line and comprises:

a first portion electrically connected to the first terminal, wherein the first portion and the first terminal are rotatable relative to each other and are configured to maintain an electrical connection when rotated relative to each other;

a second portion electrically connected to the second terminal, wherein the second portion and the second terminal are rotatable relative to each other and are configured to maintain an electrical connection when rotated relative to each other.

7.4.5.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1518354.4	Pending		
WO	PCT/EP2015/074047	Pending		

7.4.5.5 Prosecution

The initial search report and international search report were both positive. An objection that the claims relate to multiple inventions was received on the PCT case, so divisional applications may be required in due course to obtain granted patents for all of the claims.

7.4.6 Families 14 and 15

Two further unpublished patent families exist in relation to PRODUCT 2.

7.5 PRODUCT 3 – Speedboat ESD instrument

7.5.1 Family 16 – Radiating Microwave Spatula

7.5.1.1 Summary of invention and commercial context

This patent family related to early work by the Company on the concept of a surgical spatula, i.e. a flat paddle with no sharp edges, that was configured to deliver microwave energy from its side edges. The original application contemplated that the device would be sized to be insertable through a surgical scoping device and that the emitted energy could be used to assist with cutting and sealing of biological tissue.

The radiating structure of the speedboat device is based on a development of the spatula, so this family forms background IP for that product.

Basic expiry date: 20 July 2030

7.5.1.2 Inventors

Christopher Paul Hancock

Entitlement is by way of employment and assignments dated 3 August 2010 and 2 November 2011.

7.5.1.3 Exemplary claim

Claim 1 of EP 2 457 283 B1 reads:

1. A surgical spatula (10,34) comprising a flat paddle (38,62) and a handle extending away from a first end thereof, wherein

the handle comprises a coaxial power feed (64,130) connectable to receive energy from a microwave power source, and

the paddle contains a microwave conveying structure (12-32, 66-76, 44-56) connected to the coaxial power feed, the microwave conveying structure being enclosed at a front end of the paddle opposite the first end and open along a side of the paddle which extends away from the first end to permit a microwave radiation field to be emitted from that side.

7.5.1.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
US	13/378552	Granted	9033971	19/05/2015
EP	10736768.2	Granted*	2457283	25/09/2013
CN	201080032496.0	Granted	ZL201080032496.0	17/09/2014
JP	2012-521093	Granted	5688814	05/02/2015
IN	4977/KOLNP/2011	Pending		
CA	2802587	Pending		

*EP validated in AT, BE, CH, CZ, DE, DK, ES, FR, GB, GR, IE, IT, NL, NO, PT, SE

7.5.1.5 Prosecution

All but two cases in this family have proceeded to grant. The CN case has claims similar in scope to those in EP 2 648 636 B1. The US and JP cases resulted in narrower claims, in which the flat paddle is defined as a piece of ceramic with metallized surfaces. The pending cases in Canada and India are awaiting examination.

7.5.2 Family 17 – Spatula Enhancement

7.5.2.1 Summary of invention and commercial context

This patent family was submitted in parallel with Family 16, and relates to a specific physical configuration of the spatula and its connection to the coaxial feed line.

Basic expiry date: 20 July 2030

7.5.2.2 Inventors

Christopher Paul Hancock

Entitlement is by way of employment and assignments dated 3 August 2010 and 2 November 2011.

7.5.2.3 Exemplary claim

Claim 1 of EP 2 457 282 B1 reads:

1. A surgical spatula comprising:
a planar transmission line (10) for carrying microwave energy formed from a sheet of a first dielectric material (12) having first and second conductive layers (14, 16) on opposite surfaces thereof, the sheet of first dielectric material having
a substantially uniform width dimension of 5 mm or less;
a substantially uniform thickness dimension of 2 mm or less; and
a substantially uniform length dimension greater than the width dimension;
a coaxial cable (20) having an outer diameter of 3 mm or less for delivering microwave energy to the planar transmission line, the coaxial cable comprising an inner conductor (22, 30), an outer conductor (24, 28) coaxial with the inner conductor, and a second dielectric material (26) separating the outer and inner conductors, the planar transmission line being connected lengthwise to the coaxial cable at a connection interface (32); and
a protective sleeve (40) mounted over the connection interface,
wherein
one end of the sheet of first dielectric material abuts the end of the coaxial cable at the connection interface,
the inner and outer conductors extend beyond the second dielectric at the connection interface to overlap opposite surfaces of the transmission line and electrically contact the first conductive layer and second conductive layer respectively,
the first conductive layer is spaced from the end of the transmission line that abuts the coaxial cable to electrically isolate the outer conductor from the first conductive layer, and
the width of the first and second conductive layers is selected to create an impedance match between the transmission line and the coaxial cable.

7.5.2.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
US	13/379623	Granted	9236646	12/01/2016
US	14/960083	Pending		
EP	10736766.6	Granted*	2457282	02/10/2013
CN	201080032497.5	Granted	ZL201080032497.5	30/07/2014
JP	2012-521091	Granted	5688813	05/02/2015
IN	4979/KOLNP/2011	Pending		
CA	2802586	Pending		
CN	201410078953.X	Granted	ZL201410078953.X	02/03/2016

7.5.2.5 Prosecution

All but three cases in this family have proceeded to grant. In the US and China divisional applications have been submitted to capture protection for the spatula in the context of use within an endoscope. The pending cases in Canada and India are awaiting examination.

7.5.3 Family 18 – RF/microwave parallel plate/coaxial applicator

7.5.3.1 Summary of invention and commercial context

This patent family arose from the early work on the initial speedboat concept. It is the first disclosure of the contoured "hull" with retractable needle. As such it is one of the core patents for the speedboat structure.

Basic expiry date: 9 January 2032

7.5.3.2 Inventors

Christopher Paul Hancock
Martin Wynford Booton

Entitlement is by way of employment or agreement, and a confirmatory assignment dated 2 March 2012.

7.5.3.3 Exemplary claim

Claim 1 of EP 2 664 026 B1 reads:

1. An electrosurgical resection instrument (200, 282, 402) for applying to biological tissue (206) radiofrequency (RF) electromagnetic (EM) energy having a first frequency and microwave EM energy having a second frequency higher than the first frequency, the instrument comprising:

an instrument tip (202, 283, 300) comprising a body made of a first dielectric material (416) separating a first conductive element (284) from a second conductive element (286);

a coaxial feed cable (224, 406) comprising an inner conductor (418), an outer conductor (420) coaxial with the inner conductor, and a second dielectric material separating the outer and inner conductors, the coaxial feed cable being for conveying, simultaneously or separately, an RF signal having the first frequency and a microwave signal having the second frequency; and

a fluid feed conduit (408) for delivering fluid to the instrument tip;

wherein the inner conductor is electrically connected to the first conductive element and the outer conductor is electrically connected to the second conductive element to enable the instrument tip to receive the RF signal and the microwave signal, and

wherein the first and second conductive elements are arranged to act:

as active and return electrodes to convey RF EM radiation corresponding to the RF signal, and

as an antenna to radiate microwave EM radiation corresponding to the microwave signal,

characterised in that:

the fluid feed conduit is arranged to deliver liquid to the instrument tip, the fluid feed conduit having an outlet (296) at the distal end of the instrument tip for introducing the liquid into the biological tissue.

7.5.3.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	12700424.0	Granted*	2664026	14/09/2016
US	13/997915	Pending		
CN	201280005140.7	Granted	ZL201280005140.7	20/01/2016
JP	2013-548887	Pending		
IN	1996/KOLNP/2013	Pending		
CA	2860671	Pending		
SG	201304790-7	Granted	191284	28/08/2015
GB	1100444.7	Pending		

*EP validation in progress

7.5.3.5 Prosecution

Prosecution was straightforward on the EP, CN and SG cases, the GB application is expected to follow suit. Prosecution has been less easy in the US and JP cases. An appeal will be necessary to make progress on the JP case, and Creo's US attorneys are currently in discussion with the Examiner. The pending cases in Canada and India are awaiting examination.

7.5.4 Family 19 – RS2 updated blade design

7.5.4.1 Summary of invention and commercial context

This patent family arose from a second iteration of the speedboat design, in which the presence of the recessed channel in the hull is introduced.

A third iteration of the speedboat structure is covered in Family 9, which introduces the extension of the spatula element beyond the edge of the hull.

Basic expiry date: 25 June 2033

7.5.4.2 Inventors

Christopher Paul Hancock
Steven Morris
Duncan Fitzsimons
Brian Saunders
Andrew Pacey
Malcolm White

Entitlement is by way of employment and confirmatory assignments dated 19 February 2016 and 9 January 2013, and assignments dated 24 January 2013, 30 May 2014 and 12 April 2014.

7.5.4.3 Exemplary claim

Claim 1 of EP 2 869 778 B1 reads:

1. An electrosurgical resection instrument for applying to biological tissue radiofrequency (RF) electromagnetic (EM) energy, the instrument comprising:

an instrument tip comprising a planar body made of a first dielectric material separating a first conductive element on a first surface thereof from a second conductive element on a second surface thereof, the second surface facing in the opposite direction to the first surface;

a coaxial feed cable comprising an inner conductor, an outer conductor coaxial with the inner conductor and a second dielectric material separating the inner and outer conductors, the coaxial feed cable being for conveying an RF signal; and

a protective hull comprising a third piece of dielectric material mounted to form the underside of the instrument tip,

wherein the inner conductor is electrically connected to the first conductive element and the outer conductor is electrically connected to the second conductive element to enable the instrument tip to receive the RF signal, and

wherein the first and second conductive elements extend up to a distal side edge of the planar body to form an RF cutting portion in which they act as active and return electrodes to emit RF EM radiation corresponding to the RF signal from the distal side edge of the planar body, and

the protective hull has a smoothly contoured convex undersurface facing away from the planar body, the undersurface comprising a longitudinally extending recessed channel formed therein between a pair of ridges.

7.5.4.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
US	14/411327	Pending		
AU	2013285204	Pending		
SG	11201500003Q	Granted	11201500003Q	11/02/2016
JP	2015-519332	Pending		
IN	504/CHENP/2015	Pending		
EP	13733421.5	Granted*	2869778	14/09/2016
CA	2917130	Pending		
CN	201380035642.9	Pending		
GB	1211776.8	Pending		
HK (GB)	14105856.6	Pending		
HK (CN)	15109059.2	Pending		

*EP validation in progress

7.5.4.5 Prosecution

The international search report was positive in this case, so prosecution of the EP and SG was straightforward. The CN case is expected to be allowed soon. The remaining cases are all awaiting examination.

7.6 PRODUCT 4 – EMR Snare

7.6.1 Family 20 – Radiating Snare

7.6.1.1 Summary of invention and commercial context

This patent family arose from initial work on the concept of a surgical snare adapted to deliver microwave energy. Three configurations are covered: (i) monopole protruding into loop, (ii) curved monopole partly bounding loop, (iii) conductive portion mounted on or in snare loop. The application contemplates use of the snare in endoscopic, laparoscopic and open procedures.

Basic expiry date: 26 June 2034

7.6.1.2 Inventors

Christopher Paul Hancock
Malcolm White
Craig Gulliford
Brian Saunders
Sandra May Bernadette Holmes

Entitlement is by way of employment or agreement and confirmatory assignments dated 30 October 2014, and an assignment dated 3 November 2014.

7.6.1.3 Exemplary claim

Claim 1 of GB 2 518 932 B reads:

1. A surgical snare comprising:
a retractable loop of conductive material for encircling an area containing biological tissue;
a radiating structure arranged to radiate microwave frequency energy into the area encircled by the retractable loop; and
a coaxial cable for conveying microwave frequency energy to the radiating structure, the coaxial cable comprising an inner conductor, an outer conductor surrounding and coaxial with the inner conductor, and a dielectric material separating the inner conductor and the outer conductor,
wherein the radiating structure comprises:
an elongate conductive member connected to the inner conductor of the coaxial cable and being electrically insulated from the outer conductor of the coaxial cable, and
a snare base at a distal end for of the coaxial cable, the snare base having a feed channel for conveying a length of the conductive material that forms the retractable loop,
wherein the elongate conductive member comprises a distal portion that protrudes into the area encircled by the retractable loop to act as a radiating microwave monopole antenna, and a proximal portion that extends through the snare base alongside the feed channel.

7.6.1.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1411391.4	Granted	2518932	26/08/2015
EP	14735659.6	Pending		
US	14/904417	Pending		
CN	201480039530.5	Pending		
JP	2016-524888	Pending		
IN	201627001327	Pending		
CA	2917297	Pending		
AU	2014288991	Pending		
BR	BR1120160005120	Pending		
HK (EP)	16105987.6	Pending		
SG	11201510585R	Granted	11201510585R	23/06/2016

7.6.1.5 Prosecution

The GB case granted with claims covering all three concepts. The SG case was granted based on the GB patent.

The international search report was negative, but relied on a prior art document that was not a surgical snare. Arguments rebutting the rejections in the international search report

have been submitted on the EP case, and the Examiner's reaction is awaited. Examination has not yet started in all other cases.

At present all three concepts are being pursued in all cases, but it is likely that non-unity objections will be made in some countries, so we anticipate that divisional applications may be needed to obtain the full scope of available protection.

7.6.2 Family 21 – Plasma Snare

7.6.2.1 Summary of invention and commercial context

This patent family is a development of Family 20, in which the snare has an elongate probe for conveying RF and/or microwave energy together with a gas feed and retractable snare loop. The probe tip has electrodes arranged to enable a plasma to be struck in the region encircled by the retractable loop.

Basic expiry date: 18 December 2034

7.6.2.2 Inventors

Christopher Paul Hancock
Malcolm White

Entitlement is by way of employment and a confirmatory assignment dated 23 December 2014.

7.6.2.3 Exemplary claim

Claim 1 of pending EP application no. 14815830.6 reads:

1. A surgical snare comprising:
an elongate probe comprising a coaxial cable for conveying radiofrequency (RF) and/or microwave frequency electromagnetic (EM) energy, and a probe tip connected at the distal end of the coaxial cable for receiving the RF and/or microwave energy;
a gas passage for conveying gas through the elongate probe to the probe tip; and
a retractable loop mounted at the probe tip for encircling an area containing biological tissue beyond the probe tip,
wherein the coaxial cable comprises an inner conductor, an outer conductor and a dielectric material separating the inner conductor from the outer conductor,
wherein the probe tip comprising a first electrode connected to the inner conductor of the coaxial cable and a second electrode connected to the outer conductor of the coaxial cable, and
wherein the first electrode and the second electrode are arranged to produce an electric field from the received RF and/or microwave frequency EM energy across a flow path of gas received from the gas passage to produce a thermal or non-thermal plasma in the area encircled by the retractable loop.

7.6.2.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1322850.7	Pending		
EP	14815830.6	Pending		
US	15/107268	Pending		
AU	2014372383	Pending		
BR	BR1120160147065	Pending		

Country	Application Number	Status	Grant Number	Grant Date
CA	2934571	Pending		
CN	201480070594.1	Pending		
IN	201617023344	Pending		
JP	awaiting number	Pending		
SG	11201604695X	Pending		
KR	10-2016-7016925	Pending		
HK (CN)	16110607.6	Pending		

7.6.2.5 Prosecution

The initial UKIPO search report cited two documents in support of an allegation that the claim 1 was obvious. From an initial review, the structures disclosed in the cited documents are different from the Company's device, so there is optimism that protection is available for this invention. The international search report was also negative, although it appears that the Examiner was not properly considering the plasma generation features. The Company will consider their response strategy in due course.

7.6.3 Family 22

One further unpublished patent family exists in relation to PRODUCT 4.

7.7 PRODUCT 5 – Haemostasis Graspers

7.7.1 Family 23 – RF/Microwave clamping applicators

7.7.1.1 Summary of invention and commercial context

This patent family arose from early work that considered the application of the spatula energy delivery structure to a clamping device. The claims are directed to a probe having one or more pairs of opposed clamping members, each of which has its own self-contained radiating structure.

This family forms background IP for the various grasper products being contemplated.

Basic expiry date: 9 January 2032

7.7.1.2 Inventors

Christopher Paul Hancock

Entitlement is by way of employment and a confirmatory assignment dated 27 February 2012.

7.7.1.3 Exemplary claim

Claim 1 of US 9,381,066 reads:

1. An electrosurgical instrument for performing resection or dissection by applying to a biological tissue radiofrequency electromagnetic RF EM energy having a first frequency and microwave EM energy having a second frequency higher than the first frequency, the instrument comprising:

a handheld body having an elongate probe member extending therefrom, the elongate probe member having at its distal end an instrument tip comprising a clamping mechanism having

a first clamping member and a second clamping member that are movable relative to each other between an open configuration for receiving a biological vessel between a first surface on the first clamping member and a second surface on the second clamping member, the first surface and the second surface being opposite to one another in the instrument tip, and a closed configuration for contacting opposite sides of the received biological vessel, wherein the first clamping member includes a first energy delivery structure comprising a body made of a first dielectric material, and a first conductive element and a second conductive element which are separated by the first dielectric material; and

a coaxial feed cable connected to the handheld body, the coaxial feed cable comprising an inner conductor, an outer conductor coaxial with the inner conductor, and a second dielectric material separating the outer conductor and the inner conductors, the coaxial feed cable being for conveying to the handheld body, simultaneously or separately, an RF signal having the first frequency and a microwave signal having the second frequency;

wherein the inner conductor is electrically connected to the first conductive element of the first energy delivery structure and the outer conductor is electrically connected to the second conductive element of the first energy delivery structure to enable the first surface to emit independently the RF signal and the microwave signal, and

wherein the first conductive element of the first energy delivery structure and the second conductive element of the first energy delivery structure are arranged at the first surface to act:

as an active electrode and a return electrode to transfer RF EM energy into the biological tissue by conduction, and

as an antenna to radiate microwave EM energy into biological tissue from the first surface.

7.7.1.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1200264.8	Granted	2487288	15/12/2012
EP	12700425.7	Pending		
US	13/976896	Granted	9381066	05/07/2016
CN	201280005137.5	Granted	ZL201280005137.5	14/10/2015
JP	2013-548888	Pending		
IN	2115/KOLNP/2013	Pending		
CA	2860612	Pending		

7.7.1.5 Prosecution

Prosecution of the GB, US and CN patents was straightforward. The international search report was negative, but given these positive results, the EP case is expected to be granted without undue trouble. The remaining cases are all awaiting examination.

7.7.2 Family 24 – Microwave forceps

7.7.2.1 Summary of invention and commercial context

This patent family arose from work done on the particular structure used to deliver microwave energy from the forceps jaws. The claims define the energy delivery structures as an unbalanced lossy transmission line for delivering microwave energy, which is intended to distinguish from devices that operate using antennas.

Basic expiry date: 7 October 2034

7.7.2.2 Inventors

Christopher Paul Hancock
Malcolm White

Entitlement is by way of employment and a confirmatory assignment dated 2 January 2015.

7.7.2.3 Exemplary claim

Claim 1 of GB 2 520 414 B reads:

1. Electrosurgical forceps comprising:
a pair of jaw elements pivotable relative to each other to open and close a gap therebetween;
a first conductive element mounted in one of the pair of jaw elements adjacent to the gap;
a second conductive element mounted in the other one of the pair of jaw elements adjacent to the gap opposite the first conductive element;
a coaxial cable for conveying microwave energy having a specific frequency; and
a signal transition portion at a distal end of the coaxial cable, the signal transition portion being arranged to connect the first conductive element to an outer conductor of the coaxial cable and to connect the second conductive element to an inner conductor of the coaxial cable,
wherein the first conductive element and the second conductive element and the gap between the pair of jaws constitute a non-uniform transmission line to support the microwave energy as a travelling wave,
wherein the transmission line formed by the first conductive element and the second conductive element is designed to couple electrical energy into biological tissue in the gap between the pair of jaw elements to prevent multiple reflections of the travelling wave,
whereby the transmission line is non-resonant for the microwave energy along the travelling wave in the presence of biological tissue, and
wherein the transmission line has a geometry selected to exhibit a return loss of better than 7 dB at the specific frequency of the microwave energy when the biological tissue is present in the gap, whereby power received at the proximal end of the transmission line is efficiently delivered into the biological tissue in the gap during a single transit of the travelling wave along the transmission line.

7.7.2.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1417680.4	Granted	2520414	2/3/2016
EP	14784349.4	Pending		
US	15/021936	Pending		
AU	2014333616	Pending		
BR	BR1120160074726	Pending		
CA	2926318	Pending		
CN	201480055053.1	Pending		
IN	201627011315	Pending		
JP	2016-546185	Pending		
SG	11201602032S	Pending		
KR	10-2016-7009034	Pending		
HK (EP)	16110121.3	Pending		

7.7.2.5 Prosecution

The initial UKIPO search was negative, and indicated that some clarification of our definitions was needed. The GB and PCT cases were submitted with such clarifications. The GB case was granted following further amendment. A Demand for International Preliminary Examination was submitted on the PCT case. The resulting IPRP appears favourable, in that it acknowledges that the claims possess novelty and inventive step. However, it appears that the Examiner is treating the claims as having a much narrower scope than intended, so further amendment and argument is required.

7.7.3 Family 25 – Gharial forceps

7.7.3.1 Summary of invention and commercial context

This patent family relates to a development of Family 24, in which the forceps are further adapted to deliver RF energy in additional to microwave energy.

Basic expiry date: 23 December 2034

7.7.3.2 Inventors

Christopher Paul Hancock
Malcolm White
Sandra May Bernadette Holmes
Brian Saunders

Entitlement is by way of employment and confirmatory assignments dated 4 March 2014, 3 July 2015, 27 March 2014 and 4 March 2015, and assignments dated 13 May 2014 and 9 June 2015.

7.7.3.3 Exemplary claim

Claim 1 of GB 2 522 340 B reads:

1. Electrosurgical forceps comprising:

a pair of jaw elements that are pivotable relative to each other to open and close a gap therebetween, the pair of jaw elements comprising a first jaw element and a second jaw element that is rotatably secured to the first jaw element via a pivot joint located at a proximal end of the first jaw element and the second jaw element;

a pair of elongate conductive elements mounted in the pair of jaw elements adjacent to the gap; and

a coaxial cable for conveying radiofrequency (RF) energy and microwave energy, either together or separately,

wherein the pivot joint includes an aperture for receiving the coaxial cable, and

wherein the pair of elongate conductive elements are electrically connected to the coaxial cable and arranged to act as both

(i) an active electrode and an return electrode for RF energy conveyed by the coaxial cable, and

(ii) a non-uniform unbalanced lossy transmission line to support the microwave energy as a travelling wave, the non-uniform unbalanced lossy transmission line being non-resonant for the microwave energy along the travelling wave.

7.7.3.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1423101.3	Granted	2522340	13/01/2016
EP	14821257.4	Pending		

Country	Application Number	Status	Grant Number	Grant Date
US	15/107291	Pending		
AU	2014372335	Pending		
BR	BR1120160145372	Pending		
CA	2934439	Pending		
CN	201480070420.5	Pending		
IN	201617023169	Pending		
JP	awaiting number	Pending		
SG	11201604696S	Pending		
KR	10-2016-7016926	Pending		
HK (CN)	16110605.8	Pending		

7.7.3.5 Prosecution

Similarly to Family 24, the initial UKIPO search was negative, and indicated that some clarification of our definitions was needed. The GB and PCT cases were submitted with clarified definitions. The GB case was granted without further substantive amendments. The international search report was wholly positive, so prosecution in other countries is also expected to be smooth.

7.7.4 Families 26 and 27

Two further unpublished patent families exist in relation to PRODUCT 5.

7.8 PRODUCT 6 – Haemostasis Probe

7.8.1 Family 28 – Surface and Deep Tissue Coagulator

7.8.1.1 Summary of invention and commercial context

This patent family arose from a consideration of how microwave energy could be used to supplement or enhance the functionality of existing argon plasma coagulation (APC) probes. The applications in this family thus relate to an electrosurgical instrument having moving electrodes capable of selectively adopting first and second configurations respectively for delivering plasma (generated using RF and/or microwave energy) or microwave energy alone.

The microwave only operating mode can be used to perform coagulation at a deeper level than the plasma. This was the first family to relate to a “multimodality” instrument, and forms the background within which the haemostasis probe was developed.

Basic expiry date: 13 May 2034

7.8.1.2 Inventors

Christopher Paul Hancock
Malcolm White
Philip William Hales
Brian Saunders
Sandra May Bernadette Holmes

Entitlement is by way of employment or agreement and confirmatory assignments dated 10 April 2014, 22 August 2014, 27 March 2014, 18 August 2013 and 18 August 2014, and assignments dated 13 May 2014 and 10 September 2014.

7.8.1.3 Exemplary claim

Claim 1 of GB 2 516 730 B reads:

1. An electrosurgical instrument comprising:
an elongate probe comprising a coaxial cable for conveying radiofrequency (RF) and/or microwave frequency electromagnetic (EM) energy, and a probe tip connected at the distal end of the coaxial cable for receiving the RF and/or microwave energy; and
a gas passage for conveying gas through the elongate probe to the probe tip,
wherein the coaxial cable comprises an inner conductor, an outer conductor and a dielectric material separating the inner conductor from the outer conductor,
wherein the probe tip comprising a first electrode connected to the inner conductor of the coaxial cable and a second electrode connected to the outer conductor of the coaxial cable, and
wherein the first electrode and second electrode are movable relative to each other between:
a first configuration in which they are arranged to produce an electric field from the received RF and/or microwave frequency EM energy across a flow path of gas received from the gas passage to produce a thermal or non-thermal plasma, and
a second configuration in which the first electrode extends distally beyond the second electrode to form a radiating structure for emitting a microwave EM field outwardly from the probe tip.

7.8.1.4 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1408481.8	Granted	2516730	21/10/2015
GB	1501567.0	Granted	2520197	21/10/2015
EP	14725510.3	Pending		
US	14/890426	Pending		
CN	201480039538.1	Pending		
JP	2016-513434	Pending		
IN	3355/MUMNP/2015	Pending		
SG	1120150909Q	Granted	11201509090Q	20/06/2016
AU	2014267060	Pending		
BR	BR1120150282768	Pending		
CA	2912366	Pending		
KR	10-2015-7034944	Pending		
HK (CN)	16107212.9	Pending		

7.8.1.5 Prosecution

The initial UKIPO search was wholly positive, and prosecution of GB 2 516 730 B and the SG case was straightforward. The international search report alleges that the claims were obvious from a combination of earlier patent publications belonging to the Company. Those allegations have been rebutted without amendment on the EP, and we await the Examiner's reaction. Prosecution has not yet begun on the other members in the family.

A divisional application was submitted in the GB for a concept of "enhanced APC" presented in the original disclosure. This concept refers to a technique of striking a plasma using a pulse of RF and subsequently sustaining it using microwave energy in the context of an APC device. The Company will consider whether or not corresponding divisional applications are submitted for this concept in other jurisdictions in due course.

7.8.2 Families 29 to 32

Four further unpublished patent families exist in relation to PRODUCT 6.

7.9 PRODUCT 7 – Lung tumour ablation probe

7.9.1 Families 33 and 34

Two unpublished patent families exist in relation to PRODUCT 7.

7.10 PRODUCT 8 – Microwave Scalpel

7.10.1 Family 35 – Tissue Resection

7.10.1.1 Summary of invention and commercial context

This patent family relates to early work on the concept of delivering microwave energy in conjunction with a sharp scalpel-like blade to assist in cutting, especially of highly perfused tissue. The claims are directed at an electrosurgical resection instrument for delivering microwave energy from a sharp blade formed of metallised dielectric (e.g. ceramic) where metallisation is selectively removed to form radiating antenna structure, together with impedance transformer for ensuring maximum field coupling.

The claims in this family are limited to the presence of a sharp cutting element. As such they do not read directly on to any of Creo's current product line.

7.10.1.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	07824082.7	Granted*	2061394	04/12/2013
US	12/311571	Granted	9050115	09/06/2015
JP	2009-531904	Granted	5142112	30/11/2012
CN	200780042141.8	Granted	ZL200780042141.8	05/09/2012
CA	2702275	Granted	2702275	26/04/2016

*EP validated in CH, DE, ES, FR, GB, GR, IE, IT, NL

7.10.2 Family 36 – Surgical Resection System Enhancement

7.10.2.1 Summary of invention and commercial context

This patent family covered four developments of the technology introduced in Family 35: (i) provision of two energy delivery channels to enable selectable delivery at different power levels, (ii) provision of two antenna on the radiating structure to allow for energy delivery at different frequencies, (iii) provision of a variable treatment frequency, and (iv) provision of a manually activatable power level boost.

Concept (ii) has been pursued in most countries, with divisionals for concept (i) also pursued in the US and CN.

Similarly to Family 35, the claims are limited to the presence of a cutting element with a blade.

7.10.2.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	08806389.6	Granted*	2211746	11/02/2015
US	12/679784	Granted	8795267	05/08/2014
CN	200880117186.1	Granted	ZL200880117186.1	01/08/2012
JP	2010-526356	Granted	5605809	05/09/2014
CA	2735403	Granted	2735403	30/08/2016
IN	1187/KOLNP/2010	Pending		
CN	201210205844.0	Granted	201210205844.0	26/02/2015
US	14/313771	Pending		

*EP validated in AT, CH, DE, ES, FR, GB, IE, IT, NL, PT

7.11 PRODUCT 9 – Lipotunneller

7.11.1 Family 37 – Tri-Functional Antenna

7.11.1.1 Summary of invention and commercial context

This patent family arose from early work investigating the ability to deliver microwave energy with a biopsy needle. The main claims are directed at a biopsy needle having a hollow channel; a coaxial assembly for delivering microwave energy to a ceramic insertion tip, and a dual impedance matching arrangement provided by ceramic tip and separate metal swage or stub.

The family also contains a number of divisional applications directed at the idea of delivering energy through the needle at two different frequencies.

The family is currently positioned as a precursor to the Lipotunneller apparatus, but is may also provide relevant background IP for the haemostasis probe.

7.11.1.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	07824096.7	Granted*	2066238	23/12/2015
US	12/311551	Granted	8958887	04//02/2015
JP	2009-531908	Granted	5230633	29/03/2013
CN	200780041854.2	Granted	ZL200780041854.2	29/05/2013
CA	2701957	Pending		
EP	15187994.7	Pending		
JP	2013-055036	Granted	5699415	12/02/2015
CN	201310174283.7	Granted	ZL201310174283.7	26/02/2015
US	14/586578	Granted	9351713	31/05/2016

*EP validated in AT, CH, DE, ES, FR, GB, IE, IT, NL, PT

7.11.2 Family 38 – Lipotunneller

7.11.2.1 Summary of invention and commercial context

This patent family relates to a development of Family 37, in which the biopsy needle is used as part of a surgical apparatus for liposuction. In this apparatus, microwave energy is delivered with different energy profiles (e.g. to coagulate blood or liquefy fat) according to the microwave power reflected form the treatment region.

7.11.2.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	10768520.8	Granted*	2482743	31/07/2013
US	13/499605	Granted	9113928	25/08/2015
CN	201080050772.6	Granted	ZL201080050772.6	19/08/2015
JP	2012-531498	Granted	5696153	12/02/2015
IN	3561/CHENP/2012	Pending		
CA	2808473	Pending		
AU	2010302491	Granted	2010302491	24/07/2014
SG	201202361-0	Granted	179779	30/09/2014
MY	PI2012001475	Pending		
GB	0917316.2	Granted	2474058	01/10/2014

*EP validated in CH, DE, ES, FR, GB, GR, IE, IT, NL

7.12 PRODUCT 10 – Plasma sterilisation

7.12.1 Family 39 – Plasma Sterilisation

7.12.1.1 Summary of invention and commercial context

This patent family is based on a combination of initial patent applications directed to the use of plasma for the purposes of surgical sterilisation. The original disclosure related to a complete sterilisation system, e.g. comprising a plurality of plasma jets. This family now forms background IP for the Handiplasma product, as the claims provide support for the RF strike and microwave sustain functionality in the context of a plurality of plasma applicators.

The original disclosure also included an invasive instrument for generating plasma at a treatment site within a patient's body. This latter concept is discussed separately as Family 40.

7.12.1.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	08848251.8	Granted*	2211916	14/10/2015
US	12/741517	Granted	8647585	11/02/2014
CA	2741133	Allowed		
IN	1690/KOLNP/2010	Pending		
CN	200880123007.5	Granted	ZL200880123007.5	27/08/2014
GB	0721714.4	Granted	2454461	14/11/2012
GB	0807347.0	Granted	2459461	01/08/2012
US	14/526208	Pending		

*EP validated in AT, CH, DE, DK, ES, FR, GB, IE, IT, NL, PT

7.12.2 Family 40 – Plasma Sterilisation – Invasive Applicator

7.12.2.1 Summary of invention and commercial context

The patent family has been spun out from Family 39. It relates to an invasive instrument for generating plasma at a treatment site within a patient's body. This family provides background protection for the enhanced APC device of Family 28.

7.12.2.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	13156704.2	Pending		
US	14/072422	Granted	8900521	02/12/2014
CN	201410389133.2	Pending		
HK (CN)	15103476.0	Pending		
GB	0804885.2	Granted	2458329	07/11/2012

7.12.3 Family 41 – OH Radical

7.12.3.1 Summary of invention and commercial context

This patent family relates to the use of the plasma generating concept of Family 39 to generate OH radicals from water mist. The claims relate to a sterilisation apparatus that combines microwave energy and mist to generate OH radicals for sterilisation.

7.12.3.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	08846256.9	Granted*	2211915	27/01/2016
US	12/741469	Granted	8696997	15/04/2014
CA	2741135	Granted	2741135	20/10/2015
CN	200880119531.5	Granted	ZL200880119531.5	17/07/2013
IN	1610/KOLNP/2010	Pending		
GB	0816989.8	Granted	2463521	28/11/2012

*EP validated in DE, ES, FR, GB, IE, IT

7.12.4 Family 42 – Handiplasma

7.12.4.1 Summary of invention and commercial context

This patent family relates to plasma sterilisation apparatus in which pulses of microwave energy are received in a microwave cavity to form a plasma from gas present in the cavity. The plasma is struck by a pulse of RF which is triggered by a detectable characteristic (e.g. leading edge) of the microwave pulse.

7.12.4.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
EP	12798344.3	Granted*	2782604	09/09/2015
US	14/360593	Granted	9308285	12/04/2016
CN	201280068004.2	Allowed		

Country	Application Number	Status	Grant Number	Grant Date
JP	2014-542928	Allowed		
IN	4660/CHENP/2014	Pending		
CA	2887384	Pending		
AU	2012342254	Granted	2012342254	04/02/2016
HK (CN)	15101676.2	Pending		

*EP validated in AT, BE, CH, CZ, DE, DK, ES, FR, GB, GR, IE, IT, NL, NO, PT, SE

7.13 OTHER PATENT FAMILIES

7.13.1 Family 43 – Cold Snare

7.13.1.1 Summary of invention and commercial context

This patent family arose from work carried out on the physical structure of the radiating snare. Although the disclosure makes clear that the invention in this family could be used with a radiating snare (i.e. in combination with an energy delivery system), the fundamental concepts are presented independently of such energy delivery.

Thus, although this family may support the EMR snare product mentioned above, it is listed here because its scope extends beyond the remit of that product.

The claims are directed at a surgical snare with a nibless loop that projects from an end cap that has a reaction surface against which the loop bears when fully retracted.

7.13.1.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	1518324.7	Pending		
WO	PCT/EP2015/074004	Pending		

7.13.2 Family 45 and 46

Two further unpublished patent families exist in respect of concepts that are not directly related to the products discussed above, but which may be used with the Platform Generator.

7.13.3 Family 46 – Bone insert imaging

7.13.3.1 Summary of invention and commercial context

This is a early patent family relating to a technique of using microwave energy to determine the location or alignment of non-biological (e.g. metal) components, such as intramedullary and femoral nails, mounted within biological tissue. It is not relevant to any of the Company's current activities.

7.13.3.2 Patent family summary table

Country	Application Number	Status	Grant Number	Grant Date
GB	0702175.1	Granted	2435100	23/06/2010
HK(GB)	07108935.4	Granted	1100973	17/12/2010
US	12/278112	Granted	8049516	11/01/2011

8. TRADE MARKS

8.1 *Registered Trade Marks*

8.1.1 STERIPLASMA

Country	Filing Date	Number	Renewal Date	Status	Applicant
UK	30/11/2007	2473814	30/11/2017	Registered	Creo Medical Limited

Classes and goods or services protected

Class 7
Plasma spraying apparatus, microwave generated apparatus/machines used to spray plasma onto surfaces for killing bacteria, plasma spraying apparatus for killing bacteria on wound beds, plasma spraying apparatus for treating viral infections, plasma spraying apparatus for treating hospital wards, plasma spraying apparatus for killing or treating bacteria or viruses, plasma spraying apparatus for medical treatment.

Class 10
Apparatus for medical treatment using microwave and/or Radiofrequency (RF) energy, high frequency generators for use in medical treatment, antennae (or probes or applicators or radiating instruments) for use in medical treatment systems, medical equipment for treatment of diseases, portable electrosurgical equipment for use in outpatient treatment, portable electrosurgical equipment for use on the surface or inside the human body, portable sterilisation equipment, sterilisation equipment that can be used in a water or fluid filled environment, electrosurgical apparatus for use on the surface or inside a patient, scientific electrical apparatus for medical treatment purposes, sources of electromagnetic fields for use in medical treatment systems, scientific electronic apparatus for medical treatment purposes, therapeutic apparatus for medical use, electrosurgery apparatus and instruments, medical devices for micro-surgery, medical apparatus for sterilisation, medical apparatus to kill bacteria, medical apparatus to kill viral diseases, medical apparatus for heat exposure sterilisation, equipment to reduce or destroy bacteria using Radiofrequency (RF) or microwave energy and a gas or a mixture of gases, equipment to destroy viruses using Radiofrequency (RF) or microwave energy and a gas or a mixture of gases, plasma generation for the treatment of medical conditions, plasma generators and antennas for the treatment of bacteria or viruses, equipment using microwave energy and a gas or a mixture of gases to treat hospital ward infections (bacteria and/or viruses), electrosurgical systems that use plasma to perform minimally invasive or key-hole treatment or surgery, electrosurgical systems that use plasma to perform non-invasive treatment or surgery, electrosurgical systems that use plasma to perform invasive treatment or surgery

8.1.2 BACTIPLASMA

Country	Filing Date	Number	Renewal Date	Status	Applicant
UK	30/11/2007	2473815	30/11/2017	Registered	Creo Medical Limited

Classes and goods or services protected

Class 7
Plasma spraying apparatus, microwave generated apparatus/machines used to spray plasma onto surfaces for killing bacteria, plasma spraying apparatus for killing bacteria on wound beds, plasma spraying apparatus for treating viral infections, plasma spraying apparatus for treating hospital wards, plasma spraying apparatus for killing or treating bacteria or viruses, plasma spraying apparatus for medical treatment.

Class 10
Apparatus for medical treatment using microwave and/or Radiofrequency (RF) energy, high frequency generators for use in medical treatment, antennae (or probes or applicators or radiating instruments) for use in medical treatment systems, medical equipment for treatment of diseases, portable electrosurgical equipment for use in outpatient treatment, portable electrosurgical equipment for use on the surface or inside the human body, portable sterilisation equipment, sterilisation equipment that can be used in a water or fluid filled environment, electrosurgical apparatus for use on the surface or inside a patient, scientific electrical apparatus for medical treatment purposes, source of electromagnetic fields for use in medical treatment systems, scientific electronic apparatus for medical

treatment purposes, therapeutic apparatus for medical use, electrosurgery apparatus and instruments, medical devices for micro-surgery, medical apparatus for sterilisation, medical apparatus to kill bacteria, medical apparatus to kill viral diseases, medical apparatus for heat exposure sterilisation, equipment to reduce or destroy bacteria using Radiofrequency (RF) or microwave energy and a gas or a mixture of gases, equipment to destroy viruses using Radiofrequency (RF) or microwave energy and a gas or a mixture of gases, plasma generators for the treatment of medical conditions, plasma generators and antennas for the treatment of bacteria or viruses, equipment using microwave energy and a gas or a mixture of gases to treat hospital ward infections (bacteria and/or viruses), electrosurgical systems that use plasma to perform minimally invasive or key-hole treatment or surgery, electrosurgical systems that use plasma to perform non-invasive treatment or surgery, electrosurgical systems that use plasma to perform invasive treatment or surgery.

8.1.3 **GIGA VET**

Country	Filing Date	Number	Renewal Date	Status	Applicant
UK	15/01/2008	2476967	15/01/2018	Registered	Creo Medical Limited

Classes and goods or services protected

Class 10
Portable electrosurgical equipment for use in veterinary treatments, electrosurgical apparatus for use in veterinary procedures, electrosurgical apparatus for ablating biological tissue, vet electrosurgical equipment, apparatus for veterinary purposes, detecting apparatus for veterinary use, detecting instruments for veterinary use, detection apparatus for veterinary use, electrically operated veterinary apparatus, lasers for veterinary use, veterinary apparatus, veterinary apparatus and instruments, apparatus for medical treatment using microwave and/or Radiofrequency (RF) energy, high frequency generators for use in medical treatment, antennae (or probes or applicators or radiating instruments) for use in medical treatment systems, medical apparatus for the treatment of cancer in animals, scientific electrical apparatus for medical treatment purposes, sources of electromagnetic fields for use in medical treatment, scientific electronic apparatus for medical treatment purposes, therapeutic apparatus for medical use, medical apparatus or products for the treatment of injuries, high frequency coagulation devices for medical purposes, high frequency cutting devices for medical purposes, electrosurgery apparatus and instruments, medical devices for micro-surgery, electrosurgical systems that can be used to perform minimally invasive or key-hole treatment or surgery, electrosurgical systems that can be used to perform non-invasive treatment or surgery, electrosurgical systems that can be used to perform invasive treatment or surgery.

8.1.4 DERMABLATE

Country	Filing Date	Number	Renewal Date	Status	Applicant
UK	09 August 2006	2429500	09 August 2026	Registered	Creo Medical Limited

Classes and goods or services protected

Class 10
Medical apparatus and medical devices.

8.1.5 HANDIPLASMA

Country	Filing Date	Number	Renewal Date	Status	Applicant
UK	07/02/2011	2571439	07/02/2021	Registered	Creo Medical Limited

Classes and goods or services protected

Class 10
Medical apparatus for sterilization; sterilizing apparatus and equipment; medical apparatus and equipment for sterilization utilising plasma jets; apparatus and equipment for sterilization and anti-bacterial treatment of hands utilising plasma jets; apparatus and equipment for cleaning, anti-bacterial treatment and drying of hands; all the aforementioned for surgical, medical and veterinary purposes.

Class 11
Sterilizing apparatus and equipment; sterilizing apparatus and equipment in particular for surgical, medical and veterinary purposes; sterilizing apparatus and equipment for industrial use; apparatus and equipment for sterilization and/or anti-bacterial treatment of food and food packaging; apparatus and equipment for cleaning, anti-bacterial treatment and sterilizing of hands; apparatus and equipment for cleaning, anti-bacterial treatment and sterilizing of hands in particular for surgical, medical and veterinary purposes; apparatus and equipment for anti-bacterial treatment and sterilization of hands utilising plasma jets; apparatus and equipment for anti-bacterial treatment and sterilization of hands utilising plasma jets in particular for surgical, medical and veterinary purposes; hand driers; hand drying apparatus and equipment; hand drying apparatus and equipment in particular for surgical, medical and veterinary purposes.

8.2 *Unregistered Trade Marks*

8.2.1 ***CREO MEDICAL -*** *house trade mark used since 2010.*

Classes and goods or services protected

The trade mark has been used on or in relation to all products, as well the corporate activities of the Company. As far as we are aware, the Company owns all the goodwill and reputation in this mark.

8.2.2  ***-*** *house logo trade mark used since 2010.*

The trade mark has been used on or in relation to all products, as well the corporate activities of the Company, usually in conjunction with the word mark CREO MEDICAL. To the best of our knowledge, the Company owns all the goodwill and reputation in this logo. The Company owns the artistic copyright in the logo.

8.2.3 **SPEEDBOAT RS2 -** *trade mark used since 2013*

The trade mark has been used on a cutting tool for endoscopic submucosal dissection. As far as we are aware, the Company owns all the goodwill and reputation in this mark.

9.2.4 **CROMA -** *trade mark used since 2012 in respect of the Platform Generator.*

The trade mark has been used on a platform or system for tissue dissection, particularly for use in treating bowel cancer. To the best of our knowledge, the Company owns all the goodwill and reputation in this mark.

8.3 *Other Trade Mark points*

We are informed that the Company has not undertaken any validity analysis or sought other opinions in respect of its trade marks.

We are informed that the Company does not co-brand any of its goods or services. A branding exercise is planned in future, as explained in section 1.9.

8.4 *Domain Names*

8.4.1 The Company has the following domain names:

Domain	Registrant and Registrant Organisation	Domain registered with

creomedical.co.uk	Registrant: Phil Hales (registrant type, UK limited co number – 4658880 – Creo Medical Limited)	Nominet UK
creo-medical.co.uk	Registrant: Phil Hales (registrant type, UK limited co number – 4658880 – Creo Medical Limited)	Nominet UK
creomedical.com	Registrant Name: Jo Ricketts Registrant Organization: Creo Medical Limited	Tucows Domains Inc.
creo-medical.com	Registrant Name: Jo Ricketts Registrant Organisation: Creo Medical Limited	Tucows Domains Inc.
creomedical.org	Registrant Name: Joanna Ricketts Registrant Organisations: Creo Medical Limited	Public Interest Registry
creo-medical.org	Registrant Name: Joanna Ricketts Registrant Organisation: Creo Medical Limited	Public Interest Registry
microoncology.com	Registrant Name: Chris Hancock Registrant Organisation: MicroOncology Ltd. (now Creo Medical Limited)	Omnis Network, LLC

We are informed by the Company that all domains with the word “creo” are due for renewal 29 January 2017. The MicroOncology.com domain is due for renewal on 28 October 2016. According to the Company renewals are automatic.

8.4.2 The Company is aware that the word CREO is used in other trade marks and domain names. However, it is not aware of any other company or person using the word CREO MEDICAL nor is it aware of any problems to date in registering domain names for “creomedical”.

9. COPYRIGHT

9.1 *Report scope*

Because of the unregistered and prolific nature of copyright, we have focused our investigations on copyright material to the Company's business, in particular its products. These copyright works are in respect of the Company's firmware. (Firmware is permanent software programmed into a read-only memory.)

9.2 *The Company's firmware*

9.2.1 Overview

All algorithms, source code, and software architecture are generated internally at the Company by its employee software engineers. The terms of employment (and the operation of law) provide an assignment of all IP developed by them in the course of their employment.

9.2.2 Proprietary software

The Company's key proprietary software, which is protected as a "literary work" under UK copyright, is firmware running on Fujitsu hardware in respect of the Platform Generator, in particular as a means to control and limit the microwave energy delivery to the Speedboat ESD instrument blade to avoid their disintegration. In due course, the Company expects to develop similar firmware for its other instruments, for example to control impedance in the Haemostasis Probe product range.

9.2.3 Third party software

As far as the Company is aware, there is no other third party software within its human-use software.

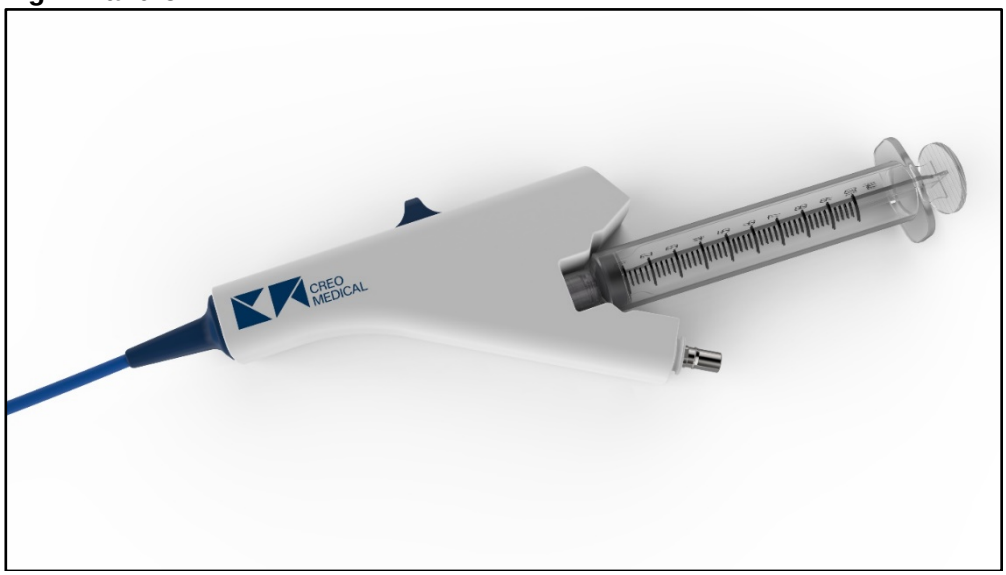
10. DESIGNS

We understand that the Company has a number of possible design rights. These are set out below.

10.1 *Handle design*

The "handle" design – see Fig. 4 below – is for use with the Speedboat ESD and the Haemostasis Probe product ranges.

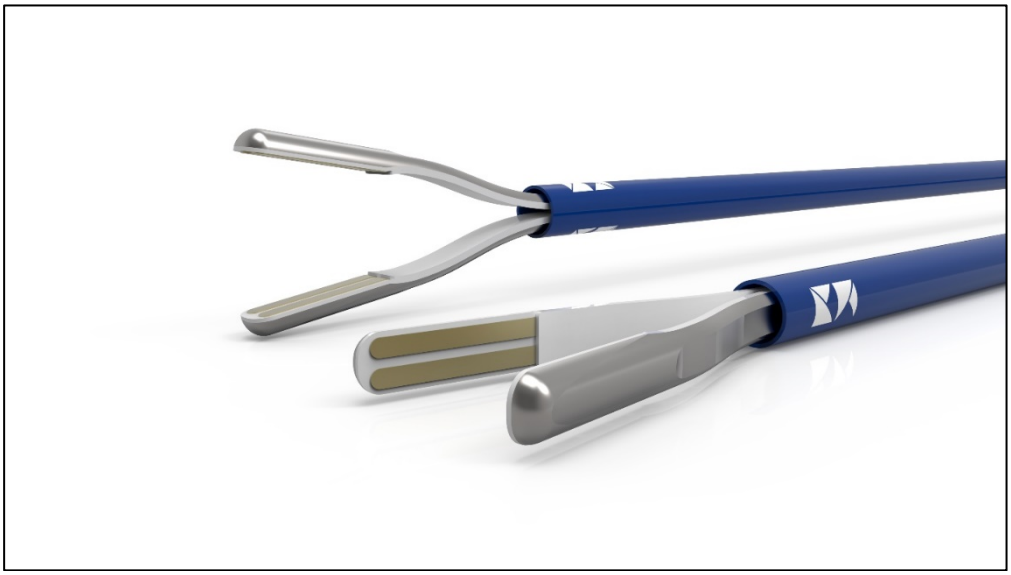
Fig. 4 Handle



10.2 *Forceps design*

The "forceps" design is for the Haemostasis Graspers product, and is shown in Fig. 5 below.

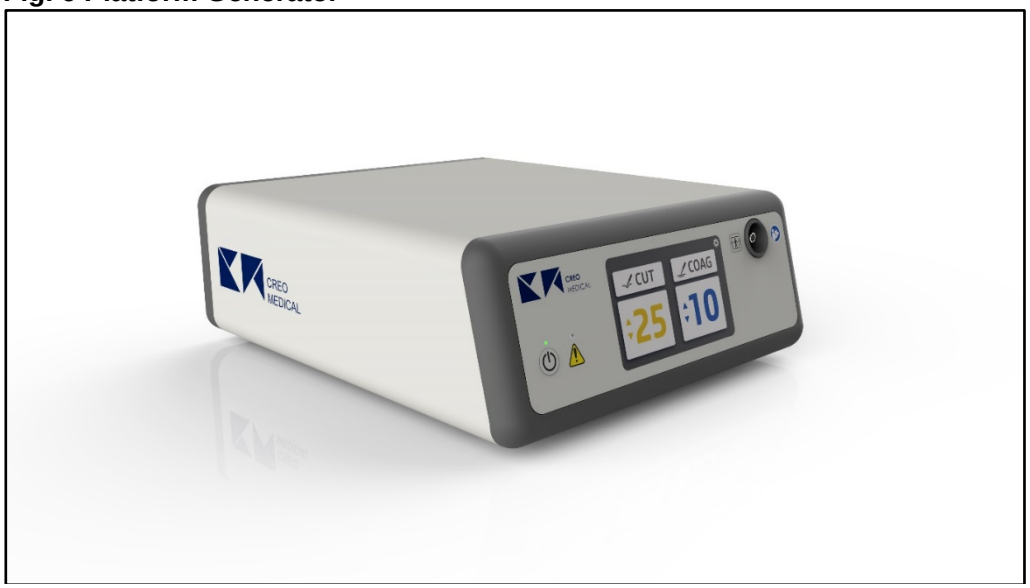
Fig. 5 Forceps



10.3 *Platform Generator design*

The design is shown in Fig. 6 below.

Fig. 6 Platform Generator



10.4 *Designers*

The platform generator design was devised by Tom Craven. His terms of employment (and the operation of law) provided an assignment of all IP developed by him in the course of his employment. The handle and the forceps were undertaken by outside consultants. The contracts with the consultants, or assignments provided by them, provide that all the design rights in these designs vests with the Company.

10.5 *Limitation on registration*

Both the forceps and the handle were designed in 2011/2012. They may benefit from unregistered UK design rights if they are deemed to be “original” – that is, not commonplace. These unregistered rights could last until the earlier of (a) ten years from the end of the calendar year when the designs are first made available for sale or hire or (b) fifteen years from the end of the calendar year in which the designs are first recorded in a design document or an article is first made to the design. At the moment it is not clear which period will apply. An assessment of the likely validity of these rights has not be conducted.

10.6 *Presentation*

The Platform Generator was presented in May 2016 at the Digestive Diseases Week (DDW) trade show. This amounts to a public disclosure of the design. But the design is still within the twelve month grace period afforded by both the UK and the EU registered design rights. Subject to confirmation of the final design of the generator, the Company may seek to obtain registered design protection for the generator.

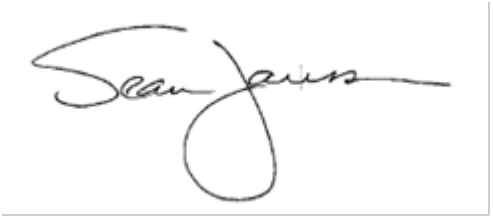
10.5 *Design registration strategy*

In respect of new designs, the Company has not yet sought to register them pending the final decision of the shape of these devices as the development proceeds from prototype

to final design. This will necessarily occur before product launch. The Company is aware of the benefits of registering its design rights.

Yours faithfully

Richard Johnson
for MEWBURN ELLIS LLP



Sean Jauss
for MEWBURN ELLIS LLP

PART 5

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names and functions appear on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors (each of whom has taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.holders

2. THE COMPANY

2.1 The Company was incorporated in England and Wales on 12 September 2016 under the Act as a private company limited by shares with the name ''Creo Medical Group Limited'' and with registered number 10371794.

2.2 On 28 November 2016, the Company was re-registered as a public company with the name ''Creo Medical Group plc''.

2.3 In order to satisfy certain requirements in connection with Admission, the Company was inserted as a new parent company by way of a share for share exchange whereby the shareholders of Creo Medical exchanged their shares in Creo Medical for shares in the Company pursuant to the Share Exchange Agreement dated 9 November 2016.

2.4 The liability of the members of the Company is limited to the amount paid up or to be paid up on their shares. The Company is domiciled within the United Kingdom and the principal legislation under which it operates is the Act.

2.5 The registered office and principle place of business of the Company is at Riverside Court, Beaufort Park Way, Chepstow, Gwent, Wales NP16 5UH.

2.6 The Company's web address at which information required by Rule 26 of the AIM Rules for Companies can be found is www.cremedical.com and its telephone number is +44 (0) 1291 606005.

3. ORGANISATIONAL STRUCTURE

The Company, which is the ultimate holding company of the Group, has one subsidiary, Creo Medical, incorporated in England and Wales, which is engaged in research and experimental development on natural sciences and engineering. The Company owns 100 per cent. of the shares in Creo Medical. Creo Medical operates in its country of incorporation.

4. SHARE CAPITAL

4.1 The issued share capital of the Company on incorporation was £0.01 made up of 1 ordinary share of £0.01 nominal value, which was issued to Christopher Hancock.

4.2 The following changes in the share capital of the Company have taken place between 12 September 2016 (being the date of incorporation) and the date of this document:

(a) on 9 November 2016, the Company issued in aggregate 94,174 ordinary shares of £0.01 each and 51,393 preferred ordinary shares of £0.01 each in the capital of the Company to the shareholders in Creo Medical in connection with the Share Exchange to mirror the share capital structure in Creo Medical;

(b) on 9 November 2016, immediately following execution of the Share Exchange Agreement, the Company capitalised the sum of £50,948.80 standing to the credit of the Company's merger reserve and applied such sum in paying up in full 3,296,125 ordinary shares of £0.01 each and 1,798,755 preferred ordinary shares of £0.01 each in the capital of the Company by means of a bonus issue on the basis of 35 new shares for each existing share (the ''**Bonus Issue**'');

(c) on 9 November 2016, immediately following completion of the Bonus Issue, the Company subdivided its ordinary shares of £0.01 each into ordinary shares of £0.001 each (''**Ordinary Shares**'') and subdivided its preferred ordinary shares of £0.01 each into preferred ordinary shares of £0.001 each (''**Preferred Ordinary Shares**''); and

(d) on 9 November 2016, in accordance with the terms Investment Agreement:

(i) the Company received advanced subscription monies in the aggregate sum of £1,400,000 from a number of investors and agreed to issue immediately prior to and conditional upon Admission, in aggregate 1,991,465 Ordinary Shares to new and existing shareholders in connection with the Pre-IPO Fundraising; and

(ii) Craig Gulliford and Chris Hancock (in their capacity as selling shareholders) sold, in aggregate, 832,148 Ordinary Shares for an aggregate sum of £585,000 to certain existing shareholders,

in each case at an issue price and/or sale price (as applicable) of £70.3 per share (representing a discount of 7.5 per cent. to the Placing Price).

4.3 At the General Meeting held on 5 December 2016, ordinary and special resolutions were passed resolving that:

(a) the Directors be authorised in accordance with section 551 of the Act to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of:

(i) £6,036 in connection with the exercise of the Existing Options (if any);

(ii) £26,316 in connection with the Placing and the payment of Cenkos' fee in non-cash consideration in accordance with the terms of the Placing Agreement and/or Cenkos Engagement Letter;

(iii) £12,086 in connection with the grant and exercise of Options (being equal to approximately 15 per cent. of the nominal value of Company's issued share capital following Admission);

(iv) £26,857 (being equivalent to one-third of the nominal value of the issued share capital of the Company immediately following Admission); and

(v) £53,713 (being equivalent to two-thirds of the nominal value of the issued share capital of the Company immediately following Admission) in connection with an offer by way of a rights issue.

Such authorities shall expire at the end of the next annual general meeting of the Company or, if earlier, 15 months after the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

(b) the Directors be empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to paragraph 4.3(a) above, as if section 561(1) of the Act and any pre-emption rights in the Company's articles of association did not apply to such allotment, provided that this power is limited to the allotment of equity securities up to an aggregate nominal amount of:

(i) £6,036 in connection with the exercise of the Existing Options (if any);

(ii) £26,316 in connection with the Placing and the payment of Cenkos' fee in non-cash consideration in accordance with the terms of the Placing Agreement and/or Cenkos Engagement Letter;

(iii) £12,086 in connection with the grant and exercise of Options (being equal to approximately 15 per cent. of the nominal value of Company's issued share capital following Admission); and

(iv) £8,057 or, if less, the nominal value of 10 per cent. of the issued share capital of the Company following Admission,

provided that this power shall expire at the end of the next annual general meeting of the Company or, if earlier, 15 months after the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any

security into shares after such expiry and the directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

(c) all Preferred Ordinary Shares be converted into Ordinary Shares on a 1:1 basis with effect from immediately prior to and conditional upon Admission;

(d) conditional upon Admission, the Company resolved to adopt the Articles in substitution for and to the entire exclusion of the Company's existing articles of association.

4.4 The Company's issued share capital as at the date of this document is as follows:

Class	*Number*	*Nominal value (£)*
Ordinary Shares	33,903,000	0.001
Preferred Ordinary Shares*	18,501,480	0.001

* The Preferred Ordinary Shares are proposed to be converted into Ordinary Shares on a 1:1 basis conditional upon Admission

4.5 The Company's Enlarged Share Capital as it will be immediately following the Placing and Admission (assuming no further Options (beyond the Existing Options referred to in paragraph 12 of this Part 5) are exercised between the date of this document and Admission) is as follows:

Class	*Number*	*Nominal value (£)*
Ordinary Shares*	80,711,745	0.001

* Following completion of the Reorganisation as described in paragraph 5 of this Part 5

4.6 The proposed issue of the New Ordinary Shares pursuant to the Placing will be carried out pursuant to the authorities contained in paragraphs 4.3(a) and 4.3(b) above.

4.7 Save as disclosed in paragraph 4.4 of this Part 5 or elsewhere in this document, the Company has not issued any partly-paid shares, convertible securities, exchangeable securities or securities with warrants. It does not hold any treasury shares.

4.8 Save as disclosed in this document:

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

(b) no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company;

(c) no persons have preferential subscription rights in respect of any share or loan capital of the Company or any of its subsidiaries; and

(d) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

4.9 There are no shares in the capital of the Company that do not represent capital and no shares in the capital of the Company are held by or on behalf of the Company.

4.10 No shares of the Company are currently in issue with a fixed date on which an entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

4.11 On Admission, the New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission.

4.12 The holders of Existing Ordinary Shares will be diluted by the issue of the New Ordinary Shares. The effect of the issue of the New Ordinary Shares (assuming that the New Ordinary Shares are subscribed for by parties who are not holders of Existing Ordinary Shares) will be that holders of Existing Ordinary Shares at the date of this document will own 67.40 per cent. of the Enlarged Share Capital following Admission.

4.13 The Company has no authorised but unissued share capital and, except for the obligation to allot Ordinary Shares pursuant to the Pre-IPO Fundraising and the Placing or pursuant to exercise of the Existing Options (as applicable) and grant of the Options or otherwise as disclosed in this document, there are no acquisition rights and/or obligations requiring share capital to be issued nor is there any undertaking to increase the share capital.

4.14 Save as disclosed in paragraph 12 of this Part 5 or elsewhere in this document, no capital of any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

4.15 There are no listed or unlisted securities issued by the Company not representing share capital.

5. REORGANISATION

5.1 On 9 November 2016, the Company passed certain written resolutions (details provided at paragraph 4.2 above), pursuant to which:

(a) 94,174 ordinary shares of £0.01 each and 51,393 preferred ordinary shares of £0.01 each in the capital of the Company were issued to the shareholders of Creo Medical pursuant to the Share Exchange;

(b) 3,296,125 ordinary shares of £0.01 each and 1,798,755 preferred ordinary shares of £0.01 each in the capital of the Company were issued pursuant to the Bonus Issue (as defined in paragraph 4.2 above);

(c) the ordinary shares of £0.01 each and preferred ordinary shares of £0.01 each in the capital of the Company were subdivided by a factor of 10 into 33,903,000 Ordinary Shares and 18,501,480 Preferred Ordinary Shares; and

(d) Ordinary Shares were agreed to be issued to certain new and existing shareholders of the Company in connection with the Pre-IPO Fundraising with effect from Admission which by reference to the Placing Price will equate to 1,991,465 Ordinary Shares.

5.2 On 5 December 2016, the Company passed certain resolutions at a General Meeting (details provided at paragraph 4.3 above) and pursuant to the authorities granted thereby and on or prior to Admission, 6,035,040 Ordinary Shares in aggregate may be issued to option holders in connection with the exercise by them of the Existing Options following Admission.

5.3 Immediately prior to and with effect from Admission, the 18,501,480 Preferred Ordinary Shares in issue as of the date of this document shall be converted on a 1:1 basis into 18,501,480 Ordinary Shares conditional upon Admission.

5.4 Details of the share capital structure of the Company on the date of this document and on Admission (following completion of the Reorganisation and the Placing) are set out in paragraphs 4.4 and 4.5 of this Part 5.

6. PLACING SHARES

6.1 The Placing Shares are being offered pursuant to the Placing at the Placing Price. The ISIN for the Ordinary Shares is GB00BZ1BLL44. The Existing Ordinary Shares are, and the New Ordinary Shares will be, subject to English law and, in particular, the Act. The Placing Shares will be issued credited as fully paid. The Placing Price for all Placing Shares is in pounds sterling.

6.2 Application has been made for all of the issued and to be issued Ordinary Shares to be eligible for admission to CREST with effect from Admission. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

6.3 In the case of placees who have requested to receive Placing Shares in uncertificated form, it is expected that CREST accounts will be credited with effect from 9 December 2016. In the case of placees who have requested to receive Placing Shares in certificated form, it is expected that share certificates will be dispatched by post within 14 days of the date of Admission.

6.4 Pending dispatch of definitive share certificates, the Registrars will certify instruments of transfer against the register. No temporary documents of title will be issued.

6.5 The holders of the Placing Shares will participate proportionately to their shareholdings in all distributions of capital or income by the Company or any surplus arising on liquidation of the Company. There are no fixed dates for dividend payments on the Ordinary Shares. Each Ordinary Share affords the holder of such share the right to one vote. There are no restrictions on the transferability of the Ordinary Shares.

6.6 The EIS Eligible Shares are expected to be issued at 5.30 p.m. on 8 December 2016 (being the day immediately prior to Admission), the VCT Eligible Shares are expected to be issued at 7.00 a.m. on 9 December 2016 and the Non Eligible Shares are expected to be issued at 8.00 a.m. on 9 December 2016. Admission is expected to occur at 8.00 a.m. on 9 December 2016. The VCT Eligible Shares and EIS Eligible Shares will be issued to placees regardless of whether Admission occurs.

6.7 Other than pursuant to the Placing, none of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Placing Shares to be admitted to AIM.

7. DIRECTORS' INTERESTS

7.1 As at the date of this document and immediately following the Reorganisation, Placing and Admission, the interests of the Directors and (so far as is known to the Directors having made appropriate enquiries) persons connected with them (which expression shall be construed in accordance with the AIM Rules for Companies) in the issued share capital of the Company (all of which are beneficial unless otherwise stated) are as follows:

	As at the date of this document			*Immediately prior to Admission**		*Immediately following the Placing and Admission*	
Name	*Number of Existing Ordinary Shares*	*Number of Preferred Ordinary Shares*	*Percentage of issued share capital (%)*	*Number of Ordinary Shares*	*Percentage of issued share capital (%)*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital***
Craig Gulliford	1,591,920	—	3.04%	1,084,096	1.99%	1,084,096	1.34%
Christopher Hancock	5,204,520	—	9.93%	4,880,196	8.97%	4,880,196	6.05%
Richard Rees	—	—	—	—	—%	—	—%
Charles Spicer	—	—	—	—	—%	65,790	0.08%
John Bradshaw	—	—	—	—	—%	—	—%
David Woods	—	—	—	—	—%	—	—%

* Following completion of the Reorganisation described in paragraph 5 of this Part 5 (including the issue of Ordinary Shares pursuant to the Pre-IPO Fundraise).

** The figures relating to the percentage of the Enlarged Share Capital are based on the assumption that the Reorganisation described in paragraph 5 of this Part 5 (including the issue of Ordinary Shares pursuant to the Pre-IPO Fundraise) has occurred and all the New Ordinary Shares are subscribed for under the Placing.

7.2 The following Existing Options and Options have been granted and/or are to be granted to the Directors (as applicable) in accordance with the terms of the Share Option Scheme or New Share Option Plan (the terms of which are further described in paragraph 12 of this Part 5):

			Options held on Admission		
	Type of option	*Date of Grant*	*Earliest date of exercise*	*Number of options*	*Exercise price*
Craig Gulliford	Existing Option	07/10/2016	09/12/2016	936,000	0.166
Craig Gulliford	Existing Option	03/08/2015	09/12/2016	540,000	0.166
Chris Hancock	Existing Option	29/09/2016	09/12/2016	72,000	0.166
Chris Hancock	Existing Option	03/08/2015	09/12/2016	216,000	0.166
Chris Hancock	Existing Option	14/07/2015	09/12/2016	201,240	0.166
Richard Rees	Existing Option	29/09/2016	09/12/2016	288,000	0.166
Craig Gulliford	Option	09/12/2016	Vest in years 1, 2 and 3*	1,578,947	0.76
Chris Hancock	Option	09/12/2016	Vest in years 1, 2 and 3*	1,184,210	0.76
Richard Rees	Option	09/12/2016	Vest in years 1, 2 and 3*	1,184,210	0.76

*These Options are subject to performance conditions. For further details see paragraph 12.7(g) of Part 5 of this document

7.3 Save as disclosed in paragraphs 7.1 and 7.2 of this Part 5, immediately following Admission, no Director nor (so far as is known to the Directors having made appropriate enquiries) any persons connected with them (which expression shall be construed in accordance with the AIM Rules for Companies) is expected to have any interest, beneficial or non-beneficial, in the share capital of the Company or of any of its subsidiaries or have any options to subscribe for Ordinary Shares.

7.4 The Directors currently hold (in addition to their directorships of the Company) and have during the five years prior to the publication of this document held, the following directorships or partnerships:

Name	*Directorships/partnerships*	*Position still held (Y/N)*
Charles Spicer	Puricore Plc	Y
	IXICO Plc	Y
	Billingsgate Seafood Training School	Y
	Creo Medical Limited	Y
	11 Health & Technologies Limited	Y
	Gresham's School	N
	Aimim Limited	N
	Premier Veterinary Group Plc	N
	Aircraft Medical Ltd.	N
	IXICO Technologies Limited	N
	IXITECH Limited	N
	Phytodevelopments Limited	N
Craig Gulliford	Creo Medical Limited	Y
Richard Rees	Creo Medical Limited	Y
	SPTS Technologies Overseas Holdings Limited	N
	SPTS Technologies Limited	N
	SPTS Technologies UK Limited	N
	SPTS Technologies ET Limited	N
	SPTS Technologies Group Limited	N
	SPTS Technologies Holdings Limited	N
	SPTS Technologies Investments Limited	N
	SPTS Technologies Sapphire Limited	N
	Estnet Limited	N
	Orbotech Holding U.K. Limited	N

Name	*Directorships/partnerships*	*Position still held (Y/N)*
Christopher Hancock	Bath Labs Ltd.	Y
	Microoncology Limited	Y
	Creo Medical Limited	Y
	Bath 1987 Limited	
John Bradshaw	Avillion LLP	Y
	Avillion Financing 1 GP LP	Y
	Syncona Management LLP	Y
	Syncona Partners LLP	Y
	Burrowmoor Consulting Limited	Y
	Bradshaw Daniel Limited	Y
	Ixico Plc	Y
	Pneumacare Limited	N
	Arvia Technology Limited	N
	Eight19 Limited	N
	Autolus Limited	N
	Vari-Force Limited	N
	Woman OB Limited	N
	Evgen Limited	Y
	Evgen Pharma Plc	Y
	Autifony SRL	Y
David Woods	Creo Medical Limited	Y

7.5 None of the Directors has:

(a) any unspent convictions relating to indictable offences;

(b) had a bankruptcy order made against him or entered into any individual voluntary arrangements with his creditors;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or entered into a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company at the time of, or within the twelve months preceding, such events;

(d) been a partner of a firm which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner of that firm at the time of, or within twelve months preceding, such events;

(e) had any asset belonging to him made the subject of a receivership or been a partner of a partnership whose assets have been placed in receivership whilst he was a partner at the time of, or within twelve months preceding, such receivership; or

(f) been publicly criticised by any statutory or regulatory authorities (including any recognised professional body) or ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7.6 Save as disclosed in this document, none of the Directors has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Company and its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during an earlier financial year and remains in any respect outstanding or unperformed.

7.7 Save as disclosed in this document, none of the Directors nor members of their family has a financial product whose value in whole or part is determined directly or indirectly by reference to the price of the Ordinary Shares.

7.8 There are no outstanding loans granted by the Company to any Director nor has any guarantee been provided by the Company for the benefit of any Director.

7.9 Save as disclosed in this document, there are no actual or potential conflicts of interest between the duties of the Directors to the Company and their respective private interests or other duties.

7.10 Save as disclosed, no Director has or has had any interest, whether direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, any member of the Group or which are proposed to be acquired by, disposed of by, or leased to, any member of the Group.

8. MAJOR INTERESTS

8.1 In addition to the interests of the Directors disclosed in paragraph 7 above, insofar as is known to the Company and the Directors, the following persons as at the date of this document, immediately prior to Admission and immediately following the Placing and Admission will be interested, directly or indirectly, jointly or severally, in 3 per cent. or more of the voting rights in respect of the Company's issued share capital:

	As at the date of this document			*Immediately prior to Admission***		*Immediately following placing and Admission****	
	Number of Existing Ordinary Shares	*Number of Preferred Ordinary Shares*	*% of issued share capital*	*Number of Ordinary Shares*	*% of issued Share Capital*	*Number of Ordinary Shares*	*% of Enlarged Share Capital*
Jonathan Craton	3,115,800.00	—	5.95%	3,400,294	6.25%	3,400,294.00	4.21%
RBC Trustees (CI) Ltd	2,832,480.00	—	5.41%	2,974,727	5.47%	2,974,727.00	3.69%
Mark Farmer	2,979,360.00	—	5.69%	3,121,607	5.74%	3,121,607.00	3.87%
Hargreave Hale Limited	—	—	0.00%	—	0.00%	13,113,157.00	16.25%
Legal and General Group Plc	—	—	—	—	—	2,631,580.00	3.26%
Cotterford Co Limited	3,072,240.00	—	5.86%	3,335,398	6.13%	3,335,398.00	4.13%
Finance Wales***	—	10,734,480	20.48%	10,876,727	20.00%	13,376,727.00	16.57%
Angel Co Fund	—	2,967,120	5.66%	2,967,120	5.45%	2,967,120.00	3.68%
Hoya Corporation	—	4,799,880	9.16%	4,799,880	8.82%	4,799,880.00	5.95%

* Following completion of the Reorganisation described in paragraph 5 of this Part 5 (including the issue of Ordinary Shares pursuant to the Pre-IPO Fundraise).

** The figures relating to the percentage of the Enlarged Share Capital are based on the assumption that the Reorganisation described in paragraph 5 of this Part 5 (including the issue of Ordinary Shares pursuant to the Pre-IPO Fundraise) has occurred and all of the New Ordinary Shares are subscribed for under the Placing.

*** In this context "Finance Wales" means together Finance Wales Investments (3) Limited, Finance Wales Investments (6) Limited and Finance Wales Investments (14) Limited. Finance Wales Investments (14) Limited is not a shareholder as of the date of this document but is proposed to be issued Ordinary Shares immediately prior to Admission in connection with the Pre-IPO Fundraising.

8.2 The New Ordinary Shares held by the Shareholders immediately following the Placing and Admission as set out in paragraph 8.1 above, will rank *pari passu* with the Existing Ordinary Shares and, in particular, will have the same rights to a dividend and voting rights.

8.3 Other than as disclosed in this document, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise, control over the Company. In addition, as far as the Company is aware, there are no arrangements in place, the operation of which may at a subsequent date result in a change of control of the Company.

9. DIRECTORS' TERMS OF APPOINTMENT

9.1 Set out below are summary details of the Company's terms of appointment with the executive Directors:

(a) Craig Gulliford (*Chief Executive Officer*) has served on the Board of Creo Medical since 30 March 2012. Craig entered into a service agreement with the Company on 5 December 2016. Craig will receive an annual salary of £200,000 (subject to annual review by the Board) plus a discretionary bonus. Craig's appointment is ongoing and is terminable at any time on 12 months' notice by either party (with a restrictive covenant period of nine months). Craig's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Craig upon termination of his appointment.

(b) Richard Rees (*Chief Finance Officer*) has served on the Board of Creo Medical since 1 July 2016. Richard entered into a service agreement with the Company on 5 December 2016. Richard will receive an annual salary of £165,000 (subject to annual review by the Board) plus a discretionary bonus. Richard's appointment is ongoing and is terminable at any time on 12 months' notice by either party (with a restrictive covenant period of nine months). Richard's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Richard upon termination of his appointment.

(c) Chris Hancock (*Chief Technology Officer*) has served on the Board of Creo Medical since 20 February 2003. Chris entered into a service agreement with the Company on 5 December 2016. Chris will receive an annual salary of £145,000 (subject to annual review by the Board) plus a discretionary bonus. Chris' appointment is ongoing and is terminable at any time on 12 months' notice by either party (with a restrictive covenant period of nine months). Chris' appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Chris upon termination of his appointment.

9.2 Set out below are summary details of the Company's terms of appointment with the non-executive Directors which shall become effective conditional upon Admission:

(a) Charles Spicer (*Non-Executive Chairman*) was appointed to the Board pursuant to the terms of an appointment letter as a non-executive Director and chairman dated 5 December 2016. Charles' appointment is for an initial period of 12 months. The annual fee payable to him is £65,000 and the notice period for either party is three months.

(b) John Bradshaw (*Non-Executive Director*) has been appointed to the Board pursuant to the terms of an appointment letter as a non-executive Director dated 5 December 2016. John's appointment is for an initial period of 12 months. The annual fee payable to him is £35,000 and the notice period for either party is three months.

(c) David Woods (*Non-Executive Director*) has been appointed to the Board pursuant to the terms of an appointment letter as a non-executive Director dated 5 December 2016. David's appointment is for an initial period of 12 months. David will not be paid a fee in his role as non-executive director and the notice period for either party is three months.

9.3 Save as disclosed in paragraphs 9.1 and 9.2, none of the Directors has a service agreement or letter of appointment with the Company that has been entered into or varied within six months prior to the date of this document or which is a contract which expires or which is not capable of being determined by the Company without payment of compensation (other than statutory compensation) after more than one year.

9.4 No amount has been set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors. Save for any payments to the Directors on termination in lieu of notice, no benefits on termination are payable by the Company.

10. SIGNIFICANT INVESTMENTS

Save as disclosed in this document, there have been no significant investments by the Company or any of its subsidiaries since 30 June 2016, being the date to which the last audited consolidated accounts of the Group have been made up.

11. ARTICLES OF ASSOCIATION

11.1 *Adoption and material provisions*

The Articles, which are to be adopted (conditional upon Admission) by a special resolution of the Company at the General Meeting, contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

11.2 *Objects*

The Articles do not provide for any objects of the Company and accordingly the Company has full power and authority to carry out any object not prohibited by law.

11.3 *Votes of members*

Subject to the provisions of the Act and to any special rights or restrictions as to voting attached to any shares or class of shares or otherwise provided by the Articles:

(a) on a show of hands every member who is present in person shall have one vote;

(b) every proxy present who has been duly appointed by one or more members entitled to vote on the resolution shall have one vote, except that if the proxy has been duly appointed by more than one member entitled to vote on the resolution and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he shall have one vote for and one vote against the resolution;

(c) every corporate representative present who has been duly authorised by a corporation shall have the same voting rights as the corporation would be entitled to; and

(d) on a poll, every member who is present in person or by duly appointed proxy or corporate representative shall have one vote for every share of which he is the holder or in respect of which his appointment of proxy or corporate representative has been made.

11.4 *Restriction on rights of members where calls outstanding*

Unless the Board otherwise determines, no member shall be entitled to receive any dividend or to be present and vote at a general meeting or at any separate general meeting of the holders of any class of shares either personally or by proxy, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in respect of a share held by him in relation to meetings of the Company unless and until he shall have paid all calls or other sums presently due and payable by him, whether alone or jointly with any other person, to the Company.

11.5 *Transfer of shares*

Subject to the provisions in the Articles regarding uncertificated shares, all transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. In relation to both certificated and uncertificated shares, the transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members of the Company in respect of such shares. All instruments of transfer which are registered may be retained by the Company.

11.6 *Dividends*

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests but no such dividends shall exceed the sum recommended by the Board. All dividends payable and unclaimed for 12 months may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend unclaimed after a period of 12 years shall be forfeited and revert to the Company.

11.7 *Capitalisation of profits and reserves*

(a) The Board may, with the sanction of an ordinary resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve, or other undistributable reserve) or any sum standing to the credit of the Company's profit and loss account.

(b) Such capitalisation shall be effected by appropriating such sum to the holders of ordinary shares on the register of members of the Company at the close of business on the date of the resolution (or such other date as may be specified in such resolution or determined as provided in such resolution) in proportion to their holdings of ordinary shares and applying such sum on their behalf in paying up in full unissued ordinary shares (or, subject to any special rights previously conferred on any shares or class of

shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them in proportion to their holdings.

(c) The Board may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Board to make such provision as it thinks fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit of such fractional entitlements accrues to the Company rather than to the members concerned). The Board may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental to such capitalisation and any agreement made under such authority shall be effective and binding on all concerned.

11.8 *Share capital*

(a) Liability of members

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

(b) Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights for the time being attached to any share or class of share in the Company may, subject to the provisions of the Act, be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting, all the provisions of the Articles relating to general meetings of the Company and to the proceedings at such general meetings shall with necessary modifications apply, except that:

(i) the necessary quorum shall be two persons holding or representing by proxy at least one third in nominal value paid up of the issued shares of the class (but so that if at any adjourned meeting a quorum as defined above is not present, any one holder of any shares of the class present in person or by proxy shall be a quorum); and

(ii) any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. The article only applies to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights of which are to be varied.

(c) Special rights

The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue of that class of shares, be deemed to be varied:

(i) by the allotment or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects equally with such shares but in no respect in priority to such shares;

(ii) by the purchase by the Company of any of its own shares (and the holding of any such shares as treasury shares); or

(iii) the Board resolving that a class of shares shall become, or the operator of the relevant system permitting such class of shares to be, a participating security (the phrases ''operator'', ''relevant system'' and ''participating security'' having the meanings set out in the CREST Regulations).

(d) Sub-division of shares

Whenever the Company sub-divides its shares, or any of them, into shares of smaller nominal value, the Company may, by ordinary resolution, determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared to the others.

(e) Purchase of own shares

Where there are in issue convertible securities convertible into or carrying a right to subscribe for equity shares of a class proposed to be purchased, a separate meeting of the holders of the convertible securities must be held and their approval by special resolution obtained before the Company enters into any contract to purchase equity shares of the relevant class. Subject to this and notwithstanding anything to the contrary contained in the Articles, the rights and privileges attached to any class of shares shall be deemed not to be altered or abrogated by anything done by the Company in pursuance of any resolution passed under the powers conferred by the Act.

(f) Alteration of capital

The Articles do not impose any conditions governing changes in the capital of the Company which are more stringent than required by law.

(g) Redemption and conversion

Any share may be issued which is or is to be liable to be redeemed at the option of the Company or the holder, and the Board may determine the terms, conditions and manner of redemption of any such share.

(h) Pre-emption

The Articles do not prescribe any rights of pre-emption in relation to offers for subscription of Ordinary Shares beyond those contained in the Act.

11.9 *Directors*

(a) Number of Directors

Subject as provided in the Articles, the directors of the Company shall not be fewer than two nor more than ten in number. The Company may by ordinary resolution from time to time vary the minimum number and/or maximum number of directors.

(b) Directors' fees

Unless otherwise decided by the Company by ordinary resolution, the ordinary remuneration of the directors shall from time to time be determined by the Board, except that such remuneration shall not exceed £750,000 per annum in aggregate or such higher sum as may from time to time be determined by ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the directors as the Board decides or, failing agreement, equally, except that any director who shall hold office for part only of the period to which such remuneration relates shall be entitled only to a *pro rata* amount of such remuneration. Any director who holds any executive office may be paid such extra remuneration or may receive such other benefits as the Board may determine.

(c) Directors' expenses

The Board may repay to any director all such reasonable expenses as he may properly incur in attending and returning from meetings of the Board or of any committee of the Board or shareholders' meetings or otherwise in connection with the performance of his duties as a director of the Company.

(d) Directors' pensions and other benefits

The Board shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any director or ex-director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(e) Directors' permitted interests

Provided (if the Articles so require) that he has declared to the directors the nature and extent of any interest, a director may (save as to the extent not permitted by law), have an interest of the following kind; namely:

(i) where a director (or a person connected with him) is party to, or directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is interested;

(ii) where a director (or a person connected with him) is a director, employee or other officer of, or a party to any arrangement or transaction with, or interested in, any body corporate promoted by the Company or in which the Company is interested;

(iii) where a director (or a person connected with him) is directly or indirectly interested in shares or share options of the Company or is directly or indirectly interested in shares or share options of, or an employee, director or other officer of a parent undertaking of, or a subsidiary undertaking of a parent undertaking of, the Company;

(iv) where a director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) under the Company or body corporate in which the Company is interested;

(v) where a director is given, or is to be given, a guarantee in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is interested;

(vi) where a director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is interested of which he is a director, employee or other officer acts) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is interested (other than as auditor) whether or not he or it is remunerated for this;

(vii) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(viii) any other interest authorised by ordinary resolution.

No authorisation pursuant to the Articles shall be necessary in respect of the above interests.

(f) Authorisation of directors' interests

(i) The directors shall have the power, subject to the Articles, to authorise any matter which would or might otherwise constitute, or give rise to, a breach of the duty of a director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Any authorisation will only be effective if:

(A) the matter in question is proposed in writing for consideration at a meeting of the directors, in accordance with the Board's normal procedures or in such other manner as the directors may determine;

(B) any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together, the "**Interested Directors**"); and

(C) the matter is agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

(ii) Subject to the Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of the Articles.

(iii) Subject to the Article as summarised in paragraph 11.9(f)(iv) below, if a director, otherwise than by virtue of his position as director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required:

(A) to disclose such information to the Company or to the directors, or any other officer or employee of the Company; or

(B) otherwise to use such information for the purpose of or in connection with the performance of his duties as a director.

(iv) Where such duty of confidentiality arises out of a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, the Article as summarised in paragraph 11.9(f)(iii) shall apply only if the conflict arises out of a matter which is permitted or has been authorised by the Articles, subject to any imposed restrictions.

(g) Provisions applicable to declarations of interest

(i) Subject to the Act and the Articles summarised in paragraphs 11.9(f), a director shall declare to the other directors the nature and extent of his interest:

(A) if such interest is permitted under the Articles and is an interest which may reasonably be regarded as likely to give rise to a conflict of interest;

(B) if he is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company; or

(C) if he is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company, unless the interest has been so declared.

(ii) A director need not declare an interest:

(A) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;

(B) if, or to the extent that, the other directors are already aware of it (or ought reasonably to be aware); or

(C) if it concerns terms of his service contract that have been or are to be considered by a meeting, or a committee, of the directors appointed for the purpose.

(h) Appointment of executive directors

The Board may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of chairman or deputy chairman) on such terms and for such period as they may (subject to the provisions of the Act) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.

(i) Powers of executive directors

The Board may entrust to and confer upon any director holding any executive office any of the powers exercisable by them as directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

11.10 *Appointment and retirement of directors*

(a) Power of Company to appoint directors

Subject to the provisions of the Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing Board.

(b) Power of Board to appoint directors

Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of the Articles to appoint any person to be a director, the Board may appoint any person who is willing to act to be a director, either to fill a vacancy or as

an addition to the existing Board. Any director so appointed must retire from office at, or at the end of, the next following annual general meeting and will then be eligible to stand for election but shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at that meeting.

(c) Retirement by rotation

At each annual general meeting, one-third of the directors for the time being shall retire from office by rotation (or, if their number is not a multiple of three, the number nearest to but not exceeding one-third shall so retire) provided always that all directors must be subject to reelection at intervals of no more than three years.

(d) Selection of directors to retire by rotation

The directors to retire by rotation shall include (so far as necessary to obtain the number required) any director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election and so that as between persons who became or were last re-elected directors on the same day those to retire shall, unless they otherwise agree among themselves, be determined by lot together with those who in the absence of any such retirement would continue in office for a period in excess of three years. A retiring director shall be eligible for reelection.

(e) Vacation of office

The office of a director shall be vacated if:

(i) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director;

(ii) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;

(iii) he is, or may be suffering from mental disorder and either:

(A) he is admitted to hospital in pursuance of an application for admission for treatment pursuant to any statute relating to mental health; or

(B) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;

(iv) he resigns by writing under his hand left at the Company's registered office or he offers in writing to resign and the Board resolves to accept such offer;

(v) he shall for more than six consecutive months have been absent without permission of the Board from meetings of the Board held during that period and the Board resolves that his office be vacated; or

(vi) notice stating he is removed from office as a director is served upon him signed by all his co-directors who must account to the members at the next general meeting of the Company. If a director holds an appointment to an executive office which automatically determines on his removal from office under this or the preceding sub-paragraph, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(f) Removal of director

The Company may, in accordance with and subject to the provisions of the Act, by ordinary resolution of which special notice has been given, remove any director from office (notwithstanding any provision of the Articles or of any agreement between the Company and such director, but without prejudice to any claim he may have for damages for breach of any such agreement) and elect another person in place of a director so removed from office.

11.11 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage or charge its undertakings, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

11.12 *Variation of Shareholder rights*

The rights attaching to shares in the Company are set out in the Articles and summarised above. For these rights to be varied or changed would require a general meeting of the Company to be convened. This would require appropriate notice to be given to each holder of shares of the relevant class. Each shareholder would have the right to attend the general meeting in person or by proxy and vote on the resolution to be proposed. Such resolution would be a special resolution of the Company and requires a majority of not less than three-fourths of shareholders voting in person or by proxy at such general meeting.

11.13 *Shareholder meetings*

The Company must in each year hold a general meeting as its annual general meeting (or "**AGM**"). An AGM must be convened, unless all shareholders entitled to attend and vote agree to short notice, on giving 21 days' notice in writing to the members of the Company. The Board may whenever it thinks fit, and shall on members' request in accordance with the Act, proceed with proper expedition to convene a general meeting. The length of written notice to convene such a meeting is 14 clear days. General Meetings can be convened on shorter notice with the agreement of shareholders being a majority in number and holding not less than 95 per cent. in nominal value of the shares giving a right to attend and vote at the meeting. Shareholders need not attend a meeting of the Company in person but can do so by way of a validly appointed proxy. Proxies are appointed in accordance with the Articles. In essence, to be validly appointed, details of the proxy must be lodged at the Company's registered office no later than 48 hours before the commencement of the relevant meeting. Failure to lodge details of the appointed proxy in accordance with the Articles could result in the vote of the proxy being excluded on any resolution and possibly to the exclusion of the proxy from the meeting unless they were also a shareholder. If a shareholder is a corporation, whether or not a company, it can pass a resolution of its directors or other governing body to authorise such person as it thinks fit to act as its representative at any meeting of the Company or class meeting of shareholders of the Company.

11.14 *Notification of major holdings of Ordinary Shares and change of control*

(a) Whilst disclosure of shareholdings is not a requirement of the Articles, chapter 5 of the Disclosure Guidance and Transparency Rules makes provision regarding notification of certain shareholdings and holdings of financial instruments. Where a person holds voting rights in the Company as shareholder or through direct or indirect holdings of financial instruments, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent. The requirement to notify also applies where a person is an indirect shareholder and can acquire, dispose of or exercise voting rights in certain cases.

(b) There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

(c) Save as set out above, there are no conditions imposed by the Articles regarding changes in the Company's capital which are more stringent than required by the law of England and Wales.

12. EMPLOYEE SHARE OPTIONS

12.1 The Group has in place the Share Option Scheme. None of the 6,035,040 Existing Options are to be exercised in accordance with the terms of the Share Option Scheme prior to Admission.

12.2 No other options will be granted under the Share Option Scheme following Admission.

12.3 Immediately following the Placing and Admission, there will be 6,035,040 Ordinary Shares under option pursuant to the Share Option Scheme.

12.4 The Company adopted the Creo Medical Group plc Enterprise Management Incentive Plan (the "**New Share Option Plan**") on 5 December 2016. Awards under the New Share Option Plan will take the form of enterprise management incentive ("**EMI**") options which satisfy the provisions under Schedule 5 Income Tax (Earnings and Pensions) Act 2003 and non-tax advantaged options (together the "**Options**") to acquire fully paid Ordinary Shares. In addition, non EMI options will be issued to certain employees and/or directors under the New Share Option Plan.

12.5 Immediately prior to the issue of the Eligible Shares, the Company intends to grant 5,881,578 Options over Ordinary Shares. The Options shall be granted to certain Directors and other employees in the United Kingdom in order to allow selected personnel to share in the success of the Group and to incentivise and retain key staff members.

12.6 A summary of the material provisions of the Share Option Scheme is set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

(a) *Eligibility*

Employees were granted unapproved options or EMI options under the Share Option Scheme. EMI options were only granted to UK employees who satisfy certain working time requirements.

(b) *Grants of Options*

No other options will be granted under the Share Option Scheme following Admission.

(c) *Performance criteria*

Options were granted subject to objective performance conditions and/or a schedule contained in the option agreement specifying the dates or events on which Existing Options will vest and become capable of being exercised.

(d) *Exercise price*

The exercise price of the Existing Options is determined by the Board in its discretion, but may not be less than the nominal value.

(e) *Individual limits*

There are no individual limits relating to unapproved options, but there is an individual limit of £250,000 for the value of shares under EMI options.

(f) *Total number of shares available*

Under the EMI legislation, there is an overall limit of the value of £3.0 million for EMI options granted.

(g) *Exercise of Options*

The Existing Options have different types of vesting schedules and exercisability provisions. Some Existing Options vest over 3 years and are exercisable at the end of the 3 years. Some Existing Options are only exercisable at the earliest of a sale, admission or takeover. Some Existing Options granted in 2016 will lapse if a sale, admission or takeover has not occurred within one year of the date of grant. In all cases, the Board may determine that the Existing Options can be exercised at any other earlier time and it has used this power to permit the exercise of all Existing Options (whether vested or unvested) immediately before the Admission.

(h) *Employees leaving the Company*

When an employee ceases employment in bad leaver circumstances, the Existing Option immediately lapses on the date of cessation (unless the Board determines otherwise). Where an employee leaves in good leaver circumstances, the Board has a discretion to allow the Existing Option to be exercised and (unless otherwise determined by the Board) the Existing Option will lapse 90 days after cessation. If an employee dies, the personal representatives may exercise Existing Options which have vested or in respect of which performance conditions have been fulfilled within 12 months.

(i) *Alteration*

The Share Option Scheme rules may be amended by the Board but must not materially adversely affect subsisting Existing Options unless the option holder consents.

(j) *Liquidation*

On a voluntary winding up, vested Existing Options may be exercisable.

(k) *Termination*

The Share Option Scheme shall terminate on the 10th anniversary of the date of adoption or earlier if the Board decides. Any termination does not affect subsisting Existing Options.

12.7 A summary of the material provisions of the New Share Option Plan is set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

(a) *Administration*

The New Share Option Plan will be administered by the Board or a duly constituted committee of the Board. The Board may determine the number of Ordinary Shares subject to an Option, other terms and conditions of Options and the persons to whom Options will be granted.

(b) *Eligibility*

Options may be granted to directors and employees of the Group at the discretion of the Board.

It is proposed there will be a one-off grant of Options to non-executive directors. These will take the form of non-tax advantaged Options. Non-executive directors will not then be granted any further Options.

(c) *Grants of Options*

Options may be granted at any time between the adoption of the New Share Option Plan and the termination date (being the 10th anniversary of the adoption date or such earlier date as determines by the Board of the Company), provided that Options may not be granted during a closed period.

It is intended that the Board will grant new Options immediately prior to the issue of the Non Eligible Shares. Thereafter, Options may be granted at such other times as the Board may determine although the Board is most likely to make grants following the announcement of annual results.

No payment will be required for the grant of an Option.

(d) *Exercise price*

It is intended that Options granted under the New Share Option Plan will be satisfied by the new issue of Ordinary Shares with the exercise price determined by the Board (but such exercise price will be at least the nominal value of a Share if the Shares under Option are to be subscribed for). Initial Options to be granted immediately prior to the allotment of the Non-Eligible Shares under the New Share Option Plan will have an exercise price set at the Placing Price. The intention is that future grants will also be at market value.

(e) *Individual limits*

There are no individual limits relating to non-tax advantaged Options, but there is an individual limit of £250,000 for the value of Ordinary Shares under EMI options.

(f) *Total number of shares available*

On any date, no Option may be granted under the New Share Option Plan if, as a result, the number of Ordinary Shares issued or issuable pursuant to Options granted since Admission or if this is more than ten years ago, during the previous ten years under the New Share Option Plan or any other employees' share scheme adopted by the Company would exceed 15 per cent of the share capital of the Company in issue on that date. Ordinary Shares held in treasury will be treated as newly issued Ordinary Shares for the purpose of this limit for as long as guidelines published by institutional investors so recommend. Ordinary Shares purchased in the market will not count towards this limit.

Under the EMI legislation, there is an overall limit of the value of £3 million for EMI options granted.

(g) *Performance conditions and vesting terms*

The Board may, in its absolute discretion, grant Options which may be exercised subject to the attainment of performance conditions, stated on or before the date of grant.

Options will be granted under the New Share Option Plan to executive directors, non-executive directors and certain employees of the Group which will be made conditional upon the achievement of certain performance conditions set by the Board, as summarised below:

- one-third of the Options will vest if participants are still Group employees on the first anniversary of the date of Admission and the third anniversary of the date of Admission, with one-third of this one-third of the Option vesting on the first anniversary and the balance 2/3 of this one-third of the Option vesting on the third anniversary from the date of Admission;
- one-third of the Options will vest upon the share price of the Company increasing by a compound annual growth rate of 15 per cent. over the 24 month period from the date of Admission; and
- one-third of the Options will vest upon achieving the following milestones no later than the third anniversary from the date of Admission:
  - (i) CE Mark for CROMA generator and Speedboat RS2; and
  - (ii) generation of clinical data from KOLs; and
  - (iii) US FDA clearance of CROMA generator and Speedboat RS2.

In addition to granting Options subject to performance conditions the Board may also determine to grant further Options from time to time which may be subject to other conditions, stated on or before the date of grant.

In the event that materially all of the Company's share capital and/or assets are acquired by a third party purchaser all Options shall vest on the date of acquisition to the extent performance conditions have been satisfied or as otherwise determined by the Board.

The Board will determine whether and to what extent any performance conditions or other conditions attaching to an Option have been satisfied.

(h) *Exercise of Options*

Options will become exercisable in whole or in part (subject to the satisfaction of any applicable performance conditions on or after a first exercise date(s) specified by the option certificate at the date of grant. Where the Options are granted subject to performance conditions, they will normally become exercisable from the date the Board makes its determination as to the satisfaction of those performance conditions.

(i) *Employees leaving the Company*

If a participant ceases to be employed by the Group as a good leaver, his Options shall become exercisable on terms set out in the New Share Option Plan. The number of Options which will become exercisable will be based on the extent to which any performance conditions or other conditions to which the Options were subject have been satisfied, as determined by the Board.

A good leaver is defined as an individual who ceases to be an employee due to:

(i) injury, ill-health or disability;

(ii) redundancy;

(iii) retirement;

(iv) his employing company ceasing to be a Group Company;

(v) his employment being transferred, as part of a business transfer, outside of the Group; and

(vi) the Board, at its discretion determining that he should be treated as a good leaver.

If a participant who is not a good leaver ceases to be employed by the Group, his Options will lapse on the date of such cessation, for the purposes of the New Share Option Plan.

(j) *Corporate events*

In the event of a change of control (whether by way of a general offer, scheme of arrangement or otherwise in accordance with the New Share Option Plan) or voluntary winding-up of the Company, Options will be exercisable for a specified period on, before or after such change of control. All Options will become exercisable to the extent to which any performance conditions or other conditions to which the Options were subject have been satisfied, as determined by the Board.

In the event of an internal reorganisation, or by agreement with the company obtaining control of the Company, Options may be replaced by equivalent options over shares in a new holding company.

(k) *Variation of share capital*

If there is a variation of the share capital of the Company (including, without limitation, any capitalisation, rights issue, open offer, consolidation, sub-division, or reduction of capital) or a capital distribution, special dividend, distribution in specie, demerger or other event having a material impact on the value of the Ordinary Shares, the Board may make such adjustments as they reasonably consider appropriate to the number of Ordinary Shares subject to an Option and/or to the exercise price.

(l) *Other terms of the Options*

Options granted under the New Share Option Plan are non-transferable, other than to a participant's personal representatives on the death of a participant. Any attempt to transfer will result in lapse of the Options. Participation in the New Share Option Plan will not be a term of a participant's contract of employment, and Options will not form part of a participant's pensionable earnings.

Participants are liable to pay all income tax and employee's national insurance contributions that would arise on the exercise of any Options. The New Share Option Plan rules also allow for the employer's national insurance contributions to be transferred to the participants if the Board so determines on or before the date of grant.

(m) *Shareholder rights*

All Ordinary Shares allotted or transferred to a participant on the exercise of an Option will rank equally with other Ordinary Shares then in issue (except in respect of rights arising prior to the date on which the allottee or transferee is entered into the register of members of the Company). Application will be made for permission for any such Ordinary Shares to be admitted to trading on AIM.

(n) *Term*

The New Share Option Plan will terminate 10 years from its adoption date unless the Board resolves to terminate it earlier. Termination will not affect the outstanding rights of participants. No Option may be granted more than 10 years after the date the New Share Option Plan was adopted.

(o) *Alteration*

The Board may amend the terms of the New Share Option Plan at any time, provided that no amendment may have a materially adverse effect on a participant except with the consent of that participant or participants who hold a majority, by number of Ordinary Shares under award, of outstanding Options affected by the amendment.

13. LITIGATION

Neither the Company nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings during the previous 12 months and, so far as the Directors are aware, there are no governmental, legal or arbitration proceedings, pending or threatened against them or being brought by the Company or any of its subsidiaries which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

14. EMPLOYEES

14.1 The Group employed 17 people during the financial year ended 28 February 2014, 22 people during the financial period ended 28 February 2015 and 28 people during the financial year ended 28 February 2016.

14.2 As at 30 June 2016, the Group had 28 employees as follows:

Activity	*Number of Employees*	*Territory*
Management	5	UK
Sales	4	UK
Technical	14	UK
Finance	1	UK
Administration	4	UK

15. WORKING CAPITAL

The Directors, having made due and careful enquiry, are of the opinion that, taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Group will, from Admission, be sufficient for its present requirements, that is for at least the next twelve months.

16. SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

16.1 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2016, the date to which the historical financial information on the Group set out in Section B of Part 3 of this document was prepared.

16.2 Save as disclosed in this document, there has been no change in the financial or trading position of the Company since 12 September 2016, the date of its incorporation.

17. UNITED KINGDOM TAXATION

17.1 *Introduction*

(a) The following paragraphs are intended as a general guide, based on current UK tax legislation and HMRC practice as at the date of this document, in relation to the UK tax position of Shareholders who are resident in the UK for tax purposes and who beneficially hold their shares as investments (otherwise than under an individual savings account ("**ISA**")). Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time.

(b) The following paragraphs do not constitute tax advice. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below. In particular, Shareholders who receive shares in connection with an employment contract or as an office holder, in either case whether with the Company or otherwise, should seek specific advice on their tax position. **Any Shareholder who is in any doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, is strongly recommended to consult their own professional advisers.**

17.2 *Taxation of dividends*

(a) The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

(b) With effect from 6 April 2016, the previous system of dividend tax credits was abolished and was replaced with a new tax-free allowance for individuals of £5,000 in dividend income per tax year. Dividends falling within this allowance will not be subject to income tax. Dividend income in excess of the tax-free allowance will be taxed at the following rates:

(i) 7.5 per cent. (basic rate taxpayers);

(ii) 32.5 per cent. (high rate taxpayers); and

(iii) 38.1 per cent. (additional rate taxpayers).

(c) Shareholders that are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own particular circumstances, although it would normally be expected that a corporate Shareholder resident in the UK for tax purposes should generally not be subject to corporation tax or income tax on dividend payments received from the Company. Regardless of whether dividends fall within an exempt class, such Shareholders will not be entitled to a tax credit attaching to the dividend.

(d) A shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

17.3 *Taxation of capital gains for Shareholders*

(a) To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will generally constitute the base cost of a Shareholder's holding.

(b) A disposal or deemed disposal of Ordinary Shares by a UK resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax ("**CGT**") (where the Shareholder is an individual or a trustee of a settlement) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

(c) As regards an individual Shareholder or trustees of settlements, the principal factors that will determine the extent to which a gain will be subject to CGT are: (i) the extent to which they realise any other capital gains in the tax year of assessment in which the gain arises; (ii) the extent to which they have incurred capital losses in that or any earlier tax year or assessment; and (iii) the level of annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place.

(d) Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by UK resident individuals, trustees and personal representatives will generally be subject to CGT at the rate of 20 per cent. However, individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band are subject to CGT at the rate of 10 per cent., except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to CGT at the rate of 20 per cent.

(e) Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the prevailing rate of up to 20 per cent (19% from 1 April 2017). Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a chargeable loss.

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

(a) No stamp duty or SDRT will generally be payable on the issue of the New Ordinary Shares.

(b) Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) on the assumption that the Ordinary Shares are admitted to trading on AIM (and that AIM continues to be accepted as a recognised growth market) and are not listed on any recognised stock exchange.

(c) In the event that any of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares at the rate of 0.5% of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

17.5 *VCT*

(a) Advance assurance has been sought and obtained from HMRC that the Company should be a ''qualifying company'' for the purpose of investment by VCTs.

(b) The qualifying status for VCT purposes will be contingent upon certain conditions being met by the Company, the Group and the relevant VCT investor. Neither the Company nor the Company's advisers give any warranties or undertakings that VCT qualifying status will be available or that, if initially available, such status will not be subsequently withdrawn. Should the law change, then any qualifying status previously obtained may be lost.

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

17.6 *EIS*

(a) The Company has applied for and obtained provisional assurance from HMRC that the New Ordinary Shares will be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such provisional assurance and submission of such a claim by the Company does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject to holding the shares throughout the relevant three year period.

(b) The continuing status of the New Ordinary Shares as qualifying for EIS purposes will be conditional on qualifying conditions being satisfied throughout the relevant period of ownership.

(c) Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of EIS shares will remain a qualifying investment for EIS purposes.

(d) The following provides an outline of the EIS tax reliefs available to individuals and trustee investors. Any potential investor should obtain independent advice from a professional advisor in relation to their own particular set of personal circumstances.

(e) In summary, EIS relief may be available where a qualifying company issues new shares, the purpose of which is to raise money for a qualifying business activity. The EIS shares must be subscribed for in cash and be fully paid up at the date of issue and must be held, for three years after they were issued.

(f) EIS income tax relief is available to individuals only – the current relief is 30 per cent. of the amount subscribed for EIS shares to be set against the individual's income tax liability for the tax year in which the EIS investment is made, and is available up to a maximum of £1,000,000 in EIS subscriptions per tax year. The relief is available for the tax year in which the shares are issued but, by election, shares may be treated as having been issued in the previous tax year. This relief is generally only available to individuals who are not connected with the Company in the period of two years prior to and three years after the subscription.

(g) Very broadly, an individual is connected with the issuing company if (*inter alia*) he alone or together with his associates controls the Company or any subsidiary of the Company. Furthermore, the individual cannot hold a stake in the Company exceeding 30 per cent. of the Company's ordinary share capital, or 30 per cent. of the Company's issued share capital or 30 per cent. of the rights to assets on a winding up, or 30 per cent. of the voting rights, either personally or with his associates.

(h) Where EIS income tax relief has been given and has not been withdrawn, any gain on the subsequent disposal of the shares in qualifying circumstances is generally free from capital gains tax. Capital gains tax relief is also given for any allowable losses arising on the disposal of the shares (less any income tax relief already claimed on those shares) against either income or chargeable gains.

(i) Individuals and trustees who have realised gains on other assets within one year before or up to three years after the EIS shares are issued, are able to defer a capital gains tax liability arising on those gains by making a claim to reinvest an amount of those gains against the cost of the EIS share subscription. Deferred gains will become chargeable on a disposal or deemed disposal of the EIS shares. In this case, the investor can be connected with the Company and obtain such capital gains tax deferral relief. Capital gains tax deferral relief will be denied in certain circumstances.

18. MANDATORY BIDS, SQUEEZE-OUT AND SELL OUT RULES

18.1 *Mandatory bids*

The Takeover Code applies to the Company.

Rule 9 of the Takeover Code is designed to prevent the acquisition or consolidation of control of a company subject to the Takeover Code without a general offer being made to all shareholders. Rule 9 states that, when any person or group of persons acting in concert acquires (whether by one transaction or a series of transactions) an interest in shares which carry 30 per cent. or more of the voting rights of the company, such person or persons acting in concert must normally make a general offer for the balance of the issued share capital of such company. Rule 9 also states that any person or group of persons acting in concert that is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights must normally make a general offer for the balance of the issued share capital should there be any increase in the percentage of the shares carrying voting rights in which they or any person acting in concert with them are interested.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the company during the 12 months prior to the announcement of the offer.

18.2 *Squeeze-out rules*

Under the Act, if a person who has made a general offer to acquire Ordinary Shares (the "**offeror**") were to acquire, or contract to acquire, 90 per cent. of the Ordinary Shares which are the subject of such offer within four months of making its offer, the offeror could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding Shareholders telling them that the offeror will compulsorily acquire their Ordinary Shares and then, six weeks later, executing a transfer of the outstanding Ordinary Shares in the offeror's favour and paying the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to those Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the general offer.

18.3 *Sell-out rules*

(a) The Act gives minority Shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 18.2 above. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's Ordinary Shares.

(b) The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

19. MATERIAL CONTRACTS

19.1 *General*

The below contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or its subsidiaries within two years immediately preceding the date of this document or are expected to be entered into shortly after Admission and are, or may be, material in the context of the Group. There are no other contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group which contain any provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

19.2 *Placing Agreement*

On 5 December 2016, the Company, the Directors and Cenkos entered into the Placing Agreement. Pursuant to the terms of the Placing Agreement:

(a) the Company has agreed, subject to certain conditions (the last condition being Admission in respect of the Non Eligible Shares only), to allot and issue, at the Placing Price, the New Ordinary Shares to be issued in connection with the Placing;

(b) Cenkos has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers and purchasers for Placing Shares pursuant to the Placing;

(c) Cenkos' obligation to seek placees to subscribe for and/or purchase the Placing Shares in the circumstances described above is conditional on, amongst other things:

  (i) the delivery by the Company to Cenkos of a certificate confirming that (amongst other things) the Company has complied with its obligations under the Placing Agreement and the warranties in the Placing Agreement have not become untrue, inaccurate or misleading by reference to the circumstances subsisting prior to Admission; and

  (ii) the New Ordinary Shares having been allotted, conditional only on Admission taking place by not later than 8.00 a.m. on 9 December 2016 (or such later time and/or date as Cenkos and the Company agree) (save that the allotment of the Eligible Shares shall not be conditional upon Admission).

(d) the Placing Agreement will become unconditional on Admission;

(e) in consideration for the services provided to the Company by Cenkos in connection with the Placing and Admission, the Company has agreed to pay to Cenkos:

  (i) a corporate finance fee of £315,000 on completion of the Placing and Admission to be paid by way of the issue of Ordinary Shares on Admission at the Placing Price;

  (ii) a commission of 5 per cent. of the aggregate value of the New Ordinary Shares issued to parties introduced by Cenkos to be paid by way of the issue of Ordinary Shares on Admission at the Placing Price; and

  (iii) a commission of 2.5 per cent. of the aggregate value of the New Ordinary Shares issued to parties introduced by the Company (including any existing shareholders of the Company) to be paid by way of the issue of Ordinary Shares on Admission at the Placing Price;

(f) the Company has agreed to pay certain of the costs, charges, fees and expenses relating to the Placing (together with any related VAT);

(g) the Company and the Directors have each given certain customary warranties and undertakings to Cenkos. In addition, the Company has given certain indemnities to Cenkos in connection with the Placing Agreement. The liability of the Company pursuant to the Placing Agreement is unlimited by time and amount. The liability of the Directors pursuant to the Placing Agreement is limited by both time and amount;

(h) Cenkos has the right to terminate the Placing Agreement prior to Admission in certain circumstances, including:

  (i) in the event of certain force majeure events or other events involving certain material adverse changes relating to the Company; and

(ii) in the event of a breach of the warranties or undertakings in the Placing Agreement;

(i) the Directors who hold Ordinary Shares have agreed for a period of 12 months from Admission that, subject to certain exceptions, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect), except with the prior written consent of Cenkos (subject to the exception that Chris Hancock and Craig Gulliford, who are ''related parties'' for the purposes of the AIM Rules for Companies shall not be able to dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect) for a period of 12 months from Admission (with or without the consent of Cenkos)); and

(j) the Directors who hold Ordinary Shares have further agreed, for a period of 12 months from Admission, not to trade any Ordinary Shares except through Cenkos.

19.3 *Agreement with Cenkos to act as nominated adviser and broker on an ongoing basis*

Pursuant to the Cenkos Engagement Letter, Cenkos has agreed to act as the Company's nominated adviser and broker from Admission for the purpose of the AIM Rules for Companies. The letter provides that Cenkos shall be paid an annual retainer fee for the provision of nominated adviser and broker services of £60,000 per annum, of which the first two years will be paid upfront by way of the issue of Ordinary Shares on Admission at the Placing Price. No sum shall be payable more than once under the Cenkos Engagement Letter and the Placing Agreement.

The appointment of Cenkos as nominated adviser and broker shall (subject to certain early termination provisions in the Cenkos Engagement Letter) continue after the placing unless and until terminated by either the Company or Cenkos giving to the other not less than three month's written notice.

19.4 *Distribution Agreement*

The Distribution Agreement was entered into on 1 August 2016 between the Creo Medical and Hoya Pentax Medical, pursuant to which Hoya Pentax Medical has been appointed as an exclusive distributor of the CROMA electrosurgical unit as well as all iterations of the RS2 instrument in the territories of Japan, China, Australia, New Zealand, India (and other Asia Pacific countries from time to time agreed by both parties). The agreement remains in force for a period of five years, after which it shall be automatically extended for successive periods of one year unless either party terminates.

Prior to distribution into a specific territory, specific terms shall be negotiated prior to the commencement of distribution date and shall not be on worse commercial terms than those offered by the Group to distributors outside the territories. If regulatory approvals are required, they shall be obtained in the name of the Company. Hoya Pentax Medical shall bear any costs associated with registration under Hoya Pentax Medical's name, translation fees and the cost of obtaining local advisors, professionals or agents for the purpose of the regulatory approvals, whilst the Company shall pay any registration fee to the local authority and all other costs associated with obtaining the approvals.

Hoya Pentax Medical shall have the right to request the Company to replace the defective products at no extra cost or request a refund. The Company shall not make any changes to the product without at least 12 months written notice to Hoya Pentax Medical and will need to obtain the prior written consent of Hoya Pentax Medical to such changes. The Company shall indemnify Hoya Pentax Medical from all actions which may arise in connection with any default or alleged defect in design, manufacturing or labelling of the products or any infringement of intellectual property rights in the territories.

Either party may terminate the Distribution Agreement on thirty days written notice if the other party fails to perform his obligations or commits a breach of the agreement, If Hoya Pentax Medical terminates due to the Company's default or breach, the Company shall pay Hoya Pentax Medical an aggregate amount equivalent to the actual costs incurred by Hoya Pentax Medical and 150 per cent of Hoya Pentax Medical's forecasted annual revenue based on the latest annual sales forecast.

The agreement shall be governed in accordance with the laws of Singapore. If any dispute cannot be settled amicably the parties agree to resolve the issue by arbitration under the Arbitration Rules of the Singapore International Arbitration Centre.

19.5 *Share Exchange Agreement*

The Company entered into the Share Exchange Agreement on 9 November 2016 with the holders of the ordinary shares of £0.01 each and preferred ordinary shares of £0.01 each in the capital of Creo Medical (the "**Sellers**"). Pursuant to the Share Exchange Agreement, the Sellers agreed to sell their shares in Creo Medical to the Company in exchange for the Company:

(i) allotting and issuing (credited as fully paid) to the Sellers 94,174 ordinary shares of £0.01 each in the capital of the Company; and

(ii) allotting and issuing (credited as fully paid) to the Sellers 51,393 preferred ordinary shares of £0.01 each in the capital of the Company.

The Share Exchange resulted in the Sellers holding ordinary shares and preferred ordinary shares in the Company in the same proportions as they had held in Creo Medical. Chris Hancock was issued one less ordinary share in the capital of the Company as part of the Share Exchange to reflect the fact he is holder of the one subscriber share in the capital of the Company.

Immediately following completion of the Share Exchange, the Company capitalised the sum of £50,948.80 standing to the credit of the Company's merger reserve and applied such sum in paying up in full 3,296,125 ordinary shares of £0.01 each and 1,798,755 preferred ordinary shares of £0.01 each by means of a bonus issue on the basis of 35 new shares for each existing share and subdivided its ordinary shares of £0.01 each by a factor 10 into Ordinary Shares and subdivided its preferred ordinary shares of £0.01 each by a factor of 10 into Preferred Ordinary Shares.

Further details of the Reorganisation that occurred prior to Admission are provided at paragraph 5 of this Part 5.

19.6 *Investment Agreement*

Following completion of the Share Exchange, the Company entered into an Investment Agreement dated 9 November 2016 (as amended) with certain new and existing shareholders (the "**Investors**") pursuant to which the Investors agreed to make available to the Company £1,400,000 in aggregate (the "**Advance Subscription Funds**").

The Company applied the Advance Subscription Funds towards its general working capital to provide cashflow for its trading activities. In consideration for the Advance Subscription Funds, immediately prior to Admission the Investors are to be issued with, in aggregate 1,991,465 Ordinary Shares, at the conversion price of £70.3 pence per Ordinary Share, representing a discount of 7.5 per cent. to the Placing Price. The Investment Agreement terminates automatically upon completion of the conversion.

Furthermore, in accordance with the terms of the Investment Agreement, Craig Gulliford and Chris Hancock (in their capacity as selling shareholders) have agreed to sell immediately prior to and conditional upon Admission, in aggregate, 832,148 Ordinary Shares for an aggregate sum of £585,000 to certain existing shareholders at a sale price of 70.3 pence per share (representing a discount to 7.5 per cent. to the Placing Price).

The Investment Agreement is governed by and construed in accordance with English and Welsh law and the parties submitted to the exclusive jurisdiction of the Courts of England and Wales to settle any claim, dispute or issue that may arise out of or in connection with the agreement.

19.7 *Collaboration Agreement*

Creo Medical entered into a collaboration agreement dated 4 November 2016 (the "**Collaboration Agreement**") with Coloprotect Limited ("**Coloprotect**") in connection with the development of certain of the Group's technologies (the "**Medical Devices**").

Under the Collaboration Agreement, Creo Medical has an obligation to pay to Coloprotect a royalty fee for a period of 10 years commencing on the date that the relevant product is first sold.

In the event of, *inter alia*, an arm's length share sale of Creo Medical or the assignment or exclusive licensing of intellectual property rights in the Medical Devices to a third party (either an "**Exit**") during the term of the agreement, Creo Medical would be obliged to acquire the entire issued share capital of Coloprotect for an aggregate sum no less than

£178,000 and no more than £888,888, depending on the level of consideration that Creo Medical receives on Exit and/or status of regulatory approval of the relevant Medical Device(s).

The Collaboration Agreement is governed by and construed in accordance with the laws of England and Wales and the parties have agreed that the courts of England and Wales shall have jurisdiction to settle any dispute or claim that arises out of or in connection therewith.

19.8 *Lock-in Deeds*

Pursuant to the Lock-in Deeds, the Locked-in Shareholders have agreed for a period of 12 months from Admission that, subject to certain exceptions, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect), except with the prior written consent of Cenkos (subject to the exception that Finance Wales, Chris Hancock and Craig Gulliford, who are ''related parties'' for the purposes of the AIM Rules for Companies and Roseanna Varner and Steve Morris who are ''applicable employees'' for the purposes of the AIM Rules for Companies, shall not be able to dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect) for a period of 12 months from Admission (with or without the consent of Cenkos)).

In addition, Locked-in Shareholders have agreed, for a further period of 12 months following the expiry of the initial 12 month period, not to trade any Ordinary Shares except through Cenkos.

20. INFORMATION ON HOLDINGS

The Company does not hold a proportion of capital in any undertakings outside of the Group which are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

21. RELATED PARTY TRANSACTIONS

During the period of two years immediately preceding the date of this document, none of the members of the Group have entered into any related party transactions.

22. OTHER INFORMATION

22.1 The registrars of the Company are Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

22.2 The auditors of the Company are KPMG LLP of 66 Queen Square, Bristol BS1 4BE, United Kingdom, who are a member firm of the Institute of Chartered Accountants in England and Wales.

22.3 The Company's accounting reference date is 30 June.

22.4 Cenkos has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to Cenkos' name in the form and context in which they appear.

22.5 KPMG LLP has given and not withdrawn its written consent to the inclusion in this document of its report in Section A of Part 3 in the form and context in which it is included. KPMG LLP has no material interest in the Company.

22.6 Mewburn Ellis LLP has given and not withdrawn its written consent to the inclusion in this document of its report in Part 4 in the form and context in which it is included. Mewburn Ellis LLP has no material interest in the Company.

22.7 Except for: (i) the £20,068 monitoring fee paid by the Company to Finance Wales Investments (3) Limited in the period four months to 30 June 2016; and (ii) such other payments as otherwise described in Part 3 of this document, no persons (excluding professional advisers otherwise disclosed in this document and trade suppliers) have received, directly or indirectly, from the Company within the 12 months preceding the date of this document, and no persons have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

(a) fees, totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

22.8 The costs and expenses of, and incidental to, the Placing and Admission are payable by the Company and are estimated to amount to £2,125,676 million (excluding Value Added Tax). The net proceeds of the Placing are estimated at approximately £17,874,332 million for the Company.

22.9 The information in this document that has been sourced from a third party has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no material facts have been omitted which would render the reproduced information inaccurate or misleading.

22.10 There have been no takeover offers (within the meaning of Part 28 of the Act) by third parties for any of the Ordinary Shares.

22.11 Nothing in this document is intended to be or should be taken as a profit forecast, estimate or projection.

22.12 Save as disclosed in this document, no exceptional factors have influenced the Company's activities.

22.13 The Directors are not aware of any significant recent trends in production, sales and inventory and costs and selling prices between 30 June 2016 (being the end of the Group's last financial year) and the date of this document. There are no uncertainties, demands, commitments or events known to the Directors that are reasonably likely to have a material effect on the Group's prospects for the current financial year.

22.14 There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

22.15 There are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.

22.16 The financial information in the document does not constitute full statutory accounts as referred to in section 240 of the Act. No further statements or accounts have been prepared or delivered to the Registrar of Companies for the Company.

22.17 Save in connection with the application for Admission, none of the Existing Ordinary Shares and/or the New Ordinary Shares have been admitted to dealing on any recognised investment exchange and no application for such admission has been made. It is not intended to make any other arrangements for dealings in such shares on any such exchange.

22.18 Monies received from applications pursuant to the Placing will be held in accordance with the terms of the placing letters issued by Cenkos until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 28 December 2016, application monies will be returned to applicants at their own risk without interest.

22.19 There are no arrangements in place under which further dividends are to be waived or agreed to be waived.

23. AVAILABILITY OF THIS DOCUMENT

Copies of this document are available free of charge to the public during normal business hours on any week day (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and shall remain available for at least one month after Admission. Copies of this document will also be available for download at the Company's website at www.creomedical.com.

Dated: 6 December 2016