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DATED

17 May

2007

LEEDMON LIMITED (1)

and

IP GROUP PLC (2)

and

VIDA CAPITAL PARTNERS LIMITED (3)

WE HEREBY CERTIFY THIS
TO BE A TRUE COPY OF
THE ORIGINAL DOCUMENT

Walker Morris

WALKER MORRIS

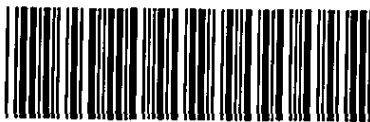
AGREEMENT

FOR THE ACQUISITION OF PART OF THE ISSUED SHARE CAPITAL OF
PHOTOPHARMICA (HOLDINGS) LIMITED

WALKER MORRIS

Kings Court
King Street
Leeds LS1 2HL
Tel 0113 283 2500
Fax 113 245 9412
Ref EJM

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CONTENTS

SECTION	HEADING	PAGE
1	INTERPRETATION	1
2	SALE AND PURCHASE	3
3	PURCHASE CONSIDERATION	4
4	COMPLETION	4
5	DEALINGS IN SHARES	6
6	WARRANTIES	7
7	NON-COMPETITION COVENANTS	8
8	COSTS	8
9	MISCELLANEOUS	9
10	NOTICES	11
11	CHOICE OF LAW	12

THIS AGREEMENT is made on 17 May 2007

BETWEEN.

- (1) **LEEDMON LIMITED** (Company No 644589) whose registered office is at Palm Grove House, PO Box 3190, Road Town, Tortola, British Virgin Islands (the **Seller**),
- (2) **IP GROUP PLC** (Company No 04204490) whose registered office is at Warwick Court, 5 Paternoster Square, London, EC4M 7BP (the **Purchaser**), and
- (3) **VIDA CAPITAL PARTNERS LIMITED** (Company No 4424370) whose registered office is at Manor Farm, Main Street, Hotham, York, YO43 4UD (**Vida**)

IT IS AGREED AS FOLLOWS:

1 INTERPRETATION

1.1 In this agreement the following words have the following meanings

Cash Consideration means the sum of £1,000,000,

Company means Photopharmica (Holdings) Limited (company number 4663322),

Consideration means the consideration payable for the Sale Shares in accordance with clause 3.1, being £2,017,133,

Consideration Shares means 3,237,410 new ordinary shares of 2 pence each in the capital of the Purchaser, ranking pari passu in all respects with the existing issued ordinary shares of 2 pence each in the capital of the Purchaser,

Contract means a legally binding agreement or commitment whether conditional or unconditional and whether by deed or under hand,

Deeds of Assignment means the assignment of the Security and the Mezzanine Loan from the Seller to the Purchaser in the agreed form,

Deed of Termination means a deed of termination of the existing shareholders' agreement and the supplemental shareholders' agreement, both relating to the Company, to which the Seller is party in the agreed form,

Deed of Transfer and Variation means a deed between the Company, the Seller and the Purchaser transferring the Loan Stock from the Seller to the Purchaser in the agreed form,

Disposal means whether directly or indirectly a sale or transfer or any disposition whatsoever including an agreement to effect any of the foregoing or the creation of any option or charge which could lead to any of the foregoing,

Encumbrance means any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage charge, pledge, lien, assignment, hypothecation, security, interest, title retention or any other security, agreement or arrangement,

End Date means 18 November 2007,

Insolvency Proceedings means any formal insolvency proceedings, whether in or out of court, including proceedings leading to any form of bankruptcy, liquidation, administration, receivership, arrangement or scheme with creditors, moratorium, stay or limitation of creditor's rights, interim or provisional supervision by a court, winding up or striking off or any event analogous to any such events in any jurisdiction including England and Wales,

in the agreed form means in the form of a draft agreed between the parties prior to the date of this agreement and initialled by or on behalf of them for the purposes of identification,

Loan Stock means the £2,482,867 12% secured loan stock 2010 in the Company held by the Seller,

Mezzanine Loan means loans of £1 million in aggregate advanced by the Seller to the Company or the right to repayment of which has been assigned to the Seller,

Purchaser's Group means the Purchaser and any subsidiary or holding company (as each such expression is defined in section 736 of the Companies Act 1985) of the Purchaser or any subsidiary of such holding company,

Sale Shares means 94,055 A Ordinary Shares of 0.1 pence each, being the aggregate number of A Ordinary Shares of 0.1 pence each following full exercise of the Warrants by the Seller, and 1,448,600 redeemable preference shares of £1 each in the share capital of the Company and registered in the name of the Seller,

Security means a debenture over the assets and undertaking of the Company and Photopharmica Limited in favour of Vida Capital Partners Limited dated 2 May 2003 together with separate assignments of the key-man policies on the lives of Stanley Brown and John Lyon and a guarantee and indemnity given by the Company and Photopharmica Limited to Vida Capital Partners Limited on 2 May 2003, all of which were assigned to the Seller by way of a deed of assignment dated 29 November 2005,

Warrants means warrants to subscribe for 25,552 A Ordinary Shares of 0.1 pence in the name of the Seller, and

1.2 References to clauses and schedules are references to clauses of and schedules to this agreement. Any headings are inserted for convenience only and shall not affect the construction of this agreement.

1.3 Any phrase introduced by the terms **including, includes, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2 SALE AND PURCHASE

2.1 The Seller shall sell to the Purchaser with full title guarantee and the Purchaser will purchase the Sale Shares free from any Encumbrance and with the benefit of all rights and profits attaching to the Sale Shares, including all rights to dividends and other distributions declared, made or paid or agreed to be made or paid (including any bonus, rights or capitalisation issues) after the date of this agreement.

2.2 The Seller waives all rights of pre-emption under the constitutional documents of the Company or otherwise in respect of the sale of the Sale Shares to the Purchaser under this agreement.

3 PURCHASE CONSIDERATION

3.1 The aggregate consideration for the sale and purchase of the Sale Shares and the assignment of the Mezzanine Loan and the Loan Stock to the Purchaser shall be £5,500,000 to be apportioned as to £2,017,133 for the Sale Shares and £3,482,867 for the assignment of the Mezzanine Loan and the Loan Stock which shall be satisfied by the Cash Consideration and the allotment and issue to Vida (at the direction of the Seller) of the Consideration Shares credited as fully paid. The Cash Consideration shall be payable on Completion by same day transfer to Yorkshire Bank plc of Merrion Centre Branch, 42-44 Woodhouse Lane, Leeds, LS2 8LX sort code 05-00-58, account number 40626964. Payment to the above account will be a good and sufficient discharge to the Purchaser of the Cash Consideration and the Purchaser will not be further concerned as to the application of the monies so paid. The allotment and issue of the Consideration Shares to Vida will be a good and sufficient discharge to the Purchaser of its obligation to issue the Consideration Shares.

3.2 The Purchaser shall use all reasonable endeavours (which for the avoidance of doubt shall include completing and filing the necessary application for admission and paying the required listing fee) to procure that the Consideration Shares shall be admitted to the Official List and for trading to commence on London Stock Exchange plc's market for listed securities as soon as reasonably practicable and in any event within 10 days of Completion. The Seller shall provide all such information as the Purchaser shall request (acting reasonably) in order for it to satisfy the obligation set out in this clause 3.2.

4 COMPLETION

4.1 Completion of the sale and purchase of the Sale Shares shall take place immediately following the signing and exchange of this agreement.

4.2 On Completion the Seller shall deliver or procure to be delivered to the Purchaser

4.2.1 transfers in respect of the Sale Shares duly completed in favour of the Purchaser together with the certificates in relation to them, and

4.2.2 a BVI legal opinion on the capacity of the Seller to enter into this agreement and perform the transaction contemplated by its terms in the agreed form,

4.2.3 the Deed of Termination duly executed by the Seller,

- 4 2 4 the Deed of Transfer and Variation duly executed by the Seller,
 - 4 2 5 the Deeds of Assignment duly executed by the Seller,
 - 4 2 6 a written acknowledgement in the agreed form from the Seller confirming that it has no claim against the Company or its subsidiary, Photopharmica Limited (the Group) and releasing the Group from any liability (actual or contingent) which may be owing to the Seller by the Group as at Completion,
 - 4 2 7 a certified copy of the power of attorney under which the Seller has executed this agreement, and
 - 4 2 8 a certified copy of board minutes of the Seller authorising the execution and performance of this agreement and the appointment of Vida Capital Partners Limited as the attorney of the Seller in respect of the execution of this agreement and the documents referred to at clauses 4 2 3-4 2 6 (inclusive)
- 4 3 Against full compliance with the matters set out in clause 4 2, the Purchaser shall
- 4 3 1 deliver board minutes of the Purchaser authorising the allotment and issue of the Consideration Shares to Vida and authorising the execution and performance of this agreement,
 - 4 3 2 allot the Consideration Shares to Vida, deliver to the Seller a share certificate in the name Vida in respect of the Consideration Shares and procure that the Company's registrars update the register of members of the Purchaser to show the allotment, and
 - 4 3 3 pay the Cash Consideration to the Seller in accordance with clause 3 1 above
- 4 4 The Seller declares that, for so long as it remains the registered holder of any of the Sale Shares after Completion, it will
- 4 4 1 hold the Sale Shares and any dividends or other distributions of profits or surplus or other assets in respect of the Sale Shares and all rights arising out of or in connection with the Sale Shares in trust for the Purchaser, and
 - 4 4 2 at all times after Completion deal with and dispose of the Sale Shares and all such dividends, distributions and rights as the Purchaser may direct

4 5 The Seller by its execution of this agreement appoints the Purchaser to be its attorney from and after Completion granting to the Purchaser full power on its behalf to exercise all voting and other related rights attaching to the Sale Shares including power

4 5 1 to execute a form of proxy in favour of such person or persons as the Purchaser may think fit to attend and vote as the Seller's proxy at any general meeting of the members, or separate class meeting of any class of members, of the Company in respect of the Sale Shares in such manner as the Purchaser may decide,

4 5 2 to consent to the convening and holding of any such meeting and the passing of the resolutions to be submitted at any such meeting on short notice,

4 5 3 to execute written resolutions, and

4 5 4 to settle the terms of such resolutions and generally to procure that the Purchaser is duly registered as the holders of all the Sale Shares

but excluding the power to re-register the Company as an unlimited company

4 6 The Seller ratifies and confirms and agrees to ratify and confirm all and whatsoever the Purchaser shall lawfully do or cause to be done in pursuance of the power of attorney granted by clause 4 5 and declares that the power of attorney in clause 4 5 shall be irrevocable

5 DEALINGS IN SHARES

5 1 In consideration of the Purchaser entering into this agreement and subject to the remaining provisions of this clause 5, Vida undertakes to the Purchaser that it will not during the period from Completion until the End Date effect a Disposal of any of the Consideration Shares (or any shares into which they are converted prior to the End Date (the **Relevant Shares**))

5 2 Subject as provided below, clause 5 1 above shall not apply to a Disposal of any Relevant Shares made

5 2 1 in acceptance of a general offer for the whole of the issued equity share capital of the Purchaser made in accordance with the City Code on Takeovers and Mergers or in executing an irrevocable undertaking to accept such an offer, or

- 5 2 2 pursuant to any compromise or arrangement under section 425 of the Companies Act 1985 providing for the acquisition by any person (or group of persons acting in concert) of 50% or more of the equity share capital of the Purchaser and which compromise or arrangement has been sanctioned by the courts, or
- 5 2 3 under any scheme of reconstruction under Section 110 of the Insolvency Act 1986 in relation to the Purchaser, or
- 5 2 4 pursuant to an order of a court of competent jurisdiction requiring any Relevant Shares to be sold or transferred or a consent order which has the same effect, or
- 5 2 5 pursuant to any offer by the Purchaser to purchase its own shares which is made on identical terms to all holders of shares of the Purchaser

6 WARRANTIES

The Seller warrants to the Purchaser that

- 6 1 the Sale Shares are legally and beneficially owned by it, are free from any Encumbrance and there is no Contract to give or create any Encumbrance over such Shares and no person has claimed to be entitled to any such Encumbrance,
- 6 2 it has full power to enter into and perform this agreement and this agreement constitutes binding and enforceable obligations on it in accordance with its terms,
- 6 3 the entering into and the performance by the Seller of its obligations under this Agreement
 - 6 3 1 will not result in a breach of any provision of the memorandum or articles of association or analogous constitutional documentation of the Seller,
 - 6 3 2 will not result in a breach of, or constitute a default under any agreement under which the Seller enjoys rights or by which it is bound,
 - 6 3 3 will not result in a breach of any order, judgment or decree of any court or governmental, administrative or regulatory body or agency to which the Seller is party of by which it is bound, and

6 3 4 does not require the consent of any third party (other than the remaining shareholders of the Company), and

6 4 no Insolvency Proceedings have commenced in relation to the Seller

7 NON-COMPETITION COVENANTS

7 1 In consideration of the agreement of the Purchaser to buy the Sale Shares on the terms of this agreement, each of the Seller and Vida covenants with the Purchaser that it will not either solely or jointly with or as principal, partner, shareholder, director, manager, agent, consultant, contractor or otherwise of any other person for a period of 2 years from the date of Completion, carry on or assist or be engaged or concerned or interested directly or indirectly in the field of photodynamic therapy anywhere in the world, provided that this restriction shall not prevent the ownership for investment purposes of not more than three per cent of any class of stock, shares or debentures of any company whose shares are listed or dealt in on London Stock Exchange plc, the Alternative Investment Market or any other recognised investment exchange (as that term is defined in the Financial Services and Markets Act 2000) and confer the right to vote at general meetings of the company concerned

7 2 Having taken legal advice each of the Seller and Vida recognises that the restriction in clause 7 1 is part of the consideration afforded to the Purchaser for its purchase of the Sale Shares on the terms of this agreement and confirms that it considers the restriction in clause 7 1 to be reasonable and necessary for the protection of the legitimate interests of the Purchaser

7 3 It is agreed that if the covenant or provision contained in this clause 7 is held to be void or invalid but would not have been so held if part of the wording were deleted or its extent reduced or modified, or if the period or area or nature of that restriction were reduced, then that restriction or provision shall apply with such modification as may be necessary to make that covenant or provision valid and enforceable

8 COSTS

Each party to this agreement shall pay its own costs of and incidental to the negotiation and preparation of this agreement and the sale and purchase agreed to be made

9 MISCELLANEOUS

- 9 1 This agreement, and the documents referred to in it, constitutes the entire agreement and understanding of the parties and supersedes any previous agreement between the parties relating to the subject matter of this agreement. Each of the parties acknowledges and agrees that in entering into this agreement, and the documents referred to in it, it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty or understanding (whether negligently or innocently made) of any person (whether party to this agreement or not) other than as expressly set out in this agreement as a warranty.
- 9 2 No variation of this agreement shall be effective unless made in writing and signed by or on behalf of the parties to this agreement.
- 9 3 No right or obligation arising under this agreement may be assigned, transferred or otherwise disposed of, in whole or in part, without the prior written agreement of the other parties provided that the Purchaser shall be entitled to transfer any right or obligation to any member of the Purchaser's Group on the condition that should the transferee cease to be a member of the Purchaser's Group, then the transferee shall be obliged to transfer such rights or obligations to another member of the Purchaser's Group before so ceasing.
- 9 4 This agreement shall be binding on and shall ensure for the benefit of each party's successors and assigns (as the case may be).
- 9 5 Any member of the Purchaser's Group may enforce the provisions of clauses 6 and 7 subject to and in accordance with the terms of this agreement and the provisions of the Contracts (Rights of Third Parties) Act 1999.
- 9 6 Except as provided in clause 9 5, a person who is not a party to this agreement has no right to enforce any term of this agreement but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.
- 9 7 The parties to this agreement may by agreement vary it or waive any rights without the consent of any of the persons described in clause 9 5.
- 9 8 The persons described in clause 9 5 may not assign the rights granted by clause 9 5.

- 9 9 The Law of Property (Miscellaneous Provisions) Act 1994 (LPMPA) applies to all dispositions of property made under or pursuant to this agreement save that the word 'reasonably' shall be deleted from the covenant set out in section 2(1)(b) LPMPA, the covenant set out in section 3(1), LPMPA shall not be qualified by the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" and the whole of section 6(2) of LPMPA shall be omitted
- 9 10 Save as otherwise required by law or by any regulatory authority or by the terms of this agreement or agreed in writing between the parties no announcement or circular relating to any matter referred to in this agreement shall be made or issued by or on behalf of any of the parties without the prior written approval of the other parties, which approval shall not be unreasonably withheld Where any party is required to make an announcement by law or by any regulatory authority or under the terms of this agreement such announcement shall only be made after consultation with the other party to the extent that this is practicable in the circumstances
- 9 11 The Seller shall execute and do all acts, documents and things and shall procure to be done, executed or performed (at its own expense) all acts, documents and things as the Purchaser shall reasonably require in order to perfect the right, title and interest of the Purchaser to and in the Shares and to give effect to this agreement provided that nothing in this clause shall oblige the Seller to pay stamp duty in respect of the transfer of the Sale Shares pursuant to this agreement
- 9 12 This agreement may be executed in any number of counterparts by the different parties or separate counterparts, each of which, when executed and delivered, shall constitute an original but all of which shall together constitute one and the same instrument
- 9 13 No failure or delay in exercising or enforcing any right or remedy under this agreement shall constitute a waiver of that right or remedy and no single or partial exercise or enforcement of any right or remedy under this agreement shall preclude or restrict the further exercise or enforcement of that right or remedy A waiver of a breach of any of the terms of this agreement or of a default under this agreement does not constitute a waiver of any other breach or default and shall not affect the other terms of this agreement A waiver or a breach of any of the terms of this agreement or of a default under this agreement will not prevent a party from subsequently requiring compliance with the waived obligation The rights and remedies provided in this agreement are cumulative and not exclusive of any rights and remedies provided by law

9 14 The provisions of this agreement shall, except insofar as then implemented or performed, remain in full force and effect and shall continue to bind, and to be enforceable by, the Purchaser or its successors or assigns or, as the case may be, the Seller or its successors and assigns and shall not be extinguished or affected by Completion or any other event or matter except a specific and duly authorised written waiver or release from the Purchaser or, as the case may be, the Seller

10 NOTICES

10 1 Any notice or document to be served under this agreement may be delivered or it may be sent by

10 1 1 first class recorded delivery post or, if being sent overseas, by airmail, or

10 1 2 facsimile transmission,

to the party to be served at its address set out at the beginning of this agreement or at any other address which the party to be served may have notified to the other in accordance with this clause

10 2 For the avoidance of doubt notice given under this agreement shall not be validly served if sent by e-mail

10 3 Any notice or document referred to in clause 10 1 above shall be deemed to have been served

10 3 1 if delivered, at the time of delivery, or

10 3 2 if sent by post, at 10 00 am on the second Business Day after the day it is posted, or, if sent overseas by airmail, 10 00 am on the fourth Business Day after the day it is posted,

10 3 3 if sent by facsimile transmission, one hour after the time of despatch if despatched before 4 00 p m on any Business Day and if a transmission report is received confirming a successful transmission and in any other case at 10 00 am on the Business Day following the date of despatch

10 4 In proving service it shall be enough to prove that delivery was made, that the envelope containing the notice or document was properly addressed and posted as a prepaid first class recorded delivery letter (or in the case of service overseas, prepaid airmail) or that the facsimile transmission was properly addressed and despatched

105 The provisions of this clause 10 will not apply, in the case of service of court documents, to the extent that such provisions are inconsistent with the Civil Procedure Rules

11 CHOICE OF LAW

This agreement shall be governed by and construed in accordance with English Law and the parties to this agreement submit to the exclusive jurisdiction of the English Courts


IN WITNESS of which the parties to this agreement have executed it as a deed and delivered it on the date first written in this agreement

EXECUTED AS A DEED)

by LEEDMON LIMITED)

acting by its attorney)

VIDA CAPITAL PARTNERS LIMITED


Timothy Wheldons attorney for
Vida Capital Partners
Limited

EXECUTED AS A DEED)

by IP GROUP PLC)

acting by)

Director

Director/Secretary

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by **LEEDMON LIMITED**)
acting by its attorney)
VIDA CAPITAL PARTNERS LIMITED)

EXECUTED AS A DEED)
by **IP GROUP PLC**)
acting by)

Director



Director/~~Secretary~~




EXECUTED AS A DEED)

by VIDA CAPITAL PARTNERS LIMITED)

by its attorney TIM WHELDON)

in the presence of


Tim Wheldon as
attorney for Vida Capital
Partners Limited