

# Bidder's Statement

In relation to an off-market bid by...



**VentureAcess Group Limited**

ABN 42 087 426 953

to purchase all of your Ordinary Shares and Share Options (if any) in

**MSA**

AUSTRALIAN MEDICAL SCIENCE AND  
TECHNOLOGY IN YOUR HANDS

**Medical Science Australia Limited**

ABN 30 085 039 818

Subject to the terms and conditions contained in this Bidder's Statement VentureAcess Group Limited offers 7 (seven) fully paid ordinary shares in VentureAcess Group Limited of 15¢ each for every 6 (six) issued ordinary shares of Medical Science Australia Limited and 1 (one) Share Option in VentureAcess Group Limited exercisable at 20¢ each on or before 31<sup>st</sup> December 2009 for every 1 (one) 31 December 2009 Share Option outstanding in Medical Science Australia Limited. An offer is also being made to acquire the outstanding Director's options issued by Medical Science Australia Limited in lieu of Director's Fees up to 30 June 2006.

Additionally, subject to 90% acceptance of this offer by Medical Science Australia Limited shareholders, VentureAcess Group Limited intends to allow Medical Science Australia Limited to make a capital distribution of the VentureAcess Group Limited securities it holds on the basis of 0.97 VentureAcess Group Limited ordinary share and 0.61 VentureAcess Group Limited December 2009 share option for every 6 (six) issued ordinary shares of Medical Science Australia Limited.

**14 August 2008**

This is an important document that requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your financial or other professional adviser as soon as possible.

## Important Information

### Key dates

Lodgment date	14 August 2008
Offer Opens	29 August 2008
Offer Closes (unless extended)	3 October 2008

### Notice

This Bidder's Statement is dated 14 August 2008 and is given by VentureAxess Group Limited ("VentureAxess Group") ABN 42 087 426 953, to Medical Science Australia Limited ABN 30 085 039 818 ("Medical Science" or "the Target") under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Options.

### Defined terms

A number of defined terms are used in this Bidder's Statement. These terms are capitalised. Unless a contrary intention appears or the context requires otherwise, terms used in this Bidder's Statement are defined in Section 11 of this Bidder's Statement.

### Investment decisions

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Medical Science Limited shareholder. You should seek independent financial, taxation and legal advice before deciding whether or not to accept the Offer for your Medical Science Ordinary Shares and Medical Science 2009 Share Options.

### Forward looking statements

This Bidder's Statement includes certain forward looking statements. As such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the venture capital industry as well as the risks of investee companies as well as matters such as general economic conditions, many of which are outside the control of VentureAxess Group and its Directors. These factors may cause the actual results, performance or achievements of VentureAxess Group, Medical Science or the Merged Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forecasts or forward looking statements. The past performance of VentureAxess Group is not a guarantee of future performance.

### ASIC

A copy of this Bidder's Statement was lodged with ASIC on 14 August 2008. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

### QUERIES

If you have any queries about the Bidder's Statement, please contact the offer enquiry line on (02) 9999 0720 (or +61 2 9999 0720 for international callers) or your stockbroker, legal or financial adviser. As required by the Corporations Act, calls to the offer enquiry line will be recorded.

### HOW TO ACCEPT THIS OFFER

Acceptances must be received by the end of the Offer Period. The manner by which you accept the Offer is by completing and signing the Acceptance Form at the end of this Bidder's Statement in accordance with the instructions provided on the form and return it, together with any other documents required by those instructions, in the envelope provided.

## CHAIRMAN'S LETTER

VENTUREAXESS



14 August 2008

Dear Medical Science Shareholder,

I am please to enclose our offer ("Offer") to acquire all of your shares and options in Medical Science Australia Limited ("Medical Science").

Under this Offer for every 6 ordinary shares in Medical Science you will receive 7 fully paid ordinary shares in VentureAxess Group Limited ("VentureAxess Group") of 15¢ each. This equates to a value of 17.5¢ for each of your Medical Science ordinary shares. In addition, VentureAxess Group has informed Medical Science that upon receiving at least 90% acceptance from Medical Science shareholders, it will consent to Medical Science making a capital distribution of up to 11,309,277 VentureAxess Group shares and up to 7,112,020 VentureAxess Group 31 December 2009 share options which are currently held by Medical Science. Under this capital distribution for every 6 ordinary shares in Medical Science you will receive 0.97 fully paid ordinary shares in VentureAxess Group Limited of 15¢ each and also 0.61 VentureAxess Group 31 December 2009 share options. With a VentureAxess Group 31 December 2009 share option being valued at 1¢ on the National Stock Exchange of Australia ("NSX") this capital distribution is worth 2.53¢ for each Medical Science ordinary share, making this Offer worth 20.03¢ in total for each Medical Science ordinary share.

Holders of 31December 2009 Medical Science share options are also being offered 1 share option in VentureAxess Group exercisable at 20¢ on or before 31<sup>st</sup> December 2009 for every 1 such share option you may hold in Medical Science, valuing each 31 December 2009 Medical Science share option at 1¢. Medical Science also has Director's share options on issue and an offer is also being made to acquire those options.

As a Medical Science shareholder you have been patient in waiting for a public listing of your company. This Offer provides a solution to that problem.

This offer delivers to you some very tangible benefits and most importantly the opportunity to **exchange your shares in Medical Science** which is an unlisted public company for shares in VentureAxess Group, a public company listed on the NSX. If you choose to accept this Offer you will receive shares in an **established financial consulting business that owns the fund manager contracted to manage the investments of Medical Science.**

It is a condition of this Offer that during, or at the end of the Offer Period, VentureAxess Group and its associates have relevant interests in at least 90% of the Medical Science Ordinary Shares.

I strongly encourage you to accept this Offer for the reasons set out in detail in the Bidder's Statement. A summary of how to accept is set out inside the cover of this Bidder's Statement and in the Acceptance Form that accompanies this Offer. The Offer is subject to conditions which are set out in Section 6.6 of this Bidder's Statement.

If you have any questions, please do not hesitate to contact the offer enquiry line on (02) 9999 0720.

The Offer is scheduled to close at 5pm (Sydney time) on 3 October 2008.

Thank you for your consideration of the Offer.

Yours sincerely

Geoff Mullins  
Chairman, VentureAxess Group Limited

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## 1. REASONS TO ACCEPT THIS OFFER

### 1.1 Features of the Offer

#### What you receive for your ordinary shares

For every 6 issued ordinary shares that you own in Medical Science you will receive:

7 newly issued fully paid ordinary shares in VentureAcess Group of 15¢ each

0.97 fully paid ordinary shares in VentureAcess Group of 15¢ each by way of a capital distribution from Medical Science

0.61 share options in VentureAcess Group exercisable at 20¢ on or before 31 December 2009 by way of a capital distribution from Medical Science

Under this offer, **for each Medical Science Ordinary Share you will receive a value equivalent to 20.03¢.**

#### What you receive for your December 2009 share options

For every 1 (one) Medical Science December 2009 Share Options (if any) that you own you receive 1 (one) share option in VentureAcess Group exercisable at 20¢ on or before 31<sup>st</sup> December 2009.

Under this offer, **for each Medical Science December 2009 Share Option you will receive a value equivalent to 1¢.**

#### What you receive for your Directors Share Options

For every Directors share option exercisable at 10¢ you will receive 0.6667 fully paid ordinary shares in VentureAcess Group of 15¢ each, valuing each option at 10¢

For every Directors share option exercisable at 15¢ you will receive 0.3333 fully paid ordinary shares in VentureAcess Group of 15¢ each, valuing each option at 5¢

For every Directors share option exercisable at 16¢ you will receive 0.2667 fully paid ordinary shares in VentureAcess Group of 15¢ each, valuing each option at 4¢

#### You will receive listed securities

The VentureAcess Group shares and share options offered as consideration under this Offer will be listed and tradable on the NSX.

#### Opening date of Offer

The Offer opens on 29 August 2008.

#### Closing date of Offer

Unless the Offer is extended, acceptances for the Offer close at 5.00pm Sydney time on 3 October 2008.

#### **Medical Science Shares on Issue**

According to Medical Science it has the following securities on issue;

- 68,634,295 fully paid Medical Science Ordinary Shares.
- 17,023,606 shares under option at an exercisable price of 20¢ each. These options expire on 31<sup>st</sup> December 2009.
- 1,259,169 Directors share options, of which 594,782 are exercisable at 10¢, 306,260 are exercisable at 15¢ and 358,127 which are exercisable at 16¢
- \$165,000 in Loan Notes which convert into 1,320,000 fully paid ordinary shares on the company listing on a stock market.

### **VentureAcess Group Shares as consideration**

VentureAcess Group currently holds no Medical Science Ordinary Shares and has no relevant interest in Medical Science other than the Management Contract between VentureAcess Fund Managers and Medical Science.

In order to acquire all Medical Science Ordinary Shares, including those issued on conversion of the Medical Science Loan Notes and the acquisition of the Medical Science Directors share options, should 100% acceptance occur, VentureAcess Group will have to issue 82,207,330 new ordinary shares.

In order to acquire all Medical Science December 2009 Share Options, VentureAcess Group will have to issue 14,385,881 new options in VentureAcess Group exercisable at 20¢ each on or before 31<sup>st</sup> December 2009.

In addition, and subject to 90% acceptance of the offer by Medical Science shareholders, up to 11,309,277 VentureAcess Group ordinary shares and up to 7,112,020 VentureAcess Group December 2009 share options currently held by Medical Science will be transferred as a capital distribution to Medical Science shareholders.

### Total Shareholding

Should the completion of this Offer be successful, Medical Science shareholders will hold approximately 73.5% of the enlarged VentureAcess Group ordinary shares, which when combined with the 11,309,277 of existing VentureAcess Group ordinary shares (10.1%) to be distributed by Medical Science, will give Medical Science shareholders an 83.6% interest in the Merged Group (undiluted for exercise of options).

### Brokerage and Stamp Duty

VentureAcess Group will pay stamp duty or brokerage charges, if any, payable on the transfer to it of your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options.

## **1.2 Eligibility and Conditions of Offer**

### Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options to which the Offer relates

The Offer relates to Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options that exist or will exist as at 5.00pm on the Record Date. If securities exist or will exist at that date that may be converted to or that confer rights to be issued Medical Science Ordinary Shares then the Offer also relates to Medical Science Ordinary Shares issued during the period from the Record Date to the end of the Offer Period due to a conversion or the exercise of such rights.

### Expected date of share transfer to Medical Science Shareholders who accept the Offer

Assuming the conditions of the Offer are met, if you accept the Offer you will become entitled to receive VentureAcess Group shares for your Medical Science Ordinary Shares the day the Offer becomes, or is declared, unconditional. Share and option certificates for VentureAcess Group ordinary shares and share options will be posted to you (by ordinary post) no later than 21 days after the Closing Date.



### Conditions of this Offer

The Offer is conditional on the events specified in Section 6 of this Bidder's Statement, which include:

**Financial conditions:** Certain confirmations being made about the financial position of Medical Science for the financial years ended 30 June 2005, 2006 and 2007;

**No material adverse changes;** No material adverse change occurring or arising before the Closing Date in relation to Medical Science;

**Acquisitions or disposals and dividends:** No acquisition or disposals or other financial obligations being incurred by Medical Science exceeding \$100,000 since 1 July 2006 and no dividends being paid;

**Minimum acceptance condition;** VentureAcess Group acquiring at least 90% of the Medical Science Ordinary Shares before the Closing Date;

**No Prescribed Occurrences;** No Prescribed Occurrence occurring in relation to Medical Science from 14 August 2008 until 3 business days after the Closing Date.

For details of these and other conditions of the Offer, see Section 6.

### 1.3 Why you should accept this Offer

- 1) You will receive shares in an NSX listed company being one of the key short-term objectives communicated by the Medical Science board to its shareholders.
- 2) Without acceptance of this offer, Medical Science's continuing going concern status may be jeopardised. You will benefit from the synergies and support offered by VentureAcess Group.
- 3) You will receive good value for your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options.
- 4) You will receive shares in an established financial consultancy company with an income model and an established position in Australia's venture capital industry.
- 5) You will be given from time-to-time the opportunity to take pre-IPO positions in selected VentureAcess Group client and investee companies.

**Due to these reasons the board of VentureAcess Group strongly advises you to ACCEPT the Offer for your Medical Science Ordinary Shares and Medical Science Share Options**

Set out below is a more detailed explanation of the comments made under Section 1.3 above:

1. You will receive shares in an NSX listed company being one of the key short-term objectives communicated by the Medical Science board to its shareholders

This merger with VentureAcess Group achieves the objective of Medical Science obtaining a listing for its shares on the NSX. This listing for Medical Science shares and options will be achieved quicker than if Medical Science sought its own listing on the NSX and at less cost to Medical Science as VentureAcess Group is incurring most of the cost of the merger. Upon a full acquisition of the Medical Science ordinary shares, Medical Science shareholders will hold approximately 83.6% of the enlarged equity.

2. Without acceptance of this offer, Medical Science's continuing going concern status may be jeopardised. You will benefit from the synergies and support offered by VentureAcess Group.

In the Medical Science Unaudited Accounts for the year ended 30 June 2007 current liabilities exceed current assets by \$1,154,320 with one of the largest creditors being VentureAcess Fund Managers Limited at \$364,860. Since that date further fund management fees (inclusive of GST) of \$319,906 have been incurred. Whilst discussions have taken place between Medical Science and VentureAcess Fund Managers Limited about payment of a substantial amount of the debt by the issue of Medical Science ordinary shares at issue prices between 10¢ and 16¢ per share

there is no guarantee that these discussions will lead to a final agreement. If the VentureAxess Group Offer is successful the balance owing by Medical Science to VentureAxess Fund Managers Limited will be eliminated on consolidation in the accounts of the Merged Group and Medical Science shareholders will not suffer a dilution in net assets that would have resulted from Medical Science settling the debt by the issue of ordinary shares at a discount.

Creditors also include \$210,000 (but since reduced to \$165,000) of current Loan Notes which convert automatically into Medical Science ordinary shares on the listing of Medical Science on a Stock Exchange. The VentureAxess Group Offer meets this conversion criteria, with more certainty and in a more timely manner than waiting for Medical Science to seek a listing in its own right.

3. You receive good value for your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options

The highest price at which Medical Science Ordinary Shares have ever been issued at is 20¢, and more recently ordinary shares were offered to existing shareholders at 10¢ in order to raise much needed capital for Medical Science. Net assets per share at 30 June 2007 in the Medical Science accounts is shown as 17.77¢ and in the current investment climate it is not expected that this value has increased since that date. The Offer values each Medical Science Ordinary Share at 20.03¢, which is marginally ahead of the highest price at which the ordinary shares were ever issued, a 12.7% premium to last recorded net asset value and a significant premium to the price at which Medical Science ordinary shares were issued for cash. As shares in a listed public company are normally valued at a premium to those of an unlisted company the exchange of your Medical Science Ordinary Shares for listed VentureAxess Group Ordinary Shares also adds to the value of the Offer.

The offer values each Medical Science Ordinary Share at 20.03¢, and with the Medical Science 2009 Share Options exercisable at 20¢ the "in the money" value of these options is 0.03¢. This compares with a value of 1.00¢ being offered for these Medical Science 2009 Share Options.

For the Medical Science Directors Share Options the Offer provides for the "in the money" value of each option to be satisfied by the issue of VentureAxess Group Ordinary Shares with an equivalent value. This allows the option holder to receive listed shares in exchange for the "in the money" value of the unlisted share options, and without having to exercise the options in cash for conversion to listed ordinary shares.

4. You will receive shares in an established financial consultancy company with a sound track record, an income model, and an established position in Australia's venture capital industry.

VentureAxess Group was established in 2007, and is the holder of an Australian Financial Services Licence. VentureAxess Group derives income from annual fund management fees, fund management success fees, investor ready consultancy, success fees on capital raising, general consultancy income, NSX Nomad initial listing fees and NSX Nomad annual fees. In contrast, Medical Science only derives income on the sale of an investment, which due to the longer term nature of the investment in young emerging businesses does not happen on a regular basis. The Merged Group will have a better balance of short term and medium term income streams.

5. You will be given from time-to-time the opportunity to take pre-IPO positions in selected VentureAxess Group client and/or investee companies.

Due to the nature of VentureAxess Group's business, there are times when client and/or investee companies require additional capital and additional shareholders. In specific circumstances, you as a VentureAxess Group shareholder may be offered the opportunity to acquire pre-IPO positions in these companies. Whilst Medical Science may have been able to offer investment opportunities in around six investee companies, VentureAxess Group typically works with a much larger client base, providing a significantly greater choice of investment opportunities.

## 2. DETAILS OF VENTUREAXESS GROUP LIMITED

### 2.1 History of the VentureAcess Group Limited

The VentureAcess group of companies commenced operations based on Sydney's Northern Beaches in 2001, offering consulting services to emerging Australian businesses and specialising in making those businesses "investor ready" before seeking potential investors for them.

In early 2003, negotiations commenced with the TechStart Group in Western Australia with a view to VentureAcess taking over the management of a Pooled Development Fund, then named Add Venture Capital Limited (which had five investee companies and a capitalisation of \$970,000). In addition, an agreement was struck to acquire fund manager TechStart Fund Managers Pty Ltd (then a licensed dealer). These transactions were consummated in the second half of 2003 with 100% of the fund management company being acquired and renamed VentureAcess Fund Managers and the Pooled Development Fund changing its name to VentureAcess Capital Limited ("VentureAcess Capital") with the VentureAcess group assuming board control.

Since September 2003, under the management of VentureAcess Fund Managers, VentureAcess Capital has shed its Pooled Development Fund Status, changed its name to Medical Science Australia Limited, grown the carried value of its investments to over A\$14.5m and increased its shareholder base to in excess of 600 shareholders.

In early 2007 Medical Science launched a public takeover bid for Jab Technologies Limited ("Jab"), a software company listed on the NSX, and the bid was declared closed after Medical Science acquired approximately 72% of Jab. Following a review of the loss making activities of Jab those activities were terminated and Jab made an offer to acquire VentureAcess Limited and its wholly owned subsidiary, VentureAcess Fund Managers Limited. Jab acquired 98.7% of VentureAcess Limited and Jab was renamed VentureAcess Group Limited. As a result of this acquisition the interest of Medical Science in VentureAcess Group Limited was reduced to 39%.

VentureAcess Group is now an NSX listed company with a substantial shareholder base and is preparing itself for significant growth, building upon the base developed over the past six years.

#### Client Services

The Company has positioned itself to deliver a range of client services both in Australia (and in some cases internationally). These client services will earn both ongoing fees and success fees for the Company. The services are modelled to target the emerging technology and innovation sectors and include:

- 'Investor Ready' Service
- Capital raisings
- NSX listings (the Company is a Nominated Adviser to the NSX)
- Mergers and Acquisitions
- Business Planning
- Business Management Services
- Government Grant Applications
- Training
- Mentoring
- Non-executive Director Sourcing

### 2.2 Fund Management Services

VentureAcess Fund Managers Limited is a wholly-owned subsidiary of VentureAcess Limited and is a licensed wholesale fund manager, holding Australian Financial Services Licence #266712.

The client services revenue of the group is supplemented by funds management revenue currently derived from fees charged to Medical Science but soon to be supplemented by fees derived from new managed funds.

The growth of the funds management business is a fundamental pillar of corporate strategy for VentureAcess Group. In addition the provision of the company's client services to investee companies of

its managed funds will provide additional fee flows further enhancing overall revenue and profit performance of VentureAcess Group.

Fund management revenue comes from two sources – management fees charged on an ongoing basis and success fees charged upon successful disposal of investments of a fund.

The Fund Manager has well developed networks within:

- Universities.
- Business Incubators.
- The National Stock Exchange of Australia.
- Industry and industry associations.
- Cooperative Research Centres.
- State, federal and local governments.
- Accounting and legal firms.
- Referrals from VentureAcess Group and its past clients.
- The venture capital community.
- The Angel investor community

Directly and through these networks, the fund manager gains exposure to a significant number of high quality opportunities.

### 2.3 An Engaging Future

The goals and objectives set by VentureAcess Group promise an engaging future directed at market leadership in its field with growth built upon innovation, diversification, acquisition and organic growth.

The Vision of the Company is:

***“To achieve market leadership in the emerging business sector of the Australian Venture Capital Industry”***

In order to achieve this Vision within the next 3 years the following key short-term goals and objectives have been adopted by the Company:

Goal 1: Market Leadership in the emerging business sector of the Australian Venture Capital Investment Management and Services Industries

The emerging business sector of the Australian venture capital industry is fragmented, underdeveloped and under-performing. It pales when compared with the burgeoning venture capital industry in the United States and is already outstripped by many of its Asian counterparts.

*“Emerging Business”* is defined as an early-stage business close to or at commercialisation. The Company seeks to assist outstanding emerging businesses with the following characteristics:

- the emerging business controls its proprietary technology and that technology is or can be adequately protected;
- the emerging business has good management or the people involved recognise the need to introduce good management;
- the technology owned by the emerging business can be developed to command significant, sustainable competitive advantages;
- the emerging business represents an excellent market opportunity with superior growth potential;
- existing cash flow or the prospects for early cash flows are realistic;
- it encompasses ideas which are capable of becoming dominant internationally and which appear to be in advance of practice in sophisticated markets such as North America and Europe; and
- the emerging business has a realistic medium term prospect of either a stock exchange listing or trade sale.

The state of the Australian venture capital market is viewed as a real opportunity for the Company to assume a position of market leadership in its stated sector and to capitalise upon the benefits flowing from that role. Market leadership is seen as leadership in:

- Investment
- Service Provision
- Legal and regulatory change management
- Product and services innovation
- International recognition and relationships

Goal 2: Expansion of Australian Client Base

The existing Australian client base of VentureAcess Group is to be expanded with a combination of sales and marketing, geographic expansion and services expansion.

Initial service offerings such as the Company's training and mentoring program are deliberately structured to build its client base and expand its geographic reach. In addition, the Company has budgeted a robust series of sales and marketing programs to support its initial service offerings and to increase both client numbers and brand awareness.

Also the Company's networks and infrastructure should also contribute substantially to growth in client numbers.

Goal 3: Expansion of International Business Base

Having secured the services of a representative in Singapore it is expected that the Company will build substantially upon this business base to capitalise upon the immense growth opportunities available in Asia.

Furthermore, the Company plans to appoint a representative in the United States and expects that US operations would soon lead to active partnerships with current participants in the American venture capital industry. Indeed the US venture capital model more closely approximates the investment strategies of the VentureAcess Group than do current venture capital models in Australia.

Goal 4: Significantly Expanded Funds Management Business and Funds under Management

One of the pillars of growth and development by the Company is the expansion of funds under management both in monetary quantum and in fund numbers. These plans would be achieved with the planned establishment or acquisition of 4 additional funds over the next three years.

One of the first of the planned new funds is designed to be a Sustainability Fund that will invest in areas such as renewable energy, botanical and marine science. The goal of the Sustainability Fund is to meet the needs of today's people and environment without compromising that of subsequent generations. When a program seeks to create sustainability, it aims to create an environment that can renew itself without damage to future stakeholders.

Goal 5: New Business Sectors

The Company has a general policy to seek and capitalise upon suitable opportunities for corporate growth and development. We are constantly exploring entry into new business sectors via either internal expansion or acquisition. Some areas we have considered include the provision of:

- Specialised corporate finance products
- On-line stock broking services in Australia
- Business Migration Investment services in Australia
- Higher level corporate advisory services and selected on-line services
- Wholesale funds management services

Goal 6: Growth by Acquisition

The Company will actively seek corporate acquisition opportunities thus capitalising upon its public listed status and ability to use both paper and cash in acquisition transactions. It is envisaged that acquisitions will fall into two broad categories over the coming three years:

- i. International acquisitions synergistic with services and products currently offered in Australia; and

- ii. Acquisitions in Australia to achieve expansion of the range of business services offered in the market.

**Goal 7: Business Incubator Model**

The Company is also exploring the establishment of a business incubator in the North of Sydney in conjunction with the development of the Pacific Technology Corridor.

In addition the Company has been in active negotiations with the Singapore Government to form partnerships with a series of Government and University backed incubators being developed in Singapore.

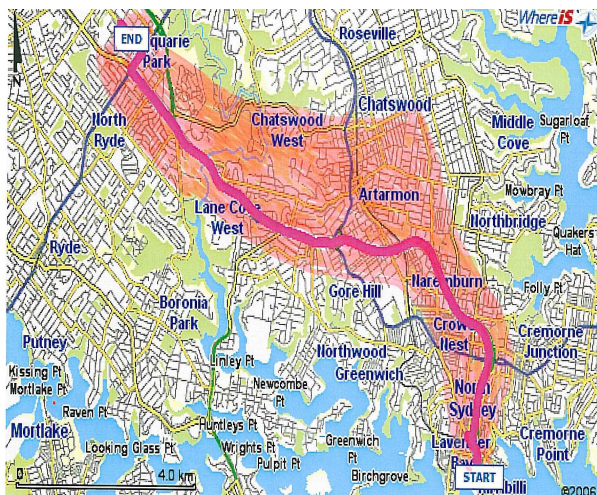
**Goal 8: Development of New Technology Board**

The Company through its own offices and those of Enterprise Pacific Limited (the not-for-profit company formed to establish and develop the Pacific Technology Corridor) has been holding a series of discussions with Stock Exchanges with a view to establishing a new national Australian "technology" board headquartered in the Pacific Technology Corridor and modelled in part on the NASDAQ model in the United States.

The successful establishment of such a new trading board would open numerous opportunities for the VentureAcess Group and its clients including the distinct possibility that VentureAcess Group may transfer its own listing to the new technology board.

**Goal 9: Development of the Pacific Technology Corridor**

VentureAcess Group has assumed a leadership role in the development of Australian Technology and Innovation by preparing the business plan for the launch, development and growth of the Pacific Technology Corridor, which is positioned to be competitive with the likes of Silicon Valley in the United States and the Atlantic Technology Corridor in Ireland.



The corridor which is populated by many of Australia's and the world's largest technology companies exists in Sydney's North and already accounts for approximately AUD \$35 billion Gross Regional Product per annum. It runs from North Ryde in North Western Sydney to the northern shores of Sydney Harbour.

The Pacific Technology Corridor, has the capacity to deliver the economic and employment future for Sydney's North in the 21<sup>st</sup> Century and to be the driving force behind the world-wide promotion and growth of Australian technology and innovation. Its goals include the delivery of over 50,000 new jobs by 2020 and over \$10 billion dollars of direct investment in the same period.

The Corridor is destined to deliver huge market opportunities to the Company both in terms of deal and client flow and, of course, in achieving its stated goal of market leadership in the emerging business sector of the Australian Venture Capital industry.

## 2.2 Directors

### Geoff Mullins (Chairman)

For over 25 years, Geoff has been providing corporate advice on the commercialisation of new technologies and ventures. Geoff has high-level experience in information technology and communications. He has strong background in commerce and law with dual degrees and was admitted as a Barrister-at-Law to the NSW Supreme Court in 1979. This experience was compounded by his roles as chairman or director of numerous companies. Geoff's dedication to emerging business in Australia has led him to launch a unique business model and take a leading role in the delivery of investment access to emerging business in Australia. Geoff has been and remains fundamental in the foundation, development and growth of VentureAcess Group. He is Chairman of VentureAcess Group Limited, VentureAcess Limited, VentureAcess Fund Managers Limited, The National Investor Database Pty Ltd, Medical Science

Australia Limited, Heart Assist Technologies Pty Ltd, Aquaculture Research & Marketing Pty Ltd, VA1 Pty Ltd and Enterprise Pacific Limited.

**Karalyn Day (CEO and Company Secretary)** Karalyn Day was co-founder of the VentureAcess Group and is currently Company Secretary of Medical Science Australia Limited and Heart Assist Technologies Pty Ltd and a director and company secretary of VA1 Pty Ltd, VentureAcess Fund Managers Limited, The National Investor Database Pty Ltd, VentureAcess Limited and Enterprise Pacific Limited. She has worked in the venture capital industry for the past seven years.

**Emyr Jones (Executive Director)**

Emyr has accumulated over 25 years professional experience as a corporate financial officer in various listed UK companies and non-executive director of and investor in, emerging businesses. Emyr relocated to Sydney in 2001 and formed a mentoring and angel investment business. He joined the VentureAcess Group as a Director and shareholder in 2002 and is a Director of VentureAcess Group Limited, VentureAcess Limited, VentureAcess Fund Managers Limited and AusUni Pty Ltd as well as being Non-Executive Chairman of Ceebron Pty Ltd and Web<sup>ND</sup> Technologies Pty Ltd.

**Trevor Nink (Independent Non-Executive Director)**

Trevor has a strong international executive career spanning the Australasian, Asian, European and North American markets. He has been CEO of numerous companies with total turnover up to \$1 billion in manufacturing, contracting, distribution and trading. He has experience on the board of a number of commercial and not-for-profit organizations. Trevor is currently Chairman of Pebble Electronics Pty Ltd and Blanter Pty Ltd and a non-executive Director of Trackaxle Limited and Medical Science Australia Limited.

**Richard Green (Independent Non-Executive Director)**

Richard has been actively involved over a number of years in conducting numerous capital raisings, company floats and restructures in Australia and the United Kingdom. This includes transforming the Pharmacy College of Victoria from a very small lab based consultancy into a company that now has a market capitalisation of over \$80 million. He has also been an active investor, director and chairman of several corporations. He is currently the Chairman of Queensland Trustees and Investment Limited and Managing Director of Authorised Investment Fund Limited, both of which are ASX listed companies.

**2.3 Financial Performance of VentureAcess Group**

As VentureAcess Group only came into existence late in 2007 no clear pattern of financial performance has yet emerged. However Appendix C contains June 2007 Financial Reports for the Company when it was trading as Jab Technologies Limited and Appendix D contains December 2007 Financial Reports after the Company had merged with VentureAcess Limited and changed its name and business model.

**2.4 Financial Forecasts**

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of VentureAcess Group are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

### 3 MEDICAL SCIENCE AUSTRALIA LIMITED

#### 3.1 Disclaimer

The following information about Medical Science has been prepared by VentureAcess Group using information supplied by the Independent Directors of Medical Science and publicly available information, including, but not limited to, annual reports and Medical Science announcements and has not been independently verified. Accordingly VentureAcess Group does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. Further information relating to the Medical Science business may be included in the Medical Science Target's Statement to be issued by Medical Science in response to this Bidder's Statement.

#### 3.2 Overview of Medical Science

Medical Science commenced business in 1999 under the name of Add Venture Capital Limited and was housed in Western Australia. By June 2003 the company displayed slow growth having only 35 shareholders, five small investments and assets of approximately A\$900,000. Add Venture Capital was a registered Pooled Development Fund.

In September 2003 management of the Company was assumed by the VentureAcess group of companies through its newly acquired funds management company, VentureAcess Fund Managers and Add Venture Capital Limited changed its name to VentureAcess Capital Limited. In the short time since this change in management took place, VentureAcess Capital has:

- Relinquished its Pooled Development Fund Status and re-positioned itself to be an Early Stage Private Equity Company;
- Grown its shareholder numbers from 35 to in excess of 600;
- Increased its asset base to exceed A\$14.5m;
- Increased its investment portfolio;
- A holding approximately 38% of the issued capital of VentureAcess Group the ultimate holding company of the Fund Manager, VentureAcess Fund Managers; and
- Changed its name to Medical Science in 2008 with the goal of focusing investment in outstanding emerging medical science companies from Australia and prepares them for commercialisation and ultimate "spin off" (usually by listing on international stock exchanges or trade sale to large multinational corporations)

A brief description of the activity of other material investee companies of Medical Science (with the exception of VentureAcess Group) follows. The Board of Medical Science Australia already has instructed the Fund Manager to divest these investments in an orderly manner designed to maximise returns to shareholders.

#### ***Heart Assist Technologies Pty Ltd (HAT)***

Heart Assist Technologies Pty Ltd, which was incubated by Sydney's Royal North Shore Hospital, is advancing the development of its proprietary Heart Assist Direct Cardiac Compression (**DCC**) Device. The Company expects HAT to develop internationally, building upon ten years of intense co-operative research and development.

The DCC Device, which incorporates computer controlled pneumatic 'Heart Patches' that fix externally to the heart wall, represents an advance in technology as it does not connect to the blood stream. This overcomes the major problem of thrombosis (formation of blood clots) with resulting stroke and haemorrhage complications associated with existing flow-through heart assist devices. The technology has been demonstrated to work for extended periods in animal models and is protected by patent and surrounding intellectual property rights.

The DCC Device acts by assisting the heart both in the expansion (diastole), or blood filling phase, and in the contraction (systole), or blood ejection, phase. Assistance during both phases is important, as normal blood flow cannot be re-established unless the ventricles are filled with newly oxygenated blood prior to the ejection phase. Being physically attached (by the company's proprietary attachment technology) to the heart wall, deflation of the HeartPatch expands the ventricle and draws blood into the chamber. Subsequent inflation of the HeartPatch causes contraction of the ventricle and ejection of blood into the aorta (left ventricle) and the pulmonary artery (right ventricle).



***Web<sup>ND</sup> Technologies Pty Ltd (Web<sup>ND</sup>)***

Web<sup>ND</sup> developed its hosting and portal technology solution and user-friendly networking application to provide communication and commerce capability within and between business, government and the community. Web<sup>ND</sup> has partnered with major strategic channel partners and a Chinese National Government organisation, to implement its software and infrastructure for a rollout of a hosted on-line communication and marketplace network across China.

Web<sup>ND</sup> has won a significant contract from China Internet Information Centre (CIIC), a key information provider, both within China and internationally, for Chinese Government organisations. Web<sup>ND</sup> has since leveraged the CIIC relationship into the creation of a Joint Venture company, Huanxun, which is 60% owned by Web<sup>ND</sup> and 40% by CIIC. Web<sup>ND</sup> has recently merged with Trusted Delivery, a provider of secure email services, under a new parent company SinoWeb Pty Ltd, with a revenue model based on advertising and other revenue to be generated from Huanxun. The Company will hold approximately 4% of the issued capital of SinoWeb following completion of the merger with Trusted Delivery. Emyr Jones, a director of the Company, is to be appointed to the Board of SinoWeb.

***Ceebron Pty Ltd (Ceebron)***

Ceebron has developed 'The Smart-Trace System' - a wireless-based, identity, temperature, time and location monitoring system, targeted at the growing Australian and OECD markets for monitoring the temperature of 'perishable goods' from producer to consumer.

The system is patent protected and supported by key partners, Meat & Livestock Australia (for development funding and local and export market access) and Motorola Inc. (for development and technology).

Ceebron has proven the viability of the communications protocol within the hostile environment of chilled and frozen perishable products in the supply chain. Ceebron's trials have demonstrated continuous identity, time and temperature trace in the worst conditions likely to be experienced in frozen food distribution. Important breakthroughs in antenna and powering design have been made to achieve the credit-card form factor for the Smart-Trace<sup>TM</sup> Tag which is fixed to the pallet-load at the commencement of the supply chain. Currently in pilot trials with its first customer, signals from multiple Tags have been captured, processed, integrated with GPS location data and stored in the Smart-Trace<sup>TM</sup> Gateway. The assembled data has then been successfully transmitted via GPRS to the Smart-Trace<sup>TM</sup> Database Server for access by the customer.

The Company currently holds 12.3% of the issued capital of Ceebron.

***Aquaculture Research and Marketing Pty Ltd (ARM)***

ARM has been located at Jurien Bay in Western Australia but is now preparing to relocate to the Pacific Technology Corridor in New South Wales. It owns and has developed technology intended to deliver a reliable commercial supply of aquaculture feed for global aquaculture and mariculture industries (seafood/products derived from land-based hatcheries and marine farms) and which has the potential to have a positive impact on animal feed and possibly human nutrition.

Artemia is principally derived from wild capture in the US and China. The ARM technology involves the commercial harvesting of cysts (eggs) from cultivation of the Australian brine shrimp, Paratemia. Seventeen species of Paratemia are found exclusively in Australian salt lakes and this Australian brine shrimp is slightly larger and carries more protein than the Artemia. The technology has demonstrated the potential for cultivation in captivity under laboratory conditions and in larger scale baths and tanks not previously possible. These results supported the construction of the first full scale production unit to support larger scale grow-out and international sales.

The Company currently holds a 23% interest in ARM.

Geoff Mullins, who is Chairman of the Company, is also chairman of the Board of Directors of ARM.

***XempleX Pty Ltd (XempleX)***

XempleX is a software tool that provides a visual environment for business and process modelling. Existing specialist business intelligence products are expensive and highly structured. Changes to the structure or inclusion of new modelling constraints require costly and time-consuming programmer

input. In contrast XempleX provides the flexibility and ease of use normally associated with spreadsheets combined with the comprehensive data analysis capabilities of specialist modelling tools. The power to develop new models is in the hands of the subject expert. XempleX separates the process logic from the data, so models can be reused with different data sets and shared between users.

XempleX is initially targeting the mining industry, both directly and through leveraging partner relationships. The recent launch of the Enterprise Version of the XempleX software enables easier integration with the clients' enterprise software, and is expected to lead to a substantial increase in sales.

The Company was an early investor in XempleX when its unique graphical business intelligence software was at concept stage. Since then product development has advanced through concept, to proof of concept, beta release.

XempleX made significant progress during the year, both in trading terms (a profit after tax) and in developing its Partner programme. A major Enterprise Resource Planning provider is seeking to incorporate the XempleX product within its main operating platform and this is expected to lead to substantial future licence and implementation revenue.

The Company currently holds approximately 18.5% of the issued capital of XempleX. The Company does not have a representative on the XempleX board of directors.

### **3.3 Medical Science performance**

Medical Science has been hampered in past years by an inability to raise sufficient capital to realize the worth of its investee companies. It has also suffered from the lack of a operating revenue stream and the costs and frustrations associated with several failed attempts to list on a registered stock exchange. A summary of the financial performance of Medical Science is contained in section 3.5.

### **3.4 Directors of Medical Science**

As at the date of this Bidder's Statement, there are five directors of Medical Science:

Geoff Mullins	(Chairman)
Robin Forbes	(Independent Non-Executive Director)
Dame Leonie Kramer	(Independent Non-Executive Director)
Trevor Nink	(Non-Executive Director)
Emyr Jones	(Non-Executive Director)

Geoff Mullins, Trevor Nink and Emyr Jones are also Directors of the Bidder, VentureAxess Group.

### 3.5 Further Information on Medical Science

## CONSOLIDATED INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2007

### Medical Science Australia Limited

	Economic Entity		Parent Entity	
	Year to 30 June 2007*	Year to 30 June 2006	Year to 30 June 2007*	Year to 30 June 2006
	\$	\$	\$	\$
Revenue from ordinary activities	3,558	424	429	424
Change in Fair Value of Investments	(226,184)	2,525,992	(34,809)	2,525,992
Increase in value of patents	587,273	-	-	-
Expenses from ordinary activities				
- Administrative Expenses	(232,169)	(120,841)	(213,050)	(120,841)
- Annual Fund Manager Fee	(234,299)	(169,966)	(234,299)	(169,966)
- (Provision)/Credit for Fund Manager Success Fee	94,518	(505,199)	94,518	(505,199)
- Directors Fees/Share option charge	(118,470)	(17,032)	(118,470)	(17,032)
- Listing costs incurred	(115,347)	(221,744)	(115,347)	(221,744)
- Interest paid	(60,778)	(26,593)	(60,778)	(26,593)
<b>Profit/(loss) before income tax expense</b>	<b>(301,898)</b>	<b>1,465,041</b>	<b>(681,806)</b>	<b>1,465,041</b>
Income tax (expense)/credit	(459,340)	(219,757)	(765,769)	(219,757)
<b>Profit/(loss) after income tax</b>	<b>(761,238)</b>	<b>1,245,284</b>	<b>(1,447,575)</b>	<b>1,245,284</b>
Profit attributable to minority interests	(354,433)	-	-	-
<b>Profit/(loss) attributable to members</b>	<b>(1,115,671)</b>	<b>1,245,282</b>	<b>(1,447,575)</b>	<b>1,245,284</b>

\* Unaudited

**CONSOLIDATED BALANCE SHEET (unaudited) FOR YEAR ENDED 30 JUNE 2007**

Medical Science Australia Limited	<u>Economic Entity</u>		<u>Parent Entity</u>	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	48,606	3,244	12,628	3,244
Trade and other receivables	50,977	97,850	201,229	188,534
<b>TOTAL CURRENT ASSETS</b>	99,583	101,094	213,857	191,778
<b>NON CURRENT ASSETS</b>				
Trade and other receivables	-	-	173,999	-
Other financial assets	9,741,535	12,393,612	9,741,535	12,140,021
Investment in subsidiaries	-	-	4,373,797	62,216
Equipment	6,679	-	-	-
Goodwill arising on consolidation	1,650,991	-	-	-
Patents	8,295,048	-	-	-
<b>TOTAL NON CURRENT ASSETS</b>	19,694,253	12,393,612	14,289,331	12,202,237
<b>TOTAL ASSETS</b>	19,793,836	12,494,706	14,503,188	12,394,015
Trade and other payables	843,903	607,449	734,101	506,758
Short term borrowings	410,000	449,890	410,000	449,890
<b>TOTAL CURRENT LIABILITIES</b>	1,253,903	1,057,339	1,144,101	956,648
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	1,011,524	552,184	1,317,953	552,184
Provisions	1,106,356	1,200,874	1,106,356	1,200,874
<b>TOTAL NON-CURRENT LIABILITIES</b>	2,117,880	1,753,058	2,424,309	1,753,058
<b>TOTAL LIABILITIES</b>	3,371,783	2,810,397	3,568,410	2,709,706
<b>NET ASSETS</b>	16,422,053	9,684,309	10,934,778	9,684,309
<b>EQUITY</b>				
Contributed equity	9,213,878	6,514,304	9,213,878	6,514,304
Retained earnings	2,013,364	3,129,035	1,681,460	3,129,035
Parent interest	11,227,242	-	10,895,338	-
Option holders equity	39,440	40,970	39,440	40,970
Minority interest	5,155,371	-	-	-
<b>TOTAL EQUITY</b>	16,422,053	9,684,309	10,934,778	9,684,309

## 4. VENTUREAXESS GROUP'S INTENTIONS FOR MEDICAL SCIENCE

### 4.1 Introduction

This Section sets out VentureAcess Group's intentions for Medical Science based on the information concerning Medical Science and its business known to VentureAcess Group at the time of preparation of this Bidder's Statement.

Actual decisions on the business will be made based upon current information available to VentureAcess Group and further decisions will be made in light of new information becoming available as circumstances change. The statements set out in this Section are therefore statements of current intentions only, which may vary as new information becomes available or circumstances change.

### 4.2 Rationale for the Offer

Medical Science has a current core objective of listing on the National Stock Exchange and this offer from VentureAcess Group will allow that objective to be met quicker and more economically than making a formal application to list on the NSX in its own right.

Both the Bidder and the Target will benefit from cost savings of having one listed company rather than two, with NSX fees, share registrar fees and other regulatory charges being the main area for savings. VentureAcess Group is a NOMAD (Nominated Adviser) to the NSX and Medical Science will therefore save on NOMAD fees if it is part of the VentureAcess Group.

As VentureAcess Fund Managers Limited, a subsidiary of the Bidder (VentureAcess Group), is the contracted fund manager to Medical Science, and that there are three Directors common to both companies, there are not expected to be any significant changes to the management of Medical Science following a successful Offer.

### 4.3 Intentions upon becoming entitled to proceed with compulsory acquisition

If VentureAcess Group becomes entitled to compulsorily acquire all of the Medical Science Ordinary Shares in accordance with the Corporations Act, its intentions for Medical Science would be as follows:

#### (1) Corporate Matters

VentureAcess Group intends to proceed with compulsory acquisition of all the Medical Science Ordinary Shares and subsequently rationalise the Board of directors of Medical Science. It is expected that Robin Forbes, who has been a Non-Executive Director since March 2000, and Dame Leonie Kramer (Non- Executive Director since September 2005) will retire as Directors of Medical Science.

#### (2) Head Office and employees

VentureAcess Group already provides Medical Science with centralised corporate functions such as company secretarial, treasury, financial management, legal, risk management and overall corporate administration as part of the Funds Management contract between VentureAcess Fund Managers and Medical Science. VentureAcess plans to reduce any other duplicated services where appropriate. Medical Science currently has no employees.

#### (3) Review of Medical Science

VentureAcess Group anticipates conducting an immediate review of the business, operations and assets of Medical Science to identify:

- (a) business opportunities and areas of revenue generation which may provide overall strategic operational benefits;
- (b) areas of cost saving which may provide overall strategic and operational benefits; and
- (c) any business or businesses in the existing investment portfolio of Medical Science that may be suitable for listing (probably on the NSX) or for disposal and evaluate the best and most appropriate way of organising such actions.

The review may or may not lead to changes in the business, operations or assets of Medical Science contrary to the statements of intention referred to in this Section 4. However, VentureAcess Group does not currently have any intention to make any such changes.

**(4) Divestment policy**

As noted in 3 (c) above VentureAcess Group intends to evaluate the opportunities to dispose of the investment assets of Medical Science.

**(5) Converting Loan Notes**

It is anticipated that the Converting Loan Notes of Medical Science currently in issue will be converted to Medical Science Ordinary Shares in due course and the shares issued thereunder will be acquired by VentureAcess Group on terms identical those contained in this Offer.

**4.4 Intentions for Target as a partly owned company**

If VentureAcess Group does not obtain 90% acceptance of this offer and as such is not entitled to compulsorily acquire the outstanding Medical Science Ordinary Shares, it will allow the Offer to lapse.

**4.5 Business and assets**

If Medical Science becomes a wholly owned subsidiary of VentureAcess Group, other than as set out elsewhere in this Section 4, it is VentureAcess Group's present intention based on information publicly available:

- (1) to continue to develop and expand selected investee companies of Medical Science; and
- (2) not to make any major changes to the business of Medical Science.

## **5. DEALINGS IN MEDICAL SCIENCE SECURITIES**

### **5.1 Acquisition of Medical Science Ordinary Shares by VentureAcess Group**

There have been no dealings in Medical Science shares or securities by VentureAcess Group.

### **5.2 Highest Price Paid for Medical Science Ordinary Shares by VentureAcess Group**

At the date of this Offer, no Medical Science Ordinary Shares or other securities of Medical Science have been acquired by VentureAcess Group or its associates other than:

- G Mullins and E Jones being issued 337,500 Medical Science ordinary shares each in lieu of two years MSA Director's Fees.
- E Jones and his Family Super Fund have subscribed for, converted loans and acquired 13,699,082 MSA ordinary shares.

None of the MSA shares have been subscribed for or acquired at a price exceeding \$0.20 per MSA ordinary share.

### **5.3 Escalation Agreements**

Neither VentureAcess Group nor any associate of VentureAcess Group has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

### **5.4 Collateral Benefits**

During the 4 months before the date of this Bidder's Statement, neither VentureAcess Group nor any associate of VentureAcess Group gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (1) accept the Offer; or
- (2) dispose of Medical Science Ordinary Shares; or
- (3) dispose of Medical Science share options

and which is not offered to all Medical Science Shareholders under the Offer.

## 6. OFFER

### 6.1 The Offer

- (1) VentureAcess Group offers to acquire all of your Medical Science Ordinary Shares on the basis of paying seven (7) fully paid shares of 15¢ each in VentureAcess Group for every six (6) of your Medical Science Ordinary Shares and subject to the terms and conditions set out in this Section 6.
- (2) VentureAcess Group also offers to acquire all of your Medical Science 2009 Share Options (if any) on the basis of paying one (1) share option exercisable at 20¢ each on or before 31 December 2009 in VentureAcess Group for every one (1) of your Medical Science 2009 Share Options (if any) and subject to the terms and conditions set out in this Section 6.
- (3) VentureAcess Group also offers to acquire all of your Medical Science Directors Share Options (if any) on the basis of paying 0.6667 of a VentureAcess Group Ordinary Share for every one (1) Medical Science Directors Option exercisable at 10¢ each, 0.3333 of a VentureAcess Group Ordinary Share for every one (1) Medical Science Directors Share Option exercisable at 15¢ each and 0.2667 of a VentureAcess Group Ordinary Share for every one (1) Medical Science Directors Share Option exercisable at 16¢ each and subject to the terms and conditions set out in this Section 6.
- (4) In addition and subject to the minimum 90% acceptance level for the Medical Science Ordinary Shares as shown in 6.6 (5) below, VentureAcess Group will procure that Medical Science will make a capital distribution of 0.97 of a VentureAcess Group Ordinary Share and 0.61 of a VentureAcess Group Share Option for every six (6) of your Medical Science Ordinary Shares and subject to the terms and conditions set out in this Section 6.
- (5) If you accept the Offer, you will, subject to satisfaction of the conditions in Section 6.6, receive consideration of:
  - 7 fully paid ordinary shares in VentureAcess Group for every 6 of your Medical Science Ordinary Shares
  - 1 share option in VentureAcess Group exercisable at 20¢ each on or before 31 December 2009 for every 1 of your Medical Science 2009 Share Options (if any)
  - 0.97 fully paid ordinary shares in VentureAcess Group and 0.61 share option in VentureAcess Group exercisable at 20¢ each on or before 31 December 2009 for every 6 of your Medical Science Ordinary Shares, by means of a capital distribution by Medical Science
  - 0.6667 fully paid ordinary shares in VentureAcess Group for every 1 Medical Science Directors Share Option exercisable at 10¢
  - 0.3333 fully paid ordinary shares in VentureAcess Group for every 1 Medical Science Directors Share Option exercisable at 15¢
  - 0.2667 fully paid ordinary shares in VentureAcess Group for every 1 Medical Science Directors Share Option exercisable at 16¢
- (6) By accepting the Offer, you undertake to transfer to VentureAcess Group not only your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any), but also all Rights attached to them (see Section 6.5(3)).
- (7) The Offer is being made to:
  - (a) each person registered as the holder of Medical Science Ordinary Shares, Medical Science 2009 Share options and Medical Science Directors Share Options in the register of Medical Science shareholders and option holders at 5.00pm (Sydney time) on the Record Date; and



- (b) any person who becomes registered or entitled to be registered as the holder of Medical Science Ordinary Shares and Medical Science Share Options during the period commencing on the Record Date and ending at the end of the Offer Period due to the conversion of, or exercise of rights attached to, such securities as are convertible into Medical Science Ordinary Shares and are on issue as at the Record Date or by virtue of any contract for services with Medical Science executed before the Record Date.
- (8) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of your Medical Science Ordinary Shares, Medical Science 2009 Share options or Medical Science Directors Share Options:
  - (a) a corresponding Offer will be deemed to have been made to that other person in respect of those Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Director Share Options (if any); and
  - (b) a corresponding Offer will be deemed to have been made to you in respect of any other Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options (if any) you hold to which the Offer relates.
- (9) If you are registered or entitled to be registered as the holder of one or more parcels of Medical Science Ordinary Shares, Medical Science 2009 Share Options or Medical Science Directors Share Options (if any) as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in subsection 653B(3) of the Corporations Act.
- (10) If your Medical Science Ordinary Shares, Medical Science 2009 Share Options or Medical Science Directors Share Options are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (11) The Offer is dated 14 August 2008.

## 6.2 Offer Period

- (1) The Offer will remain open for acceptance during the period commencing on the date the first Offer is made under the bid and ending at 5.00pm (Sydney time) on 3 October 2008 unless withdrawn or extended in accordance with the Corporations Act.
- (2) VentureAcess Group reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

## 6.3 How to accept this Offer

- (1) General
  - (a) Subject to section 6.1(8) and 6.1(9), you may accept the Offer **only** in respect of **all** of your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options (if any).
  - (b) You may accept the Offer at any time during the Offer Period.
- (2) Acceptance Form

To accept the Offer, you must:

  - (a) complete and sign the Acceptance Form enclosed with this Bidder's Statement (and which forms part of this Offer) in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (b) ensure that the Acceptance Form and any documents required by the terms of this Offer and the instructions on the Acceptance Form are received by VentureAcess

Group before the expiry of the Offer Period at the address indicated on the Acceptance Form.

(3) Receipt of Acceptance Form

- (a) If your Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is returned by post, it will be deemed to be received in time if the envelope in which it is sent is post-marked before the end of the Offer Period even if it is received after that date.
- (b) If your Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is returned by facsimile, it will be deemed to be received in time if the facsimile transmission is received (evidenced by a confirmation of successful transmission) before the end of the Offer Period, but you will not be entitled to receive the consideration to which you are entitled, until your original Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is received at the address specified above.
- (c) The transmission of the Acceptance Form and other documents is at your own risk.

**6.4 The effect of acceptance**

- (1) You will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, except as follows:
  - (a) if, by the relevant times specified in section 6.4(2), the conditions in section 6.6 have not all been satisfied or waived in accordance with section 6.8, the Offer will automatically terminate and your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options will be returned to you; or
  - (b) if the Offer Period is extended for more than one month and, at the time, the Offer is subject to one or more of the conditions in section 6.6, you may be able to withdraw your acceptance. A notice will be sent to you at the time explaining your rights in this regard.
- (2) The relevant times for the purposes of section 6.4(1) (a) are:
  - (a) in relation to the condition in section 6.6(5) – three business days after the end of the Offer Period; and
  - (b) in relation to all other conditions in section 6.6 – the end of the Offer Period.
- (3) By signing and returning the Acceptance Form, or otherwise accepting the Offer pursuant to section 6.3, you will be deemed to have:
  - (a) accepted the Offer (and any variation of it) in respect of all your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any) (even if the number of Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) or Medical Science Directors Share Options (if any) specified on the Acceptance Form differs from the number of your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) or Medical Science Directors Share Options (if any));
  - (b) agreed to transfer to VentureAcess Group all your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any), subject to this Offer being declared free from the conditions set out in section 6.6 (or such condition being fulfilled);
  - (c) represented and warranted to VentureAcess Group that at the time of acceptance, and the time the transfer of your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any) to VentureAcess Group is registered, all your Medical Science Ordinary Shares are and

will be fully paid up, and VentureAcess Group will acquire good title and full beneficial ownership of them, your Medical Science 2009 Share Options and your Medical Science Directors Share Options free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and adverse interests of any nature and restrictions on transfer of any kind, and that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in those Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any) to VentureAcess Group;

- (d) irrevocably authorised VentureAcess Group (or any nominee or nominees of VentureAcess Group) as your attorney to exercise all your powers and rights attaching to your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any). This includes, without limitation, powers and rights to requisition, convene, attend and vote in person or by proxy at all general meetings of Medical Science from the time the contract resulting from your acceptance of this offer becomes unconditional, to the earlier of the withdrawal of your acceptance under section 650E of the Corporations Act or the end of the Offer Period or, if all the conditions of the Offer have been satisfied or waived, the registration of VentureAcess Group as the holder of those Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any);
  - (e) agreed that in exercising the powers conferred by the power of attorney in section 6.4(3)(d) above, VentureAcess Group or its nominee is entitled to act in the interest of VentureAcess Group;
  - (f) agreed not to attend or vote in person at any general meeting of Medical Science, or to exercise or purport to exercise any of the powers conferred on VentureAcess Group or its nominee in section 6.4(3)(d) above;
  - (g) irrevocably authorised VentureAcess Group (or any nominee or nominees of VentureAcess Group) to alter the Acceptance Form by rectifying any errors in or omissions from it as may be necessary to make it an effective acceptance of this Offer or to enable registration of the transfer of your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any) to VentureAcess Group;
  - (h) irrevocably authorised and directed Medical Science to pay to VentureAcess Group, or to account to VentureAcess Group for, all Rights in respect of your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any). If this Offer is withdrawn or rescinded, VentureAcess Group will account to you for any such Rights received by VentureAcess Group;
  - (i) irrevocably authorised VentureAcess Group to notify Medical Science on your behalf that your place of address for the purpose of serving notices upon you in respect of your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any) is the address specified by VentureAcess Group in the notification;
  - (j) agreed, subject to the conditions of this Offer in section 6.6 being satisfied or waived, to execute all such documents, transfers and assurances as may be necessary or desirable to convey your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any) registered in your name and distributions to VentureAcess Group.
- (4) VentureAcess Group may, at any time, in its sole discretion and without further communication to you, determine that any Acceptance Form it receives is a valid acceptance, even if one or more of the requirements for acceptance has not been complied with.
  - (5) VentureAcess Group will provide the consideration to you in accordance with section 6.5, in respect of any part of an acceptance determined by VentureAcess Group to be valid.

- (6) When you have satisfied the requirements for acceptance in respect of only some of your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any), VentureAcess Group may, in its sole discretion, regard the Offer to be accepted in respect of those Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options but not the remainder.
- (7) The representations, warranties and authorities referred to in section 6.4(3) will remain in force after you receive the consideration for your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options and after VentureAcess Group becomes registered as the holder of your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options.

#### **6.5 When you will receive your consideration**

- (1) Subject to this section 6.5 and the Corporations Act, if you have accepted this Offer and the contract resulting from your acceptance becomes unconditional, VentureAcess Group will provide the consideration (as set out in section 6.1) to you on or before the earlier of:
  - (a) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after the takeover contract resulting from your acceptance of the Offer becomes unconditional; and
  - (b) 21 days after the end of the Offer Period.
- (2) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
  - (a) if that document is delivered with your acceptance, VentureAcess Group will provide the consideration in accordance with section 6.5(1);
  - (b) if that document is given after acceptance and before the end of the Offer Period, while this Offer is subject to a defeating condition, VentureAcess Group will provide the consideration to you by the earlier of:
    - (i) one month after this Offer becomes unconditional; and
    - (ii) 21 days after the end of the Offer Period;
  - (c) if that document is delivered after acceptance and before the end of the Offer Period, while this Offer is not subject to a defeating condition, VentureAcess Group will provide the consideration due to you for your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options by the earlier of:
    - (i) one month after that document is delivered; and
    - (ii) 21 days after the end of the Offer Period; and
  - (d) if that document is given after the end of the Offer Period, VentureAcess Group will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the takeover contract is still subject to a defeating condition that relates to a circumstance or event referred to in subsection 652C(1) or (2) of the Corporations Act, VentureAcess Group will provide the consideration due to you for your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options (if any) within 21 days after the Offer becomes unconditional.
- (3) If you accept this Offer, VentureAcess Group is entitled to all Rights in respect of your Medical Science Ordinary Shares, Medical Science 2009 Share Options (if any) and Medical Science Directors Share Options (if any). VentureAcess Group may require you to provide all documents necessary to vest title to those Rights in VentureAcess Group, or otherwise to give it the benefit or value of those Rights. If you do not do so, or if you have received the benefit of those Rights, VentureAcess Group will be entitled to deduct from the consideration

otherwise due to you the amount (or value, as reasonably assessed by VentureAcess Group) of those Rights.

- (4) The share and option certificates issued by VentureAcess Group in payment of the consideration to which you are entitled will be made sent to you, at your risk, by ordinary mail (or in the case of overseas shareholders, by airmail) to your address as shown on the Acceptance Form or such other address as you may notify to VentureAcess Group in writing before dispatch.
- (5) If, at the time you accept this Offer, you are a resident in, or a resident of, a place outside Australia to which the Banking (Foreign Regulations) apply you will not be entitled to receive any consideration for your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options until all requisite authorities or clearances of the Reserve Bank of Australia or of the Australian Taxation Office have been received by VentureAcess Group.

## 6.6 Conditions of the Offer

Subject to section 6.7, the completion of the Offer and any contract that results from an acceptance of the Offer, are subject to the fulfilment of the conditions set out below.

### (1) No Regulatory Action

Between the Lodgement Date and the end of the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by any government, governmental agency, court or public authority;
- (b) no action or investigation is announced, commenced or threatened by any government, governmental agency, court or public authority; and
- (c) no application is made to any government, governmental agency, court or public authority (other than by VentureAcess Group or any associate of VentureAcess Group), in consequence of or in connection with the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or otherwise materially adversely impacts upon the making of the Offer or the completion of any transaction contemplated by the Offer and this Bidder's Statement (whether subject to conditions or not and including full, lawful and effectual implementation of the intentions set out in section 4 of this Bidder's Statement) or the rights of VentureAcess Group in respect of Medical Science and the Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options to be acquired under the Offer, or requires the divestiture by VentureAcess Group of any Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options, or the divestiture of any assets of Medical Science or of VentureAcess Group or otherwise.

### (2) Financial Conditions

The Target's Statement containing a statement (Financial Confirmation) expressed to be made with the approval of the directors of Medical Science, which confirms, after due enquiry, each of the matters set out below, and the Financial Confirmation not being materially varied, revoked or qualified (whether in any supplementary Target's Statement or otherwise) prior to the close of the Offer:

- (a) for each of the financial years ended 30 June 2006 and 30 June 2007:
  - (i) the consolidated earnings of Medical Science (as set out in the company's audited financial statements) before interest and tax do not include any non-recurring revenue items or exclude any recurring expense items exceeding \$20,000 individually or \$100,000 in aggregate;

- (ii) no rationalisation or restructuring provisions have been applied towards the satisfaction of any recurring expenses;
- (b) in relation to the financial year ended 30 June 2007:
  - (i) the levels of consolidated inventories, debtors and trade creditors at 30 June 2007 reflected the ordinary course of the company's ordinary business and are not materially different from those of the preceding 12 months;
  - (ii) the consolidated net amount of current assets less liabilities (excluding borrowings) is not more than a liability of \$1,200,000; and
  - (iii) there are no liabilities for taxation (of any description existing or arising out of Medical Science becoming a wholly owned subsidiary of VentureAxess Group), environmental, defamation or any other claims, obligations or commitments exceeding \$100,000 or any off balance sheet liabilities exceeding \$100,000 which were not disclosed in the 2007 annual financial statements;

**(3) Material adverse change of Medical Science**

Before the end of the Offer Period, there not having occurred, been announced or becoming known to VentureAxess Group (whether or not becoming public) any event, change or condition that has had, or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Medical Science or any of its subsidiaries, taken as a whole, since 30 June 2007 except for any event, change or condition that may arise as a consequence of the announcement of consummation of the Offer), including where it becomes known to VentureAxess Group that information publicly filed by Medical Science or any of its subsidiaries is, or is likely to be, incomplete, incorrect or untrue or misleading.

Before the end of the Offer Period, there being:

- (a) no acquisitions, or partial acquisitions, of companies, businesses or assets over \$100,000 or disposals of all or any part of or interest in business or assets of Medical Science with a value of over \$100,000 having been made since 1 July 2007;
- (b) no financial obligations being incurred exceeding \$100,000 since 1 July 2007 which would have the effect of increasing Medical Science's interest bearing indebtedness beyond that level shown in the financial statements for the year ended 30 June 2007;
- (c) no dividends being paid since 1 July 2007.

**(4) No Prescribed Occurrences**

During the period from the Announcement Date to the date 3 business days after the end of the Offer Period, none of the occurrences listed in Annexure B (being the occurrences listed in section 652C of the Corporations Act) happen other than an issue of Medical Science Ordinary Shares, Medical Science 2009 Share Options or Medical Science Directors Share Options in the circumstances referred to in clause 6.1(5)(b).

**(5) Minimum Acceptance**

During, or at the end of the Offer Period, VentureAcess Group and its associates have relevant interests in at least 90% of the Medical Science Ordinary Shares.

**(6) Confirmation of Capital Structure**

The Target's Statement containing a statement (Capital Confirmation) expressed to be made with the approval of the directors of Medical Science, which confirms, after due enquiry, each of the matters set out below, and the Capital Confirmation not being materially varied, revoked or qualified (whether in any supplementary Target's Statement or otherwise) prior to the close of the Offer:

- (a) that the number of securities in Medical Science is:
  - 68,634,295 fully paid ordinary shares
  - 17,023,606 shares under option at exercise price of 20¢ each. These options expire on the 31<sup>st</sup> December 2009
  - 1,259,169 shares under option to Directors (and former directors), of which 594,782 are exercisable at 10¢, 306,260 are exercisable at 15¢ and 358,127 which are exercisable at 16¢ at various dates up to 30 June 2011
  - \$165,000 in Loan Notes which convert to 1,320,000 fully paid Medical Science ordinary shares on the company seeking a listing on a stock market
- (b) other than the options and Loan Notes set out in clause 6.6(6)(a) above there are no convertible securities or options to subscribe for Medical Science Ordinary Shares or any other class of share in Medical Science or any other arrangements, agreements or undertakings which have, or which may have, the effect of increasing the number of shares in Medical Science above that as set out in clause 6.6(6)(a).

**6.7 Nature and benefit of conditions**

- (1) The conditions in clause 6.6 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in section 6.6(4), until three business days after the end of the Offer Period), prevent a contract to sell your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options from arising, but entitles VentureAcess Group by written notice to you, to rescind the contract resulting from your acceptance of this Offer.
- (2) Subject to the Corporations Act, VentureAcess Group alone is entitled to the benefit of the conditions in clause 6.6, or to rely on any non-fulfilment of any of them.
- (3) Each condition in clause 6.6 is a separate, several and distinct condition.

**6.8 Freeing Offer of conditions**

- (1) VentureAcess Group may free this Offer and any contract resulting from acceptance from all or any of the conditions in section 6.6 generally or in relation to any specific occurrence by giving notice in writing to Medical Science declaring this Offer to be free from the relevant condition or conditions specified in accordance with section 650F of the Corporations Act. This notice may be given:
  - (a) in the case of the condition in section 6.6(4) – not less than three business days after the end of the Offer Period; and
  - (b) in the case of the other conditions in section 6.6 – not less than 7 days before the end of the Offer Period.

- (2) If, at the end of the Offer Period (or in the case of the conditions in section 6.6(4), within three business days after the end of the Offer Period), the conditions in section 6.6 have not been fulfilled and VentureAxess Group has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

#### **6.9 Notice on the status of conditions**

The date for giving the notice on the status of the conditions referred to in section 6.8 required by section 630(1) of the Corporations Act is 12 October 2008 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

#### **6.10 Withdrawal of Offer**

- (1) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If so, VentureAxess Group will give notice of the withdrawal to Medical Science and will comply with any other conditions imposed by ASIC.
- (2) If this Offer is withdrawn, all contracts arising from its acceptance become void.

#### **6.11 Variation of Offer**

VentureAxess Group reserves the right to vary this Offer in accordance with the Corporations Act.

#### **6.12 No stamp duty or brokerage**

VentureAxess Group will pay any stamp duty or brokerage charges, if any, payable on the transfer of your Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options to it.

#### **6.13 Governing law**

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in New South Wales.



## 7. CORPORATE GOVERNANCE

VentureAcess Group has adopted the following corporate governance policies, in accordance with the Guidelines published by the ASX Corporate Governance Council in March 2003.

### **Lay solid foundations for management and oversight by the Board**

The major roles adopted by the Board of Directors of VentureAcess Group to fulfil its responsibilities to Shareholders and the community are:

- Set the strategic direction of VentureAcess Group;
- Monitor financial outcomes and the integrity of reporting, in particular, approve annual budgets and longer-term strategic and business plans;
- Ensure that effective audit, risk management and compliance systems are in place to protect VentureAcess Group's assets and to minimise the possibility of VentureAcess Group operating beyond legal requirements or beyond acceptable risk parameters;
- Monitor compliance with regulatory requirements and ethical standards;
- Ensure clear alignment between the needs and requirements of key stakeholder groups (ie. investee companies, shareholders and communities) and the objectives and values of VentureAcess Group; and
- Provide effective and timely reporting to Shareholders.

### **Structure the Board to add value**

The Board determines Board size and composition, subject to limits imposed by VentureAcess Group's Constitution. The Constitution provides for a minimum of three Directors. For the time being, the Board has determined that there shall be five Directors, two of whom are independent non-executive Directors.

### **Promote ethical and responsible decision making**

VentureAcess Group wishes to conduct all its business ethically and responsibly. It has policies on share trading by Directors and on conflicts of interest. It has a Code of Conduct, which applies to Directors as well as any consultants or associates.

Equally important is the encouragement of ethical conduct, not only by edict, but also by example from all involved in VentureAcess Group. It is the Board's objective that all dealings with others should be conducted honestly, fairly, diligently and in accordance with all applicable laws. Any departure from such practice is treated very seriously.

### **Safeguard integrity in financial reporting**

In view of the Board's size and to ensure that the appropriate mix of experience is available, it has established an Audit Committee, which comprises two members of the Board.

The minutes of each Committee meeting are reviewed at the subsequent meeting of the Board and the Chairman of the Committee reports on the Committee's conclusions and recommendations. The Committee will meet at least twice during the year.

The role and responsibilities of the Audit Committee include:

- Reviewing any annual audit plan with the external auditor;
- Reviewing and approving any internal audit requirements, ensuring appropriate coverage of significant business risks;
- Reviewing VentureAcess Group's accounting and financial reporting practices, including the effect of changes in accounting standards and practices and corporate legislation;
- Reviewing significant transactions which are not a normal part of the business of VentureAcess Group;
- Reviewing half-year and full-year accounts;
- Receiving and approving significant Company audit reports;
- Reviewing the performance of the external auditor and proposing changes where considered necessary;

- Receiving and reviewing reports on VentureAcess Group's risk management activities; and
- Considering any other financial matters of VentureAcess Group which the Audit Committee or the Board determines is desirable.

### **Respect the rights of Shareholders**

VentureAcess Group endeavours to keep its Shareholders fully informed of matters likely to be of interest to them. It does this through:

- Annual and Half-Yearly Reports;
- Shareholder briefing meetings at various interstate locations;
- Conformance with the continuous disclosure regime; and
- Website updates.

At the Annual General Meeting, the Chairman encourages questions and comments from Shareholders and seeks to ensure the Meeting is managed to give the maximum number of Shareholders an opportunity to participate. The Chairman also travels from State-to-State at least twice a year to address shareholders and provide information on the activities and performance of VentureAcess Group.

The external auditor is invited to attend VentureAcess Group's Annual General Meeting and is available to respond to questions about the conduct of the audit and the preparation and content of the Audit Report.

### **Remunerate fairly and responsibly**

The Board is charged with considering, among other things, remuneration policies and packages applicable to its members. In the case of remuneration of Directors the Board takes counsel from third party advisers in order to avoid any conflict of interest.

### **Board Composition**

The Board will comprise both executive and non-executive independent Directors, initially with three executive and two non-executive independent Directors.

The full Board is responsible for setting the strategic direction of VentureAcess Group within the context of the aim to increase shareholder value. Its responsibilities include:

- reviewing VentureAcess Group's long term goals and strategic plans to achieve these goals.
- reviewing and approving annual budgets and VentureAcess Group's statutory reporting.
- monitoring the effective and responsible conduct of the business.
- ensuring that risk management practices are in place to protect shareholder value as represented by VentureAcess Group's assets.
- establishing the criteria for Board membership, reviewing its composition and identifying and nominating Directors.

### **Independent professional advice**

In fulfilling their duties, the Directors may obtain independent professional advice at VentureAcess Group's expense.

### **Remuneration Committee**

The Remuneration Committee will consist of the Chairman and the two non-executive Directors. The Chairman will on a regular basis, but at least annually, establish with third party advisers the market rate for executive and non-executive independent Directors of similarly sized NSX listed companies. The Chairman will make recommendations to the Remuneration Committee based on this information, and the Committee (excluding the Chairman in relation to his remuneration) will approve, or otherwise, taking into account the historic and prospective performance of VentureAcess Group.

## 8. RISK FACTORS

The business activities of VentureAxess Group are subject to risks which may adversely impact on its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but many are outside the control of VentureAxess Group and cannot be mitigated. There are also general risks associated with any investment. Investors should carefully consider all of these risks and uncertainties before they decide whether to become shareholders in VentureAxess Group. In addition, investors should seek their own professional advice in relation to the risks associated with an investment in VentureAxess Group and should make their own assessment as to whether to invest.

### 8.1 Ongoing Monitoring and Guidance

Regard should be given to the stage of VentureAxess Group's business development and uncertainty surrounding the nature and extent of the growth of VentureAxess Group.

In addition, potential investors should be aware that the value of VentureAxess Group shares may rise and fall depending on a range of factors that affect the market price. These include; local, regional, and global economic conditions and sentiment towards equity markets in general. The shares issued to investors carry no guarantee with respect to the profitability, the payment of dividends, return of capital or the price at which the shares may be sold.

VentureAxess Group seeks to reduce this risk by seeking income from a broad range of activities and a broad range of clients.

### 8.2 Operating History

VentureAxess Group commenced operations in 2001 as VentureAxess Pty Ltd which acquired TechStart Fund Managers Pty Ltd (since renamed VentureAxess Fund Managers Limited) in the second half of 2003. VentureAxess Fund Managers have been the Fund Manager for Add Venture Capital Limited (since renamed Medical Science Australia Limited) since its formation as a Pooled Development Fund in 2000. In 2005 VentureAxess Fund Managers Limited was acquired by VentureAxess Limited, which was itself acquired by the NSX listed Jab Technologies Limited (since renamed VentureAxess Group Limited) in November 2007. Accordingly, investors can only evaluate VentureAxess Group's business based on a limited operating history. Investors should consider VentureAxess Group's prospects for revenue growth in light of the risks, expenses and difficulties typically encountered by companies in their early stages of operation. While VentureAxess Group has experienced growth since commencing operations, there can be no assurance that this growth will continue or that VentureAxess Group will operate profitably in the future.

### 8.3 Management of Growth

Implementation of VentureAxess Group's growth strategies is likely to require additional staffing, management, operations and systems resources. There is also the risk that it may not be able to deploy suitable resources (including staff) to take advantage of the growth opportunities to the extent expected within expected time frames.

### 8.4 Uncertainty of Future Capital Needs and Additional Funding

The Merged Group will require additional funding, both for working capital and for investee companies. If VentureAxess Group is not successful in raising capital it may affect VentureAxess Group's ability to meet all its objectives. The future capital requirements of VentureAxess Group will depend on many factors, including the pace and magnitude of its own development and of its investee businesses. VentureAxess Group believes that it is well positioned to raise any additional funding required, but there can be no assurance that such additional financing will be available on acceptable terms or at all.

### 8.5 Specific Risks

- VentureAxess Group is dependant upon its Directors and key consultants. There is a risk should these individuals change.
- Whilst VentureAxess Group will not directly be subject to any technology risk the returns on its investments will be partly determined by how successfully its investee companies deal with

technological risk. Many of the outcomes of the research and development undertaken by the investee companies will be unknown at the time of investment by VentureAcess Group. Funding from the Merged Group will allow investee companies to test and further develop their new technologies.

- The commercialisation risk for new technologies is high.
- The level of distributions is not only dependent on being profitable but also on successful exits and realisations from the VentureAcess Group investee portfolio. There is a risk that these may not occur as planned. Further, distributions are likely to be of irregular frequency and the specific timing of such distributions cannot be predicted at this time.
- Strategies, plans, policies, intentions and expectations outlined in this Bidder's Statement may change.

#### **8.6 Other Business Risks**

The Directors of VentureAcess Group have attempted to address relevant risks. However, there are other factors, which are not specific to the Merged Group, which may impact on the business including:

- Government policies including but not limited to economic and taxation policies;
- Foreign exchange rates;
- Interest rate changes;
- Inflation rate changes;
- Business confidence and consumer sentiment;
- The state of the world stock markets;
- The state of the Australian economy and global economies;
- The labour market in Australia;
- The levels of protection against imports; and
- The inability of investee companies to achieve their goals regardless of the factors outlined above.

## 9. TAXATION CONSIDERATIONS

### 9.1 General Outline Only

The following is a general outline of the main Australian income tax consequences for an Australian resident individual Medical Science Shareholder who disposes of Medical Science shares by accepting the Offer.

The outline does not take into account or anticipate changes in the law (by legislation or judicial decision) or practice (by ruling or otherwise). The outline is also not exhaustive of all income tax consideration which would apply in the circumstances of any given Medical Science Shareholder. In particular special rules apply to certain shareholders (such as persons not resident in Australia for income tax purposes, insurance companies, superannuation funds, banks, employees of Medical Science or its associated companies who acquire their Medical Science Ordinary Shares in respect of their employment and those Medical Science Shareholders who hold their Medical Science Ordinary Shares on revenue account, such as those Medical Science shareholders who trade in shares or hold Medical Science Ordinary Shares as trading stock) which are not covered by this outline.

All Medical Science Shareholders, and particularly those shareholders not covered by this outline as noted above (eg. non-resident shareholders), should consult their own tax advisers regarding the Australian and, if applicable, foreign income tax consequences of disposing of Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options given the particular circumstances which apply to them.

### 9.2 Capital Gain or loss

The sale of Medical Science Ordinary Shares pursuant to the Offer will involve the disposal by Medical Science Shareholders of their Medical Science Ordinary Shares by way of transfer to VentureAcess Group. This change in ownership of the Medical Science Ordinary Shares will constitute a Capital Gains Tax event for Australian income tax purposes.

Medical Science Shareholders (who are Australian residents) may make a capital gain or incur a capital loss in respect of the sale of their Medical Science Shares.

A capital gain will arise to the extent the capital proceeds from the disposal of Medical Science Ordinary Shares (being the notional gain received by the Medical Science Shareholder under the Offer) exceed the cost base (or, in some cases discussed below, the indexed cost base) of the Medical Science Ordinary Shares. However, as this is a paper-for-paper transaction you may be able to defer the payment of Capital Gains Tax until your gain is crystallised.

A capital loss will be incurred to the extent the capital proceeds are less than the cost base of the Medical Science Ordinary Shares.

The capital gains and capital losses of an individual taxpayer from all Capital Gains Tax events are aggregated to determine whether there is a net capital gain or net capital loss in any given tax year. A net capital gain may be discounted (as discussed below). Any net capital gain, after applicable discounts, is included in the assessable income of the individual taxpayer and may be subject to income tax. Net capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains.

Individuals, trustees of complying superannuation entities or trustees of trust who do not make the indexation election referred to above may be entitled to discount the amount of their net capital gain from the disposal of Medical Science Ordinary Shares by:

- (i) 50% in the case if individuals and trustees of trusts (other than a trust that is a complying superannuation entity); or
- (ii) 33 1/3% for trustees of complying superannuation entities.

Medical Science Shareholders which are companies (not acting as trustees) are not entitled to any discount in respect of their net capital gains.

Whether it is better for any given Medical Science Shareholder to make the indexation election or not will depend upon the particular Medical Science Shareholder's individual circumstances, including the cost base of the Medical Science Ordinary Shares and whether the Medical Science Shareholder has any available capital losses. Medical Science Shareholders should consult their own tax advisers in this regard.

### **9.3 Transfer Taxes**

Whilst there is no stamp duty payable for the transfer of listed shares (such as VentureAxess Group Ordinary Shares), stamp duty is payable on the transfer of non listed shares such as Medical Science (in relation to this offer such stamp duty will be paid by VentureAxess Group. No GST (Goods and Services Tax) applies to the transfer of listed (such as VentureAxess Group) or unlisted shares (such as Medical Science).

## 10. OTHER MATERIAL INFORMATION

### 10.1 Introduction

There is no other information that is material to the making of the decision by a holder of Medical Science Ordinary Shares, Medical Science 2009 Share Options and/or Medical Science Directors Share Options whether to accept the Offer, which is known to VentureAcess Group, other than the following information.

### 10.2 Exclusivity Agreement

There is no pre-bid agreement with Medical Science or any of its shareholders.

### 10.3 Due Diligence

At the date of this Bidder's Statement, VentureAcess Group has not conducted a detailed due diligence investigation of Medical Science.

### 10.4 Date for determining holders of Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Record Date.

### 10.5 Incorporation

VentureAcess Group was incorporated under its former name of Union Technologies Limited in Queensland on 11 May 1999. It changed its name to VentureAcess Group Limited on 1 November 2007. VentureAcess Group changed its registered office to Suite 303, 20 Bungan Street, Mona Vale NSW 2103 on 28 May 2007.

### 10.6 Constitution

Immediately after issue and allotment, the Shares will be fully paid Shares. There will be no liability on the part of shareholders for any calls and the Shares will rank pari passu with Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in VentureAcess Group's Constitution and the Corporations Act. A copy of the constitution can be inspected during office hours at the registered office of VentureAcess Group.

The detailed provisions relating to the rights attaching to Shares under the constitution and the Corporations Act are summarised below:

Each Share will confer on its holder:

- the right to receive notice of and to attend general meetings of VentureAcess Group and to receive all financial statements, notices and other documents required to be sent to them under the constitution, the Corporations Act and the NSX Listing Rules;
- the right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- in a winding up, subject to priority given to holders of Shares that have not been classified by NSX as "restricted securities" and the rights of a liquidator to distribute surplus assets of VentureAcess Group with the consent of members by special resolution:
  - (a) where the assets available for distribution are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the

right to receive a proportion of the excess according to the capital paid up by the shareholder at the commencement of the winding up; or

- (b) where the assets available for distribution are insufficient to repay the whole of the paid up capital, the burden of bearing the loss is in proportion to the capital paid up by the shareholder at the commencement of the winding up.

Subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of shareholders in general meeting by special resolution.

The constitution of VentureAcess Group is to be interpreted subject to the Corporations Act and, while VentureAcess Group is an NSX listed company, the NSX Listing Rules. VentureAcess Group and the Directors must, notwithstanding any contrary provision in the constitution, comply with the obligations imposed on them under the Corporations Act and while VentureAcess Group is an NSX listed company, the NSX Listing Rules.

### 10.7 Consents

Each of the parties referred to in this section:

- does not make, or purport to make, any statement in this Bidder's Statement other than those (if any) referred to in this section; and
- to the maximum extent permitted by Law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and (if applicable) a statement included in this Bidder's Statement with the consent of that party as specified in this section.

This Bidder's Statement includes statements made by or based on statements made by VentureAcess Group. VentureAcess Group has consented to the inclusion of the statements it has made in the form and context in which they are included and as at the date of this Bidder's Statement, has not withdrawn its consent.

In addition, this Bidder's Statement contains statements made or based on statements made in documents lodged with ASIC or NSX. The terms of ASIC Class Order 01/1543 allow such statements to be included without the consent of the parties who made them. Medical Science Shareholders may obtain copies of these documents (free of charge) during the Offer Period by calling VentureAcess Group on (02) 9999 0720<sup>1</sup>. Medical Science Shareholders should note that the directors of VentureAcess Group have assumed, for the purposes of preparing this Bidder's Statement that the information contained in the documents lodged with ASIC are accurate. However, the directors do not take responsibility for the content of these documents and are not to be taken as endorsing, in any way, any or all statements contained in such documents, except to the extent required by law.

### 10.8 Interests of Directors and Promoters

Generally other than set out below or elsewhere in this Offer:

- No Director or proposed Director of VentureAcess Group and no firm in which a Director of VentureAcess Group is or was at the relevant time a partner has, or has had in the 2 years before lodgement of this Offer, any interest in the promotion of, or in any property proposed to be acquired by, VentureAcess Group;
- No amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of VentureAcess Group (or any firm in which he or she is or was a partner) either to induce him or her to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of VentureAcess Group.

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<sup>1</sup> The Corporations Act 2001 makes it compulsory for all calls made to or received by the Offer information lines to be recorded, indexed and stored.



As at 14 August 2008, or date of resignation, the beneficial interests of the Directors in the shares and options of VentureAcess Group are:

VentureAcess Group Limited		
	Ordinary Shares (Fully Paid)	Options over Ordinary Shares
Geoff Mullins	2,236,442	1,913,023
Karalyn Day	884,350	486,977
Emyr Jones	1,824,708	1,720,000
Trevor Nink	-	-
Richard Green	-	-

Mr Mullins, Ms Day and Mr Jones are also interested in 5,700,000 Ordinary Shares and 3,000,000 Share Options in VentureAcess Group held by VA Holdings Pty Ltd, a company in which they have a controlling interest. Messrs Mullins, Jones and Nink have non-beneficial interests in 11,360,953 ordinary shares and 7,272,487 Share Options in VentureAcess Group as a result of being Directors of Medical Science

### 10.9 Directors' Remuneration

The Company's Constitution provides that Directors may be paid by way of remuneration for their services as Director such sums as determined by the Company at general meetings from time to time.

In the normal course of business, the Directors are entitled to be reimbursed for reasonable travelling, hotel and other expenses incurred by them in the performance of their duties as Directors.

Shareholders of VentureAcess Group at the next Annual General Meeting of the Company will be asked to approve that total fees payable to Directors not exceed \$200,000 divided amongst the Directors as agreed. Once approved, this total remuneration must not be increased except pursuant to a resolution passed at a general meeting. A non-Executive Director may not be paid a commission or percentage of operating revenue.

### 10.10 Rights attaching to Shares

New Shares allotted and issued will rank equally in all respects with existing shares. The rights attaching to these shares will be governed by VentureAcess Group's Constitution and the Corporations Act 2001. Copies of VentureAcess Group's Constitution are available for inspection during business hours at its registered office. The clauses of the Constitution contain the internal rules of VentureAcess Group defining matters such as the rights, duties and powers of its shareholders and directors.

### 10.11 Rights Attaching To Options

Each 2009 Share Option in VentureAcess Group entitles the holder to subscribe for one VentureAcess Group ordinary share upon exercise by notice in writing and payment of the exercise price, during the exercise period;

The exercise price of each option is 20¢;

The exercise period of the options is from the date VentureAcess Group issues the options to 5.00pm (EST) on 31 December 2009;

An option will not confer an entitlement to receive a dividend declared or paid by VentureAcess Group, or an entitlement to vote at a general meeting of VentureAcess Group nor will it confer an entitlement to participate in any pro rata or entitlement offer of securities to VentureAcess Group shareholders;

Subject to VentureAcess Group's Constitution, each ordinary share issued pursuant to the exercise of an option will rank equally in all respects with other issued ordinary shares;

VentureAcess Group will apply to the NSX for official quotation of the options on their issue and will apply to the NSX for official quotation of the shares issued upon exercise of options within the time period required by the Listing Rules;

The options will be freely transferable;

Any option not exercised before the end of the exercise period will lapse at the end of the exercise period;

All options may be exercised if a takeover bid (as defined in the Corporations Act) is made for VentureAcess Group shares;

In the event of a reorganisation or reconstruction of the capital of VentureAcess Group, the rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reorganisation or reconstruction of capital at the time of the reorganisation or reconstruction.

If VentureAcess Group makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to this formula:

$$A = \frac{O - E \{P - (S + D)\}}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of NSX during the 5 trading days ending on the day before the ex rights date or ex entitlement date (excluding special crossings or overnight sales);

S = the subscription price for an ordinary share under the pro rata issue;

D = any dividend due but not yet paid on each ordinary share at the relevant time (except those to be issued under the pro rata issue); and

N = the number of ordinary shares that must be held to entitle holders to receive a right to one new ordinary share in the pro rata issue.

If there is a bonus issue to the holders of ordinary shares in the capital of VentureAcess Group the number of ordinary shares over which an option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date of the bonus issue.

Option holders appearing on VentureAcess Group's register of option holders at the relevant date will be entitled to receive and will be sent all reports and accounts required to be laid before shareholders in general meetings and all notices of general meetings and will have the right to attend but shall have no right to vote at that meeting.

## **10.12 Shares**

The issue of shares in the capital of VentureAcess Group and options over its unissued shares is under the control of the directors, subject to the NSX Listing Rules and the Corporations Act 2001, and any rights attached to any special class of shares.

## **10.13 Transfer of Shares**

The directors may refuse to register a transfer of shares in the circumstances identified in the Constitution or as otherwise permitted or required under the Corporations Act 2001. Other than as provided in the Constitution, the Corporations Act 2001 and any other laws, shares in VentureAcess Group are freely transferable.

## **10.14 Voting**

Each shareholder of VentureAcess Group is entitled to receive notice of, attend and vote at a general meeting, whether by proxy, attorney or representative. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands, each eligible voter present or a proxy, attorney or representative of an eligible voter has one vote. However, where a person present at a

general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member, whether by proxy, attorney or representative has one vote for each share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

#### **10.15 Dividends**

The directors may from time to time determine to distribute the profits of VentureAcess Group by way of dividend. Subject to the rights of holders issued with any special or preferential rights (at present there are none), the dividend will be declared and paid to shareholders so entitled to those dividends in proportion to the shares held by them.

#### **10.16 Meetings of Members**

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by section 249D of the Corporations Act 2001. The constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. VentureAcess Group holds annual general meetings in accordance with the Corporations Act 2001.

#### **10.17 Governing Law and Jurisdiction**

The agreement between us arising out of your irrevocable acceptance of the terms of the Offer shall be governed by the laws of New South Wales, Australia. If you accept the Offer you will be and remain obliged to submit to the non-exclusive jurisdiction and determination of the courts of the State of New South Wales.

#### **10.18 Expenses of the Offer**

All expenses connected with the Offer are being borne by VentureAcess Group.

#### **10.19 Documents Available for Inspection**

The following documents are available for inspection at the offices of VentureAcess Group during business hours:

- VentureAcess Group's annual report for the year ending 30 June 2007;
- VentureAcess Group's Constitution;
- The Management Contract between the VentureAcess Fund Managers Limited and Medical Science; and
- VentureAcess Group's Share Register

#### **10.21 Material Contract**

The Management Contract between the Fund Manager and Medical Science has been identified as material and relevant to an investor. To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and any summary contained herein should be read in that light.

#### **10.22 Litigation**

As at the date of this Bidder's Statement, there is no litigation of any nature pending or threatened which may significantly affect the operations of VentureAcess Group. Having regard to the nature of VentureAcess Group's business, it may be involved in litigation from time to time.

#### **10.23 Directors' Indemnity and Insurance**

VentureAcess Group has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of VentureAcess Group. VentureAcess Group also maintains in favour of each officer a directors' and officers' policy of insurance for the period that they are an officer and for a period of 7 years after the officer ceases to be an officer of VentureAcess Group.

#### **10.24 Deed of access**

VentureAcess Group has agreed to provide access to the books and records of VentureAcess Group to the current officers of VentureAcess Group while they are officers and for a period of 7 years from when they cease to be officers.

#### **10.25 Interests Of Experts And Advisers**

Other than as set out in this Prospectus, no expert, promoter, or any person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement, nor any firm in which any of those persons is or was a partner has, or has had in the 2 year period ending on the date of this Bidder's Statement, any interest in:

the formation or promotion of VentureAcess Group;

property acquired or proposed to be acquired by VentureAcess Group in connection with its formation or promotion or the Issue under this Bidder's Statement,

and no amounts, whether in cash or shares or otherwise, have been paid, or agreed to be paid, to any expert, promoter or any other person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement, nor any firm in which any of those persons is or was a Partner, in the 2 year period ending on the date of this Bidder's Statement for services rendered by that person in connection with the promotion or formation of VentureAcess Group or the offer of securities.

#### **10.26 Directors' Statement**

For the purpose of Section 731 of the Corporations Act, the Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that the statements by the Directors in this Bidder's Statement are true and not misleading and that, in respect of statements made in the Bidder's Statement by persons other than the Director's, the Directors have made reasonable enquiries and have reasonable grounds to believe that the persons making the statement or statements were competent to make such statement, or statements, and that those persons who are experts have given the consent required by Section 716(2) of the Corporations Act to the issue of the Bidder's Statement and have not withdrawn that consent before lodgement of the Bidder's Statement with the Australian Securities & Investments Commission.

In the Directors' opinion VentureAcess Group will have sufficient working capital to carry out its stated objectives in the short term but the Company will seek to raise additional capital within the next twelve months to further its plans for growth and development..

The Directors report that, in their opinion, since the date of the auditor reviewed financial statements for the half year to 31 December 2007, no circumstances have arisen that materially affect or will materially affect the profitability of VentureAcess Group or the value of VentureAcess Group's assets and liabilities, except as disclosed in this Bidder's Statement or to the NSX.

#### **10.27 Notices**

Any notice to be given relating to the Offer or your acceptance of the Offer may be sent:

- (a) by delivery to the address of the party to whom the notice is sent and is deemed to be given on delivery; or
- (b) by facsimile to the facsimile number of the party to whom the notice is sent and is deemed to be given upon the successful transmission to that facsimile number.

## 11. DEFINITIONS AND INTERPRETATIONS

### 11.1 Definitions

In this Bidder's Statement and in the Acceptance form, the following terms have these meanings unless the contrary intention appears or the context otherwise requires.

**"Acceptance Form"** means the acceptance form enclosed with this Bidder's Statement which forms part of the Offer.

**"ASIC"** means the Australian Securities & Investments Commission.

**"ASX"** means Australian Stock Exchange Limited.

**"Bidder's Statement"** means this document and each schedule and annexure to it.

**"Closing Date"** means 3 October 2008, unless the Offer is extended.

**"Corporations Act"** means the *Corporations Act* 2001.

**"Directors"** means the directors of VentureAcess Group.

**"Fund Manager"** means VentureAcess Fund Managers Limited ABN 63 088 006 106.

**"Going Concern"** means the idea that a company will continue to operate indefinitely and will not go out of business and liquidate its assets. For this to happen VentureAcess Group must be able to generate and/or raise enough resources to stay operational.

**"IPO"** means Initial Public Offering. The first sale of a company's common shares.

**"IPO Investor"** means an individual who commits money to an IPO with the expectation of financial returns.

**"Management Contract"** means the management contract between Medical Science and VentureAcess Fund Managers

**"Medical Science"** means Medical Science Australia Limited ABN 30 085 039 818.

**"Medical Science Group"** means Medical Science and its subsidiaries.

**"Medical Science Ordinary Shares"** means fully paid ordinary shares in Medical Science.

**"Medical Science Shareholders"** means holders of Medical Science Ordinary Shares.

**"Medical Science 2009 Share Options"** means share options exercisable to acquire ordinary shares in Medical Science on or before 31 December 2009 at an exercise price of 20¢.

**"Medical Science Directors Options"** means share options issued to Directors and former Directors of Medical Science exercisable to acquire ordinary shares in Medical Science at various dates up to 31 December 2011 at exercise prices between 10¢ and 16¢.

**"Merged Group"** means the group formed should this offer be accepted meaning VentureAcess Group gains over 90% of Medical Science.

**"Offer"** means this offer by VentureAcess Group to acquire Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options as set out in Section 6 of this Bidder's Statement.

**"Offer Period"** means the period commencing on the Record Date and ending on the Closing Date;

**"Pooled Development Fund"** or **"PDF"** means a Pooled Development Fund registered under the Pooled Development Funds Act 1992.

**"Prescribed Occurrence"** means an occurrence listed in Annexure B, being the occurrences listed in Section 652C of the *Corporations Act*.

**"Record Date"** means 5pm Sydney Time Thursday 14 August 2008.

**"Rights"** means all accretions, rights or benefits of whatever kind attaching to or arising from the Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options directly or indirectly at or after the date of this Bidder's Statement including, without limitation, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Medical Science or by any Medical Science subsidiary.

**"Section"** means a section of this Bidder's Statement.

**"Target"** and **"Medical Science"** means Medical Science Australia Limited ABN 30 085 039 818.

**"Target's Statement"** means the target's statement to be issued by Medical Science in response to this Bidder's Statement in accordance with section 633(1) of the Corporations Act.

**"VentureAcess Fund Managers"** means VentureAcess Fund Managers Limited ABN 63 088 006 106

**"VentureAcess Group"** or the **"Company"** means VentureAcess Group Limited ABN 42 087 426 953.

## 11.2 Interpretation

(1) Reference to:

(a) words and phrases given a particular meaning in Chapter 6 of the Corporations Act have the same meaning in this Bidder's Statement, unless the context otherwise requires;

(b) one gender includes the others;

(c) the singular includes the plural and the plural includes the singular;

(d) a person includes a body corporate;

(e) a party includes the party's executors, administrators, successors and permitted assigns;

(f) a statute, regulation or provision of a statute or regulation ("Statutory Provision") includes:

(i) that Statutory Provision as amended or re-enacted;

(ii) a statute, regulation or provision enacted in replacement of that Statutory Provision; and

(iii) another regulation or other statutory instrument made or issued under that Statutory Provision

(g) money is to Australian dollars, unless otherwise stated.

(2) "Including" and similar expressions are not words of limitation.

(3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.

(4) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this Bidder's Statement.

## 12. APPROVAL OF THE BIDDER'S STATEMENT

This Bidder's Statement has been approved by a unanimous resolution passed by all the directors of VentureAxess Group Limited.

Dated: 14 August 2008.

A handwritten signature in black ink, appearing to read 'G Mullins', with a stylized flourish at the end.

Geoff Mullins  
Chairman  
VentureAxess Group Limited

## ANNEXURE A

### Top 20 Shareholders- VentureAxess Group Limited

VentureAxess Group Limited

Fully Paid Ordinary

Top 20 Holdings as at 13-08-2008

	Holder Name	Balance at 13-08-2008	%
1	MEDICAL SCIENCE AUSTRALIA LIMITED	11,360,953	38.194
2	V A HOLDINGS PTY LTD	5,700,000	19.162
3	MR GEOFF MULLINS	2,236,442	7.519
4	ANZ NOMINEES LIMITED <CASH INCOME A/C>	2,211,375	7.434
5	MR EMYR JONES <JONES FAMILY PSF A/C>	1,491,375	5.014
6	MS LAURIE KOBLE <KOBLE SUPER FUND A/C>	1,200,000	4.034
7	MS KARALYN DAY	884,350	2.973
8	WILLIAM OSBORNE & NONGKRAN OSBORNE	800,000	2.689
9	MR EMYR JONES	333,333	1.121
10	MS ANNE TAN SOK LANG	261,905	0.880
11	EASTLION INVESTMENT LIMITED	240,000	0.807
12	DR WENDY RELF	216,667	0.728
13	MR PENG YONG JOSEPH TAN	100,000	0.336
14	MS JENNIFER MARY MITCHELL	100,000	0.336
15	MR IAN EDWARD HARVIE	66,660	0.224
16	MR JAMES JUSTIN KING <THE KING FAMILY A/C>	51,375	0.173
17	MR IANAKI SEMERDZIEV FINDLAY & CO STOCKBROKERS (UNDERWRITERS)	50,000	0.168
18	PTY LTD	50,000	0.168
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED MR DAVID PATRICK COOK & MRS LINDA JANE COOK	47,362	0.159
20	<DP COOK SUPERANNUATION A/C>	41,661	0.140
		27,443,458	92.259
	Total ordinary shares in issue	29,745,679	



## Top 20 Optionholders- VentureAcess Group Limited

VentureAcess Group Limited

Options \$0.20 Exp. 31/12/2009

Top 20 Holdings as at 13-08-2008

	Holder Name	Balance at 13-08-2008	%
1	MEDICAL SCIENCE AUSTRALIA LIMITED	7,272,487	40.682
2	V A HOLDINGS PTY LTD	3,000,000	16.782
3	MR GEOFF MULLINS	1,913,023	10.701
4	ANZ NOMINEES LIMITED <CASH INCOME A/C>	1,195,698	6.689
5	MR EMYR JONES	1,000,000	5.594
6	MR EMYR JONES <JONES FAMILY PSF A/C>	720,000	4.028
7	MS LAURIE KOBLER <KOBLER SUPER FUND A/C>	600,000	3.356
8	MS KARALYN DAY	486,977	2.724
9	WILLIAM OSBORNE & NONGKRAN OSBORNE	400,000	2.238
10	MS ANNE TAN SOK LANG	214,286	1.199
11	EASTLION INVESTMENT LIMITED	120,000	0.671
12	DR WENDY RELF	108,334	0.606
13	MR CRAIG WILLIAMS	100,000	0.559
14	MR PENG YONG JOSEPH TAN	50,000	0.280
15	MS JENNIFER MARY MITCHELL	50,000	0.280
16	MR IAN EDWARD HARVIE	33,330	0.186
17	MR JERZY DONDZIO	25,715	0.144
18	CITICORP NOMINEES PTY LIMITED	25,000	0.140
19	MR IANAKI SEMERDZIEV MR DAVID PATRICK COOK & MRS LINDA JANE COOK <DP	25,000	0.140
20	COOK SUPERANNUATION A/C>	20,831	0.117
		17,360,681	97.115
	Total share options in issue	17,876,421	

## **ANNEXURE B**

### **Prescribed Occurrences**

The offer and any contract resulting from the acceptance of the Offer are subject to no prescribed occurrences between the date of the announcement of the bid and the end of the offer period;

- (a) Medical Science converts all or any of its shares into larger or smaller number of shares subject to Section 245 of the Corporations Act;
- (b) Medical Science resolves to reduce its share capital in any way;
- (c) Medical Science
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy back-agreement under subsection 257C(1) or 257D(1) of the Corporations Act.
- (d) Medical Science issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Medical Science issues, or agrees to issue, convertible notes;
- (f) Medical Science disposes, or agrees to dispose, of the whole, or substantial part, of its business or property;
- (g) Medical Science charges or agrees to charge, the whole or substantial part, of its business property;
- (h) Medical Science resolves to be wound up
  - (i) A liquidator or provisional liquidator of Medical Science is appointed;
  - (j) A court makes an order for the winding up of Medical Science
  - (k) An administrator of Medical Science, is appointed under section 436A, 436B or 436C;
  - (l) Medical Science executes a deed of company arrangement;
- (m) A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Medical Science.

**ANNEXURE C**

**Audited Financial Statement to 30 June 2007 VentureAxess Group Limited  
(then known as Jab Technologies Limited). (Attached)**

**ANNEXURE D**

**Auditor Reviewed Half Year Financial Statement to 31 December 2007  
VentureAxess Group Limited. (Attached)**

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VENTUREAXESS

## Acceptance Form

**Offer by VentureAcess Group Limited**  
**("VentureAcess Group") (ABN 42 087 426 953)**  
**for all of your ordinary shares and share options in Medical Science Australia Limited**  
**("Medical Science") (ABN 30 085 039 818)**

NAME:  
(Please print)

NUMBER OF MEDICAL SCIENCE  
ORDINARY SHARES YOU HOLD:  
(Please print)

ADDRESS:  
(Please print)

NUMBER OF MEDICAL SCIENCE 2009  
SHARE OPTIONS YOU HOLD:  
(Please print)

NUMBER OF MEDICAL SCIENCE  
DIRECTORS SHARE OPTIONS YOU HOLD  
(Please print)

**Offer consideration:** 7 VentureAcess Group Ordinary Shares for 6 Medical Science Ordinary Shares  
1 VentureAcess 2009 Share Option exercisable at 20¢ each on or before 31 December 2009 for 1 Medical  
Science 2009 Share Options

NUMBER OF VENTUREAXESS GROUP  
SHARES TO WHICH YOU ARE ENTITLED:  
(Please print)

NUMBER OF VENTUREAXESS GROUP  
2009 SHARE OPTIONS TO WHICH YOU  
ARE ENTITLED:  
(Please print)

**1 YOUR DETAILS**

Please ensure that you enter your name (i.e. shareholder name), postal address, number of Medical Science Ordinary Shares and Medical Science 2009 Share Options above.

**2 ACCEPTING THE OFFER**

Please read the further instructions overleaf and then sign in the space provided at the bottom of this page.

**3 SIGN HERE (See signing instructions below)**

By signing this Acceptance Form, I/We, the person (s) named above, being the holder (s) of the Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options shown above:

- Accept the Offer in respect of all my / our Medical Science Ordinary Shares, Medical Science 2009 Share Options and Medical Science Directors Share Options (**under the terms of the Offer you cannot accept for only part of your holding**) and agree to transfer to VentureAcess Group the number of Medical Science Ordinary Shares and Medical Science 2009 Share Options and Medical Science Directors Options described above for the consideration specified in the Offer ;
- Agree to be bound by the terms and conditions of the Offer set out in the Bidder's Statement;

Individual or Security holder 1

Director

Individual or Security holder 2

Director/Company Secretary (delete one)

Individual or Security holder

Sole Director and Sole Secretary/Sole  
Director no Secretary (delete one)

DATED                      /                      /2008  
Day                      Month

**Please enter a contact name, email address and your telephone number where you may be contacted during business hours**

Contact name .....

Email .....

Contact Business Hours telephone No.....

Your acceptance must be received by not later than the end of the Offer Period which is 5pm Sydney time on 3 October 2008  
(unless the Offer is extended)

## Further Instructions

### Acceptance and signing instructions

- **If you are accepting the Offer** please sign and date this Acceptance Form in the box (s) for signature (s) set out in **part 3** of this Acceptance Form in accordance with the following instructions:
  - **For Individuals:** a single signature is required.
  - **For Joint Holders** all of the holders must sign this Acceptance Form.
  - **Companies:** signed by two directors, a director and company secretary, or by the sole director in the case of an Australian company with a sole director who is also the sole company secretary. Delete titles as applicable.
  - **If signed under power of attorney:** please attach a certified copy of the power of attorney when you return this Acceptance Form. By signing this form, the attorney declares that he/she has no notice to revocation of the power of attorney.
  - **Deceased Estates:** when you return this Acceptance Form, please attach the probate, letters of administration or Certificate of Grant accompanied (where required by law for the purpose of transfer (by a certificate of payment of death or succession duties (if necessary) and by a statement in terms of section 1071B (9) (b) (iii) of the Corporations Act 2001.

### Supply of Information

Information you supply on this Acceptance Form will be used by VentureAcess Group for the primary purpose of processing your acceptance of the Offer. If you fail to supply this information your acceptance may not be processed and you may not receive the consideration.

### Mail or delivery instructions

Medical Science Shareholders should mail or deliver their completed Acceptance Form and any other documents required by these instructions to:

**Mail to:**  
VentureAcess Group  
PO Box 1356  
MONA VALE  
NSW 1660

or

**Deliver To:**  
VentureAcess Group  
Suite 303, 20 Bungan Street  
MONA VALE  
NSW 2103

A reply envelope is enclosed for shareholders with an Australian address.

### Where to get help

If you have any questions about the terms of the Offer or about how to accept the Offer, please call the Medical Science Offer information line on (02) 9999 0720. Please note that the Corporations Act 2001 makes it compulsory for all calls made to or received by the Offer information lines to be recorded, indexed and stored. If you need information on your Medical Science Shareholding then call the Medical Science Share Registry (Registries Limited) between 9.00am and 5.00pm (Sydney time) Monday to Friday on 1300 737 760.

### IMPORTANT – YOUR CHECKLIST

☐

Read Bidder's Statement and the instructions on how to accept

☐

Check the accuracy of your details in the Bidder's Statement Acceptance Form

☐

Insert your daytime contact number/email address at the bottom of the Acceptance Form in your Bidder's Statement

## Corporate Directory

### CORPORATE INFORMATION - VENTUREAXESS GROUP LIMITED

**ADDRESS:**

Suite 303  
20 Bungan Street  
Mona Vale NSW 2103  
TEL: (02) 9999 0720  
FAX: (02) 9999 0150

**POSTAL ADDRESS:**

PO Box 1356  
Mona Vale NSW 1066

**WEB SITE:** [www.ventureaxess.com](http://www.ventureaxess.com)

**DIRECTORS:**

Geoff Mullins (Chairman)  
Emyr Jones  
Karalyn Day  
Trevor Nink  
Richard Green

**COMPANY SECRETARY:**

Karalyn Day

### IMPORTANT CONTACTS:

#### Share Registrar for the Offer

Registries Limited  
GPO Box 3993  
Sydney  
NSW 2001

#### Offer Enquiry Line

**(02) 9999 0720**

(or +61 2 9999 0720 for international callers)

As required by the Corporations Act, calls to the offer enquiry line will be recorded.