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If you have sold or otherwise transferred all your Ordinary Shares, please forward this document (with the accompanying Form of Proxy), as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom your sale or transfer was effected, for onward transmission to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. This document should not otherwise be distributed or passed on to any other person or be reproduced or published in whole or in part without the prior consent of the Company.

This document should be read in conjunction with the accompanying Form of Proxy and the Notice of Extraordinary General Meeting set out at the end of this document.

Notice of an Extraordinary General Meeting of the Company to be held at 33 Sheep Street, Cirencester, Gloucestershire, GL7 1RQ at 10.00 a.m. on 16 July 2007, is set out at the end of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed. **To be valid, Forms of Proxy should be completed in accordance with the instructions printed thereon and returned so as to be received by the Company's Registrars, as soon as possible but in any event, not later than 10.00 a.m. on 14 July 2007.** Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Subject to the Resolutions being passed at the EGM, application will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares will be admitted to trading in two stages. The Placing Shares to be admitted in the first stage, being the EIS and VCT Placing Shares, are expected to be admitted to AIM and to commence trading at 8.00 a.m. on 17 July 2007. The Placing Shares to be admitted in the second stage, being the Non-Qualifying Placing Shares, are expected to be admitted to AIM and to commence trading at 8.00 a.m. on 18 July 2007.

INNOVISION RESEARCH & TECHNOLOGY PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3024348)

Placing of 14,450,103 new Ordinary Shares at 45 pence per share

Notice of Extraordinary General Meeting

KBC Peel Hunt is regulated by the Financial Services Authority and is acting for the Company and no other person in connection with the Placing. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by KBC Peel Hunt as to any of the contents of this document and, without limiting the statutory rights of any person to whom this document is issued, no liability whatsoever is accepted by KBC Peel Hunt for the accuracy of any information or opinions contained in this document or for the omission of any material information. KBC Peel Hunt will not be offering advice and it will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing.

The Placing Shares referred to in this document have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act. There will be no public offer of the Placing Shares in the United States, the United Kingdom or elsewhere. The Placing Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of this offering. Any representation to the contrary is unlawful.

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PLACING STATISTICS

Placing Price	45.0p
Number of EIS and VCT Placing Shares being placed on behalf of the Company	2,994,441
Number of Non-Qualifying Placing Shares being placed on behalf of the Company	11,455,662
Number of Ordinary Shares in issue following the Placing	61,547,371
Number of Placing Shares as a percentage of the enlarged issued ordinary share capital	23.5%
Proceeds of the Placing available to the Company (net of expenses)	£6.2 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 14 July 2007
Extraordinary General Meeting	10.00 a.m. on 16 July 2007
Admission and commencement of dealings in the EIS and VCT Placing Shares	8.00 a.m. on 17 July 2007
Admission and commencement of dealings in the Non-Qualifying Placing Shares	8.00 a.m. on 18 July 2007
Delivery in CREST of EIS and VCT Placing Shares to be held in uncertificated form	17 July 2007
Delivery in CREST of Non-Qualifying Placing Shares to be held in uncertificated form	18 July 2007
Despatch of definitive share certificates for the Placing Shares (if required)	By 25 July 2007

DIRECTORS AND ADVISERS

Directors	Malcolm Alexander William Baggott (<i>Non-Executive Chairman</i>) David Peter Wollen (<i>Chief Executive Officer</i>) Brian Godfrey McKenzie (<i>Finance Director</i>) Marc Adrian Borrett (<i>Business Development Director</i>) Heikki Huomo (<i>Technical Director</i>) Dr. Ian Mark Buckley-Golder (<i>Non-Executive Director</i>) All of 33 Sheep Street, Cirencester, Gloucestershire, GL7 1RQ
Company Secretary	Brian McKenzie
Nominated Adviser and Stockbroker	KBC Peel Hunt Ltd 111 Old Broad Street London EC2N 1PH
Auditors	Baker Tilly 2 Bloomsbury Street London WC1B 3ST
Solicitors to the Company	Shoosmiths Witan Gate House 500-600 Witan Gate West Milton Keynes MK9 1SH
Solicitors to KBC Peel Hunt	Hammonds 7 Devonshire Square Cutlers Gardens London EC2M 4YH
Registrars	Computershare Investor Services PLC P.O. Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH

DEFINITIONS

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

“Act” or “Companies Act”	the Companies Act 1985 (as amended)
“Admission”	the admission to trading on AIM in accordance with Rule 6 of the AIM Rules for Companies of the Placing Shares, comprising “Stage 1 Admission” in respect of the Stage 1 Placing and “Stage 2 Admission” in respect of the Stage 2 Placing
“AIM”	the AIM market of London Stock Exchange
“AIM Rules for Companies”	the rules for AIM companies published by London Stock Exchange from time to time
“AIM Rules for Nomads”	the rules for nominated advisers published by London Stock Exchange from time to time
“Board” or “Directors”	the directors of Innovision whose names are set out on page 3 of this document, or any duly authorised committee thereof
“Company” or “Innovision”	Innovision Research & Technology plc
“CREST”	the system for paperless settlement of trades and holdings of uncertificated shares administered and operated by CRESTCo Limited
“EIS”	Enterprise Investment Scheme
“EIS and VCT Placing Shares”	those new Ordinary Shares the subject of the Placing which qualify for EIS tax relief or which qualify for VCT tax relief
“Existing Ordinary Shares”	the 47,097,268 Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company, notice of which is set out at the end of this document, or any adjournment thereof
“Form of Proxy”	the form of proxy for use at the Extraordinary General Meeting, which accompanies this document
“Group”	the Company and its subsidiary
“Innovision Shareholders” or “Shareholders”	holders of Ordinary Shares
“KBC Peel Hunt”	KBC Peel Hunt Ltd
“London Stock Exchange”	London Stock Exchange plc
“Non-Qualifying Placing Shares”	those new Ordinary Shares the subject of the Placing which are not the EIS and VCT Placing Shares
“Options”	options granted by the Board over Ordinary Shares
“Ordinary Shares”	the ordinary shares of 1 pence each in the share capital of Innovision
“Placee”	any person who is or becomes committed to subscribe for Placing Shares pursuant to the Placing

“Placing”	the conditional placing by KBC Peel Hunt pursuant to the Placing Agreement of the Placing Shares with investors at the Placing Price
“Placing Agreement”	the agreement relating to the Placing dated 20 June 2007 between KBC Peel Hunt and the Company
“Placing Price”	45.0 pence per Placing Share
“Placing Shares”	the EIS and VCT Placing Shares and the Non-Qualifying Placing Shares
“Registrars”	Computershare Investor Services plc
“Resolutions”	the resolutions set out in the notice of EGM which is set out at the end of this document
“Stage 1 Placing”	the Placing by KBC Peel Hunt of the EIS and VCT Placing Shares pursuant to the Placing Agreement
“Stage 2 Placing”	the Placing by KBC Peel Hunt of the Non-Qualifying Placing Shares pursuant to the Placing Agreement
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“VCT”	venture capital trust
“VCT Placing Shares”	those new Ordinary Shares the subject of the Placing which qualify for VCT tax relief

LETTER FROM THE CHAIRMAN

INNOVISION RESEARCH & TECHNOLOGY PLC

(Registered in England and Wales under the Companies Act 1985 with Registered No. 3024348)

Directors:

Malcolm Baggott (*Non-Executive Chairman*)
David Wollen (*Chief Executive Officer*)
Brian McKenzie (*Finance Director*)
Marc Borrett (*Business Development Director*)
Heikki Huomo (*Technical Director*)
Ian Buckley-Golder (*Non-Executive Director*)

Registered and Head Office:

33 Sheep Street
Cirencester
Gloucestershire
GL7 1RQ

20 June 2007

To Innovision Shareholders and, for information only, to the holders of Options.

Dear Shareholder

Introduction

The Company has today announced a Placing of 14,450,103 new Ordinary Shares at 45.0p per share, to raise approximately £6.5 million before expenses (approximately £6.2 million net of expenses).

The purpose of this document is to explain the background to the Placing, to set out the reasons why your Board believes that the Placing is in the best interests of the Company and its Shareholders and to seek your approval for the Placing.

You will find set out at the end of this document a notice of Extraordinary General Meeting which has been convened for 16 July 2007. You should complete and return the Form of Proxy which you will find enclosed whether or not you intend to attend the EGM.

The Placing

The Company is proposing to raise approximately £6.5 million, before expenses, by the issue of 14,450,103 new Ordinary Shares to institutional and other investors at 45.0p per share. Pursuant to the terms of the Placing Agreement, KBC Peel Hunt, as agent for Innovision, has agreed conditionally to use reasonable endeavours to place the Placing Shares with certain institutional and other investors.

The Placing Price of 45.0 pence per Placing Share represents a discount of approximately 23.7 per cent. to the closing mid-market price of 59.0 pence per Ordinary Share on 19 June 2007, being the last dealing day prior to the publication of this document, which the Directors consider to be fair and reasonable given the size of the Placing. The Placing Shares represent approximately 23.5 per cent. of the enlarged issued share capital of the Company immediately following Admission (assuming none of the Company's outstanding Options are exercised).

The Placing Shares are not being offered to Shareholders on a pre-emptive basis because the Board has concluded, having taken appropriate advice, that it was not in the best interests of the Company to make such a pre-emptive offer due to the additional time and cost involved.

In order to protect the Company's potential eligibility for EIS and VCT status, the Placing will be effected in two stages. The EIS and VCT Placing Shares are being placed with investors who may seek relief under EIS and VCT legislation and are expected to be admitted to trading on AIM on 17 July 2007. The Non-Qualifying Placing Shares are being placed with other investors and are expected to be admitted to trading on AIM one business day later on 18 July 2007. The Company offers no certainty with regard to the Company's suitability for and qualification for VCT and EIS relief. The Stage 1 Placing is conditional, *inter*

alia, on admission of the EIS and VCT Placing Shares to trading on AIM having occurred but is not conditional on the admission of the Non-Qualifying Placing Shares to trading on AIM occurring. The Stage 2 Placing is conditional, *inter alia*, on admission of the EIS and VCT Placing Shares to trading on AIM having occurred and also on admission of the Non-Qualifying Placing Shares to trading on AIM occurring.

The Company offers no certainty with regard to the Company's suitability for and qualification for EIS relief.

Background to and reasons for the Placing

The Company has a long term goal of merging today's Radio Frequency Identification (RFID) and Near Field Communications (NFC) technologies with the mobile handsets and consumer devices of tomorrow. The Company intends to provide unique IP to leading global semiconductor vendors adding value to their flagship developments and to directly supply RFID and NFC tags for large volume 'smart' interactive objects.

Over the past 18 months, the Directors have achieved a number of key successes:

- the financial results show that 2006/07 was the highest ever revenue year for the Company. The revenues have more than doubled and the loss halved in the year to 31 March 2007 as compared to the previous year (turnover was approximately £3.5 million and the loss was approximately £1.5 million for the year to 31 March 2007 against turnover of approximately £1.7 million and loss of approximately £3.0 million for the year to 31 March 2006);
- the Company has won 2 significant contracts for a series of NFC designs with global leaders in NFC and Bluetooth technology;
- the Company has prototyped the first known multi-frequency RFID chips of their type for Asia and USA;
- the Company has designed the NFC IP for the first known NFC/Bluetooth system on chip (SoC) prototype;
- the Company's new Topaz™ tag format was globally mandated by the NFC Forum (the standards setting organisation for NFC);
- there has been a significant expansion of the NFC-related IP portfolio and key patent grants – the Company currently has 34 NFC-related patents, patent applications and inventors notes in progress; and
- the Company has secured its first multi-million unit business for its Jewel™ product in mass transport ticketing.

Over the same period, the Company has invested:

- approximately £1.4 million in generating advanced, re-usable, customisable and transferable NFC IP at 90nm (GEM);
- in new industry-standard Electronic Design Automation (EDA) tools;
- in establishing new IC design teams and adding more than 20 new hires; and
- in establishing a new HQ in Cirencester.

The Company's achievements in the last 18 months, combined with the investments made over the same period, represent a solid springboard for the Company to exploit the emerging NFC market and to invest in markets where real and significant demand has been identified.

Use of proceeds

In order to maximise the current opportunities, the Company believes it needs to invest ahead of the predicted revenues and therefore requires additional cash resources as detailed below which are expected to be met by the net proceeds of the Placing:

Further investment in NFC-related IP – £3 million over the next two years

Advanced, re-usable, customisable and transferable NFC-related IP developed by the Company is a key determinant in winning contracts and the Company is committed to developing its NFC IP over the next two years in order to keep it in the forefront of technological developments within this arena. Examples of such developments include the potential incorporation of more global standards with its NFC IP, such as UHF/HF EPC functionality.

Chinese market investment – £1 million – £2 million over the next two years

China is seen as the largest RFID tag consumer in future. The Company is looking to co-operate with a major corporation and standards organisation or university in China to produce standards-based products derived from the Company's existing Topaz™ and Jewel™ tag technologies for the Chinese market and to exploit UHF tag market opportunities in China.

NFC IP product development – £0.5 million over the next year

The Company intends to further develop and document its NFC IP into a 'product' for sale to tier 2 and 3 customers for transfer to their in-house customisation teams.

Balance sheet strength – up to £1 million

The remainder of the net funds of the Placing will be used to enhance the balance sheet of the Company. The Directors believe a stronger balance sheet will assist the Company in winning contracts with global semiconductor vendors who often require their suppliers to demonstrate financial strength before they are prepared to contract directly with them.

Conditions to the Placing

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

- all Resolutions being duly passed at the EGM without amendment in any material respect; and
- VCT qualifying relief being obtained in respect of the VCT Placing Shares.

In addition:

- both the Stage 1 Placing and Stage 2 Placing are conditional on the Placing Agreement not being terminated in accordance with its terms prior to Stage 1 Admission occurring;
- the Stage 2 Placing is also conditional on the Placing Agreement not being terminated in accordance with its terms so far as it relates to the Stage 2 Placing prior to Stage 2 Admission occurring;
- each of the Stage 1 Placing and the Stage 2 Placing are also conditional on Stage 1 Admission occurring by 17 July 2007 (or such later date as KBC Peel Hunt and the Company may agree being not later than 1 August 2007); and
- the Stage 2 Placing is also conditional on Stage 2 Admission occurring by 18 July 2007 (or such later date as KBC Peel Hunt and the Company may agree being not later than 1 August 2007).

Admission

Applications will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that, subject to the passing of the Resolutions at the EGM, Stage 1 Admission, in respect of the EIS and VCT Placing Shares, will become effective on 17 July 2007 and that Stage 2 Admission in respect of the Non-Qualifying Placing Shares will become effective on 18 July 2007.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

Extraordinary General Meeting

As mentioned above, the Placing is conditional, *inter alia*, upon the passing of the Resolutions at the Extraordinary General Meeting. This is because, in order for the Directors to allot and issue the Placing Shares, the Shareholders have to pass resolutions to increase the authorised share capital of the Company, to give the Directors authority under section 80 of the Act to allot the Placing Shares and to disapply the pre-emption rights imposed by section 89 of the Companies Act 1985, which would otherwise apply in respect of the issue for cash of new Ordinary Shares and would require the Company to offer the Placing Shares to existing Shareholders in proportion to their existing holdings of Ordinary Shares.

The authority to allot shares and the disapplication of pre-emption rights referred to above are in substitution for the existing authority and disapplication subsisting at today's date and will remain in place until the next annual general meeting of the Company.

Accordingly, set out at the end of this document you will find a notice convening an Extraordinary General Meeting of the Company to be held at 10.00 a.m. on 16 July 2007 at 33 Sheep Street, Cirencester, Gloucestershire, GL7 1RQ, at which the Resolutions will be proposed:

- to increase the authorised share capital of the Company from £600,000 to £800,000 by the creation of an additional 20,000,000 new Ordinary Shares;
- to authorise the Directors, for the purposes of section 80 of the Act, to allot the Placing Shares; and
- to disapply statutory pre-emption rights in relation to the issue of the Placing Shares for cash.

Action to be taken

Shareholders will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. It is important that you complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it **and return it to the Company's Registrars, Computershare Investor Services plc, PO Box 82, Bristol BS99 7NH, as soon as possible and in any event so as to arrive no later than 10.00 a.m. on 14 July 2007.** Completion and return of the Form of Proxy will not preclude you from attending and voting at the Extraordinary General Meeting, should you wish to do so.

Recommendation

The Directors of Innovision consider the Placing to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors of the Company unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they have undertaken to do in respect of their own beneficial holdings of Ordinary Shares amounting, in aggregate, to approximately 19.0 per cent. of the existing issued share capital of the Company.

Yours sincerely,

Malcolm Baggott

Non-Executive Chairman

INNOVISION RESEARCH & TECHNOLOGY PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3024348)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Innovision Research & Technology Plc (the “**Company**”) will be held at 10.00 a.m. on 16 July 2007 at 33 Sheep Street, Cirencester, Gloucestershire, GL7 1RQ for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. THAT, the authorised share capital of the Company be and is hereby increased from £600,000 to £800,000 by the creation of an additional 20,000,000 ordinary shares of 1 pence each ranking *pari passu* in all respects with the existing ordinary shares of 1 pence each in the capital of the Company and having the rights and privileges and being subject to the restrictions contained in the articles of association of the Company in force at the date of the passing of this resolution.
2. THAT, conditional upon the passing of resolution 1, the Directors be and are generally and unconditionally authorised for the purposes of section 80(2) of the Companies Act 1985 (as amended) (the “**Act**”) to exercise all the powers of the Company to allot relevant securities (within the meaning of the said section 80 of the Act) up to an aggregate nominal amount of £330,000. This authority shall expire at the conclusion of the next annual general meeting of the Company or 15 months from the passing of the resolutions (if sooner), save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. This authority shall be in substitution for and shall replace any existing authority previously conferred on the Directors pursuant to section 80 of the Act to the extent not utilised at the date this resolution is passed.

SPECIAL RESOLUTION

3. THAT, conditional on the passing of resolutions 1 and 2, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority granted to the Directors by resolution 2 as if section 89(1) of the Act did not apply to any such allotment, provided, however, that the power hereby conferred shall be limited to the allotment of equity securities up to an aggregate nominal amount of £176,000, and this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2007, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Registered Office:

33 Sheep Street
Cirencester
Gloucestershire GL7 1RQ

By Order of the Board

Company Secretary
Brian Mckenzie
20 June 2007

Notes:

- (i) A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice. Instructions for use are shown on the form. Forms of proxy must be received by the Company's registrars, Computershare Investor Services plc, PO Box 82, Bristol BS99 7NH, no later than 10.00 a.m. on 14 July 2007. Completion and return of a form of proxy does not preclude a member from attending and voting in person.
- (ii) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company by no later than 6.00 p.m. on 14 July 2007, being not more than 48 hours before the time fixed for the meeting or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

