

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000 ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in the Company please forward this document and the accompanying Form of Proxy at once to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of shares in the Company, you should retain these documents.

AOI Medical, Inc.

(Incorporated in the State of Delaware, USA under the General Corporation Law of the State of Delaware with registered number 3877765)

Proxy Statement and Circular

Proposed Cancellation of Admission to Trading on AIM of the Common Shares

and

Notice of Special Meeting of Stockholders

FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON OCTOBER 9, 2009

This proxy statement and circular is being furnished in connection with the solicitation of proxies by the Board of Directors of AOI Medical, Inc. (“we,” “us,” “our,” “AOI Medical” or the “Company”), for use at the Special Meeting of Stockholders to be held on October 9, 2009 at 10:00 a.m. (Atlanta time) at The Capital City Club, 7 Harris Street NW, Atlanta, Georgia 30303, USA and any adjournments or postponements of the Special Meeting. The Board of Directors is soliciting proxies for the purposes set forth in the accompanying Notice of Special Meeting of Stockholders. Notice of the Special Meeting of Stockholders is set out at the end of this proxy statement and circular.

Record Date and Share Ownership

Only stockholders of record on our books at the close of business on September 22, 2009 (“Stockholders”) will be entitled to vote at the Special Meeting and any adjournments or postponements of the Special Meeting of Stockholders. As of the close of business on September 22, 2009, we had 8,539,440 Common Shares outstanding. Each Common Share entitles the record holder to one vote on each matter to be voted upon at the Special Meeting.

Copies of the Notice of Special Meeting of Stockholders, this proxy statement and circular and the enclosed Form of Proxy will be mailed to Stockholders of record on or about September 23, 2009.

Voting in Person

If you plan to attend the Special Meeting and vote in person, we will provide a ballot to you when you arrive. However, if you hold your shares in the name of a broker, bank or other nominee, you must bring a proxy appointing you properly executed by the nominee as holder of record of the shares you beneficially own and an account statement or letter from the nominee indicating that you were the beneficial owner of the shares on September 22, 2009, the record date for voting.

Voting by Proxy

Stockholders will find enclosed with this proxy statement and circular a Form of Proxy for use at the Special Meeting. **To be valid, the Form of Proxy should be completed and returned so as to be received at the offices of the Company's registrars, Computershare Investor Services (Jersey) Limited, P.O. Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 9PW, United Kingdom** not later than 5.00 p.m. BST on October 7, 2009.

Common Shares represented by a properly executed proxy will be voted at the Special Meeting and, if you provide instructions on the proxy, will be voted in accordance with those instructions. If you do not provide instructions as to how your Common Shares should be voted, your Common Shares will be voted according to the recommendations of our Board as follows.

- **FOR** (i) the approval of the Company's application to the London Stock Exchange for cancellation of admission of the Common Shares to trading on AIM; and (ii) the approval of such cancellation.

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting to be held on October 9, 2009: The proxy statement and circular is also available on the Company's Website at www.aoimedical.net.

Revoking a Proxy

You may revoke your proxy at any time prior to the start of the Special Meeting by delivering written instructions to our corporate secretary at the Company's principal executive office at 2100 North Alafaya Trail, Suite 100, Orlando, Florida 32862, USA. Attendance at the Special Meeting will not itself be deemed to revoke your proxy unless you give notice at the Special Meeting that you intend to revoke your proxy and vote in person.

Quorum Required

A quorum of Stockholders is necessary to hold a valid meeting. A majority of the outstanding Common Shares present in person or represented by proxy will constitute a quorum at the Special Meeting. Common Shares which abstain from voting on a particular matter and "broker non-votes," or Common Shares held in "street name" by brokers, banks or other nominees who indicate on their proxies that they do not have discretionary authority to vote such shares on a particular matter, are counted for purposes of determining whether a quorum exists.

Vote Required

The affirmative vote of 75 per cent. of the votes cast at the Special Meeting is required to approve de-listing from AIM. You may vote "for" or "against" approval of de-listing from AIM or you may "abstain" from voting. Abstentions and broker non-votes will have no effect on the outcome of voting on the de-listing from the AIM.

Dissenter's Rights

Stockholders will not be entitled to dissenter's rights with respect to any matter to be considered at the Special Meeting.

The rationale behind the proposed de-listing from the AIM is described below. The Directors unanimously consider that de-listing from AIM is in the best interests of the Company and its Stockholders as a whole, and we seek your approval for this action.

We recommend that you vote **FOR** the approval of de-listing from AIM.

Reasons for De-Listing

You are recommended to read the whole of this proxy statement and circular but your attention is drawn, in particular, to the letter to Stockholders from the Directors. This letter explains the background to and reasons for the proposed Cancellation of Admission of the Common Shares to trading on AIM and contains a recommendation that you vote in favour of the resolution to be proposed at the Special Meeting.

The completion and return of the Form of Proxy will not affect your right to attend, speak at or vote in person at the Special Meeting or any adjournment thereof, if you wish to do so. If you do not send a valid Form of Proxy or attend the Special Meeting in person and vote, no one else may vote on your behalf.

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DEFINITIONS

The following definitions apply throughout this proxy statement and circular unless the context requires otherwise:

"Admission"	admission of the Common Shares to trading on AIM, effective from 22 June 2007
"Admission Document"	the admission document of the Company in relation to Admission which is available for review on the Company's Website
"AIM"	the market of that name operated by London Stock Exchange
"AIM Rules for Companies"	the rules for companies applying for admission to and whose securities are traded on AIM and published by London Stock Exchange as amended from time to time
"AOI Medical" or "Company"	AOI Medical, Inc., a corporation incorporated under the General Corporation Law of the State of Delaware, USA
"BST"	British Summer Time, the daylight savings time zone for Great Britain
"Cancellation of Admission"	the cancellation of Admission subject to the passing of the Resolution at the Special Meeting
"Common Shares"	the common stock of US\$0.0001 par value per share of the Company
"Company's Website"	www.aoimedical.net
"Directors" or "the Board"	the directors of the Company whose names are set out on page 9 of this proxy statement and circular and " Director " means any one of them
"Form of Proxy"	the form of proxy enclosed with this proxy statement and circular for use by Stockholders in connection with the Special Meeting
"London Stock Exchange"	London Stock Exchange plc
"Optionholders"	holders of Options
"Options"	options to subscribe for Common Shares
"Resolution"	the resolution to be proposed at the Special Meeting as set out in the relevant notice at the end of this proxy statement and circular
"Stockholders"	holders of Common Shares of record on the books of the Company at the close of business on September 22, 2009
"Special Meeting"	the Special Meeting of Stockholders of the Company convened for October 9, 2009, notice of which is set out at the end of this proxy statement and circular
"US Securities Act"	United States Securities Act of 1933, as amended
"US Securities Exchange Act"	United States Securities Exchange Act of 1934, as amended
"Warrant-holders"	holders of Warrants
"Warrants"	warrants to subscribe for Common Shares

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Form of Proxy	5.00 p.m. BST, October 7, 2009
Special Meeting	10.00 a.m. Atlanta time, October 9, 2009
Cancellation of Admission effective if Resolution passed	7.00 a.m. BST, October 21, 2009

All the above times refer to London time unless noted otherwise.

If any of the above times and/or dates change, the revised times and/or dates will be notified to Stockholders by announcement through the Regulatory Information Service operated by London Stock Exchange.

**LETTER FROM THE BOARD OF DIRECTORS
OF AOI MEDICAL, INC.**

(Incorporated in the State of Delaware, USA under the General Corporation Law of the State of Delaware with registered number 3877765)

Principal Executive Office
**2100 North Alafaya Trail,
Suite 100
Orlando
Florida 32862
USA**

September 23, 2009

To: Stockholders (and for information only, to Warrant-holders and Optionholders)

Dear Sir or Madam,

**PROPOSED CANCELLATION OF ADMISSION TO TRADING ON AIM,
AND SPECIAL MEETING**

1. Introduction

As announced earlier today, the Company is seeking Stockholder approval to cancel the admission of the Common Shares to trading on AIM.

The purpose of this letter is to:

- (a) give you further information about the background to and reasons for the proposed Cancellation of Admission and to seek your approval to the Resolution at the Special Meeting convened for this purpose. This letter also sets out why the Board of Directors believes the proposed Cancellation of Admission to be in the best interests of Stockholders as a whole, and also includes a recommendation from the Board to vote in favour of the resolution; and
- (b) convene a Special Meeting of Stockholders of the Company.

2. Proposed Cancellation of Admission

The primary purpose of being listed on a public market is to provide a market in a company's shares and gain access to capital. If these objectives cannot be achieved efficiently and cost effectively, the Board has a duty to reconsider the benefits of a listing. Notwithstanding the continuing progress in our business, for some time there has been very little liquidity in our shares and, as a result, when even very small numbers of shares have been sold, the Company's share price has declined significantly. As a result, it is difficult for Stockholders to sell shares at a reasonable price and in reasonable volumes. The current economic turmoil has led to significant falls in the values of global stock markets, from which AOI Medical is not immune. Stock markets tend to operate on a short term investment horizon which has little basis in the underlying fundamentals of a business such as AOI Medical. The susceptibility of the share price to the wider general equity market conditions is not to the benefit of the business and in particular hampers the Company's ability to raise funds. These problems are not confined to AOI Medical. Many other small companies suffer from a lack of liquidity in their shares and a consequential adverse impact on their share prices. A total of 200 companies had their admissions to AIM cancelled between January and August this year alone.

We calculate the direct and indirect costs of staying on AIM to be in excess of £200,000 per annum. This estimate takes no account of the considerable senior executive time which is spent dealing with issues related to our listing on AIM. In the current financial climate the Board's strategy is to continue to prepare for the commercial launch of our products. In order to achieve this objective, we must manage our existing cash resources very carefully and have

concluded that the benefits of maintaining our listing on AIM do not justify the costs.

We believe that taking the Company private has no adverse consequences on our ability to achieve regulatory approvals for our products.

As a result, your Board has concluded that the benefits of maintaining a listing on AIM are out-weighted by the costs incurred in maintaining such a listing and that the Company derives little benefit in terms of the liquidity in its shares or in the ability to raise new capital.

In addition, the Board does not believe that the market places an appropriate valuation on the Company or the Common Shares.

Should the Cancellation of Admission be approved, the Company intends to continue to act in an appropriate manner befitting a company with a relatively wide stockholder base and, accordingly, will keep stockholders abreast of developments through announcements published on the Company's Website.

3. Effect of Cancellation of Admission

Following the Cancellation of Admission, there will be no market facility for dealing or trading in the Common Shares and no publicly quoted price for the Common Shares. The Common Shares are not registered under the US Securities Act or the US Securities Exchange Act. As such, holdings of Common Shares are likely to be illiquid and will be difficult to value.

4. Strategy following Cancellation of Admission

The Company has sufficient cash at hand to fund operations into late 2010, however the Company will need to raise additional capital to fund the launch of its products and other operating activities, and repay indebtedness in due course. Stockholders should be aware that if the Company's capital raising efforts are unsuccessful, this will have a material adverse effect on the Company's financial position and operations.

In the opinion of the Directors, the more likely exit route for stockholders will be via an M&A transaction as the viability of the business grows amongst potential acquirers. We believe that the current stock market valuation does not fairly reflect AOI Medical's inherent value. The Directors believe that negotiating a potential M&A transaction will be less problematic without reference to an underperforming share price and that the Company is more likely to obtain a more realistic valuation as a private company. We also believe that as a private company it would be easier and less costly to consummate a M&A transaction.

5. Warrants and Options

As at September 22, 2009, the latest practicable date prior to the publication of this proxy statement and circular, the Company has granted warrants to subscribe for up to 1,458,834 Common Shares with strike prices ranging from \$0.01 per share to £3.44 per share, and has granted options to subscribe for up to 448,636 Common Shares with strike prices ranging from \$3.40 per share to \$7.07 per share. All of the foregoing Warrants and Options remain outstanding and have not been exercised. The proposed Cancellation of Admission will not affect the status of the Warrants and the Options, which can be exercised in accordance with their terms notwithstanding the Cancellation of Admission.

Warrant-holders and Optionholders are invited to attend and observe the Special Meeting. However, neither Warrant-holders nor Optionholders may vote at the Special Meeting by virtue of or in respect solely of the fact of being a Warrant-holder or an Optionholder.

6. Special Meeting

Under the AIM Rules for Companies, it is a requirement that any cancellation of admission to trading must be approved by not less than 75 per cent. of votes cast by Stockholders in general meeting. Accordingly the notice of

Special Meeting set out at the end of this proxy statement and circular contains a resolution to: (i) approve the application to London Stock Exchange for Cancellation of Admission of the Common Shares to trading on AIM; and (ii) approve such Cancellation. The Special Meeting will be held at The Capital City Club, 7 Harris Street NW, Atlanta, Georgia 30303, USA on October 9, 2009 at 10:00 a.m. (Atlanta time). If approved it is expected that Cancellation of Admission will take effect from 7:00 a.m. BST on October 21, 2009.

7. Actions to be taken

You will find enclosed with this proxy statement and circular a Form of Proxy for use at the Special Meeting. Whether or not you propose to attend the Special Meeting in person, Stockholders are requested to complete and return the Form of Proxy so as to be received at the offices of the Company's registrars, Computershare Investor Services (Jersey) Limited, P.O. Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 9PW, United Kingdom as soon as possible and, in any event, not later than 5:00 p.m. BST on October 7, 2009. Completion and return of Form of Proxy will not preclude you from attending the Special Meeting and voting in person if you wish.

8. Recommendation

The Board of Directors consider that the Resolution is in the best interests of the Company and the Stockholders as a whole and is most likely to promote the long-term success of the Company for the benefit of the Stockholders as a whole.

The Board of Directors unanimously recommend that you vote in favour of the Resolution as they intend to do in respect of their aggregate shareholdings of 164,555 Common Shares, equivalent to approximately 1.9 per cent. of the issued share capital of the Company. In addition, the Directors have been informed that Mr John D. Feltman, who holds 3,635,432 Common Shares, and certain other Stockholders with aggregate shareholdings of 839,520 Common Shares, equivalent in the aggregate to approximately 52.4 per cent. of the issued share capital of the Company, intend to vote in favour of the Resolution.

Yours faithfully

Ian R. Johnson

Fred A. Achecar, M.D.

Paul M. Garvey

Stephen J. Warner

Dr. George B. Weathersby, Ph.D.

D. Keehln Wheeler

**AOI MEDICAL, INC.
2100 North Alafaya Trail
Suite 100
Orlando, Florida 32826
USA**

**NOTICE OF SPECIAL MEETING
TO BE HELD ON OCTOBER 9, 2009**

NOTICE IS HEREBY GIVEN that, a special meeting of the Stockholders of AOI Medical, Inc. (the "**Company**") (incorporated in the State of Delaware, USA under the General Corporation Law of the State of Delaware with registered number 3877765) will be held at The Capital City Club, 7 Harris Street NW, Atlanta, Georgia 30303, USA on October 9, 2009 at 10:00 a.m. (Atlanta time) for the purpose of considering the following resolution:

Resolution

THAT the Company's application for cancellation of admission of the Company's common stock of \$0.0001 par value per share to trading on the AIM market of the London Stock Exchange be and hereby is approved and that such cancellation be and hereby is approved.

This matter is more fully described in the attached proxy statement and circular, which is made a part of this notice. Pursuant to Section 2.12 of the Bylaws, the close of business on September 22, 2009, the day preceding the date on which this notice is given, is the date of record. Only Stockholders of record at the close of business on that date are entitled to receive notice of and to vote at the Special Meeting.

If you were a Stockholder of record on the date of record, you were also entitled to appoint one or more proxies to attend, and on a poll, vote instead of you. A proxy need not be a Stockholder of the Company. You are entitled to vote at the Special Meeting only if you were a Stockholder of the Company as of the close of business on the day of record or hold a valid proxy for the Special Meeting. Warrant-holders and Optionholders are invited to attend and observe the Special Meeting but are not entitled to vote unless they are Stockholders as of the day of record or hold a valid proxy. The proxy statement and circular for this Special Meeting is also available at www.aoimedical.net.

By order of the Board of Directors

D. Keehln Wheeler
Secretary

Principal Executive Office
**2100 North Alafaya Trail
Suite 100
Orlando, Florida 32826 USA**

September 23, 2009

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED FORM OF PROXY IN THE ACCOMPANYING ENVELOPE.

Notes

1. A form of proxy is provided with this Notice. To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited at the office of the Company's registrars, Computershare Investor Services (Jersey) Limited, P.O. Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 9PW, United Kingdom no later than 5.00 p.m. BST on October 7, 2009 or forty-eight hours before the time fixed for any adjournment of the Special Meeting.
2. Appointment of a proxy will not preclude a Stockholder from attending and voting in person at the Special Meeting.