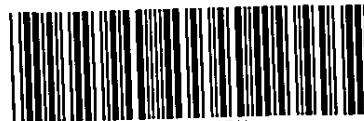


Registered number 03950383

LionMedical Limited

Annual report and financial statements  
for the year ended 31 December 2011

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# **LionMedical Limited**

## **Annual report and financial statements for the year ended 31 December 2011**

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# **LionMedical Limited**

## **Directors' report for the year ended 31 December 2011**

The directors present their report and the audited financial statements for the year ended 31 December 2011

### **Principal activities**

The profit and loss account for the year is set out on page 6

The principal activity of the company is the holding of investments in medical devices companies

### **Review of business and future developments**

The company is supported by its parent company (see note 1 for further details)

The directors of Lombard Medical Technologies PLC manage the group's risks at a group level. For this reason, the Company's directors believe that a discussion of the Company's risks and key performance indicators would not be appropriate for an understanding of the development performance, or position of, LionMedical Limited's business. The principal group risks, uncertainties and business developments, which include those for this Company, are discussed in the group's business review in its annual report, which does not form part of this report

### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010: £nil)

### **Directors**

The directors who held office during 2011 and up to the date of the signing of the financial statements were as follows

S Hubbert – appointed 1 January 2011

I Ardill – appointed 23 January 2012

T Hall – resigned 31 December 2011

J B Rush – resigned 12 April 2011

# **LionMedical Limited**

## **Directors' report for the year ended 31 December 2011 (continued)**

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (see note 1 under Accounting Policies)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement of disclosure of information to auditors**

In the case of each director in office at the date the directors report is approved under Section 418 of the Companies Act, the following applies:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- Each has taken all steps that each ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# **LionMedical Limited**

## **Directors' report for the year ended 31 December 2011 (continued)**

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

### **By order of the board**

A handwritten signature in black ink, appearing to read 'Ian Ardill', written in a cursive style.

Ian Ardill  
Company Secretary  
28 March 2012

# **LionMedical Limited**

## **Independent auditors' report to the members of LionMedical Limited**

We have audited the financial statements of LionMedical Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **LionMedical Limited**

### **Independent auditors' report to the members of LionMedical Limited (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Miles Saunders (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
28 March 2012

## LionMedical Limited

### Profit and loss account for the year ended 31 December 2011

	Notes	2011 £	2010 £
Impairment provision – investment	4	(850,000)	-
<b>(Loss)/result on ordinary activities before taxation</b>	2	<b>(850,000)</b>	-
Tax on ordinary activities	3	-	-
<b>(Loss)/result for the financial year</b>	7	<b>(850,000)</b>	-

All activity relates to continuing operations

There is no difference between the (loss)/result on ordinary activities before taxation and the (loss)/result for the years stated above, and their historical cost equivalents

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

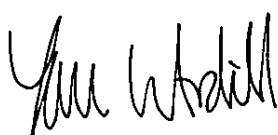


# LionMedical Limited

## Balance sheet as at 31 December 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Investments	4	-	850,000
<b>Current assets: Other debtors</b>			
		-	-
<b>Net current liabilities</b>			
		-	-
<b>Total assets less current liabilities</b>			
		-	850,000
<b>Creditors</b> amounts falling due after more than one year	5	(1)	(1)
<b>Net (liabilities)/assets</b>			
		(1)	849,999
<b>Capital and reserves</b>			
Called up share capital	6	2,760,576	2,760,576
Profit and loss account deficit	7	(2,760,577)	(1,910,577)
<b>Total shareholders' (deficit)/funds</b>			
	8	(1)	849,999

The financial statements on pages 6 to 11 were approved by the board of directors on 28 March 2012 and were signed on its behalf by



Ian Ardill  
Director

LionMedical Limited registered in England no 03950383

# **LionMedical Limited**

## **Notes to the financial statements for the year ended 31 December 2011**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, are set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention. The company is a wholly owned subsidiary of Lombard Medical Technologies PLC ('LMT') and the cash flows of the company are included in the consolidated group cash flow statement of LMT which is publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard 1 (Revised), "Cash Flow Statements", from publishing a cash flow statement.

#### **Basis of preparing the financial statements – financing**

The financial statements have been prepared on the going concern basis, as LMT which funds the company, has confirmed that it will continue to provide sufficient facilities to meet the company's remaining funding requirements for at least a year from the date of the approval of these accounts.

The LMT Group is developing its technologies for the marketplace and seeking regulatory approval in the United States for Aorfix and as such absorbs cash until sufficient funds from products sold are generated. The LMT group agreed £27.2m of funding in May 2011, £13.0m of which was received in 2011 with the remaining £14.2m due on FDA approval of its Aorfix product. The LMT group has submitted all the required modules to the FDA and anticipates approval to be granted by the end of 2012. In these circumstances the LMT group is confident that the £14.2m would provide sufficient working capital for the LMT group to operate for the foreseeable future.

The LMT group has also given specific consideration to the impact if FDA approval is delayed and so not received within the next twelve months and have prepared detailed cash flow forecasts on this basis. Although they would expect the LMT group to be able to raise additional funds in the event of a delay, they have also included within these forecasts a plan, if such funds are not obtained, to cease or defer certain costs relating to sales activities in the US, marketing costs generally and product development projects. This plan extends the sufficiency of the LMT group's current available funding to the second quarter of 2013.

Based on the above, the Directors consider the going concern assumption to be appropriate and therefore the going concern basis has been adopted in the preparation of these financial statements.

#### **Investments**

Investments are carried at cost, together with any expenses of acquisition. Provisions are made against them if it is considered that a diminution in value has occurred.

#### **Impairment of fixed assets**

The carrying values of fixed assets are reviewed for impairment where there is an indication that the assets might be impaired. Impairment is determined by reference to the higher of net realisable value and value in use, which is measured by reference to discounted cash flows. Indicative net realisable

# **LionMedical Limited**

## **Notes to the financial statements for the year ended 31 December 2011 (continued)**

value has been used in these financial statements due to the considerable uncertainties attaching to future cash flows. Any provision for impairment is charged in the profit and loss account for the year.

### **Deferred taxation**

Deferred taxation is provided in full in respect of timing differences resulting in a liability. Deferred taxation assets are recognised when it is more likely than not that they will be realised.

### **Related party transactions**

In preparing these financial statements, the directors have taken advantage of the exemption available under Financial Reporting Standard 8, Related Party Disclosures, and have not disclosed transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of a group headed by Lombard Medical Technologies PLC.

# LionMedical Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 2 Loss on ordinary activities before taxation

There were no employees other than the 3 directors and no employment costs (2010: none). The directors receive no emoluments for their services from the company. They are remunerated by Lombard Medical Technologies PLC and no specific recharge is made. Their emoluments are shown in the financial statements of Lombard Medical Technologies PLC.

Auditors' remuneration of £2,000 was borne by the parent company (2010: £2,000).

### 3 Taxation

Tax losses of approximately £1 million are available to be carried forward against future income. No deferred tax asset has been recognised in respect of the losses to be carried forward as the directors consider that future realisation is uncertain.

The tax assessed for the year is £nil (2010: £nil).

### 4 Fixed asset investments

	£
<b>Cost</b>	
At 1 January 2011 and at 31 December 2011	1,386,563
<b>Provision for impairment</b>	
At 1 January 2011	536,563
Provided in year	850,000
At 31 December 2011	1,386,563
<b>Net book value</b>	
At 31 December 2011	-
At 31 December 2010	850,000

The company holds 9.4% (2010: 9.4%) of the ordinary share capital of Vascular Concepts Holdings Limited (investment carrying value of £850,000), a company incorporated in the Isle of Man. That is the holding company for companies engaged in the development and marketing of medical devices principally in India. The investment is not readily realisable, being unquoted, and values can only be indicative of future prospects. The audited consolidated financial accounts of Vascular Concepts Holdings Limited record a profit before tax of £704,000 and a loss after tax of £1,173,000 for the year ended 31 March 2010 and net assets of £4,375,000 at that date. The audit opinion was qualified in respect of a limitation of scope relating to two subsidiary companies. Due to uncertainties regarding the after tax profitability of the investment and it not being readily realisable the investment has been fully provided against.

# LionMedical Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 5 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Amounts owed to group undertakings	1	1

The amounts owed to group undertakings have no fixed repayment date and are interest free

### 6 Share capital

	2011	2010
	£	£
<b>Authorised, allotted called up and fully paid</b>		
2,760,576 (2010 2,760,576) ordinary shares of £1 each	2,760,576	2,760,576

### 7 Profit and loss account deficit

	£
At 1 January 2011	(1,910,577)
Loss for the financial year	(850,000)
<b>At 31 December 2011</b>	<b>(2,760,577)</b>

### 8 Reconciliation of movements in total shareholders' (deficit)/funds

	2011	2010
	£	£
Loss for the financial year	(850,000)	-
Opening shareholders' funds	849,999	849,999
Closing shareholders' (deficit)/funds	(1)	849,999

### 9 Ultimate controlling party

The ultimate controlling party is considered to be Lombard Medical Technologies PLC, which is the company's immediate and ultimate parent company

The results of the company are reported within the consolidated accounts of be Lombard Medical Technologies PLC. Copies of these consolidated financial statements can be obtained from the Company Secretary at Lombard Medical House, 4 Trident Park, Didcot, Oxfordshire, OX11 7HJ