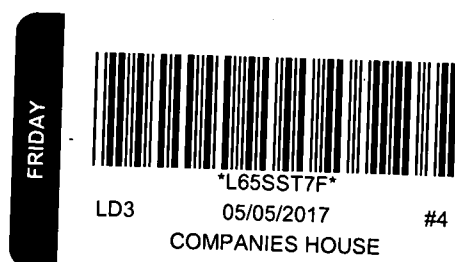


Concepta Diagnostics Limited

Audited Financial Statements

for the Period Ended 31 December 2016

Registered in England and Wales number 08361104



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CONCEPTA DIAGNOSTICS LIMITED

COMPANY INFORMATION

Directors:	Erik Henau Barbara Spurrier Dr Robert Porter
Company secretary and registered office:	Barbara Spurrier The Exchange Building, Sharnbrook, Bedford, England, MK44 1LQ
Bankers:	HSBC, NatWest
Auditors:	Jeffreys Henry LLP 5-7 Cranwood Street Finsgate London EC1V 9EE
Solicitors:	BPE Solicitors LLP St. James House St. James Square Cheltenham GL50 3PR
Company Number:	08361104

CONCEPTA DIAGNOSTICS LIMITED

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for Concepta Diagnostics Limited ("the Company") for the year ended 31 December 2016. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Company was acquired by Concepta plc, following a reverse takeover on 26th July 2016.

Principal activity

The principal activity of the Company is to develop and commercialise the mobile health diagnostics medical devices.

Results and dividends

The statement of comprehensive income is set out on page 7 and shows the loss for the period ended 31 December 2016 of £935,386 (January 2015: loss £1,098,123). No dividend will be paid in respect of the period.

Directors and Directors' interests

The directors who held office during the period and subsequently were as follows:

Erik Henau (appointed 1 March 2016)

Dr Rob Porter

Barbara Spurrier (appointed 25 July 2016)

Dr Steven Lee (resigned 29 February 2016)

Zhi Gang Zhang (resigned 25 July 2016)

Ian Gilham (resigned 25 July 2016)

Risk management

Details of financial risk management objectives, policies and exposure to credit risk and liquidity risk are disclosed in note 2.

Post balance sheet events

There are no material post balance sheet events to disclose.

Research and development activities

The Company continues to invest in research and development activities. The Company is focused on developing and enhancing the existing product portfolio and other products that will compliment and expand the product offering.

The total expenditure including costs for applying patents for the 11 months to 31 December 2016 was £456,188 of which £233,963 capitalised and £222,225 (excluding amortisation charge) was expensed in the income statement. This expenditure was incurred on product development and enhancement.

Going concern

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, it continues to adopt the going concern basis in preparing the financial statements.

CONCEPTA DIAGNOSTICS LIMITED

Auditors appointment

Jeffreys Henry LLP were appointed during the year and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Statement of Directors' responsibilities

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 under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduce Disclosure Framework). 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 and profit or loss of the Company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

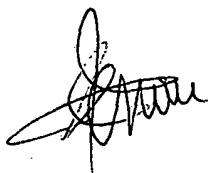
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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 confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Erik Henau
Chief Executive Officer
Concepta Diagnostics Limited
Date: 25 April 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA DIAGNOSTICS LIMITED

We have audited the financial statements of Concepta Diagnostics Limited for the period ended 31 December 2016, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes on pages 6 to 26. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 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.

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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any material misstatement 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 2016 and of the Company's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

CONCEPTA DIAGNOSTICS LIMITED

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 by the Company, or returns adequate for audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the Small Companies exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.



Sanjay Parmar

SENIOR STATUTORY AUDITOR

For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom
Date: 25 April 2017

CONCEPTA DIAGNOSTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

		11 months period ended 31 December 2016	Year ended 31 January 2016
	Notes	£	£
Revenue	3	-	3,730
Cost of sales		(37,972)	-
Gross (loss)/profit		(37,972)	3,730
Other administrative expenses		(834,023)	(1,266,875)
Reverse acquisition costs		(211,479)	-
Administrative expenses		(1,045,502)	(1,266,875)
Operating loss	4	(1,083,474)	(1,263,145)
Finance income	6	222	910
Finance expenses	6	(1,355)	-
Loss before income tax		(1,084,607)	(1,262,235)
Tax credit	7	149,221	164,112
Loss for the year and total comprehensive loss		(935,386)	(1,098,123)

The results reflected above relate to continuing operations.

The loss for the current and prior years and the total comprehensive loss for the current and prior years are wholly attributable to equity holders of the Company.

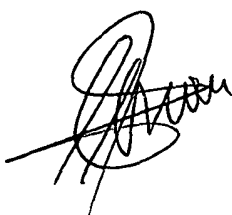
CONCEPTA DIAGNOSTICS LIMITED

STATEMENT OF FINANCIAL POSITION

		31 December 2016	31 January 2016
	Notes	£	£
Non-current assets			
Property, plant and equipment	8	186,933	253,268
Intangible assets	9	215,993	-
Total non-current assets		402,926	253,268
Current assets			
Inventories	10	70,500	-
Trade and other receivables	11	200,545	20,011
Corporation tax receivable		96,221	178,146
Cash and cash equivalents	12	148,287	100,389
Total current assets		515,553	298,546
Total assets		918,479	551,814
Current liabilities			
Trade and other payables	13	95,567	108,443
Amounts owed to group undertakings		641,016	-
Loans and borrowings	14	-	30,000
Total current liabilities		736,583	138,443
Non - current liabilities			
Deferred tax liability	15	-	53,000
Total liabilities		736,583	191,443
Net assets		181,896	360,371
Share capital	16	425	425
Share premium account		2,305,374	2,305,374
Share based payment reserve		-	43,879
Capital contribution reserve	16	800,790	-
Retained earnings		(2,924,693)	(1,989,307)
Total equity		181,896	360,371

These financial statements were approved and authorised for issue by the board of Directors on 25 April 2017 and were signed on its behalf by:

Erik Henau
Chief Executive Officer
Company Registration Number: 08361104



CONCEPTA DIAGNOSTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share Premium £	Share-based payment reserve £	Capital contribution reserve £	Retained earnings £	Total £
Equity as at 1 February 2015	425	2,305,374	17,920	-	(891,184)	1,432,535
Loss for the year	-	-	-	-	(1,098,123)	(1,098,123)
Total comprehensive loss	-	-	-	-	(1,098,123)	(1,098,123)
Share based payments	-	-	25,959	-	-	25,959
Equity as at 31 January 2016	425	2,305,374	43,879	-	(1,989,307)	360,371
Loss for the year	-	-	-	-	(935,386)	(935,386)
Total comprehensive loss	-	-	-	-	(935,386)	(935,386)
Share based payments	-	-	-	106,911	-	106,911
Transfer of share based payments to capital contribution reserve	-	-	(43,879)	43,879	-	-
Settlement of convertible loan notes by Concepta plc	-	-	-	650,000	-	650,000
Equity as at 31 December 2016	425	2,305,374	-	800,790	(2,924,693)	181,896

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Concepta Diagnostics Limited (the 'Company') is a limited Company incorporated and domiciled in England and Wales. The registered office of the Company is The Exchange Building, Sharnbrook, Bedford, England, MK44 1LQ. The registered Company number is 08361104.

The Company's principal activity is development of a women's medical diagnostic device. The Company was incorporated on 15 January 2013.

The Company is a wholly owned subsidiary of Concepta plc, a Company quoted on the Alternative Investment Market of the London Stock Exchange. It was

2. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The Company financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. There were no material amendments for all periods presented on the adoption of FRS 101, following the transition from IFRS to FRS 101.

In summary those disclosure exemptions adopted are:

- The requirements of IFRS 7 Financial Instruments: Disclosures, as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73 of IAS 16 Property, Plant and Equipment;
 - paragraph 118 of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d) and 111 (statement of cash flows), 134 to 136 (managing capital), and 16 (statement of compliance with IFRS) of IAS 1 Presentation of Financial Statements.
- The requirements of IAS 7 Statement of Cash Flows and related notes.
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payments, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The effects of future accounting standards not adopted.

CONCEPTA DIAGNOSTICS LIMITED

Going concern

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of signing these financial statements.

The forecast contains certain assumptions about the performance of the business including growth of future revenue, the cost model, margins and most importantly the level of cash recovery from trading. The Directors are aware of the risks and uncertainties facing the business but the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Foreign currency

The functional currency of the Company is Sterling (£). The reporting currency of the Company is also Sterling as a significant proportion of both transactions and financing is in Sterling.

Transactions entered by the Company in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Revenue recognition

Revenue is the total amount receivable by the Company for services supplied, excluding VAT and trade discounts.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the two main Directors and two non-executive Directors.

The Board considers that the Company's activity constitutes one operating and one reporting segment. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company's financial information.

Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the income statement and they become payable in accordance with the rules of the scheme.

Operating leases

Rentals payable under operating leases are charged against the statement of comprehensive income on a straight line basis over the lease term.

Share-based payment

The Company reflects the economic cost of awarding shares and share options to employees and Directors under the group scheme by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded. The expense is recognised in the statement of comprehensive income over the vesting period of the award, with the corresponding entry recorded in the capital contribution reserve.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, except for investment properties and freehold land, evenly over their expected useful lives, calculated at the following rates:

Plant and equipment	- 25% straight line
Furniture, fittings & Equipment	- 25% straight line
Factory equipment	- 50% straight line on second hand assets

As no finite useful life for land can be determined, related carrying amounts are not depreciated. The useful life, the residual value and the depreciation method is assessed annually.

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision.

Intangible assets

(i) Research and development

Expenditure on research activities as defined in IFRS is recognised in the income statement as an expense as incurred.

Expenditure on the development of the platform comprising a proprietary meter (MyLotus meter), fertility hormones strips testing and a mobile phone application and any enhancements to this platform is recognised as intangible assets only when the following criteria are met:

1. it is technically feasible to develop the product to be used or sold;
2. there is an intention to complete and use or sell the product;
3. the Company is able to use or sell the product;
4. use or sale of the product will generate future economic benefits;
5. adequate resources are available to complete the development; and
6. expenditure on the development of the product can be measured reliably.

The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready to use. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

Capitalised development expenditure is measured at cost less accumulated amortization and accumulated impairment costs. Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimated to be five years.

Development costs that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

CONCEPTA DIAGNOSTICS LIMITED

(ii) Patent costs

The Company has looked to obtain intellectual property through patents, Company know-how, design rights and trademarks. The Company has a portfolio of patent applications which is currently being pursued and the costs incurred in obtaining these patents have been capitalised as the Company is confident that the patent applications will be successful.

Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimates to be ten years. The patent costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that future taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares
- Share premium
- Share based payment reserve
- Capital contribution reserve
- Retained earnings.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through income statement, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Loans and receivables

The Company classifies all its financial assets as trade and receivables. The classification depends on the purpose for which the financial assets were acquired.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's loans and receivables financial assets comprise other receivables (excluding prepayments) and cash and cash equivalents included in the Statement of Financial Position.

Financial liabilities

Financial liabilities are recognised when, and only when, the Company becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. The Company's loans and payables are related to trade and other payables (excluding other taxes and social security costs and deferred income).

When financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

Fair value through the income statement category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. There were no financial liabilities classified under this category.

The Company determines the classification of its financial liabilities at initial recognition and re-evaluate the designation at each financial year end.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Financial risks

The Group's activities expose it to a variety of financial risks, mainly credit risk and liquidity risk.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy.

CONCEPTA DIAGNOSTICS LIMITED

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Company's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

(ii) Liquidity risk

The Company currently holds cash balances for normal trading activity and the Company is currently funded by Concepta plc, the parent company. Trade and other payables are monitored as part of normal management routine.

Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

- **Useful lives of depreciable assets**

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Company. Tangible fixed assets are depreciated over their useful lives taking into account their residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Intangible assets (including capitalised development costs)**

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets (including capitalised development costs).

- **Taxation**

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the statement of financial position.

3. Segmental analysis and revenue

The Company has one operating segment which is involved in the provision of diagnostic healthcare products. The operating segment has no revenue reported for the period to 31 December 2016 as it is in an early stage of its operation. The revenue in year ended 31 January 2016 represents ad hoc provision of services to external customers.

	Period ended 31 December 2016	Year ended 31 January 2016
	£	£
Revenue from external customers	Diagnostic healthcare -	Diagnostic healthcare 3,730
Finance income	222	910
Finance expense	(1,355)	-
Segment loss after tax	(935,386)	(1,098,123)
Loss after tax	(935,386)	(1,098,123)

All the segment assets are located in UK.

Segment assets	918,479	551,814
Segment liabilities	736,583	191,443
Segment depreciation and amortisation expenses	104,153	93,062
Segment additions of tangible and intangible assets	253,811	2,213

4. Loss from operations

	Period ended 31 December 2016	Year ended 31 January 2016
	£	£
Loss is stated after charging:		
Audit fees – current auditors	8,000	-
Audit fees – previous auditors*	-	2,953
Non-audit fees - taxation advisory and compliance services of previous auditors ¹	-	40,595
Depreciation of property, plant and equipment	86,183	93,062
Amortisation of intangible assets	17,970	-
Research and development costs ²	222,225	794,282
Legal and professional fees	34,763	126,031
Staff costs excluding R&D staff (note 5)	138,500	82,442
Operating lease rentals	57,647	57,678
Foreign exchange losses	503	-
Reverse acquisition costs ³	211,479	-
Share-based payments	64,069	25,959

¹ previous auditors of Concepta Diagnostics Limited

² including R&D staff costs, net of capitalised development costs

³ Reverse acquisition costs relate to legal, professional fees and share based payment of £42,842 for Concepta plc's share warrants issued during the period.

5. Employees and Directors

The average number of employees (including Directors) during the period was made up as follows:

	Period ended 31 December 2016 Number	Year ended 31 January 2016 Number
Directors	1	4
Administrative	2	2
	3	6
Research and development	6	6
Total	9	12

The cost of employees (including Directors) during the period was made up as follows:

	Period ended 31 December 2016 £	Year ended 31 January 2016 £
Salaries	323,363	411,389
Social security costs	31,714	41,032
Pension costs	13,640	14,382
Share based payments (relating to employees)	64,069	25,959
Staff costs including R&D staff	432,786	492,762

Less: R&D staff costs included in research and development expense

Salaries	(252,155)	(357,350)
Social security costs	(23,732)	(38,588)
Pension costs	(11,647)	(14,382)
Share based payments	(6,752)	-
R&D staff costs	(294,286)	(410,320)

Salaries (including Directors)	71,208	54,039
Social security costs	7,982	2,444
Pension costs	1,993	-
Share based payments (relating to employees)	57,317	25,959
Staff costs excluding R&D staff	138,500	82,442

Key management personnel compensation

The compensation of key management personnel, of Concepta Diagnostics Limited were made up as follows:

	Period ended 31 December 2016 £	Year ended 31 January 2016 £
Salaries/fees	155,529	228,000
Pension costs	5,925	7,200
Social security costs	20,313	26,450
Benefits in kind	-	4,129
	181,767	265,779
Share-based payments	48,846	8,581
	230,613	274,360

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Directors' remuneration

The remuneration of the Directors who held office during the period was as follows:

	Period ended 31 December 2016 £	Year ended 31 January 2016 £
Salaries/fees	155,529	228,000
Pension costs	5,925	7,200
Benefits in kind	-	4,129
	161,454	239,329
Share based payments	48,846	8,581
	210,300	247,910

The above remuneration of Directors includes the following amounts paid to the highest paid Director:

	Period ended 31 December 2016 £	Year ended 31 January 2016 £
Highest paid Director	73,325	78,697

6. Finance income and expenses

	Period ended 31 December 2016 £	Year ended 31 January 2016 £
Finance income		
Interest on bank deposits	222	910
Finance expenses		
Interest paid on loans	1,355	-

7. Income tax

	Period ended 31 December 2016 £	Year ended 31 January 2016 £
Current tax:		
UK corporation tax on profits for the period	96,221	178,147
Adjustments in respect of prior periods	-	38,965
Total current taxation	96,221	217,112
Deferred tax		
Origination and reversal of timing differences	53,000	(53,000)
Adjustment in respect of previous periods	-	-
Total tax credit	149,221	164,112

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The tax credit for year ended 31 January 2016 and period ended 31 December 2016 in current tax relates to a tax receivable in respect of UK research and development activity.

The tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	Period ended 31 December 2016	Year ended 31 January 2016
	£	£
Loss on ordinary activities before income tax	(1,084,607)	(1,262,234)
Standard rate of corporation tax	20%	20%
Loss before tax multiplied by the standard rate of corporation tax	216,921	252,447
Effects of:		
Adjustment in respect of the previous year	-	38,966
Non-deductible expenses	(35,234)	(18,291)
Accelerated depreciation	(13,267)	(2,347)
Deferred tax not recognised	(57,716)	(173,177)
Additional deduction for R&D expenditure	75,015	144,192
Effect of different rate for R&D tax credit	(36,498)	(77,678)
Tax credit	149,221	164,112

Changes in tax rates

UK small Company's corporation tax rate has been maintained at 20% for the two periods. Accordingly, the deferred tax liability has been calculated based on the rate of 20% at the balance sheet date. Future enacted tax rates of 19% will apply from 1 April 2017 and 18% from 1 April 2020.

The Company has not recognised deferred tax assets arising from the accumulated tax losses and timing differences due to uncertainty of their future recovery.

The amount of recognised deferred tax asset or liabilities and its movements are set out in note 15.

8. Property, plant and equipment

	Plant & Equipment	Fixtures, fittings & equipment	Factory Equipment	Total
	£	£	£	£
Cost				
At 1 February 2016	358,432	13,816	-	372,248
Additions	17,883	1,640	325	19,848
At 31 December 2016	376,315	15,456	325	392,096
Depreciation				
At 1 February 2016	112,820	6,160	-	118,980
Charge for the period	82,849	3,320	14	86,183
At 31 December 2016	195,669	9,480	14	205,163
Net book value				
At 31 January 2016	245,612	7,656	-	253,268
At 31 December 2016	180,646	5,976	311	186,933

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9. Intangible assets

	Patents £	Development costs £	Total £
Cost			
At 1 February 2016	-	-	-
Additions	41,467	192,496	233,963
At 31 December 2016	41,467	192,496	233,963
Amortisation			
At 1 February 2016	-	-	-
Charge for the year	1,654	16,316	17,970
At 31 December 2016	1,654	16,316	17,970
Net book value			
At 31 January 2016	-	-	-
At 31 December 2016	39,813	176,180	215,993

10. Inventories

	31 December 2016 £	31 January 2016 £
Raw materials	70,500	-

The cost of inventories recognised as an expense and included in research and development costs in the period amounted to £9,856 (January 2016: £nil).

11. Trade and other receivables

	31 December 2016 £	31 January 2016 £
Prepayments	67,328	5,227
Other receivables	43,692	-
VAT receivable	89,525	14,784
Corporation tax receivable	96,221	178,146
	296,766	198,157

The book values of trade and other receivables approximate to their fair values.

12. Cash and cash equivalents

	31 December 2016 £	31 January 2016 £
Cash at bank and in hand	148,287	100,389

Cash and cash equivalents include cash in hand and deposits held on call, which are not subject to significant changes in value and have original maturities of less than three months.

Where cash at bank earns interest, interest accrues at floating rates based on daily bank deposit rates. The fair value of the cash & cash equivalent is as disclosed above. For the purpose of the cash flow statement, cash and cash

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equivalents comprise the amounts shown above.

13. Trade and other payables

	31 December 2016	31 January 2016
	£	£
Trade payables	50,445	33,072
Accruals and deferred income	28,623	71,581
Social security & other taxes payable	14,284	3,790
Other payables	2,215	-
Total trade and other payables	95,567	108,443

The book value of trade and other payables approximate to their fair values.

14. Loans and borrowings

	31 December 2016	31 January 2016
	£	£
Current:		
Bank loans (unsecured)	-	30,000
Total loans and borrowings	-	30,000

During the current period, Concepta Diagnostics Limited settled a loan of £30,000 from Diagnostic Capital Limited and paid interest at 10% per annum. Total interest charged to finance costs for the year was 1,355 (January 2016: £nil)

On 23 February 2016 and on 6 May 2016 Concepta Diagnostics Limited issued Convertible Loan notes of £250,000 and £400,000 respectively. On 26 July 2016, these Loan notes, totalling £650,000 were novated by Concepta Diagnostics Limited to Concepta plc and converted into shares following the Admission of the enlarged share capital of the Group.

15. Deferred tax liability

	31 December 2016	31 January 2016
	£	£
Deferred tax liability	-	53,000

The movement on the deferred tax liability is as follows:

	31 December 2016	31 January 2016
	£	£
At 1 February 2016	53,000	-
Tax (credit)/charge	(53,000)	53,000
At 31 December 2016	-	53,000

	31 December 2016	31 January 2016
	£	£
Accelerated capital allowances	-	53,000
Deferred tax liability	-	53,000

16. Share capital and reserves

	Authorised share capital (Number)	Ordinary shares of £0.025 each		Share premium
		Number	Nominal value £	£
At 1 February 2016 and 31 December 2016	74,940	42,467	425	2,305,374

Reserves

The following describes the nature and purpose of each reserve within equity:

Share Capital	Amount of capital contributions made by shareholders at nominal value in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based payment reserve	The Company's share options prior to the reverse takeover on 26 July 2016 were terminated and replaced with parent company's share options. As a result, the balance of the share based payment reserve relating to the Company's share options granted and recognised as at 31 January 2016 were transferred to the capital contribution reserve, following the replacement with parent's share options.
Capital contribution reserve	Capital contribution from parent company in respect of share based payments for share options issued to employees and external consultants and shares issued by parent company in settlement of Company's convertible loans.
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.

17. Share-based payment

Employees of the Company along with other group employees have been granted options over the shares in Concepta plc. Concepta plc operates two option schemes, namely an unapproved option scheme and an Enterprise Management Incentive (EMI) scheme. The EMI scheme is for employees and Directors and the unapproved option scheme is for consultants involved in the healthcare operation.

The EMI options vests provided the employees remain in the service of the Company or subsidiary for a period of 3 years from the grant date or vest equally over 3 years from grant date. Employees are required to remain in employment with the group until the options become exercisable. The unapproved options vest on the date of grant. Both options schemes are granted with a fixed exercise price and expire ten years after the date of grant. The Company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution.

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On exercise of the shares by the employees, the Company is charged the intrinsic value of the shares by Concepta plc. This amount is treated as a reduction of the capital contribution and is recognised directly in equity. But none was exercised during the period.

On 26 July 2016, 14,631 of EMI and unapproved options at an exercise price of £71.25 issued by the subsidiary prior to the reverse takeover were terminated and replaced with 3,540,650 of EMI and unapproved options at an exercise price of £0.075 issued by the Company, after taking into account of share consolidation adjustment ratio of 250:1. Apart from the grant date, the replaced share options were issued on the same terms as the previous share options. The difference in fair value between the Concepta Diagnostics Limited options schemes and the Concepta plc schemes is recognised as a share based payment expense. The fair value of the new share options was estimated using the Black Scholes model.

Out of the 3,804,000 outstanding options (January 2016: 1,971,250 options) at year ended 31 December 2016, 1,584,600 options (January 2016: 403,750 options) were exercisable. No options were exercised in 2016 and prior year.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	31 December 2016	31 January 2016
EMI scheme		
Number of options	2,219,400	407
Exercise price range (£)	0.166-0.075	£71.25
Exercise period	April 2017 - December 2026	April 2017 - December 2026
Unapproved scheme		
Number of options	1,584,600	1,668
Exercise price range (£)	0.075	£71.25
Exercise period	July 2016 - July 2025	July 2016 - July 2025

Warrants over Concepta plc shares

At 31 January 2016, the warrants issued by Concepta Diagnostics Limited to Diagnostic Capital Limited to subscribe for 1,274 of its shares with an exercise price of £71.25 were outstanding. These warrants must be exercised within 10 years from date of grant. On 26 July 2016, these warrants were cancelled and new warrants were issued by Concepta PLC to subscribe for 1,210,300 of its shares with an exercise price of £0.075.

On 26 July 2016 in addition to the above warrants issued, 1.1 million warrants with an exercise price of £0.075 were issued to a director of the Company. The share based charge for this

The above warrants over Concepta plc shares are exercisable at any time during the period of 5 years from date of grant. The fair value of the warrants is estimated as at the date of grant using the Black Scholes model.

No warrants were exercised in 2016 and prior year.

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Share and warrant based payment charged to the Company's profit or loss for the period were as follows:

	11 months period ended 31 December 2016	Year ended 31 January 2016
	£	£
Options issued to external consultants	7,894	581
Options issued to employees and services received	56,175	12,455
Included in share-based payments	64,069	13,036
Warrants issued to Diagnostic Capital Limited – external adviser	42,842	-
Included in reverse takeover costs	42,842	12,923
Total share-based payments	106,911	25,959

18. Operating lease commitments

The Company leases certain land and buildings. Some of the rents payable under these leases are subject to review at intervals specified in the lease. The lease terms are from 5 to 10 years and with break clauses. The Company also leases certain plant and equipment under cancellable operating lease agreements. The total future value of minimum lease payments is due as follows:

	31 December 2016		
	Plant and equipment £	Land and building £	Total £
Within one year	779	84,913	85,692
Between one and five years	3,051	339,653	342,704
After more than five years	-	200,813	200,813
	3,830	625,379	629,209

The Company also has an office rental lease which can be cancelled at any time. There were no lease commitments at 31 January 2016.

19. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follow:

	31 December 2016 £	31 January 2016 £
Property, plant and equipment	130,220	-

Of this contracted amount, deposits of £48,420 were paid during the reporting period.

20. Related Party Transactions

Key management personnel are considered to be the Directors, their emoluments are disclosed in note 5. During the year the Company entered into the following transactions with related parties:

Related party	Transaction	Note	31 December 2016 £	31 January 2016 £
Transactions				
Stowheath Limited	Paid for director fees & expenses	1	3,000	10,287
Adaxis Limited	Consultancy fees	2	41,800	74,372
CFPro Limited	Accounting and consultancy fees	3	25,263	-
Amount outstanding at year end (included in Trade and other payables)				
Adaxis Limited			-	6,720
CFPro Limited			2,915	-

1. Dr. Ian Gilham has an interest in Stowheath Limited. He resigned as a director of Concepta Diagnostics Limited on 25th July 2016.
2. Mr. E.G. Henau has an interest in Adaxis Limited. The fees paid were for his consultancy work on the reverse takeover transaction before he was employed by Concepta plc. Mr Henau is a director of Concepta plc and Concepta Diagnostics Limited.
3. Service fees were paid to CFPro Limited and Cambridge Financial Partners LLP for accounting and consultancy support, companies in which Barbara Spurrier has an interest. Barbara Spurrier is a director of Concepta plc.

Amounts owed to Concepta plc at 31 December 2016 is disclosed on the face of the financial position. This amount has no fixed repayment terms and is repayable on demand.

21. Events after the reporting date

There were no significant events to report.

22. Ultimate controlling party

The ultimate parent undertaking of the Company is Concepta plc, a Company registered in England and Wales which owns 100% of the issued share capital. The consolidated financial statements of Concepta plc, incorporating the Company, are available on request from the Company's registered office.