

# **Aegate Holdings Limited**

**Report and consolidated financial  
statements for the period  
1 January to 31 December 2015  
Registered in England and Wales  
number 08567401**



## Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditor's report to the members of Aegate Holdings Limited	4
Consolidated profit and loss account and other comprehensive income	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated statement of changes in equity	9
Company statement of changes in equity	10
Consolidated cash flow statement	11
Notes	12

## Strategic report

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

### Business overviews and principal activities

The principal activity of the group continues to be the provision of a pharmaceutical drug verification and messaging service to pharmacists and pharmaceutical manufacturers to improve patient safety.

The group's losses to date reflect the investment made in anticipation of the EU Falsified Medicines Directive ('FMD'), which was passed into law in July 2011. The associated Delegated Regulation was published for member state adoption on 9 February 2016. The investment made in software development and system roll-out enables the group to provide compliance with the Delegated Regulation which requires that every pack of prescription medicines is authenticated at the point of dispense by early 2019, as well as providing an efficient recall service.

The Directors consider that the results for the year and the financial position at the end of the year were satisfactory in light of the opportunities provided by the Delegated Regulation of the Falsified Medicines Directive.

The Directors consider the group is differentiated in the Medicine Verification System Market by its 8-year track operating record. With over 8,000 active dispensing points scanning medicine codes (including in the 3 countries where serialisation has already taken place through government edict), Aegate had completed 3.19 billion scans of pharmacy products by 31 December 2015.

Aegate has made significant progress in the year and considers itself to be very well placed to provide a European wide authentication service. During 2015, the group continued to develop the network of enabled pharmacies through its existing offices in the UK, Italy and Belgium, and by establishing its presence in Bulgaria, Croatia, Cyprus, France, Germany, Greece, Hungary, Ireland, Luxembourg, The Netherlands, Norway, Poland, Romania, Slovenia, Spain, Sweden, Switzerland, and consolidating its position as a leading Medicine Verification System Provider.

Since 1 January 2016, the Company, has raised £4.2m from existing shareholders in a fundraising round supporting the continued development of the company's business and activities.

Shareholders have also authorised the Company to issue and allot Ordinary Shares and/or grant rights to subscribe for Ordinary Shares in respect of up to 3,150,000 Ordinary Shares at a price to be determined by the Board.

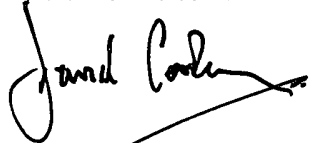
### Financial results

The Company made a consolidated loss before taxation of £7,424,505 (2014: £1,433,592).

### Principle risks and uncertainties

As the Company is pre revenue the principle risks and uncertainties relate to the company's ability to raise equity and development funding and match spending accordingly, and in the ultimate commercialisation of the company's pharmaceutical authentication software.

By order of the board



Sir David Cooksey  
Director

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

### Research and development

During the year research and development work included further development of the pharmaceutical drug verification and messaging service to pharmacists and pharmaceutical manufacturers to improve patient safety.

### Proposed dividend

The directors do not recommend the payment of a dividend (2014: £nil).

### Directors

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

Sir David Cooksey  
Mark De Simone  
Ian Laing  
Jonathan Moynihan  
Martin Stapleton  
Joel Wylar

### Directors' indemnity and insurance

In accordance with the Articles of Association, the Group has provided to all the directors an indemnity (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office, and the Group has taken out an insurance policy in respect of those liabilities for which directors may not be indemnified. Neither the indemnity nor the insurance provides cover in the event that the director is proved to have acted dishonestly or fraudulently.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Disclosure of information to auditor

The company made no political contributions or charitable donations during the year.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Sir David Cooksey  
Director

Unit H9 The Courtyard  
Melbourn Science Park  
Melbourn  
SG8 6HB

18 April 2016

## **Statement of directors' responsibilities in respect of the strategic report, the directors' report and the consolidated financial statements**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations and in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (Financial Reporting Standard 102).

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have generally responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Aegate Holdings Limited**

We have audited the financial statements of Aegate Holdings Limited for the period from 1 January 2015 to 31 December 2015 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement 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, 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.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the period 1 January 2015 to 31 December 2015;
- have been properly prepared in accordance with UK 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**

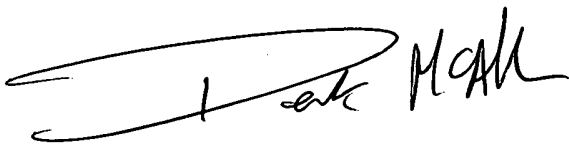
In our opinion the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Aegate Holdings 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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; or
- we have not received all the information and explanations we require for our audit.



19/4/16

**Derek McAllan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants, Arlington Business Park, Theale, Reading, RG7 4SD

**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> £	2014 (6 months) £
<b>Turnover</b>	2	<b>406,796</b>	132,662
Cost of sales		<b>(63,482)</b>	(1,482)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>343,314</b>	131,180
Administrative expenses		<b>(7,763,466)</b>	(1,564,547)
		<hr/>	<hr/>
<b>Group operating loss</b>	3	<b>(7,420,152)</b>	(1,433,367)
Interest payable and similar charges	6	<b>(4,353)</b>	(225)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(7,424,505)</b>	(1,433,592)
Tax on loss on ordinary activities	7	<b>(11,596)</b>	(7,544)
		<hr/>	<hr/>
<b>Loss for the period</b>		<b>(7,436,101)</b>	(1,441,136)
		<hr/>	<hr/>
Exchange gain/(loss) on translation of subsidiary results		<b>(2,598)</b>	(19,817)
		<hr/>	<hr/>
<b>Total comprehensive income</b>		<b>(7,438,699)</b>	(1,460,953)
		<hr/>	<hr/>

All of the above transactions are from continuing activities. There were no recognised gains or losses for the period other than the results reported above.

The notes on pages 12 to 22 form part of these financial statements.

**Consolidated Balance Sheet**  
*As at 31 December 2015*

	<i>Note</i>	<b>2015</b> £	<b>2015</b> £	<b>2014</b> £	<b>2014</b> £
<b>Fixed assets</b>					
Intangible assets	9		-		(39,238)
Tangible assets	10		<b>286,254</b>		<b>55,536</b>
			<hr/>		<hr/>
			<b>286,254</b>		<b>16,298</b>
 <b>Current assets</b>					
Debtors due within one year	12	<b>973,222</b>		<b>406,024</b>	
Cash at bank and in hand		<b>1,099,376</b>		<b>2,818,666</b>	
		<hr/>		<hr/>	
		<b>2,072,598</b>		<b>3,224,690</b>	
<b>Creditors: amounts falling due within one year</b>	13	<b>(1,693,651)</b>		<b>(738,406)</b>	
		<hr/>		<hr/>	
<b>Net current assets</b>			<b>378,947</b>		<b>2,486,284</b>
 <b>Creditors: amounts falling due after more than one year</b>	14		<b>(82,618)</b>		<b>-</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>582,583</b>		<b>2,502,582</b>
			<hr/>		<hr/>
 <b>Capital and reserves</b>					
Called up share capital	15		<b>119,167</b>		<b>63,980</b>
Share premium account			<b>11,797,496</b>		<b>6,333,983</b>
Profit and loss account			<b>(11,334,080)</b>		<b>(3,895,381)</b>
			<hr/>		<hr/>
<b>Shareholders' equity</b>			<b>582,583</b>		<b>2,502,582</b>
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 18 April 2016 and were signed on its behalf by:



**Sir David Cooksey**  
*Director*

The notes on pages 12 to 22 form part of these financial statements.

**Company Balance Sheet**  
*at 31 December 2015*

	<i>Note</i>	<b>2015</b> £	<b>2015</b> £	<b>2014</b> £	<b>2014</b> £
<b>Fixed assets</b>					
Investments	11		35,931		35,931
<b>Current assets</b>					
Debtors due within one year	12	12,060,691		3,614,427	
Cash at bank and in hand		997,138		2,747,655	
		<u>13,057,829</u>		<u>6,362,082</u>	
<b>Creditors: amounts falling due within one year</b>	13	(211,761)		(177,700)	
<b>Net current assets</b>			<u>12,846,068</u>		<u>6,184,382</u>
<b>Net assets</b>			<u>12,881,999</u>		<u>6,220,313</u>
<b>Capital and reserves</b>					
Called up share capital	15		119,167		63,980
Share premium account			11,797,496		6,333,983
Profit and loss account			965,336		(177,650)
<b>Shareholders' equity</b>			<u>12,881,999</u>		<u>6,220,313</u>

These financial statements were approved by the board of directors on 18 April 2016 and were signed on its behalf by:



**Sir David Cooksey**  
*Director*

The notes on pages 12 to 22 form part of these financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	<i>Note</i>	<b>Called up share capital £</b>	<b>Share premium £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
<b>Total comprehensive income for the period</b>					
<b>Balance as at 1 January 2015</b>		<b>63,980</b>	<b>6,333,983</b>	<b>(3,895,381)</b>	<b>2,502,582</b>
Loss for the period		-	-	(7,436,101)	(7,436,101)
Exchange gain on translation of subsidiary results		-	-	(2,598)	(2,598)
		<u>63,980</u>	<u>6,333,983</u>	<u>(11,334,080)</u>	<u>(4,936,117)</u>
<b>Transactions with owners, recorded directly in equity</b>					
Issued share capital in the period	<i>15</i>	55,187	5,463,513	-	5,518,700
		<u>119,167</u>	<u>11,797,496</u>	<u>(11,334,080)</u>	<u>582,583</u>
<b>Balance as at 31 December 2015</b>		<b>119,167</b>	<b>11,797,496</b>	<b>(11,334,080)</b>	<b>582,583</b>
<b>Balance as at 1 July 2014</b>					
<b>Balance as at 1 July 2014</b>		<b>30,900</b>	<b>3,059,099</b>	<b>(2,434,428)</b>	<b>655,571</b>
Loss for the period		-	-	(1,441,136)	(1,441,136)
Exchange gain on translation of subsidiary results		-	-	(19,817)	(19,817)
		<u>30,900</u>	<u>3,059,099</u>	<u>(3,895,381)</u>	<u>(805,382)</u>
<b>Transactions with owners, recorded directly in equity</b>					
Issued share capital in the period	<i>15</i>	33,080	3,274,884	-	3,307,964
		<u>63,980</u>	<u>6,333,983</u>	<u>(3,895,381)</u>	<u>2,502,582</u>
<b>Balance as at 31 December 2014</b>		<b>63,980</b>	<b>6,333,983</b>	<b>(3,895,381)</b>	<b>2,502,582</b>

**Company Statement of Changes in Equity**  
For the period ended 31 December 2015

	<i>Note</i>	<b>Called up share capital £</b>	<b>Share Premium £</b>	<b>Profit and loss account £</b>	<b>Total Equity £</b>
<b>Total comprehensive income for the period</b>					
<b>Balance as at 1 January 2015</b>		<b>63,980</b>	<b>6,333,983</b>	<b>(177,650)</b>	<b>6,220,313</b>
Profit for the period		-	-	540,831	540,831
Exchange gain on translation of subsidiary results		-	-	602,155	602,155
		<hr/>	<hr/>	<hr/>	<hr/>
		63,980	6,333,983	965,336	7,363,299
<b>Transactions with owners, recorded directly in equity</b>					
Issued share capital in the period	15	55,187	5,463,513	-	5,518,700
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 31 December 2015</b>		<b>119,167</b>	<b>11,797,496</b>	<b>965,336</b>	<b>12,881,999</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 1 January 2014</b>					
<b>Balance as at 1 January 2014</b>		<b>30,900</b>	<b>3,059,099</b>	<b>(225,781)</b>	<b>2,864,218</b>
Profit for the period		-	-	302,984	302,984
Exchange gain on translation of subsidiary results		-	-	(254,853)	(254,853)
		<hr/>	<hr/>	<hr/>	<hr/>
		30,900	3,059,099	(177,650)	2,912,349
<b>Transactions with owners, recorded directly in equity</b>					
Issued share capital in the period	15	33,080	3,274,884	-	3,307,964
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 31 December 2014</b>		<b>63,980</b>	<b>6,333,983</b>	<b>(177,650)</b>	<b>6,220,313</b>
		<hr/>	<hr/>	<hr/>	<hr/>

## Consolidated cash flow statement

For the year ended 31 December 2015

	Note	Period from 1 January to 31 December 2015	Period from 1 July to 31 December 2014 £
<b>Cash flows from operating activities</b>			
Loss before tax		(7,424,505)	(1,433,592)
<i>Adjustments for:</i>			
Depreciation and amortisation charges		12,045	7,227
Foreign exchange losses		(13,965)	(11,940)
Interest payable and similar charges		4,353	225
		<u>2,433</u>	<u>(4,488)</u>
Increase in trade and other debtors		(567,198)	(75,694)
Increase in trade and other creditors		439,607	129,343
Increase in provision and employee benefits		491,904	97,717
		<u>364,313</u>	<u>151,366</u>
<b>Cash from operations</b>			
Interest paid		(4,353)	(225)
Income taxes paid		(11,596)	(7,544)
		<u>(7,073,708)</u>	<u>(1,294,483)</u>
<b>Net cash used in operating activities</b>			
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets		(270,634)	(33,624)
		<u>(270,634)</u>	<u>(33,624)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		5,518,700	3,307,964
Repayment of borrowings		(6,701)	-
Proceeds from inception of finance leases		113,053	-
		<u>5,625,052</u>	<u>3,307,964</u>
<b>Net cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		(1,719,290)	1,979,857
Cash and cash equivalents at beginning of period		2,818,666	838,809
		<u>1,099,376</u>	<u>2,818,666</u>
<b>Cash and cash equivalents at end of period</b>			

The notes on pages 12 to 22 form part of these financial statements

## Notes

### *Forming part of the financial statements.*

#### **1 Accounting policies**

Aegate Holdings Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling.

The directors consider that the accounting policies are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

In the application of the company’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company’s financial statements.

#### ***Exemptions taken***

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2015. Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The company has used the exemption under Financial Reporting Standard 1, “Cash Flow Statements”, not to prepare a cash flow statement as the company heads a small group as defined under Section 383 of the Companies Act 2006.

#### ***Going concern***

These financial statements have been prepared on a going concern basis notwithstanding the group’s consolidated loss before taxation for the period under review of £7,438,699.

The directors have reviewed the current working capital position and the forecast working capital requirements of the business and have determined that the Group is reliant on its ability to successfully sell its authentication service to the national stakeholder groups across Europe and on the continued support of its shareholders.

The directors are confident that should revenues be lower than forecast, the Group would be able to successfully manage its working capital at a lower level which would ensure the Group is able to meet its liabilities as they fall due for the foreseeable future. Additionally, the shareholders have indicated their willingness to subscribe for further funding should this be necessary.

For these reasons, the directors continue to adopt the going concern basis in preparing the annual financial statements.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **Turnover**

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the year, allocating the value of the contract to the period over which the service is delivered, exclusive of VAT and other sales taxes and trade discounts.

#### **Research and development**

Expenditure on research activities is recognised in the profit and loss account as incurred.

#### **Defined contribution plans and other long term employee benefits**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the period. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Plant and machinery	-	10% - 33% on cost
Computer equipment	-	20% - 50% on cost
Fixtures and fittings	-	10% - 20% on cost

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

##### *Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

##### *Finance leases*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

#### *Investments*

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Intangible fixed assets and amortisation*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation, amortisation or sale.

Licences purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between 1 and 5 years.

On the subsequent disposal or termination of a business, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill or negative goodwill.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

### 2 Turnover

Turnover is stated net of value added tax and similar taxes and is recognised by allocating the value of the contract to the period over which the service is delivered.

A geographical analysis of group turnover is given below:

	2015	2014 (6 months)
	£	£
Europe	406,796	132,662
	<hr/>	<hr/>

### 3 Expenses and auditors' remuneration

	2015	2014 (6 months)
	£	£
<i>Included in the consolidated group loss are the following:</i>		
Depreciation of own fixed assets	38,966	7,822
Recognition of Negative Goodwill	(200,521)	(391,266)
Auditors' remuneration for audit services	23,500	19,500
Auditors' remuneration for tax services	6,000	10,688
	<hr/>	<hr/>

### 4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period was as follows:

	2015	2014 (6 months)
	Number	Number
UK	32	12
Europe	13	7
	<hr/>	<hr/>
	45	19
	<hr/>	<hr/>

## Notes (continued)

### 4 Staff numbers and cost (continued)

The aggregate payroll costs of these persons were as follows:

	2015	2014 (6 months)
	£	£
Wages and salaries	3,525,187	580,085
Social security costs	415,284	110,813
Share option costs	57,293	8,057
Other pension costs	39,867	23,612
	<hr/> 4,037,631 <hr/>	<hr/> 722,567 <hr/>

### 5 Remuneration of directors

The cost of directors within the company was as follows:

	2015	2014 (6 months)
	£	£
Directors' emoluments	354,488	113,250
	<hr/> 354,488 <hr/>	<hr/> 113,250 <hr/>

The aggregate of emoluments of the highest paid director was £354,488 (2014: £113,250)

## Notes (continued)

### 6 Interest payable and similar charges

	2015	2014 (6 months)
	£	£
Lease interest	4,353	-
Bank interest payable	-	225
	<u>4,353</u>	<u>225</u>

### 7 Taxation on loss from ordinary activities

#### (a) Analysis of charge in the period

	2015	2014 (6 months)
	£	£
<b>Current tax</b>		
UK corporation tax on results of the period	-	-
Foreign tax	11,596	7,544
	<u>11,596</u>	<u>7,544</u>
Taxation on loss on ordinary activities	<u>11,596</u>	<u>7,544</u>

#### (b) Factors affecting current tax charge

The current tax credit for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2015	2014 (6 months)
	£	£
Loss on ordinary activities before tax	(7,424,505)	(1,433,592)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(1,503,462)	(301,054)
<b>Effects of:</b>		
Non-deductible expenses	15,652	-
Goodwill / negative goodwill	(40,605)	(82,166)
Losses carried forward	1,520,525	381,754
Unrecognised deferred tax	7,890	1,466
Foreign Tax	11,596	7,544
	<u>11,596</u>	<u>7,544</u>
Total tax debit / (credit) for period (note 7(a))	<u>11,596</u>	<u>7,544</u>

No deferred tax asset has been recognised in respect of approximately £34,100,000 of tax losses carried forward (31 December 2014: £24,605,710) as the likelihood of recovery is remote.

#### (c) Factors that may affect future tax charges

Currently the group is not recognising deferred tax assets on its losses. However, once the group begins to generate profits it will consider recognising deferred tax. The reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (announced in the Budget on 16 March 2016 and effective from 1 April 2020) will help reduce the group's overall tax charge accordingly.

## Notes (continued)

### 8 Loss for the financial period

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the period includes a profit after tax of £1,142,986 which is dealt with in the financial statements of the company.

### 9 Intangible fixed assets - Group

	Goodwill £	Negative Goodwill £	Licences £	Total £
<b>Cost</b>				
At 1 January 2015	287,012	(1,004,296)	1,935,394	1,218,110
Foreign exchange adjustment	-	-	100,936	100,936
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	287,012	(1,004,296)	2,036,330	1,319,046
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>				
At 1 January 2015	287,012	(803,775)	1,774,111	1,257,348
Foreign exchange adjustment	-	-	88,619	88,619
Charge for the period	-	(200,521)	173,600	(26,921)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	287,012	(1,004,296)	2,036,330	1,319,046
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2015	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	-	(200,521)	161,283	(39,238)
	<hr/>	<hr/>	<hr/>	<hr/>

Negative goodwill arising on the acquisition of Aegate Salus AG in 2013 was in excess of the fair value of the non-monetary assets acquired. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale.

## Notes (continued)

### 10 Tangible fixed assets

	Plant and machinery £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2015	20,410	1,121,786	52,430	1,194,626
Foreign exchange adjustment	(344)	35,665	(2559)	32,762
Additions	-	249,634	21,000	270,634
At 31 December 2015	20,066	1,407,085	70,871	1,498,022
<b>Depreciation</b>				
At 1 January 2015	18,109	1,096,582	24,399	1,139,090
Foreign exchange adjustment	(250)	35,538	(1,576)	33,712
Charge for the period	929	30,473	7,564	38,966
At 31 December 2015	18,788	1,162,593	30,387	1,211,768
<b>Net book value</b>				
At 31 December 2015	1,278	244,492	40,484	286,254
At 31 December 2014	2,301	25,204	28,031	55,536

The tangible fixed assets are those of the group. The company had no fixed assets.

### 11 Investments

Company	£
<b>Cost</b>	
At 31 December 2014 and 31 December 2015	35,931

The undertakings in which the Company's interest at the period end is more than 20% are as follows:

Name of undertaking	Country	Class	Nature of business	%
<b>Subsidiaries</b>				
Aegate Limited	UK	Common stock	Drug verification & messaging services	100
Aegate Salus AG	Switzerland	Common stock	Drug verification & messaging services	100

### 12 Debtors

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade debtors	378,942	-	67,573	-
Amounts owed by group undertakings	-	11,977,973	-	3,592,274
VAT recoverable	198,856	-	133,079	-
Other debtors	74,692	46,858	31,914	11,061
Prepayments and accrued income	320,732	35,860	173,458	11,092
	973,222	12,060,691	406,024	3,614,427

All debtors are due within one year.

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade creditors	643,341	48,959	232,733	60,072
Obligations under finance leases and hire purchase contracts	23,733	-	-	-
Taxation and social security	151,043	24,139	77,617	40,810
Other creditors	182,014	37,370	153,014	328
Accruals and deferred income	693,520	101,293	275,042	76,490
	<u>1,693,651</u>	<u>211,761</u>	<u>738,406</u>	<u>177,700</u>

### 14 Creditors: amounts falling due in more than one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Obligations under finance leases and hire purchase contracts	82,618	-	-	-
	<u>82,618</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
<b>Finance leases which expire:</b>				
Within one year	23,733	-	-	-
In two to five years	82,618	-	-	-
More than five years	-	-	-	-
	<u>82,618</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 15 Called up share capital

	2015 Number	2015 £	2014 (6 months) Number	2014 (6 months) £
<b>Equity: Allotted, called up and fully paid</b>				
Ordinary shares of £0.01 each	11,916,663	119,167	6,397,963	63,980
	<u>11,916,663</u>	<u>119,167</u>	<u>6,397,963</u>	<u>63,980</u>

During the period 5,518,700 ordinary shares were issued for consideration of £1.00 each.

## Notes (continued)

### 16 Operating leases

Group	2015 Land and buildings £	2015 Other £	2014 Land and buildings £	2014 Other £
Non-cancellable operating lease rentals are payable as follows:				
Less than one year	269,063	36,973	59,957	35,497
Between one and five years	221,755	70,858	57,750	68,703
More than five years	-	-	-	-
	<u>490,818</u>	<u>107,831</u>	<u>117,707</u>	<u>104,200</u>

During the year £149,270 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £109,444).

### 17 Employee share schemes

#### Share based payments

For those employees that qualify, share options are granted under an HMRC approved EMI scheme. Other share options are granted under an unapproved scheme. The rules of the EMI and unapproved schemes are the same. All options vest on a time basis. The general rule is that options vest four years after the date of grant (although a small number of exceptions apply) and expire 10 years after the date of grant. All options have an exercise price equal to estimated market value of a share at the date of grant. The exercise price is payable in cash.

The estimated fair value of each share option granted has been calculated using the Black-Scholes option pricing model. The common model inputs were: the share price at grant date, the exercise price, expected volatility of 50%, no expected dividends and a risk free interest rate of 4.5%. The period between grant date and assumed exercise date (ie. the period over which the fair value is charged to the profit and loss account) is assessed for each grant. The period used ranges from 10 years to 1 month. To allow for effects of options being forfeited during the period before exercise due to employees leaving the Company, the amount of the charge is reduced by 33%.

The number and weighted average exercise prices of share options in issue are as follows:

	2015 Weighted average exercise price £p	2015 Number of options  Number	2014 Weighted average exercise price £p	2014 Number of options  Number
Outstanding at the beginning of the period		137,700		-
Granted during the period	1.00	525,175	1.00	178,450
Forfeited during the period	1.00	(4,000)	1.00	(23,750)
Exercised during the period	1.00	-	1.00	(17,000)
<b>Outstanding at the end of the period</b>	<b>1.00</b>	<b>658,875</b>	<b>1.00</b>	<b>137,700</b>
Exercisable at the end of the period	1.00	145,892	1.00	33,000

There were no share options exercised (2014: 17,000) during the period. The options outstanding at the period end all have an exercise price of £1.00 and a weighted average contractual life of 3.3 years (2014: 3.5).

## Notes (continued)

### 17 Employee share schemes (continued)

The total expense recognised arising from share based payments is as follows:

	2015	2014 (6 months) £
Cumulative expense charged at the beginning of the period	8,057	-
Expense during the period arising from share option plans	57,293	8,057
	<hr/>	<hr/>
Cumulative expense charged at the end of the period	65,350	8,057
	<hr/>	<hr/>

### 18 Post Balance Sheet events

In March 2016 Aegate Holdings Limited raised a further £4.2m from the existing shareholders supporting the continued development of the business.

### 19 Related party disclosures

#### *Related party transactions*

During the period the group entered into related party transactions as follows:

	2015 £	2014 (6 months) £
Ipex Capital Management Limited	13,780	23,210
	<hr/>	<hr/>

Ipex Capital Management Limited is a company connected with Ipex GP 1 Limited, a significant shareholder in Aegate Holdings Limited and with Ipex 1 SLP Limited, which acts as a nominee for some investors in Aegate Holdings Limited.

The transactions relate to service charges from Ipex Capital Management Limited. At 31 December 2015 a gross amount of £1,272 was owed to related parties (31 December 2014: £2,584).

### 20 Ultimate controlling party

The directors do not consider there to be any ultimate controlling party.

### 21 Adoption of FRS102

These financial statements have been prepared in accordance with Financial Reporting Standard 102 being the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

This is the first year that accounts have been prepared under FRS102 and, following review of the requirements of the Standard, no adjustments have been made to the prior year financial statements as a result of this adoption.