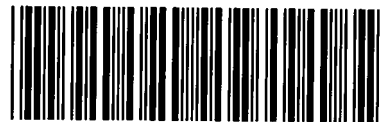


REGISTERED NUMBER: 08839972 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 January 2017
for
Genomics plc**

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for the year ended 31 January 2017

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Genomics plc

Company Information *for the year ended 31 January 2017*

DIRECTORS:

J E B Colenutt
Professor P J Donnelly
Professor G McVean
D R Norwood
M R Warne
C R Weston

SECRETARY:

Pinsent Masons Secretarial Limited

REGISTERED OFFICE:

King Charles House
Park End Street
Oxford
OX1 1JD

REGISTERED NUMBER:

08839972 (England and Wales)

AUDITOR:

KPMG LLP
Chartered Accountants
Registered Auditor
1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

Genomics plc

Strategic Report for the year ended 31 January 2017

The directors present their strategic report for the year ended 31 January 2017.

REVIEW OF BUSINESS

The Company's principal activities during the year continued to be the development of a platform that can be used to derive biological insights from genetic and linked phenotypic data. Efforts to source and obtain data from genotyping and genome studies and then integrate into one interrogable quality-controlled database have resulted in the largest database of its kind in the world, with work ongoing to enable further scaling of the resource. Methods and tools for analysis have continued to be developed and refined to further improve the value that can subsequently be derived. The Company has worked collaboratively with four major pharmaceutical companies on studies to better understand the role that human genetic analysis can have in drug pipeline decision-making and commercial discussions with these and other pharma and biotech companies are ongoing.

The key financial and other performance indicators during the year were as follows:

	2017	2016
	£	£
Revenue	111,071	81,810
Operating loss	(3,538,039)	(2,035,233)
Loss after tax	(3,325,598)	(1,970,046)
Shareholders' funds	5,981,907	9,199,257
Average number of employees	38	30

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are set out below.

Research and development risk

The Company is involved in complex scientific areas and new product development. There is no guarantee that the Company will be successful in its research and product development. Some of the Company's technology and intellectual property portfolio is at an early stage of commercial development. The Company may not be able to develop and exploit its technology sufficiently to enable it to develop commercial and marketable products. Furthermore, the Company may not be able to develop new applications or identify additional specific market needs that can be addressed by the Company's technology.

Acceptance of the Company's products

The success of the Company will depend on the market's acceptance of, and attribution of value to, its core technology and the benefits of incorporating the same into various applications. There can be no guarantee that this acceptance will be forthcoming, that an acceptable value will be placed upon such technology or that the Company's core technology will succeed as an alternative to other platforms.

Early stage of operations

The Company is still at an early stage of development. There are a number of operational, strategic and financial risks associated with such early stage companies. In particular, the Company's future growth and prospects will depend on its ability to develop products and services for applications which have sufficient commercial appeal, to manage growth and to continue to develop operational, financial and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to develop operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on its business, financial condition and results of operations.

The Company is currently loss making and there can be no certainty that the Company will achieve sustainable revenues, profitability or positive cash flow from its operating activities within the timeframe expected by the Board or at all. The development of the Company's revenues is difficult to predict and there is no guarantee that it will generate any material revenues in the foreseeable future. The Company has a limited operating history upon which its performance and prospects can be evaluated.

Strategic Report

for the year ended 31 January 2017

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Competition risk

Given the potentially disruptive nature of the Company's technology in relation to established markets, the Company may face significant competition and negative commentary from organisations which have greater capital resources than it and/or which have a product offering competitive to that of the Company, to the detriment of the Company.

Dependence on key executives and personnel and the ability to attract and retain appropriately qualified personnel

The Company's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The Company cannot give assurances that members of the senior management team and the executive Directors will continue to remain within the Company. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

Financial instrument risks

The Company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's policies are aimed at minimising such losses and require that credit terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's debtors are shown in note 9 of the financial statements. At 31 January 2017 there were outstanding trade debtors of £1,261 against which no provision is deemed necessary.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company's prudent liquidity risk management and implies maintaining sufficient cash reserves. The Board monitors forecasts of the Company's liquidity and cash and cash equivalents on the basis of expected cash flow. At 31 January 2017, the Company had £5,096,221 (31 January 2016: £8,735,343) of cash and cash equivalents.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Company is managed and adjusted to reflect changes in economic circumstances. In determining how the Company should be financed, through a combination of debt and equity, the Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Company's capital is made up of share capital, share premium and retained earnings totalling £5,981,907 at 31 January 2017 (2016: £9,199,257).

The Company funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans.

Genomics plc

Strategic Report

for the year ended 31 January 2017

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Intellectual property risk

The Company's success will depend in part on its ability to maintain adequate protection of its intellectual property, covering its processes and applications. The intellectual property on which the Company's business is based is a combination of patent applications and proprietary know-how. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that any patents will be granted on a timely basis, that the scope of any patent protection will exclude competitors or provide competitive advantages to the Company, that any of the Company's patents will be held valid if challenged, or that third parties will not claim rights in, or ownership of, the patents and other proprietary rights held by the Company.


There can be no assurance that others have not developed or will not develop similar products, duplicate any of the Company's products or design around any patent applications held by the Company. Others may hold or receive patents which contain claims having a scope that covers products developed by the Company (whether or not patents are issued to the Company). In addition, no assurance can be given that others will not independently develop or otherwise acquire substantially equivalent techniques or otherwise gain access to the Company's unpatented proprietary technology or disclose such technology or that the Company can ultimately protect meaningful rights to such unpatented technology.

Any claims made against the Company's intellectual property rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Company's resources.

Third party intellectual property risk

Although the Board believes that the Company's current products, products in development and processes do not infringe the intellectual property rights of any third parties, it is impossible to be aware of all third party intellectual property. No assurance can be given that third parties will not in the future claim rights in or ownership of the patents and other proprietary rights from time to time held by the Company.

ON BEHALF OF THE BOARD:



J E B Colenutt - Director

Date: 15 March 2017

Genomics plc

Report of the Directors *for the year ended 31 January 2017*

The directors present their report with the financial statements of the company for the year ended 31 January 2017.

DIVIDENDS

The directors do not recommend the payment of a dividend.

RESEARCH AND DEVELOPMENT

The Company has incurred research and development expenditure of £2,492,652 (2016: £1,991,381) which has been charged to the Statement of Comprehensive Income as incurred.

FUTURE DEVELOPMENTS

The Directors anticipate that there will be many opportunities in the next twelve months to expand Genomics plc's world-leading database in scale and scope, and create new and innovative methods and tools for extracting further biological insights from this resource and external genomic data. Further commercial progress remains a priority, and Genomics plc also expects to broaden its network of collaborators.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2016 to the date of this report.

J E B Colenutt
Professor P J Donnelly
Professor G McVean
D R Norwood
M R Warne
C R Weston

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the strategic report on page 4.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 2 to 4.

The company has considerable financial resources. At 31 January 2017 the company had £5,096,221 of cash and cash equivalents. As a consequence, the directors believe that the company is well placed to manage its business risks successfully for the foreseeable future. At this stage in its development the company is reliant on equity share funding. When making their going concern assessment the directors assess available and committed funds against all non-discretionary expenditure, and related cash flows, as forecast for the period ended March 2018. These forecasts indicate that the company is able to settle its liabilities as they fall due in the forecast period.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Genomics plc

Report of the Directors
for the year ended 31 January 2017

AUDITOR

The auditor, KPMG LLP, will be deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
J E B Colenutt - Director

Date: 15 March 2017

Statement of Directors' Responsibilities
for the year ended 31 January 2017

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Independent Auditor's Report to the Members of Genomics plc

We have audited the financial statements of Genomics plc for the year ended 31 January 2017 on pages 9 to 25. 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 102 '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 a Report of the Auditors 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 7, 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 FRC's website at 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 company's affairs as at 31 January 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and Directors' report:

- We have not identified material misstatements in those reports; and
- In our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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



Claire Needham (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
Registered Auditor
1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

Date: 20 March 2017

Genomics plc

Statement of Comprehensive Income
for the year ended 31 January 2017

	Notes	31/1/17 £	31/1/16 £
REVENUE	3	111,071	81,810
Administrative expenses		<u>(4,386,673)</u>	<u>(3,384,518)</u>
		(4,275,602)	(3,302,708)
Other operating income		<u>737,563</u>	<u>1,267,475</u>
OPERATING LOSS	6	(3,538,039)	(2,035,233)
Interest receivable and similar income		<u>15,849</u>	<u>14,673</u>
LOSS BEFORE TAXATION		(3,522,190)	(2,020,560)
Tax on loss	7	<u>196,592</u>	<u>50,514</u>
LOSS FOR THE FINANCIAL YEAR		(3,325,598)	(1,970,046)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(3,325,598)</u>	<u>(1,970,046)</u>

The notes form part of these financial statements

Genomics plc (Registered number: 08839972)

Statement of Financial Position

31 January 2017

	Notes	31/1/17 £	31/1/16 £
FIXED ASSETS			
Property, plant and equipment	8	868,801	606,266
CURRENT ASSETS			
Debtors	9	205,606	332,362
Cash at bank and in hand		<u>5,096,221</u>	<u>8,735,343</u>
		5,301,827	9,067,705
CREDITORS			
Amounts falling due within one year	10	<u>(188,721)</u>	<u>(474,714)</u>
NET CURRENT ASSETS		<u>5,113,106</u>	<u>8,592,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,981,907</u>	<u>9,199,257</u>
CAPITAL AND RESERVES			
Called up share capital	13	50,493	50,493
Share premium	14	11,372,726	11,372,726
Retained earnings	14	<u>(5,441,312)</u>	<u>(2,223,962)</u>
SHAREHOLDERS' FUNDS		<u>5,981,907</u>	<u>9,199,257</u>

The financial statements were approved by the Board of Directors on 15 March 2017 and were signed on its behalf by:



.....
J E B Colenutt - Director

The notes form part of these financial statements

Genomics plc

Statement of Changes in Equity for the year ended 31 January 2017

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 February 2015	515	(335,650)	11,422,704	11,087,569
Changes in equity:				
<i>Total comprehensive income:</i>				
Loss and total comprehensive loss for the year	-	(1,970,046)	-	(1,970,046)
<i>Transactions with owners:</i>				
Issue of share capital	49,978	-	(49,978)	-
Share-based payment expense	-	81,734	-	81,734
Balance at 31 January 2016	<u>50,493</u>	<u>(2,223,962)</u>	<u>11,372,726</u>	<u>9,199,257</u>
Balance at 1 February 2016	50,493	(2,223,962)	11,372,726	9,199,257
Changes in equity				
<i>Total comprehensive income:</i>				
Loss and total comprehensive loss for the year	-	(3,325,598)	-	(3,325,598)
<i>Transactions with owners:</i>				
Share-based payment expense	-	108,248	-	108,248
Balance at 31 January 2017	<u>50,493</u>	<u>(5,441,312)</u>	<u>11,372,726</u>	<u>5,981,907</u>

The notes form part of these financial statements

Genomics plc

Statement of Cash Flows for the year ended 31 January 2017

	Notes	31/1/17 £	31/1/16 £
Cash flows from operating activities			
Cash absorbed by operations	1	(3,491,044)	(1,766,881)
Tax received		<u>364,357</u>	<u>-</u>
Net cash from operating activities		<u>(3,126,687)</u>	<u>(1,766,881)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(528,907)	(604,480)
Sale of tangible fixed assets		623	-
Interest received		<u>15,849</u>	<u>14,673</u>
Net cash from investing activities		<u>(512,435)</u>	<u>(589,807)</u>
Decrease in cash and cash equivalents		(3,639,122)	(2,356,688)
Cash and cash equivalents at beginning of year	2	8,735,343	11,092,031
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	2	<u>5,096,221</u>	<u>8,735,343</u>

The notes form part of these financial statements

Genomics plc

Notes to the Statement of Cash Flows for the year ended 31 January 2017

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31/1/17	31/1/16
	£	£
Loss before taxation	(3,522,190)	(2,020,560)
Depreciation charges	265,785	38,809
Profit on disposal of fixed assets	(37)	-
Above the line R & D tax credit	(101,537)	(15,713)
Share-based payment expense	108,248	81,734
Finance income	(15,849)	(14,673)
	(3,265,580)	(1,930,403)
Decrease/(increase) in trade and other debtors	60,529	(198,276)
(Decrease)/increase in trade and other creditors	(285,993)	361,798
Cash absorbed by operations	(3,491,044)	(1,766,881)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 January 2017

	31/1/17	1/2/16
	£	£
Cash and cash equivalents	<u>5,096,221</u>	<u>8,735,343</u>

Year ended 31 January 2016

	31/1/16	1/2/15
	£	£
Cash and cash equivalents	<u>8,735,343</u>	<u>11,092,031</u>

Genomics plc

Notes to the Financial Statements for the year ended 31 January 2017

1. STATUTORY INFORMATION

Genomics plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Statement of compliance

Genomics plc is a limited liability company incorporated in England. The Registered Office is King Charles House, Park End Street, Oxford, OX1 1JD.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 January 2017.

Basis of preparation

The financial statements of Genomics plc were approved for issue by the Board of Directors on 15 March 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £.

Revenue

Revenue comprises income from the provision of contract services, net of VAT.

Services supplied to customers under contracts are recognised over the period of the contract based upon the level of completion of the work.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the statement of financial position as deferred income. Amounts included in deferred income due within one year are expected to be recognised within one year and are included within current liabilities.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Leasehold improvements - over the term of the lease on a straight-line basis

Plant and machinery - 20% on cost on a straight-line basis

Fixtures and fittings - 20% on cost on a straight-line basis

Computer equipment - 33% on cost on a straight-line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Income from grants is included within 'other operating income' in the Statement of Profit or Loss and Other Comprehensive Income. Grants received in advance of the expenditure being incurred are accounted for within accruals and deferred income.

Notes to the Financial Statements - continued
for the year ended 31 January 2017

2. ACCOUNTING POLICIES - continued

Impairment of fixed assets

At each reporting date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the year ended 31 January 2017

2. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset;
- the probability of future economic benefits;
- the reliable measurement of costs;
- the ability and intention of the company to use or sell the intangible asset.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No development costs to date have been capitalised as intangible assets.

Foreign currencies

The financial statements are presented in Sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated on foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined.

Leases

Rentals payable under operating leases are charged in the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

Pension costs and other post-retirement benefits

Contributions to defined contribution schemes are recognised in the Income Statement in the period in which they become payable.

Notes to the Financial Statements - continued
for the year ended 31 January 2017

2. ACCOUNTING POLICIES - continued

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(i) Trade debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of profit or loss when there is objective evidence that the assets are impaired.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

(iv) Trade creditors

Trade creditors are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

(v) Classification of financial instruments

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Notes to the Financial Statements - continued
for the year ended 31 January 2017

2. ACCOUNTING POLICIES - continued

Share based payments

Certain employees and consultants (including Directors and senior executives) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments of the company ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by the company, by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest in the parent company. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period with a corresponding credit arising in the profit and loss reserve.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. In addition, all internal activities related to research and development are continuously monitored by the Directors. To date, no development costs have been capitalised.

Genomics plc

Notes to the Financial Statements - continued for the year ended 31 January 2017

3. REVENUE

The revenue and loss before taxation are attributable to the one principal activity of the company, stated net of value added tax.

An analysis of revenue by geographic market is given below:

	31/1/17 £	31/1/16 £
United States of America	<u>111,071</u>	<u>81,810</u>
Total revenue	<u><u>111,071</u></u>	<u><u>81,810</u></u>

4. EMPLOYEES AND DIRECTORS

	31/1/17 £	31/1/16 £
Wages and salaries	2,253,409	1,617,675
Social security costs	271,972	190,293
Other pension costs	<u>74,482</u>	<u>17,699</u>
	<u><u>2,599,863</u></u>	<u><u>1,825,667</u></u>

The average monthly number of employees during the year was as follows:

	31/1/17	31/1/16
Research and development	30	25
Administration	<u>8</u>	<u>5</u>
	<u><u>38</u></u>	<u><u>30</u></u>

A share-based payment expense of £108,248 (2016: £81,734) has been charged to the Income Statement which arises from transactions accounted for as equity settled share-based payment transactions.

Included in other pension costs is £74,482 (2016: £17,699) in respect of contributions to defined contribution schemes.

5. DIRECTORS' EMOLUMENTS

	31/1/17 £	31/1/16 £
Directors' remuneration	266,250	194,028
Directors' pension contributions to money purchase schemes	<u>8,138</u>	<u>2,188</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u><u>1</u></u>	<u><u>1</u></u>
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Genomics plc

Notes to the Financial Statements - continued for the year ended 31 January 2017

5. DIRECTORS' EMOLUMENTS - continued

Information regarding the highest paid director for the year ended 31 January 2017 is as follows:

	31/1/17
	£
Emoluments etc	156,250
Pension contributions to money purchase schemes	<u>8,138</u>

Included within directors' remuneration is £10,000 (2016: £10,000) which comprises amounts paid to a third party, IP2IPO Limited, for the provision of Dr Mark Warne's services as a director of Genomics plc.

6. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	31/1/17	31/1/16
	£	£
Rents payable under operating lease payments	210,459	151,256
Depreciation - owned assets	265,785	38,809
Profit on disposal of fixed assets	(37)	-
Auditors' remuneration	9,000	10,000
Foreign exchange differences	345	1,137
Research and development expenditure written off	2,492,652	1,991,381
Grants received	(734,563)	(1,265,475)
Employment allowance	<u>(3,000)</u>	<u>(2,000)</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	31/1/17	31/1/16
	£	£
Current tax:		
UK corporation tax	<u>(196,592)</u>	<u>(50,514)</u>
Tax on loss	<u>(196,592)</u>	<u>(50,514)</u>

UK corporation tax has been charged at 20% (2016 - 20%).

Notes to the Financial Statements - continued
for the year ended 31 January 2017

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The difference is explained below:

	31/1/17 £	31/1/16 £
Loss before tax	<u>(3,522,190)</u>	<u>(2,020,560)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	<u>(704,438)</u>	<u>(404,112)</u>
Effects of:		
Expenses not deductible for tax purposes	27,277	53,253
Deferred tax assets not provided	677,161	350,859
Research and development tax credits receivable for prior periods	<u>(196,592)</u>	<u>(50,514)</u>
Total tax credit	<u>(196,592)</u>	<u>(50,514)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. A further reduction from 20% to 19% received Royal Assent in the Finance Act in November 2015 and takes effect from 1 April 2017. A further reduction in the UK corporation rate to 19% to 17% is effective from 1 April 2020.

The company has tax losses arising in the UK of approximately £4,753,000 (2016: £2,096,000) that are available indefinitely for offset against future taxable profits or which can be offset against claims for research and development tax credits. Deferred tax assets have not been recognised in respect of these losses as there is no certainty that they may not be used to offset against future taxable profits for some time. For the same reasons, no tax assets have been recognised in respect of tax withheld under the Research and Development Expenditure Credit scheme. At 31 January 2017, the amount not recognised was £23,822.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 February 2016	375,148	1,950	104,245	171,538	652,881
Additions	4,424	-	4,469	520,014	528,907
Disposals	-	-	-	(1,320)	(1,320)
At 31 January 2017	<u>379,572</u>	<u>1,950</u>	<u>108,714</u>	<u>690,232</u>	<u>1,180,468</u>
DEPRECIATION					
At 1 February 2016	-	-	313	46,302	46,615
Charge for year	38,680	390	21,106	205,609	265,785
Eliminated on disposal	-	-	-	(733)	(733)
At 31 January 2017	<u>38,680</u>	<u>390</u>	<u>21,419</u>	<u>251,178</u>	<u>311,667</u>
NET BOOK VALUE					
At 31 January 2017	<u>340,892</u>	<u>1,560</u>	<u>87,295</u>	<u>439,054</u>	<u>868,801</u>
At 31 January 2016	<u>375,148</u>	<u>1,950</u>	<u>103,932</u>	<u>125,236</u>	<u>606,266</u>

Genomics plc

Notes to the Financial Statements - continued for the year ended 31 January 2017

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/1/17	31/1/16
	£	£
Trade debtors	1,261	-
Other debtors	200	17,215
Income tax receivable	-	66,227
VAT	35,482	132,436
Prepayments	<u>168,663</u>	<u>116,484</u>
	<u>205,606</u>	<u>332,362</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/1/17	31/1/16
	£	£
Trade creditors	78,938	137,355
Social security and other taxes	66,024	80,383
Other creditors	19,311	22,798
Accruals and deferred income	<u>24,448</u>	<u>234,178</u>
	<u>188,721</u>	<u>474,714</u>

Included within other creditors in the prior year was deferred income of £61,957 which related to grant income received in advance. This was released to Statement of Comprehensive Income over the term of the grant.

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/1/17	31/1/16
	£	£
Within one year	275,265	275,265
Between one and five years	<u>793,890</u>	<u>1,069,255</u>
	<u>1,069,155</u>	<u>1,344,520</u>

Operating lease agreements where the company is lessee:

On 22 December 2015, the company entered into a new lease agreement in respect of its operating premises. This lease is for a 10 year period, effective from 13 November 2015 and ending on 12 November 2025. Annual rent of £210,000 is payable under this agreement, commencing on 1 January 2016, along with an annual service charge of £65,265. The lease contains a break clause at the end of the first 5 years. The minimum lease payments above are calculated up to the break point.

Genomics plc

Notes to the Financial Statements - continued for the year ended 31 January 2017

12. FINANCIAL INSTRUMENTS

Non-derivative financial assets

At the reporting date, the company held the following non-derivative financial assets:

	2017 £	2016 £
Due within 3 months:		
Cash and cash equivalents	5,096,221	8,735,343
Other receivables	35,682	149,651
Income tax receivable	-	66,227
	<u>5,131,903</u>	<u>8,951,221</u>

Non-derivative financial liabilities

At the reporting date, the company held the following financial liabilities, all of which were classified as other non-derivative financial liabilities:

	2017 £	2016 £
Due within 3 months:		
Trade payables	78,938	137,355
Other payables	85,335	103,181
	<u>164,273</u>	<u>240,536</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/1/17 £	31/1/16 £
5,049,254	Ordinary	1p	<u>50,493</u>	<u>50,493</u>

14. RESERVES

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Genomics plc

Notes to the Financial Statements - continued for the year ended 31 January 2017

15. RELATED PARTY DISCLOSURES

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, along with trading balances outstanding at 31 January with other related parties, are as follows:

	Purchases from related parties 2017 £	Amounts owed to related parties 2017 £	Purchases from related parties 2016 £	Amounts owed to related parties 2016 £
The University of Oxford	3,424	-	2,132	198
Oxford University Innovation Ltd and The University of Oxford Limited	177,350	21,960	168,422	19,080
IP Group plc	10,631	3,095	11,765	-
IP Assist Services Ltd (formerly Techtran Group Limited)	602	-	9,117	1,280

The University of Oxford is a shareholder in the Genomics plc. The University of Oxford Consulting Limited and Oxford University Innovation Limited are connected companies of The University of Oxford.

IP Group plc is the parent company of IP2IPO Limited which is a shareholder in Genomics plc. IP Assist Services Limited is a company also connected to IP Group plc.

Terms and conditions of transactions with related parties:

Purchases between related parties are made on an arm's length basis. During the year ended 31 January 2017, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2016: £nil).

Notes to the Financial Statements - continued
for the year ended 31 January 2017

16. SHARE-BASED PAYMENT TRANSACTIONS

Share options

The company has share option plans (The Genomics plc Unapproved Share Option Scheme and The Genomics plc Enterprise Management Incentive Share Option Scheme) under which it grants options over ordinary shares to certain Directors and employees of the company. Options under these plans are exercisable at a range of exercise prices ranging from the nominal value of the company's shares to the market price of the company's shares on the date of the grant. The vesting period for shares is usually over a period of three years. The options are settled in equity once exercised. If the options remain unexercised for a period after 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

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

	EMI options	Unapproved options	Total	Weighted average exercise price per share (p)
At 31 January 2015	173,460	27,342	200,802	136.06
Granted during the period	<u>186,248</u>	<u>24,641</u>	<u>210,889</u>	<u>255.00</u>
At 31 January 2016	359,708	51,983	411,691	196.99
Granted during the year	4,452	218	4,670	255.00
Forfeited during the year	<u>(12,352)</u>	<u>(24,641)</u>	<u>(36,993)</u>	<u>(255.00)</u>
At 31 January 2017	<u>351,808</u>	<u>27,560</u>	<u>379,368</u>	<u>192.04</u>

There were 200,360 share options outstanding at 31 January 2017 which were eligible to be exercised. The remaining options were not eligible to be exercised as these are subject to employment period conditions which had not been met at 31 January 2017. Options have a range of exercise prices from 136.06 pence per share to 255.0 pence per share and have a weighted contractual life of 7.62 years (2016: 9.31 years).

Option values were calculated using a Black-Scholes pricing model with the following assumptions:

	Options granted in the year
Dividend yield	0%
Expected volatility	40%
Option maturity period	10 years
Risk free interest rate	1.50%
Weighted average market price of a share	255.0p

Any share options which are not exercised within 10 years from the date of grant will expire. The company has recognised a charge of £108,248 (2016: £81,734) in the income statement in respect of share-based payments.