

REGISTERED NUMBER: 11240560 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Audited
Consolidated Financial Statements
for the Period 7 March 2018 to 31 December 2018
for
MED CELL PLC**

**Contents of the Consolidated Financial Statements
for the period 7 March 2018 to 31 December 2018**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	10
Report of the Independent Auditors	12
Consolidated Income Statement	14
Consolidated Other Comprehensive Income	15
Consolidated Balance Sheet	16
Company Balance Sheet	17
Consolidated Statement of Changes in Equity	18
Company Statement of Changes in Equity	19
Consolidated Cash Flow Statement	20
Notes to the Consolidated Cash Flow Statement	21
Notes to the Consolidated Financial Statements	22

MED CELL PLC

Company Information
for the period 7 March 2018 to 31 December 2018

DIRECTORS:

N P Oakes
P E Kellner
Dr S J Kellner
Dr M K Reif
T Jaggi

SECRETARY:

J P M Cook

REGISTERED OFFICE:

48-52 Penny Lane
Mossley Hill
Liverpool
L18 1DG

REGISTERED NUMBER:

11240560 (England and Wales)

AUDITORS:

Trevor Jones & Partners Ltd
Statutory Auditor
Springfield House
99/101 Crossbrook Street
Cheshunt
Waltham Cross
Hertfordshire
EN8 8JR

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

The directors present their strategic report of the company and the group for the period 7 March 2018 to 31 December 2018.

Med Cell Plc. was founded to capture this growing market and is a worldwide leader in stem cell isolation & stem cell storage (cryopreservation) and has 10 years of experience in therapies with stem cells and their secretome for regenerative medicine.

The company operates within the stem cell research field with a focus on developing, patenting and licensing stem cell treatments. It aims to overcome technical hurdles between the promises of stem cells and the realisation of these uses through intensive research. The Company provides management services to medical technology, pharmaceutical product, and healthcare services organizations worldwide. It focuses in the areas of disease prevention and treatment, research & development and offers a wide range of complimentary services and products.

It is a pioneer in stem cell related procedures for hair loss treatment and has developed a hybrid technology with the culmination of stem cells and FUE (Follicular Unit Extraction) technology. It aims to gain a foothold in a market where around 60% of men and around 10% of women around the world are suffering from hair loss.

It offers clean waste development, creative supply, and pharmaceutical solutions; develops hospitals, clinics, and medical facilities in the Bahamas; develops antibiotics to destroy pathogenic and antimicrobial-resistant bacteria. It researches, develops, and markets medical devices for use in disease treatment, such as helix lock products.

It has a solid R&D pipeline for stem cell production and treatments and is in a position to expand the range of treatments currently offered to more illnesses e.g. neurological diseases and Diabetes, in a very short period of time.

The Company's intellectual property comprises its collection of patents and patent applications pending, production and manufacturing methods.

Income will be derived from ongoing operations and sales and the expansion of the business in the Bahamas.

Med Cell intends to expand its solid operational base with the acquisition of stem cell and related companies which products and services are complimentary to the current portfolio and will further strengthen the company and generate value for shareholders.

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

REVIEW OF BUSINESS

The results for the year and financial position of the Group are as shown in the annexed financial statements.

Current Trading and Main Prospects

The Company was founded to capture the growing Cell Therapy market and is a worldwide leader in stem cell isolation & stem cell storage (cryopreservation) and has 10 years of experience in therapies with stem cells and their secretome for regenerative medicine.

It is a pioneer in stem cell related procedures for hair loss treatment and has developed a hybrid technology with the culmination of stem cells and FUE (Follicular Unit Extraction) technology. It aims to gain a foothold in a market where around 60% of men and around 10% of women around the world are suffering from hair loss.

Med Cell Plc provides management services to medical technology, pharmaceutical product, and healthcare services organizations worldwide. It focuses in the areas of disease prevention, immunity optimization, disease treatment, and research and development.

It offers clean waste development, creative supply, and pharmaceutical solutions; develops hospitals, clinics, and medical facilities in the Bahamas; develops antibiotics to destroy pathogenic and antimicrobial-resistant bacteria. It researches, develops, and markets medical devices for use in disease treatment, such as helix lock products.

Med Cell Plc. operates within the stem cell research field with a focus on developing, patenting and licensing stem cell treatments. It aims to overcome technical hurdles between the promises of stem cells and the realisation of these uses through intensive research.

Market Overview

The global stem cell market is segmented on the basis of product, technology, application, and geography:

Product market segment (Adult stem cells, Induced pluripotent stem cells)

Technology market segment (Cell acquisition, Production, Cryopreservation, Expansion & sub-culture)

Application market segment (Regenerative medicine, Drug discovery, Development)

Geography market segment (North America, Europe, Asia-Pacific, Rest of the World)

The upsurge in neurodegenerative ailments, growing investments in R&D, advancements in the applications of stem cells, significant growth in medical tourism and swelling stem cell banking are the major drivers for the stem cell market.

Factors such as rising public awareness related to the therapeutic potency of stem cells in disease therapy, growing number of clinical trials that aim to evaluate therapeutic potential of stem cell-based products, increasing public-private funding & research grants for developing safe and effective stem cell therapy products, and the growing patient base for target diseases are driving the growth of the market in this region (Source MARKETSAND MARKETS, March 2018).

Buoyed by the above factors, the global market for stem cells is expected to register a robust CAGR of 13.8% during the period from 2017 to 2025, predicts a report by Transparency Market Research. At this rate, the market will likely attain a value of US\$270.5 billion by 2025, as per the report.

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the company and its responses thereto are summarized in this analysis. Not all these factors are within the management's control and there may be risks and uncertainties which are unknown to the company. Other risks may not be deemed relevant now but may turn out to be significant in the future.

RISKS RELATING TO THE GROUP'S OPERATIONS

The Group will need to obtain further funding for its expansion plans

The Group intends to establish a number of additional Stem Cell Treatment Satellite Centers and Medical Facilities around the world over the next five years and to acquire additional stem cell and stem cell related companies as part of its expansion plan.

Whilst the Directors believe that the current cash and cash equivalents, anticipated cash flow from operations and the proceeds from the Placing will be sufficient to meet the anticipated cash needs for its existing operations for at least the next 12 months from the date of Admission the Group will not be able to finance its full expansion plans from the Placing and operating cashflows.

The amount and timing of additional financing needs will vary depending on the timing of new centers and acquisitions and the amount of cash flow from the Group's existing operations. The Group may seek additional financing by selling additional equity or debt securities and for obtaining a credit facility. The sale of additional equity securities could result in dilution to existing Shareholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financing covenants that may, among other things, restrict expansion plans and operations or the Company's ability to pay dividends.

The Group's ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond the Directors control, including general economic and capital market conditions, credit availability from banks or other lenders, investors' confidence in the Group, the dynamics of the Cell Therapy industry in general, and the Group's operating and financial performance.

The Directors are unable to guarantee that future financing will be available in amounts or on terms acceptable to the Group, if at all. In the event that financing is not available or is not available on terms acceptable to the Group, the Group's business and expansion plans, results of operations and growth prospects may be adversely affected.

The Group accounts for pre-operating expenses of new center and facilities as expenses in its accounts. Accordingly, in the event that the Group's expansion plan proves to be unsuccessful its profitability may be materially and adversely affected.

The Group may not be able to successfully pursue its expansion plans

The Group's expansion plans are reliant on it being able to find suitable locations and regulatory environments as well as government approvals for further treatment and medical facilities.

The Group's planned expansion into new markets in the Bahamas and limited operating history presents risks.

The Group plans to open a new stem cell treatment center in the Bahamas where it has little or no operating experience.

As such there is limited operating history and new markets may take longer than expected to ramp up and reach, or may never reach, expected sales and profit levels, thereby affecting the overall profitability of the Group.

The Group may find it more difficult in new markets to hire, train and retain qualified employees.

Treatment centers and Medical Facilities opened in new markets may also have lower average sales or higher construction, occupancy or operating costs than in existing markets or than the Directors anticipate. In addition, the Group may have difficulty in finding reliable suppliers with adequate supplies of manufacturing consumables meeting its quality standards in the new markets.

The Group's operations are susceptible to increases in purchase costs for manufacturing and consumables, which could adversely affect margins and results of operations.

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

The Group's profitability will depend significantly on our ability to anticipate and react to changes in purchase costs for manufacturing and consumables. The supplies can fluctuate and be volatile and are subject to factors beyond the Group's control, including seasonal fluctuations, climate conditions, natural disasters, general economic conditions, global demand, governmental regulations, exchange rates and availability, each of which may affect costs or cause a disruption in our supply. Suppliers may also be affected by higher costs to produce the goods and services supplied to the Group, rising labour costs and other expenses that they pass through to their customers which could result in higher costs for goods and services supplied to the Group.

The Group currently purchases most of its materials and consumables from various overseas countries, including China, Europe and the United States.

Any appreciation of foreign currencies in these countries against the USD will increase the price of the Group's raw materials and consumables. The Group may be unwilling or unable to pass these cost increases onto our customers, the failure of any of which could materially and adversely affect the Group's business and results of operations.

If the Group's suppliers do not deliver consumables and other supplies at competitive prices or in a timely manner, the Group may experience supply shortages and increased costs.

The ability to source quality material and consumables at competitive prices in a timely manner will be crucial to the Group's business. The Group's ability to maintain consistent quality will depend in part upon the Group's ability to acquire consumables and related supplies from reliable sources that meet its quality specifications and in sufficient quantities. An inability to do so will have an adverse effect on the Group's business.

The Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

The Group intends to lease the property in which its planned facility operates and proposes to lease properties for future facilities. The Directors believe that, generally, rental costs for premises that are suitable for treatment centers and medical facilities will continue to increase. Substantial operating lease obligations expose the Group to potentially significant risks, including increasing the Group's vulnerability to adverse economic conditions, limiting the Group's ability to obtain additional financing and reducing the Group's cash available for other purposes.

The Group's business depends significantly on the market recognition of the Med Cell brand, and any damage to the brand could materially and adversely impact the Group's business and results of operations.

The Group's success will depend substantially on the recognized and quality Med Cell brand. Any incident that erodes consumer trust in or affinity for the brand could significantly reduce its value to the business.

Any failure or perceived failure to deal with customer complaints or adverse publicity involving the Group's products or services could materially and adversely impact the Group's business and results of operations.

The Group will be adversely affected by negative publicity or news reports, whether accurate or not, regarding stem cell treatment issues, public health concerns, illness, safety, injury or government or industry findings concerning the facilities operated by Med Cell or other cell treatment providers or Cell Therapy industry. Any such negative publicity could materially harm the Group's business and results of operations. Significant numbers of complaints or claims against the Group, even if meritless or unsuccessful, could force the Group to divert management and other resources from other business concerns, which may adversely affect our business and operations. Adverse publicity resulting from such allegations, even if meritless or unsuccessful, could cause customers to lose confidence in the Group, which may adversely affect the business and brand. As a result, the Group may experience significant declines in our revenues and customer traffic from which we may not be able to recover.

The Group's future financial results will depend on the success of the Group's new customers.

The Group's future financial results will depend on its ability to increase sales and efficiently manage costs in existing and new facilities. Significant factors that might adversely impact customer levels and the average spending per invoice include, without limitation:

- 1) increased competition in the cell therapy industry

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

- 2) changes in the regulatory environment
- 3) declining economic conditions that may adversely affect consumer spending
- 4) reputation and consumer perception of Med Cell as a brand and the Group's offerings in terms of quality, price, value and service; and guest experiences from treatments received.

The profitability of facilities will also be subject to cost increases that are either wholly or partially beyond the Group's control, including, without limitation:

- 1) occupancy costs under leases for our existing and new facilities;
- 2) consumables and other raw material costs;
- 3) labour costs;
- 4) energy, water and other utility costs;
- 5) insurance costs;
- 6) information technology and other logistical costs;
- 7) costs associated with any material interruptions in the supply chain; and
- 8) compliance costs relating to any changes in government regulation.

The failure of the Group's existing or new facilities to perform as expected could have a significant negative impact on the Group's financial condition and results of operations.

If the Group is unable to manage growth effectively, it may not be able to capitalise on new business opportunities.

The Group's expansion may place substantial demands on management and operational, technological, financial and other resources. The Group's planned expansion will also place significant demands to maintain consistent product and service quality across a larger network.

To manage and support growth, the Group will need to improve its existing operational and administrative systems as well as our financial and management controls. The Group's continued growth also depends on its ability to recruit, train and retain additional qualified management personnel as well as other administrative, sales and marketing personnel. To accommodate growth, the Group will also need to continue managing relationships with suppliers and customers. All of these endeavors will require substantial management attention and efforts and significant additional expenditures. The Directors are not able to guarantee that the Group will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect the Group's ability to capitalise on new business opportunities, which in turn may have a material adverse effect on the Group's business and financial results.

The Group will require various approvals, licenses and permits to operate the Group's business.

The Group is subject to various government regulations and is required to maintain various approvals, licenses and permits in order to operate its business.

Complying with government regulations may require substantial expense, and any noncompliance may expose the Group to liabilities. In case of any non-compliance, the Group may have to incur significant expense and divert substantial management time to resolving any deficiencies. The Group may also experience adverse publicity arising from such noncompliance with government regulations.

The Group may experience difficulties or failures in obtaining the necessary approvals, licenses and permits for new facilities. In addition, there can be no assurance that the Group will be able to obtain, renew and/or convert all of the approvals, licenses and permits required for the Group's existing business operations upon expiration in a timely manner or at all. If the Group cannot obtain and/or maintain all licenses required by to operate the business, planned new business operations and/or expansion may be delayed and the Group's ongoing business could be interrupted. The Group may also be subject to fines and penalties.

The Group's success depends on our key personnel.

The Group's senior management team has a good history of working together. The Group's future success depends on the ability of the senior management team to work together and successfully implement the Group's growth strategy. The Group's future success also depends heavily upon the continuing services and performance of the Group's key management personnel.

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

The Group must continue to attract, retain and motivate a sufficient number of qualified management and operating personnel, including regional operational managers, to maintain consistency in the quality of services and products.

If the Group's senior management team fails to work together successfully, or if one or more of the Group's senior managers is unable to effectively implement the Group's business strategy, the Group may be unable to grow its business at the speed or in the manner in which the Directors' expect. Competition for experienced management and operating personnel in the industry is intense, and the pool of qualified candidates is limited. The Group may not be able to retain the services of its key management and operating personnel or attract and retain high quality senior executives or key personnel in the future.

If one or more of the Group's key personnel are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily or at all, and the Group's business may be disrupted, and its results of operations may be materially and adversely affected. In addition, if any member of the Group's senior management team or any of its other key personnel joins a competitor or forms a competing business, the Group may lose business secrets and know-how as a result. Any failure to attract, retain and motivate these key personnel may harm the Group's reputation and result in a loss of business. Information technology system failures or breaches of the Group's network security could interrupt operations.

The Group will rely on computer systems and network infrastructure across its operations to monitor the daily operations. Any damage or failure of computer systems or network infrastructure that causes an interruption in operations could have a material adverse effect on the Group's business and results of operations.

Events that disrupt the Group's operations, such as fires, floods, or other natural or man-made disasters, may materially and adversely affect the Group's business operations.

The Group's operations are vulnerable to interruption by fires, floods, typhoons, hurricanes, power failures and power shortages, hardware and software failures, computer viruses, terrorist attacks and other events beyond the Group's control. The Group's business is also dependent on prompt delivery and transportation of raw materials and consumables.

Certain events, such as adverse weather conditions, natural disasters, severe traffic accidents and delays and labour strikes, could also lead to delayed or lost deliveries to facilities which may result in the loss of revenue or customer claims, thereby adversely affecting the Group's business and damaging our reputation.

Fires, floods, earthquakes and terrorist attacks may lead to evacuations and other disruptions in the Group's operations, which may also prevent the Group from providing quality products and service to customers for an indefinite period of time, thereby affecting the Group's business and damaging its reputation. Any such event could materially and adversely affect the Group's business operations and results of operations.

The Group's insurance policies may not provide adequate coverage for all claims associated with its business operations.

As of the date of this document, the Group has obtained insurance policies that the Directors believe are customary for businesses of the Group's size and type and in line with the standard commercial practice.

However, there are types of losses the Group may incur that cannot be insured against or that the Directors believe are not commercially reasonable to insure, such as loss of reputation. If the Group were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of its insurance coverage, the Group's business and results of operations may be materially and adversely affected.

The Group's business could be adversely affected by difficulties in employee recruiting and retention.

The Directors believe hiring, motivating and retaining qualified employees will be a critical part of its expansion plans. As part of its expansion the Group will need to attract, retain and motivate a sufficient number of qualified employees. Highly service oriented and qualified individuals are in short supply and competition for these employees is intense.

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

The Group may not be able to successfully recruit, motivate and retain a sufficient number of employees with necessary qualifications at commercially reasonable costs, or at all. Failure to have and retain enough qualified employees could delay planned new facility openings or result in higher employee turnover, either of which could have a material adverse effect on the Group's business and results of operations. In addition, competition for qualified employees could also require the Group to pay higher wages, which could result in higher labour costs.

The Group's results of operations may fluctuate significantly from period to period due to seasonality and other factors.

The Group's overall results of operations may fluctuate significantly from period to period because of various factors, including but not limited to the hurricane season. The Group's revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond its control, including general economic conditions and special events, and the Group's ability to control costs and operating expenses.

Competition

The Company faces significant competition from other companies which already, or may seek, to supply similar goods or services. Some of its competitors have substantially greater marketing and financial resources than the Company which means they may be able to compete aggressively on pricing. Such competition may result in the Company not gaining anticipated market share, or in the future losing market share, which would have a material adverse effect on the business, results of operations, prospects and or the financial condition of the Company.

Fluctuation of financial results

The results of the Company's business operations for any period are dependent on the completed sales, none of which can be predicted with certainty or are entirely within the control of the Company. Consequently, the Company's results of operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods.

Corporate Strategy

There can be no certainty that the Company will be able to implement successfully the business model described in this document. The ability of the Company to implement its strategy in a competitive market requires effective planning and management control systems. The Company's future growth will depend on its ability to expand and improve operational, financial and management information and control systems in line with its growth. Failure to do so could have an adverse effect on the business, results of operations, prospects and or the financial condition of the Company.

Changes to Taxation Legislation

In any of the jurisdictions in which the Company operates, the tax rules and their interpretation may change. Any change in taxation legislation or regulation or its interpretation could affect the value of the Company's product offering, its ability to make profits and or otherwise have an adverse effect on the business, results of operations, financial condition or prospects. Further, any reliefs from taxation that may be available to the Company in the future may not be in accordance with the assumptions made by the Company as to its future performance (these assumptions being based on the current legislative position and any known future changes). If the assumptions made by the Company as to such taxation reliefs available do not prove correct, the Company's ability to provide returns to Shareholders may be affected and there may be an adverse effect on the business, results of operations prospects or financial condition.

The Company's ability to pay dividends is not guaranteed

The ability of the Company to pay dividends will depend on the level of earnings, reserves, any ongoing capital requirements and cash position. The payment of any future dividends by the Company will be at the discretion of the Directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

**Group Strategic Report
for the period 7 March 2018 to 31 December 2018**

FINANCIAL REVIEW

Turnover was €430,724, resulting in a gross profit margin of 45.78%. The operating loss for the year was €577,665. The net financial cost for the year was €633.

ON BEHALF OF THE BOARD:

P E Kellner - Director

25 June 2019

**Report of the Directors
for the period 7 March 2018 to 31 December 2018**

The directors present their report with the financial statements of the company and the group for the period 7 March 2018 to 31 December 2018.

INCORPORATION

The group was incorporated on 7 March 2018 .

DIVIDENDS

The total distribution of dividends for the period ended 31 December 2018 will be € 2,429 .

DIRECTORS

The directors who have held office during the period from 7 March 2018 to the date of this report are as follows:

N P Oakes - appointed 10 September 2018
P E Kellner - appointed 19 March 2018
Dr S J Kellner - appointed 19 March 2018
Dr M K Reif - appointed 19 March 2018
K Berger - appointed 27 April 2018 - resigned 31 December 2018
D R Campbell - appointed 7 March 2018 - resigned 31 December 2018
G B Jackson - appointed 7 March 2018 - resigned 19 March 2018
N Johns - appointed 26 April 2018 - resigned 7 June 2018
M A Hay - appointed 24 April 2018 - resigned 30 August 2018

T Jaggi was appointed as a director after 31 December 2018 but prior to the date of this report.

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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). 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 the group and of the profit or loss of the group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 group's auditors are 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 group's auditors are aware of that information.

MED CELL PLC (REGISTERED NUMBER: 11240560)

**Report of the Directors
for the period 7 March 2018 to 31 December 2018**

AUDITORS

The auditors, Trevor Jones & Partners Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

P E Kellner - Director

25 June 2019

Report of the Independent Auditors to the Members of Med Cell Plc

Opinion

We have audited the financial statements of Med Cell Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2018 and of the group's loss for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Med Cell Plc

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page ten, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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.

Christopher James Whale (Senior Statutory Auditor)
for and on behalf of Trevor Jones & Partners Ltd
Statutory Auditor
Springfield House
99/101 Crossbrook Street
Cheshunt
Waltham Cross
Hertfordshire
EN8 8JR

25 June 2019

**Consolidated Income Statement
for the period 7 March 2018 to 31 December 2018**

	Notes	€	€
TURNOVER	3		430,724
Cost of sales			<u>233,531</u>
GROSS PROFIT			197,193
Distribution costs		1,336	
Administrative expenses		<u>773,522</u>	
			<u>774,858</u>
OPERATING LOSS	5		(577,665)
Interest receivable and similar income			<u>10</u>
			(577,655)
Amounts written off investments	6		<u>6,930,059</u>
LOSS BEFORE TAXATION			(7,507,714)
Tax on loss	7		<u>3,552</u>
LOSS FOR THE FINANCIAL PERIOD			<u>(7,511,266)</u>
Loss attributable to:			
Owners of the parent			(7,513,909)
Non-controlling interests			<u>2,643</u>
			<u>(7,511,266)</u>

**Consolidated Other Comprehensive Income
for the period 7 March 2018 to 31 December 2018**

	Notes	€
LOSS FOR THE PERIOD		(7,511,266)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME		<u>(7,511,266)</u>
FOR THE PERIOD		<u>(7,511,266)</u>
Total comprehensive income attributable to:		
Owners of the parent		(7,534,495)
Non-controlling interests		<u>23,229</u>
		<u>(7,511,266)</u>

Consolidated Balance Sheet
31 December 2018

	Notes	€	€
FIXED ASSETS			
Intangible assets	10		105,507,393
Tangible assets	11		1,672
Investments	12		<u>-</u>
			105,509,065
CURRENT ASSETS			
Stocks	13	9,818	
Debtors	14	103,629	
Cash at bank and in hand		<u>40,165</u>	
		153,612	
CREDITORS			
Amounts falling due within one year	15	<u>82,071</u>	
NET CURRENT ASSETS			<u>71,541</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			105,580,606
ACCRUALS AND DEFERRED INCOME	16		<u>(1,724)</u>
NET ASSETS			<u>105,578,882</u>
CAPITAL AND RESERVES			
Called up share capital	17		108,710
Share premium	18		112,963,281
Retained earnings	18		<u>(7,516,338)</u>
SHAREHOLDERS' FUNDS			105,555,653
NON-CONTROLLING INTERESTS	19		<u>23,229</u>
TOTAL EQUITY			<u>105,578,882</u>

The financial statements were approved by the Board of Directors on 25 June 2019 and were signed on its behalf by:

P E Kellner - Director

Company Balance Sheet
31 December 2018

	Notes	€	€
FIXED ASSETS			
Intangible assets	10		101,266,766
Tangible assets	11		-
Investments	12		<u>4,733,234</u>
			106,000,000
CURRENT ASSETS			
Debtors	14	42,624	
CREDITORS			
Amounts falling due within one year	15	<u>23,360</u>	
NET CURRENT ASSETS			<u>19,264</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>106,019,264</u>
CAPITAL AND RESERVES			
Called up share capital	17		108,710
Share premium	18		112,963,281
Retained earnings	18		<u>(7,052,727)</u>
SHAREHOLDERS' FUNDS			<u>106,019,264</u>
Company's loss for the financial year			<u>(7,052,727)</u>

The financial statements were approved by the Board of Directors on 25 June 2019 and were signed on its behalf by:

P E Kellner - Director

**Consolidated Statement of Changes in Equity
for the period 7 March 2018 to 31 December 2018**

	Called up share capital €	Retained earnings €	Share premium €
Changes in equity			
Issue of share capital	108,710	-	112,963,281
Dividends	-	(2,429)	-
Total comprehensive income	-	(7,513,909)	-
Balance at 31 December 2018	108,710	(7,516,338)	112,963,281
	Total €	Non-controlling interests €	Total equity €
Changes in equity			
Issue of share capital	113,071,991	-	113,071,991
Dividends	(2,429)	-	(2,429)
Total comprehensive income	(7,513,909)	23,229	(7,490,680)
Balance at 31 December 2018	105,555,653	23,229	105,578,882

**Company Statement of Changes in Equity
for the period 7 March 2018 to 31 December 2018**

	Called up share capital €	Retained earnings €	Share premium €	Total equity €
Changes in equity				
Issue of share capital	108,710	-	112,963,281	113,071,991
Total comprehensive income	-	(7,052,727)	-	(7,052,727)
Balance at 31 December 2018	<u>108,710</u>	<u>(7,052,727)</u>	<u>112,963,281</u>	<u>106,019,264</u>

**Consolidated Cash Flow Statement
for the period 7 March 2018 to 31 December 2018**

	Notes	€
Cash flows from operating activities		
Cash generated from operations	1	(7,073,097)
Tax paid		<u>(175)</u>
Net cash from operating activities		<u>(7,073,272)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets		(105,961,983)
Interest received		<u>10</u>
Net cash from investing activities		<u>(105,961,973)</u>
Cash flows from financing activities		
Amount introduced by directors		5,848
Share issue		108,710
Share premium		112,963,281
Equity dividends paid		<u>(2,429)</u>
Net cash from financing activities		<u>113,075,410</u>
Increase in cash and cash equivalents		<u>40,165</u>
Cash and cash equivalents at beginning of period	2	-
Cash and cash equivalents at end of period	2	<u>40,165</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the period 7 March 2018 to 31 December 2018**

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

	€
Loss before taxation	(7,507,714)
Depreciation charges	471,689
Finance income	(10)
	<u>(7,036,035)</u>
Increase in stocks	(9,818)
Increase in trade and other debtors	(103,629)
Increase in trade and other creditors	76,385
Cash generated from operations	<u>(7,073,097)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2018

	31.12.18	7.3.18
	€	€
Cash and cash equivalents	<u>40,165</u>	<u>-</u>

**Notes to the Consolidated Financial Statements
for the period 7 March 2018 to 31 December 2018**

1. STATUTORY INFORMATION

Med Cell Plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised at the stage of completion of the contract.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2018, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the profit and loss in the period the expenditure is incurred.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:
Plant and machinery etc - 20% reducing balance basis

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, 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 balance sheet date.

**Notes to the Consolidated Financial Statements - continued
for the period 7 March 2018 to 31 December 2018**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 period 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.

Foreign currencies

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

The functional currency for the group is euros (€).

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Debtors

Short term debtors are measured at transaction price, less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price. Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Going concern

The Group is dependent on the directors' continued support to meet the daily capital requirements of the company and their ability to finance the project in the future.

During the period, there was a convertible loan note that has been converted into shares of the company.

The Group is also seeking to raise funds by the placing of €20m Euro 5 year Secured Bond with an 8% coupon paid bi-annually. The company plan to list the Bond on the Vienna Stock Exchange. As a result of the above, the directors are confident about the future funding of the Group and to continue its operations for the foreseeable future. For this reason, the directors continue to adapt the going concern basis in preparing the financial statements.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	€
United Kingdom	430,724
	<u>430,724</u>

**Notes to the Consolidated Financial Statements - continued
for the period 7 March 2018 to 31 December 2018**

4. EMPLOYEES AND DIRECTORS

	€
Wages and salaries	109,581
Social security costs	6,666
Other pension costs	301
	<u>116,548</u>

The average number of employees during the period was NIL.

The average number of employees by undertakings that were proportionately consolidated during the period was 3 .

	€
Directors' remuneration	<u>48,318</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	€
Depreciation - owned assets	418
Goodwill amortisation	471,181
Foreign exchange differences	<u>3,487</u>

6. AMOUNTS WRITTEN OFF INVESTMENTS

	€
Impairment	<u>6,930,059</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the loss for the period was as follows:

	€
Current tax:	
UK corporation tax	<u>3,552</u>
Tax on loss	<u>3,552</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	€
Loss before tax	<u>(7,507,714)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(1,426,466)
Effects of:	
Expenses not deductible for tax purposes	765
Utilisation of tax losses	<u>1,429,253</u>
Total tax charge	<u>3,552</u>

Notes to the Consolidated Financial Statements - continued
for the period 7 March 2018 to 31 December 2018

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	€
Ordinary shares of €0.001 each	
Final	<u>2,429</u>

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill €	Patents and licences €	Totals €
COST			
Additions	4,711,808	101,266,766	105,978,574
At 31 December 2018	<u>4,711,808</u>	<u>101,266,766</u>	<u>105,978,574</u>
AMORTISATION			
Amortisation for period	471,181	-	471,181
At 31 December 2018	<u>471,181</u>	<u>-</u>	<u>471,181</u>
NET BOOK VALUE			
At 31 December 2018	<u>4,240,627</u>	<u>101,266,766</u>	<u>105,507,393</u>

The intangible assets arise as a result of the acquisition of assets from Cellulae Biotech Inc and Teknisisity Inc. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit levels, and based on a revaluation as at the 31 December 2018.

Company

	Patents and licences €
COST	
Additions	101,266,766
At 31 December 2018	<u>101,266,766</u>
NET BOOK VALUE	
At 31 December 2018	<u>101,266,766</u>

Notes to the Consolidated Financial Statements - continued
for the period 7 March 2018 to 31 December 2018

11. TANGIBLE FIXED ASSETS

Group

	Plant and machinery €	Fixtures and fittings €	Totals €
COST			
At 7 March 2018 and 31 December 2018	<u>167</u>	<u>4,668</u>	<u>4,835</u>
DEPRECIATION			
At 7 March 2018	111	2,634	2,745
Charge for period	<u>11</u>	<u>407</u>	<u>418</u>
At 31 December 2018	<u>122</u>	<u>3,041</u>	<u>3,163</u>
NET BOOK VALUE			
At 31 December 2018	<u>45</u>	<u>1,627</u>	<u>1,672</u>
At 6 March 2018	<u>56</u>	<u>2,034</u>	<u>2,090</u>

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings €
COST	
Additions	<u>4,733,234</u>
At 31 December 2018	<u>4,733,234</u>
NET BOOK VALUE	
At 31 December 2018	<u>4,733,234</u>

The investment arises as a result of the acquisition of Teknisity Inc as at 12 March 2018, which included the 51% shareholding of Creative Supply Solutions Limited and Silmed Limited, both companies principle activity is the sale of Healthcare goods.

Creative Supply Solutions Limited has an aggregate capital and reserve of £52,805 as at 31.12.2018 and a profit for the year of £9,986.

Silmed Limited has an aggregate negative capital and reserve of £5,854 as at 31.12.2018 and a loss for the year of £2,166.

13. STOCKS

	Group €
Stocks	<u>9,818</u>

Notes to the Consolidated Financial Statements - continued
for the period 7 March 2018 to 31 December 2018

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group €	Company €
Trade debtors	59,693	-
Other debtors	32,289	30,248
VAT	11,647	12,376
	<u>103,629</u>	<u>42,624</u>

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group €	Company €
Trade creditors	42,452	-
Tax	3,377	-
Social security and other taxes	5,244	-
Directors' current accounts	2,309	-
Accruals and deferred income	28,689	23,360
	<u>82,071</u>	<u>23,360</u>

16. **ACCRUALS AND DEFERRED INCOME**

	Group €
Accruals and deferred income	<u>1,724</u>

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	€
108,710,330	Ordinary	€0.001	<u>108,710</u>

108,710,330 Ordinary shares of €0.001 each were allotted and fully paid for cash at par during the period.

18. **RESERVES**

Group	Retained earnings €	Share premium €	Totals €
Deficit for the period	(7,513,909)		(7,513,909)
Dividends	(2,429)		(2,429)
Bonus share issue	-	112,963,281	112,963,281
At 31 December 2018	<u>(7,516,338)</u>	<u>112,963,281</u>	<u>105,446,943</u>

**Notes to the Consolidated Financial Statements - continued
for the period 7 March 2018 to 31 December 2018**

18. RESERVES - continued

Company

	Retained earnings €	Share premium €	Totals €
Deficit for the period	(7,052,727)		(7,052,727)
Bonus share issue	-	112,963,281	112,963,281
At 31 December 2018	<u>(7,052,727)</u>	<u>112,963,281</u>	<u>105,910,554</u>

19. NON-CONTROLLING INTERESTS

The non-controlling interests relates to the 49% of shares not owned by Med Cell Plc in both Creative Supply Solutions Ltd and Silmed Ltd.

20. RELATED PARTY DISCLOSURES

The acquisition of the assets from Teknisity Inc and Cellulae Biotech Inc were through connected party transactions in as much as the shareholders of Cellulae Biotech Inc and Teknisity Inc were the same.

21. ULTIMATE CONTROLLING PARTY

There are no controlling parties holding 25% or more of the overall issued share capital of the company.

22. OTHER INFORMATION

Medcell PLC is a public company limited by shares and incorporated in England. Its registered office is 48-52 Penny Lane, Mossley Hill, Liverpool, L18 1DG, United Kingdom.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.