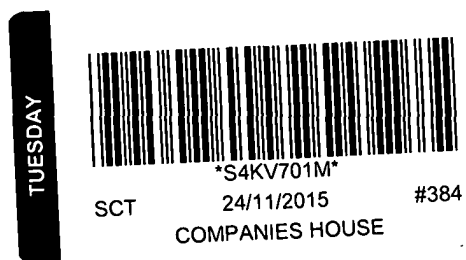


SYNTROPHARMA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2015



SYNTROPHARMA LIMITED

COMPANY INFORMATION

Directors	A Gardiner P K Moore I J G Scott
Registered number	SC279236
Registered office	Excel House 30 Semple Street Edinburgh EH3 8BL
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	Bank of Scotland 33 Channel Street Galashiels TD1 1BE
Solicitors	MacRoberts LLP Excel House 30 Semple Street Edinburgh EH3 8BL

SYNTROPHARMA LIMITED

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SYNTROPHARMA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2015

The directors present their report and the financial statements for the year ended 28 February 2015.

Principal activities

The company's principal activity is that of drug development, in particular, the development and commercialisation of transdermal patch applications of drugs used to treat Central Nervous System disorders.

Directors

The directors who served during the year were:

A Gardiner
P K Moore
I J G Scott
G McGettigan (resigned 27 June 2014)

Company developments

The directors can report that the lead product of Syntropharma (Selsyn, a transdermal version of the product selegiline) was approved by the Argentinean authorities in April of 2015. The company's partner in Latin America (a large player in that market) is now preparing to launch the product across the region.

In addition the company continue to receive requests for Selsyn from physicians across the EU. This demand is serviced by our EU partner. Sales are increasing and are projected to deliver cash self-sustainment for the business during 2015-16.

Our US partners are also developing the product for their market.

Syntropharma maintains IP position on another transdermal project and have further ambitions to develop a product for sufferers of Attention deficit hyperactivity disorder as and when the business can sustain their development cost.

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

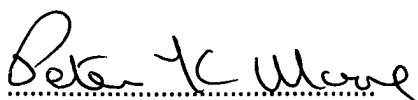
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

17/11/15

and signed on its behalf.



P K Moore
Director

SYNTROPHARMA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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 judgments and accounting estimates that are reasonable and prudent; 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

SYNTROPHARMA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNTROPHARMA LIMITED

We have audited the financial statements of Syntropharma Limited for the year ended 28 February 2015 which comprise profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 28 February 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. During the year the company made a loss of £150,979 and had net liabilities of £263,237. The company currently funds its operations through cash injections from its investors and a loan from Scottish Enterprise. The ability of the company to continue as a going concern is dependent on its ability to secure new customers for its products, securing approval to sell products in new countries or obtaining additional funding from its existing shareholders. These conditions, including the raising of capital of £227,500 post year end and along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

SYNTROPHARMA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNTROPHARMA LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



19 November 2015

Martin Gill (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Edinburgh
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SYNTROPHARMA LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2015**

	Note	2015 £	2014 £
TURNOVER	1,2	37,860	1,279
Cost of sales		<u>(29,468)</u>	<u>(2,399)</u>
GROSS PROFIT/(LOSS)		8,392	(1,120)
Administrative expenses		(195,035)	(229,648)
Other operating income	3	<u>12,688</u>	<u>60,216</u>
OPERATING LOSS	4	(173,955)	(170,552)
Interest payable and similar charges		<u>(524)</u>	<u>(628)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(174,479)	(171,180)
Tax on loss on ordinary activities	6	<u>23,500</u>	<u>36,537</u>
LOSS FOR THE FINANCIAL YEAR	12	<u>(150,979)</u>	<u>(134,643)</u>

The notes on pages 7 to 12 form part of these financial statements.

SYNTROPHARMA LIMITED
REGISTERED NUMBER: SC279236

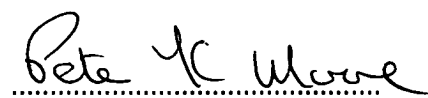
BALANCE SHEET
AS AT 28 FEBRUARY 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	7		548		548
CURRENT ASSETS					
Debtors	8	31,241		88,485	
Cash at bank		37,209		60,732	
		<u>68,450</u>		<u>149,217</u>	
CREDITORS: amounts falling due within one year	9	<u>(316,713)</u>		<u>(234,920)</u>	
NET CURRENT LIABILITIES			<u>(248,263)</u>		<u>(85,703)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(247,715)</u>		<u>(85,155)</u>
CREDITORS: amounts falling due after more than one year	10		<u>(15,522)</u>		<u>(27,103)</u>
NET LIABILITIES			<u><u>(263,237)</u></u>		<u><u>(112,258)</u></u>
CAPITAL AND RESERVES					
Called up share capital	11		6		6
Share premium account	12		-		2,834,736
Profit and loss account	12		<u>(263,243)</u>		<u>(2,947,000)</u>
SHAREHOLDERS' DEFICIT			<u><u>(263,237)</u></u>		<u><u>(112,258)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

19/11/15


P K Moore
 Director

The notes on pages 7 to 12 form part of these financial statements.

SYNTROPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The company made a loss of £150,979 (2014 - £134,644) in the current financial year and has net current liabilities of £271,974 and net liabilities of £286,948. The ability of the company to continue as a going concern is dependent on the ability of the company to secure new customers for its products, securing approval to sell products in new countries or obtaining additional funding from shareholders as it becomes required. Furthermore, it is dependent upon the directors not seeking repayment of monies owed to them until such time which the company has sufficient funds to meet the liabilities. The directors have provided written confirmation to this effect.

At the year end, the company has been funded through capital injected by its shareholders and a loan provided by Scottish Enterprise. Although the company received no additional funding from its existing shareholders during the year (2014 - £Nil), a share issue post year end raised £227,500 in capital. These conditions indicate a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Since the year end the company has continued to develop sales and the directors remain confident regarding the company's prospects and are in discussions with a number of parties regarding licencing of their various products in a number of international markets. Sales are increasing and are projected to deliver cash self-sustainment for the business during 2015-16. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts from the sales of goods and services (including payments received for out-licencing) provided in the normal course of business in the year, net of value added tax and discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	- 25% straight line
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1.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

SYNTROPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

1. ACCOUNTING POLICIES (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.8 Research and development

Research and development expenditure includes amounts paid to third parties in relation to relevant activities and services as well as milestone and other payments for the acquisition of patents, technologies and other intellectual property. Relevant staff costs and direct and indirect overheads incurred in relation to research and development activities are also included.

Expenditure on in-house research and patents is written off as incurred. Development expenditure, including acquired product rights, is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects including receipt of relevant regulatory approvals.

Expenditure on in-licensed technologies is reviewed on a consistent basis with other research and development expenditure and in-licensed costs which have uncertain future revenue are expensed as incurred.

All development expenditure to date has been written off. Where future development expenditure is considered suitable for capitalisation, the identifiable costs will be deferred and amortised over the period during which the company is expected to benefit and provision will be made for any impairment.

The costs of funding research are accounted for as incurred.

1.9 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

SYNTROPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

1. ACCOUNTING POLICIES (continued)

1.10 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

71.4% of the company's turnover (2014 - 53.8%) is attributable to geographical markets outside the United Kingdom.

3. OTHER OPERATING INCOME

	2015 £	2014 £
Government grants receivable	12,688	60,216

4. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	2014 £
Auditor's remuneration	4,450	4,350
Research and development expenditure written off	(27,694)	3,832
Gain/(loss) on foreign exchange	4,004	186

5. DIRECTORS' REMUNERATION

	2015 £	2014 £
Aggregate remuneration	135,615	153,800

6. TAXATION

	2015 £	2014 £
Tax credit on loss of ordinary activities	(23,500)	(36,537)
Tax on loss on ordinary activities	(23,500)	(36,537)

SYNTROPHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

7. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 March 2014 and 28 February 2015	10,859
Depreciation	
At 1 March 2014 and 28 February 2015	10,311
Net book value	
At 28 February 2015	548
At 28 February 2014	548

8. DEBTORS

	2015 £	2014 £
Trade debtors	3,652	61,686
Other debtors	4,089	9,038
Research and development tax credit	23,500	17,761
	<u>31,241</u>	<u>88,485</u>

**9. CREDITORS:
Amounts falling due within one year**

	2015 £	2014 £
Other loans	11,581	12,028
Trade creditors	216,725	174,943
Other taxation and social security	2,415	1,344
Other creditors	85,992	46,605
	<u>316,713</u>	<u>234,920</u>

**10. CREDITORS:
Amounts falling due after more than one year**

	2015 £	2014 £
Other loans	15,522	27,103

SYNTROPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

11. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
55,115 (2014 - 55,115) Ordinary shares of £0.0001 each	6	6

Executive Option Scheme

The executive option scheme was applicable to 3 directors. On 1 August 2008, 24,104 options were granted at an exercise price of £0.0001 per share. These options have not been exercised and expired on 1 August 2011. On 19 July 2012, 4,600 options were granted at an exercise price of £0.0001 per share. These options will expire on 19 July 2017.

One employee has the right to purchase 698 ordinary shares at a price of £62.40 per share. The option was granted on 1 August 2008 and will expire on 1 August 2018. No performance conditions are attached to this scheme. No charge has been recorded for Executive Option Scheme share options granted in accordance with the FRSSE.

EMI share options

The options apply to two individuals. 2,558 options with an exercise price of £0.0001 per share were granted on 1 August 2008. During the prior year one employee exercised their 1,279 options. The remaining options will expire on 1 August 2018 and can be exercised at any point. There are no performance conditions attached to these options. No charge has been recorded for EMI share options granted in accordance with the FRSSE.

12. RESERVES

	Share premium account £	Profit and loss account £
At 1 March 2014	2,616,134	(2,947,000)
Loss for the financial year		(150,979)
Reduction in capital	(2,616,134)	2,834,736
At 28 February 2015	-	(263,243)

During the year the company reduced its share premium account thus creating reserves which, under the Companies Act 2006, s654, are distributable.

13. CAPITAL COMMITMENTS

At 28 February 2015 the company had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	54,137	-

SYNTROPHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

14. RELATED PARTY TRANSACTIONS

During the year, fees totalling £18,900 (2014 - £24,500), £4,200 (2014 - £18,200) and £6,000 (2014 - £24,000) were invoiced by I J G Scott, G McGettigan and P K Moore respectively, for services provided as non executive directors. These fees were invoiced by their respective companies.

Included within trade creditors are amounts of £69,605 (2014 - £47,243), £41,760 (2014 - £36,989) and £60,600 (2014 - £53,593) due to JGS Associates (Scotland) Limited, Kinesys Consulting Limited and Business Therapies Limited, companies controlled by I J G Scott, G McGettigan and P K Moore respectively. The maximum outstanding during the year was £69,605 (2014 - £58,828), £41,760 (2014 - £41,760) and £60,600 (2014 - £53,400) respectively.

Included within other creditors are amounts of £5,836 (2014 - £5,836) and £992 (2014 - £992) payable to A Gardiner and D McHoul, both directors.

15. POST BALANCE SHEET EVENTS

In the period since the balance sheet date, 2,275 £0.0001 ordinary shares have been issued at a price of £100 per share, generating £227,500 in capital.

16. CONTROLLING PARTY

In the opinion of the board of directors and by virtue of their respective shareholdings, there is no one individual party that exercises control of the company.