

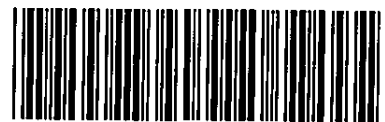
Lamellar Biomedical Limited

Registered number: SC312123

Directors' report and financial statements

For the year ended 30 June 2012

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COMPANIES HOUSE

LAMELLAR BIOMEDICAL LIMITED

COMPANY INFORMATION

Directors
Dr D Lawrence (resigned 20 October 2011)
S Taylor
A C G Mackie
Dr I McDougall (resigned 2 May 2012)
Dr F C Macdonald
A McLean (appointed 2 November 2011)

Company number SC312123

Registered office
c/o Barwell PLC
20 Renfield Street
Sterling House
Glasgow
G2 5AP

Auditors
Mazars LLP
Chartered Accountants & Statutory Auditor
90 St Vincent Street
Glasgow
G2 5UB

LAMELLAR BIOMEDICAL LIMITED

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LAMELLAR BIOMEDICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and the financial statements for the year ended 30 June 2012.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity is the research and development of synthetic lamellar bodies for medicinal and cosmetic applications.

Directors

The directors who served during the year were:

Dr D Lawrence (resigned 20 October 2011)
S Taylor
A C G Mackie
Dr I McDougall (resigned 2 May 2012)
Dr F C Macdonald
A McLean (appointed 2 November 2011)

S Taylor and A C G Mackie have been granted share options to purchase 301 and 226 A ordinary shares of 1p each respectively at a price of £50.35 per share. The option period is from 1 July 2009 to 15 May 2018.

LAMELLAR BIOMEDICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

Provision of information to auditors

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 auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 15 November 2012 and signed on its behalf.


A C G Mackie
Director

LAMELLAR BIOMEDICAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAMELLAR BIOMEDICAL LIMITED

We have audited the financial statements of Lamellar Biomedical Limited for the year ended 30 June 2012 which comprise the 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).

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 (APB's) Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 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 - Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1.7 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of £607,008 during the year ended 30 June 2012 and, at that date, the company's current liabilities exceeded its total assets by £724,185 and it had net current liabilities of £928,871.

These conditions, along with the other matters in note 1.7 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include any adjustments which would result if the company was unable to continue as a going concern.

Opinion on the 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.

LAMELLAR BIOMEDICAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAMELLAR BIOMEDICAL 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.



P B Jibson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

90 St Vincent Street
Glasgow
G2 5UB

15 November 2012

LAMELLAR BIOMEDICAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Administrative expenses		(717,876)	(626,350)
Other operating income	2	<u>118,497</u>	<u>88,986</u>
Operating loss	3	(599,379)	(537,364)
Interest receivable and similar income	5	59	22
Interest payable and similar charges	6	<u>(47,065)</u>	<u>(38,447)</u>
Loss on ordinary activities before taxation		(646,385)	(575,789)
Tax on loss on ordinary activities	7	<u>39,377</u>	<u>34,920</u>
Loss for the financial year		<u><u>(607,008)</u></u>	<u><u>(540,869)</u></u>

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

LAMELLAR BIOMEDICAL LIMITED

Registered number: SC312123

BALANCE SHEET**AS AT 30 JUNE 2012**

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	8		191,250		204,000
Tangible assets	9		13,436		14,489
			<u>204,686</u>		<u>218,489</u>
Current assets					
Debtors	10	67,596		57,447	
Cash at bank and in hand		13,590		114,513	
		<u>81,186</u>		<u>171,960</u>	
Creditors: amounts falling due within one year	11	(1,010,057)		(807,217)	
Net current liabilities			(928,871)		(635,257)
Total assets less current liabilities			<u>(724,185)</u>		<u>(416,768)</u>
Capital and reserves					
Called up share capital	12		512		462
Share premium account	13		2,221,865		1,922,324
Profit and loss account	13		<u>(2,946,562)</u>		<u>(2,339,554)</u>
Shareholders' deficit			<u>(724,185)</u>		<u>(416,768)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime 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 15 November 2012.



A C G Mackie

Director

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

LAMELLAR BIOMEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of intangible assets, less their estimated residual value, over their expected useful lives on the following basis:

Amortisation is provided at the following rates:

Patents	-	5% straight line
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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:

Plant & machinery	-	20% 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.

1.6 Research and development

Expenditure incurred on research and development is written off in the year in which it is incurred.

LAMELLAR BIOMEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. Accounting policies (continued)

1.7 Going Concern

The Financial Statements have been prepared on a going concern basis which assumes that the company is able to realise its assets and discharge its liabilities in the normal course of business.

The company have secured additional funding with Barwell PLC and Scottish Enterprise during the year. In addition Barwell are committed to offering additional funding for the year ended 30 June 2013. The directors have also engaged the services of a broker, with a view to accessing additional funding sources to cover the company's requirement over the next few years. The directors have instructed lawyers to prepare the necessary documentation in the expectation that these negotiations will be successful and will be able to ensure the continued trading of the company including the progression of the company's R&D programme on a focused basis. The business plan prepared for the fundraising exercise has focused on relatively low costs, low risk medical device opportunities that are expected to provide early out licensing opportunities in 2014.

Therefore, the directors consider it appropriate to prepare the Financial Statements on a going concern basis as they expect the company to have sufficient funding to enable it to meet its liabilities as they fall due.

2. Other operating income

	2012 £	2011 £
Grant income	13,497	13,986
Insurance claim receivable	-	75,000
Compensation claim receivable	105,000	-
	<u>118,497</u>	<u>88,986</u>

3. Operating loss

The Operating loss is stated after charging:

	2012 £	2011 £
Amortisation - intangible fixed assets	12,750	12,750
Depreciation of tangible fixed assets:		
- owned by the company	3,920	4,647
Auditors' remuneration	3,300	3,200
Auditors' remuneration - non-audit	13,292	11,300
Pension costs	-	1,386
Research and development expenditure written off	<u>200,447</u>	<u>192,349</u>

LAMELLAR BIOMEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4. Director's remuneration

	2012 £	2011 £
Aggregate emoluments	155,000	171,277

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of money purchase pension schemes.

S Taylor and A C G Mackie were granted share options to purchase 301 and 226 A ordinary shares of 1p each respectively at a price of £50.35 per share. The option period is from 1 July 2009 to 15 May 2018.

5. Interest receivable

	2012 £	2011 £
Other interest receivable	59	22

6. Interest payable

	2012 £	2011 £
On bank loans and overdrafts	1	-
On other loans	47,064	38,040
On finance leases and hire purchase contracts	-	407
	47,065	38,447

7. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
UK corporation tax credit on loss for the year	(39,160)	(34,920)
Tax on franked investment income	(217)	-
Tax on loss on ordinary activities	(39,377)	(34,920)

LAMELLAR BIOMEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

8. Intangible fixed assets

	Patents £
Cost	
At 1 July 2011 and 30 June 2012	255,000
Amortisation	
At 1 July 2011	51,000
Charge for the year	12,750
At 30 June 2012	63,750
Net book value	
At 30 June 2012	191,250
At 30 June 2011	204,000

9. Tangible fixed assets

	Plant & machinery £
Cost	
At 1 July 2011	16,954
Additions	2,867
At 30 June 2012	19,821
Depreciation	
At 1 July 2011	2,465
Charge for the year	3,920
At 30 June 2012	6,385
Net book value	
At 30 June 2012	13,436
At 30 June 2011	14,489

Net book value of assets held under finance leases or hire purchase contracts included above, are as follows:

	2012 £	2011 £
Plant and machinery	-	1,963

LAMELLAR BIOMEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

10. Debtors

	2012 £	2011 £
Other debtors	67,596	57,447

11. Creditors: Amounts falling due within one year

	2012 £	2011 £
Loan notes with warrants	688,302	539,375
Convertible loan	107,277	103,956
Trade creditors	137,222	120,520
Amounts owed to associated parties	42,861	10,833
Social security and other taxes	5,674	7,765
Other creditors	28,721	24,768
	1,010,057	807,217

During the year the company issued loan notes totaling £214,558 to existing investors. £101,558 of the loan notes issued during the year are secured by a bond and floating charge. The further £113,000 of loan notes issued during the year are unsecured.

The existing loan note investors hold a total of £430,000 of loan notes. In terms of an agreement dated 18 June 2010 they also hold warrants to the total value of £430,000 allowing them to subscribe further or convert their loans at a price of £60 per share until 31 December 2013.

Of the £101,558 of loan notes issued during the year, the investors hold warrants to the value of £200,040 allowing them to subscribe further or convert their loans at a price of £60 per share until 31 December 2014.

Interest is accrued on the loan notes at 30 June 2012 amounted to £56,401.

12. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
10,000 Ordinary shares shares of £0.01 each	100	100
41,207 (2011 - 36,205) Ordinary 'A' shares shares of £0.01 each	412	362
	512	462

In 2012, the company issued 5,002 £0.01 'A' ordinary shares for a total consideration of £299,591, included within this consideration was £299,541 of a share premium.

LAMELLAR BIOMEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

13. Reserves

	Share premium account £	Profit and loss account £
At 1 July 2011	1,922,324	(2,339,554)
Loss for the year		(607,008)
Premium on shares issued during the year	299,541	
At 30 June 2012	<u>2,221,865</u>	<u>(2,946,562)</u>

14. Pension commitments

The company contributes to the employees personal pension plan. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,292 (2011 - £13,061). Contributions totaling £nil (2011 - £nil) were payable to the fund at the balance sheet date.

15. Operating lease commitments

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
Expiry date:		
Within 1 year	<u>21,120</u>	<u>21,120</u>

16. Related party transactions

Barwell Consulting Ltd, a company in which A C G Mackie is a director received £28,217 (2011: £22,000) in respect of accountancy and directors fees.

Binnie Medforth, a company of which S Taylor is a director, received £17,500 (2011: £28,333) in respect of director fees for S Taylor during the year.

The balance due to Barwell Consulting Ltd at the year end was £27,861 (2011: £10,881)

The balance due to Binnie Medforth at the year end was £15,000 (2011: £nil)

Lamellar Biomedical Limited

Management information

For the year ended 30 June 2012

LAMELLAR BIOMEDICAL LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	2012 £	2011 £
Other operating income	118,497	88,986
	<hr/>	<hr/>
	118,497	88,986
Less: Overheads		
Administration expenses	(717,876)	(626,350)
	<hr/>	<hr/>
Operating loss	(599,379)	(537,364)
Interest receivable	59	22
Interest payable	(47,065)	(38,447)
	<hr/>	<hr/>
Loss for the year	<u>(646,385)</u>	<u>(575,789)</u>

LAMELLAR BIOMEDICAL LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 £	2011 £
Other operating income		
Grant income	13,497	13,986
Insurance claim receivable	-	75,000
Compensation claim receivable	105,000	-
	<u>118,497</u>	<u>88,986</u>
	2012 £	2011 £
Administration expenses		
Staff costs	225,086	170,325
Staff national insurance	18,284	-
Hotels, travel and subsistence	42,423	23,550
Research and development	200,447	192,349
Consultancy	21,088	33,720
Printing and stationery	3,574	2,993
Telephone and fax	1,925	3,389
Advertising and promotion	-	6,359
Legal, patent and professional fees	111,360	100,284
Auditors' remuneration	3,300	3,200
Auditors' remuneration - non-audit	13,000	11,300
Equipment hire	-	501
Bank charges	383	251
Sundry expenses	7,510	10,736
Rent - operating leases	21,083	16,387
Rates	9,148	9,621
Light and heat	-	1,897
Cleaning	-	413
Insurances	6,678	6,628
Repairs and maintenance	3,917	3,525
Relocation costs	-	23,312
Depreciation - plant and machinery	3,920	2,465
Amortisation - intangible fixed assets	12,750	12,750
Profit/loss on sale of tangible assets	-	(9,605)
Recruitment costs	12,000	-
	<u>717,876</u>	<u>626,350</u>
	2012 £	2011 £
Interest receivable		
Bank interest receivable	<u>59</u>	<u>22</u>

LAMELLAR BIOMEDICAL LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 £	2011 £
Interest payable		
Bank overdraft interest payable	1	-
Other loan interest payable	47,064	38,040
Hire purchase interest payable	-	407
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	47,065	38,447
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