

# Lamellar Biomedical Limited

Registered number: SC312123

**Financial statements for the year ended  
30 June 2017**

WEDNESDAY



\*S6FVRD2I\*

SCT

27/09/2017

#246

COMPANIES HOUSE

# Lamellar Biomedical Limited

## Company Information

---

<b>Directors</b>	D C M Moore (Chairman) A McLean A C G Mackie J Carney G Clark
<b>Company secretary</b>	Barwell Consulting Limited
<b>Registered number</b>	SC312123
<b>Registered office</b>	c/o Barwell PLC Sterling House 20 Renfield Street Glasgow G2 5AP
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor 90 St Vincent Street Glasgow G2 5UB
<b>Bankers</b>	Bank of Scotland 167-201 Argyle Street Glasgow G2 8BU  Clydesdale Bank Plc 19 Stuart Street East Kilbride G74 4NF
<b>Patent Attorneys</b>	Murgitroyd & Co 165 – 169 Scotland Street Glasgow G2 8BU
<b>Solicitors</b>	Brodie LLP 15 Atholl Crescent Edinburgh EH3 8HA  Bonaccord 31 Merchiston Park Edinburgh EH10 3PW
<b>Website</b>	<a href="http://www.lamellar.com">www.lamellar.com</a>

**Contents**

---

	Page
Directors' Report	1 - 2
Independent Auditor's Report	3 - 5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the financial statements	10 - 29

**Directors' Report**  
***for the year ended 30 June 2017***

---

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2017.

**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 International Financial Reporting Standards. ("IFRS") as adopted by the European Union 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Principal activities**

The principal activities of the Company during the year were the development and commercialisation of intellectual property relating to pharmaceuticals based on mimetics of extra-alveolar lamellar bodies.

**Directors' Report**  
***for the year ended 30 June 2017***

---

**Directors**

The Directors who served during the year were:

D C M Moore (Chairman)

A McLean

S Taylor (resigned 31 March 2017)

A C G Mackie

J Carney

G Clark

**Disclosure of information to auditor**

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

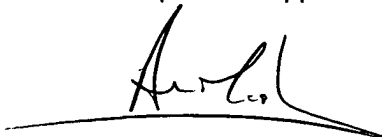
- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

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

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

This report was approved by the board on and signed on its behalf.



**Mr A C G Mackie**

Director

21 September 2017

**Independent Auditor's Report to the Members of Lamellar Biomedical Limited**

We have audited the financial statements of Lamellar Biomedical Limited for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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 Company'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 included in the annual report, other than the financial statements and our Auditor's Report 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.

## **Independent Auditor's Report to the Members of Lamellar Biomedical Limited**

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 specific 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 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, and for such internal control as the Directors determine is 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 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 Company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of Lamellar Biomedical Limited**

**Auditor's 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 an auditor's report 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Craig Maxwell (Senior Statutory Auditor)

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
90 St Vincent Street  
Glasgow  
G2 5UB

25 September 2017



# Lamellar Biomedical Limited

## Statement of Comprehensive Income for the year ended 30 June 2017

	Note	2017 £	2016 £
Other operating income	4	130,006	170,067
Administrative expenses		(1,829,047)	(1,680,403)
<b>Operating loss</b>	<b>5</b>	<b>(1,699,041)</b>	<b>(1,510,336)</b>
Finance income	6	7,539	12,230
<b>Loss before taxation</b>		<b>(1,691,502)</b>	<b>(1,498,106)</b>
Taxation	8	194,473	220,071
<b>Loss for the year</b>		<b>(1,497,029)</b>	<b>(1,278,035)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(1,497,029)</b>	<b>(1,278,035)</b>

The notes on pages 10 to 29 form part of these financial statements.

# Lamellar Biomedical Limited

Registered number: SC312123

## Statement of Financial Position as at 30 June 2017

	Note	2017 £	2016 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	61,309	48,553
Intangible assets	10	299,353	260,644
		<u>360,662</u>	<u>309,197</u>
<b>Current assets</b>			
Trade and other receivables	12	319,698	63,690
Current tax assets	12	228,118	239,539
Cash and cash equivalents	13	5,533,154	1,525,900
		<u>6,080,970</u>	<u>1,829,129</u>
<b>Total assets</b>		<u><b>6,441,632</b></u>	<u><b>2,138,326</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	16	2,681	2,126
Share premium	16	14,855,235	9,185,135
Retained earnings		(8,799,076)	(7,355,293)
<b>Total equity</b>		<u><b>6,058,840</b></u>	<u><b>1,831,968</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	382,792	306,358
<b>Total current liabilities</b>		<u><b>382,792</b></u>	<u><b>306,358</b></u>
<b>Total liabilities</b>		<u><b>382,792</b></u>	<u><b>306,358</b></u>
<b>Total equity and liabilities</b>		<u><b>6,441,632</b></u>	<u><b>2,138,326</b></u>

The notes on pages 10 to 29 form part of these financial statements.

The financial statements were approved for issue by the board on 21 September 2017 and were signed on its behalf by



**Mr A C G Mackie**  
Director

# Lamellar Biomedical Limited

## Statement of Changes in Equity for the year ended 30 June 2017

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
<b>As at 1 July 2015</b>	<b>2,111</b>	<b>9,098,700</b>	<b>(6,130,295)</b>	<b>2,970,516</b>
<b>Comprehensive income</b>		-		
Loss for the year	-	-	(1,278,035)	(1,278,035)
Issue of share capital	15	86,435	-	86,450
Share-based payments	-	-	53,037	53,037
Transactions with owners	15	86,435	53,037	139,487
<b>As at 1 July 2016</b>	<b>2,126</b>	<b>9,185,135</b>	<b>(7,355,293)</b>	<b>1,831,968</b>
<b>Comprehensive income</b>				
Loss for the year	-	-	(1,497,029)	(1,497,029)
Issue of share capital	555	5,670,100	-	5,670,655
Share-based payments	-	-	53,246	53,246
Transactions with owners	555	5,670,100	53,246	5,723,901
<b>As at 30 June 2017</b>	<b>2,681</b>	<b>14,855,235</b>	<b>(8,799,076)</b>	<b>6,058,840</b>

# Lamellar Biomedical Limited

## Statement of Cash flows for the year ended 30 June 2017

	Note	2017 £	2016 £
<b>Operating activities</b>			
Loss before tax		(1,691,502)	(1,498,106)
<b>Adjustments to reconcile loss before tax to net cash flows from operating activities:</b>			
Depreciation of property, plant and equipment		17,958	18,813
Amortisation of intangible fixed assets		20,878	18,550
Finance income		(7,539)	(12,230)
Share option costs		53,246	53,037
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(256,008)	24,971
Increase in trade and other payables		76,434	142,759
Cash absorbed in operations		(1,786,533)	(1,252,206)
Interest received		7,539	12,230
Income taxes received		205,894	118,207
<b>Net cash flows used in operating activities</b>		<b>(1,573,100)</b>	<b>(1,121,769)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(30,714)	(20,421)
Purchase of intangible assets		(59,587)	(20,773)
<b>Net cash flows used in investing activities</b>		<b>(90,301)</b>	<b>(41,194)</b>
<b>Financing activities</b>			
Proceeds net of costs from issue of equity instruments of the Company		5,670,655	86,450
<b>Net cash flows from financing activities</b>		<b>5,670,655</b>	<b>86,450</b>
Net increase / (decrease) in cash and cash equivalents		4,007,254	(1,076,513)
Cash and cash equivalents at the beginning of the year		1,525,900	2,602,413
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>5,533,154</b>	<b>1,525,900</b>

The notes on pages 10 to 29 form part of these financial statements.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 1. General information

These financial statements reflect the financial performance and position of Lamellar Biomedical Limited (the 'Company') for the year to 30 June 2017.

Lamellar Biomedical Limited is a private company, limited by share capital, incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is given on the Company information page. The nature of its operations and its principal activity are set out in the Directors' Report. The Company is registered in Scotland.

The Company's principal place of business is Caledonian House, Phoenix Cr, Bellshill ML4 3NJ.

### 2. Accounting policies

#### a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards 'IFRS' adopted for use in the European Union as they apply to financial statements for the year ended 30 June 2017 and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies are set out in the following notes.

#### b) Basis of preparation

The financial statements have been presented in Pounds Sterling ('Sterling') as this is the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest pound (£) except where otherwise indicated.

These financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board has considered the Company's projections for a period of at least twelve months from the date of approval of this financial information, including cash flow forecasts. The Directors believe that the Company has or can raise adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis of accounting in preparing these financial statements.

#### Estimates and judgements

The financial statements have been prepared on the historical cost basis. The accounting policies have been applied consistently in all material respects.

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets and liabilities as at each reporting date and the reported amounts of revenues and expenses during each reporting period. Any estimates and assumptions are based on experience and any other factors that are believed to be relevant under the circumstances and which the Board considers to be reasonable. Actual outcomes may differ from these estimates.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 2. Accounting policies (continued)

Any revisions to accounting estimates will be recognised in the year in which the estimate is revised if the revision affects only that year. If the revision affects both current and future periods, the change will be recognised over those periods.

Certain accounting policies which have a significant bearing on the reported financial condition and results of the Company require subjective or complex judgements. The principal such areas of judgement are:

#### *Cost of share based payments*

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they were granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments depending on the terms and conditions of the grant. Management are also required to use certain assumptions in determining the most appropriate inputs to the valuation model including expected life of the option, volatility, risk free rate and dividend yield. The assumptions and models used are fully disclosed in note 19.

#### Application of new and revised International Financial Reporting Standards (IFRS)

No new standards or interpretations issued by the International Accounting Standards Board ('IASB') or the IFRS Interpretations Committee ('IFRIC') have led to any material changes in the Company's accounting policies or disclosures during the reporting period.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 2. Accounting policies (continued)

#### New and revised IFRS in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

- IAS 1 (amendment) 'Presentation of Financial Statements' - Disclosure initiative
- IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 38 (amendment) 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation
- IFRS 11 (amendment) 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations
- Annual Improvements to IFRS (2012 - 2014)
- IAS 7 (amendment) 'Statement of Cash Flows' - Disclosure initiative
- IAS 12 (amendment) 'Income Taxes' - Recognition of deferred tax assets for unrealised losses
- IFRS 10 (amendment) 'Consolidated Financial Statements' and IAS 28 (amendment) 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture
- IFRS 9 'Financial Instruments' - IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'
- IFRS 16 'Leases'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 2 (amendment) Classification and Measurement of Sharebased Payment Transactions
- IAS 40 (amendment) 'Transfers of investment property'
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AIP IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short term exemptions for first-time adopters
- AIP IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

#### c) Revenue and revenue recognition

Revenue represents amounts receivable from government grants and tax credits and is measured at the fair value of the consideration received or receivable.

#### d) Intangible assets

##### Patents

Patents are stated at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over their estimated useful lives. Amortisation costs are charged to administrative expenses. The useful lives are as follows:

Patents	-	20 years
---------	---	----------

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 2. Accounting policies (continued)

#### e) Property, plant and equipment

Plant and machinery is initially recognised at acquisition cost or manufactured cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. These assets are subsequently measured using the cost model, less accumulated depreciation and impairment losses.

Depreciation is provided at rates calculated to write off the cost of assets, less their estimated residual value, over their expected lives on the following bases:

Plant & machinery	-	over 5 years
-------------------	---	--------------

#### f) Impairment testing of intangible assets and property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

#### g) Leases

Lease payments under operating leases, where a significant proportion of the risks and benefits remain with the lessor, are recognised on a straight line basis over the term of the lease.



# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 2. Accounting policies (continued)

#### h) Financial assets and liabilities

Financial assets and liabilities are recognised when the Company unconditionally becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of financial assets and liabilities are considered by the Directors to be a reasonable estimate of their fair values at each reporting date.

Financial assets include trade and other receivables and cash and cash equivalents; these are classified as loans and receivables. Financial liabilities include trade and other payables and borrowings; these are classified as other financial liabilities carried at amortised cost.

#### Trade and other receivables

Trade and other receivables are recognised initially at their fair value and subsequently at their amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the recoverability of the asset is at risk, appropriate allowances for any estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income.

#### Trade and other payables

Trade and other payables are recognised initially at their fair value, net of transaction costs, and subsequently at their amortised cost using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank including funds held in short to medium term deposit accounts.

#### i) Tax

#### Current tax

Current tax is based on taxable profit/(loss) for the year. Taxable profit/(loss) differs from 'profit/(loss) before tax' as reported in the Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using rates that have been enacted during the reporting period.

#### j) Post-employment benefits

The Company provides post-employment benefits through a defined contribution plan. The assets of the scheme are held separately from those of the Company.

The Company has no defined benefit plans.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 2. Accounting policies (continued)

#### k) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to the statement of comprehensive income on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement of comprehensive income in the period in which they become receivable.

#### l) Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments depending on the terms and conditions of the grant. Management are also required to use certain assumptions in determining the most appropriate inputs to the valuation model including expected life of the option, volatility, risk free rate and dividend yield. The assumptions and models used are fully disclosed in note 19.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights.

#### m) Costs and expenses

Cost and operating expenses are recognised in income at the time services are rendered.

#### n) Investments

Investments are accounted for using the equity method. These are originally recognised at cost with subsequent movements reflecting the Company's share of net profit or loss recognised as other comprehensive income in the Statement of Comprehensive Income.

### 3. Segmental reporting

The Company has one operating segment, the development of intellectual property relating to pharmaceuticals based on the mimetics of extra-alveolar lamellar bodies. All expenditure, assets and liabilities relate to this activity. All operations are carried out in the United Kingdom.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 4. Other operating income

	2017 £	2016 £
Government grants	104,314	155,673
R&D tax credits	25,692	14,394
	<u>130,006</u>	<u>170,067</u>

### 5. Operating loss

Loss for the year has been arrived at after charging:

	2017 £	2016 £
Operating lease expense	29,509	25,430
Depreciation of owned fixed assets	17,958	18,813
Amortisation of intangible assets	20,878	18,550
Research and development costs	1,037,706	974,114
Auditor's remuneration	7,350	7,000

### 6. Finance income

	2017 £	2016 £
Bank interest receivable	7,539	12,230
	<u>7,539</u>	<u>12,230</u>

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 7. Staff costs

	2017 £	2016 £
Salaries	652,028	444,318
Social security costs	17,968	39,012
Pension costs	20,159	16,420
Share-based payments	53,246	53,037
	<u>743,401</u>	<u>552,787</u>

The average number of persons (including Directors) employed by the Company during the year was:

	2017	2016
Management	6	7
Administration	2	2
Laboratory	6	3
	<u>14</u>	<u>12</u>

The remuneration of the Directors, is set out below in aggregate:

	2017 £	2016 £
Short-term employee benefits	211,242	220,322
Compensation for loss of office	27,500	-
Post-employment benefits	15,000	5,979
Share-based payments	29,333	29,124
	<u>283,075</u>	<u>255,425</u>

The number of Directors who accrued benefits under money purchase pension schemes amounted to 1 (2016: 1). The highest paid Director received emoluments, including pension contributions, of £129,340 (2016: £131,301).

No Directors exercised share options in the year or the prior year. The number that received shares under long term incentive plans during the year was nil (2016: 3).

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 8. Taxation

	2017 £	2016 £
Current tax		
UK current tax credit on loss for the period	(194,473)	(220,071)
Adjustments in respect of prior periods	-	-
<b>Tax on loss on ordinary activities</b>	<b>(194,473)</b>	<b>(220,071)</b>
<b>Loss on ordinary activities before tax</b>	<b>(1,691,502)</b>	<b>(1,498,106)</b>
Normal applicable rate of tax	19.75%	20%
Loss on ordinary activities multiplied by normal rate	(344,083)	(299,621)
Effects of:		
Expenses not deductible for tax purposes	10,705	10,835
Research and development tax reliefs	(79,302)	(88,094)
Deferred tax adjustments	208,206	156,809
<b>UK tax charge</b>	<b>(194,473)</b>	<b>(220,071)</b>

The Company has unused tax losses of £5,915,318 (2016: £4,898,934).

No deferred tax asset is recognised in respect of these losses due to uncertainty over their recoverability.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 9. Property, plant and equipment

	Plant & machinery £	Total £
<b>Cost</b>		
At 1 July 2016	101,348	101,348
Additions	30,714	30,714
<b>At 30 June 2017</b>	<b>132,062</b>	<b>132,062</b>
<b>Depreciation</b>		
At 1 July 2016	52,795	52,795
Charge for the year	17,958	17,958
<b>At 30 June 2017</b>	<b>70,753</b>	<b>70,753</b>
<b>Net book value</b>		
At 30 June 2017	61,309	61,309
At 30 June 2016	48,553	48,553

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 10. Intangible assets

	Patents	Total
	£	£
<b>Cost</b>		
At 1 July 2016	386,395	386,395
Additions	59,587	59,587
<b>At 30 June 2017</b>	<b>445,982</b>	<b>445,982</b>
<b>Amortisation</b>		
At 1 July 2016	125,751	125,751
Charge for the year	20,878	20,878
<b>At 30 June 2017</b>	<b>146,629</b>	<b>146,629</b>
<b>Net book value</b>		
At 30 June 2017	299,353	299,353
At 30 June 2016	260,644	260,644

### 11. Investments accounted for using the equity method

	Unlisted investments	Total
	£	£
<b>Cost</b>		
At 30 June 2016 and 30 June 2017	16,600	16,600
<b>Impairment</b>		
At 1 July 2016	16,600	16,600
Impairment charge	-	-
<b>At 30 June 2017</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
At 30 June 2017	-	-
At 30 June 2016	-	-

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 12. Trade and other receivables

	2017 £	2016 £
Trade receivables	-	650
VAT recoverable	16,505	39,487
Prepayments and accrued income	303,193	23,553
	<u>319,698</u>	<u>63,690</u>
Current tax assets	<u>228,118</u>	<u>239,539</u>

The fair values of the Company's trade and other receivables are considered to equate to their carrying amounts. The maximum exposure to credit risk for trade receivables is represented by their carrying amount. There are no financial assets which are past due but not impaired. No financial assets are impaired.

### 13. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and on hand	3,533,154	1,525,900
Bonds	2,000,000	-
Cash and cash equivalents	<u>5,533,154</u>	<u>1,525,900</u>

Cash balances are held with Bank of Scotland and Clydesdale Bank and earn interest at floating rates based on daily bank deposit rates. Bonds represent cash held on deposits with a maturity of 6 – 9 months.

### 14. Trade and other payables

	2017 £	2016 £
Trade payables	256,625	238,864
Accruals and deferred income	103,782	56,118
Other taxes and social security	22,385	11,376
	<u>382,792</u>	<u>306,358</u>

The fair values of the Company's trade and other payables are considered to equate to their carrying amounts.



# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### 15. Financial instruments

#### Classification

All financial assets have been classified as loans and receivables, and all financial liabilities have been classified as other financial liabilities measured at amortised cost.

#### Risk management objectives

Management identify and evaluate financial risks on an on-going basis. The principal risks to which the Company is exposed are market risk (including interest rate risk, and cash flow risk), credit risk, and liquidity risk.

#### Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in interest-bearing assets and liabilities.

#### Interest rate risk

The Company's interest-bearing assets comprise only cash and cash equivalents. As the Company's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Company's income.

#### Currency Risk

The Company is exposed to minimal foreign currency risk; sensitivity analysis on foreign currency exposure is therefore not relevant to the Company.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade receivables. The Company's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents, trade and other receivables.

Credit risk is managed by monitoring clients and performing credit checks before accepting any customers and by placing funds only with banks with high credit-ratings assigned by international credit-rating agencies.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 15. Financial instruments (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Company seeks to manage its liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs.

A summary table with maturity of financial assets and liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the following tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not material.

The maturity analysis of financial instruments at 30 June 2017 is as follows:

Analysis by contractual maturities:						
	Carrying amount	Demand and less than 3 months	From 3 to 12 months	From 12 months to 2 years	From 2 to 5 years	Total
	£	£	£	£	£	£
Assets:						
Cash and cash equivalents	5,533,154	3,533,154	2,000,000	-	-	5,533,154
Trade and other receivables	16,505	16,505	-	-	-	16,505
Current tax assets	228,118	228,118	-	-	-	228,118
Liabilities:						
Trade and other payables	(382,792)	(382,792)	-	-	-	382,792
	<b>5,394,985</b>	<b>3,394,985</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>5,394,985</b>

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 15. Financial instruments (continued)

The maturity analysis of financial instruments at 30 June 2016 is as follows:

Analysis by contractual maturities:						
	Carrying amount	Demand and less than 3 months	From 3 to 12 months	From 12 months to 2 years	From 2 to 5 years	Total
	£	£	£	£	£	£
Assets:						
Cash and cash equivalents	1,525,900	1,525,900	-	-	-	1,525,900
Trade and other receivables	40,137	40,137	-	-	-	40,137
Current tax assets	239,539	239,539	-	-	-	239,539
Liabilities:						
Trade and other payables	(306,358)	(306,358)	-	-	-	(306,358)
	<u>1,499,218</u>	<u>1,499,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,499,218</u>

### Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Company's overall strategy remained unchanged during the year.

The capital structure of the Company consists of cash and cash equivalents, issued capital, the share premium account and retained earnings. The Company is not subject to any externally imposed capital requirements.

As part of the Company's management of capital structure, consideration is given to the cost of capital.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 16. Share capital

#### Authorised, issued and fully paid share capital

	2017	2016
	£	£
10,000 (2016: 10,000) Ordinary shares of £0.01 each	100	100
203,410 (2016: 202,626) A Ordinary shares of £0.01 each	2,034	2,026
54,744 (2016: nil) Preference shares of £0.01 each	547	-
	<u>2,681</u>	<u>2,126</u>

Shares issued and fully paid	Ordinary Shares		Ordinary A Shares		Preference Shares		Share premium
	Number of shares	Share capital £	Number of shares	Share capital £	Number of shares	Share capital £	
As at 1 July 2015	10,000	100	201,136	2,011	-	-	9,098,700
Issue of shares	-	-	1,490	15	-	-	86,435
As at 30 June 2016	10,000	100	202,626	2,026	-	-	9,185,135
Issue of shares	-	-	784	8	54,744	547	5,829,884
Transaction costs	-	-	-	-	-	-	(159,784)
As at 30 June 2017	10,000	100	203,410	2,034	54,744	547	14,855,235

Share capital represents the nominal value of ordinary shares issued and fully paid.

Holders of Ordinary, A Ordinary and Preference shares are entitled to one vote per share at meetings of the Company. They have the right to receive dividends as declared from time to time.

In the event of cessation of the Company's activities, the assets of the Company remaining after the payment of its liabilities shall be distributed in order of priority to Preference Shareholders followed by A Ordinary and Ordinary Shareholders.

Share premium is the excess amount received by the Company over the par value of shares issued.

Retained earnings represent accumulated profits and losses to date.

During the year, 784 A Ordinary and 54,744 Preference shares were issued at £105 per share. Consideration received included the capitalisation of fees (£71,715) and cash (£5,758,725).

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 17. Operating leases

The total future value of minimum lease payments is due as follows:

	30 June 2017 £	30 June 2016 £
Not later than one year	7,222	6,358
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>7,222</u>	<u>6,358</u>

### 18. Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year were as follows:

	30 June 2017 £	30 June 2016 £
Short-term benefits	357,740	301,268
Post-employment benefits	15,000	9,676
Share based payments	33,195	29,124
	<u>405,935</u>	<u>340,068</u>

### 19. Share based payments

#### Details of the employee share option plan of the Company

The Company has a share option scheme for employees and consultants, which comprises Part A, a share option scheme approved by HMRC (the Approved Scheme) and Part B, an unapproved share option scheme (the Unapproved Scheme). All options are exercisable only upon an Exit Event.

The following share-based payment arrangements were in existence during the year ended 30 June 2017.

Grant date	Number	Expiry date	Exercise price	Fair value (per share) at grant date
<b>Employment Options granted under Part A</b>				
23 April 2013	1,252	22 April 2023	£60	£17.39
23 April 2013	3,228	22 April 2023	£35	£21.46
1 September 2014	600	31 August 2024	£35	£21.46
1 October 2014	300	30 September 2024	£35	£21.46
30 November 2014	1,768	29 November 2024	£35	£21.46
30 September 2015	1,300	29 September 2025	£105	£64.37
4 March 2016	400	3 March 2026	£105	£64.37

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

### 19. Share based payments (continued)

#### Employment Options granted under Part B

16 May 2008	226	15 May 2020	£50.35	£30.65
16 May 2008	250	31 March 2018	£50.35	£30.65
16 June 2010	56	15 June 2020	£60	£36.79
16 June 2010	75	31 March 2018	£60	£36.79
23 April 2013	300	22 April 2023	£35	£21.46
23 April 2013	752	22 April 2023	£50.35	£18.79
23 April 2013	401	22 April 2023	£60	£17.39
23 April 2013	124	31 March 2018	£60	£17.39
29 May 2014	29	28 May 2024	£60	£17.39
30 November 2014	2,896	29 November 2024	£35	£21.46
31 March 2016	2,100	30 March 2026	£105	£64.37
31 March 2016	400	30 March 2018	£105	£64.37

All options vested on their date of grant. If an employee or consultant ceased to be associated with the Company, their options lapsed. If an exit event does not occur before the expiry date, the options lapse.

#### Movements in share options during the year

Employment Options granted under Part A	Year ended 30 June 2017		Year ended 30 June 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the period	8,848	£51.99	7,148	£39
Granted during the period	-	-	1,700	£105
Lapsed during the period	-	-	-	-
Balance at the end of the period	8,848	£51.99	8,848	£51.99

Employment Options granted under Part B	Year ended 30 June 2017		Year ended 30 June 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the period	7,609	£62.73	5,109	£42.04
Granted during the period	-	-	2,500	£105
Lapsed during the period	-	-	-	-
Balance at the end of the period	7,609	£62.73	7,609	£62.73

#### Share options exercised during the years

There were no share options exercised in the year ended 30 June 2017 or the prior year.

# Lamellar Biomedical Limited

## Notes to the financial statements for the year ended 30 June 2017

---

### Share options outstanding at the end of the period

The share options outstanding at the end of the period had a weighted average exercise price and a weighted average remaining contractual life as shown below:

	Year ended 30 June 2017	Year ended 30 June 2016
Weighted average exercise price	£52	£52
Weighted average remaining contractual life	7.2 years	7.7 years

### **19. Share based payments (continued)**

The charge to the Statement of Comprehensive Income for the year ended 30 June 2017 of £53,246 represents the allocation of cost for the share options, based on the Directors' estimate of the number of share options expected to be exercised in due course.

The fair value of Employment Options is estimated at the date of grant using a Black-Scholes option pricing model. The following assumptions have been used in calculating the fair value of share options:

	<b>Employment Options</b>
Valuation method	Black-Scholes
Risk free interest rate	2.00%
Expected life (average years)	10
Expected volatility	50%
Dividend yield	0%

The risk free interest rate is based on the government gilt rate that is commensurate with the average expected life of the option. The expected life of the options is the expected average point at which an option becomes exercisable. The expected volatility is based on historical volatility of the share price of the Company and of quoted comparable companies over the most recent period at the date of grant that is commensurate with the average expected life of the option. The weighted average share price used in each calculation was equal to the option exercise price.

### **20. Capital commitments**

No capital commitments have been identified at the reporting date.

### **21. Related party transactions**

Barwell Consulting Ltd, a company in which A C G Mackie is a director, received £147,567 (2016: £94,062) in respect of services provided by J Carney and A C G Mackie and for business plan preparation work.

Marlin Bioconsulting Ltd, a company of which G Clark is a director, received £21,641 (2015: £39,188) in respect of management fees.

The balance due to Barwell Consulting Limited at the year end was £11,748 (2016: £4,065).

The balance due to Marlin Bioconsulting Limited at the year end was £3,233 (2016: £7,116).

# **Lamellar Biomedical Limited**

## **Notes to the financial statements for the year ended 30 June 2017**

---

### **22. Controlling party**

There is no single controlling undertaking or party.

### **23. Post balance sheet events**

There have been no significant events occurring since the reporting date.