

Registered number: 05002413

INOTEC AMD LIMITED

**UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2019**

MONDAY



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INOTEC AMD LIMITED

COMPANY INFORMATION

Directors	M. J Clancy C W Kennedy Dr A Parton A Piga (appointed 20 June 2019) P R Socha L Sala (resigned 20 June 2019) Dr A Round (appointed 5 February 2020)
Company secretary	S Zielinski-Smith
Registered number	05002413
Registered office	Ground Floor, Unit 7340 Building 7300 Cambridge Research Park, Beach Drive Waterbeach Cambridge CB25 9PD

INOTEC AMD LIMITED

CONTENTS

	Page
Accountant's report	1
Balance sheet	2 - 3
Statement of changes in equity	4
Notes to the financial statements	5 - 13



**Report to the directors on the preparation of the unaudited statutory financial statements of Inotec
AMD Limited for the year ended 31 December 2019**

We have compiled the accompanying financial statements of Inotec AMD Limited based on the information you have provided. These financial statements comprise the Balance Sheet of Inotec AMD Limited as at 31 December 2019, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Board of Directors of Inotec AMD Limited, as a body, in accordance with the terms of our engagement letter dated 27 April 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Inotec AMD Limited and state those matters that we have agreed to state to the Board of Directors of Inotec AMD Limited, as a body, in this report in accordance with our engagement letter dated 27 April 2018. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Inotec AMD Limited and its Board of Directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Cambridge

Date: 7/5/2020

INOTEC AMD LIMITED
REGISTERED NUMBER: 05002413

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	6	4,099	-
Tangible assets	5	18,589	56,630
Investments	6	62	62
		<u>22,750</u>	<u>56,692</u>
Current assets			
Stocks	7	153,454	155,058
Debtors: amounts falling due within one year	8	838,864	310,727
Cash at bank and in hand	9	2,519,053	758,874
		<u>3,511,371</u>	<u>1,224,659</u>
Creditors: amounts falling due within one year	10	(451,010)	(2,948,594)
Net current assets/(liabilities)		<u>3,060,361</u>	<u>(1,723,935)</u>
Total assets less current liabilities		<u>3,083,111</u>	<u>(1,667,243)</u>
Net assets/(liabilities)		<u>3,083,111</u>	<u>(1,667,243)</u>
Capital and reserves			
Called up share capital	11	158,168	50,584
Share premium account		15,800,092	7,214,368
Profit and loss account		(12,875,149)	(8,932,195)
		<u>3,083,111</u>	<u>(1,667,243)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

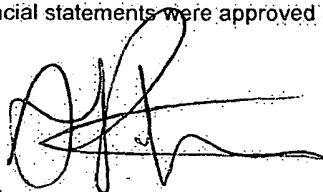
The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

INOTEC AMD LIMITED
REGISTERED NUMBER: 05002413

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

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

7/5/2020



Dr A Parton
Director

The notes on pages 5 to 13 form part of these financial statements.

INOTEC AMD LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	46,310	7,214,271	(6,556,399)	704,182
Comprehensive income for the year				
Loss for the year	-	-	(2,375,796)	(2,375,796)
Shares issued during the year	4,274	97	-	4,371
At 1 January 2019	50,584	7,214,368	(8,932,195)	(1,667,243)
Comprehensive income for the year				
Loss for the year	-	-	(3,942,954)	(3,942,954)
Shares issued during the year	107,584	8,585,724	-	8,693,308
Total transactions with owners	107,584	8,585,724	-	8,693,308
At 31 December 2019	158,168	15,800,092	(12,875,149)	3,083,111

The notes on pages 5 to 13 form part of these financial statements.

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Inotec AMD Limited is a private company limited by shares incorporated in England and Wales. The registered office of the Company is Ground Floor, Unit 7340, Building 7300, Cambridge Research Park, Waterbeach, Cambridge, CB25 9PD.

The principal activity of the company in the year of review was that of research and development and manufacture of healthcare products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Going concern

The Board have reviewed the current business plans and cashflow projections for a 12 month period from the date of approval of these financial statements, and have considered the uncertainties caused by Brexit and COVID-19.

The directors note that the company will need to raise additional finance to support its plans. Further shares were issued in February 2020 raising an additional £750,000 with another funding round planned for December 2020. The directors also believe that the company would be able to obtain external bank funding if required.

The financial statements have been prepared on the going concern basis, which the directors believe continues to be appropriate.

INOTEC AMD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.8 Research and development costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.10 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method and on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	33% Straight line
Fixtures and fittings	-	33% Reducing balance
Computer equipment	-	33% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found,

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.16 Financial instruments (continued)**

an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

3. Employees

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

	2019	2018
	No.	No.
Average number of employees	11	10

4. Intangible assets

	Computer software £
Cost	
Additions	4,275
At 31 December 2019	4,275
Amortisation	
Charge for the year	176
At 31 December 2019	176
Net book value	
At 31 December 2019	4,099
At 31 December 2018	

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2019	31,170	78,243	29,703	139,116
Additions	5,655	-	-	5,655
At 31 December 2019	<u>36,825</u>	<u>78,243</u>	<u>29,703</u>	<u>144,771</u>
Depreciation				
At 1 January 2019	17,651	45,557	19,278	82,486
Charge for the year on owned assets	10,328	25,820	7,548	43,696
At 31 December 2019	<u>27,979</u>	<u>71,377</u>	<u>26,826</u>	<u>126,182</u>
Net book value				
At 31 December 2019	<u>8,846</u>	<u>6,866</u>	<u>2,877</u>	<u>18,589</u>
At 31 December 2018	<u>13,519</u>	<u>32,686</u>	<u>10,425</u>	<u>56,630</u>

6. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	62
At 31 December 2019	<u>62</u>

The company holds investments in three wholly-owned subsidiaries, Inotec AMD Canada, Inotec AMD Inc, and Inotec AMD Asia SDN.BHD registered in Canada, North Carolina, USA, and Malaysia respectively.

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>153,454</u>	<u>155,058</u>

A provision of £31,000 (2018: £31,000) has been provided against obsolete materials and ageing stocks and has been recognised within cost of sales.

8. Debtors

	2019 £	2018 £
Trade debtors	19,976	29,692
Other debtors	668,137	222,948
Prepayments and accrued income	150,751	58,087
	<u>838,864</u>	<u>310,727</u>

9. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,519,053	758,874
	<u>2,519,053</u>	<u>758,874</u>

10. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	216,671	136,040
Other taxation and social security	26,346	23,245
Other creditors	8,477	6,723
Accruals and deferred income	199,516	157,586
Loan notes	-	2,625,000
	<u>451,010</u>	<u>2,948,594</u>

The loan notes were converted into share capital on 18 March 2019.

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
5,213,991 (2018 - 5,145,241) Ordinary shares of £0.001 each	5,214	5,145
185,380 (2018 - 185,380) F Ordinary shares of £0.001 each	185	185
Nil (2018 - 16,970,090) Series A1 shares of £0.001 each	-	16,970
Nil (2018 - 16,970,090) Series A2 shares of £0.001 each	-	16,970
Nil (2018 - 11,313,393) Series A3 shares of £0.001 each	-	11,314
14,880,952 (2018 - Nil) Series B2 shares of £0.001 each	14,881	-
30,202,823 (2018 - Nil) Series B1 shares of £0.001 each	30,203	-
107,684,690 (2018 - Nil) Series A shares of £0.001 each	107,685	-
	<u>158,168</u>	<u>50,584</u>

During the year the following share issues took place:

- i) 62,431,117 Series A shares were issued, with a nominal value of £0.001 per share, for consideration of £2,658,101.
- ii) 68,750 Ordinary shares were issued, with a nominal value of £0.001 per share, for consideration of £69.
- iii) 30,202,823 B1 shares were issued, with a nominal value of £0.001 per share, for consideration of £4,000,000.
- iv) 14,880,952 B2 shares were issued, with a nominal value of £0.001 per share, for consideration of £2,250,000.

A1, A2 and A3 shares were renamed as A shares.

The Ordinary shares, Series A shares, Series B shares and F Ordinary shares rank pari passu except on liquidation or return of capital or sale, where Series B shareholders rank first.

Under an EMI scheme, the company granted nil share options at an exercise price of 1p per share (2018: 1,225,000). 66,750 options were exercised in the year (2018: 79,000) and 778,500 options lapsed in the year (2018: nil) with 335,750 options outstanding at the year end (2018: 1,181,000). The fair value of these options is considered to be £Nil, therefore no share based payment expense has been charged to the profit and loss.

The company operates an additional share option scheme where nil (2018: 1,335,000) options were granted in the year with an exercise price of 1p per share. 2,000 (2018: 395,253) of these options were exercised in the year and 245,000 options lapsed during the year (2018: nil) with 1,148,002 (2018: 1,350,202) options outstanding at the year end. The fair value of these options is considered to be £Nil, therefore no share based payment expense has been charged to the profit and loss.

Subscription deeds for 3,800,000 (2018: 3,800,000) shares for 1p per share remain outstanding at the year end.

Warrants issued in prior years were cancelled during the year. New warrants were issued in respect of the Series A shares, where the holders have a right to subscribe in cash for up to or equal to half of the number of A shares in issue from time to time.

INOTEC AMD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Commitments under operating leases

	2019 £	2018 £
Not later than 1 year	67,821	67,821
Later than 1 year and not later than 5 years	67,821	135,642
	<u>135,642</u>	<u>203,463</u>

13. Related party transactions

The company has taken advantage of the exemptions included in FRS 102 section 33 not to disclose transactions with other wholly owned group companies.

14. Post balance sheet events

On 6 February 2020 a further 4,960,317 B2 shares were issued for consideration of £750,000.