

Company Registration No. 04564594 (England and Wales)

**MICROTEST MATRICES LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
**PAGES FOR FILING WITH REGISTRAR**

# MICROTEST MATRICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr E A Posner Mr V Levi D'Ancona Dr G Pindoria Innvotec (Nominees) Ltd Professor T Forcht-Dagi
<b>Secretary</b>	Anglo Scientific Limited
<b>Company number</b>	04564594
<b>Registered office</b>	Ugli Building Level 1, Block C 56 Wood Lane London W12 7SB
<b>Accountants</b>	Edwards 34 High Street Aldridge Walsall West Midlands WS9 8LZ

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# MICROTEST MATRICES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2016

		2016		2015	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	4		201,881		223,564
Tangible assets	5		198,046		269,156
Investments	6		303,723		303,723
			<u>703,650</u>		<u>796,443</u>
<b>Current assets</b>					
Stocks		63,689		71,133	
Debtors	7	328,032		499,312	
Cash at bank and in hand		-		32,361	
		<u>391,721</u>		<u>602,806</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,643,564)</u>		<u>(899,789)</u>	
<b>Net current liabilities</b>			<u>(1,251,843)</u>		<u>(296,983)</u>
<b>Total assets less current liabilities</b>			<u>(548,193)</u>		<u>499,460</u>
<b>Capital and reserves</b>					
Called up share capital	10		2,824		2,743
Share premium account			10,455,425		10,168,927
Other reserves			1,081,620		149,904
Equity reserve			30,733		-
Profit and loss reserves			<u>(12,118,795)</u>		<u>(9,822,114)</u>
<b>Total equity</b>			<u>(548,193)</u>		<u>499,460</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

**MICROTEST MATRICES LIMITED**

**BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2016**

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The financial statements were approved by the board of directors and authorised for issue on 2 May 2017 and are signed on its behalf by:

Mr V Levi D'Ancona  
**Director**

**Company Registration No. 04564594**

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

#### Company information

Microtest Matrices Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ugli Building Level 1, Block C, 56 Wood Lane, London, W12 7SB.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of Microtest Matrices Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 15.

#### 1.2 Going concern

These financial statements have been prepared on the going concern basis. The directors consider that the company will be able to generate sufficient income and raise sufficient finance to fund its operations for the foreseeable future and to meet its liabilities as they fall due.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.4 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	20% straight line
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#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Short term trade debtors are measured at transaction price, less any impairment. Other debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, less any impairment.

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Short term trade creditors are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost.

#### 1.12 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

#### 1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies (Continued)

#### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### 1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### 1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Share options

The company has granted share options. The options have been calculated using the Black-Scholes model which requires judgement in determining and assessing key assumptions and therefore results in estimation uncertainty.

#### Loan notes

The company has issued convertible loan notes. The fair value of the liability component is estimated using the prevailing interest rate for a similar non-convertible instrument and amortised using the effective interest method which therefore results in some estimation uncertainty.

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 7 (2015 - 17).

### 4 Intangible fixed assets

	<b>Patents</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2016	562,574
Additions	56,670
	<hr/>
At 31 December 2016	619,244
	<hr/>
<b>Amortisation and impairment</b>	
At 1 January 2016	339,010
Amortisation charged for the year	78,353
	<hr/>
At 31 December 2016	417,363
	<hr/>
<b>Carrying amount</b>	
At 31 December 2016	201,881
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At 31 December 2015	223,564
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# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

<b>5</b>	<b>Tangible fixed assets</b>	<b>Plant and machinery etc</b>	<b>£</b>
	<b>Cost</b>		
	At 1 January 2016		602,048
	Additions		7,085
	Disposals		(102,934)
	At 31 December 2016		<u>506,199</u>
	<b>Depreciation and impairment</b>		
	At 1 January 2016		332,892
	Depreciation charged in the year		67,470
	Eliminated in respect of disposals		(92,209)
	At 31 December 2016		<u>308,153</u>
	<b>Carrying amount</b>		
	At 31 December 2016		<u>198,046</u>
	At 31 December 2015		<u><u>269,156</u></u>

<b>6</b>	<b>Fixed asset investments</b>	<b>Shares in group undertakings and participating interests</b>	<b>Loans to group undertakings and participating interests</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	<b>Cost or valuation</b>			
	At 1 January 2016 & 31 December 2016	25,210	299,025	324,235
	<b>Impairment</b>			
	At 1 January 2016 & 31 December 2016	20,512	-	20,512
	<b>Carrying amount</b>			
	At 31 December 2016	<u>4,698</u>	<u>299,025</u>	<u>303,723</u>
	At 31 December 2015	<u><u>4,698</u></u>	<u><u>299,025</u></u>	<u><u>303,723</u></u>

Shares in group undertakings and participating interests represent the company's 100% interest in the ordinary share capital of Microtest Matrices Inc, Microtest Scandinavia AB and Microtest GmbH.

Loans to group undertakings and participating interests represent the company's 100% interest in the ordinary share capital of MRT Laboratories Inc.

## MICROTEST MATRICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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<b>7 Debtors</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	-	4,328
Corporation tax recoverable	213,858	296,068
Amounts due from group undertakings	72,314	142,201
Other debtors	41,860	56,715
	<u>328,032</u>	<u>499,312</u>
	<u><u>328,032</u></u>	<u><u>499,312</u></u>
<b>8 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	1,912	-
Trade creditors	401,040	411,539
Other taxation and social security	24,344	33,368
Other creditors	1,216,268	454,882
	<u>1,643,564</u>	<u>899,789</u>
	<u><u>1,643,564</u></u>	<u><u>899,789</u></u>

Included within other creditors at 31 December 2016 are £864,800 secured convertible redeemable 10% loan notes which were issued by the company between January 2016 and April 2016. The loan notes automatically convert to ordinary shares of 1p each on the company raising £1,500,000 before the maturity date of 31 December 2016 (subsequently amended to 30 June 2017), or an exit. The conversion price is the lower of £19.74 per share or the lowest price paid per share multiplied by a factor of 0.6 in a bona fide funding round between the date of issue and the date of conversion.

Subsequent to the year end, the maturity date was amended to 30 April 2018.

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 9 Share-based payment transactions

The company has taken advantage of transitional exemptions not to apply FRS102 1A to any share-based payment transactions entered into before the transition date of 1 January 2015.

The total number of options granted prior to transition to FRS102 1A that were exercisable at 31 December 2016 were 31,308, they had an exercise price ranging from £32.90 per share to £55 per share and at 31 December 2016 had an average remaining contractual life of 7 years.

The following information therefore only discloses information about share-based payment transactions granted on or after 1 January 2015:

	Number of share options		Weighted average exercise price	
	2016 Number	2015 Number	2016 £	2015 £
Outstanding at 1 January 2016	26,520	-	32.90	-
Granted	20,430	26,520	19.41	32.90
Expired	(291)	-	32.90	-
	<u>46,659</u>	<u>26,520</u>	<u>26.99</u>	<u>32.90</u>
Outstanding at 31 December 2016	<u>46,659</u>	<u>26,520</u>	<u>26.99</u>	<u>32.90</u>
Exercisable at 31 December 2016	<u>46,659</u>	<u>26,520</u>	<u>26.99</u>	<u>32.90</u>

Inputs were as follows:

	2016	2015
Weighted average share price	35.09	13.69
Weighted average exercise price	19.41	32.90
Expected volatility	50.00	50.00
Expected life	7.00	10.00
Risk free rate	1.24	1.96

During the year, the company recognised total share-based payment expenses of £931,716 (2015 - £149,904)

### 10 Called up share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
282,448 (2015 - 274,281) Ordinary shares of 1p each	<u>2,824</u>	<u>2,743</u>

During the year, 8,167 ordinary shares of 1p each were issued for a total consideration of £286,580.

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 11 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2016	2015
	£	£
Between one and two years	358,354	215,837
	<u>358,354</u>	<u>215,837</u>

### 12 Events after the reporting date

Subsequent to the year end 14,988 ordinary shares of 1p each were issued for a total consideration of £179,856.

### 13 Related party transactions

Any directors or senior employees who have authority and responsibility for controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals amounted to £106,356 (2015 - £74,401).

Mr V Levi D'Ancona, director, is also a director of Anglo Scientific Limited. During the year the company was re-charged costs of £4,796 (2015 - £43,014) from Anglo Scientific Limited. The company has also accrued costs of £100,000 (2015 - £Nil) for management, business planning, HR, financial planning, debt negotiation and investor relationship activities provided, but not invoiced, in relation to Professor T Forcht-Dagi and Mr V Levi D'Ancona. At 31 December 2016, included within trade creditors is an amount of £10,132 (2015 - £9,364) and included in accruals is an amount of £100,000 (2015 - £Nil) due to Anglo Scientific Limited. In addition, included within other creditors at 31 December 2016 is an amount of £125,000 advanced to the company by Anglo Scientific Limited and Mr V Levi D'Ancona on which interest of £2,500 was accrued during 2016.

### 14 Control

In the opinion of the directors, the company is not under the control of any individual or organisation.

# MICROTEST MATRICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 15 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

#### Reconciliation of equity

	1 January 2015 £	31 December 2015 £
Equity as reported under previous UK GAAP and under FRS 102	1,591,730	499,460

#### Reconciliation of loss for the financial period

	Notes	2015 £
Loss as reported under previous UK GAAP		(1,853,572)
Adjustments arising from transition to FRS 102:		
Share options and loan note warrants		(149,904)
Loss reported under FRS 102		(2,003,476)

#### Notes to reconciliations on adoption of FRS 102

##### 1 - Share options

FRS102 requires that share options be measured at fair value at each balance sheet date.

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