Concepta

Annual Report & Accounts **2017**

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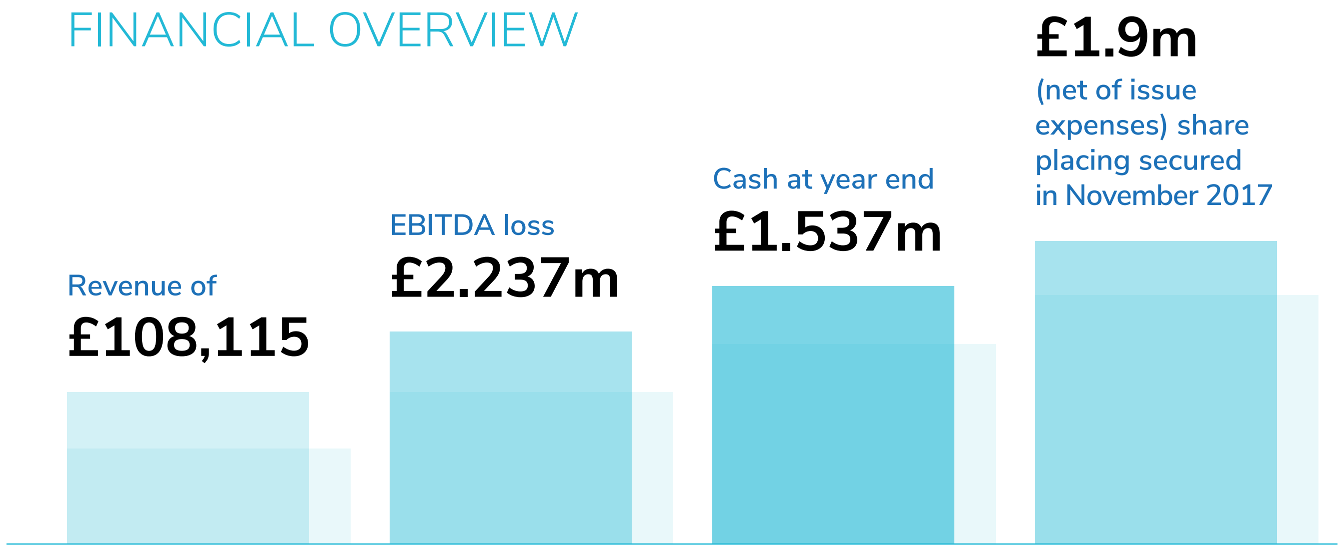
2017 HIGHLIGHTS

Received first order from Huan Zhong Biotech Co Ltd (£225,000) and delivered first shipment of products

- Appointment of Neil Mesher as Non Executive Director in March 2017
- Appointment of David Darrock as Site Director, subsequently promoted to COO in February 2018
- Appointment of Zhang Zhi Gang as Head of China Operations
- Successfully completed hospital evaluation in China in November 2017 and held the first distributor meeting in Shanghai to commence launch of product into the Chinese market
- Completed £1.9m (net) fund raise

FINANCIAL OVERVIEW



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“our overheads are low, our product is unique and we have a substantial market to sell into, thus we expect 2018 to be a positive year”

CHAIRMAN’S STATEMENT

Business Progress

During the year Concepta faced a number of challenges but also made good progress towards the launch of its myLotus fertility product in China. Launching a new product into a new market is a complex process and, although progress has been slower than anticipated, we have built robust foundations in China and are well on our way to launching in the EU.

The hospital trials undertaken in China were hugely successful, demonstrating that myLotus offers exceptional correlation with laboratory blood tests and that it can help women who experience weaker positives to determine when they are most fertile. This places myLotus in a class of its own compared to existing commercially available home tests. The results from the hospital evaluation of the myLotus pregnancy testing were equally impressive.

Strategy review - operational focus and market entry

The progress of Concepta during 2017 has been solid and the focus has been on optimising operations at our manufacturing sites, both in China and the UK, whilst delivering high quality products. There have, however, been a number of challenges both internally and externally. This included an issue with the supply of raw materials in China which has impacted our ability to deliver products in a timely manner, namely the order from ShanDong WeiHei HaiChen Pharmaceutical Co. Ltd. Product will be delivered against this order upon receipt of payment, and although the order from ShanDong WeiHei HaiChen Pharmaceutical Co. Ltd has not been cancelled, payment has not been received to date and therefore this order has not been additive in Q1.

The supply chain has now been fully audited and reviewed to ensure that all future orders will be delivered on time. Following an internal review of the distribution channels and associated risk of being over reliant on existing relationships, we are establishing other distribution channels. We are now confident our focus on securing a few key successful distribution channels will deliver robust revenue growth in 2018.

Managerial expertise

As the Company enters the launch phase for myLotus, the transition to larger scale manufacturing requires additional skills and knowledge that we have addressed with personnel changes.

The appointment of David Darrock as COO, as of February 2018, has enhanced Concepta’s operational expertise and resulted in a significant improvement in the supply chain and manufacturing facilities.

The China team has also been strengthened by both additional input from Zhang Zhi Gang as our Head of China Operations and the appointment of Michelle Yao as China General Manager, both of whom have significant operational experience within the Chinese market. The team is now making inroads into the complex and extensive Chinese distributor network with some 180,000 MedTech distributors. Since joining Concepta, Michelle has negotiated and secured an agreement with Sinopharm, one of the largest state owned pharmaceutical companies in China, with annual sales in excess of £23bn. This agreement is not only an endorsement of Concepta’s ability to engage with organisations of such high calibre but also highlights our decision to focus on a few key strategic partners in China.

Financial position

In November 2017, the Company raised £1.9m after costs via a placing. Commercially, the Group has reported a loss in the period of £2.345m with funds being deployed to support future operations for manufacture, selling and marketing of myLotus products.

Outlook

Concepta has established a solid foundation and now looks to accelerate the launch of myLotus in 2018. We have a cutting-edge product in a global marketplace and, in addition to China, we believe the launch into Europe in Q4 will be core to the future business and provide a valuable secondary revenue stream.

Building a scientific manufacturing business from scratch is never easy and I’m pleased to report that in 2017 we have acted to rectify the initial challenges we faced. Our overheads are low, our product is unique and we have a substantial market with regulatory approval to sell into, thus we expect 2018 to be a positive year for the Company.

Adam Reynolds
Chairman

Concepta's myLotus brand starts with the premise that everyone is different. Existing at-home fertility tests tend to be based on what is "normal" in a large group of women. As a result, there are a considerable number of women who are not helped by traditional qualitative tests. The uniqueness of the myLotus platform is that it allows monitoring of personal hormone levels at home, something that would ordinarily require daily visits to the doctor to have blood tests. The latter is often too expensive and inconvenient so this has, until now, been out of reach for women with unexplained infertility.

Over the course of this year we have made a significant push into our initial market of China. After obtaining cFDA registration for our products and establishing our manufacturing infrastructure we also conducted two very successful hospital evaluations. The results showed near perfect correlation between myLotus urine testing and clinical laboratory testing in blood samples. This excellent result gave us proof of concept to then increase our expansion efforts. It also demonstrates the usefulness of the platform for Personalised Healthcare, a key development for sustainable healthcare provision.

"we are well positioned in this space to adapt our platform to the rapidly changing landscape in digital healthcare and are confident that Concepta can be part of this trend"

Strategy

Our initial product offering in fertility is simple: myLotus can increase your chances to conceive if you have been trying for 6 months or longer. The issue of infertility is largely unaffected by demographics, the product offering is therefore universal and the target group is highly motivated. Our primary focus remains on this area of mobile health and presents a sizeable market opportunity for us.

Over the course of this year we plan to expand our manufacturing capability in the UK and China. We have worked hard to ensure all of the necessary patents are in place and are confident that myLotus will remain a leading edge product on the market offering simple quantitative and qualitative hormone measurement at home.

In 2017 we achieved ISO13485 certification and are now audited annually to these standards. We have now commenced the CE-marking process which will be the final requirement for us to sell in the UK and all EU markets and hope to have this in place by H2 2018.

We have already begun our digital marketing strategy in the UK ahead of launch and will be rolling out our full marketing effort over the next few months. We will be able to apply what we learn in the UK to subsequent EU regions, however, our initial focus remains on the Chinese and UK markets. Our infrastructure and manufacturing capabilities will be increased in line with geographical expansion.

Products

Our focus in 2017 has been to optimise the existing fertility product range. However, parallel to this we have been exploring the capabilities of the myLotus platform, including the samples that can be used for testing, the analytes we can test for, the patient's need for the application and its commercial viability.

We have identified a number of additional factors which we can measure to add further detail for users on what is happening in their bodies and the subsequent impact on not only their fertility but also their general wellbeing. This allows the user to take greater control over their personal healthcare.

We also plan to make full use of advancements in mobile technology, which are opening up myriad opportunities for product development and collaboration with the healthcare industry. Our technology has the potential for remote monitoring, with doctors having access to test results. We envisage that doctors could make decisions based on physiological monitoring rather than symptoms and that this could eliminate large amounts of unnecessary doctor visits.

We have produced a large and interesting list of innovative products for potential development. To avoid dilution of effort and resources in Concepta's early stage of commercialisation, exploration of further applications will be undertaken through the use of potential grants and collaboration with third parties.

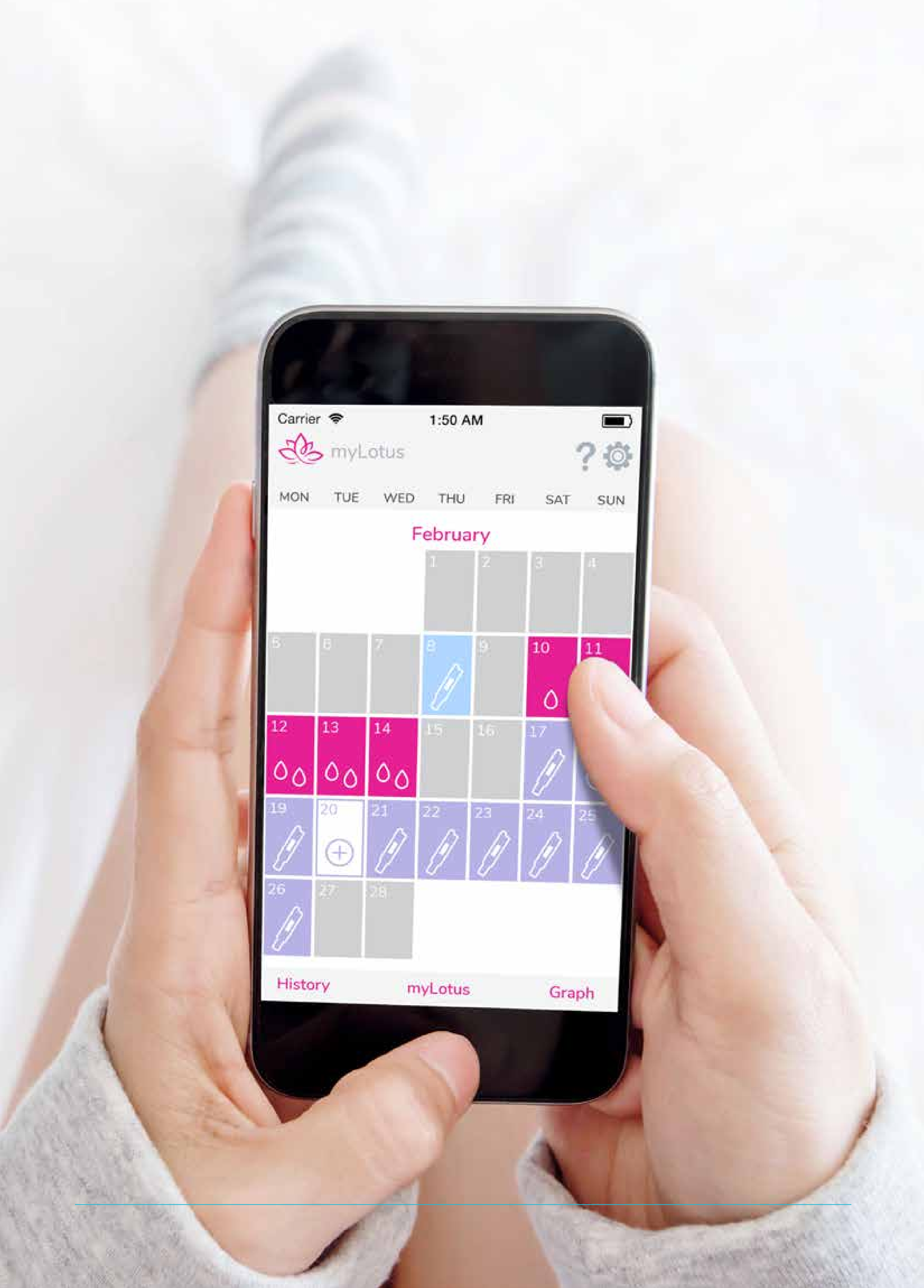
Outlook

There is increasing momentum in the development of Digital Health initiatives. Healthcare systems are finding it increasingly difficult to provide desired standards of care within their resource constraints.

A move towards Personalised Healthcare implies a shift in control from the medical sector to the individual. This involves serious debate around patient safety, legal implications and the psychological aspects of the medical sector having to "let go" of some of their authority.

We are well positioned in this space to adapt our platform to the rapidly changing landscape in digital healthcare and are confident that Concepta can be a part of this trend. Whilst we remain focused on delivering our initial fertility product, we are unique in our ability to develop low-cost personal health monitoring and are confident that we will play a major part in this shifting dynamic.

Erik Henau
Chief Executive Officer



FINANCIAL REVIEW

Income statement

During the year 2017 the Group's loss after taxation was £2,344,949 (11 months to December 2016: £2,415,226).

The administration costs incurred during the period for the year ended 31 December 2017 of £2,035,005 included no one-off costs. (11 months to December 2016: £2,525,342 included one-off costs of £1,484,406).

Other administration costs of £1,925,482 (11 months to December 2016: £966,896) included £427,113 (11 months to December 2016: £222,225) research and development costs (net of capitalised development costs), staff costs and head office costs.

The tax credit of £104,818 (11 months to December 2016: £149,221) included research and development tax credit of £104,818 (11 months to December 2016: £96,221) and deferred tax of £nil (11 months to December 2016: £53,000 credit).

One-off costs and non-cash items

Included in the administration costs of the Group, no one-off costs (11 months to December 2016: £1,484,406) were incurred, of which none (11 months to December 2016: £843,448) were expenses associated with AIM admission and fundraising costs and previous period also included deemed cost of the reverse acquisition of £640,958. See note 5 - loss from operations in the notes to the financial statements for more details.

Loss per share

The basic and diluted loss per share was £0.02 (2016: £0.03).

Financial Position

The Group net assets at 31 December 2017 were £2,939,935 (2016: £3,311,270). This comprised total assets of £3,481,351 and total liabilities of £541,416.

The total assets included property, plant and equipment, intangible assets (capitalised development costs and patent costs) of £863,990 (2016: £402,926), of which £174,750 represents additional development costs capitalised net of amortisation, equipment spend net of sale and leaseback transaction of £312,170 and leasehold improvements spend of £117,863 on the Doncaster factory facility during the year and cash and cash equivalents of £1,537,759 (2016: £2,708,477).

Cashflow

The Group's cash balance at the period end was £1,537,759.

During the period the net cash used in operations was £2,439,684 (2016: £1,288,414) and total spend on property, plant and equipment and intangible assets of £670,292, with financing activities generating net proceeds of £1,939,258 (2016: £4,027,405).

Dividends

No dividend is recommended (2016: £nil) due to the early stage of the development of the Group.

Capital management

The Board's objective is to maintain a balance sheet that is both efficient and delivers long term shareholder value. The Group had cash balances of £1,537,759 at 31 December 2017 and has a 5 year sale and leaseback financing for one of its manufacturing equipment. The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Events after the reporting period

Events after the reporting period are described in Note 23 to the financial statements.

Barbara Spurrier
Chief Financial Officer

PRINICIPAL RISKS AND UNCERTAINTIES

Market Risks	Impact	Mitigation
Dependence on China	The Group's plan could be affected by delays in sales or lower than expected sales growth in China.	Ongoing geographical and business diversification will gradually normalise the proportional importance of China.
Brexit	New regulations could add complexity and delays to operations.	Our regulatory department keeps up to date on all changes. The current consensus is that Brexit will not affect the regulations that are relevant to our business.
Technology	The Group's platform is currently unique. Rapid technological advances could see competitor products being launched.	The Group has product development plans in place for improved technology as well as for a wider product portfolio that includes additional innovative solutions for the targeted consumer groups.

Operational Risks	Impact	Mitigation
Dependence on key personnel	The Group is in its early stages of development when reliance on a few key people has an inherent vulnerability.	The Group carries out benchmark exercises to ensure a good remuneration. The Group also offers an environment for excellent personal development in an exciting segment of our industry.
Technology	The Group is launching a product that is not already available in the consumer market.	The Group has responded to consumer demand and will upgrade and modify products if required.
Technical	Insufficient understanding of biology, science, research program, approvals and patents leading to loss of product licence, patent protection, loss of medical sponsorship, distributor and consumer confidence, markets. This can impact the delivery of strategy and objective of the Group.	The Group senior management and certain directors have strong technical skills and demonstrable experience in the research and markets that the Group operates in.
Supply Chain	Inadequate design of processes, quality control and oversight over supply chain - production, distribution and logistics. This can impact the delivery of strategy and objective of the Group.	The Group mitigates this risk by relying on and accessing industrial/ market expertise in this area by outsourcing production and appointing distributors. The Group's contracts with the outsourced service companies containing robust terms. The Group shall further mitigate development risk by engaging at the appropriate stage relevant experience and expertise of specialists and, appropriate technology. Recruited COO to assist with management.
Manufacturing	The Group is making the transition from a research-based organisation to a full commercial organisation. Manufacturing set-up and learning curve could delay sales or could impact our rate of growth.	The Group recruited experienced interim management and consultants to set up brand new manufacturing facilities in Doncaster. They also have the experience to handle the transfer of current manufacturing at our Colworth site under ISO13485. A modular automatic assembly line is being installed. Additional modules are planned to add capacity in line with sales growth.

PRINICIPAL RISKS AND UNCERTAINTIES

Financial Risks	Impact	Mitigation
Future funding requirements	The Group's platform is currently unique. We are exploring the capabilities of the platform for a range of tests. Our current funding covers the launch of our initial fertility products. Identified opportunities cannot be pursued with the existing funding.	Management will analyse major opportunities and present them in additional business cases when warranted. The Group is looking at collaborative deals and at available grants to prove the potential of the platform.
Currency fluctuations	Currency fluctuations could increase costs and affect profitability.	Our initial sales are export sales. Currency fluctuations will impact both sales and costs. Our initial product offering is not price-sensitive. Substantial cost increases will be passed on.

Legal Risks	Impact	Mitigation
Intellectual Property litigation	As part of our due diligence process we carried out extensive work on our freedom to operate. Any claim brought against us would impact the Company from its business.	The Group engages with IP specialists to ensure we have a strong position. To our knowledge we do not infringe on any patents.
Inadequate registration and monitoring of patents	Delivery of strategy and objective of the Group and share price.	Regulatory risk is mitigated by (with the help of appropriate advisors) monitoring the regulatory and political environment within the countries in which we hold patents, engaging in constructive dialogue where and when appropriate, and introducing third-party expertise if this may assist in resolution of issues affecting our patents.
Compliance with regulations	Reputation. Severe penalties. Senior management imprisoned / personally fined.	The Group has substantial business in China. Anti-Money Laundering- developing compliance process and risk assessment with monitoring process. Anti-Bribery And Corruption – ensure compliance with UK Bribery Act. Ethics Code with periodic staff declarations, staff and director trading; Embed in on-boarding process for new suppliers/ counter-parties; Establish monitoring process for suppliers/ counter-parties.
Changes in legislation	The diagnostics market is heavily regulated. The IVD Directive became a Regulation and has an impact on the regulatory work prior to launch.	The Group's management have experience in the OTC market where regulatory requirements have always been more strenuous than for clinical diagnostics. We work with consultants and with our Notified Body (BSI) to be and to remain compliant.

On behalf of the Board

Erik Henau
Chief Executive Officer
30 April 2018

Adam Reynolds
Non-Executive Chairman

Mr Reynolds is a former stockbroker with over 35 years' experience within the UK financial services sector. In 2000, Mr Reynolds founded Hansard Group PLC which was admitted to trading on AIM in 2000.

Mr Reynolds is currently a director of several AIM traded companies: he is a non-executive director of EKF Diagnostics Holdings PLC, a point-of-care, central laboratory, and molecular diagnostics company; Chairman of Premaitha Health PLC, a company involved in the development of prenatal screening devices, non-executive director of Sosandar PLC an on-line fashion business, non-executive director of Big Sofa PLC a video analytics business. He is also a director of a number of private companies. Adam joined the Concepta PLC board as non-executive Chairman in February 2016.

Erik Henau
Chief Executive Officer

Erik has over 35 years of experience in Life Sciences companies (Amersham International, Oxoid) and consumer diagnostics (Unipath/Alere). He held a number of General Manager positions including running Unilever subsidiaries in Scandinavia and the Netherlands. He finished his career at Alere as International OTC Director and then set up Adaxis, a Women's Health Consultancy business, before returning to corporate life as firstly business development director, and then as CEO, of Concepta Diagnostics Limited.

Barbara Spurrier
Chief Financial Officer & Company Secretary

Mrs Spurrier is a qualified certified accountant (FCCA) with over 30 years finance experience in numerous sectors including Technology, Oil & Gas and Food. Recently she successfully concluded 2 IPO's and 2 RTO's onto LSE/AIM. She has been main board director of 5 AIM listed PLC's, heading the revenue recognition committee of the board for one of these companies. Alongside her fund raising and IFRS experience her expertise includes strategic planning, financial and cash management, profit optimisation and the implementation of long term strategic objectives.

Dr Mark Wyatt
Non-Executive Director

Investment Director at Mercia Technologies PLC, with over 18 years of experience in healthcare and clean technology sectors.

Previously Bioscience Ventures Manager at Imperial Innovations responsible for the formation of new, and management of existing, early stage portfolio companies.

Neil Mesher
Non-Executive Director

Neil has more than 25 years of global experience within the healthcare and consumer electronics industries. He is currently CEO of Philips for the UK and Ireland and is on the Board of the Association of British Healthcare Industries (ABHI), from which he led the industry's response to the NHS's "5 Year Forward View", assessing opportunities for greater integration between industry and the healthcare system. Neil is also a member of the Governments Life Science Industrial Strategy Board, representing the interests of the medical technology sector with other senior leaders from across healthcare.

CORPORATE GOVERNANCE REPORT

Introduction

The Company, whose shares are admitted to trading on AIM, is not required to comply with the UK Corporate Governance Code. The Directors fully support high standards of corporate governance and have chosen to make the following disclosures which are deemed to be the most relevant, given the nature, size and scope of the Companies activities. The information in this Corporate Governance Report is not subject to audit.

The Company is subject to the UK City Code on Takeovers and Mergers.

The Board and responsibilities

The Board currently consists of a non-executive Chairman, a Chief Executive Officer, one executive Director and two non-executive Directors. There is a clear division of responsibilities between the chairman and the executive officers and the Board considers the non-executive directors to be independent of management. The composition of the Board ensures that no single individual or group of individuals is able to dominate the decision-making process. Details of the individual Directors and their biographies are set out on page 14 to 15.

The directors evaluate the balance of skills, knowledge and experience on the Board when defining the role and capabilities required for new appointments.

The Board is responsible for management of the business, setting the strategic direction and policies. The Board meets regularly to attend to any issues which require the attention of the Board and oversees the financial position of the Company monitoring the business and affairs on behalf of the Shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of Concepta PLC at all times. The Board will also address issues relating to internal control and the Company's approach to risk management.

The day-to-day management of the Company's business is delegated to the Chief Executive Officer and Financial Director of the Company.

During the year to 31 December 2017, the Board held 12 scheduled meetings.

Audit Committee

The Audit Committee, which comprises Adam Reynolds as Chairman, and Mark Wyatt, will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of Concepta PLC.

The Nomination Committee

The Nomination Committee is responsible for identifying and nominating members of the Board, recommending Directors to be appointed to each committee of the Board, and the chair of each such committee. The Nomination Committee will also arrange for evaluation of the Board. The Nomination Committee comprises Adam Reynolds as Chairman and Mark Wyatt. The Nomination Committee will meet when required.

The Remuneration Committee

The Remuneration Committee, which comprises Adam Reynolds as Chairman and Neil Mesher, will meet not less than once each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of Concepta PLC.

Share dealing code

Concepta PLC has adopted and will operate a share dealing code governing the share dealings of the directors of the Company and applicable employees with a view to ensuring compliance with the AIM Rules.

Investor relations

The General Meeting is the principal forum for dialogue with shareholders. Updates on the progress of the business are regularly published on the Group's website. The Company also has a dedicated electronic communication line specifically for shareholders' enquiries.

On behalf of the Board

Barbara Spurrier
Chief Financial Officer and Company Secretary
30 April 2018

CORPORATE AND SOCIAL RESPONSIBILITY

The Company understands that its impact reaches beyond that of its core business and into the environment and society in which it operates. With integrity at the heart of our corporate social goals our aim is to make a lasting positive contribution to all our stakeholders.

In view of the limited number of stakeholders, the Company has not adopted a specific policy on Corporate Social Responsibility. However, it does seek to protect the interests of stakeholders in the Company through its policies, combined with ethical and transparent business operations. The Company has adopted an Anti-Corruption and Anti-Bribery Policy and compliance with regulations like Competition Law.

Environment

Concepta PLC is sensitive to the environment in which it operates and has established well defined operating guidelines with some of the manufacturing partners where it seeks their compliance with ISO14001 when relevant, to ensure certain environmental standards are complied with.

Human Rights

Concepta is committed to social and morally responsible research, development and manufacturing processes for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Employees

Our employees are key to achieving the business objectives of the Company. The Company has established policies for recruitment, diversity and equal opportunities, training and development. Our priority is to provide a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development. We aim to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and want to stay with us. The Company embraces employee participation in issue raising and resolution through regular update sessions that value contributions from all levels regardless of position in the business.

Shareholders

The Board of Directors actively encourage communication and they seek to protect the interest of shareholders at all times. The Company updates shareholders regularly through regulatory news, financial reports and through our nominated Financial PR firm. The Company also engages directly with investors at our Annual General Meeting or investor events.

Health and Safety

Company activities are carried out in accordance with its Health and Safety Policy which adheres to all applicable laws and are audited both internally and by an external organisation.

DIRECTORS' REPORT

The directors present their report and the audited financial statements for Concepta PLC for the year ended 31 December 2017.

The preparation of financial statements is in compliance with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of the Company and its subsidiaries under reverse accounting principles. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

Principal Activities

Concepta PLC is a holding company. It is the parent company of Concepta Diagnostics Limited, a UK-based company, which was acquired on 26th July 2016.

The principal activity of the Group is to develop and commercialise the mobile health diagnostics medical devices.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the period's operations, future developments and key risks is contained in the Strategic Report. The Directors do not recommend a final ordinary dividend for the period (2016: £nil).

Directors and directors' interests

The directors who held office during the period and subsequently were as follows:

Adam Reynolds
Erik Henau
Barbara Spurrier
Dr Mark Wyatt
Neil Mesher (appointed 29 March 2017)

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

Directors' interests

The Directors held the following beneficial interests in the shares, share options and warrants of Concepta PLC at the date of this report:

	Ordinary shares of £0.025 each	Issued share capital %
Adam Reynolds	1,155,555	0.836
Erik Henau	393,333	0.285
Barbara Spurrier	246,057	0.178

Directors' share options and warrants

The directors' share options and warrants who held office during the period are as follows:

	Options / Warrants at 1 January 2017	Granted	Exercised	Lapsed / Cancelled	Options / Warrants at 31 December 2017	Date of Grant	Exercise Price	Earliest & latest date of exercise
Adam Reynolds								
Warrants	1,100,000	-	-	-	1,100,000	26/07/16	£0.075	26/07/16 - 26/07/21
Erik Henau								
Options	1,569,400	-	-	-	1,569,400	25/07/16	£0.075	23/03/19 - 22/03/26
Warrants	1,100,000	-	-	-	1,100,000	26/07/16	£0.075	26/07/16 - 26/07/21
Barbara Spurrier								
Warrants	1,100,000	-	-	-	1,100,000	26/07/16	£0.075	26/07/16 - 26/07/21

The remuneration of the directors in Concepta PLC who held office during the year to 31 December 2017 was as follows:

	Salaries/fees £	Pension costs £	Share-based payments £	31 December 2017 £	31 December 2016 £
Adam Reynolds	45,833	-	-	45,833	81,304
Erik Henau	138,000	6,900	23,931	168,831	160,392
Barbara Spurrier	72,000	4,500	-	76,500	90,471
Dr Mark Wyatt[1]	18,382	-	-	18,382	8,668
Neil Herbert	5,000	-	-	5,000	22,916
Neil Mesher	11,250	-	-	11,250	-
	290,465	11,400	23,931	325,796	363,751

[1] Dr Mark Wyatt's director fees were paid to Mercia Investments Limited, a subsidiary of Mercia Technologies PLC, a shareholder of Concepta PLC.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Events after the reporting date

There are no material events after the reporting date to disclose.

DIRECTORS' REPORT

Research and Development Activities

Concepta continues to invest in research and development activities. Concepta is focused on developing and enhancing the existing product portfolio and other products that will compliment and expand the product offering.

The total research and development expenditure including costs for applying patents for the year ended 31 December 2017 was £668,331 (11 months to 31 December 2016: £456,188) of which £240,259 (11 months to 31 December 2016: £233,963) capitalised and £428,072 (11 months to 31 December 2016: £222,225) (excluding amortisation charge) was expensed in the income statement. This expenditure was incurred on product development and enhancement. Further details of the research and development activities are disclosed in the Strategic Report.

Financial Risk management

Details of financial risk management are provided in note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the year.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at the date of this report:

	%
Mercia Technologies PLC	18.24
Finance Yorkshire Seedcorn Fund	9.19
Angel CoFund	8.44

Statement of Disclosure to the Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors appointment

Jeffreys Henry LLP has expressed its willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). 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 and of the profit or loss of the Group and the parent company for that period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors confirms that, to the best of their knowledge:

The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Erik Henau
Chief Executive Officer
30 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2017

Opinion

We have audited the financial statements of Concepta PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows, company 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 the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union; and
- the financial statements 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 as applied to listed entities, 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 group's or the parent 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.

Our audit approach

Overview

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Carrying value of investments and intangible assets.
- Accounting for share capital, options, convertibles and warrants.

These are explained in more detail below

Materiality:

Group financial statements:

- £100,000 (31 December 2016: £62,000)
- Based on the average of the following:
  a. 3% of Revenue
  b. 3% of Gross Assets
  c. 10% of Net Profit

Company financial statements:

- £47,000 (31 December 2016: £61,000)
- Based on the same parameters set out as the Group financial statements above except 2% of Gross Assets was used.

Audit scope

- We conducted audits of the complete financial information of Concepta PLC and Concepta Diagnostics Limited.
- We performed specified procedures over certain account balances and transaction classes at other Group companies.
- Taken together, the Group companies over which we performed our audit procedures accounted for 100% of the absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 100% of revenue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2017

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments and intangible assets	
The Company had investments of £4,637,138 at the year ended 31 December 2017. (31 December 2016: £3,782,827) The Directors have confirmed all investments, including additions were correctly calculated and being held at cost. The Group had capitalised development and patents costs of £240,259 at the year ended 31 December 2017 (31 December 2016: £233,963). The Directors have confirmed all intangibles, including additions were correctly recognised.	Investments have been assessed. No indications of impairment noted. The analysis work undertaken by the directors shows that the Group is expected to remain cash generative and profitable based on their technology. We have understood and assessed the methodology used by the directors in this analysis and determined it to be reasonable. Intangibles are only assessed for impairment when indicators of impairment exist. We have considered the life cycle, public perception through the share price of the Company and the fair value of intangibles held by the Company. As all the capitalised intangibles relate to products that Concepta Diagnostics Limited is using to enhance its product, we consider it reasonable that no impairment has been recognised in the period.

Key audit matter	How our audit addressed the key audit matter
Accounting for share capital, options, convertibles and warrants	
The charge for the year is made up as follows: Options granted £49,879 Warrants issued £59,644 All share options and warrants that vest in the period have been reviewed for the purpose of calculating an appropriate share-based payment charge. The Black-Scholes model has been used to value the options and warrants at the grant date. Options have estimated vesting periods based on management's assumptions and the share-based payment is spread evenly over this period from the date of grant. Warrants vested on the grant date and the share based payment was fully charged to the profit and loss during the year. There is therefore judgment in the valuation of share-based payments, owing to the estimation uncertainty that exists around future vesting periods.	We have understood and assessed the methodology utilised to estimate the Company's share-based payment charge calculations and checked that the calculation of the provision was mathematically accurate. We found no material exceptions in our testing. We have audited the share-based payment by reviewing the key inputs used in the model for reasonableness.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2017

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£100,000 (31 December 2016: £62,000).	£47,000 (31 December 2016: £61,000).
How we determined it	Based on the average of 10% of profit before tax, 3% of gross assets and 3% of Revenue.	Based on the average of 10% of loss before tax and 2% of gross assets.
Rationale for benchmark applied	We believe that profit before tax is a primary measure used by shareholders in assessing the performance of the Group whilst gross asset values and revenue are a representation of the size of the Group; both are generally accepted auditing benchmarks.	We believe that profit before tax is a primary measure used by shareholders in assessing the performance of the Company whilst gross asset values are a representation of the size of the Company; both are generally accepted auditing benchmarks.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components is ranged from £47,000 and £100,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £100,000 (Group audit) (31 December 2016: £62,000) and £47,000 (Company audit) (31 December 2016: £61,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 2 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Concepta PLC and Concepta Diagnostics Limited reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over goodwill and other intangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group at the 2 reporting units.

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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2017

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 21, 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 group's and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matters which we are required to address

We were appointed as auditors by the Company at the Annual General Meeting on 14 December 2016. Our total uninterrupted period of engagement is 2 years, covering the periods ending 30 June 2016 to 31 December 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Sanjay Parmar
Senior Statutory Auditor
For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London, EC1V 9EE
30 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2017 £	11 month period ended 31 December 2016 £
Revenue	4	108,115	-
Cost of sales		(519,522)	(37,972)
Gross loss		(411,407)	(37,972)
Other administrative expenses		(1,925,482)	(966,896)
AIM admission expenses		-	(843,448)
Deemed cost of reverse acquisition		-	(640,958)
Share-based payments		(109,523)	(74,040)
Administrative expenses		(2,035,005)	(2,525,342)
Operating loss	5	**(2,446,412)**	**(2,563,314)**
Finance income	7	-	222
Finance expenses	7	(3,355)	(1,355)
Loss before income tax		**(2,449,767)**	**(2,564,447)**
Tax credit	8	104,818	149,221
Loss for the period		**(2,344,949)**	**(2,415,226)**
Attributable to owners of the parent:		(2,344,949)	(2,415,226)
Loss per ordinary share - basic and diluted (£)	9	(0.02)	(0.03)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 £	31 December 2016 £
Non-current assets			
Property, plant and equipment	10	473,247	186,933
Intangible assets	11	390,743	215,993
Total non-current assets		**863,990**	**402,926**
Current assets			
Inventories	12	296,548	70,500
Trade and other receivables	13	678,236	215,103
Corporation tax receivable		104,818	96,221
Cash and cash equivalents	14	1,537,759	2,708,477
Total current assets		**2,617,361**	**3,090,301**
Total assets		**3,481,351**	**3,493,227**
Current liabilities			
Trade and other payables	15	462,895	181,957
Loans and borrowings	16	16,211	-
Total current liabilities		**479,106**	**181,957**
Non-current liabilities			
Loans and borrowings	16	62,310	-
Total liabilities		**541,416**	**181,957**
Net assets		**2,939,935**	**3,311,270**
Share capital	17	3,454,917	2,740,631
Share premium account		9,813,131	8,663,326
Share-based payment reserve	19	650,887	541,364
Capital redemption reserve		1,814,674	1,814,674
Reverse acquisition reserve		(6,044,192)	(6,044,192)
Retained earnings		(6,749,482)	(4,404,533)
Total equity		**2,939,935**	**3,311,270**

These financial statements were approved and authorised for issue by the Board of directors on 30 April 2018 and were signed on its behalf by:

Erik Henau
Chief Executive Officer

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Deferred shares & 'A' deferred shares	Share Premium	Capital redemption reserve	Retained earnings	Reverse acquisition reserve	Share-based payment reserve	Total
	£	£	£	£	£	£	£	£
Concepta Diagnostics Limited Equity as at 31 January 2016	**425**	**-**	**2,305,374**	**-**	**(1,989,307)**	**-**	**43,879**	**360,371**
Concepta PLC Equity as at 1 February 2016	**361,999**	**1,488,875**	**3,672,903**	**-**	**-**	**-**	**-**	**5,523,777**
Loss for the period	-	-	-	-	(2,415,226)	-	-	(2,415,226)
Total comprehensive loss	**-**	**-**	**-**	**-**	**(2,415,226)**	**-**	**-**	**(2,415,226)**
Issue of shares net of expenses	2,433,597	-	4,611,257	-	-	-	-	7,044,854
Loan notes converted to shares	270,834	-	379,166	-	-	-	-	650,000
Reverse acquisition reserve	-	-	-	-	-	(6,044,192)	-	(6,044,192)
Transfer to 'A' deferred shares	(325,799)	325,799	-	-	-	-	-	-
Buyback & cancellation of shares	-	(1,814,674)	-	1,814,674	-	-	-	-
Share-based payments	-	-	-	-	-	-	497,485	497,485
Equity as at 31 December 2016	**2,740,631**	**-**	**8,663,326**	**1,814,674**	**(4,404,533)**	**(6,044,192)**	**541,364**	**3,311,270**
Loss for the period					(2,344,949)			(2,344,949)
Total comprehensive loss	**-**	**-**	**-**	**-**	**(2,344,949)**	**-**	**-**	**(2,344,949)**
Issue of shares net of expenses	714,286	-	1,149,805	-	-	-	-	1,864,091
Share-based payments	-	-	-	-	-	-	109,523	109,523
Equity as at 31 December 2017	**3,454,917**	**-**	**9,813,131**	**1,814,674**	**(6,749,482)**	**(6,044,192)**	**650,887**	**2,939,935**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2017 £	11 month period ended 31 December 2016 £
Cash flows from operating activities		
Loss before taxation	(2,449,767)	(2,564,447)
Adjustments for:		
Deemed cost of reverse acquisition	-	640,958
Depreciation and amortisation	209,228	104,153
Finance expenses	3,355	1,355
Finance income	-	(222)
Share-based payments	109,523	497,485
Operating loss before working capital changes	**(2,127,661)**	**(1,320,718)**
Changes in working capital		
Increase in inventory	(226,047)	(70,500)
Decrease in trade and other receivables	(463,134)	81,712
Decrease in trade and other payables	280,937	(157,054)
Cash used in operations	**(2,535,905)**	**(1,466,560)**
Tax received	96,221	178,146
Net cash outflow from operating activities	**(2,439,684)**	**(1,288,414)**
Investing activities		
Purchase of property, plant and equipment	(430,033)	(19,848)
Purchase of intangible assets	(240,259)	(233,963)
Interest received on bank deposit account	-	222
Payment for the acquisition of Concepta Diagnostics Limited	-	(750,120)
Acquisition, net of cash acquired[1]	-	872,806
Net cash flows used in investing activities	**(670,292)**	**(130,903)**
Financing activities		
Issue of ordinary shares (net of issue expenses)	1,864,091	3,408,760
Interest paid on sale & lease back	(1,142)	-
Interest paid on loans and borrowings	(784)	(1,355)
Proceeds from sale and leaseback	118,000	-
Repayment of sale and leaseback	(40,907)	-
Proceeds from loans	-	650,000
Repayment of loans	-	(30,000)
Net cash flows from financing activities	**1,939,258**	**4,027,405**
Net change in cash and cash equivalents	**(1,170,718)**	**2,608,088**
Cash and cash equivalents at the beginning of the period	2,708,477	100,389
Cash and cash equivalents at the end of the period	**1,537,759**	**2,708,477**

[1] The cash inflow on acquisition (net of cash acquired) relates to the cash and cash equivalent of Concepta PLC as at date of acquisition (26 July 2016).

Significant non-cash transactions On 26 July 2016 Concepta PLC acquired the entire issued share capital of Concepta Diagnostics Limited for a consideration of £3,025,916, satisfied by the issue of shares of £2,275,796 (non-cash transaction) and cash of £750,120. Also, shares were issued in settlement of Concepta Diagnostics Limited's debt of £650,000. No significant non-cash transaction in 2017.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Concepta PLC (the "Company", formerly, Frontier Resources International PLC) is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1 Park Row, Leeds, England, LS1 5AB. The registered company number is 06573154.

The Company was incorporated on 22 April 2008. The Company became an AIM Rule 15 cash shell on 23 March 2016, following the disposal or dissolution of its previous oil and gas related subsidiaries. On 26 July 2016, the Company with its enlarged share capital started trading on AIM, following a reverse takeover of Frontier Resources International PLC (renamed as Concepta PLC).

The Company's principal activity is in the development and commercialisation of mobile health diagnostics medical devices.

The consolidated financial statements comprised of the Company and its subsidiary (together referred to as "the Group") as at and for the period to 31 December 2017. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries ("the Group") as if they formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity, when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group
The Group has applied any applicable new standards, amendments to standards and interpretations that are mandatory for the financial year beginning on or after 1 January 2017. However, none of them has a material impact on the Group's consolidated financial statements.

(b) New, amended standards, interpretations not yet effective and not adopted by the Group
There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the group has decided not to adopt early. The Group has disclosed below those standards that are likely to be applicable to the Group and is currently assessing the impact of these standards.

- IFRS 15 Revenue from Contracts with Customers, effective date 1 January 2018, subject to the endorsement by the EU. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This standard replaces the previous standard IAS 11 Construction Contracts, IAS18 Revenue and revenue related IFRICs. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  The directors have reviewed the standard and its potential effects in the context of the Group's revenue policy and have concluded that, on adoption, there will be no impact on the Group's revenue.

- IFRS 9 Financial Instruments is effective for periods commencing on or after 1 January 2018 and will therefore be adopted no later than the period commencing 1 May 2018. The standard is a replacement for IAS 39 'Financial Instruments'. The Group's financial assets consist of receivables and the liabilities consist of payables and borrowings. Under the provisions of the standard the treatment of any doubtful receivables will change to reflect an expected credit loss rather than an incurred credit loss.

  The Group will need to apply an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current). This will result in increased impairment provisions and greater judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. In applying IFRS 9 the group must consider the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets. The directors are in the process of reviewing the potential effects of adopting this standard.

- IFRS 16 Lease, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.

  If the standard were to be adopted during the current financial period and applied to the operating leases currently in the Group, the impact would not be material. It is envisaged that, as the Group expands, the use of operating leases will increase but it is unlikely that this would have a material impact in the foreseeable future.

  The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Going concern

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements.

The forecast contains certain assumptions about the performance of the business including growth in future revenue, the cost model and margins; and importantly the level of cash recovery from trading. The directors are aware of the risks and uncertainties facing the business but the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Foreign currency

The functional currency of the Company is Sterling Pound (£) and its subsidiary is also in £. The presentational currency of the Company is £ because a significant amount of its transactions is in £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods, stated net of discounts, rebates, value added tax and other sales taxes. Revenue on the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the two main directors and two non-executive directors.

The Board considers that the Company's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company's financial information.

Employee benefits

(i) Short-term benefits
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans
The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the income statement and they become payable in accordance with the rules of the scheme.

Operating leases

Rentals payable under operating leases are charged against the statement of comprehensive income on a straight-line basis over the lease term.

Leased assets: lessee

Where assets are financed by leasing or sale and leaseback agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the term of the lease and is calculated on an effective interest rate basis. The capital part reduces the amounts payable to the lessor.

Share-based payment

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period and the corresponding entry recorded in the share-based payment reserve. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, except for investment properties and freehold land, evenly over their expected useful lives, calculated at the following rates:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

Plant and equipment	- 25% straight line
Furniture, fittings & Equipment	- 25% straight line
Factory equipment	- 50% straight line on second hand assets
Leasehold improvement	- 20% straight line

As no finite useful life for land can be determined, related carrying amounts are not depreciated. The useful life, the residual value and the depreciation method is assessed annually.

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision.

Intangible assets

(i) Research and development

Expenditure on research activities as defined in IFRS is recognised in the income statement as an expense as incurred.

Expenditure on the development of the platform comprising a proprietary meter (myLotus meter), fertility hormones strips testing and a mobile phone application and any enhancements to this platform is recognised as intangible assets only when the following criteria are met:

1. it is technically feasible to develop the product to be used or sold;
2. there is an intention to complete and use or sell the product;
3. the Group is able to use or sell the product;
4. use or sale of the product will generate future economic benefits;
5. adequate resources are available to complete the development; and
6. expenditure on the development of the product can be measured reliably.

The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready to use. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

Capitalised development expenditure is measured at cost less accumulated amortization and accumulated impairment costs. Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimated to be five years.

Development costs that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(ii) Patent costs

The Group has looked to obtain intellectual property through patents, Company know-how, design rights and trademarks. The Group has a portfolio of patent applications which is currently being pursued.

The costs incurred in obtaining these patents have been capitalised as the Group is confident that the patent applications will be successful.

Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimated to be ten years. The patent costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

The Group is entitled to a tax deduction on the exercise of certain employee share options. A share-based payment expense is recorded in the income statement over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases, a deferred tax asset may be recorded. The deferred tax asset arising on share option awards is calculated as the estimated amount of tax deduction to be obtained in the future (based on the Group's share price at the balance sheet date) pro-rated to the extent that the services of the employee have been rendered over the vesting period. If this amount exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity, against retained earnings. Similarly, current tax relief in excess of the cumulative amount of the Share-based payments expense at the statutory rate is also recorded in retained earnings.

Inventories

Inventories are initially stated at cost, and subsequently at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In respect of work in progress, cost includes a relevant proportion of overheads according to the stage of manufacture or completion.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares
- Share premium
- Share-based payment reserve
- Capital redemption reserve
- Reverse acquisition reserve and
- Retained earnings.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through income statement, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Loans and receivables

The Group classifies all its financial assets as Trade and receivables. The classification depends on the purpose for which the financial assets were acquired.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables financial assets comprise other receivables (excluding prepayments) and cash and cash equivalents included in the Statement of Financial Position.

Financial liabilities

Financial liabilities are recognised when, and only when, the Company becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. The Company's loans and payable comprise trade and other payables (excluding other taxes and social security costs and deferred income).

When financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

Fair value through the income statement category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. There were no financial liabilities classified under this category.

The Company determines the classification of its financial liabilities at initial recognition and re-evaluate the designation at each financial year end.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Sales and leaseback

A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer.

The leaseback transaction is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. This is the case with the Group's equipment which is under this arrangement.

For sale and finance leasebacks, any profit from the sale is deferred and amortised over the lease term. For sale and operating leasebacks, generally the assets are sold at fair value, and accordingly the profit or loss from the sale is recognised immediately in the consolidated income statement. No profit was recognised during the year as the fair value of the assets approximates the carrying value of the asset sold.

Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

- ***Useful lives of depreciable assets***

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account of residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- ***Intangible assets (including capitalised development costs)***

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

- ***Share-based payments***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19 Share-based payments.

- **Taxation**

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the statement of financial position.

3. Financial Risk Management

Financial instruments by category

Financial assets	31 December 2017 £	31 December 2016 £
Cash and cash equivalents	1,537,759	2,708,477
Trade receivables – net of provision	118,606	-
Other receivables	392,843	43,692
Financial assets	**2,049,208**	**2,752,169**

Financial liabilities	31 December 2017 £	31 December 2016 £
Trade payables	333,840	84,252
Accruals	96,230	82,386
Trade and other payables	430,070	166,638
Loans and borrowings		
Finance leases and hire purchases	78,521	-
Loans and borrowings	78,521	-
Financial liabilities at amortised costs	**508,591**	**166,638**

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those short-term financial instruments. Therefore, no separate disclosure for fair value hierarchy is required for them. The disclosure on fair value hierarchy does not apply to the financial leases.

The Group's activities expose it to a variety of financial risks, mainly credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings. Other receivables are primarily deposits paid on office space and manufacturing equipment which were subsequently received after year end 2017.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

The maturity of borrowings and other financial liabilities (representing undiscounted contractual cash-flows) is as follows:

2017	Within 1 year £'000	1-2 years £'000	2-5 years £'000
Trade and other payables	430,070	-	-
Finance leases and hire purchases	21,609	19,947	51,528
Total	**451,679**	**19,947**	**51,528**

2016	Within 1 year £'000	1-2 years £'000	2-5 years £'000
Trade and other payables	166,638	-	-
Finance leases and hire purchases	-	-	-
Total	**166,638**	**-**	**-**

Market risk - interest rate risk

The Group carries loans and borrowings in the form of sale & leaseback loan in 2017. The Group's exposure to cash flow interest rate risk is minimal. The finance lease associated with the sale and leaseback are fixed monthly lease payment and is not subject to change over the period of the lease.

The amounts outstanding at the end of 2017 and the interest rate and repayment profiles for the loans and borrowings are disclosed in note: leases.

Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern; and provide an adequate return to shareholder by pricing products and services commensurate with the level of risk.

To meet these objectives, the Company reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Company through to profitability and positive cash flow.

All working capital requirements are financed from existing cash resources.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

4. Segment information

The Group has one operating segment which is involved in the provision of diagnostic healthcare products. The revenue in 2017 represents ad hoc provision of services to external customers.

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Revenue	108,115	-
Finance income	-	222
Finance expense	(3,355)	(1,355)
Segment loss after tax	(1,917,921)	(811,178)
Corporate loss after tax	(427,028)	(1,604,048)
Group loss after tax	(2,344,949)	(2,415,226)

All the segment assets are located in UK.

Segment assets	1,990,246	918,480
Corporate assets	1,491,105	2,574,747
Total assets	3,481,351	3,493,227
Segment liabilities	422,816	95,568
Corporate liabilities	118,600	86,389
Total liabilities	541,416	181,957
Segment depreciation and amortisation expenses	209,228	104,153
Segment purchase of tangible and intangible assets	670,292	253,811

5. Loss from operations

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Loss is stated after charging:		
Audit remuneration – audit fees	18,500	18,000
Other services:		
Audit fees – subsidiary	9,000	8,000
Non-audit fees – all assurance services	1,000	1,000
Depreciation of property, plant and equipment	143,719	86,183
Amortisation of intangible assets	65,509	17,970
Research and development costs[1]	427,113	222,225
Legal and professional fees	23,662	34,763
Staff costs excluding R&D staff (note 6)	253,988	257,769
Operating lease rentals	84,883	62,447
Foreign exchange losses	8,510	503
Separately disclosed items within administration expenses		
Share-based payments[2]	109,523	74,040
AIM admission expenses[3]	-	843,448
Deemed cost of reverse acquisition[4]	-	640,958

1 Including R&D staff costs, net of capitalised development costs.

2 Share-based payments relate to costs of share options issued to employees (including directors) and consultants/professionals estimated in accordance with IFRS 2 'share-based payment'.

3 AIM admission expenses relate to legal, professional fees and other costs incurred during the July 2016 fundraising activity, reverse takeover transaction and share-based payments of £423,455 on the warrants issued.

4 Deemed cost of reverse acquisition represents the excess of aggregate deemed fair value of consideration paid over the assets and liabilities acquired in relation to the reverse takeover of Concepta PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

6. Employees and directors

The average number of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Directors	3	3
Manufacturing	2	-
Administrative	3	2
	8	**5**
Research and development	6	6
Total	**14**	**11**

The cost of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Salaries	473,546	477,228
Social security costs	46,494	40,414
Pension costs	17,802	16,548
Share-based payments (relating to employees)	38,347	17,865
Staff costs including R&D staff	**576,189**	**552,055**
Less: R&D staff costs included in research and development expense		
Salaries	(274,932)	(252,155)
Social security costs	(28,386)	(23,732)
Pension costs	(11,376)	(11,647)
Share-based payments	(7,507)	(6,752)
R&D staff costs	**(322,201)**	**(294,286)**
Salaries (including directors)	198,614	225,073
Social security costs	18,108	16,682
Pension costs	6,426	4,901
Share-based payments (relating to employees)	30,840	11,113
Staff costs excluding R&D staff	**253,988**	**257,769**

Key management personnel compensation

The compensation of key management personnel, principally directors of Concepta PLC for the period were as follows:

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Salaries / fees	290,466	303,250
Pension costs	11,400	3,450
Social security costs	26,503	10,091
Loss of office compensation	-	20,000
	328,369	**336,791**
Share-based payments	23,931	191,384
	352,300	**528,175**

Of the 2016 key management personnel compensation amount, £372,452 was related to period after the reverse takeover transaction on the 26 July 2016 and this amount was included in the loss for the period to 31 December 2016.

The above remuneration (including share-based payments) of directors includes the following amounts paid to the highest paid Director:

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Highest paid Director	168,831	160,392

7. Finance income and expenses

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Finance income		
Interest on bank deposits	-	222
Total finance income	**-**	**222**
Finance expenses		
Interest paid	1	-
Interest paid on loans	-	1,355
Interest paid on finance lease	2,570	-
Other interests	784	-
Total finance expenses	**3,355**	**1,355**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

8. Tax credit

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
The tax credit is as follows:		
UK Corporation tax		
Tax credit – current year	104,818	96,221
Total current tax	104,818	96,221
Deferred tax		
Origination and reversal of timing differences	-	53,000
Total tax credit	**104,818**	**149,221**

The current corporation tax credit for year ended 31 January 2017 and period ended 31 December 2016 relates to a tax receivable in respect of UK research and development activity.

Factors affecting the tax credit

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Loss on ordinary activities before income tax	(2,449,767)	(2,564,447)
Standard rate of corporation tax	19.247%	20%
Loss before tax multiplied by the standard rate of corporation tax	471,498	512,889
Effects of:		
Adjustment in respect of the previous year	-	-
Non-deductible expenses	(21,080)	(216,324)
Accelerated depreciation	-	(13,267)
Deferred tax not recognised	(283,472)	(172,594)
Additional deduction for R&D expenditure	80,766	75,015
Effect of different rate for R&D tax credit	(142,894)	(36,498)
Tax credit	104,818	149,221

Changes in tax rates
UK small company's corporation tax rate has been maintained at 20% for the two periods. Accordingly, the deferred tax liability at have been calculated based on the rate of 20% at the balance sheet date. Future enacted tax rates or 19% will apply from 1 April 2017 and 17% from 1 April 2020.

The Group has not recognised deferred tax assets arising from the accumulated tax losses and timing differences of £4,395,508 (2016: £2,233,444) due to uncertainty of their future recovery.

9. Earnings per share

	Year ended 31 December 2017	Period ended 31 December 2016
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(2,344,949)	(2,415,226)
Weighted average number of shares used in basic and diluted EPS	112,564,863	93,609,848
Loss per share (£)	(0.02)	(0.03)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares for the current and prior years included 30,343,950 shares issued by Concepta PLC as consideration for the acquisition of Concepta Diagnostics Limited as if they had always been in issue.

Due to the loss in the periods the effect of the share options was considered anti-dilutive and hence no diluted loss per share information has been provided.

10. Property, plant and equipment

	Plant & Equipment £	Factory Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 February 2016	**358,432**	**-**	**13,816**	**372,248**
Additions	18,208	-	1,640	19,848
At 31 December 2016	**376,640**	**-**	**15,456**	**392,096**
Additions	335,410	117,863	94,760	548,033
Disposals	(118,000)	-	-	(118,000)
At 31 December 2017	**594,050**	**117,863**	**110,216**	**822,129**
Depreciation				
At 1 February 2016	**112,820**	**-**	**6,160**	**118,980**
Charge for the year	82,863	-	3,320	86,183
At 31 December 2016	**195,683**	**-**	**9,480**	**205,163**
Charge for the period	105,418	22,701	15,600	143,719
At 31 December 2017	**301,101**	**22,701**	**25,080**	**348,882**
Net book value				
At 31 December 2016	180,957	-	5,976	186,933
At 31 December 2017	**292,949**	**95,162**	**85,136**	**473,247**

[1] Disposed as part of the sale and leaseback arrangement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

10. Property, plant and equipment *continued*

Assets held under finance leases or hire purchase contracts

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

	2017 £	2016 £
Plant and equipment	118,000	-
	118,000	**-**

The depreciation charge for these assets in 2017 was £nil (2016: £nil) as the equipment is not in use yet.

11. Intangible assets

	Patents £	Development costs £	Total £
Cost			
At 1 February 2016	-	-	-
Additions	41,467	192,496	233,963
At 31 December 2016	**41,467**	**192,496**	**233,963**
Additions	10,434	229,825	240,259
At 31 December 2017	**51,901**	**422,321**	**474,222**
Amortisation			
At 1 February 2016	-	-	-
Charge for the year	1,654	16,316	17,970
At 31 December 2016	**1,654**	**16,316**	**17,970**
Charge for the year	6,228	59,281	65,509
At 31 December 2017	**7,882**	**75,597**	**83,479**
Net book value			
At 31 December 2016	39,813	176,180	215,993
At 31 December 2017	**44,019**	**346,724**	**390,743**

12. Inventories

	31 December 2017 £	31 December 2016 £
Raw materials	272,990	70,500
Work in progress	23,558	-
	296,548	**70,500**

The cost of inventories recognised as an expense and included in research and development costs in the year amounted to £45,798 (December 2016: £9,856).

13. Trade and other receivables

	31 December 2017 £	31 December 2016 £
Trade receivables - net	118,606	-
Prepayments	95,301	86,192
Other receivables	392,843	43,692
VAT receivable	71,486	85,219
Corporation tax receivable	104,818	96,221
	783,054	**311,324**

14. Cash and cash equivalents

	31 December 2017 £	31 December 2016 £
Cash at bank and in hand	1,537,759	2,708,477

Where cash at bank earns interest, interest accrues at floating rates based on daily bank deposit rates.
The fair value of the cash & cash equivalent is as disclosed above.
For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown above.

15. Trade and other payables

	31 December 2017 £	31 December 2016 £
Trade payables	333,393	82,036
Accruals and deferred income	96,230	82,386
Social security & other taxes payable	32,825	15,319
Other payables	447	2,216
Total trade and other payables	**462,895**	**181,957**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

16. Loans and borrowings

	31 December 2017 £	31 December 2016 £
Current		
Finance lease	16,211	-
Non-current		
Finance lease	62,310	
Total loans and borrowings	**78,521**	**-**

The finance lease liabilities are secured by a fixed charge over all the assets of Concepta Diagnostics Limited. See note 20 for more details on the finance lease liabilities at 31 December 2017.

In 2016, Concepta Diagnostics Limited settled a loan of £30,000 from Diagnostic Capital Limited and paid interest at 10% per annum. Total interest charged to finance costs for the year was 1,355 (January 2016: £nil)

On 23 February 2016 and on 6 May 2016 Concepta Diagnostics Limited issued Convertible Loan notes of £250,000 and £400,000 respectively. On 26 July 2016, these Loan notes, totalling £650,000 were novated by Concepta Diagnostics Limited to Concepta PLC and converted into shares following the Admission of the enlarged share capital of the Group.

17. Share capital and reserves

	Authorised Ordinary shares of £0.025 each		Deferred shares of £0.0009 each		'A' deferred shares of £0.0009 each		Share premium	Total consideration
	Number	Nominal value £	Number	Nominal value £	Number	Nominal value £	£	£
At 1 Jan 2016	**361,999,056**	**361,999**	**165,430,505**	**1,488,875**	**-**	**-**	**3,672,903**	**5,523,777**
Split of ordinary £0.001 share capital (note 1)	-	(325,799)	-	-	361,999,056	325,799	-	-
Shares issued (net expenses) (note 2)	4,838,000,944	483,800	-	-	-	-	876,498	1,360,298
Ordinary shares at £0.0001 each	5,200,000,000	520,000	165,430,505	1,488,875	361,999,056	325,799	4,549,401	6,884,075
Shares consolidation (note 3)	(5,179,200,000)	-	-	-	-	-	-	-
New ordinary shares at £0.025 each	20,800,000	520,000	165,430,505	1,488,875	361,999,056	325,799	4,549,401	6,884,075
Shares issued (net expenses) (note 4)	88,825,247	2,220,631	-	-	-	-	4,113,925	6,334,556
Buyback and cancellation of deferred shares (note 5)	-	-	(165,430,505)	(1,488,875)	(361,999,056)	(325,799)	-	(1,814,674)
At 31 Dec 2016	**109,625,247**	**2,740,631**	**-**	**-**	**-**	**-**	**8,663,326**	**11,403,957**
Shares issued (net expenses)	28,571,428	714,286	-	-	-	-	1,149,805	1,864,091
At 31 Dec 2017	**138,196,675**	**3,454,917**	**-**	**-**	**-**	**-**	**9,813,131**	**13,268,048**

On 13 November 2017 28,571,428 ordinary shares were at issued at £0.07 each for a total consideration of £2 million before expenses of £135,909.

All shares of the Company rank pari passu in all respects.

18. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based payment reserve	Cumulative fair value of share options granted and recognised as an expense in the Income Statement.
Capital redemption reserve	The aggregate nominal value of all the ordinary shares repurchased and cancelled by the Company. The reserve is non-distributable.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Concepta Diagnostics Limited
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.

19. Share-based payments

The Company operates two option schemes, namely an unapproved option scheme and an Enterprise Management Incentive (EMI) scheme. The EMI scheme is for employees and directors and the unapproved option scheme is for consultants involved in the healthcare operation.

Share and warrant based payment charged to the Group's profit or loss for the period were as follows:

	Year ended 31 December 2017	Period ended 31 December 2016
	£	£
Options issued to employees and directors of parent	23,931	9,971
Options issued to external consultants of subsidiary	14,417	7,894
Options issued to employees and services received of subsidiary	11,531	56,175
Warrants issued for services received	59,644	-
Included in share-based payments	**109,523**	**74,040**
Warrants issued to directors of parent	-	181,414
Warrants issued for services received of subsidiary	-	42,842
Warrants issued for services received	-	199,189
Included in AIM admission expenses	**-**	**423,445**
Total share-based payments	**109,523**	**497,485**

The table below set outs the number and weighted average exercise price (WAEP) of, and movements in, the Company's share options scheme in the period:

Share options

	31 December 2017		31 December 2016	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	3,804,000	0.057	7,750,000	0.057
Forfeited / lapsed before share consolidation	-	-	(7,750,000)	(0.057)
Share options before share consolidation			-	-
Granted during the year	240,000	0.166	3,883,800	0.083
Forfeited / lapsed during the year			(79,800)	0.075
At 31 December	**4,044,000**	**0.088**	**3,804,000**	**0.083**

The EMI options vests provided the employees remain in the service of the Company or subsidiary for a period of 3 years from the grant date or vest equally over 3 years from grant date. The unapproved options vested on the date of grant. The fair value of the new share options was estimated using the Black Scholes model.

There were no options exercised during the period. The 240,000 options granted to an employee were backdated to 16 December 2016.

The following share options of the Company were outstanding in respect of Ordinary shares at 31 December:

	Concepta PLC options scheme 31 December 2017	Concepta PLC options scheme 31 December 2016
EMI scheme		
Number of options	2,459,400	2,219,400
Exercise price range	0.166-0.075	0.166-0.075
Exercise period	April 2017 - December 2026	April 2017 - December 2026
Unapproved scheme		
Number of options	1,584,600	1,584,600
Exercise price range	0.075	0.075
Exercise period	July 2016 - July 2025	July 2016 - July 2025

The weighted average remaining contractual life for the EMI and non-approved share options outstanding at 31 December 2017 was 7.8 years (2016: 8.6 years).

The fair value of equity settled share options granted under the Company's share option schemes is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs and key output to the model:

	options scheme 31 December 2017	options scheme 31 December 2016
	EMI	EMI/Unapproved schemes
Weighted average fair value at grant date (£)	0.08	0.051
Weighted average share price (£)	0.166	0.083
Exercise price (£)	0.166	0.166-0.075
Expected volatility	100%	99%-100%
Expected options life (years)	1-3	3
Expected dividends	0%	0%
Risk-free interest rate	0.25%	0.20% - 0.25%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

19. Share-based payments *continued*

Warrants

On 16 November 2017 warrants with an exercise price of £0.07 were issued to Group's share placing agent. These warrants are exercisable at any time during the period of 3 years from date of grant.

	31 December 2017		31 December 2016	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	**8,189,393**	**0.100**	**15,457,221**	**0.020**
Issued before share consolidation	-	-	361,999,056	0.0003
Exercised before share consolidation	-	-	(87,997,223)	(0.0003)
Cancelled	-	-	(1,517,221)	(0.060)
Effect of share consolidation	-	-	(286,790,066)	-
New warrants after share consolidation	-	-	1,151,767	0.255
Granted	1,381,967	0.07	8,133,633	0.075
Lapsed	-	-	(631,333)	(0.075)
Exercised	-	-	(464,674)	(0.075)
At 31 December	**9,571,360**	**0.096**	**8,189,393**	**0.100**

The fair value of the warrants is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs and key output to the model:

As Concepta PLC was re-admitted to the AIM market on 26 July 2016, the company has insufficient historical data to calculate and hence the volatility of 100% is based on the implied volatility of a group of listed entities that have similar characteristics and are in the same industry sector.

	31 December 2017	31 December 2016
Weighted average share price £	0.070	0.075
Weighted average fair value at grant date £	0.043	0.046
Expected volatility	100%	99%
Expected options life – years	3	5
Expected dividends	-	-
Risk-free interest rate	0.53%	0.20%

At 31 December 2017, the following warrants were outstanding in respect of £0.025 ordinary shares and all are exercisable by expiry date:

Grant date	Number	Exercise price	Expiry date
26/7/2016	5,760	15.0	7/5/2018
26/7/2016	50,000	2.5	11/12/2018
26/7/2016	8,133,633	0.075	7/26/2021
16/11/2017	1,381,967	0.070	16/11/2020
	9,571,360		

20. Lease commitments

Operating Leases

The Group leases certain land and buildings. Some of the rents payable under these leases are subject to review at intervals specified in the lease. The lease terms are between 5 to 10 years and with break clause. The Group also leases certain plant and equipment under cancellable operating lease agreement. The total future value of minimum lease payments is due as follows:

31 December 2017	Plant and equipment £	Land and building £	Total £
Within one year	779	84,913	85,692
Between one and five years	2,272	322,941	325,213
After more than five years	-	132,612	132,612
	3,051	540,466	543,517

	Plant and equipment £	Land and building £	Total £
Within one year	779	84,913	85,692
Between one and five years	3,051	339,653	342,704
After more than five years	-	200,813	200,813
	3,830	625,379	629,209

The Group also has an office rental lease which can be cancelled at anytime.

Finance Leases

During 2017 the Company entered into capital lease agreement with a leasing company for the sale & lease back of equipment £118,000. The lease payments expire at July 2022. The total future value of minimum lease payments is due as follows:

31 December 2017	Minimum lease payments £	Interest £	Present value £
Within one year	21,609	5,398	16,211
Between one and five years	71,475	9,165	62,310
	93,084	14,563	78,521

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 *CONTINUED*

21. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follow:

	31 December 2017 £	31 December 2016 £
Property, plant and equipment	376,974	130,220

Of this contracted amount, deposits of £174,949 (2016: £48,420) were paid during the reporting period.

22. Related Party Transactions

During the period the Company entered into the following transactions with related parties:

Related party	Transaction	Note	31 December 2017 £	31 December 2016 £
Stowheath Limited	Paid for director fees & expenses	1	-	3,000
Adaxis Limited	Consultancy fees	2	1,010	41,800
Reyco Limited	Non-executive director fees and expenses	3	53,074	26,738
CFPro Limited	Accounting fees	4	121,267	58,219
Cambridge Financial Partners LLP	Subsistence expenses	4	2,108	844
Cambrian Limited	Non-executive director fees	5	12,500	22,916
Mercia Investments	Non-executive director fees	6	28,717	-

Amount outstanding at year end (included in Trade and other payables)		
Reyco Limited	5,264	5,222
CFPro Limited	5,140	9,176
Cambridge Financial Partners LLP	(4)	241
Cambrian Limited	-	6,250
Mark Wyatt- accrued non-executive director fees	-	8,668

1. Dr. Ian Gilham has an interest in Stowheath Limited. He resigned as a director of Concepta Diagnostics Limited on 25 July 2016.
2. Mr. Erik Henau has an interest in Adaxis Limited. The fees paid were for his consultancy work. Mr Henau is a director of Concepta PLC and Concepta Diagnostics Limited.
3. Mr. Adam Reynolds, a non-executive director of Concepta PLC is a director of and has an interest in Reyco Limited.
4. Service fees were paid to CFPro Limited and Cambridge Financial Partners LLP for accounting and consultancy support, companies in which Barbara Spurrier has an interest. Barbara Spurrier is a director of Concepta PLC.
5. Mr. Neil Herbert, a non-executive director of Concepta PLC has an interest in Cambrian Limited.
6. Dr. Mark Wyatt non-executive director fees were paid to Mercia Investments Limited, a subsidiary of Mercia Technologies PLC, a shareholder of Concepta PLC.

23. Events after the reporting date

There are no material events after the reporting date to disclose.

24. Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 £	31 December 2016 £
Non-current assets			
Investments in subsidiaries	4	4,637,138	3,782,827
Net amounts due from subsidiaries	6	2,596,093	-
Total non-current assets		**7,233,231**	**3,782,827**
Current assets			
Trade and other receivables	5	25,724	18,863
Net amounts due from subsidiaries	6	-	641,016
Cash and cash equivalents	7	1,467,570	2,560,190
Total current assets		**1,493,294**	**3,220,069**
Total assets		**8,726,525**	**7,002,896**
Current liabilities			
Trade and other payables	8	120,788	90,694
Total current liabilities		**120,788**	**90,694**
Net assets		**8,605,737**	**6,912,202**
Share capital	9	3,454,917	2,740,631
Share premium		9,813,131	8,663,326
Capital redemption reserve		1,814,674	1,814,674
Share-based payment reserve		621,840	512,317
Retained losses		(7,098,825)	(6,818,746)
Total equity		**8,605,737**	**6,912,202**

These financial statements were approved and authorised for issue by the board of directors on 30 April 2018 and were signed on its behalf by:

Erik Henau
Chief Executive Officer
Company Registration Number: 06573154

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	Deferred shares £	'A' deferred shares £	Share premium £	Capital redemption reserve £	Share-based payment Reserve £	Retained losses £	Total £
Equity as at 1 January 2016	**361,999**	**1,488,875**	**-**	**3,672,903**	**-**	**325,339**	**(5,917,157)**	**(68,041)**
Loss for the year	-	-	-	-	-	-	(1,197,252)	(1,197,252)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(1,197,252)**	**(1,197,252)**
Issue of shares (net of expenses)	2,433,597	-	-	4,611,257	-	-	-	7,044,854
Convertible loan notes converted to shares	270,834	-	-	379,166	-	-	-	650,000
Transfer to 'A' deferred Shares	(325,799)	-	325,799	-	-	-	-	-
Buyback & cancellation of shares	-	(1,488,875)	(325,799)	-	1,814,674	-	-	-
Reversal of share-based payments	-	-	-	-	-	(295,663)	295,663	-
Share-based payments	-	-	-	-	-	482,641	-	482,641
Equity as at 31 December 2016	**2,740,631**	**-**	**-**	**8,663,326**	**1,814,674**	**512,317**	**(6,818,746)**	**6,912,202**
Loss for the year	-	-	-	-	-	-	(280,079)	(280,079)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(280,079)**	**(280,079)**
Issue of shares (net of expenses)	714,286	-	-	1,149,805	-	-	-	1,864,091
Share-based payments	-	-	-	-	-	109,523	-	109,523
Equity as at 31 December 2017	**3,454,917**	**-**	**-**	**9,813,131**	**1,814,674**	**621,840**	**(7,098,825)**	**8,605,737**

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash flows from operating activities		
Operating loss before taxation	(280,079)	(1,197,252)
Adjustments for:		
Finance expenses	312	-
Finance income	(146,949)	-
Share-based payments	83,576	375,730
Write off of investment	-	3
Operating loss before working capital changes	**(343,140)**	**(821,519)**
Changes in working capital		
Increase in trade and other receivables	(6,861)	(608,226)
Decrease in trade and other payables	30,095	(46,451)
Net cash outflow from operating activities	**(319,906)**	**(1,476,196)**
Investing activities		
Loan to subsidiary undertakings	(2,636,492)	-
Investment in subsidiary undertakings	-	(750,120)
Net cash flows used in investing activities	**(2,636,492)**	**(750,120)**
Financing activities		
Proceeds from issue of share capital	1,864,090	4,769,058
Interest paid	(312)	-
Net cash flows from financing activities	**1,863,778**	**4,769,058**
Net change in cash and cash equivalents	**(1,092,620)**	**2,542,742**
Cash and cash equivalents at the beginning of the year	2,560,190	17,448
Cash and cash equivalents at the end of the year	**1,467,570**	**2,560,190**

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

1. Accounting policies

The accounting policies that are applicable, as set out in note 2 to the consolidated financial statements have been applied together with the following accounting policies below that have been consistently in the preparation of these Concepta PLC ("the Company") financial statements.

Basis of preparation

The financial statements of Concepta PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). There were no material amendments for all periods presented on the adoption of FRS 10, following the transition from IFRS to FRS 101. The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;
b) the requirements of paragraphs 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;
c) the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;
d) all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';
e) the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and
f) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

Investments in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. The Board review the subsidiary forecasts to determine whether any provision impairment is required and where the forecasts indicate future profitability, no impairment provision is made.

Share-based payments

The accounting policy for share-based payments is disclosed in note 2 to the consolidated financial statements.

Taxation

The accounting policy for taxation is disclosed in note 2 to the consolidated financial statements.

Critical accounting estimates and judgments

The preparation of financial information in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

1. Measurements of the share-based payment and taxation. These are detailed in the Group accounts under note 2. Accounting Policies – Summary of critical accounting estimates and judgements.
2. Impairment of investment impairment. This is detailed in the accounting policy Investment in subsidiaries above.
3. The net amounts due from subsidiaries were measured at amortised cost using the effective interest method. Management estimated the effective interest rate used for the amortised cost calculation and the repayment period was based on management judgement.

The net amounts due from subsidiaries were measured at amortised cost using the effective interest method. Management estimated the effective interest rate used for the amortised cost calculation and the repayment period was based on management judgement.

2. Company income statement

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own income statement. The Company's loss for the year was £280,079 (2016: £1,197,252) and is included within the consolidated statement of comprehensive income.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

3. Staff costs

The cost of employees (including directors) during the period was made up as follows:

	2017 £	2016 £
Salaries (including directors)	348,488	285,751
Pension costs	15,775	3,450
Social security costs	29,964	10,091
Benefits in kind	1,811	
Loss of office compensation	-	20,000
Share-based payments (relating to employees)	23,931	191,385
Total staff costs	**419,969**	**510,677**

4. Investments in subsidiary undertakings

	Investment in subsidiary £
At 1 January 2016	**1,753,626**
Additions[2]	3,675,916
Share-based payments for Concepta Diagnostics Limited[1]	106,911
Write off of investments	(3)
At 31 December 2016	**5,536,450**
Capitalised amounts due from subsidiary undertakings	828,363
Share-based payments for Concepta Diagnostics Limited	25,948
At 31 December 2017	**6,390,761**
IMPAIRMENT	
At 1 January 2016	**1,753,623**
Impairment of investment in subsidiary	-
At 31 December 2016	**1,753,623**
Impairment of investment in subsidiary	-
At 31 December 2017	**1,753,623**
Net book value	
At 31 December 2016	3,782,827
At 31 December 2017	**4,637,138**

1 this relates to the share -based payments for the period to 31 December 2016 for share options issued to employees of Concepta Diagnostics Limited.

2 This relates to Concepta PLC acquisition of the entire issued share capital of Concepta Diagnostics Limited for a consideration of £3,025,916 and settlement of the subsidiary's debt of £650,000 on the 26 July 2016.

The principal undertaking in which the company's interest at the year-end is as follows:

Name	Country of incorporation	Proportion of ownership interest at 31 December 2016	Nature of business
Concepta Diagnostics Limited	United Kingdom	100.0%	Healthcare business

5. Trade and other receivables

	31 December 2017 £	31 December 2016 £
Prepayments	25,724	18,863
Total	**25,724**	**18,863**

All amounts are due within three months. No amounts are past due.

6. Net amounts due from subsidiaries

At initial recognition, the fair value of the interest-free carrying amounts owed by group undertakings ("the loan") at 31 December 2017 was measured at the present value of all future cash receipts discounted using the prevailing market interest rate of 6% and management considered the loan to be repaid by end of five years. The difference between the initial carrying amount and the fair value was capitalised and included in 'investments in subsidiary undertakings'. After initial recognition, the loan was measured at amortised cost using the effective interest method. The corresponding entry of the deemed interest income of £146,949 for the year included in the fair value was credited to profit or loss.

In 2016, the net amounts due from subsidiaries were reported under current assets as management considered at the time the amounts to have no fixed repayment terms and repayment on demand.

7. Cash and cash equivalent

	31 December 2017 £	31 December 2016 £
Cash at bank and in hand	1,467,570	2,560,190

8. Trade and other payables

	31 December 2017 £	31 December 2016 £
Trade payables	40,145	31,590
Accruals and deferred income	61,310	53,763
Social security & other taxes payable	19,333	5,341
Total trade and other payables	**120,788**	**90,694**

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

9. Share capital

For details of share capital see note 17 of the consolidated financial statements.

10. Share-based payments

For details of share-based payments see note 19 of the consolidated financial statements.

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with Concepta Diagnostics Limited that is wholly owned subsidiary of Concepta PLC.

There are no other related party transactions other than those relating to Directors that have been disclosed in note 22 to the consolidated statements.

12. Commitments

The Company has no lease or capital commitments at the end of the reporting period.

13. Contingent liabilities

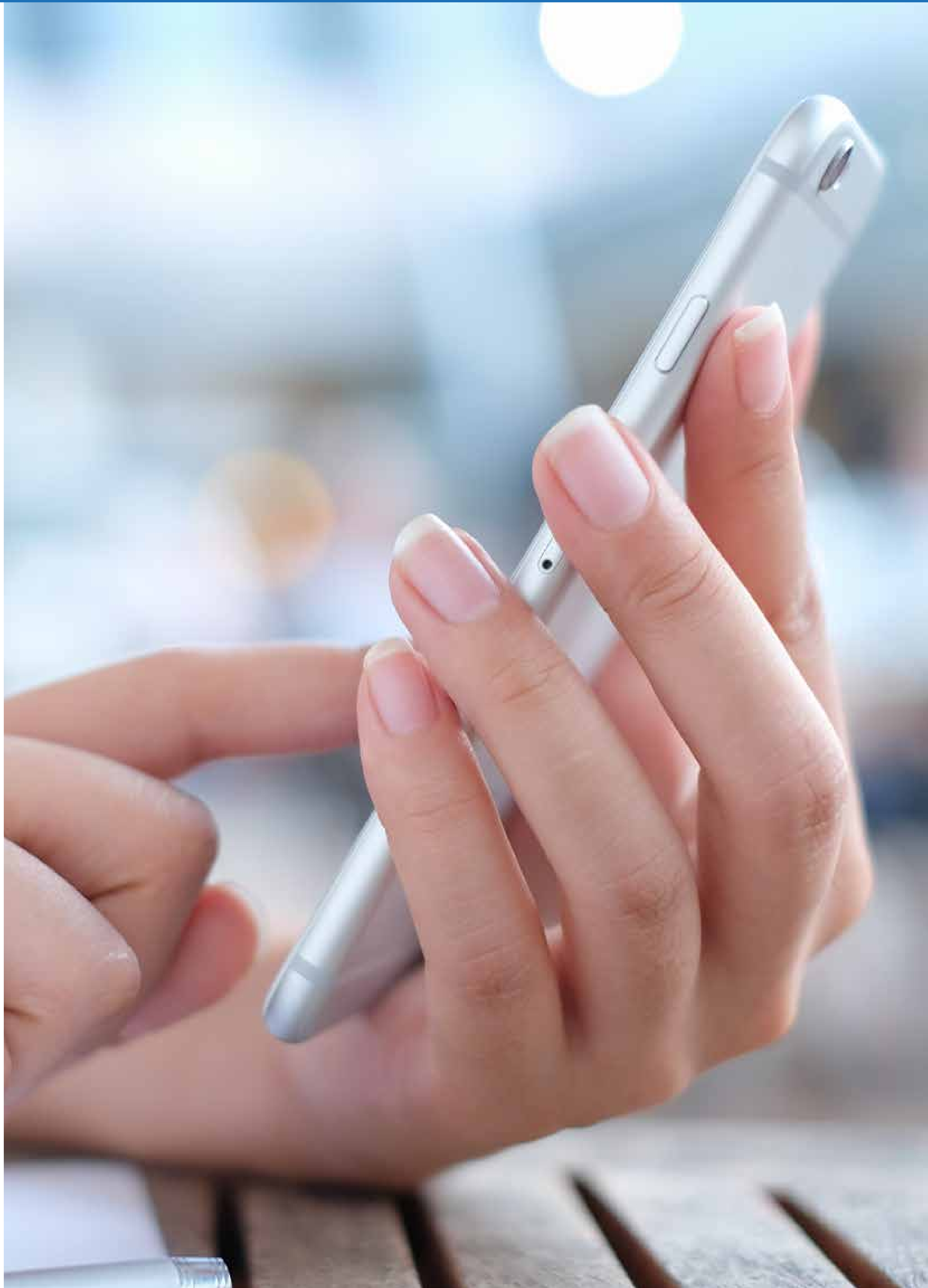
The Company has no contingent liabilities.

14. Ultimate controlling party

The Company does not have an ultimate controlling party.

15. Events after reporting date

For details of events after the reporting date see note 23 of the consolidated financial statements.



OFFICERS & ADVISORS

Directors	**Adam Reynolds** *(Chairman)* **Erik Henau** *(Chief Executive Officer)* **Barbara Spurrier** *(Chief Financial Officer)* **Dr Mark Wyatt** *(Non-Executive Director)* **Neil Mesher** *(Non-Executive Director)*
Company secretary and registered office	**Barbara Spurrier** 1 Park Row Leeds LS1 5AB
Nominated advisor	**Spark Advisory Partners Ltd** 5, St John's Lane, Farringdon London EC1M 4BH
Broker	**NOVUM Securities Limited** 8-10 Grosvenor Gardens London SW1W 0DH
Bankers	**HSBC**
Auditors	**Jeffreys Henry LLP** 5-7 Cranwood Street Finsgate London EC1V 9EE
Solicitors	**BPE Solicitors LLP** St. James House St. James Square Cheltenham GL50 3PR
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