REGISTERED NUMBER: 04548568 (England and Wales)

Report of the Director and

Financial Statements for the Year Ended 31 December 2018

for

Openiolabs Ltd

Contents of the Financial Statements
for the year ended 31 December 2018

Openiolabs Ltd

Company Information
for the year ended 31 December 2018

DIRECTOR:	Dr M R Warne
REGISTERED OFFICE:	St Brandon's House 29 Great George Street Bristol BS1 5QT
REGISTERED NUMBER:	04548568 (England and Wales)
ACCOUNTANTS:	Atraxa Consulting Limited Brooke's Mill Armitage Bridge Huddersfield West Yorkshire HD4 7NR

Openiolabs Ltd (Registered number: 04548568)

Report of the Director
for the year ended 31 December 2018

The director presents his report with the financial statements of the company for the year ended 31 December 2018.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors who have held office during the period from 1 January 2018 to the date of this report are as follows:

Dr J W Hills - resigned 7 February 2018
Dr A J Richardson - resigned 7 February 2018
Dr M R Warne - appointed 7 February 2018
Dr M M Wilson - resigned 7 February 2018
D D Cleevely- resigned 12 April 2019

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

....
Dr M R Warne - Director

Date: 25/09/2019

Openiolabs Ltd (Registered number: 04548568)

Income Statement and Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 £	2017 £
TURNOVER		**169,419**	147,671
Cost of sales		**(46,880)**	(41,386)
GROSS PROFIT		**122,539**	106,285
Administrative expenses		**(335,943)**	(696,501)
OPERATING LOSS		**(213,404)**	(590,216)
Interest payable and similar expenses	5	**-**	(3,473)
LOSS BEFORE TAXATION	6	**(213,404)**	(593,689)
Tax on loss	7	**109,339**	-
LOSS FOR THE FINANCIAL YEAR		**(104,065)**	(593,689)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(104,065)**	(593,689)

Openiolabs Ltd (Registered number: 04548568)

Statement of Financial Position
31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
FIXED ASSETS					
Intangible assets	8		**21,902**		24,986
Tangible assets	9		**-**		902
			21,902		25,888
CURRENT ASSETS					
Stocks		**73,595**		10,080	
Debtors	10	**200,360**		30,421	
Cash at bank	11	**48,821**		31,574	
		322,776		72,075	
CREDITORS					
Amounts falling due within one year	12	**(553,489)**		(202,709)	
NET CURRENT LIABILITIES			**(230,713)**		(130,634)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(208,811)**		(104,746)
CAPITAL AND RESERVES					
Called up share capital	14		**13,263**		13,263
Share premium			**3,795,516**		3,795,516
Retained earnings			**(4,017,590)**		(3,913,525)
SHAREHOLDERS' FUNDS			**(208,811)**		(104,746)

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:
(a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the director on 25/09/2019 and were signed by:

M R W

....
Dr M R Warne - Director

The notes form part of these financial statements

Openiolabs Ltd (Registered number: 04548568)

Statement of Changes in Equity
for the year ended 31 December 2018

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2017	9,228	(3,319,836)	3,517,952	207,344
Changes in equity				
Issue of share capital	4,035	-	277,564	281,599
Total comprehensive loss	-	(593,689)	-	(593,689)
Balance at 31 December 2017	13,263	(3,913,525)	3,795,516	(104,746)
Changes in equity				
Total comprehensive loss	-	(104,065)	-	(104,065)
Balance at 31 December 2018	13,263	(4,017,590)	3,795,516	(208,811)

The notes form part of these financial statements

1. **AUTHORISATION OF FINANCIAL STATEMENTS AND COMPLIANCE WITH FRS 101**

The financial statements of Openiolabs Ltd (the "company") for the period ended 31 December 2018 were authorised for issue by the board of directors and the balance sheet was signed on the board's behalf by Dr M R Warne. Openiolabs Ltd is incorporated and domiciled in England and Wales.

The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The results of Openiolabs Ltd are included in the consolidated financial statements of DeepMatter Group Plc which are available from St Brandon's House, 29 Great George Street, Bristol, BS1 5QT.

The principal accounting policies adopted by the company are set out in note 3.

2. **STATUTORY INFORMATION**

Openiolabs Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

3. **ACCOUNTING POLICIES**

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2018.

continued...

3. **ACCOUNTING POLICIES - continued**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- 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;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Going concern
After reviewing the Company's forecasts and projections, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has minimal working capital requirements for the 12 month period from the date of board approval following the sale of the SICM business and integration of the one point of control platform with DeepMatter Ltd. As a result, the Director considers the going concern assumption to be appropriate in the preparation of these financial statements.

Turnover
Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax.

Intangible assets
Intangible assets are initially recognised at cost or deemed cost less provisions for accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Patent costs and licensing rights are amortised over their estimated useful economic life of 20 years. Amortisation is included within administrative expenses.

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3. **ACCOUNTING POLICIES - continued**

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

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery - 25% straight-line
Computer equipment - 25% straight-line

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

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3. **ACCOUNTING POLICIES - continued**

Financial instruments
Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(i) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits.

(ii) Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

(iii) Trade creditors
Trade creditors are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability. The effective interest rate is the rate that exactly discounts the estimated future cash flows through the expected life of the financial liability.

(iv) Classification of financial instruments
Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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

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

continued...

Notes to the Financial Statements - continued
for the year ended 31 December 2018

3. **ACCOUNTING POLICIES - continued**

Taxation
The tax expense/(credit) represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

Current tax is based upon taxable profit/(loss) for the period. Taxable profit/(loss) differs from net profit/(loss) as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Credit is taken in the accounting period for research and development tax credits, which have been claimed from HM Revenue and Customs, in respect of qualifying research and development costs incurred. Research and development tax credits have been accounted for on either a cash receipts basis or an accruals basis depending on the level of certainty regarding repayments of the claims made.

Research and development
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset;
- the probability of future economic benefits;
- the reliable measurement of costs;
- the ability and intention of the company to use or sell the intangible asset.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No development costs to date have been capitalised as intangible assets.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Rentals paid under operating leases are charged to the profit or loss account on a straight-line basis over the period of the lease.

Employee benefit costs
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

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4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	**137,676**	256,315
Social security costs	**13,508**	28,521
Other pension costs	**19,410**	24,692
	170,594	309,528

The average number of employees during the year was as follows:

	2018	2017
Directors	**1**	2
Research and development staff	**1**	1
	2	3

	2018	2017
	£	£
Directors' remuneration	**16,380**	208,213

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	**-**	3,473

6. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	2018	2017
	£	£
Cost of inventories recognised as expense	**46,880**	41,386
Other operating leases	**18,414**	23,867
Depreciation - owned assets	**902**	726
Patents and licences amortisation	**3,084**	5,686
Auditors' remuneration	**8,200**	5,000
Foreign exchange differences	**4,113**	516

7. TAXATION

Analysis of tax income

	2018	2017
	£	£
Current tax:		
Tax	**(109,339)**	-
Total tax income in income statement and statement of comprehensive income	**(109,339)**	-

continued...

7. TAXATION - continued

Factors affecting the tax expense
The tax assessed for the year is lower (2017 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Loss before income tax	(213,404)	(593,689)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.160%)	(40,547)	(113,751)
Effects of:		
Expenditure not qualifying for tax relief	2,755	13,261
Research and development tax credits received in respect of prior years	(109,339)	-
Depreciation in excess of capital allowances	(972)	11
Deferred tax asset not provided in respect of tax losses	38,764	100,479
Tax income	(109,339)	-

8. INTANGIBLE FIXED ASSETS

	Other intangible assets
	£
COST	
At 1 January 2018 and 31 December 2018	124,454
AMORTISATION	
At 1 January 2018	99,468
Charge for year	3,084
At 31 December 2018	102,552
NET BOOK VALUE	
At 31 December 2018	21,902
At 31 December 2017	24,986

continued...

9. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2018	
and 31 December 2018	96,292
DEPRECIATION	
At 1 January 2018	95,390
Charge for year	902
At 31 December 2018	96,292
NET BOOK VALUE	
At 31 December 2018	-
At 31 December 2017	902

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	71,536	6,050
Other debtors	128,824	24,371
	200,360	30,421

11. CASH AT BANK

All of the company's cash and cash equivalents at 31 December 2018 are at floating interest rates and are denominated in UK Sterling (£). The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	44,327	24,092
Amounts owed to group undertakings	433,750	163,750
Other creditors	62,164	7,867
Accruals and deferred income	13,248	7,000
	553,489	202,709

Trade creditors are non-interest bearing and are normally settled on 30 day terms. Other creditors and accruals are non-interest bearing. Included within other creditors is deferred income of £59,448 (2017: £nil) relating to sales revenue to be recognised during the next financial year.

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13. **FINANCIAL INSTRUMENTS**

Non-derivative financial assets
At the reporting date, the company held the following non-derivative financial assets:

	2018	2017
	£	£
Due within 3 months		
Cash and cash equivalents	48,821	31,574
Trade and other receivables	200,360	30,421
	249,181	61,995

Non-derivative financial liabilities
At the reporting date, the company held the following financial liabilities, all of which were classified as other non-derivative financial liabilities.

	2018	2017
	£	£
Due within 3 months		
Trade payables	44,327	24,092
Amounts due to group undertakings	433,750	163,750
Other payables	2,716	7,867
	480,793	195,709

14. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2018** £	2017 £
13,262,685	Ordinary	£0.001	**13,263**	13,263

15. **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date, there were no unpaid contributions (2017: £2,322).

16. **ULTIMATE PARENT COMPANY**

The ultimate parent company and ultimate controlling party is DeepMatter Group Plc which is registered in England and Wales. The company is included in the group accounts for DeepMatter Group Plc, which are publicly available and can be obtained from the company's registered office, St Brandon's House, 29 Great George Street, Bristol, BS1 5QT.

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17. RELATED PARTY DISCLOSURES

During the year the company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with other group companies (being the parent undertaking, Deepmatter Group plc and fellow subsidiary, Deepmatter Ltd). Transactions entered into, along with trading balances outstanding at 31 December with other related parties, are as follows:

Cleevely and Partners Ltd, a company controlled by one of the Company's directors, Mr D Cleevely, invoiced the Company a total of £14,500 during the year (2017: £62,804). No amounts were outstanding at 31 December 2018 (2017: £nil).

Terms and conditions of transactions with related parties:
Purchases between related parties are made on an arm's length basis. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions with other group companies are the same, with the exception that balances are placed on intercompany accounts with no specified credit period.

18. EVENTS AFTER THE REPORTING PERIOD

In January 2019, the company completed the sale of the trade and assets relating to its business of designing and manufacturing scanning ion conductance microscopes.

19. SHARE-BASED PAYMENT TRANSACTIONS

The company has taken advantage of the exemptions under paragraph 8(a)(i) to not disclose information relating to share options granted to directors and employees of the company on the basis that these relate to equity instruments of the parent company, Deepmatter Group plc and the relevant disclosures have been made in the consolidated financial statements of that company.