Annual Report
and Accounts
2018

a deeper
understanding
of respiratory
biology

synairgen plc

Stock symbol: LSE:SNG
www.synairgen.com

Contents

www.synairgen.com

Operational highlights (including post period-end)

- Successfully advanced inhaled interferon beta (IFN-β) programme into the clinic for the treatment or prevention of virally-induced COPD exacerbations
- Part 1 of SG015 clinical trial completed, showing that SNG001 was well tolerated and that antiviral biomarker analysis showed COPD patients (without viral infection) inhaling SNG001 had significantly increased antiviral activity in the lungs
- Raised £2.7 million (net of expenses) in October 2018 to increase the scope of our inhaled IFN-β clinical trial, enhancing our business development opportunity for the COPD programme
- Part 2 of SG015 trial commenced with 13 trial sites now active
- Our Australian partner, Pharmaxis, has satisfactorily completed Phase I trials and 3-month toxicology for 2 compounds, enabling it to progress the next strategic steps of the LOXL2 inhibitor programme

Financial highlights

- Revenues for the year were £0.11 million (2017: £5.03 million, which included a non-recurring £5 million upfront payable by Pharmaxis)
- Research and development expenditure for the year was £3.23 million (2017: £2.06 million) reflecting investment in the development of the IFN-β programme
- Loss from operations for the year ended 31 December 2018 was £4.13 million (2017: profit of £1.62 million)
- Cash, cash equivalents and deposit balances of £5.33 million at 31 December 2018 (2017: £6.85 million). The Group remains debt free

Inhaled IFN-β (SNG001) in COPD to treat or prevent exacerbations caused by respiratory viruses

What is COPD

Chronic Obstructive Pulmonary Disease (COPD) is a lung condition characterised by airflow limitation in the lungs. This airflow limitation is normally progressive and is associated with an abnormal inflammatory response of the lung to viruses, bacteria and fungal infections. The majority of COPD is associated with long-term cigarette smoking. Symptoms of COPD include cough, excessive sputum production and shortness of breath.

COPD statistics

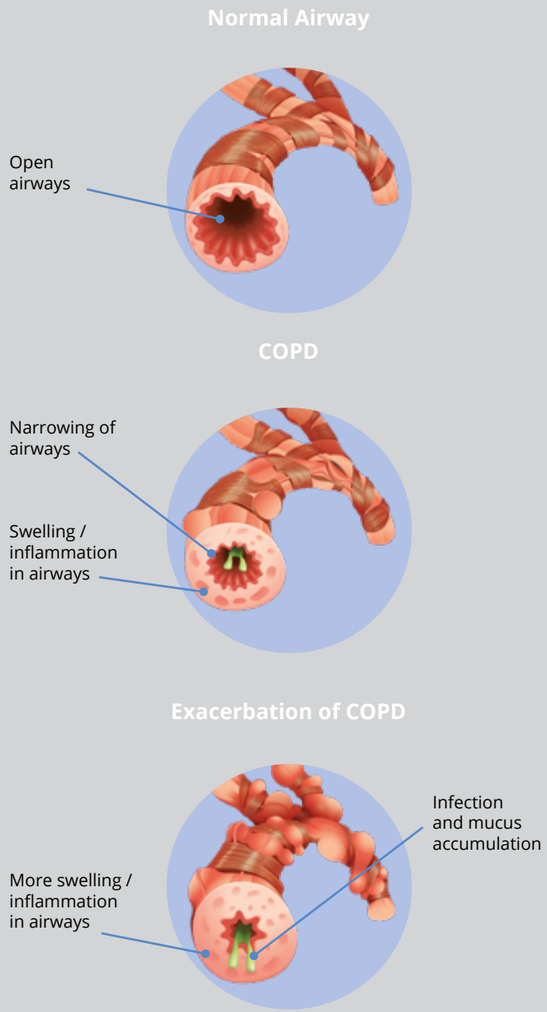
- COPD is the 3rd leading cause of death worldwide (after heart attack and stroke)[1]
- More than 15 million Americans have COPD[2]
- In 2010 there were 715,000 hospitalisations for COPD in the USA.[3] The average cost of a hospitalisation following a visit to the Emergency Department in the USA for a COPD patient is $29,000[4]

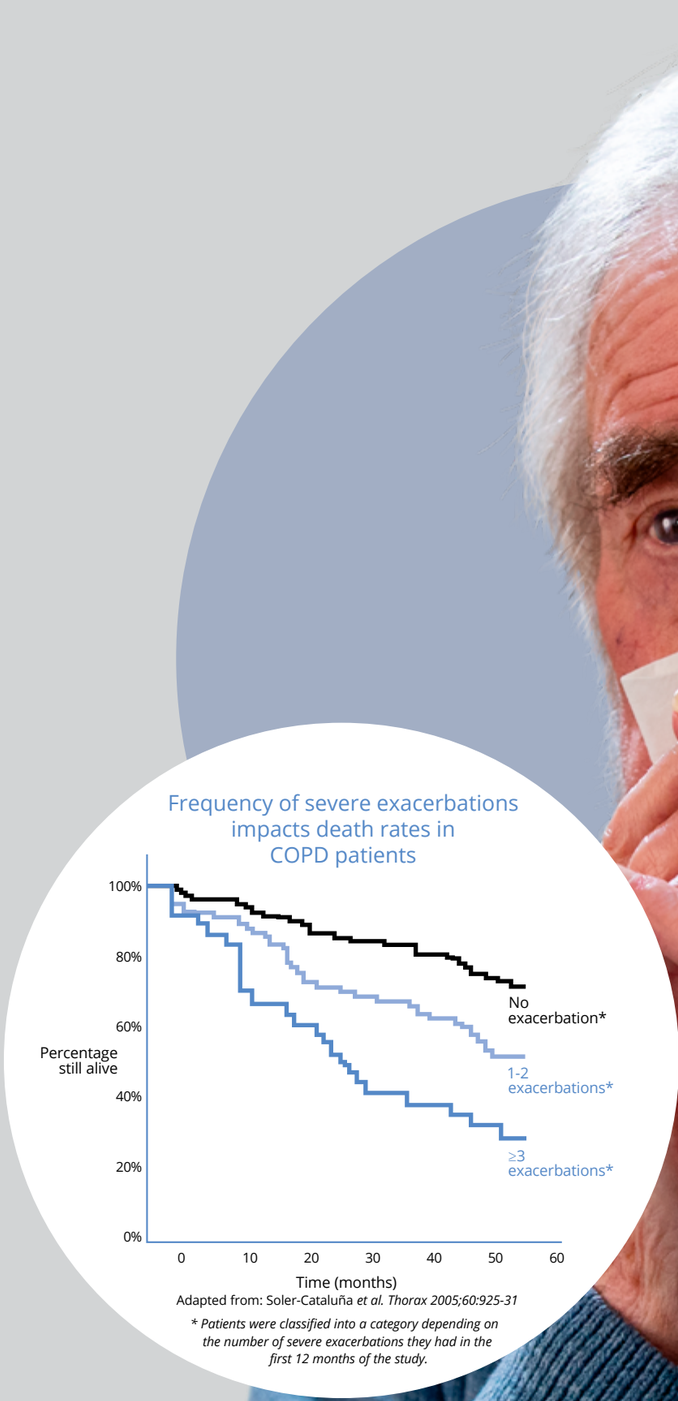
Exacerbations of COPD

Exacerbations of COPD are defined as the worsening of COPD symptoms. A 'moderate' exacerbation requires treatment with oral corticosteroids and/or antibiotics. Oral corticosteroids cause unwanted side effects and there is a drive to reduce antibiotic usage. A 'severe' exacerbation is one that has led to a visit to A&E and/or admission to hospital.

Exacerbations are associated with irreversible loss of lung function and, therefore, accelerated disease progression.

Exacerbations severely impact on the patient's quality of life (patients typically take a number of weeks to recover) and, being the second most common cause of emergency admissions to hospital in England, are a major healthcare burden.[5]





Adapted from: Soler-Cataluña *et al. Thorax 2005;60:925-31*

** Patients were classified into a category depending on the number of severe exacerbations they had in the first 12 months of the study.*

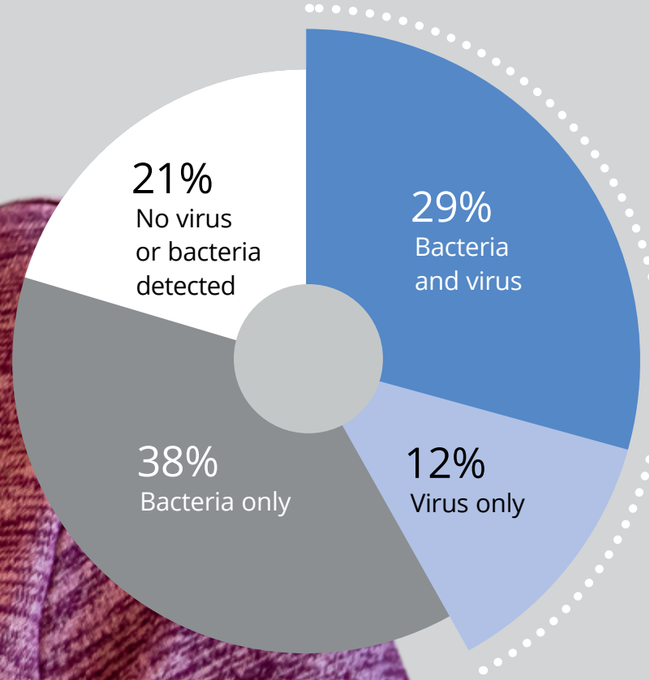
References

1. World Health Organisation. Available at http://www.who.int/mediacentre/factsheets/fs310/en/
2. https://www.nhlbi.nih.gov/health/educational/copd/what-is-copd/index.htm
3. American Lung Association: Trends in COPD (chronic bronchitis and emphysema): Morbidity and Mortality. March 2013. Available at http://www.lung.org/finding-cures/our-research/trend-reports/copd-trend-report.pdf
4. Singh JA, *et al.* Utilization due to chronic obstructive pulmonary disease and its predictors: a study using the U.S. National Emergency Department Sample (NEDS). *Respiratory Research 2016; 17:1*
5. Department of Health. An Outcomes Strategy for Chronic Obstructive Pulmonary Disease (COPD) and Asthma in England. Published July 2011

The need for an antiviral therapy

Respiratory viral infections, such as the common cold and flu, are a major driver of exacerbations in COPD patients when infections spread from the upper respiratory tract to the lungs and worsen pre-existing lung inflammation. Furthermore, there is growing evidence that virus infections increase susceptibility to follow-on bacterial infections.

Analysis of sputum samples from COPD exacerbations:[1]



Exacerbations of COPD are frequently associated with respiratory viruses

References

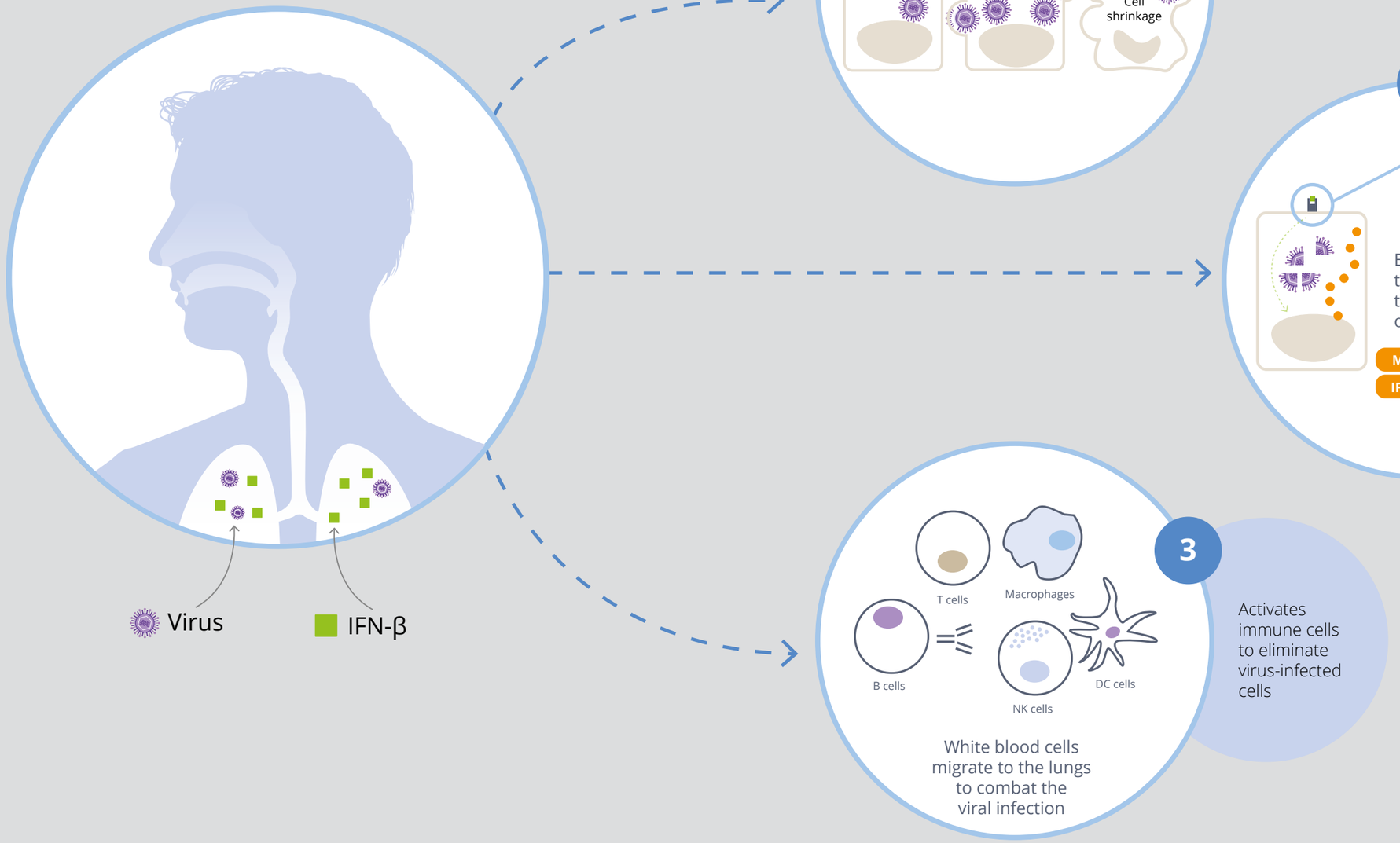
1. Wilkinson TMA, *et al.* A prospective, observational cohort study of the seasonal dynamics of airway pathogens in the aetiology of exacerbations in COPD *Thorax 2017;0:1-9. Doi:10.1136/thoraxjnl=2016-209023*

How interferon beta (IFN-β) works

IFN-β is a naturally-occurring protein that orchestrates the body's antiviral defences to fight infections.

We have shown in *in vitro* models that IFN-β protects the lung cells of COPD patients when infected with viruses that cause exacerbations. Synairgen is currently conducting a Phase II clinical trial to look at the protective effects of inhaled IFN-β in COPD patients when they catch a cold or flu infection.

The key mechanisms of action of IFN-β are:



Strategic Report

The directors present their Strategic Report for the year ended 31 December 2018.

Principal activities and strategy

Synairgen plc (the 'Company') is the holding company for Synairgen Research Limited, a respiratory drug discovery and development company.

Synairgen leverages its deep understanding of respiratory biology to discover and develop novel therapies in areas of high unmet respiratory medical need, including severe asthma, chronic obstructive pulmonary disease (COPD) and idiopathic pulmonary fibrosis (IPF). Using our BioBank platform (consisting of human tissue models of respiratory disease), and our clinical trial capabilities, Synairgen's strategy is to identify novel drug targets, progress them through early stage clinical trials and license them to partners to advance through to commercialisation. A glossary on pages 51 to 53 provides additional explanation of some of the more detailed scientific and clinical terminology.

Operating Review

Summary

2018 has been a year of excellent operational progress. We successfully advanced our inhaled interferon beta (IFN-β) programme, to treat or prevent COPD exacerbations, into the clinic and, in September 2018, we raised £2.7 million (net of costs) to expand the number of patients to be included in our clinical trial, to increase the power of the study and enhance our chance of partnering our inhaled IFN-β programme for COPD. In addition, our Australian partner, Pharmaxis, has completed Phase I clinical trials for the LOXL2 inhibitor programme with positive results and we now eagerly await the next steps for this product where Synairgen has a significant financial interest in its success.

Inhaled IFN-β programme

Inhaled IFN-β progression in COPD to treat or prevent virus-induced exacerbations

We have progressed inhaled IFN-β into COPD, where the risk that a patient will exacerbate due to a cold infection is much higher (approximately 50%[1]) compared to asthma (<10%[2]), with some identifiable sub-groups at higher risk than others.[3] The cost to both patient and healthcare providers of virus-induced COPD exacerbations is also substantial – in England alone, COPD is the second most common cause of unplanned hospitalisations after cardiovascular disease.[4]

We have long known that COPD represents a very substantial market for inhaled IFN-β, addressing a large number of patients who are expensive to treat. The historical barrier to progressing into COPD was the complexity around identifying the virus-positive patients for treatment. COPD patients can suffer from bacterial infections as well as viral infections and, up until recently, distinguishing between viral and bacterial infections, at the point of assessment, was too great an obstacle to allow progression of inhaled IFN-β into COPD clinical trials.

Our ability to progress with COPD has been enabled by the availability of a novel point of care test launched by bioMérieux. This test confirms the presence of a respiratory virus in a patient within 45 minutes of a nasal or throat swab being taken. Utilisation of this new diagnostic test means that we can be sure that every patient we treat in the COPD trial is virus positive. This will eliminate the background "noise" associated with the inclusion of patients with no viral infection in the trial and thereby reduce the required trial size, and therefore cost, to obtain meaningful results.

We are starting treatment at the onset of respiratory symptoms in virus-positive patients. At the moment, COPD patients are not encouraged to visit their GP/ pulmonologist if they have a cold. This is because there are no broad spectrum antiviral therapeutic options available to limit the spread of virus to the lungs. The advent of this new diagnostic technology changes this paradigm. The bioMérieux point of care test enables rapid identification of common bacterial and viral pathogens. For the virus-positive patients, the availability of an antiviral therapy with the potential to either prevent exacerbations, or to limit their severity, would be a major breakthrough.

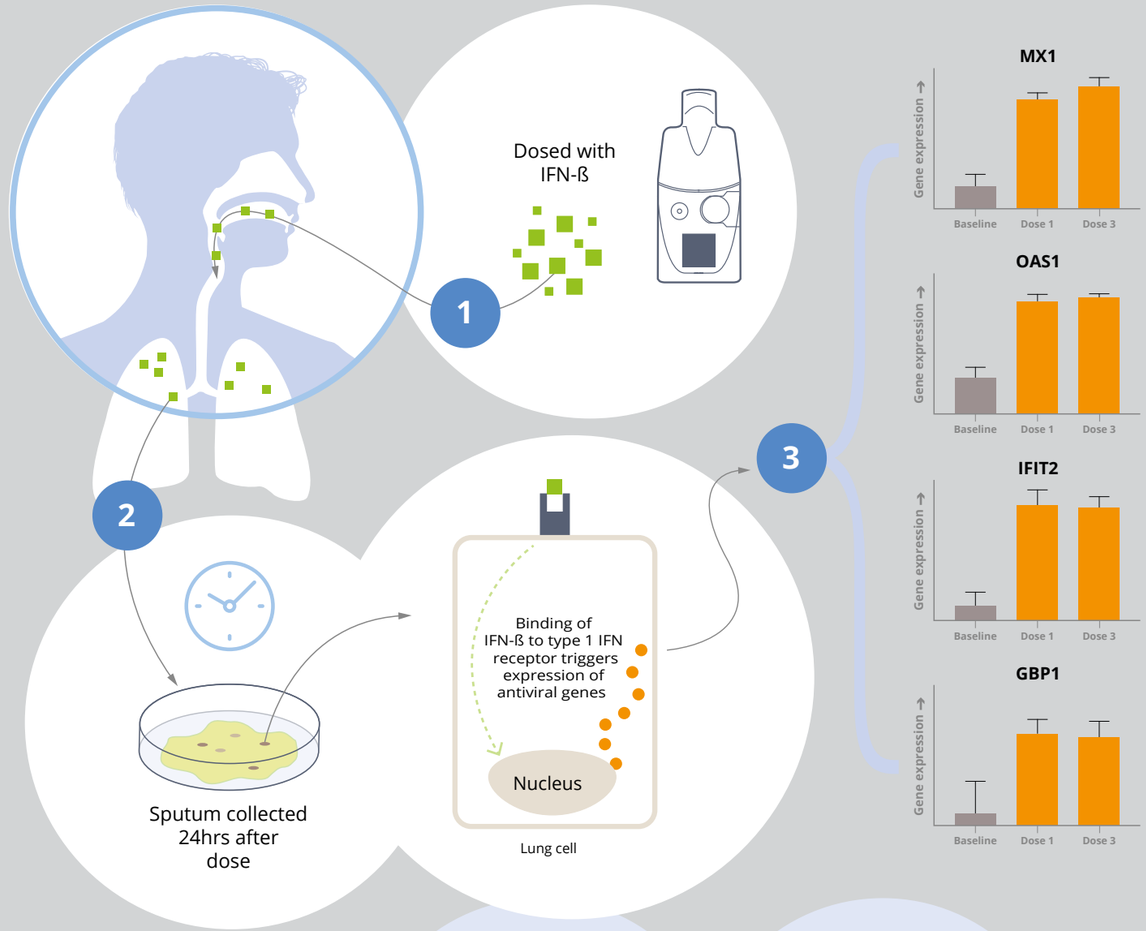
In Q1 2018 we commenced a two-part Phase II clinical trial in COPD patients.

Part 1 of Phase II trial

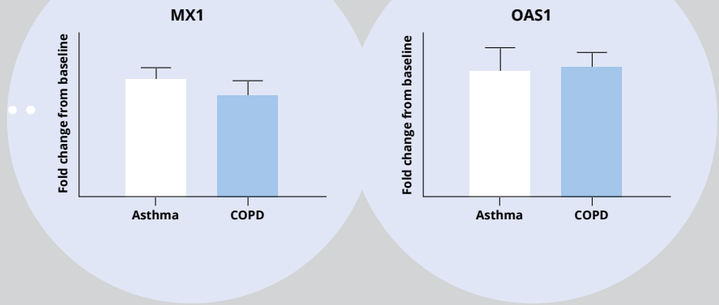
The first part of the trial was conducted to confirm the safety of inhaled IFN-β in this patient population. Inhaled IFN-β has been well tolerated in all of the asthma trials; COPD patients' lungs are different and it was necessary to assess safety prior to dosing patients in part two of the trial. Our target patients have typically lost approximately 40% of their lung function, their lungs are often colonised by bacteria, and their lung inflammation is driven by different factors than in asthma. During this first phase, we were pleased to ascertain that inhaled IFN-β was well tolerated in COPD patients. We also undertook a biomarker assessment. Patients in this part of the trial were free of viral infection and inhalation of IFN-β should activate their antiviral defences. Indeed, as reported in June 2018, the antiviral biomarkers assessed 24 hours after administration of a dose of inhaled IFN-β were elevated (as shown opposite). This increase in relevant biomarkers was very similar to that which we had observed in asthma.

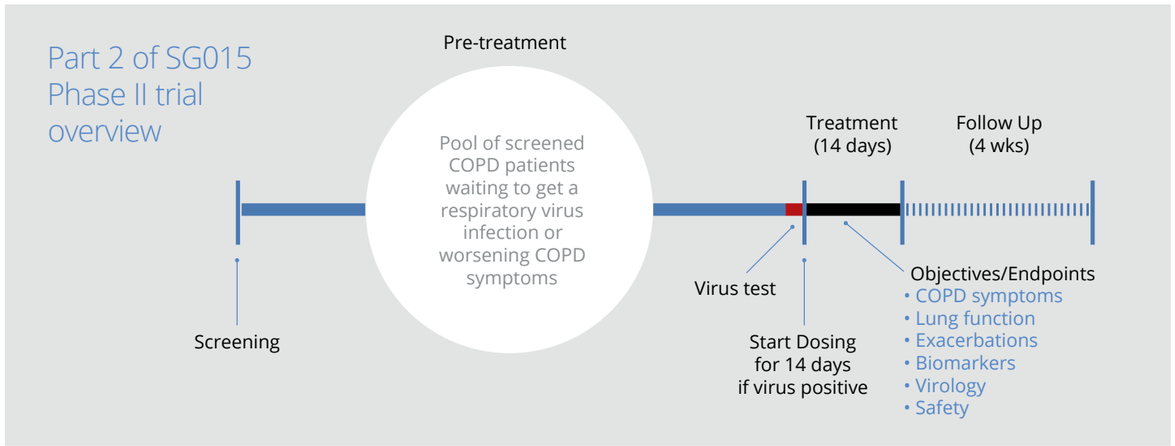
SG015 Part 1 Biomarker Results

- Antiviral biomarkers in the lung were elevated 24 hours after dose, showing that the lungs are primed to combat cold or flu infections
- Antiviral biomarker responses are similar to those observed in our previous trial in asthma



Similar biomarker response in asthma and COPD





We were particularly pleased to see firstly, the robust antiviral response in these older patients' lungs that have typically been exposed to many years of cigarette smoke, and secondly, that this effect mirrored *in vitro* findings in COPD patients' lung cells from our models where IFN-β is effective.

Part 2 of Phase II trial

Completion of part one enabled the commencement of part two of the trial. In part two, COPD patients without infection are screened and entered into a waiting phase. We are building this pool of 'waiting patients' to approximately 200 patients. Patients then contact the trial site as soon as they develop a cold or COPD symptoms which are suspected to be caused by a virus. Upon arrival at the trial site, patients are tested to determine whether they have a respiratory virus; those that are positive are treated with either inhaled IFN-β or placebo for 14 days.

In October 2018 we completed a placing which raised £2.7 million (net of costs), primarily to increase the COPD trial size from 80 patients to 120 patients in order to be able to focus on clinical endpoints, to enhance the chance of obtaining a positive result, and ultimately to partner the programme when the trial is completed.

The trial is progressing well and we have now initiated 13 trial sites, all in the UK. As at 15 February 2019, 181 patients have been screened and 133 patients have been entered into the 'pool', waiting to develop virus symptoms, ahead of the confirmatory virus testing. In the first three months of the trial (up to 11 January), 22 patients developed symptoms and were tested for a respiratory virus; 3 out of the 22 tested positive and were subsequently dosed. This reflected the mild start to the respiratory virus season as reported by Public Health England (PHE). In the subsequent five weeks to 15 February, PHE reported an uplift in influenza like illness (an indication of the impact of respiratory viruses on healthcare system) and this has been reflected in an uplift in the number of patients dosed in our trial. Since 11 January a further 30 patients have been tested, of whom 15 were virus positive and dosed. The virus test has therefore proved its value, particularly during the late autumn and early winter, screening out patients who, historically, may have been dosed based on their symptoms, but who had no potential to gain from an antiviral. The following viruses have been detected: enterovirus/rhinovirus; RSV; coronavirus; human metapneumovirus; and influenza. The milder start to this virus season means that we now expect the trial to continue into the 2019/2020 virus season.

Size of market opportunity

COPD is a common disease which consumes substantial healthcare resources, particularly in the non-summer months. COPD patients will typically have one to two colds per year. Each cold carries a risk of exacerbation of approximately 50%. In the USA, the average cost of a hospitalisation following a visit to the Emergency Department for a COPD patient is $29,000.[5] Pathogen testing at the onset of an exacerbation is being recommended to reduce unnecessary antibiotic prescribing for viral exacerbations. The need for a broad spectrum antiviral therapy is substantial. We expect considerable interest from potential partners for this programme and have commenced a dialogue with several large pharma companies.

LOXL2 inhibitor programme

In collaboration with Pharmaxis we identified and progressed a LOXL2 inhibitors programme from the pre-clinical stage through to commencement of a Phase I clinical trial. Initially the collaboration was focussed on idiopathic pulmonary fibrosis (IPF), an area of expertise for Synairgen.

Over the two years of the collaboration, our interactions with potential large pharma partners led to an expansion of the programme to also embrace other fibrotic diseases, including non-alcoholic steatohepatitis (NASH, a type of liver fibrosis), heart fibrosis, and kidney fibrosis. In December 2017 we elected to pass responsibility for the further development and commercialisation of these compounds to Pharmaxis, who were better placed to conduct research in the non-lung fibrotic arena, in return for £5 million and a share of at least 17% (net of allowable expenses) of any receipts from any onward licensing by Pharmaxis of the LOXL2 inhibitors in fibrotic indications.

During 2018, Pharmaxis successfully completed Phase I trials for two compounds, and showed best in class inhibition of the LOXL2 enzyme in these clinical trials. Post period-end (17 January 2019), Pharmaxis announced that the 3 month toxicology studies had been successfully completed for both compounds, allowing them to progress the next strategic steps for the programme. We continue to track Pharmaxis' progress with great interest.

Key performance indicators (KPIs)

The Board considers that the most important KPIs are non-financial and relate to the progress of the scientific programmes which are discussed in the preceding section of this report.

The most important financial KPIs are planned R&D expenditure and the consequent cash position of the Group. These are further described in the financial review below.

Financial Review

The Financial Review should be read in conjunction with the consolidated financial statements of the Company and Synairgen Research Limited (together the 'Group') and the notes thereto on pages 33 to 46. The consolidated financial statements are presented under International Financial Reporting Standards as adopted by the European Union.

The adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue Recognition' had no impact on the primary statements in either period presented.

The financial statements of the Company, set out on pages 47 to 50, are prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

Statement of Comprehensive Income

The loss from operations for the year ended 31 December 2018 was £4.13 million (2017: profit £1.62 million). Revenues for the year amounted to £0.11 million (2017: £5.03 million). 2017 included a non-recurring £5 million payable by Pharmaxis as consideration for the change in collaboration terms. The 2018 revenue comprised fee for service work in relation to the LOXL2 programme. Research and development expenditure for the year amounted to £3.23 million (2017: £2.06 million), and was focussed almost entirely on the IFN-β Phase II clinical trial in COPD and associated pharmaceutical development costs.

Other administrative costs for the year amounted to £1.01 million (2017: £1.35 million), with the decrease being attributable to lower staff bonus costs and reduced legal costs. Interest receivable increased on account of higher average cash balances held and the increase in base rate. The tax credit increased from £0.13 million in 2017 to £0.80 million in 2018. The 2017 credit was at lower levels than preceding years because the Group was in profit and this limited the amount of research and development tax credit which could be claimed. The loss after tax for 2018 was £3.30 million (2017: profit of £1.76 million) and the basic loss per share amounted to 3.47p (2017: basic earnings per share of 1.93p).

Statement of Financial Position and cash flows

At 31 December 2018, net assets amounted to £6.03 million (2017: £6.56 million), including cash and bank deposits of £5.33 million (2017: £6.84 million).

The principal elements of the £1.51 million decrease over the year ended 31 December 2018 (2017: £2.08 million increase) in cash and bank deposits were:

- Cash used in operations: £3.89 million (2017: £1.45 million generated from operations);
- Research and development tax credits received: £0.07 million (2017: £0.62 million);
- Capital expenditure on property, plant and equipment: £0.39 million (2017: £0.01 million); and
- Share issue proceeds (net of costs): £2.67 million (2017: £nil).

The other significant changes in the statement of financial position were:

- The net book value of property, plant and equipment increased from £0.01 million to £0.37 million at 31 December 2018. This was due to the purchase of 13 bioMérieux multiplex PCR virus detection machines (one for each clinical trial site) at a total cost of £0.36 million. The remainder of the capital expenditure was for laboratory and IT equipment;
- Current tax receivable increased from £0.07 million to £0.80 million on account of the higher R&D tax credit as discussed above;
- Trade and other receivables decreased from £0.63 million to £0.22 million on account of amounts receivable from Pharmaxis reducing by some £0.45 million;
- Trade and other payables decreased from £1.10 million to £0.78 million. The major driver behind this reduction is the lack of bonus accrual at 31 December 2018; and
- Share capital and share premium increased from £0.91 million and £25.77 million to £1.09 million and £28.26 million respectively, an aggregate increase of £2.67 million on account of the fundraising in October 2018 whereby 18.00 million shares of 1p each were issued at a premium of 15p primarily to fund the enlarged Phase II trial. Costs of the issue amounted to £0.21 million, which were taken to the share premium account.

Principal risks and uncertainties

The Board considers that the principal risks and uncertainties facing the Group may be summarised as follows:

- *Interferon beta Phase II trial overruns*

  The Group is currently running a Phase II trial in COPD, which is seeking to randomise 120 patients. The speed of the trial is dependent upon the rate of recruitment into the pre-treatment pool and the rate at which such patients contract colds. Overrunning of the trial into 2020 would result in extra costs to complete the trial, as a number of the monthly costs are fixed in nature.

  The Group is continually monitoring the progress of the trial and looking to secure efficiencies and maximise the size of the pre-treatment pool as quickly as possible.

- *Interferon beta Phase II trial fails to meet endpoints*

  There can be no guarantee that the trial will meet its endpoints and generate good enough results to merit further development expenditure in the programme either by Synairgen or a licensee.

- *Commercial risk*

  There can be no guarantee that the Group, or Pharmaxis, in the case of its LOXL2 programme in which the Group has a 17% share, will succeed in securing and maintaining the necessary contractual relationships with licensing partners for its programmes under development. Even if the programmes are successfully out-licensed and pharmaceutical products are brought to market by a partner, there is no guarantee that such products will succeed in the marketplace.

  The Group seeks to reduce this risk by structuring its development programmes to meet the needs and requirements of its potential partners and by engaging with partners who have the appropriate experience, resource and interest to bring such pharmaceutical products to the global marketplace.

- *The Group may not be able to add further programmes to its portfolio*

  The Group currently has two programmes – the interferon beta programme and a share of Pharmaxis' LOXL2 programme. Whilst it is seeking to add additional programmes, this may not be possible for a number of reasons, including failure to agree commercial terms, due diligence findings or inability to fund additional programmes if additional expenditure is required on the interferon beta programme.

- *Intellectual property risk*

  The commercial success of the Group depends on its ability to obtain patent protection for its pharmaceutical discoveries in the US, Europe and other countries and to preserve the confidentiality of its know-how. There is no guarantee that patent applications will succeed or be broad enough to provide protection for the Group's intellectual property rights and exclude competitors with similar pharmaceutical products. The success of the Group is also dependent on non-infringement of patents, or other intellectual property rights, held by third parties. Competitors and third parties may hold intellectual property rights which the Group may not be able to license upon favourable terms, potentially inhibiting the Group's ability to develop and exploit its own business. Litigation may be necessary to protect the Group's intellectual property, which may result in substantial costs.

  The Group seeks to reduce this risk by seeking patent attorney advice that patent protection will be available prior to investing in a project, by seeking patent protection where appropriate, and by minimising disclosure to third parties.

- *Competition risk*

  The Group's current and potential competitors include pharmaceutical and biotechnology companies and academic institutions, many of whom have significantly greater financial resources than the Group. There can be no assurance that competitors will not succeed in developing products that are more effective or economic than any developed by the Group, or which would render the Group's products non-competitive or obsolete.

- *Funding risk*

  The Group continues to consume cash resources. Until the Group generates positive net cash inflows from successful out-licensing transactions and commercialisation of its products, it remains dependent upon securing funding through the injection of capital from share issues. The Group may not be able to generate positive net cash flows in the future or attract such additional funding required at all, or on suitable terms. In such circumstances, the Group's discovery and development programmes may be delayed or cancelled and the business operations curtailed.

  The Group seeks to reduce this risk through tight financial control, prioritising programmes which will generate the best returns, and keeping shareholders informed on progress.

- *Dependence on Founders, senior management and key staff*

  The Founders and certain members of staff are highly skilled scientists and clinicians. The Group has deliberately pursued a lean headcount policy to conserve financial resources. Failure to continue to attract and retain such individuals could adversely affect operational results.

  The Group seeks to reduce this risk by appropriate incentivisation of staff through participation in long term equity incentive schemes.

- *Cyber attack or IT systems failure*

  The Group is at risk of cyber attack or IT systems failure, which would cause operational harm, including potential theft or loss of data.

  The Group seeks to minimise this risk by retaining the services of external IT advisers, and pursuing suitable back-up and security policies.

- *Brexit*

  Following the referendum vote in June 2016 the UK government started the withdrawal process from the European Union in March 2017, putting the UK on course to leave at the end of March 2019.

  There is still substantial uncertainty as to what form Brexit will take. In the short term our exposure relates to whether the supply chain for consumables for the running of the Phase II clinical trial will be impacted. A review is being undertaken to determine what extra levels of stocks need to be purchased to manage any potential disruption. The trial is being conducted solely at UK sites and all drug supplies are located in the UK.

Outlook

Operationally we are wholly focussed on our inhaled IFN-β programme in COPD and engaging with potential partners for this programme in advance of Phase II data availability. We are pleased that Pharmaxis have announced completion of the three month toxicology studies which were necessary to progress partnering discussions in disease areas which are of great interest to large pharma. We continue to assess new opportunities to complement our existing COPD programme.

By order of the Board

John Ward
Company Secretary

22 February 2019

References

1. Johnston NW, *et al.* Colds as predictors of the onset and severity of COPD exacerbations *International Journal of COPD* 2017:12: 839-848
2. (i) Aviragen Therapeutics presentation Directing Next Generation Direct-Acting Antivirals May 2017. (ii) Synairgen analysis of INEXAS trial results, dated 27 September 2017 (https://www.synairgen.com/wp-content/uploads/2018/06/ifnb-press-release-final-26-sept-002.pdf)
3. Wilkinson TMA, *et al.* A prospective, observational cohort study of the seasonal dynamics of airway pathogens in the aetiology of exacerbations in COPD *Thorax 2017;0:1-9. Doi:10.1136/thoraxjnl=2016-209023*
4. Department of Health. An Outcomes Strategy for Chronic Obstructive Pulmonary Disease (COPD) and Asthma in England. Published July 2011
5. Singh JA, *et al.* Utilization due to chronic obstructive pulmonary disease and its predictors: a study using the U.S. National Emergency Department Sample (NEDS). *Respiratory Research 2016; 17:1*

Directors

Simon Shaw
Non-executive Chairman

Simon Shaw joined Synairgen as executive Chairman on its inception in June 2003 and became non-executive Chairman in October of that year. He is Group Chief Financial Officer of Savills plc. He was Chief Financial Officer of Gyrus Group PLC from 2003 until its sale to Olympus Corporation in 2008, having previously been Chief Operating Officer of Profile Therapeutics plc between 1998 and 2003. Between 1991 and 1997 he was a corporate financier, latterly at Hambros Bank Limited. He is a chartered accountant.

Dr Phillip Monk
Chief Scientific Officer

Phillip Monk joined Synairgen in October 2006 as Head of Bioscience Development and was appointed to the Board as Chief Scientific Officer in September 2009. Phillip was previously Director of the Respiratory and Inflammation Biology group at Cambridge Antibody Technology ('CAT'). Prior to joining CAT, he worked at Bayer AG within the respiratory disease therapeutic area, focusing on the development of novel therapies for asthma, COPD and cystic fibrosis.

Iain Buchanan
Non-executive Director

Iain Buchanan was appointed as a non-executive director in June 2010 and brings to the company over 40 years of management experience in the pharmaceutical and biotech industries. Most recently he was CEO of NOXXON Pharma AG based in Berlin and previously he was CEO of Novexel S.A. based in Paris. He joined Novexel from Vertex Pharmaceuticals where he established the European affiliate. Prior to Vertex, Iain managed the international licensee business of Cilag AG - a subsidiary of Johnson and Johnson - based in Switzerland. Iain serves as a non-executive director for Allecra Therapeutics GmbH and for Aurealis Pharma AG.

Dr Bruce Campbell
Non-executive Director

Bruce Campbell joined Synairgen as a non-executive director in April 2006. He has 50 years of drug development experience and has developed many drugs in a wide range of indications which are now on the market. He currently acts as a consultant to various companies including BenevolentAI. Formerly he was Senior VP of International Development at Neurocrine Biosciences, Inc. ('Neurocrine'). Prior to joining Neurocrine he worked for 27 years at Servier (United Kingdom), latterly as Scientific Director. In addition, he has also been a director and European Chairman of the Drug Information Association, a member of the European ICH Safety Working Party and a scientific advisor to IP Group plc. He is a visiting Professor in Pharmacology at King's College, London.

Richard Marsden
Chief Executive Officer

Richard Marsden joined Synairgen in a consulting role as General Manager in November 2003, was appointed to the Board as Managing Director in June 2004, and appointed Chief Executive Officer in September 2009. Between 1998 and 2003 he worked as Projects Manager and Cystic Fibrosis Business Development Manager at Profile Therapeutics plc, where he managed the Cystic Fibrosis business and played a major role in the development of its proprietary pharmaceutical unit, Profile Pharma Limited. Prior to this, he worked for Zimmer Limited, Genentech (UK) Limited and Roche Products Limited.

John Ward
Finance Director

John Ward joined Synairgen in October 2004 as Finance Director. From December 1999 to July 2004 he was Chief Financial Officer and Company Secretary of Profile Therapeutics plc and was appointed to the Profile Therapeutics board in March 2003. From 1996 to 1999 he was Finance Director of Rapid Deployment Group Limited, the UK holding company for the healthcare operations of Ventiv Health, Inc. Prior to joining Rapid Deployment he was a Director of Corporate Finance at Price Waterhouse. He is a chartered accountant.

Paul Clegg
Non-executive Director

Paul Clegg was appointed as a non-executive director of Synairgen in September 2009. He is Chief Executive Officer of Accsys Technologies PLC, Chairman of Tricoya Technologies Ltd and a non-executive director of Peel Hunt LLP. Paul was previously Managing Director and Chief Executive Officer of Cowen International Limited and director of Cowen Asset Management Limited until June 2008. After over twenty years working in the investment banking industry, Paul joined Accsys Technologies PLC, a company quoted on AIM and the Amsterdam Euronext Exchange, which has developed the process and the commercial industrialisation of wood acetylation, as Chief Executive Officer in August 2009.

Prof. Stephen Holgate CBE
Non-executive Director

Stephen Holgate is a co-founder of Synairgen and was appointed a non-executive director in June 2003. After qualifying in Medicine at Charing Cross Hospital Medical School, London he has pursued an academic career leading to his appointment in 1987 to his current position as Medical Research Council Clinical Professor of Immunopharmacology at the University of Southampton. His research interests have been largely focused on the cellular and molecular mechanisms of asthma that has involved use of both epidemiological and genetic approaches. He has published over 1,300 papers in peer-reviewed literature. He is Member of the Horizon 2020 Science Panel for Health; Board Chair of the National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs); Trustee and Chair of the Research Strategy Committee of Cancer Research UK; Trustee and Chair of the Grants Panel of the Great Ormond Street Hospital Children's Charity; Trustee and Chair of The Kennedy Trust for Rheumatology Research; Member of the Governing Body of the Nuffield Council for Bioethics; and Member of the Natural Environment Research Council. He serves on a number of Advisory Committees in industry, including scientific board member or advisor to a number of companies involved in developing new treatments for airways diseases.


Simon Shaw


Richard Marsden


Dr Phillip Monk


John Ward


Iain Buchanan


Dr Bruce Campbell


Paul Clegg


Prof. Stephen Holgate CBE

Synairgen's Founders

Prof. Stephen Holgate CBE is MRC Clinical Professor of Immunopharmacology at the University of Southampton

Prof. Donna Davies is Professor of Respiratory Cell and Molecular Biology at the University of Southampton

Prof. Ratko Djukanovic is Professor of Medicine at the University of Southampton

Corporate Governance Statement

The Board is accountable to the Company's shareholders for good corporate governance and it is the objective of the Board to attain a high standard of corporate governance. As Chairman, it is my primary responsibility to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model.

In September 2018 the Board adopted the Quoted Companies Alliance Corporate Governance Code (QCA Code). On our website (www.synairgen.com/investors/corporate-governance-statement/) we set out how we comply with the 10 principles of the QCA Code. The following sections of the Corporate Governance Statement explain how the QCA Code is applied by the Company. During the period we undertook a formal Board performance review, which identified some areas for improvement during 2019, including formalising individual effectiveness reviews and the approach to risk management.

Board of Directors

On 31 December 2018 the Board of directors (the 'Board') consisted of a non-executive Chairman (Simon Shaw), three executive directors (Richard Marsden, Dr Phillip Monk and John Ward), and four non-executive directors (Iain Buchanan, Dr Bruce Campbell, Paul Clegg and Prof. Stephen Holgate).

The responsibilities of the non-executive Chairman and the Chief Executive Officer are clearly divided. The non-executive directors bring relevant experience from different backgrounds and receive a fixed fee for their services and reimbursement of reasonable expenses incurred in attending meetings.

Brief *curriculum vitae* details about the directors are given on pages 15 and 16. The key experience, skills, qualities and capabilities that each director brings to the Board are summarised below:

Simon Shaw
Simon is an experienced public company director, having fulfilled both the roles of Chief Financial Officer and Chief Operating Officer for listed companies. He has life science company experience and in addition to his skills as a Chairman contributes strong financial and corporate finance skills. As an executive director of a FTSE 250 company he keeps his skill set in these areas up to date.

Richard Marsden
Richard has worked in a number of roles within the life sciences sector and has experience of sales and marketing, clinical trials, project management, business development and general management. He is actively involved in the design and management of the clinical trial and leads the Company's business development activities. He maintains and develops his skill sets in these areas by regular interaction with the Company's expert advisers and key opinion leaders (KoLs).

Dr Phillip Monk
Phillip is a leading scientist in respiratory biology, with experience of managing teams of scientists and taking drugs through pre-clinical and early clinical trials. His particular contribution to the Board is championing the identification and management of new opportunities up to the clinical stage, and maximising value from early stage clinical trials. Phill regularly interacts with expert advisers/KoLs and attends key relevant medical conferences.

John Ward
John is a Chartered Accountant, who has worked for 22 years as Finance Director and Company Secretary in the life sciences sector, with experience gained in private and quoted companies. From his time at Price Waterhouse he also has corporate finance experience. He keeps his skill set up to date by attending appropriate courses run by accountancy firms, the ICAEW and ICSA.

Iain Buchanan
Iain has 40 years' management experience in the pharmaceutical and biotech sector. Iain keeps his skill set up to date through his involvement with a number of other life sciences boards.

Dr Bruce Campbell
Bruce has 50 years' drug development experience. He is a visiting Professor in Pharmacology at King's College London and has particular expertise in pre-clinical development. Bruce keeps his skill set up to date through his involvement with a number of other life sciences companies either as a director or consultant.

Paul Clegg
Paul has corporate finance experience of the life sciences sector from his time at the US investment bank Cowen and his non-executive directorship of Peel Hunt. He is also CEO of another AIM-quoted company, Accsys Technologies. His particular contribution to the Board is in the area of operational matters and corporate finance. He keeps up to date on his skill set responsibilities through his executive role at Accsys.

Prof. Stephen Holgate
Stephen is a leading academic in respiratory medicine, combining an outstanding knowledge of base and clinical science. He has experience of working with many pharmaceutical companies and guides the Board on developments in the respiratory sector. Stephen keeps up to date through his ongoing involvement with many industry and government-related organisations as an advisor.

Corporate Governance Statement
(continued)

All eight members of the Board bring relevant sector experience in life sciences. Five members of the Board have public markets experience from other companies. The Board has expertise in the following key areas: public markets; discovery and pre-clinical respiratory projects, clinical development, business development/licensing and finance. The Board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. The Board is composed solely of males and recognises this gender imbalance. In due course, the Board will look to amend its composition appropriately.

John Ward fulfils the roles of Finance Director and Company Secretary. The Board considers that at this stage of the Company's development this is an appropriate and cost effective *modus operandi*. It will continue to monitor when it will be necessary and appropriate to separate the roles. The Company Secretary reports directly to the Chairman on governance matters.

Non-executive directors are required to attend 5 scheduled bi-monthly Board meetings (Scheduled Board meetings) and committee or Scientific Advisory Board meetings. Non-executive directors are required to be available at other times as required for face-to-face and telephone meetings with the executive team. All members of the executive team work for the Company on a full-time basis and have no non-executive directorships with other companies.

The Board notes that its directors have been in post for more than nine years but considers that they remain functionally independent, in that they remain fully committed to promoting the success of the Company for the benefit of shareholders as a whole.

The Board also notes that two of its non-executive directors were granted options in 2009 and 2010, which will expire in 2019 and 2020. The practice of granting non-executive directors options has now ceased and the Board considers that the holding of these options (which for each director represents less than 0.3% of the issued share capital) does not compromise the independence of the two directors concerned.

With effect from the 2019 AGM, the Board has decided to put all directors up for re-election on an annual basis rather than the current three year rotation to enable shareholders to confirm their support that the directors remain independent.

The Company does not have a Senior Independent Director and we believe that this is appropriate at this stage of the Company's development.

The Board retains full and effective control of the Group. This includes responsibility for determining the Group's strategy and for approving budgets and business plans to fulfil this strategy. There are a number of Scheduled Board meetings and the Board also meets on any other occasions it considers necessary. During the year ended 31 December 2018, the Board met five times for Scheduled Board meetings, with each member attending as follows:

Director	Number of meetings held whilst a Board member	Number of meetings attended
Simon Shaw	5	5
Richard Marsden	5	5
Dr Phillip Monk	5	5
John Ward	5	5
Iain Buchanan	5	5
Dr Bruce Campbell	5	5
Paul Clegg	5	5
Prof. Stephen Holgate	5	2

In addition there were five other meetings, to which Board members were invited, during the year.

It is the duty of the Chairman to ensure that all directors are properly briefed on issues arising at Board meetings. Prior to each Board meeting, directors are sent an agenda and Board papers for each agenda item to be discussed. Additional information is provided when requested by the Board or individual directors.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the applicable rules and regulations are complied with. All directors have access to the advice and services of the Company Secretary, and independent professional advice, if required, at the Company's expense. Removal of the Company Secretary would be a matter for the Board.

Board performance

A Board evaluation process led by the Chairman took place in August 2018. All of the directors completed a questionnaire about the effectiveness of the Board and the results were compiled on an anonymous basis by the Company Secretary. The Board reviewed the outcome of the questionnaire. A number of refinements in working practices were identified as a result of this exercise and have since been adopted. Individual effectiveness reviews and the approach to risk management were two particular areas which the Board agreed needed further work.

Also during August 2018 a review of the Chairman's performance over the last year was carried out by the completion of a questionnaire by other Board members. It is intended that this internal review will be carried out on an annual basis.

Board committees

As appropriate, the Board has delegated certain responsibilities to Board committees.

Audit Committee

The Audit Committee currently comprises Simon Shaw (Chairman), Iain Buchanan and Dr Bruce Campbell. Whilst it is not normal in larger companies for the chairman of the Company to chair the Audit Committee, the Company considers it appropriate for Simon Shaw to be Chairman as he is considered to have the most significant, recent and relevant financial experience of the non-executive directors.

The committee has primary responsibility for ensuring that the financial performance of the Group is properly measured and reported on and it reviews the interim financial information and annual financial statements before they are submitted to the Board. The committee reviews accounting policies and material accounting judgements. The committee also reviews, and reports on, reports from the Group's auditors relating to the Group's accounting controls. It makes recommendations to the Board on the appointment of auditors and the audit fee. The committee monitors the scope, results and cost-effectiveness of the audit. It has unrestricted access to the Group's auditors. In certain circumstances it is permitted by the Board for the auditors to supply non-audit services (in the provision of tax advice, or on specific projects where they can add value). The Audit Committee Report is detailed on page 26.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee currently comprises Paul Clegg (Chairman), Dr Bruce Campbell and Simon Shaw. The committee is responsible for making recommendations to the Board on remuneration policy for executive directors and the terms of their service contracts, with the aim of ensuring that their remuneration, including any share options and other awards, is based on their own performance and that of the Group generally. The committee administers the Long-Term Incentive Plan, the staff share option scheme and the Qualifying Non-Employee Option Scheme and approves grants under all three schemes. It also advises on the remuneration policy for the Group's employees. The committee is responsible for all senior appointments that are made within the Group. During the year ended 31 December 2018, the committee met three times with all members attending. The Directors' Remuneration Report is detailed on pages 22 to 25.

Scientific Advisory Board

The Company established a Scientific Advisory Board ('SAB') in 2016. The purpose of the SAB is to provide strategic advice and input on scientific aspects of Synairgen's research and development projects.

The SAB currently comprises Dr Phillip Monk (Chairman), Iain Buchanan, Dr Bruce Campbell, and Synairgen's three academic founders (Professors Stephen Holgate, Donna Davies and Ratko Djukanovic). Other external experts and Synairgen employees attend meetings as required. During the year under review the SAB met once to discuss new opportunities. Dr Bruce Campbell is responsible for feeding back the outputs from the SAB to the Company's Board.

Business model and strategy

As detailed in the Strategic Report on page 9, Synairgen's strategy is to identify novel drug targets, progress them through early stage clinical trials and license them to partners to advance through to commercialisation. The key challenges in execution are set out in the section of the Strategic Report entitled Principal risks and uncertainties.

Corporate culture

Synairgen is a biotechnology company focussed on developing new respiratory therapies which will make a difference to people's lives. Our core values to achieve this are:

- **Passion** – to demonstrate a passion for delivering high quality service;
- **Professionalism** – to demonstrate courtesy, honesty and responsibility when dealing with individuals or others in the business environment;
- **Collaboration** – to work effectively and inclusively with individuals, institutions, or other companies in the business environment;
- **Experience** – to demonstrate knowledge and skills in the business environment; and
- **Approachability** – to be accommodating, friendly and transparent when working with others.

These matters are reviewed annually during staff appraisals.

Corporate Governance Statement
(continued)

Investor relations

The directors seek to build a mutual understanding of objectives between the Company and its shareholders by meetings with major institutional investors and analysts after the Company's preliminary announcement of its year-end results and its interim results. The Company also maintains investor relations pages on its website (www.synairgen.com) to increase the amount of information available to investors.

There is an opportunity at the Annual General Meeting for individual shareholders to question the Chairman, the Chairmen of the Audit and Remuneration and Nomination committees, and the executive directors. Notice of the meeting is sent to shareholders at least 21 clear days before the meeting. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and indicates the level of proxies lodged on each resolution, after it has been dealt with by a show of hands. Details of the resolutions and explanations thereto are included with the notice.

Internal control and risk management

The directors are responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. The system of internal control is designed to mitigate, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The main features of the internal control system are as follows:

- a control environment exists through the close management of the business by the executive directors. The Group has a defined organisational structure with delineated approval limits. Controls are implemented and monitored by personnel with the necessary qualifications and experience;
- a list of matters reserved for board approval;
- monthly management reporting and analysis of variances;
- regular financial reforecasts;
- financial risks for each major transaction are identified and evaluated by the Board; and
- standard financial controls operate to ensure that the assets of the Group are safeguarded and that proper accounting records are maintained.

The Company maintains a summary risk register which is reviewed by the Board on an annual basis. The principal risks and uncertainties facing the Group, with mitigation strategies, are set out in the Strategic Report on pages 13 and 14. Project risk management is continually evaluated by weekly project meetings and other management tools. IT risk is covered at bi-annual meetings with external IT advisers. An annual Health and Safety report is prepared for the Board.

Simon Shaw
Chairman
22 February 2019

Directors' Remuneration Report

In previous years the Company has produced this report on a voluntary basis. In September 2018 the Company adopted the QCA Corporate Governance Code which includes the requirement to prepare a remuneration committee report. This report includes and complies with the disclosure obligations of the AIM Rules.

Remuneration Committee

The Company's remuneration policy is the responsibility of the Remuneration and Nomination Committee (the 'Committee'), which was established in October 2004. The terms of reference of the Committee are outlined in the Corporate Governance Statement on page 20. The members of the Committee are Paul Clegg (Chairman), Dr Bruce Campbell and Simon Shaw.

The Committee, which is required to meet at least twice a year, met three times during the year ended 31 December 2018 and considered the pay of the executive directors and ensured it understood pay arrangements more broadly across the Group. The Chief Executive Officer and certain executives may be invited to attend meetings of the Committee to assist it with its deliberations, but no executive is present when his or her own remuneration is discussed.

During the year, the Committee has been advised on director remuneration by its retained independent remuneration adviser, FIT Remuneration Consultants LLP. No other advice has been provided to the Group by this firm during the year.

Remuneration policy

(i) Executive remuneration

The Committee has a duty to establish a remuneration policy which will enable it to attract and retain individuals of the highest calibre to run the Group. Its policy is to ensure that the executive remuneration packages of executive directors and the fee of the Chairman are appropriate given performance, scale of responsibility, experience, and consideration of the remuneration packages for similar executive positions in companies it considers to be comparable. Packages are structured to motivate executives to achieve the highest level of performance in line with the best interests of shareholders. A significant element of the total remuneration package, in the form of bonus and long term incentive plan ('LTIP') awards, is performance driven.

Executive remuneration currently comprises a base salary, an annual performance-related bonus, LTIP participation, a pension contribution to the executive director's individual money purchase scheme or, where it is not permitted under HMRC rules, as a salary supplement after deducting an amount to reflect employers' NICs to ensure that the overall cost to the employer is not increased (at 9% of base salary) and typical benefits including family private health cover, permanent health and life assurance.

The previous salary and benefit review took effect from 1 January 2018. Salaries and benefits have been reviewed in February 2019, taking into account Group and individual performance, external benchmark information and internal relativities.

As a consequence of the 2019 review, the following changes were made with effect from 1 January 2019:

	1 January 2018 to 31 December 2018			From 1 January 2019		
	Salary per annum (£000)	Employer pension contribution as a % of salary	Maximum bonus as a % of salary	Salary per annum (£000)	Employer pension contribution as a % of salary	Maximum bonus as a % of salary
Richard Marsden	186	9%	100%	191	9%	100%
Dr Phillip Monk	135	9%	100%	137	9%	100%
John Ward	145	9%	100%	149	9%	100%

Executive directors are also rewarded for improvements in the performance of the Group sustained over a period of years in the form of Long-Term Incentive Plan share awards granted on a discretionary basis by the Committee.

Directors' remuneration for the year ended 31 December 2018 is set out on page 25 of this document.

(ii) Chairman and non-executive director remuneration

The Chairman and the non-executive directors receive a fixed fee of £25,000 per annum. The fixed fee covers preparation for and attendance at meetings of the full Board and committees thereof. A fee of £5,000 per annum is also paid for chairing each of the audit and remuneration committees. The Chairman and the executive directors are responsible for setting the level of non-executive remuneration. The non-executive directors are also reimbursed for all reasonable expenses incurred in attending meetings.

(iii) Annual bonus plan

The Company operates a discretionary bonus scheme for executive directors for delivery of exceptional performance against pre-set relevant corporate objectives, which are subject to malus and clawback provisions. The scheme for 2018 involved a range of operational milestone targets linked to the interferon beta programme, the LOXL2 programme and potential new opportunities. As the Group has not received any revenues from these achievements, the executive directors requested that the Committee defer a final decision regarding such bonuses until such a commercial benefit is delivered. No bonuses were therefore awarded in respect of the year ended 31 December 2018.

(iv) Equity-based incentive schemes

The Committee strongly believes that long term equity-based incentive schemes increase the focus of employees in improving Group performance, whilst at the same time providing a strong incentive for retaining and attracting individuals of a high calibre.

Long Term Incentive Plan (LTIP)

The Synairgen Long-Term Incentive Plan, comprising conditional (performance-related) share awards (technically structured as nominal cost options pursuant to which participants must pay 1p per share on the exercise of their awards) is the sole on-going long-term incentive vehicle for executive directors.

Senior executives and other employees may be granted an award which will normally vest if demanding performance conditions are achieved over a three-year period and if the grantee remains an employee of the Group.

Grants under the LTIP in any financial year are capped at a maximum of 100% of base salary.

As indicated in last year's report, an LTIP award was made in April 2018 during the six week period following the preliminary announcement of the results for the year ended 31 December 2017, with each of Richard Marsden, Phillip Monk and John Ward being granted awards over shares worth approximately 61.5% of salary, with performance conditions as set out below.

The Committee intends to make an LTIP award (the 2019 award) during the six week period following the preliminary announcement of the results for the year ended 31 December 2018, with each of Richard Marsden, Phillip Monk and John Ward being granted awards over shares worth up to 65% of salary with performance conditions similar to the 2018 LTIP award.

Executive directors are expected to retain no fewer than 50% of shares acquired upon vesting of awards under the LTIP, net of shares sold to pay taxes, until such time as, in combination with any other shares the executives may have acquired, they hold shares with a value equivalent to 100% of base salary.

All awards will lapse at the end of the applicable performance period to the extent that the applicable performance criteria conditions have not been satisfied with no opportunity for retesting. In the event of a good leaver event or a change of control of the Company, the LTIP awards may vest early, but only to the extent that, in the opinion of the Committee, the performance conditions have been satisfied at that time. The awards will generally also be subject to a time pro-rated reduction to reflect the reduced period of time between the grant of the awards and the time of vesting although this reduction may not be applied in certain cases.

Performance conditions for the 2015 LTIP awards

The awards were subject to two performance conditions. Firstly, awards would only vest to the extent that the percentage increase in the total shareholder return ('TSR', being the return earned by a shareholder over the performance period in terms of change in the share price and assuming re-investment of any dividends in more shares at the prevailing price on the relevant ex-dividend date) of the Company over the three year performance period was equal or greater than the percentage increase in the techMARK mediscience™ index over the same period as follows:

TSR growth over the performance period less percentage increase in the techMARK mediscience™ index over the same period	Vesting percentage of total number of shares subject to award
Less than 0%	0%
0%	25%
10%	50%
20%	100%
Performance between the steps	Pro-rata on a straight-line basis

Secondly, no award would vest unless the average annual growth in the TSR of the Company over the performance period was equal to or greater than RPI plus 2% or, for more than 75% of an award to vest, annual average TSR must exceed RPI by at least 5% rather than 2%.

No awards became exercisable during 2018 as the performance criteria conditions for the awards granted in 2015 were not met and accordingly these awards lapsed.

Performance conditions for the 2018 LTIP award

The performance conditions followed the same structure as set out above for the 2015 awards, except that the first condition thresholds were raised to the following:

TSR growth over the performance period less percentage increase in the techMARK mediscience™ index over the same period	Vesting percentage of total number of shares subject to award
Less than 10%	0%
10%	25%
20%	50%
30%	100%
Performance between the steps	Pro-rata on a straight-line basis

The second performance condition remained unchanged.

(v) Service contracts and letters of appointment

The executive directors have entered into service agreements which can be terminated on six months' notice by either party.

During the year ended 31 December 2018, the executive directors did not hold any non-executive directorships with other companies.

The Chairman and non-executive directors have entered into letters of appointment for an initial fixed period of twelve months, which renew automatically for a further twelve month period on the anniversary of commencement. The appointment can be terminated on three months' notice by either party.

Directors' interests in share options

The interests of directors in share options over ordinary shares during the year were as follows:

Synairgen Long-Term Incentive Plan

Date of grant	At 1 January 2018	Granted during the year	Lapsed during the year	At 31 December 2018	Exercise price	Earliest exercise date	Expiry date
Richard Marsden							
7 September 2009	605,000	–	–	605,000	1p	7 Sept 2012	6 Sept 2019
8 September 2010	246,889	–	–	246,889	1p	8 Sept 2013	7 Sept 2020
21 September 2011	538,063	–	–	538,063	1p	21 Sept 2014	20 Sept 2021
27 October 2015	387,931	–	(387,931)	–	1p	27 Oct 2018	26 Oct 2025
5 April 2018	–	880,903	–	880,903	1p	5 Apr 2021	4 Apr 2028
Dr Phillip Monk							
21 September 2011	400,212	–	–	400,212	1p	21 Sept 2014	20 Sept 2021
27 October 2015	280,172	–	(280,172)	–	1p	27 Oct 2018	26 Oct 2025
5 April 2018	–	636,208	–	636,208	1p	5 Apr 2021	4 Apr 2028
John Ward							
7 September 2009	100,000	–	–	100,000	1p	7 Sept 2012	6 Sept 2019
8 September 2010	224,445	–	–	224,445	1p	8 Sept 2013	7 Sept 2020
21 September 2011	489,148	–	–	489,148	1p	21 Sept 2014	20 Sept 2021
27 October 2015	301,724	–	(301,724)	–	1p	27 Oct 2018	26 Oct 2025
5 April 2018	–	685,147	–	685,147	1p	5 Apr 2021	4 Apr 2028

No options were exercised by directors during the year.

Synairgen Qualifying Non-Employee Option Scheme

Date of grant	At 1 January and 31 December 2018	Exercise price	Earliest exercise date	Expiry date
Iain Buchanan				
28 June 2010	212,765	23.5p	28 June 2013	27 June 2020
Paul Clegg				
7 September 2009	250,000	20p	7 Sept 2012	6 Sept 2019

These awards were granted under a legacy plan. The exercise of the options awarded in September 2009 (which vested in 2012) and in June 2010 (which vested in 2013) is subject to the rules of the scheme.

There were no other options granted to directors or which were exercised or lapsed during the year.

The mid-market price of the Company's shares at 31 December 2018 was 13.25p. During the year then ended, the mid-market price ranged from 11.25p to 26.00p. On 22 February 2019 the closing price was 16.25p.

Directors' Remuneration Report
(continued)

Audited information

The following section (Directors' remuneration) contains the disclosures required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, forms part of the financial statements for the year ended 31 December 2018 and has been audited by the Company's auditor, BDO LLP.

Directors' remuneration

The remuneration received by directors who served during the years ended 31 December 2018 and 2017 was as follows:

		Year ended 31 December 2018						Year ended 31 December 2017		
£000	Note	Salary/ fee	Bonus	Benefits	Total (excl. pension)	Pension	Total (incl. pension)	Total (excl. pension)	Pension	Total (incl. pension)
Executive Directors										
Richard Marsden	(i)	186	–	2	188	17	205	320	16	336
Dr Phillip Monk		135	–	1	136	12	148	229	12	241
John Ward		145	–	4	149	13	162	250	13	263
Non-executive Directors										
Simon Shaw		30	–	–	30	–	30	30	–	30
Iain Buchanan		25	–	–	25	–	25	25	–	25
Dr Bruce Campbell		25	–	–	25	–	25	25	–	25
Paul Clegg		30	–	–	30	–	30	30	–	30
Prof. Stephen Holgate		25	–	–	25	–	25	25	–	25
Total		601	–	7	608	42	650	934	41	975

(i) Richard Marsden was the highest paid director during the years ended 31 December 2018 and 2017. He did not exercise any options during either year.

(ii) The Company permits employees, including executive directors, to change their pension provision through an election under a flexible benefits arrangement. The reported numbers are before any personal elections.

(iii) The 2017 bonus awards were paid after the completion of the statutory audit.

In respect of key management personnel, for the year ended 31 December 2018, the total share-based payment amounted to £78,000 (2017: £98,000) and total social security costs were £62,000 (2017: £106,000).

By order of the Board

Paul Clegg

Chairman of the Remuneration and Nomination Committee

22 February 2019

Report of the Audit Committee

In September 2018 the Company adopted the QCA Corporate Governance Code and as a result an audit committee report has been prepared for the first time for the year ended 31 December 2018.

Constitution and membership

The Audit Committee (the 'Committee') has primary responsibility for ensuring that the financial performance of the Group is properly measured and reported on. It was established in October 2004 and its terms of reference are outlined in the Corporate Governance Statement on page 20.

The members of the Committee during the year under review and at the date of this report are Simon Shaw (Chairman), Iain Buchanan and Dr Bruce Campbell. Whilst it is not normal in larger companies for the chairman of the Company to chair the Audit Committee, the Company considers it appropriate for Simon Shaw to be Chairman as he is considered to have the most significant, recent and relevant financial experience of the non-executive directors.

Matters covered by the Committee

The Committee, which is required to meet at least twice a year, met five times during the year ended 31 December 2018, with all members present, and covered the following matters:

- January 2018: planning meeting for the 2017 year-end audit, including agreement of audit scope, materiality, areas of audit focus, accounting treatment for the renegotiation of collaboration agreement with Pharmaxis, audit fees and auditor independence.
- March 2018: audit completion meeting for the 2017 year-end audit, including review of the valuation model to support Synairgen plc's investment in Synairgen Research Limited, review of the financial forecast to support the Group's ability to account on a going concern basis, review of the auditor's report on the audit, and review of the annual report.
- August 2018: planning meeting for the 2018 interim review, including agreement of scope, materiality and areas of focus, and review of new International Financial Reporting Standards.
- September 2018: interims completion meeting for 2018, including review of report from the Company's auditors.
- December 2018: planning meeting for the 2018 year-end audit, including agreement of audit scope, materiality, areas of audit focus, audit fees and auditor independence.

The Committee also met in February 2019 for the audit completion meeting for the 2018 year-end audit, including review of the valuation model to support Synairgen plc's investment in Synairgen Research Limited, review of the financial forecast to support the Group's ability to account on a going concern basis, review of the auditor's report on the audit, and review of the annual report.

BDO, the Company's auditors, were present at all meetings. John Ward, the Company's Finance Director, was present at all meetings, except for when his performance was being discussed by the Committee.

Auditor independence

As set out in the Corporate Governance Statement on page 20, in certain circumstances it is permitted by the Board for the auditors to supply non-audit services (in the provision of tax advice, or on specific projects where they can add value). The Committee has approved and monitored the application of this policy in order to safeguard auditor objectivity and independence. The overall fees paid to the auditors for tax advice during the year (as detailed in note 4 to the Financial Statements on page 39) amounted to £16,000 and in relation to a Group audit fee of £32,000 are not deemed to be of such significance to them as to impair their independence.

Internal audit function

The Group does not have an internal audit function, but the Committee considers that this is appropriate, given the size and relative lack of complexity of the Group. The Committee keeps this matter under review annually.

Simon Shaw

Chairman of the Audit Committee

22 February 2019

Directors' Report

The directors present their report and the audited financial statements for Synairgen plc (the 'Company') and its subsidiary (together the 'Group') for the year ended 31 December 2018.

The review of future developments is covered in the Outlook section of the Strategic Report. Details of directors' remuneration and share options are given in the Directors' Remuneration Report.

Research and development

During the year ended 31 December 2018, the Group has invested £3,232,000 (2017: £2,061,000) in research and development activities and a review of this expenditure is included in the Strategic Report.

Going concern

The directors have prepared financial forecasts to estimate the likely cash requirements of the Group over the next twelve months, given its stage of development and lack of recurring revenues. In preparing these financial forecasts, the directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The directors have attempted to take a prudent view in preparing these forecasts, recognising the inherent variability in costs of the ongoing Phase II clinical trial.

After due consideration of these forecasts and current cash resources, the Directors consider that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report), and for this reason, the financial statements have been prepared on a going concern basis.

Treasury policy and financial risk management

The Group's treasury policy and financial risk management is set out in note 16 to the financial statements on pages 43 and 44.

Dividends

The directors do not propose the payment of a dividend.

Substantial shareholdings

As at 22 February 2019, the Company had been advised of the following shareholders with interests of 3% or more in its ordinary share capital:

Name of shareholder	Number of ordinary shares	% of share capital
Woodford Investment Management LLP	24,316,651	22.2%
Lansdowne Partners International Limited	20,673,111	18.9%
Richard Griffiths	15,391,112	14.1%
Leonard Licht	10,700,000	9.8%
Southampton Asset Management Limited	3,600,000	3.3%

Directors

The directors of the Company during the year ended 31 December 2018 were:

Executive directors:

Richard Marsden (Chief Executive Officer)
Dr Phillip Monk (Chief Scientific Officer)
John Ward (Finance Director)

Non-executive directors:

Simon Shaw (Chairman)
Iain Buchanan
Dr Bruce Campbell
Paul Clegg
Prof. Stephen Holgate CBE

Directors' interests in ordinary shares

The directors, who held office at 31 December 2018, had the following interests in the ordinary shares of the Company:

	31 December 2018 Number of shares	1 January 2018 Number of shares
Richard Marsden (i)	310,682	154,432
Dr Phillip Monk	230,314	183,439
John Ward	339,006	276,506
Simon Shaw (ii)	1,474,096	1,474,096
Iain Buchanan	112,741	112,741
Dr Bruce Campbell (iii)	294,259	294,259
Paul Clegg (iv)	204,244	204,244
Prof. Stephen Holgate (v)	858,360	858,360

(i) Richard Marsden's shareholding includes 156,250 shares held in his pension plan.
(ii) Simon Shaw's shareholding includes 105,516 shares held in his pension plan.
(iii) Dr Bruce Campbell's shareholding includes 40,299 shares owned by his wife, Susan Campbell.
(iv) Paul Clegg's shareholding includes 180,149 shares held in his pension plan.
(v) Prof. Stephen Holgate's shareholding includes 1,923 shares owned by his wife, Elizabeth Holgate.

Between 31 December 2018 and the date of this report there has been no change in the interests of directors in shares as disclosed in this report.

Directors' and officers' liability insurance

Qualifying indemnity Insurance cover has been arranged in respect of the personal liabilities which may be incurred by directors and officers of the Group during the course of their service with the Group. This insurance has been in place during the year and to the date of this report.

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 Company'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.

By order of the Board

John Ward
Company Secretary
22 February 2019

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

John Ward

Company Secretary

22 February 2019

Independent Auditor's Report to the members of Synairgen plc

Opinion

We have audited the financial statements of Synairgen plc (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Parent Company Balance Sheet, Parent Company Statement of Changes in Equity 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 2018 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 United Kingdom Generally Accepted Accounting Practice; 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 group and the parent 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.

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.

Key audit matters impacting the group financial statements

In respect of our audit of the group financial statements we have determined that there are no key audit matters to communicate in our report.

Key audit matters impacting the parent company financial statements only

Investment in subsidiary: impairment review

As at 31 December 2018, the company held an investment of £24.3m in its subsidiary, Synairgen Research Limited (as set out in note 4 of the parent company financial statements). At each reporting date, management carries out an impairment review in accordance with IAS 36 and industry practice that involves assessing the recoverable amount of the investment by estimating future cash flows and discounting to present value. There is inherent uncertainty in estimating the timing and extent of future cash flows of a drug development company.

Independent Auditor's Report to the members of Synairgen plc
(continued)

The degree of estimation and complexity involved in the impairment review, for example in determining the appropriate discount rate and clinical success probabilities to be applied to the cash flows, causes us to consider this to be a significant audit risk.

How We Addressed the Key Audit Matter in the Audit

We challenged the impairment review prepared by management through assessing the appropriateness of the key assumptions including:

- The discount rate – through use of specialists and carrying out sensitivity analysis;
- The scale of the market opportunities – with reference to third party sources such as medical journals and publicly available information in respect of the structure and quantum of transactions involving similar assets; and
- The risk-weighting of estimated future cash flows - ensuring, through third party sources, that these weightings are in line with industry valuation practice.

We have assessed the methodology used in the preparation of the model with reference to the requirements of IAS 36 and established industry practice.

We have also performed sensitivity analysis to test whether a reasonably possible change could result in an impairment. We also considered the adequacy of the disclosures in the financial statements relating to the directors' assessment.

Our application of materiality

Group Materiality: £200,000 (2017: £170,000).
Parent Company materiality: £140,000 (2017: £110,000).

Our group materiality was based upon 5% of the loss before tax for the year (2017: 5% of the normalised loss before tax for the year) from research and development activities. We consider losses before tax to be one of the principal considerations for members of the company in assessing the financial performance of the group.

The audit of Synairgen Research Limited was performed to a materiality calculated on the same basis as that of the group, while materiality for Synairgen plc, as the holding company, was net asset based.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Performance materiality was set at 75 per cent of the above materiality levels. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements based on past experience and other factors.

Where financial information from the two components was audited separately, component materiality levels were set for this purpose at lower levels varying from £140,000 to £180,000.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £4,000 (2017: £8,500). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group's operations are based solely in Southampton, United Kingdom.

The scope of our group audit was established by obtaining an understanding of the group, including its control environment, and assessing the risks of material misstatement.

Both components, Synairgen plc and Synairgen Research Limited, are considered significant components and were subject to full-scope audits by BDO LLP.

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.

Opinion 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 the 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, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 29, 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 the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Oliver (Senior Statutory Auditor)

For and on behalf of

BDO LLP, Statutory Auditor

Reading, United Kingdom

22 February 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Revenue		**105**	5,025
Research and development expenditure		**(3,232)**	(2,061)
Other administrative expenses		**(1,005)**	(1,349)
Total administrative expenses		**(4,237)**	(3,410)
(Loss)/Profit from operations	4	**(4,132)**	1,615
Finance income	6	**36**	14
(Loss)/Profit before tax		**(4,096)**	1,629
Tax	7	**795**	132
(Loss)/Profit and total comprehensive (loss)/income for the period attributable to equity holders of the parent		**(3,301)**	1,761
(Loss)/Earnings per ordinary share	8		
Basic (loss)/earnings per share (pence)		**(3.47)p**	1.93p
Diluted (loss)/earnings per share (pence)		**(3.47)p**	1.87p

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total £000
Note	18a	18b	18c	18d	
At 1 January 2017	914	25,771	483	(22,483)	4,685
Recognition of share-based payments	–	–	–	113	113
Profit and total comprehensive income for the year	–	–	–	1,761	1,761
At 31 December 2017	914	25,771	483	(20,609)	6,559
Issue of ordinary shares	180	2,700	–	–	2,880
Transaction costs in respect of share issue	–	(209)	–	–	(209)
Recognition of share-based payments	–	–	–	98	98
Loss and total comprehensive loss for the year	–	–	–	(3,301)	(3,301)
At 31 December 2018	**1,094**	**28,262**	**483**	**(23,812)**	**6,027**

Consolidated Statement of Financial Position

as at 31 December 2018

	Notes	31 December 2018 £000	31 December 2017 £000
Assets			
Non-current assets			
Intangible assets	9	**29**	45
Property, plant and equipment	10	**374**	12
		403	57
Current assets			
Inventories	11	**56**	56
Current tax receivable		**795**	71
Trade and other receivables	12	**216**	633
Other financial assets – bank deposits	13	**50**	2,000
Cash and cash equivalents	14	**5,284**	4,845
		6,401	7,605
Total assets		**6,804**	7,662
Liabilities			
Current liabilities			
Trade and other payables	15	**(777)**	(1,103)
Total liabilities		**(777)**	(1,103)
Total net assets		**6,027**	6,559
Equity			
Capital and reserves attributable to equity holders of the parent			
Share capital	17	**1,094**	914
Share premium	17	**28,262**	25,771
Merger reserve	18	**483**	483
Retained deficit	18	**(23,812)**	(20,609)
Total equity		**6,027**	6,559

The financial statements on pages 33 to 46 were approved and authorised for issue by the Board of directors on 22 February 2019 and signed on its behalf by:

Richard Marsden
Chief Executive Officer

John Ward
Finance Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2018

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Cash flows from operating activities		
(Loss)/Profit before tax	**(4,096)**	1,629
Adjustments for:		
Finance income	**(36)**	(14)
Depreciation	**24**	7
Amortisation	**16**	17
Share-based payment charge	**98**	113
Cash flows from operations before changes in working capital	**(3,994)**	1,752
Increase in inventories	**–**	(1)
Decrease/(Increase) in trade and other receivables	**426**	(548)
(Decrease)/Increase in trade and other payables	**(326)**	243
Cash (used in)/generated from operations	**(3,894)**	1,446
Tax credit received	**71**	621
Net cash (used in)/generated from operating activities	**(3,823)**	2,067
Cash flows from investing activities		
Interest received	**27**	19
Purchase of property, plant and equipment	**(386)**	(6)
Decrease/(Increase) in other financial assets	**1,950**	(339)
Net cash generated from/(used in) investing activities	**1,591**	(326)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**2,880**	–
Transaction costs in respect of share issue	**(209)**	–
Net cash generated from financing activities	**2,671**	–
Increase in cash and cash equivalents	**439**	1,741
Cash and cash equivalents at beginning of the period	**4,845**	3,104
Cash and cash equivalents at end of the period	**5,284**	4,845

Notes to the Consolidated Financial Statements

for the year ended 31 December 2018

1. Accounting policies

Basis of preparation

The Group 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 preparing their financial statements under IFRSs.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 9 and IFRS 15.

Adoption of new standards

IFRS 9

The Group adopted IFRS 9 Financial Instruments, which addresses the classification, measurement and derecognition of financial assets and financial liabilities, on 1 January 2018, considering the cumulative impact at this date in assessing whether an adjustment to opening reserves is required. This standard also had no financial impact on either the current or comparative periods.

IFRS 15

IFRS 15 Revenue from Contracts with Customers has replaced IAS 18, effective for accounting periods beginning on or after 1 January 2018. The Group has transitioned to the new standard through means of the cumulative effect method as at 1 January 2018 (the date of initial application). It has performed an impact assessment, taking advantage of the practical expedient not to apply IFRS 15 to any contracts that were completed contracts at that date and, instead, to continue to apply IAS 18 to those contracts. No material transitional entries were required on the adoption of IFRS 15 at its date of initial application. An explanation of the accounting treatment adopted for completed contracts in all periods presented, and in future accounting periods, is set out in the revenue accounting policy below.

The recognition policy for future revenues, which may arise from new collaboration or licensing agreements signed after 1 January 2018, will be considered under IFRS 15, when they arise.

New standards and interpretations not applied

There is one major new IFRS issued by the IASB which is mandatory for periods shown below:

IFRS	Title	Effective for periods beginning on or after
IFRS 16	Leases	1 January 2019

IFRS 16 Leases

Under the provisions of IFRS 16 most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated and the liability increased for the accretion of interest and reduced by lease payments.

The Group currently has one operating lease with its landlord, the University of Southampton, as disclosed in note 19, which is cancellable by the Group on three months' notice, and which will need to be considered under IFRS 16. As the lease commitment is less than one year, the Group expects to adopt the practical expedient not to recognise a right-of-use asset and the associated liability.

The Directors do not anticipate that the adoption of other new standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

The Group financial statements are presented in Sterling.

Going concern

The directors have prepared financial forecasts to estimate the likely cash requirements of the Group over the next twelve months, given its stage of development and lack of recurring revenues. In preparing these financial forecasts, the directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The directors have attempted to take a prudent view in preparing these forecasts, recognising the inherent variability in costs of the ongoing Phase II clinical trial.

After due consideration of these forecasts and current cash resources, the Directors consider that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report), and for this reason, the financial statements have been prepared on a going concern basis.

1. Accounting policies (continued)

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (as detailed in note 4 to the Parent Company Financial Statements on page 50) made up to the reporting date. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The formation of the Group arose from merger accounting and as the business combination took place prior to 1 July 2006, the date of transition to IFRS, the transaction has not been restated as permitted by IFRS 1 "First-time Adoption of International Financial Reporting".

Revenue
Revenue is stated net of value added tax.

The Group's licensing and collaboration agreement with Pharmaxis in respect of the jointly developed LOXL2 inhibitors was renegotiated in December 2017. As no substantive performance obligations remained at 1 January 2018, it was treated as a completed contract on transition to IFRS 15 and the Group elected to account for the income related to it in the 2017 financial year, together with any future income resulting from the Group's share of its partner's future income from the collaboration, under IAS 18. Only the up-front receipt was recognised as revenue in 2017, as a reliable estimate of the other amounts which might be received could not be made at that time. Revenue from other amounts which may be received in future under this agreement, will be recognised when a reliable estimate can be made, which is likely to be when the partner's income has been earned and the Group's share is contractually due.

Revenue from the provision of services (which is not considered to be material in the current or prior year) is recognised over time, based on the estimated stage of completion of the contracted work.

Research and development
All ongoing research expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as set out in IAS 38 "Intangible Assets", are not met until a product has been submitted for regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no such qualifying expenditure.

Employee benefits
All employee benefit costs, notably salaries, holiday pay, bonuses and contributions to personal defined contribution pension schemes are charged to the consolidated statement of comprehensive income on an accruals basis.

Share-based payments
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. 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. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Intangible assets
Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Patent costs are amortised over ten years on a straight-line basis and the amortisation cost is charged to research and development expenditure in the consolidated statement of comprehensive income.

Property, plant and equipment
Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost of property, plant and equipment less their estimated residual value over their expected useful lives, which are as follows:

Computer equipment:	3 years
Laboratory and clinical equipment:	5 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2018 (continued)

Inventories
Inventories are stated at the lower of cost and net realisable value.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets
The Group classifies its financial assets as financial assets held at amortised cost.

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured at amortised cost comprise trade and other receivables, other financial assets and cash and cash equivalents in the consolidated statement of financial position. Other financial assets comprise short-term deposits not meeting the IAS 7 definition of a cash equivalent. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities
The Group classifies its financial liabilities as financial liabilities held at amortised cost. Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Leased assets
Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Taxation
Income tax is recognised or provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Research and development tax credits are included as an income tax credit under current assets.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the reporting date except for differences arising on:

- 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 could not reverse in the foreseeable future; and
- 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.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Recognition of deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the temporary difference can be utilised. Deferred tax balances are not discounted.

2. Critical accounting estimates and judgements

Critical accounting estimates, assumptions and judgements are continually evaluated by management based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

There are no critical accounting estimates and judgements.

3. Segmental analysis

The Group operates in one area of activity, namely drug discovery and development. All assets of the Group are located within the United Kingdom and all (losses)/profits were generated in that territory. The revenue generated in 2018 was generated from one customer (2017: two customers).

4. (Loss)/Profit from operations

The (loss)/profit from operations has been arrived at after charging:

	2018 £000	2017 £000
Depreciation of property, plant and equipment	**24**	7
Amortisation of intangible assets	**16**	17
Operating lease rentals payable:		
Land and buildings	**72**	71
Other operating lease rentals	**93**	93

The fees of the Group's auditor, BDO LLP, for services provided are analysed below:	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Group and Company financial statements	**18**	15
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiary, pursuant to legislation	**14**	15
Audit-related assurance services	**5**	5
Tax compliance services	**8**	8
Tax advisory services	**8**	14
Total fees	**53**	57

5. Employee benefit expense

The average monthly number of employees (including executive directors) was:

	2018	2017
Research	**9**	8
Administration	**3**	3
	12	11

Their aggregate remuneration comprised:	2018 £000	2017 £000
Wages and salaries	**729**	1,091
Social security costs	**84**	138
Pension costs – defined contribution plans	**94**	102
Total cash-settled remuneration	**907**	1,331
Accrued holiday pay	**(8)**	5
Share-based payment	**98**	113
Total remuneration	**997**	1,449

For the purpose of presentation in the Consolidated Statement of Comprehensive Income, remuneration costs of £507,000 (2017: £668,000) are included in research and development expenditure and £490,000 (2017: £781,000) are included in other administrative expenses.

Key management compensation

The directors represent the key management personnel and details of their remuneration are given in the Directors' Remuneration Report.

In respect of directors' remuneration, the disclosures required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the detailed disclosures in the audited section of the Remuneration Report on page 25, which are ascribed as forming part of these financial statements.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2018 (continued)

6. Finance income

For the years ended 31 December 2018 and 2017 Finance income represents bank interest receivable.

7. Taxation

Current tax

	2018 £000	2017 £000
UK corporation tax credit on (loss)/profit for the year	**(795)**	(71)
Adjustment in respect of prior years	**–**	(61)
Total income tax credit	**(795)**	(132)

The tax assessed on the (loss)/profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:	2018 £000	2017 £000
(Loss)/Profit on ordinary activities before tax	**(4,096)**	1,629
(Loss)/Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK	**(778)**	314
Effects of:		
Tax relief on share option exercises	**(2)**	–
Expenses not deductible for tax purposes	**19**	22
Enhanced research & development relief	**(620)**	(452)
Variable rates on tax losses surrendered for research & development tax credit	**247**	23
Movement in unrecognised losses and temporary differences	**339**	22
Overprovision in respect of previous years	**–**	(61)
Total tax credit for the current year	**(795)**	(132)

Deferred taxation

Changes in tax rates and factors affecting the future tax charge

Finance Act 2015 included provision for the main rate of corporation tax to reduce from 20% to 19% on 1 April 2017. Finance Act 2016 included provision for the rate to reduce further to 17% on 1 April 2020. This will reduce the Company's future tax charge accordingly. The 17% tax rate was substantively enacted on 15 September 2016. Accordingly, deferred tax balances have been recognised at 17%, being the rate of corporation tax expected to be in force at the time these timing differences are expected to reverse.

Recognised deferred taxation	2018 £000	2017 £000
Accelerated capital allowances	**62**	1
Other temporary differences	**(2)**	(1)
Trading losses	**(60)**	–
Charge for the year	**–**	–

Unrecognised deferred taxation

At 31 December 2018 the Group has trading losses carried forward which are available for offset against future profits of the Group amounting to £14,964,000 (2017: £12,978,000) and non-trading losses of £2,222,000 (2017: £2,016,000). At 31 December 2018 the Group has an unrecognised deferred tax asset in respect of these losses of £2,922,000 (2017: £2,549,000). The full utilisation of these losses in the foreseeable future is uncertain and no deferred tax asset has therefore been recognised.

In addition to the deferred tax asset on losses, the Group has a potential future tax deduction on share options of £429,000 (2017: £369,000) and a deferred tax asset of £73,000 (2017: £63,000) thereon. The additional tax deduction will crystallise at the point the options are exercised. As the utilisation of this additional deduction against taxable profits in the Group is uncertain, no deferred tax asset has been recognised in respect of the future tax deduction on share options.

7. Taxation (continued)

The movement on the unrecognised deferred tax asset comprises the following:

	2018 £000	2017 £000
Unrecognised deferred tax asset at the start of the year	**(2,612)**	(2,667)
Movement in year	**(383)**	55
Unrecognised deferred tax asset at the year-end	**(2,995)**	(2,612)

8. (Loss)/Earnings per ordinary share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, being share options where the exercise price is less than the average market price of the Company's ordinary shares during the year and where performance conditions have been met or, in the case of options where the performance period is not completed, are being met.

Where there is a loss (as for the year ended 31 December 2018), the loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic loss per share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore antidilutive under the terms of IAS 33.

The (losses)/earnings and the number of weighted average number of shares used in the calculations are as follows:

	Losses £000	Shares 000	2018 LPS pence	Earnings £000	Shares 000	2017 EPS pence
Basic (loss)/earnings per share	(3,301)	95,263	(3.47)	1,761	91,363	1.93
Effect of additional shares under option	–	–	–	–	2,873	(0.06)
Diluted (loss)/earnings per share	**(3,301)**	**95,263**	**(3.47)**	**1,761**	**94,236**	**1.87**

9. Intangible assets

	Patent costs £000
Cost	
At 1 January 2017, 31 December 2017 and 2018	**212**
Amortisation	
At 1 January 2017	150
Charge for the year	17
At 31 December 2017	167
Charge for the year	16
At 31 December 2018	**183**
Net book amount	
At 31 December 2018	**29**
At 31 December 2017	45
At 1 January 2017	62

At 31 December 2018 £29,000 (31 December 2017: £45,000) of the net book amount relates to interferon beta patent costs.

10. Property, plant and equipment

	Computer equipment £000	Laboratory and clinical equipment £000	Total £000
Cost			
At 1 January 2017	37	135	172
Additions	3	3	6
At 31 December 2017	40	138	178
Additions	4	382	386
At 31 December 2018	**44**	**520**	**564**
Depreciation			
At 1 January 2017	32	127	159
Charge for the year	5	2	7
At 31 December 2017	37	129	166
Charge for the year	2	22	24
At 31 December 2018	**39**	**151**	**190**
Net book value			
At 31 December 2018	**5**	**369**	**374**
At 31 December 2017	3	9	12
At 1 January 2017	5	8	13

11. Inventories

	2018 £000	2017 £000
Raw materials	**56**	56

Raw materials comprises the Group's BioBank.

12. Trade and other receivables

Amounts receivable within one year:	2018 £000	2017 £000
Trade receivables	**–**	292
Other tax and social security	**81**	69
Prepayments and accrued income	**135**	272
	216	633

13. Other financial assets – bank deposits

Amounts receivable within one year:	2018 £000	2017 £000
Sterling floating rate deposit of greater than three months' maturity at inception	**50**	2,000

14. Cash and cash equivalents

	2018 £000	2017 £000
Cash available on demand	**5,284**	4,845

At 31 December 2018, £2,000,000 (2017: £1,000,000) was on 32 days' notice.

15. Trade and other payables

	2018 £000	2017 £000
Trade payables	**305**	282
Social security and other taxes	**44**	94
Accrued expenses and deferred income	**428**	727
	777	1,103

16. Financial instruments

	Notes	2018 Book and fair value £000	2017 Book and fair value £000
Financial assets			
Loans and receivables			
Trade and other receivables	(i)	**56**	506
Other financial assets (less than one year)		**50**	2,000
Cash and cash equivalents (less than one year)		**5,284**	4,845
Total		**5,390**	7,351
Financial liabilities			
Other financial liabilities			
Trade and other payables (less than one year)	(ii)	**733**	1,009

(i) Trade and other receivables shown above excludes prepayments and other taxes, which are not a contractual right to receive cash, amounting to £160,000 (2017: £127,000).

(ii) Trade and other payables shown above excludes amounts due in respect of social security and other taxes and deferred income, which are not a contractual obligation to pay cash, amounting to £44,000 (2017: £94,000).

The objective of holding financial instruments is to have access to finance for the Group's operations and to manage related risks. The main risks arising from holding these instruments are interest rate risk, liquidity risk, credit risk and currency risk.

Interest rate risk

The Group's deposit balances are subject to the risk of fluctuating base rates.
Interest rate risk profile of financial assets, excluding short-term debtors:

	2018 Floating rate financial assets £000	2017 Floating rate financial assets £000
Australian Dollar	**–**	1
Euro	**8**	1
Sterling	**5,326**	6,843
	5,334	6,845

16. Financial instruments (continued)

Short-term deposits are placed with banks for periods of up to twelve months and are categorised as floating-rate financial assets. Contracts in place at 31 December 2018 had a weighted average period to maturity of 53 days and a weighted average annualised rate of interest of 0.85% (2017: 95 days, 0.70%).

Sensitivity analysis

It is estimated that an increase of quarter of one percentage point in interest rates would have decreased/increased the Group's (loss)/profit before taxation by approximately £14,000 (2017: £9,000).

Liquidity risk

The Group's policy is to maintain adequate cash resources to meet liabilities as they fall due. All Group payable balances as at 31 December 2018 and 31 December 2017 fall due for payment within one year. Cash balances are placed on deposit for varying periods with reputable banking institutions to ensure there is limited risk of capital loss. The Group does not maintain an overdraft facility.

Credit risk

The Group's credit risk is attributable to its banking deposits. The Group follows a risk-averse policy of treasury management. Sterling deposits are held with one or more approved UK-based financial institutions and in the Institutional Cash Series plc Institutional Sterling Liquidity Fund managed by BlackRock Investment Management (UK) Limited. The Group's primary treasury objective is to minimise exposure to potential capital losses whilst at the same time securing prevailing market rates.

Currency risk

During the year under review, the Group was exposed to Euro currency movement as pharmaceutical development costs for the interferon beta trial were denominated in Euros. To hedge against currency movement, the Group purchased Euros before the payment was due.

Capital structure and funding

The Group is funded by equity capital, reflecting the early stage nature of its discovery and development programmes.

The Group considers its capital to be its total equity, which at 31 December 2018 amounted to £6.03 million (2017: £6.56 million). The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to equity holders of the Company and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages this objective through tight control of its cash resources and, upon reaching significant drug development programme milestones (to decrease investment risk), by raising additional equity from shareholders to meet its forecast future cash requirements.

Net funds held by the Group at 31 December 2018 amounted to £5.33 million and comprised short-term deposits (with original maturities of greater than three months and less than one year) and cash and cash equivalents as shown below:

	2018 £m	2017 £m	2016 £m	2015 £m	31 Dec 2014 £m
Short-term deposits	0.05	2.00	1.66	3.72	6.75
Cash and cash equivalents	5.28	4.85	3.11	3.99	2.85
Net funds	**5.33**	**6.85**	**4.77**	**7.71**	**9.60**

The Group did not have any bank borrowings as at 31 December 2018 (2017: £nil).

There have been eight significant issues of shares raising a total (net of costs) of £29.72 million, with the most recent raising £2.67 million in October 2018. The other major sources of funding received by the Group from the formation of the business until 31 December 2018 have been: revenues from licensing transactions of £9.25 million, research and development tax credits of £3.74 million, bank interest of £1.76 million, and revenues from collaborative work of £0.79 million.

17. Share capital, share premium and share-based payment

	Notes	Number of shares	Ordinary shares of 1p each £000	Share premium £000	Total £000
At 1 January 2017 and 2018		91,362,612	914	25,771	26,685
Issuance of ordinary shares	(i) - (ii)	18,070,830	180	2,700	2,880
Costs of issuance of shares		–	–	(209)	(209)
At 31 December 2018		**109,433,442**	**1,094**	**28,262**	**29,356**

(i) 70,205 ordinary shares of 1p were issued on 29 March 2018 at par following the exercise of share options under the Company's long term incentive plan (LTIP).

(ii) 18,000,625 ordinary shares of 1p each were issued on 15 October 2018 at a premium of 15p to fund an increase in the size of the Phase II clinical trial in COPD, to enable investment in new opportunities and to provide working capital.

At the Company's 2015 Annual General Meeting held on 22 June 2015 shareholders passed a special resolution removing the restriction on the Company's share capital and amending the articles of association of the Company so that the number of shares the Company can allot and issue became unlimited.

All issued shares are fully paid.

Options

At 31 December 2018 there were options outstanding over 6,087,819 un-issued ordinary shares, equivalent to 5.6% of the issued share capital, as follows:

Date of grant	Number of shares	Exercise price	Earliest exercise date	Latest exercise date
7 September 2009 (LTIP)	705,000	1p	7 September 2012	6 September 2019
7 September 2009 (QNEOS)	250,000	20p	7 September 2012	6 September 2019
28 June 2010 (QNEOS)	212,765	23.5p	28 June 2013	27 June 2020
8 September 2010 (LTIP)	471,334	1p	8 September 2013	7 September 2020
21 September 2011 (LTIP)	1,626,404	1p	21 September 2014	20 September 2021
5 April 2018 (LTIP)	2,822,316	1p	5 April 2021	4 April 2028
	6,087,819			

The Group has no legal or constructive obligation to repurchase or settle the options in cash. The movement in the number of share options is set out below:

	2018 Number	2018 Weighted average exercise price	2017 Number	2017 Weighted average exercise price
Outstanding at start of the year	**4,529,237**	**3.1p**	5,629,647	2.9p
Granted during the year	**2,822,316**	**1.0p**	–	n/a
Exercised during the year	**(70,205)**	**1.0p**	–	n/a
Lapsed during the year	**(1,193,529)**	**1.0p**	(1,100,410)	2.0p
Number of outstanding options at year-end	**6,087,819**	**2.6p**	4,529,237	3.1p

At 31 December 2018, 3,265,503 share options were capable of being exercised, with exercise prices ranging from 1p to 23.5p (2017: 3,335,708, with exercise prices ranging from 1p to 23.5p). The options outstanding at 31 December 2018 had a weighted average remaining contractual life of 5.3 years (2017: 4.2 years). Vesting conditions are disclosed in the Directors' Remuneration Report.

The Group uses a number of share-based incentive schemes as detailed above and in the Directors' Remuneration Report on pages 22 and 23. The fair value per award granted and the assumptions are as follows:

Date of Grant	Type of award	Number of shares	Exercise price (p)	Share price at date of grant (p)	Fair value per option (p)	Award life (years)	Risk free rate	Expected volatility rate	Performance conditions
7 Sept 2009	LTIP	705,000	1p	18.5p	7.1p	3	2.09%	30%	Market
7 Sept 2009	QNEOS	250,000	20p	18.5p	4.0p	5	2.67%	30%	Market
28 Jun 2010	QNEOS	212,765	23.5p	23.5p	5.6p	5	2.09%	30%	Market
8 Sept 2010	LTIP	471,334	1p	24.25p	12.1p	3	0.92%	40%	Market
21 Sept 2011	LTIP	1,626,404	1p	22.5p	13.4p	3	0.79%	56%	Market
5 Apr 2018	LTIP	2,822,316	1p	13.0p	7.5p	3	0.90%	56%	Market
		6,087,819							

The Company has applied IFRS 2 to all the above share-based payments and the following comments apply to these options:

(i) Stochastic valuation methodology was used for all awards.
(ii) Expected dividend yield is nil, consistent with the Directors' view that the Group's model is to generate value through capital growth rather than payment of dividends.
(iii) The risk free rate is equal to the prevailing UK Gilts rate at grant date that most closely matches the expected term of the grant.
(iv) The fair value charge is spread evenly over the expected vesting period.
(v) The charge for the year ended 31 December 2018 for share-based payment amounted to £98,000 (2017: £113,000).

18. Capital and reserves

18a Share capital

Share capital represents the nominal value of shares issued.

18b Share premium

Share premium represents amounts subscribed for share capital in excess of nominal value less the related costs of share issues.

18c Merger reserve

The merger reserve represents the reserve arising on the acquisition of Synairgen Research Limited on 11 October 2004 via a share for share exchange accounted for as a Group reconstruction using merger accounting under UK GAAP.

18d Retained deficit

The retained deficit represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income, adjusted for cumulative recognised share-based payments.

19. Commitments under operating leases

The total future value of minimum lease payments committed at the balance sheet date under non-cancellable operating leases is due as follows:

Not later than one year	2018 £000	2017 £000
Land and buildings	**18**	18
Other	**23**	23
	41	41

20. Related party transactions and balances

Details of key management personnel and their compensation are given in note 5 and on page 25 of the Directors' Remuneration Report. .

Parent Company Balance Sheet

as at 31 December 2018

Company number: 5233429

	Notes	31 December 2018 £000	31 December 2017 £000
Fixed assets			
Investments	4	**24,262**	20,072
Current assets			
Debtors	5	**118**	124
Investments: short-term deposits		**50**	2,000
Cash at bank and in hand		**5,125**	4,792
		5,293	6,916
Creditors: amounts falling due within one year	6	**(42)**	(38)
Net current assets		**5,251**	6,878
Total assets less current liabilities		**29,513**	26,950
Capital and reserves			
Called up share capital		**1,094**	914
Share premium account		**28,262**	25,771
Retained earnings		**157**	265
Shareholders' funds		**29,513**	26,950

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's loss for the year ended 31 December 2018 was £206,000 (2017: loss of £204,000).

The financial statements on pages 47 to 50 were approved and authorised for issue by the Board of directors on 22 February 2019 and signed on its behalf by:

Richard Marsden
Chief Executive Officer

John Ward
Finance Director

Parent Company Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £000	Share premium account £000	Retained earnings £000	Shareholders' funds £000
At 1 January 2017	914	25,771	356	27,041
Loss for the year and total comprehensive loss	–	–	(204)	(204)
Share-based payment credit	–	–	113	113
At 31 December 2017	914	25,771	265	26,950
Issuance of ordinary shares	180	2,700	–	2,880
Transaction costs in respect of share issues	–	(209)	–	(209)
Loss for the year and total comprehensive loss	–	–	(206)	(206)
Share-based payment credit	–	–	98	98
At 31 December 2018	**1,094**	**28,262**	**157**	**29,513**

Notes to the Parent Company Financial Statements

for the year ended 31 December 2018

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU-endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosures of related party transactions with other wholly-owned members of Synairgen plc group of companies.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- share-based payments; or
- financial instruments.

Going Concern

The directors have prepared financial forecasts for the next twelve months to estimate the likely cash requirements of the Company and its subsidiary Synairgen Research Ltd, to which the Company has confirmed its intention to provide financial support for a period of not less than one year from the date that its financial statements for the year ended 31 December 2018 are signed, given its stage of development and lack of recurring revenues. In preparing these financial forecasts, the directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The directors have attempted to take a prudent view in preparing these forecasts, recognising the inherent variability in costs of the ongoing Phase II clinical trial being conducted by Synairgen Research Ltd.

After due consideration of these forecasts and current cash resources, the Directors consider that the Company has adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report), and for this reason, the financial statements have been prepared on a going concern basis.

Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, except for the adoption of IFRS 9.

Investment in subsidiary undertakings

Investments in subsidiary undertakings where the Company has control are stated at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company classifies its financial assets as financial assets held at amortised cost.

These assets incorporate types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company's financial assets measured at amortised cost comprise debtors, investments: short-term deposits and cash and cash equivalents in the balance sheet. Investments: short-term deposits comprise short-term deposits not meeting the definition of a cash equivalent. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The Company classifies its financial liabilities as financial liabilities held at amortised cost. Trade creditors are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

1. Accounting policies (continued)

Share-based payments
When the Company grants options over equity instruments directly to the employees of a subsidiary undertaking, the effect of the share-based payment is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

Taxation
The charge for taxation is based on the loss for the period and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Share capital
The Company's ordinary shares are classified as equity instruments. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

2. Critical accounting estimates and judgements

Critical accounting estimates, assumptions and judgements are continually evaluated by management based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

The Company holds a significant investment in its subsidiary, Synairgen Research Limited, of £24.3 million (2017: £20.1 million). In assessing the carrying value of this asset for impairment, the directors have exercised judgement in estimating its recoverable amount, including the value of the inferferon beta programme and the share of the LOXL2 collaboration with Pharmaxis. The determination of the valuation for both of these assets is based on the discounted estimated probability-adjusted future cash flows generated from out-licensing transactions. The valuation is derived from a financial model that evaluates a range of potential outcomes from what are considered the key variables, including the probability of the success of clinical trials, the expected licensing terms that will be negotiated and the anticipated peak sales values for the resultant drugs.

The most significant judgement in arriving at the valuation is the quantity and timing of forecast cash flows from future out-licensing. Given the level of headroom indicated by the impairment review, the discount rate assumption is not considered to be sufficiently sensitive to change to impact the conclusion of the review. At this stage of the product development, the key sensitivity is the probability of successful completion of clinical trials. Therefore, a failure in the development of either of the assets might result in an impairment of the investment in the subsidiary.

3. Profit and loss account

The only employees of the Company during 2018 and 2017 were the three executive directors. Their aggregate remuneration, which is borne by the Company's subsidiary undertaking, comprised:

	2018 £000	2017 £000
Wages and salaries	**456**	785
Social security costs	**60**	106
Pension costs – defined contribution plans	**53**	52
Total cash-settled remuneration	**569**	943
Accrued holiday pay	**(9)**	5
Share-based payment	**78**	98
Total remuneration	**638**	1,046

In respect of directors' remuneration, the disclosures required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the detailed disclosures in the audited section of the Directors' Remuneration Report on page 25, which are ascribed as forming part of these financial statements.

Auditor's remuneration is disclosed in note 4 to the Group accounts on page 39.

Notes to the Parent Company Financial Statements
for the year ended 31 December 2018 (continued)

4. Investments

	Investment in subsidiary undertaking £000	Capital contribution £000	Total £000
At 1 January 2018	140	19.932	20,072
Capital contribution for the year	–	4,092	4,092
Subsidiary share-based payment	–	98	98
At 31 December 2018	**140**	**24,122**	**24,262**

At 31 December 2018, the Company has an investment in the following subsidiary undertaking:

Name of company	Registered address	Proportion of voting rights and ordinary share capital held	Nature of business
Synairgen Research Limited	Mailpoint 810, Southampton General Hospital, Tremona Road, Southhampton SO16 6YD	100%	Drug discovery and development

5. Debtors

	2018 £000	2017 £000
Other tax and social security	**3**	4
Prepayments and accrued income	**115**	120
	118	124

All amounts fall due for payment within one year.

6. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	**5**	4
Accruals and deferred income	**37**	34
	42	38

7. Share capital and share premium

Details of the Company's share capital, share premium, share option schemes and LTIP can be found in note 17 to the Group accounts on pages 45 and 46.

Corporate Directory

Company number
5233429

Directors
Executive: Richard Marsden, Dr Phillip Monk, John Ward

Non-executive: Simon Shaw (Chairman), Iain Buchanan, Dr Bruce Campbell, Paul Clegg, Prof. Stephen Holgate CBE

Secretary
John Ward

Head office and Registered office
Mailpoint 810,
Southampton General Hospital,
Tremona Road, Southampton SO16 6YD

Telephone and fax: +44 (0) 2380 512 800

Website
www.synairgen.com

E-mail
info@synairgen.com

Advisers

Independent auditor
BDO LLP
Level 12, Thames Tower, Station Road, Reading RG1 1LXL

Bankers
HSBC Bank plc
165 High Street, Southampton SO14 2NZ

Financial public relations
Consilium Strategic Communications
41 Lothbury, London EC2R 7HG

Nominated adviser and broker
FinnCap Limited
60 New Broad Street, London EC2M 1JJ

Registrars
Link Asset Services
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Solicitors
Fladgate LLP
16 Great Queen Street, London WC2B 5DG

Glossary

Acute
An acute disease is a disease with a rapid onset and/or a short course

Airways (or bronchial tubes)
The tubes that carry air in and out of the lungs

Allergen
A usually harmless substance capable of triggering a response that starts in the immune system and results in an allergic reaction

Antibiotic
A drug that inhibits bacterial growth or kills bacteria

Antiviral
Any substance that can either destroy viruses or suppress their growth

Apoptosis
A naturally-occurring form of programmed cell death

Assay
A laboratory test to determine parameters such as the strength of a solution, the proportion of a compound in a mixture, the potency of a drug or the purity of a preparation

Asthma
A disorder in which the airways become episodically narrowed, leading to wheeze, shortness of breath, cough and chest tightness

AZD-9412
Inhaled Interferon Beta-1a formulation (aka SNG001) used for the AstraZeneca INEXAS study. See INEXAS

Bacteria
Single-cell organisms that are found everywhere and are the cause of many diseases

BCSS
The breathlessness, cough and sputum scale (BCSS) is a three-item questionnaire, rating breathlessness, cough and sputum on a 5-point scale from 0 (no symptoms) to 4 (severe symptoms)

BioBank
A collection of samples from clinically-characterised volunteers, comprising blood, induced sputum, bronchial biopsies and epithelial cells. These samples are used to develop the complex *in vitro* human disease models

Biomarker
A biochemical feature or facet that can be used to measure the progress of disease or the effects of treatment

British Thoracic Society (BTS) Step classification system
A stepwise treatment regime (from steps 1 to 5, with 5 being the most severe) for treating asthma in Britain aiming to achieve optimum control without excessive medication

Broad spectrum antibiotic
An antibiotic that acts against a wide range of disease-causing bacteria

Bronchodilators
Medicines which relax the muscles around the airways, helping the airways to open up, so making it easier to breathe. There are several types of bronchodilators, of which short-acting beta-agonist drugs are the most commonly used

Bronchospasm
A sudden contraction of airway smooth muscle resulting in a narrowing of the airways

Candidate
A candidate drug is a compound (e.g. small molecule, antibody, etc.) with strong therapeutic potential and whose activity and specificity have been optimised

CAT
The COPD Assessment Test (CAT) is a patient-completed questionnaire, which assists patients and their physicians in quantifying the impact of COPD on the patient's health and quality of life

CellScale MicroSquisher
A machine for measuring the stiffness of tissue

Chronic bronchitis
An inflammation of the airways accompanied by coughing and production of phlegm. The symptoms are present for at least three months in each of two consecutive years. See COPD

Chronic disease
A persistent or long-lasting condition

Clinical Trial Authorisation or CTA
An authorisation from the MHRA (see below) to conduct a clinical trial

Collagen
The main structural protein found in skin and other connective tissues

COPD
Chronic Obstructive Pulmonary Disease covers two conditions: chronic bronchitis and emphysema. COPD usually results from long-term exposure of irritants to the lungs, of which the most prevalent is tobacco smoke. Unlike asthma, where airflow obstruction varies, in COPD airflow obstruction is usually irreversible

Coronavirus
A virus that can cause respiratory disease such as the common cold or SARS (depending on the type of coronavirus) and gastroenteritis

Cross-link
A chemical bond that acts like a glue, holding collagen fibres together. Lysyl oxidase (LOX) enzymes catalyse this process

DNA
Nucleic acid that carries genetic information in the cell

Double-blind
A double-blind study is one in which neither the patients nor the clinical staff know who is receiving a particular treatment

DSMC
A Data Safety Monitoring Committee (DSMC) reviews and assesses safety information from a clinical trial

Emphysema
A destructive process involving the air spaces (alveoli) of the lungs, which leads to over-inflation of the lung and, when sufficiently advanced, causes breathlessness and lack of oxygenation of blood. See COPD

Eosinophil
A type of white blood cell that has a role in allergy and asthma

Epithelium
In the lung, the epithelium is a thin layer of cells which lines airway tubes in order to protect and regulate the tissue underneath

Exacerbation
A rapid deterioration of a chronic disease that makes the symptoms worse

FEV_1
Forced Expiratory Volume in the first second. The volume of air that can be forced out in one second after taking a deep breath, an important measure of pulmonary function

Fibroblast
A fibroblast is a type of cell that synthesizes the extracellular matrix and collagen, the structural framework for animal tissues, and plays a critical role in wound healing

Fibroblastic focus
A hallmark of IPF lung tissue characterised by dense collections of fibroblasts (the cells that secrete scar tissue)

Fibroblastic focus model
A laboratory model which uses cells from IPF patients that replicates the fibrotic lung

Fibrosis
The thickening and scarring of connective tissue, usually as a result of injury

BIOFIRE® FILMARRAY®
A system which enables rapid simultaneous testing for a panel of viruses and bacteria in patient samples and is used by Synairgen in SG015

Gene
A hereditary unit consisting of a sequence of DNA that determines a particular characteristic of a living organism

Idiopathic Pulmonary Fibrosis (IPF)
A disease in which tissue deep in the lungs becomes thick and stiff, or scarred, over time by unknown cause. The formation of scar tissue is called fibrosis. It usually affects middle-aged and older people

I-neb
A nebuliser manufactured by Philips that delivers inhaled drugs to the airway

INEXAS
AstraZeneca's Phase IIa study entitled 'A Study in Asthma Patients to Evaluate Efficacy, Safety and Tolerability of 14 Days Once Daily Inhaled Interferon Beta-1a After the Onset of Symptoms of an Upper Respiratory Tract Infection'

Interferon beta (IFN-β)
Interferon beta is a natural protein found in the body which helps to regulate the immune system and fight off viruses. IFN-β is currently marketed by a number of companies as an injectable therapy for the treatment of multiple sclerosis

Influenza
A contagious viral infection of the respiratory tract, leading to fever, headaches, sore throat, congestion of the nose and body aches

In vitro
Carried out in the laboratory, e.g. in a test tube or culture plate

***In vitro* model (complex)**
A research model which contains more than one cell type and allows the study of interactions between different cell types and 'test' agents relevant to the disease or a therapy

Long acting beta agonist
An asthma drug that acts to relax (open) the airways for 12 or more hours

Lower airway
The airway tubes in the lung running from the throat down, ending in the air spaces (alveoli) where gas exchange occurs

Lysyl oxidase (LOX)
An enzyme responsible for the maintenance of collagen and elastin in tissues

Lysyl oxidase-like protein 2 (LOXL2), 3 (LOXL3), 4 (LOXL4)
Each is a member of a family of enzymes which catalyses cross-linking of collagen and elastin

Macrophages
Phagocytic (i.e. cells that can engulf other cells and cell components) white blood cells involved in cellular clearance and inflammation

MHRA
The Medicines and Healthcare Products Regulatory Agency; a UK government body tasked with ensuring that medicines and medical devices work and are safe

Morbidity
Incidence or prevalence of a disease

Mucus
A gelatinous substance normally produced by the airway cells to protect and hydrate the airway surface from harmful agents

Multiple sclerosis (MS)
A disease affecting nerves in the brain and spinal cord, causing problems with muscle movement, balance and vision

Non-alcoholic steatohepatitis (NASH)
A form of chronic liver disease in adults and children

Pandemic influenza
An influenza pandemic occurs when a new influenza virus appears against which the human population has no immunity, resulting in epidemics worldwide with enormous number of deaths and illness

Parainfluenza
A virus that can cause the common cold. Parainfluenza is also responsible for 75% of croup cases in children

Patent Cooperation Treaty or PCT
A system by which a patent application can be filed in many different countries at once. A single international application is filed initially at a receiving office. After a search and publication, the application may be converted to a series of national applications in different countries

Pathway
A signalling pathway is a group of molecules that work together in a cell to control one or more cell functions

Glossary (continued)

Peak expiratory flow
A lung function test that measures a person's ability to breathe out air

Pharmaxis or Pharmaxis Limited
An established pharmaceutical research company based in Australia with whom Synairgen collaborated in the LOXL2 programme. Pharmaxis is quoted on the Australian Securities Exchange (ASX) under the code PXS. Its website address is www.pharmaxis.com.au

Phase I Clinical Trial
A study conducted in volunteers to determine the biological effects of a drug, especially safety and tolerability

Phase II Clinical Trial
A study in patients with the aim of making a preliminary determination of the efficacy of a drug to provide proof of concept and/or to study drug dose ranges

Phase IIa Clinical Trial
Used to describe a Phase II clinical trial evaluating efficacy, adverse effects and safety risks

Phase IIb Clinical Trial
Used to describe a subsequent Phase II clinical trial that also evaluates dosage tolerance and optimal dosage frequency in a larger number of patients than enrolled in a Phase IIa trial

Phase III Clinical Trial
A full scale clinical trial to determine drug efficacy and safety prior to seeking marketing approval

Phlegm
See Sputum

Placebo
An inactive substance or preparation used as a control/comparator (in a clinical trial for example) to determine the effectiveness of a medicinal drug

Pre-candidate
A chemical compound that has pharmacological or biological activity likely to be therapeutically useful but which has not yet met all the criteria that are required to be a candidate drug

Pre-clinical
A stage of drug development preceding human clinical trials

Primary endpoint
The most important measure (endpoint) assessed in a clinical trial

Prognostic biomarker
A biomarker that can predict the future course of a disease or response to a therapy

Prophylaxis
A measure taken for the prevention of a disease or condition

Protein
Large molecules made of smaller biological units known as 'amino acids'. Proteins are responsible for the majority of the function and much of the structure of living things, including humans

Pulmonary
Relating to, functioning like, or associated with the lungs

Randomisation
The random assignment of patients in a clinical trial to different treatment groups (e.g. active drug or placebo)

Rhinovirus
Rhinoviruses are the most common viral infective agents in humans. The most well-known disease caused by rhinoviruses is the common cold

RNA
Nucleic acid that is involved in protein synthesis and transmission of genetic information

Safety study
See Phase I Clinical Trial

Seasonal Influenza
Seasonal influenza is a yearly outbreak of influenza infection, caused by influenza virus. The seasonal influenza is somewhat different every year, as influenza viruses are always changing

Secondary/exploratory endpoint
The second most important (or additional) measure (or endpoint) assessed in a clinical trial

Second harmonic generation imaging
A microscopic technique for generating images of collagen, the major constituent of scar tissue

Severe asthma
Asthma which requires treatment with high dose inhaled corticosteroids plus a second controller (and/or oral corticosteroids) to prevent it from becoming 'uncontrolled' or which remains 'uncontrolled' despite this therapy

SG005
A randomised, double-blind, placebo-controlled phase II study, comparing the efficacy and safety of inhaled IFN-β to placebo administered to asthmatic subjects after the onset of a respiratory viral infection for the prevention or attenuation of asthma symptoms caused by respiratory viruses

SG015
A randomised, double-blind, placebo-controlled phase II study in COPD patients without (Part 1) and with (Part 2) a confirmed respiratory virus infection, assessing antiviral biomarker responses and clinical effects of inhaled SNG001 compared to placebo

SNG001
A formulation of Interferon Beta-1a delivered to the lung using a nebuliser, used in SG005, the INEXAS study and SG015

Sputum
The thick mucus which is coughed up by a person. Sputum contains cells and soluble substances secreted into the airways (bronchi), some of which can mediate disease if present in amounts different to normal. Sputum is also commonly called phlegm

Steroids
A group of chemicals that is produced naturally in the body by the adrenal gland. In asthma, steroids are given by inhalation or by mouth to reduce the inflammation of the airways

Systemic absorption
The fraction of drug that reaches the systemic circulation

Toxicology
The study of the nature and mechanisms of deleterious effects of chemicals on humans, animals and other biological systems

Translational medicine
The process of converting a scientific discovery into something that aims to improve the health of individuals and the community

Type I IFNs
A classification of interferon that includes IFN-β

Upper airway
The tubes in the nose and neck which conduct air into the lung

Virus
A virus is a non-living small particle that infects cells in biological organisms. Viruses can reproduce only by invading and controlling other cells as they lack the cellular machinery for self-reproduction

Wheeze
A whistling sound made by a person who has airflow obstruction when breathing

synairgen plc

Synairgen plc,
Mailpoint 810,
Level F, South Block,
Southampton General Hospital,
Tremona Road,
Southampton,
SO16 6YD

© Synairgen plc Designed and produced by The Blueprint Design Company Limited www.bdcdesign.com