OKYO PHARMA

Annual report and Financial Statements
For the year ended 31 March 2021

Registration number: 65220

OKYO Pharma Limited

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OKYO Pharma Limited
Management and Administration

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OKYO Pharma Limited
Strategic report – Chairman's report

The Directors present their report and the financial statements for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, (together the "Group") for the year ended 31 March 2021.

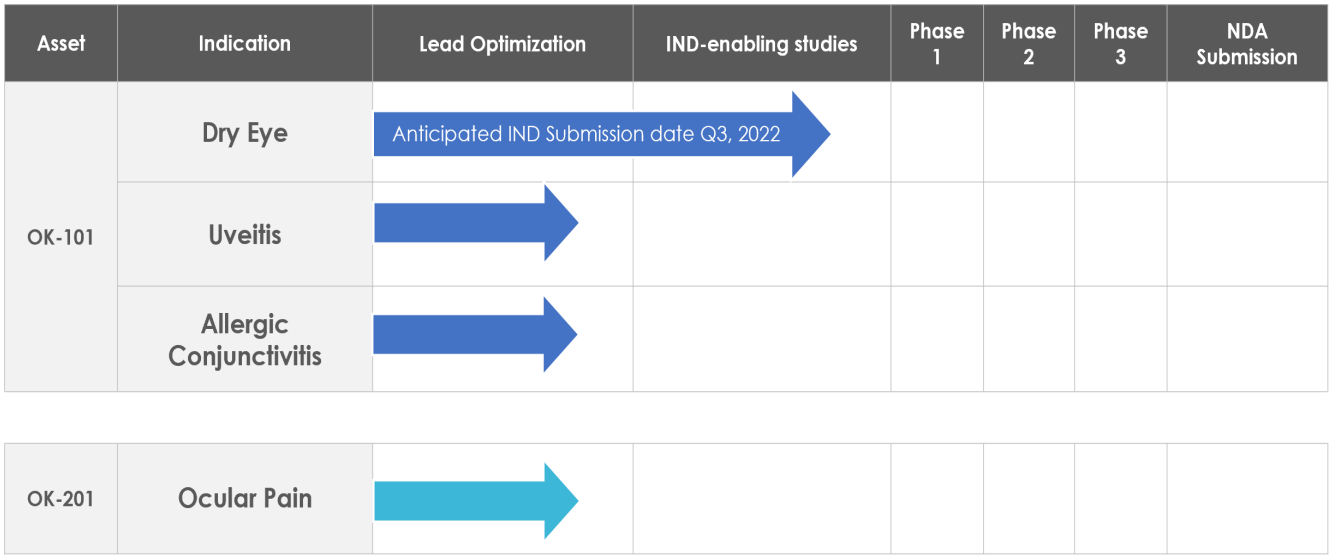
Introduction

OKYO Pharma Limited (LSE: OKYO) is a preclinical biopharmaceutical company developing next-generation therapeutics to improve the lives of patients suffering from inflammatory eye diseases and ocular pain. Our research program is focused on a novel G protein coupled receptor (GPCR) which we believe plays a key role in the pathology of the inflammatory eye diseases that are the target of this technology. Previously we had focused on OK-113, an agonist for chemokine-like receptor 1, or CMKLR1 receptor, as a potential lead compound for the treatment of dry eye. However, following further analyses of additional analogues tested in a highly regarded animal model of dry eye disease (DED), we have determined that OK-101 gave the highest potency and best results in a number of biomarkers evaluated in the DED animal model studies. Consequently, we have nominated OK-101 as our Investigational New Drug ("IND") candidate and have initiated the IND-enabling studies necessary for filing an IND. In addition to developing OK-101 for the treatment of dry-eye, we also plan during the course of its clinical development to evaluate OK-101 to treat two additional related ophthalmic diseases: 1) uveitis and 2) allergic conjunctivitis.

In a separate series of studies focused on developing a drug from our technology to treat neuropathic ocular pain, we have also been evaluating OK-201, a lipidated bovine adrenal medulla (BAM) peptide analogue preclinical candidate for the treatment of this condition. We are continuing these studies using a unique corneal neuropathic pain animal model developed by our consultants at Tufts Medical Center (TMC). Our therapeutic approach in all of these studies has been focused on targeting inflammatory and pain modulation pathways that drive these conditions.

We have not yet submitted an application to the Food and Drug Administration ("FDA") for any of our product candidates. We have however begun work on accomplishing all the studies necessary for an IND submission for OK-101 to treat dry eye and are planning to file an IND on OK-101 to treat dry eye in the third quarter of 2022. (see Figure 1 below).

Figure 1: OKYO Pipeline



OKYO Pharma Limited
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OKYO R&D PROGRAMMES

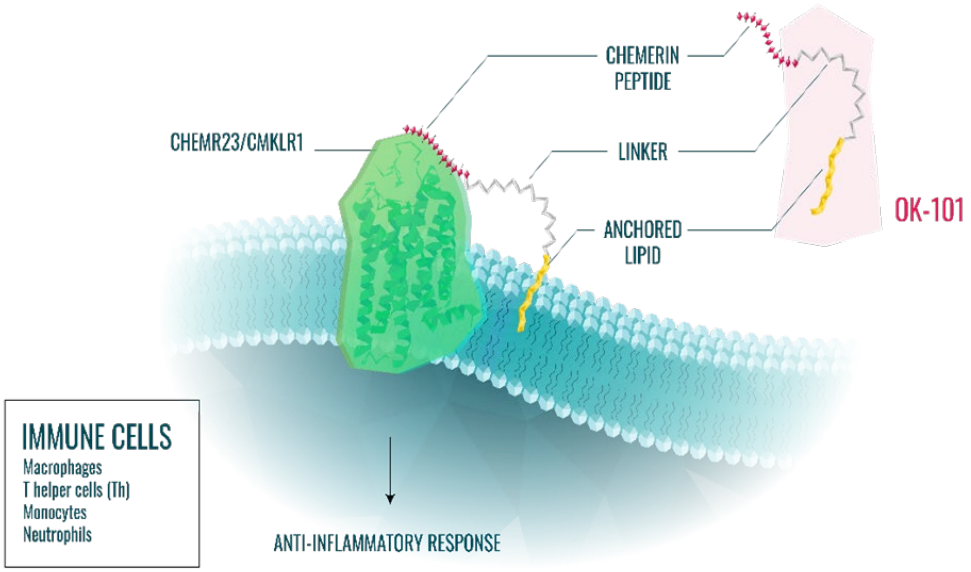
1) OK-101 for Dry Eye Disease (DED)

OK-101, our lead preclinical product candidate, is focused on keratoconjunctivitis sicca, commonly referred to as DED which is a multifactorial disease caused by an underlying inflammation resulting in the lack of lubrication and moisture in the surface of the eye. DED is one of the most common ophthalmic conditions encountered in clinical practice. Symptoms of DED include constant discomfort and irritation accompanied by inflammation of the ocular surface, visual impairment and potential damage to the ocular surface. The disease affects over 35% of the population aged 50+, with women representing approximately two-thirds of those affected. Prevalence of DED is anticipated to increase substantially in the next 10-20 years due to aging populations in the U.S., Europe, Japan and China and use of contact lenses and increased digital screen time in the younger population. We believe this increase in prevalence of dry eye syndrome represents a major expanding economic burden to public healthcare.

At present, there are three different categories of approved drugs to treat DED: 1) Immunosuppressants (Restasis & Sequa), 2) Integrin antagonists (Xiidra) and 3) corticosteroids (e.g., Eysuvis for short term use only). However, DED continues to be a major unmet medical need due to the large number of patients not well served by the treatments available to them through the medical community. A key driver in the development of OK-101 to treat DED was an analysis of the inherent advantages and difficulties associated with the treatment of ocular conditions. One of the major issues with topical administration of any drug designed for treating DED is the requirement that the drug have adequate 'residence' time at the ocular site to afford a pharmacologic benefit before being washed out through natural processes of tear enhancement and lacrimal tear drainage. The drug candidates we have developed are designed to combat washout by including a lipid 'anchor' within the candidate drug molecule to enhance the residence time of the drug in the eye. We refer to our candidates for DED as "lipidated-chemerin" analogues to highlight this pharmacologic characteristic.

OK-101 is designed to target a chemokine-like receptor 1, or CMKLR1, which is a G protein-coupled receptor, or GPCR, expressed on macrophages, monocytes, plasmacytoid/myeloid dendritic cells, natural killer cells and nonhemopoietic cell types, such as endothelial and epithelial cells. Activation of CMKLR1 by its endogenous peptide ligand chemerin is known to modulate inflammation, but natural ligands for CMKLR1 have short half-lives due to rapid inactivation. Discovery of OK-101, a stable, high potency CMKLR1 agonist by On Target Therapeutics (Note: technology licensed to OKYO Pharma) provided an important step toward the development of a new class of anti-inflammatory therapeutics that can be applied to the treatment of ophthalmic diseases including DED, uveitis and allergic conjunctivitis. (see Figure 2)

Figure 2. OK-101 binds to CHEMR23 receptor producing an anti-inflammatory response



To further characterize the potential efficacy of OK-101 to treat DED, OK-101 was tested in a mouse model of acute dry eye disease induced with scopolamine that showed an increase in corneal permeability relative to naïve animals. OK-101 demonstrated a reduction of DED-induced corneal permeability ($p \leq 0.001$). OK-101's effect in reducing DED-induced corneal permeability was virtually identical to that of the cyclosporine positive control and close to the baseline corneal permeability observed in control animals.

A separate series of experiments was also performed to evaluate ocular tolerance of OK-101 in rabbits *via* repeated ocular instillation followed by clinical ophthalmic observations. Rabbit ocular tolerance tests on OK-101 showed no adverse signs such as inflammation, chemosis or hyperemia and no signs of local irritation.

We recently completed manufacturing a 25-gram batch of OK-101 drug substance needed for initiating the IND-enabling studies.

Future OK-101 DED Strategy

Based on the results from the DED animal model and ocular tolerance studies, we are presently moving forward with plans to file an IND in the third quarter of 2022 on OK-101 to treat DED. This should enable us to begin clinical trials with OK-101 as early as one month after submission of the IND to FDA. To support this work, we recently signed an agreement with a major clinical CRO specializing in ophthalmic drug development who will be providing the following services:

- Preparation of the OK-101 Pre-IND briefing document
- Support in requesting and preparing for the OK-101 Pre-IND meeting with FDA
- Support for regulatory publishing and submission of IND in eCTD format
- Providing quality oversight for development of topical formulation for OK-101
- Providing quality oversight for development and qualification of a drug stability analysis method for OK-101 along with conducting stability studies to establish formulated drug product is stable for at least 90 days
- Support for completing animal toxicology studies in two animal species

2) OK-101 for Non-ophthalmic Indications

On January 19, 2021, we announced that we submitted a patent application to the United States Patent and Trademark Office covering the use of chemerin and chemerin analogues to treat the cytokine release syndrome associated with COVID-19 infections and other conditions such as acute respiratory distress syndrome (ARDS). On January 15, 2021 we signed a research and material transfer agreement with the University of Alabama at Birmingham to evaluate the potential of chemerin analogs to minimize the inflammation triggered by SARS-CoV-2 in a model of lung inflammation. *Ex vivo* lung tissue will be experimentally induced to produce inflammation, and during the course of inflammation in the absence and presence of a chemerin analogue, respectively, a panel of cytokines including TNFα, IL-6, IL-1β will be measured. Currently, experiments are underway at the University of Alabama, but there is nothing to report yet on the results of this study. Assuming the results are encouraging, our plan is to advance this program as a potential prophylaxis to treat COVID-19 infections, and other conditions such as acute respiratory distress syndrome (ARDS). We plan this work to be under the direction of Dr. Napoleone Ferrara, a member of our Scientific Advisory Board.

3) OK-201 to treat corneal neuropathic pain

Our current focus is to develop first-in-class drug candidates as non-opioid analgesics for ocular pain management without side effects and the potential abuse associated with opioid medications. Ocular pain occurs in several ophthalmic conditions including DED, uveitis, diabetic retinopathy (DR), accidental trauma, surgery, and is typically treated with oral steroids, neurotransmitters and opioids in severe cases. There is no FDA approved drug yet for ocular pain in the form of eye drops. Damage to the ocular surface (nociceptive pain in response to inflammation) or to the somatosensory nervous system (chronic neuropathic pain) due to the underlying pathogenesis of eye disease is the main cause of pain.

A lipidated BAM analogue (OK-201), a promising candidate for the treatment of neuropathic and inflammatory pain, was licensed from Tufts Medical Center (TMC), Boston, MA on February 21, 2018. OK-201 is designed to activate a human MAS-Related G Protein-coupled Receptor (MRGPR), which is a promising analgesic target. This receptor is expressed mainly in sensory neurons and is involved in the perception of pain. Activation of MRGPR by BAM peptide inhibits pain by modulating Ca2+ influx. On August 6, 2019 we signed a collaborative agreement with TMC and Pedram Hamrah, MD, Professor of Ophthalmology at Tufts University School of Medicine, Boston, MA as Principal Investigator to evaluate our proprietary lead compounds as non-opioid analgesics to suppress corneal neuropathic pain using a mouse ocular pain model developed in Dr. Hamrah's laboratory. Since acquiring the rights to OK-201, we have synthesized a small library of lipidated BAM analogues. The potencies of these analogues were determined using a cell-based assay, and a small number of these analogues were evaluated for their analgesic properties in the neuropathic pain model developed by Dr. Hamrah's laboratory at TMC. These collaborative studies have provided additional 'proof-of-concept' results for BAM analogues as potential non-opioid analgesics. Our goal is to develop OK-201, as well as explore additional analogues for their potential use in treating ocular pain.

Future OK-201 Strategy

During the next year, we will be continuing to conduct preclinical studies and additional animal studies to further evaluate the OK-201 preclinical candidate to treat corneal neuropathic pain.

OKYO Pharma Limited
Strategic report – Chairman's report

Financial summary

Consolidated Statement of Comprehensive Income

The Group has made a loss for the year of £2,994k (2020: £1,211k). The loss is detailed in the consolidated statement of comprehensive income on page 37.

The Group's expenditure on research and development was £133k for the year ended March 31, 2021, as compared to £407k for the year ended March 31, 2020. The reduction in expenditure was due an elimination of R&D costs planned for OK-113 once the decision was made to switch to OK-101 as the preclinical candidate for filing an IND with FDA. The activities relating to OK-101 commenced in the last few months of the period, post the recruitment of the CEO.

Other operating expenses were £2,867k for the year ended March 31, 2021 as compared to £800k for the year ended March 31, 2020, an increase of £2,067k. The increase in cost is a result of a bonus that was awarded in the current year to the Non-Executive Chairman for £887k, (on the basis of the co-invention of the use of Chemerin in the COVID-19 indication when he was not a director or employee of the Company (now the subject of a patent application); work carried out in procuring, backing and completing the refinancing the Company in 2020 and actions taken to make new executive appointments and scientific advisory appointments to the Board with the result that the Company now has a clear and accelerated path), additional fair value charges of £375k relating to the issuance of additional options, fundraising expenses of £453k plus additional compliance, professional fees, legal and foreign exchange costs of £352k due to increased activity in the Company in the last 3 months of the period.

Consolidated Statement of Financial Position

At the end of the year, the Group cash balance stood at £4,991k (31 March 2020: £190k). The Group successfully raised £6,070k during the year via the issuance of Convertible loan notes, private placements, and the exercise of options.

Fund raising

In the period, the Group successfully raised funds to further progress its pre-clinical pipeline.

On 23 May 2020, the Group announced that further to the announcement made on 23 March 2020, the Group raised £181,346 through a placing of a further 36,269,253 new ordinary shares.

On 29 May 2020, the Group announced that it had raised £440,000 through the issue of convertible loan notes ("CLNs"). £50,000 of the CLN's were issued to Panetta Partners Ltd, the ultimate parent company. The CLNs carry an interest rate of 20% compounding and have maximum term of 4 years. The CLNs convert into ordinary shares at a price of 0.4p per share and, when converted, the shares will be issued with a warrant attached at an exercise price of 0.4p (with a maximum life of 5 years from the date of issue of the CLN, regardless of the conversion date).

On 28 July 2020, the Group announced that it had raised £3.5m through the issuance of CLN's. The CLNs carry an interest rate of 2.15% compounding and have maximum term of 4 years. The CLNs convert into ordinary shares at a price of 8.5p per share.

On 17 August 2020, the Group announced that it had raised a further £1.437m through the issuance of CLN's. The CLNs carry an interest rate of 2.15% compounding and have maximum term of 4 years. The CLNs convert into ordinary shares at a price of 8.5p per share.

On 8 September 2020, the Group announced that it had raised a further £0.5m through the issuance of CLN's. The CLNs carry an interest rate of 2.15% compounding and have maximum term of 4 years. The CLNs convert into ordinary shares at a price of 8.5p per share.

In March 2021, additional funds of £11,250 were raised through the exercise of options.

Going Concern

The Group has experienced net losses and significant cash outflows from cash used in operating activities over the past years, and as of March 31, 2021, had an accumulated loss of £72.5m, a net loss for the year ended March 31, 2021 of £3m and net cash used in operating activities of £1.2m.

Based upon the current forecasts prepared by Management, the potential use of cash flows from operations from the date of approval of these accounts until 31 December 2022 is £4.4 million, of which £2.5m is to be spent on progressing the R&D pipeline. When compared to the current cash balance at June 10, 2021 of £4.7 million, management projects a surplus of £0.3 million, thereby supporting Management's assertion that the Company does have the ability to meet its obligations as they become due until December 2022.

However, further funds will need to be raised within the foreseeable future in order to progress it's pipeline and fund ongoing business operations. The Directors are confident, based on the previous fund-raising history that sufficient funds will be forthcoming and accordingly they have prepared these financial statements on a going concern basis. However, until and unless the Group and Company secures sufficient investment to fund its pipeline, there is a material uncertainty about the Group and Company's ability to continue as a going concern, and therefore about the applicability of the going concern basis of preparation.

OKYO Pharma Limited
Strategic report – Chairman's report

COVID-19

We remain cognisant of the potential impact of coronavirus (COVID-19) on our operations and have taken the steps necessary to maintain the integrity of the Company's assets and the health and wellbeing of our employees. The Company is well financed, resilient and well positioned to weather any financial downturn occurring as a result of the outbreak. Indeed, the Company has raised additional funds through the issuance of Convertible Loan Notes.

Remote working and outsourcing of research and development activities has meant that progression of the project pipeline is not impacted by the pandemic.

Outlook and Strategy

The development of new drugs to treat DED has been particularly challenging due to the heterogeneous nature of the patient population suffering from DED, and due to the difficulties in demonstrating an improvement in both signs and symptoms of the disease in well-controlled clinical trials. The evidence from over 40 years of scientific literature, however, suggests inflammation as the most common underlying cause of DED. Consequently, development of new therapeutic agents that target inflammatory pathways is looking to be an attractive approach in improving symptoms in DED patients.

During the next 12 months, OKYO is committed to a major effort to accomplish the IND enabling activities necessary for filing an IND on OK-101 to treat DED. These include:

- Topical formulation of the OK-101 drug product and initial stability studies
- Bioanalytical method development to support the OK-101 clinical program
- Engineering batch manufacture of cGMP OK-101 for clinical trials
- Toxicokinetic method development
- Toxicology studies in rabbits and dogs
- Clinical batch manufacturing and stability studies of OK-101

Once an IND on OK-101 to treat DED is in place, the virtue of OK-101 being formulated as a topical drug that can be administered to patients in the form of eye drops, means that our first clinical trial after IND submission is expected to be a Phase 1/2a trial in DED patients, potentially providing an early indication of drug efficacy in DED patients. Should drug efficacy be borne out in this first human trial with OK-101, we will have validated proof-of-concept in this very first study. With this success in hand, we believe that rapid further clinical development of OK-101 to treat DED will be in order. We anticipate that OK-101, in addition to its potential to treat DED, can then also be evaluated to treat uveitis and allergic conjunctivitis. Hence, once we are clinically evaluating OK-101 to treat dry eye, we will also undertake the plan to explore the drug candidate's potential to suppress the inflammation associated with uveitis and allergic conjunctivitis. In support of this plan, we will be exploring preclinical development of OK-101 for the uveitis indication by first establishing 'proof-of-concept' for this indication utilizing animal model studies of anterior uveitis to evaluate the potential of OK-101 to suppress the inflammation associated with uveitis. We also plan on conducting 'proof-of-concept' studies using OK-101 for the treatment of chronic and seasonal allergic conjunctivitis using a conjunctival allergen challenge animal model to investigate the potential of OK-101 to suppress the inflammation associated with allergic conjunctivitis.

We will also continue to explore the potential use of chemerin and chemerin analogues for prophylaxis against and treatment of symptoms associated with, or resulting from, infection with SARS-CoV-2 virus, including inflammation due to the cytokine storm caused by COVID-19 disease and acute respiratory distress syndrome.

Gabriele Cerrone

Non - Executive Chairman

31 July 2021

OKYO Pharma Limited
Strategic report

Business review

A review of the business, its results and strategic outlook is included in the Executive Chairman's Statement on page 2.

Key performance indicators

The Board monitors the Key Performance Indicators (KPIs) that it considers appropriate for the industry and stage of development of the Group. The Group is a research and development ("R&D") based biotechnology Group concerned with a number of pre-clinical projects. These projects require sufficient investment to reach defined milestones by which the Group and its investors can judge the chances of ultimate success and thereby the value of the Group. At this stage of Group development significant sources of revenue generation are unlikely, and due to the needs of an R&D based biotechnology-based program, the Group is cash consuming. The Group KPIs are therefore chosen to monitor the progress of the individual scientific programmes, the external market environment for the potential drugs being developed and the cash requirements of the Group.

Financial KPIs

Cash consumption

The cash position of the business is measured on a continual basis with reference both to the general and administrative expenses required to run the Group, and more particularly to the cash required for ongoing research, development and acquisition of the Group's scientific assets. During 2020, the main use of the Group's funds was progressing the animal model trials for OK-101 and OK-201, which was within the budget. The cash consumption, which refers to cash used in operating activities of the Group, during the year was £1.3m. Management monitors its cash consumption on a monthly basis and a cash projection will be presented at every board meeting.

The Group monitors current and projected cash consumption to ensure that there are sufficient funds available to develop the Group's scientific assets. The Group maintains a virtual operating model resulting in low cash consumption for general and administrative expenses during the period.

Non-financial KPIs for 2021.

Develop appropriate formulation of OK-101 for animal studies, and conduct stability studies to ensure that the formulation is stable for at least 28 days.

The Group is working towards this KPI. Additional preclinical IND-enabling studies have been performed and peptide manufacturing process has been scaled up to produce larger quantities of OK-101 for stability studies. A dose ranging study in rabbit was performed to evaluate the effect of OK-101 on corneal permeability and to assess local corneal irritation. OK-101 was found to be effective in reducing corneal permeability and to show no sign of local irritation. Rabbit ocular tolerance tests using OK-101 showed no adverse signs such as inflammation, chemosis or hyperemia and no signs of local irritation.

Other Considerations

External (life sciences) market environment

The Group monitors the life sciences market for a number of factors:

- New developments in drug research and development
- New medical treatment paradigms
- Patent filings by third parties pertinent to the Group's programmes
- Existing and novel drugs in development by third parties
- Healthcare regulation and policy in the major territories
- Private and public financings of life science companies to indicate investor appetite for life science risk

The Group is developing its scientific assets within the European and US territories, but for potential global application. The environment for life science companies was positive throughout the year.

Principal risks and uncertainties

The Group assesses and monitors the inherent risks in the life sciences industry, as well as other micro and macro-economic factors that may present risk to the Group's progression. The Group also considers Group-specific risks such as research progress, personnel and operational facilities and collaborations.
There are significant risks associated with any life science business. The Board believes that the following risks are the most significant, however, the risks listed do not necessarily comprise all those associated with an investment in the

Group. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and / or tax requirements. The risks listed are not set out in any particular order of priority and this is not an exhaustive list of risks.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the Group's share price may decline and an investor may lose part or all of their investment.

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

- ***Clinical studies fail to generate encouraging data***
  The Group's product candidates have not been evaluated in clinical trials and results in the clinic may not be reproduced in human trials. There is a high degree of failure for product candidates as they progress through clinical trials and clinical trial data may be interpreted in varying ways which may delay, limit or prevent future regulatory approvals.

- ***Ability to scale up the Group***
  Growth may place significant demands on the Group's management and resources. The Group expects to experience growth in the number of its employees and the scope of its operations in connection with the continued development and, in due course, the potential commercialisation of its products. This potential growth could place a significant strain on its management and operations, and the Group may have difficulty managing this future potential growth.

- ***Intellectual property risk***
  The commercial success of the Group depends on its ability to obtain patent protection for its pharmaceutical discoveries 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 faces significant competition from pharmaceutical companies. The Group has competitors internationally, including major multinational pharmaceutical companies, universities and research institutions. In respect of Chemerin as an indication for the treatment of DED, there are a number of established companies engaged in the development and marketing of preparations addressing the DED market. In addition, there is a wide range of products addressing the DED market currently approved and marketed by a number of large and small pharmaceutical companies.

- ***Funding risk***
  The Group continues to consume cash resources. The Group only recently committed to its new business and its chosen product candidates are in the early stages of development and it may be some years until the Group generates revenue, if at all. The Group 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 pre-clinical 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. Post period-end, the Group raised £3.9 million (before expenses) to fund its pre-clinical activities and strengthen its balance sheet.

- ***Dependence on key personnel***
  The loss of one or more of its key personnel could have an adverse impact on the business of the Group. Furthermore, it may be particularly difficult for the Group to attract and retain suitably qualified and experienced people, given the competition from other industry participants and the relative size of the Group. 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 the Group's ability to conduct and grow its operations effectively. The Group seeks to reduce this risk by recruiting additional personnel and additionally appropriate incentivisation of personnel through participation in long term equity incentive schemes.

Gender of Directors and employees

OKYO Pharma Limited
Strategic report

We recruit individuals who have the skills, experience and integrity needed to perform the roles to make OKYO Pharma Ltd a successful company. We note that there are no women on the board but that we recruit without regard to sex or ethnic origin, appointing and thereafter promoting staff based upon merit.

The profile of the Group's directors, officers and employees at March 31, 2020, was as follows:

	March 31, 2021		
	Male	Female	Total
Number or persons who were Directors or officers of the Group	5	1	6
Number of persons who were other employees of the Group	-	-	-
Total Directors and employees at March 31, 2021	5	1	6

The lean staffing structure is supported by the outsourcing of some administrative functions and the use of contract research organisations (CROs).

Directors' duties in relation to s172 Companies Act 2006

The Board of Directors have considered the matters set out in section 172 of the United Kingdom's Companies Act 2006 insofar as Guernsey law requires consideration of the same.

The directors consider, that they have acted in the way they believe, in good faith, to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between the shareholders of the Company.

Key Stakeholders and concerns	Board Considerations	Key Outcomes
Employees		
Our present and future employees are key for the future success of the business.	Executive Directors update the Board with details of employee changes, concerns and recruitment prospects. An open, collaborative working environment with attractive remuneration packages aligns employees' with shareholders' goals. Communication with employees is informal and collaborative.	Staff turnover has been very low.
Investors and shareholders		
OKYO is a pre-revenue Company and is dependent upon existing and future investors to fund its research and development product**s**	Business Strategy clearly setting out the progress with projects in development and cash requirement	Use of PR consultants; interviews with Proactive investors the release of information through the Group's website; meeting individual shareholders at AGM
Suppliers		
OKYO has a wide range of suppliers for consumable items and a few key suppliers who are key to our manufacturing of product	Management of supplier relationships ensuring consumable and other items are delivered on time and at right price	Key suppliers are managed in-house with regular meetings being held with OKYO management
Contract Research Organisations		

CROs are key to managing OKYO's pre-clinical trial programmes	Management of clinical trials and recruitment of patients; Regulatory and pre-clinical services	Rigorous selection process before engaging CRO and then regular project meetings
Environment The Group is conscious of the need to protect the environment.	OKYO Pharma's operations are relatively low in their impact on the environment.	During the year, employees reduced their travel wherever reasonably practical, using virtual and telephone conferencing facilities instead.
Reputation Maintaining a strong reputation and acting within laws and regulations impacts the Group's relationships with all stakeholder	Policies and procedures approved by the Board are concentrated on maintaining the strong reputation of the Group within its employees, Shareholders, suppliers, regulators and other key stakeholders.	OKYO Pharma continuously monitors and assesses all regulatory developments to ensure that any issues are being addressed in decision making.

Principal decisions in 2020

We have considered the decisions taken by the Board which will have an impact on the longer-term performance and prospects for the Group. The Board believes that the following decisions taken during the year and since the year end fall into this category and were made with full consideration of both internal and external stakeholders. The Group's aim is to meet the needs of the key stakeholders who ultimately wish for us to progress our pipeline of drugs to treat rare cancers and autoimmune and inflammatory diseases to commercial deployment.

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Raised £6m of investment from existing and new investors, to enable Group to progress its pre -clinical trials	Shareholders	Decisions were made by the Board to raise additional funds enabling the company to pursue its R&D objectives thereby meeting core stakeholder requirements. The cash funding requirement offsets any dilution experienced by the existing shareholders.
Filing of patent application covering the use of Chemerin and associated analogues to treat cytokine storm associated with COVID-19 and ARDS	Staff and Shareholders	Decisions were made by the executive team in consultation with the Board after carefully considering impact upon existing staff resources and available funding. The application has resulted in an expanded project focus.

Environmental matters

We currently outsource our research, development, testing and manufacturing activities. These activities are subject to various environmental, health and safety laws and regulations, which govern, among other things, the controlled use, handling, release and disposal of and the maintenance of a registry for hazardous materials and biological materials. If we or our partners fail to comply with such laws and regulations, we could be subject to fines or other sanctions.

As with other companies engaged in activities similar to ours, we face a risk of environmental liability inherent in our current and historical activities, including liability relating to releases of or exposure to hazardous or biological materials. Environmental, health and safety laws and regulations are becoming more stringent. We may be required to incur substantial expenses in connection with future environmental compliance or remediation activities, in which case, our production and development efforts may be interrupted or delayed.

Gabriele Cerrone
Non-Executive Chairman
31 July 2021

Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB

OKYO Pharma Limited
Director's report

The Directors present their report and the financial statements for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, together the "Group" for the year ended March 31, 2021.

Principal activity

The Group's focus is to develop drugs for inflammatory dry eye diseases and chronic pain by targeting G protein-coupled receptors (GPCRs). GPCRs is the largest family of membrane proteins involved in many biological processes. Targeting GPCR is proven to be an innovative approach for treatment of a wide range of conditions including cardiovascular disease, cancer and diabetes. Approximately 1/3 of all Food and Drug Administration (FDA) approved drugs target members of this family.

Results and transfers to reserves

The results and transfers to reserves for the period are set out in the financial statements on pages 37 to 64.

The Group made a total comprehensive loss for the period after taxation of £2,994,329 (March 31, 2020: loss £1,210,745).

Dividend

No dividends were declared or paid in the year (2020: £nil).

Directors

The Directors who served during the period and to date are:

Gabriele Cerrone	Non- Executive Chairman (appointed January 7, 2021)
Gary Jacob	Chief Executive Officer and Executive director (appointed January 7, 2021)
Willy Simon	Non-Executive director
Dr Kunwar Shailubhai	Non-Executive director (resigned June 17, 2021)
John Brancaccio	Non-Executive director (appointed June 9, 2020)
Gregor MacRae	Non-Executive director (appointed December 18, 2019, resigned June 9, 2020)

Significant shareholdings

Gabriele Cerrone has an interest of 52.13% of the ordinary share capital of the company at 31st March 2021.

The following shareholders hold an interest of 3% or more in the Company:

	No of Shares	% Holding
Panetta Partners Ltd (Gabriele Cerrone)	350,762,726	52.13%
Veneto Seed Ventures Ltd	40,000,000	5.95%

Appointments

Non-Executive Directors

On 10 June 2020, the Group announced the appointment of Mr. John Brancaccio to its Board as a Non-executive Director. Mr Brancaccio will Chair the Audit, Risk and Disclosure Committee.

Mr. Brancaccio, retired CPA, is a financial executive with extensive international and domestic experience in pharmaceutical and biotechnology for privately and publicly held companies. From 2000 to 2002, Mr. Brancaccio was the Chief Financial Officer/Chief Operating Officer of Eline Group, an entertainment and media company. From May 2002 until March 2004, Mr. Brancaccio was the Chief Financial Officer of Memory Pharmaceuticals Corp., a biotechnology company. From April 2004 until May 2017, Mr. Brancaccio was the Chief Financial Officer of Accelerated Technologies, Inc., an incubator for medical device companies. Mr. Brancaccio is currently a director of Cardiff Oncology, Inc.,Rasna Therapeutics, Inc., Tiziana Life Sciences PLC and Hepion Pharmaceuticals, Inc.

On 7 January the Group announced that Gabriele Cerrone had been appointed as a Non-Executive chairman of the company and Dr Gary S. Jacob has been appointed as Chief Executive Officer and director of the company, both with immediate effect.

Mr Cerrone has a successful track record and extensive experience in the financing and restructuring of micro-cap biotechnology companies. He has founded ten biotechnology companies in oncology, infectious diseases and molecular diagnostics, and has taken seven of these companies to the NASDAQ Market and two to the Main Market and AIM Market in London. Mr Cerrone is Executive Chairman of dual listed Tiziana Life Sciences plc. Mr Cerrone co-founded Cardiff Oncology, Inc. (NASDAQ: CRDF), an oncology company and served as its Co-Chairman; he was a co-founder and served as Chairman of both Synergy Pharmaceuticals, Inc. (NASDAQ: SGYP) and Callisto Pharmaceuticals, Inc. (OTCMKTS: CLSP), and was a Director of and led the restructuring of Siga Technologies, Inc. (NASDAQ: SIGA). Mr Cerrone also co-founded FermaVir Pharmaceuticals, Inc. and served as Chairman of the Board until its merger in September 2007 with Inhibitex, Inc. Mr Cerrone served as a director of Inhibitex, Inc. until its US$2.5bn sale to Bristol Myers Squibb Co in 2012.

Mr Cerrone is the Chairman and Founder of Tiziana Life Sciences plc (NASDAQ:TLSA, AIM: TILS) an oncology focused therapeutics company; Chairman and Co-Founder of Rasna Therapeutics Limited (OTCMKTS: RASP), a company focused on the development of therapeutics for leukaemias; Co-Founder of Hepion Pharmaceuticals, Inc. (Nasdaq: HEPA); Executive Chairman and Co-Founder of Gensignia Life Sciences, Inc., a molecular diagnostics company focused on oncology using microRNA technology; and Executive Chairman and founder of Accustem Sciences plc; and founder of BioVitas Capital Ltd.

Mr Cerrone will also chair the Nomination Committee of the Board.

Dr. Jacob has over 35 years of extensive experience in the pharmaceutical and biotechnology industries across multiple disciplines, including research and development, operations, business development, capital financing activities and senior management expertise. He has developed broad and influential contacts throughout the biopharmaceutical, financial, banking and investor communities. Dr. Jacob is the Co-Founder and former CEO and Chairman of Synergy Pharmaceuticals. During his time at Synergy, he served as Chairman, Chief Executive Officer and Executive Chairman, and is the co-inventor of Synergy's FDA-approved drug Trulance® which is currently marketed in the U.S. by Bausch Health, Inc. to treat functional GI disorders. Dr. Jacob is also the former CEO and Managing Director of Immuron Inc., an Australian biotechnology company dual-listed on the Australian ASX exchange and on NASDAQ. Dr. Jacob currently is Chairman of the Board of Hepion Pharmaceuticals, Inc., a public NASDAQ listed company with a drug in clinical development to treat nonalcoholic steatohepatitis (NASH), and is also on the Board of Directors of Cardiff Oncology, Inc., a NASDAQ listed public oncology company. He served as Chief Executive Officer and Director of Callisto Pharmaceuticals, Inc. from May 2003 until January 2013.

Prior to his involvement with Callisto and Synergy, Dr. Jacob was at Monsanto/G.D. Searle, where he was Director of Glycobiology and a Monsanto Science Fellow, specializing in the field of Glycobiology and drug discovery. Dr. Jacob holds over 30 patents and is the co-inventor of two pharmaceutical drugs which are FDA approved. Dr. Jacob earned a B.S. cum laude in Chemistry from the University of Missouri – St. Louis and holds a Ph.D. in Biochemistry from the University of Wisconsin-Madison.

Resignations

Non-Executive Directors

On 10 June 2020, the Group announced that Mr. Gregor MacRae was standing down as a director of the Company with immediate effect to concentrate on his other business interests and activities; Mr MacRae felt his position was better filled by an individual with a background and greater experience in the life sciences sector.

Pensions

The Group operates a defined contribution pension scheme open to all salaried Executive Directors, Non-Executive Directors and employees. There is currently one director participating in the Defined Contribution Scheme.

Political and charitable contributions

There were no political or charitable contributions made by the Company during the year ended December 31, 2020 (2019: £nil)

Staff policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability. Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the Group's policy, wherever possible, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

OKYO Pharma Limited
Director's report

Corporate governance

The Group is firmly committed to business integrity, high ethical values, and professionalism in its activities and operations. The Board is committed to maintaining the highest standards of corporate governance and is accountable to the Company's shareholders. The role of the Board is to provide strategic leadership to the Group within a framework of sensible and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives, and reviews executives' performance. The Board make certain that its obligations to its shareholders and others are understood and met.

As a Guernsey registered Company, OKYO Pharma is not under an obligation to adopt a Governance Code on a 'comply or explain' basis. However, given its status as a standard listed company on the main market for listed securities of the London Stock Exchange plc, the directors recognise the importance of sound corporate governance have opted to comply with QCA Corporate Governance Code, as published by the Quoted Companies Alliance, to the extent they consider appropriate in light of the Company's size, stage of development and resources. The code can be found at www.theqca.com.

The Company's corporate governance is reviewed on a regular basis by the Directors of the company. Okyo Pharma Ltd operates within the life science sector in an effective and efficient way, with integrity and due regard for the interests of shareholders and applies principles of general governance applicable to the size and stage of development of the Group.

How does the Board apply the ten principles set out in the QCA Code?

1. Establish a strategy and business model which promote long-term value for shareholders

The Board has a clear strategy, which is set out in the Chairman's statement on page 2. To support the execution of this strategy, the Board performs the following key tasks:

- setting the Company's values and standards;
- approval of long-term objectives and strategy;
- approval of revenue, expense and capital budgets and plans; a
- approval for therapeutic candidate progression through key development and clinical stages;
- oversight of operations ensuring that adequate systems of internal controls and risk management are in place, ensuring maintenance of accounting and other records, and compliance with statutory and regulatory obligations;

2. Seek to understand and meet shareholder needs and expectations

Contact with major shareholders has been principally maintained by the CEO and the Chairman during the reporting period, and they have ensured that their views are communicated to the Board as a whole. The Board believes that appropriate steps have been taken during the reporting period to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the views of major shareholders about the Company. We are holding our Annual General Meeting in Q3 2021. A Notice of Annual General Meeting will be issued in due course and will be available on our website. Separate resolutions will be provided on each issue so that they can be given proper consideration. Proxy votes are counted and the level of proxies lodged on each resolution reported after it has been dealt with by a show of hands.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

OKYO is committed to engaging with and maintaining good relations with all of our stakeholders (employees, investors, participants in clinical trials, collaboration partners and suppliers).

OKYO is also compliant with safety and other regulations in its laboratories and in treating patients on Clinical Trials.

OKYO has annual appraisals for all staff and regular meetings between staff and senior management to discuss business related issues.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

A Risk Register is maintained for regular review by the Audit and Risk Committee and the Board. Principal risks are set out on page 9 where mitigating activities are also explained.

Audit, Risk and Disclosure Committee

The Audit Committee of the Board comprises of John Brancaccio and Willy Simon. It is chaired by John Brancaccio, and is responsible for:

i. Monitoring the quality of internal controls and ensuring the financial performance of the Group is properly measured and reported on;

ii. Consideration of the Directors' risk assessment and suggesting items for discussion at the full Board;
iii. Receipt and review of reports from the Company's management and external audtiors relating to the interim and annual accounts, including a review of accounting policies, accounting treatment and disclosures in the financial reports;
iv. Consideration of the accounting and internal control systems in use throughout the Company and its subsidiaries; and
v. Overseeing the Company's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

The audit committee meets not less than twice in each financial year and has unrestricted access to the Company's auditors.

5. Maintain the Board as a well-functioning, balanced team led by the Chairman

The Board is currently comprised of four directors, the Non-executive Chairman, an Executive director and two Non-Executive Directors. The directors of the Company have all been selected for their extensive experience in their specialised fields, making the Board well rounded and balanced. The composition of the Board is regularly reviewed through the Nomination committee. The wide range of skills among the directors helps to further the business and strategic development of the Company as well as address any anticipated issued in the foreseeable future. To ensure the Company's future growth, all directors are subject to re-election at least once every three years, confirming the current directors all have the necessary experience and skills. The skills of each director complement one another guaranteeing a well-functioning balanced Board, led by the Non-executive Chairman. The Company maintains its governance structure through the Nomination Committee, Audit, Risk and Disclosure Committee and the Remuneration Committee. These Committees also support the Board in making the best decisions in the interest of the Company, shareholders and employees. The Board follow a formal schedule of matters and meet quarterly every year. All Directors are expected to provide a sufficient amount of time to the Company to fully exhibit and fulfil their duties. Each Directors time spent is reviewed annually prior to recommending their re-election to the shareholders.

The Board is responsible to the shareholders and to ensure acceptable management to the group.

The roles of the directors differ between Executive and Non-Executive directors, while both have fiduciary duties towards the group. The Board is made up of the non-Executive Chairman, Gabriele Cerrone, who has extensive experience in the financing and restructuring of micro-cap biotechnology companies and has successfully taken several companies onto the NASDAQ, AIM and LSE markets, the CEO, Gary S. Jacob who has considerable prior experience as CEO of a number of public biotechnology companies, and two additional non-executive directors. The non-executive Chairman and Executive director CEO are responsible for the operation and business development of the company. The two other Non-Executive officers, Willy Simon and John Brancaccio, who have many years of experience in the finance industry, all who act as independent directors providing objective judgment, and constructively challenge the management to ensure all strategies are completely considered. For the Board to carry out their duties in their entirety, they have full and timely access to all the relevant information they need. Directors, if necessary, are also permitted to take independent professional advice to further their roles at the expense of the Group. All Board members have access to the advice of the Company Secretary.

The Code requires that a smaller company should have at least two Independent Non-Executive Directors. As at 31 March 2021, the Board consisted of one Executive Directors and three Non-Executive Directors. The Non-Executive Directors are interested in either ordinary shares in the Company, options over ordinary shares in the Company, or both, and cannot therefore be considered fully independent under the Code. The remuneration of the Non-Executive Directors includes options and this is contrary to best practice, and thus the Company is not in full compliance. However, the Directors consider the present structure and arrangements to be adequate given the size and stage of development of the Company, and all are considered to be independent in character and judgement.

The Company does not have an independent Chairman given the substantial shareholding of the Chairman. It is the Board's opinion that the current arrangements are appropriate to the Company at this stage of development and that there are sufficient compliance structures within the Company to ensure that the governance functions that would be part of an independent Chairman's responsibility are met. The Board is satisfied with the balance between Executive and Non-Executive Directors which allows it to exercise objectivity in decision making and proper control of the Company's business. The Board considers its composition appropriate in view of the size and requirements of the Company's business and the need to maintain a practical and efficient balance between Executive and Non-Executive Directors.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board has delegated the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors, to the Nomination Committee.

The Nomination Committee of the Board comprises of Gabriele Cerrone and Willy Simon. It is chaired by Gabriele Cerrone, and is responsible for:

i. drawing up selection criteria and appointment procedures for directors;

ii. recommending nominees for election to our board of directors and its corresponding committees;

iii. assessing the functioning of individual members of our board of directors and executive officers and reporting the results of such assessment to the board of directors; and

iv. developing corporate governance guidelines.

With regard to the re-election of Directors, the Company is governed by its Articles of Association (the Articles). Under the Articles, the Board has the power to appoint a Director during the year, but any person so appointed must stand for election at the next Annual General Meeting, along with the rest of the Board.

The Board understands the value in having directors of diverse gender, race and ethnicity, along with varied skills, perspectives and experiences. We are constantly looking for opportunities to improve our diversity and inclusion practices.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The OKYO Pharma Ltd Board remains mindful that it needs to continually monitor and identify ways in which it might improve its performance and recognises that board evaluation is a useful tool for enhancing a board's effectiveness.

The Remuneration Committee of the Board comprises of Willy Simon and John Brancaccio. It is chaired by Willy Simon, and is responsible for:

i. The review of the performance of the executive directors;
ii. Recommendations to the Board on matters relating to the remuneration and terms of service of the executive directors; and
iii. Recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

In making their recommendations the Remuneration Committee will have due regard to the interests of the Shareholders and the performance of the Company.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation. The Company endeavours to not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex, or sexual orientation. The Company will undertake an annual review of its policies and procedures to establish its position about compliance and best practice and monitor and promote a healthy corporate culture.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is supported by the Committees, explained above, in the task of maintaining governance processes and structures. Furthermore, the following governance matters support good decision-making by the Board.

The Directors are responsible for the Company's internal control and reviewing its effectiveness. The Directors confirm that the Board has acknowledged this responsibility. The Directors confirm that there is an ongoing process for reviewing internal controls and effectiveness as well as identifying, evaluating, and managing the significant risks facing the Group and its subsidiaries. This process has been in place from 1 January 2017 and continues to be in place, the internal controls are reviewed on a regular basis.

The Group's system of internal control is designed to provide the Directors with reasonable assurance that the Group's assets are safeguarded, that transactions are authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the internal control system in operation are:

- The Board meets regularly with an agenda of matters reserved for their decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority. The Board receives periodic updates from both the Audit and Remuneration Committees.

- The Management team is responsible for the identification and evaluation of significant risks and for the design, implementation and monitoring of appropriate internal controls, including, but not limited to, financial and computer systems, business operations, and compliance.
- Management regularly reports to the Board on the key risks inherent in the business and on the way in which these risks are managed.
- There are established procedures for planning, approving, and monitoring large expenditures, including capital expenditures, as well as processes for monitoring the Group's financial performance.
- A comprehensive forecasting process is completed four times a year, prior to each board meeting, which is reviewed and approved by the Board. Detailed management accounts are produced on a monthly basis, with all significant variances investigated promptly. The management accounts are reviewed and commented on a monthly basis by the management team.
- The Group maintains appropriate insurance cover, including in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on an annual basis.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Contact with major shareholders is principally maintained by the Chairman and CEO, and additionally the Non-Executive Directors are available to discuss governance and other matters directly with major shareholders, both private and institutional.

The Company uses its corporate website (www.okyopharma.com) to communicate with institutional shareholders and private investors, and the website also contains the latest announcements, press releases, published financial information, current projects and other information about the Company. The annual report which includes the financial statements is a key communication document and is available on the Company's website.

Whistleblowing

The company has formal arrangements in place to facilitate 'whistle-blowing' by employees. If a complaint is made, the content is sent anonymously by email to the Company's Compliance Officer, so that appropriate action can be taken.

Employment

The company endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake and thereafter to develop, incentivise and retain staff. The Board recognises its legal responsibility to ensure the well-being, safety and welfare of the company's employees and maintain a safe and healthy working environment for them and our visitors. If an employee has a concern about unsafe conditions or tasks, they are encouraged to report their concerns immediately to their manager.

Diversity Policy

The Group is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation. The Group endeavours to not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. The Group will undertake an annual review of its policies and procedures to establish its position about compliance and best practice and monitor and promote a healthy corporate culture.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' 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 they are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU 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 Company and of the Group and the financial performance and cash flows of the Group for that year. 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 applicable accounting standards have been followed, subject to any material departures; disclosed and explained in the financial statements;
- prepare the accounts 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 transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

Each of the Directors, whose names and functions are listed on page 2 confirm that, to the best of their knowledge and belief:

- the financial statements are prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Annual Report and financial statements, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

Directors indemnity

The Group's Articles of Association provide, subject to the provisions of Companies (Guernsey) Law 2008, an indemnity for Directors and officers of the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Group.

Appropriate Directors and officer's liability insurance cover is in place in respect of all Group Directors.

DISCLOSURES REQUIRED BY PUBLICLY TRADED COMPANIES UNDER RULE 7.2.6R OF THE UK LISTING AUTHORITY'S DISCLOSURE GUIDANCE AND TRANSPARENCY RULES

The following disclosures are made pursuant to Rule 7.2.6.R of the UK Listing Authority's Disclosure Guidance and Transparency Rules (DTR). As at 31 March 2021:

a) Details of significant direct or indirect holdings of securities of the Company are set out in the Directors Report outlined in this document. The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.

b) There are no persons who hold securities carrying special rights regarding control of the Company.

c) All ordinary shares carry one vote per share without restriction.

d) The Company's rules about the appointment and replacement of Directors are contained in the Company's constitution and accord with the Companies Act 2006. Amendments to the Company's constitution must be approved by the Company's shareholders by passing a special resolution.

e) The Company may exercise in any manner permitted by the Companies Act 2006 any power which a public company limited by shares may exercise under the Companies Act 2006. The business of the Company is managed by or under the direction of the Directors. The Directors may exercise all the powers of the Company except any powers that the Companies Act 2006 or the constitution requires the Company to exercise.

f) Subject to any rights and restrictions attached to a class of shares and in compliance with the Companies Act 2006, the Company may allot and issue unissued shares and grant options over unissued shares, on any terms, at any time and for any consideration, as the Directors resolve. This power of the Company can only be exercised by the Directors. The Company may reduce its share capital and buy-back shares in itself on any terms and at any time. However, the Companies Act 2006 sets out certain procedures which must be followed in relation to reductions in share capital and the buy-back of shares.

OKYO Pharma Limited
Director's report

Assessment of the impact of COVID-19

The COVID-19 virus has swept the globe and has claimed many thousands of lives. It is clear that the pandemic has had a far more severe impact on markets than previous virus outbreaks, with governments having taken strict measures to contain the virus.

Despite the risks of a global recession with associated volatility in world stock markets, the Company believes that healthcare as a defensive sector should fare better than other parts of the economy and it does not believe that the recent outbreak of COVID-19 pandemic will have an adverse effect on the Company' operations. Indeed, the Company has raised substantial funds during the pandemic to enable it to continue its pre-clinical pipeline, which includes the use of potential use of chemerin and chemerin analogues for prophylaxis against and treatment of symptoms associated with COVID-19 .

Disclosure of information to the auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Mazars LLP have indicated their willingness to continue in office as auditor for another year. In accordance with section 257 of the Companies (Guernsey) Law 2008, a resolution proposing that Mazars LLP be reappointed as auditors of the Group will be put to the Annual General Meeting.

Future developments

The Strategic Report on pages 3 to 8 provides a summary of future developments of the Group.

Research and development activities

The research and development activities of the Group are described in Strategic Report on pages 3 to 8.

Post balance sheet events

Events after the year end are outlined in note 23 to the financial statements.

Financial instruments

The use of financial instruments is considered by the Board and the exposure of the Group to price, credit, liquidity and cash flow risks are considered. Details of the risks and mitigation can be found in note 17 to the financial statements.

Greenhouse Gas Emissions

We are a company with a small number of employees. We have serviced offices and we currently outsource our research, development, testing and manufacturing activities. As a result, we do not emit greenhouse gases from our own activities, nor do we purchase electricity, heat or steam for our own use. (Scope 1 and scope 2 disclosures).

Accordingly, there are no greenhouse gas emissions to report from the Company's operations, nor does it have responsibility for any other emissions. Further, for the same reason, the Company considers that it is a 'low energy user' under the Streamlined Energy & Carbon Reporting regulations and therefore a disclosure on energy and carbon emissions is not required.

Post balance sheet events

Events after the year end are outlined in note 23 to the financial statements.

OKYO Pharma Limited
Director's report

By order of the Board

Willy Simon
Director
31 July 2021

Martello Court
Admiral Park
St. Peter Port
Guernsey
GY1 3HB

OKYO Pharma Limited
Directors' Remuneration report

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended March 31, 2021 which will be subject to an advisory vote under a resolution to be proposed at the 2021 Annual General Meeting ("AGM"). Shareholders approved the Remuneration Policy at the 2019 AGM.

I hope that you will be supportive of our remuneration approach and will vote in favour of the Directors' Remuneration Report.

Key activities and decisions in the year ended March 31 2021:

Since April 1, 2020, the Committee has undertaken the following key decisions and activities.

- Following the appointment of Gabriele Cerrone as non-executive chairman of the company and Dr Gary S. Jacob as Chief Executive Officer and director of the company, compensation levels were set and confirmed.

- The Committee approved a bonus to be paid to the Non-Executive Chairman. The bonus payment was awarded on the basis of the co-invention of the use of Chemerin in the COVID-19 indication when he was not a director or employee of the Company (now the subject of a patent application); work carried out in procuring, backing and completing the refinancing the Company in 2020 and actions taken to make new executive appointments and scientific advisory appointments to the Board with the result that the Company now has a clear and accelerated path to the clinic.

  The Committee acknowledged that these bonuses would not be paid out in cash but would be used to fund the exercise of warrants that were issued in May 2021, upon conversion of convertible loan notes held by Planwise and Panetta Partners (of which Gabriele Cerrone is the beneficial owner). Exercise of these warrants would remove a significant proportion of debt from the capital structure of the Group which would be advantageous for future fundraisings.

The Group has made progress during the financial year in the pre-clinical development on OK-101 and OK-201.

Yours faithfully,

Willy Simon
Chair of the Remuneration Committee
31 July, 2021

OKYO Pharma Limited
Directors' Remuneration report

Single total figure of remuneration of each Director (Audited)

The Directors received the following remuneration for the years ended 31 March 2021 and 31 March 2020:

Year Ended March 31, 2021 £'000	Base Salary	Bonus	Share-based payment [6]	Other [7]	2021 Total	Total fixed renumeration	Total variable renumeration
Executive							
Gary Jacob [2]	61	30	358	-	449	61	388
Non - Executive							
Gabriele Cerrone [1]	27	887	-	-	914	27	887
Willy Simon	32	-	2	2	36	34	2
Kunwar Shailubhai	28	-	13	-	41	28	13
Gregor MacRae [4]	10	-	-	2	12	12	-
John Brancaccio [3]	24	-	12	-	36	24	12
Total	182	917	385	4	1,488	186	1,302

Year Ended March 31, 2020 £'000	Base Salary	Bonus	Share-based payment [3]	Other [4]	2020 Total	Total fixed renumeration	Total variable renumeration
Executive							
Willy Simon	32	-	3	-	35	32	3
Non - Executive							
Kunwar Shailubhai	31	-	24	-	55	31	24
Leopoldo Zambeletti[5]	27	-	5	-	32	27	5
Gregor MacRae [4]	6	-	-	-	6	6	-
Total	96	-	32	-	128	96	32

(1) Gabriele Cerrone's bonus awarded for £887kwas awarded on the basis of the co-invention of the use of Chemerin in the COVID-19 indication when he was not a director or employee of the Company (now the subject of a patent application); work carried out in procuring, backing and completing the refinancing the Company in 2020 and actions taken to make new executive appointments and scientific advisory appointments to the Board with the result that the Company now has a clear and accelerated path to the clinic.

(2) Gary Jacob became an employee and Director of the Company on 7 January 2021 and has elected not to take healthcare benefits

(3) John Brancaccio was appointed as Director on 10 June 2020

(4) Gregor Macrae was appointed as Director on 18 December 2019 and resigned on 10 June 2020

(5) Leopoldo Zambeletti resigned as Director on 18 December 2019

(6) Shares based payments represent the fair value of options that vested during the years ended March 31, 2021 and 2020

(7) Other benefits represent healthcare benefits and pension contributions.

No payments were made towards a pension plan for our executive directors, £2,220 was made for our salaried non-executive director, who receives the same pension benefit as the UK based employees, namely a matching contribution of 6% of salary, if a 3% minimum contribution is made.

OKYO Pharma Limited
Directors' Remuneration report

Statement of Directors' shareholding and share interests (Audited)

The table below details the total number of shares owned (including their beneficial interests), the total number of share options held and the number of share options vested but not yet exercised as at March 31 2021:

Year ended March 31 2021	Shares	Options – not yet vested	Options – vested not yet exercised	Total (Shares and options)
Executive				
Gary Jacob	-	40,000,000	-	40,000,000
Non - Executive				
Gabriele Cerrone	350,762,726	-	-	350,762,726
Kunwar Shailubhai	-	8,250,000	8,250,000	16,500,000
Willy Simon	307,100	1,000,000	1,000,000	2,307,100
John Brancaccio	-	450,000	-	450,000
Total	351,069,826	49,700,000	9,250,000	410,019,826

The interests of the Directors in the Company's share options are as follows:

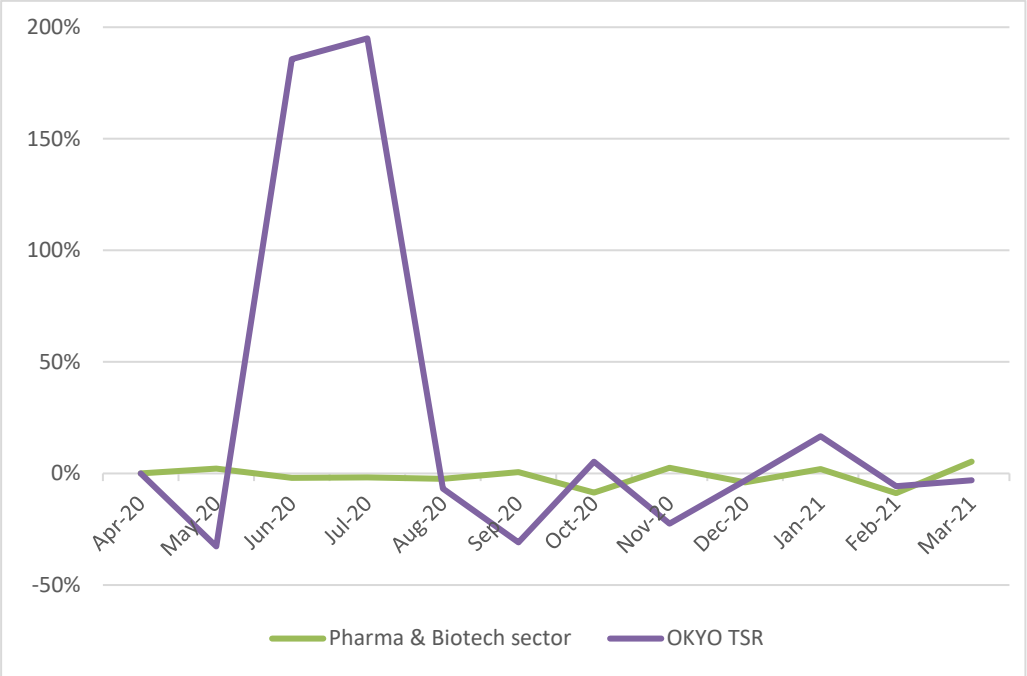
Director	**Granted**	**Date of grant**	**Price per share £**	**Vesting Criteria**	**Vested as at March 31, 2021**	**Expiry Date**
Willy Simon	2,000,000	6 July 2018	0.045	25 per cent. Will vest on each anniversary of appointment.	1,000,000	6 July 2025
Kunwar Shailubhai	16,500,000	6 July 2018	0.045	25 per cent. Will vest on each anniversary of appointment.	8,250,000	6 July 2025
John Brancaccio	450,000	20 August 2020	0.155	25 per cent. Will vest on each anniversary of appointment.	-	19 August 2028
Gary Jacob	40,000,000	6 January 2021	0.05	25 per cent. Will vest on each anniversary of appointment.	-	5 January 2031

Total Shareholder Return

The graph below shows the Company's performance, measured by total shareholder return, of the Company's movement in share price compared to the FTSE All share pharmaceuticals and Biotechnology index for the year ended March 31, 2020.

Total Shareholder Return
(Source: Investing.com)

OKYO Pharma Limited
Directors' Remuneration report



Payments to past Directors

In the period there were no payments to past Directors.

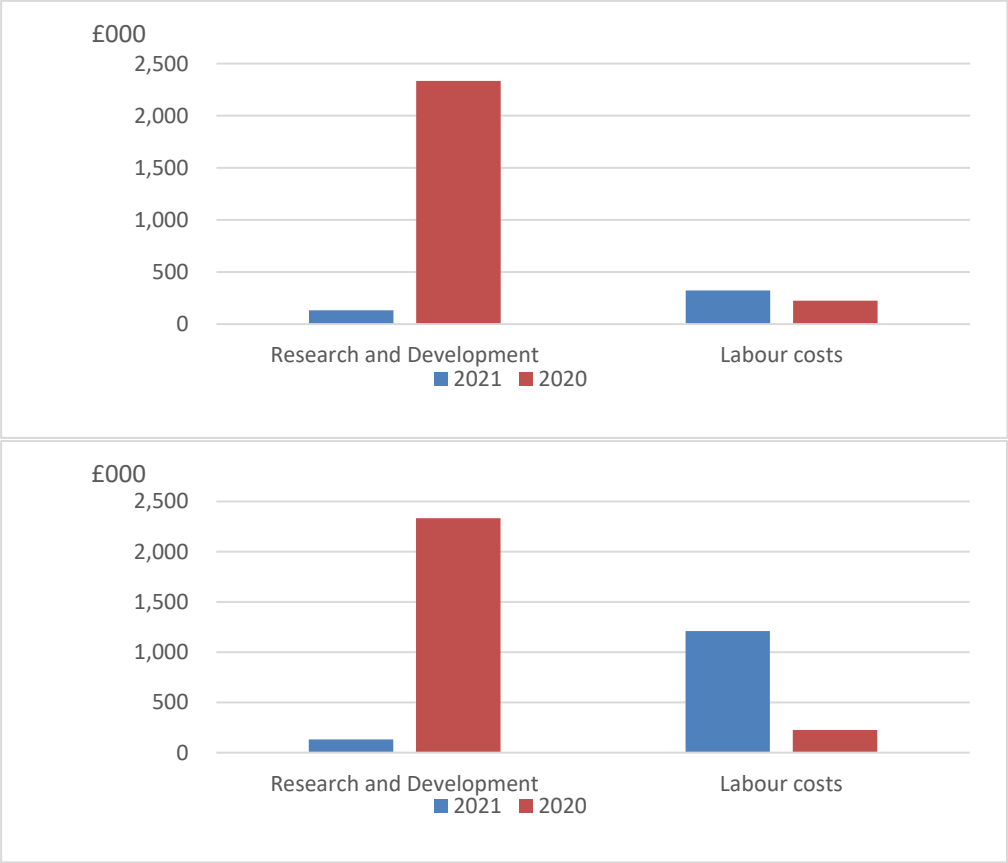
Payments for loss of office

No payments were made to Directors for loss of office in the period.

Relative Importance of spend on pay

The Committee considers the company's research and development expenditure relative to salary expenditure for all employees, to be the most appropriate metric for assessing overall spend on pay due to the nature and stage of the company's business. Dividend distribution and share buy-back comparators have not been included as the company has no history of such transactions. The graph below illustrates the gross pay to all employees per year as compared to research and development expenditure and illustrates the year-on-year change.

OKYO Pharma Limited
Directors' Remuneration report



Employment conditions across the Group

The Committee is kept regularly updated on pay and conditions across the Group, although when setting the Directors' remuneration policy, the wider employee group is not formally consulted. In determining any adjustments to the pay of the Executive Directors and the senior executive salaries, the Committee considers the increases to pay levels across the broader employee population.

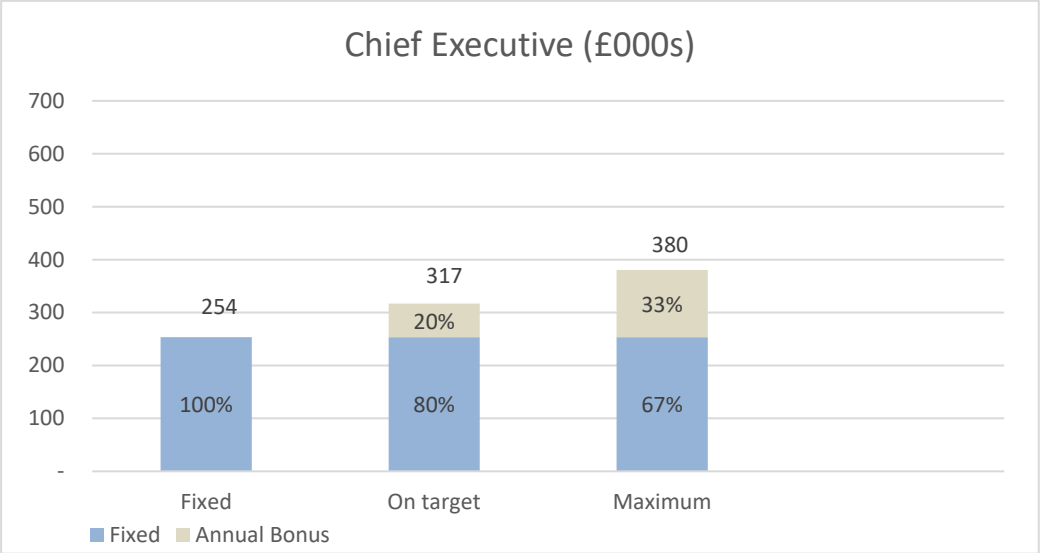
Consideration of shareholder views

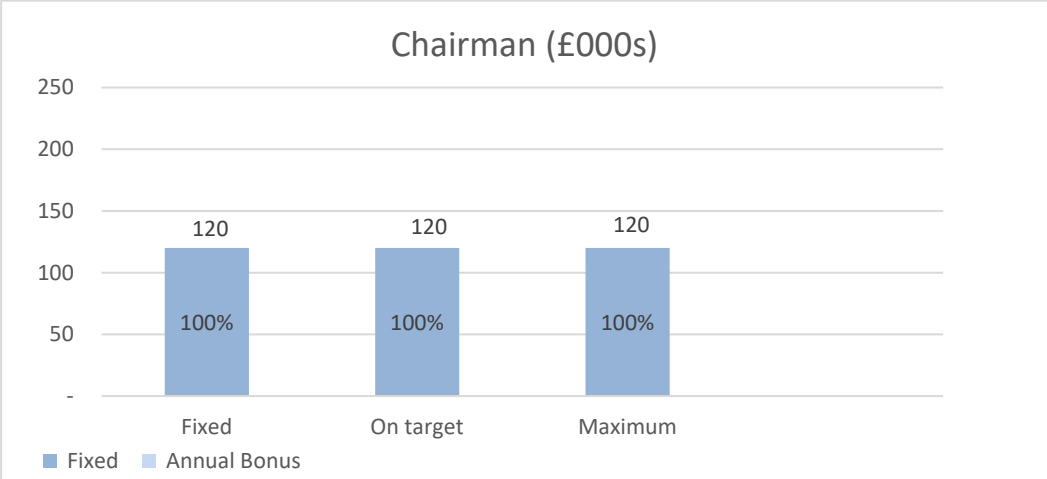
The Committee considers shareholder feedback received in relation to the Annual General Meeting each year at its first meeting following the Annual General Meeting. This feedback, as well as any additional feedback received during other meetings with shareholders and representative bodies, is then considered when reviewing remuneration policy. When any material changes are proposed by the Group to the remuneration policy, the Committee will consult major shareholders.

Illustration of application of remuneration policy

The charts below set out the minimum (i.e. 'fixed') remuneration receivable by the Executive Director and the Non-Executive Chairman as at the date of this Annual Report, as well as the potential remuneration for 'on-target' and 'maximum' performance, as a result of the remuneration paid in or awarded for the year ending March 31, 2021.

OKYO Pharma Limited
Directors' Remuneration report





The scenarios set out in the above charts reflect or assume the following:

- 'Fixed' remuneration comprises:
  - base salary to be provided in 2021/22
  - A base salary of £120,000 for the Chairman for the full financial year to March 2021 (although such salary will be effective from 1 August 2020).

- The 'on-target' remuneration assumes an annual bonus payment of 50% of the maximum opportunity.
- The 'maximum' remuneration assumes maximum performance is achieved and therefore awards under the annual bonus pay out at their maximum levels.

Executive remuneration is not directly linked to share price so this metric cannot be illustrated.

OKYO Pharma Limited
Directors' Remuneration report

The following table sets out the Company's performance objectives for the next 12 months to 31 March 2022:

Objective Weighting	Weighting
Work towards filing an IND in the third quarter of 2022 on OK-101 to treat DED	60%
Continue to conduct preclinical studies and additional animal studies to further evaluate both OK-101 to treat uveitis and allergic conjunctivitis, and OK-201 to treat corneal neuropathic pain	30%
Secure additional funding	10%
	100%

Structure and role of Remuneration Committee

The Remuneration Committee of the Board comprises of Willy Simon and John Brancaccio. It is chaired by Willy Simon, and is responsible for:

i. The review of the performance of the executive Directors;
ii. recommendations to the Board on matters relating to the remuneration and terms of service of the executive Directors; and
iii. recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

In making their recommendations the Remuneration Committee will have due regard to the interests of the Shareholders and the performance of the Company.

Directors' remuneration policy

The Company's policy is to maintain levels of remuneration sufficient to attract, motivate and retain senior executives of the highest calibre who can deliver growth in shareholder value. Executive Directors' remuneration currently consists of basic salary, bonus and benefits. The Company will seek to strike an appropriate balance between fixed and performance-related reward so that the total remuneration package is structured to align a significant proportion to the achievement of performance targets, reinforcing a clear link between pay and performance. The performance targets for staff, senior executives and the Executive Directors will be aligned to the key drivers of the business strategy, thereby creating a strong alignment of interest between staff, Executive Directors and shareholders.

The Remuneration Committee will continue to review the Company's remuneration policy and make amendments, as and when necessary, to ensure it remains fit for purpose and continues to drive high levels of executive performance and remains both affordable and competitive in the market.

The policy, as outlined below, was approved by shareholders at the 2019 AGM. Upon approval, the company will continue to put forward the remuneration policy to be approved every three years, however the company will update it when necessary and will be sent for approval before the three-year approval.

OKYO Pharma Limited
Directors' Remuneration report

Policy Table

Element of reward - Base Salary

Purpose and Link to Strategy	To provide fixed remuneration to ▪ help recruit and retain key individuals; ▪ reflect the individual's experience, role and contribution within the Company.
Operation	The Remuneration Committee considers a number of factors when setting salaries, including: ▪ scope and complexity of the role ▪ the skills and experience of the individual ▪ salary levels for similar roles within the industry ▪ pay elsewhere in the Company Salaries are reviewed, but not necessarily increased, annually.
Performance conditions	None.
Maximum opportunity	Salary increases are normally made with reference to the average increase for the wider Company. The Board retains discretion to make higher increases in certain circumstances, for example, following an increase in the scope and/or responsibility of the role or the development of the individual in the role or by benchmarking.

Element of reward- Other benefits

Purpose and Link to Strategy	To provide a basic benefits package.
Operation	The Company provides Executive Directors with medical insurance for themselves and their family.
Performance conditions	None.
Maximum opportunity	Maximum opportunity will be whatever it costs to provide the benefit.

OKYO Pharma Limited
Directors' Remuneration report

Element of reward - Annual Bonus

Purpose and Link to Strategy	To incentivise and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Company's short-term strategy.
Operation	• Executive Directors and staff are eligible to participate in a discretionary bonus plan. • The Remuneration Committee will determine on an annual basis the level of deferral, if any, of the bonus payment into Company shares. • Maximum bonus levels and the proportion payable for on target performance are considered in the light of market bonus levels for similar roles among the industry sector. • Bonuses are not pensionable. • The Remuneration Committee sets targets which require appropriate levels of performance, considering internal and external expectations of performance. • As soon as practicable after the year-end, the Remuneration Committee meets to review performance against objectives and determines payout levels. • From 2019 in terms of bonus targets a balanced scorecard approach will be operated which focuses on a mixture of strategic, operational, financial and non-financial metrics.
Performance conditions	• At least 50% of the award will be assessed against Company metrics including operational, financial and non-financial performance. The remainder of the award will be based on performance against individual objectives. • A scale between 0% and 100% of the maximum award is paid dependent on the level of performance.
Maximum opportunity	The maximum potential bonus entitlement for Executive Directors under the plan will be equal to 50% of the base salary.

Element of reward - Long Term Incentive Plan (LTIP)

Purpose and Link to Strategy	• To incentivise and reward the creation of long-term shareholder value. • To align the interests of the Executive Directors with those of shareholders.
Operation	Under the terms of the non-tax advantaged share option plan (the "Share Option Plan"), the Remuneration Committee may issue options over shares up to 15% of the issued share capital of the Company from time to time. Directors and employees are eligible for awards. • The exercise of options may be subject to the satisfaction of such performance conditions, if any, as may be specified and subsequently varied and/or waived by the Remuneration Committee. • The Remuneration Committee determines on an annual basis, and from time to time as needed (i.e., new employee or promotion), the type of awards to be granted to executives and other employees under the plan.
Performance conditions	Vesting of the awards is dependent on financial, operational and/or share price measures, as set by the Remuneration Committee, which are aligned with the long-term strategic objectives of the Company. The relevant performance conditions will be set by the Remuneration Committee on the award of each grant but will include a mixture of strategic, operational, financial and non-financial metrics.

Notes on Table

The Remuneration Committee may make minor amendments to the Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval for that amendment. Any major changes will be put to a shareholder vote at the next AGM or an EGM.

The Policy was approved by shareholders at the 2019 AGM and, will remain in force until the AGM in 2022 with no requirement to vote again on the Policy in the intervening years provided that no changes are proposed.

Policy on payment for loss of office

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Notice periods are set at up to a maximum of twelve months by either party.

The Company considers a variety of factors when considering leaving arrangements for an Executive Director, including individual and business performance, the obligation for the Director to mitigate loss (for example by gaining new employment) and other relevant circumstances (e.g. ill health).

If the Executive Director's employment is terminated by the Company, the Executive Director may receive a time pro-rated bonus to the period worked subject to performance in that period, subject to the Remuneration Committee's discretion.

The treatment of outstanding share awards is governed by the relevant share plan rules. The following table summarises the leaver provisions of share plans under which Executive Directors may currently hold awards.

Leaving Event	Time period	Conditions
Injury, disability, ill-health, redundancy	Option may be exercised within 3 months of leaving.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Death	Option may be exercised by personal representatives within 12 months of death.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Resignation or any other reason not mentioned above.	Lapse of option unless Board exercises discretion to allow exercise of option in which case within 3 months of leaving/notice.	If allowed to exercise; Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.

Annual report on approach to remuneration on recruitment

In determining remuneration for new appointments to the Board, the Board will consider all relevant factors including, but not limited to, the calibre of the individual and their existing package, the external market and the existing arrangements for the Company's current Executive Directors, with a view that any arrangements offered are in the best interests of the Company and shareholders and without paying any more than is necessary.

Where the new appointment is replacing a previous Executive Director, salaries and total remuneration opportunity may be higher or lower than the previous incumbent. If the appointee is expected to develop into the role, the Board may decide to appoint the new Executive Director to the Board at a lower than typical salary. Larger increases (above those of the wider company) may be awarded over time to move closer to the market level as their experience develops.

Benefits and other elements of remuneration will normally be limited to those outlined in the remuneration policy table above. However, additional benefits may be provided by the Company where the Board considers it reasonable and necessary to do so.

It is expected that the structure and various pay elements would reflect those set out in the policy table above. However, the Board recognises that, as an independent life sciences company, it is competing with global firms for its talent. As a result, the Board considers it important that the recruitment policy has sufficient flexibility in order to attract the calibre of individual that the Company requires to grow a successful business. The Company recognises that in many cases, an external appointee may forfeit significant cash bonuses and/or share awards from a prior employer. The Board believes that it needs the ability to compensate new hires for bonuses and/ or incentive awards lost on joining the Company. The Board will use its discretion in settling any such compensation, which will be decided on a case-by-case basis, provided that in no event shall such compensation exceed the value of compensation forfeited by the external appointee, as confirmed by the appointee in a written agreement with the Company.

OKYO Pharma Limited
Auditors report

Independent Auditor's Report to the members of OKYO Pharma Limited

Opinion

We have audited the financial statements of Okyo Pharma Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income; the Consolidated and Company Statements of Financial Position; the Consolidated and Company Statements of Changes in Equity; the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the Companies (Guernsey) Law 2008 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies (Guernsey) Law 2008 and, as regards the group financial statements, international financial reporting standards adopted by the European Union.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008 and give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended; and have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies (Guernsey) Law 2008 and, as regards the group financial statements, international financial reporting standards adopted by the European Union.

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 public interest 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.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group and Parent Company are pre-revenue and its business model requires significant ongoing expenditure on research and development. For the year ended 31 March 2021, the Group incurred losses after taxation of £2,997,429. Although the net assets of the Group at 31 March 2021 are £3,854,176, with a cash position of £4,991,663, the forecast prepared by management indicate that the current cash position will be sufficient to cover the general and administrative expenses for the foreseeable future, leaving a very small cash availability by the end of 2022, by when further funds will be required in order to support the ongoing researches. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's future financial performance;
- Evaluating the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in Note 2, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing and evaluating key assumptions and mitigating actions put in place in response to COVID-19; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements relating to going concern.
-

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and key observations arising from those procedures. The matters set out below are in addition to the "Material uncertainty related to going concern" above which, by its nature, is also a key audit matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	**How our scope addressed this matter**
Valuation and accounting of options, warrants, and convertible loan notes The Group operates share-based payments arrangements to remunerate directors and employees in the form of share options. Additionally, warrants were granted as part of incentives attached to the convertible loans notes. These warrants are exercisable over a certain number of years, according to the agreement. With regards to the convertible loan notes, IAS 32 requires liability and equity components to be presented separately in the Statement of Financial Position. As a result, particular attention is required when reviewing the contractual obligations of the notes in order to conclude as to their accounting as debt or equity classified. The nature of certain of the Group's options, warrants and convertible loan notes are complex requiring both judgement and probability analysis to determine their valuation and accounting.	Our audit procedures over options, warrants, and convertible loan notes included but were not restricted to: • Obtaining management's valuation of options and warrants, evaluating the appropriateness of management's model and reviewing for completeness and accuracy of information used; • Reviewing the mathematic integrity of the options and warrants calculations; • Reviewing of the reasonableness and challenge of the management assumptions used in the models • • Obtaining and reviewing the option and warrant agreements for all current year issuances and challenged the determination of whether or not they were to be accounted for under IFRS 2 Share-Base Payments; • ; • Examining the contractual obligations of the convertible loan note to ensure that management's accounting for the aforementioned notes under IAS 32 Financial Instruments as debt classified was appropriate; • Reviewing the calculation for convertible debt instruments and ensured the loan note principal and accrued interest are recorded appropriately on the financial statements; and • Reviewing the disclosure in the financial statements to ensure disclosure is sufficient and appropriate. In performing the work above where appropriate we used internal valuation and accounting technical experts. **Our observations** The audit team have not identified any material issue to be reported.

Our application of materiality and an overview of the scope of our audit

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

Overall materiality	Group: £151,000 Parent: £146,000
How we determined it	Materiality is based on 5% of the Group's and the Parent Company's losses before tax.
Rationale for benchmark applied	We believe that the benchmark of losses before tax is most appropriate for both Group and Parent Company as the users of the accounts are likely to be most concerned with the annual and accumulated losses of the Group and Parent Company and the Group's and Parent Company's ability to continue as a going concern. Losses are also representative of the Group's investment into research and development to deliver its objectives. Having considered factors such as the Group's LSE listing, we determined materiality at 5% of Group and Parent Company's losses before tax to be appropriate.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality was set at £106,000 (£103,000 for the parent company), being 70% of overall materiality.
Reporting threshold	We agreed with the directors that we would report misstatements identified during our audit above £5,000 (£4,000 for the parent company) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the group and the parent company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and parent financial statements of Okyo Pharma Limited. Based on our risk assessment, only the parent company within the group was subject to full scope audit which was performed by the group audit team. For the group's subsidiaries review procedures were performed by the Group audit team as deemed necessary based on Group materiality.
At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters

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 those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA rules.

Matters on which we are required to report by exception

In 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; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited 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; or
- a corporate governance statement has not been prepared by the parent company

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on pages 18 and 19, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the group and the parent company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the anti-bribery, corruption and fraud, money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the group and parent company, the structure of the group, the industry in which they operate and considered the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- During the audit, focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the company's and group's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the directors on 22 June 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the year ending 31 March 2021.

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

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

Use of the audit report

This report is made solely to the parent company's members as a body in accordance with the Companies (Guernsey) Law 2008. 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.

OKYO Pharma Limited
Auditors report

Robert Neate (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
31 July 2021

OKYO Pharma Limited

Consolidated statement of comprehensive income

for the year ended 31 March 2021

	Notes	**Year ended 31 March 2021 £**	Year ended 31 March 2020 £
Continuing operations			
Income		**-**	-
Operating expenses			
Research and development		**(132,860)**	(407,478)
Operating expenses		**(1,987,367))**	(799,503)
Chairman's bonus		**(886,909)**	-
Total operating loss	*4*	**(3,007,136)**	(1,206,981)
Finance expense	*9*	**(858)**	(911)
Finance income	*9*	**-**	37,850
Impairment of loan	*18*	**(8,539)**	(104,342)
Loss before income tax		**(3,016,533)**	(1,274,384)
Taxation	*8*	**19,104**	60,000
Loss for the year		**(2,997,429)**	(1,214,384)
Other comprehensive income - foreign currency translation		**3,100**	3,639
Total comprehensive loss for the period		**(2,994,329)**	(1,210,745)
Basic and diluted loss per share	*19*	**(0.00)**	(0.00)

The notes on pages 44 to 64 form an integral part of these financial statements.

The Directors consider that all results derive from continuing activities.

OKYO Pharma Limited

Consolidated statement of financial position

As at 31 March 2021

	Notes	**At 31 March 2021 £**	At 31 March 2020 £
Property, plant, and equipment	*10*	**4,389**	512
Right of use asset	*20*	**71,425**	24,278
Total non-current assets		**75,814**	24,790
Cash and cash equivalents		**4,991,663**	189,941
Other receivables	*11*	**31,424**	191,120
Related party receivable	*18*	**20,044**	17,092
Taxation receivable	*8*	**19,072**	60,000
Total current assets		**5,062,203**	458,153
Total assets		**5,138,017**	482,943
Equity			
Share capital	*13*	**-**	-
Share premium	*13*	**67,148,029**	67,518,700
CLN reserve	*16*	**6,474,832**	
Share options reserve	*15*	**462,428**	68,233
Warrants reserve	*15*	**2,347,236**	1,721,625
Foreign currency translation reserve		**5,844**	2,744
Retained deficit		**(72,584,193)**	(69,424,317)
Shareholders' equity		**3,854,176**	(113,015)
Lease liability non-current	*20*	**46,815**	21,454
Total non-current liabilities		**46,815**	21,454
Trade and other payables	*12*	**1,212,284**	535,000
Related party payable	*18*	**-**	35,398
Lease Liability current	*20*	**24,742**	4,106
Total current liabilities		**1,237,026**	574,504
Total current and non-current liabilities		**1,283,841**	595,958
Total equity and liabilities		**5,138,017**	482,943

The notes on pages 44 to 64 form an integral part of these financial statements

These financial statements were approved by the board of Directors on 31 July 2021 and were signed on their behalf by:

Willy Simon

Director

OKYO Pharma Limited

Company statement of financial position

for the year ended 31 March 2021

	Notes	At 31 March 2021 £	At 31 March 2020 £
Property, plant and equipment	*10*	**1,894**	512
Investment in subsidiary	*14*	**-**	-
Total non-current assets		**1,894**	512
Cash and cash equivalents		**4,837,723**	162,277
Intercompany receivable	*14*	**91,552**	-
Other receivables	*11*	**25,990**	190,784
Related party receivable	*18*	**20,044**	17,092
Taxation receivable	*8*	**19,072**	60,000
Total current assets		**4,994,381**	430,153
Total assets		**4,996,275**	430,665
Equity			
Share capital	*13*	**-**	-
Share premium	*13*	**67,148,029**	67,518,700
CLN Reserve	*16*	**6,474,832**	
Share options reserves	*15*	**462,428**	68,233
Warrants reserve	*15*	**2,347,236**	1,721,625
Retained deficit		**(72,608,918)**	(69,430,027)
Shareholders' equity		**3,823,607**	(121,469)
Current Liabilities			
Trade and other payables	*12*	**1,172,668**	516,736
Related party payable	*18*		35,398
Total liabilities		**1,172,668**	552,134
Total equity and liabilities		**4,996,275**	430,665

The Company reported a loss for the financial year ended 31 March 2021 of £3,016,444 (2020: £1,371,923).

These financial statements were approved by the board of Directors on 31 July 2021 and were signed on their behalf by:

Willy Simon

Director

OKYO Pharma Limited

Consolidated statement of changes in equity

for the year ended 31 March 2021

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Warrants reserve £	Translation reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2020		**67,518,700**	**-**	**68,233**	**1,721,625**	**2,744**	**(69,424,317)**	**(113,015)**
Total comprehensive loss for the period								
Loss for the period		-	-	-	-	-	(2,997,429)	(2,997,429)
Exchange differences on translating foreign operations		-	-	-	-	3,100	-	3,100
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Shares issued	*13*	181,346	-	-	-	-	-	181,346
CLN Issued	*16*	-	6,311,287	-	-	-	-	6,311,287
CLN Interest	*16*	-	163,545	-	-	-	(163,545)	0
Options charge	*15*	-	-	399,460	-	-	-	399,460
Options exercised	*15*	11,250	-	(1,098)	-	-	1,098	11,250
Options forfeiture	*15*	-	-	(4,167)	-	-	-	(4,167)
Warrant's charge	*15*	(563,267)	-	-	625,611	-	-	62,344
Balance at 31 March 2021		**67,148,029**	**6,474,832**	**462,428**	**2,347,236**	**5,844**	**(72,584,193)**	**3,854,176**
Balance at 1 April 2019		**68,403,220**	**-**	**38,744**	**24,281**	**(895)**	**(68,209,933)**	**255,417**
Total comprehensive loss for the period								
Loss for the period		-	-	-	-	-	(1,214,384)	(1,214,384)
Exchange differences on translating foreign operations		-	-	-	-	3,639	-	3,639
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Shares issued	*13*	779,126		-	-	-	-	779,126
Options charge	*15*	-	-	29,489	-	-	-	29,489
Warrant's charge	*15*	(1,663,646)	-	-	1,697,344	-	-	33,698
Balance at 31 March 2020		**67,518,700**	**-**	**68,233**	**1,721,625**	**2,744**	**(69,424,317)**	**(113,015)**

OKYO Pharma Limited

Company statement of changes in equity

for the year ended 31 March 2021

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Share warrants reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2020		**67,518,700**	**-**	**68,233**	**1,721,625**	**(69,430,027)**	**(121,469)**
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(3,016,444)	(3,016,444)
Shares issued	*13*	181,346	-	-	-	-	181,346
CLN Issue	*16*	-	6,311,287	-	-	-	6,311,287
CLN Interest	*16*	-	163,545	-	-	(163,545)	0
Options charge	*15*	-	-	399,460	-	-	399,460
Options exercised	*15*	11,250	-	(1,098)	-	1,098	11,250
Options forfeiture	*15*	-	-	(4,167)	-		(4,167)
Warrants charge	*15*	(563,267)	-	-	625,611	-	62,344
Balance at 31 March 2021		**67,148,029**	**6,474,832**	**462,428**	**2,347,236**	**(72,608,918)**	**3,823,607**
Balance at 1 April 2019		**68,403,220**	**-**	**38,744**	**24,281**	**(68,058,104)**	**408,141**
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(1,371,923)	(1,371,923)
Shares issued	*13*	779,126	-	-	-	-	779,126
Options charge	*15*	-	-	29,489	-	-	29,489
Warrants charge	*15*	(1,663,646)	-	-	1,697,344	-	33,698
Balance at 31 March 2020		**67,518,700**	**-**	**68,233**	**1,721,625**	**(69,430,027)**	**(121,469)**

OKYO Pharma Limited

Consolidated statement of cash flows

for the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 (restated)* £
Cash flows from operating activities			
Loss for the year before taxation		**(3,016,533)**	(1,274,384)
Adjusted for non-cash and non-operating items:			
Share options charge	*15*	**399,460**	29,489
Warrants charge	*15*	**62,345**	33,698
Forfeiture of options		**(4,167)**	-
CLN issued in lieu of fees	*16*	**434,183**	-
Depreciation of property, plant, and equipment	*10*	**1,154**	335
Amortisation of right-of-use asset	*20*	**8,867**	4,367
Loss on disposal of right of use asset	*20*	**(592)**	-
Impairment on loan to West African Minerals Ltd		**8,539**	104,342
Loss on foreign exchange		**3,100**	10,944
Net (increase) in related party receivables		**(2,952)**	(17,093)
Net (decrease)/ increase in related party payables		**(35,398)**	29,925
Net decrease/ (increase) in other receivables		**159,696**	(96,101)
Net increase in trade and other payables		**677,283**	213,310
Cash used in operating activities		**(1,305,015)**	(961,168)
Cash inflow from taxation		**60,032**	-
Net Cash From Operating Activities		**(1,244,983)**	(961,168)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(5,031)**	-
Loan to West African Minerals Ltd	*18*	**(8,539)**	(104,342)
Cash used in investing activities		**(13,570)**	(104,342)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**181,346**	779,126
Proceeds from issuance of convertible loan notes	*16*	**5,877,104**	-
Proceeds from options exercised	*15*	**11,250**	-
Repayment of leasing liabilities		**(10,283)**	(4,828)
Interest on leasing liabilities		**858**	-
Cash generated from financing activities		**6,060,275**	774,298
Increase/(decrease) in cash and cash equivalents		**4,801,722**	(291,212)
Cash and cash equivalents at beginning of period		**189,941**	481,153
Cash and cash equivalents at end of period		**4,991,663**	189,941

- The prior year has been restated to show issuance and impairment of the loan to West African Minerals Ltd, the net impact of which is nil.

OKYO Pharma Limited

Company statement of cash flows

for the year ended 31 March 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 (restated)* £
Cash flows from operating activities			
Loss for the year before taxation		**(3,035,548)**	(1,431,923)
Adjusted for non-cash and non-operating items:			
Share options charge	*15*	**399,460**	29,489
Warrants charge	*15*	**62,345**	33,698
Forfeiture of options		**(4,167)**	-
CLN issued in lieu of fees	*16*	**434,183**	-
Impairment on loan to West African Minerals Ltd		**8,539**	104,342
Depreciation of property, plant, and equipment	*10*	**1,117**	335
Loss on foreign exchange		**-**	17,387
Net (increase)/decrease in intercompany receivables		**(91,552)**	128,102
Net (increase) in related party receivables		**(2,952)**	(17,092)
Net (decrease)/ increase in related party payables		**(35,398)**	29,925
Net decrease in other receivables		**164,795**	(96,363)
Net increase in trade and other payables		**655,930**	210,475
Cash used in operating activities		**(1,443,248)**	(991,625)
Cash inflow from taxation		**60,032**	-
Net Cash from Operating Activities		**(1,383,216)**	(991,625)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(2,499)**	-
Loan to West African Minerals Ltd	*18*	**(8,539)**	(104,342)
Cash used in investing activities		**(11,038)**	(104,432)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**181,346**	779,126
Proceeds from issuance of convertible loan notes	*16*	**5,877,104**	-
Proceeds from options exercised	*15*	**11,250**	-
Cash generated from financing activities		**6,069,700**	779,126
Increase/(decrease) in cash and cash equivalents		**4,675,446**	(316,841)
Cash and cash equivalents at beginning of period		**162,277**	479,118
Cash and cash equivalents at end of period		**4,837,723**	162,277

***** The prior year has been restated to show issuance and impairment of the loan to West African Minerals Ltd, the net impact of which is nil.

1. Reporting Entity

OKYO Pharma Limited (the "Company" or "OKYO") is a company domiciled in Guernsey and listed on the standard market of the London Stock Exchange (LON: OKYO).

The Company is developing next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain. Our goal is to develop first in class drug candidates that prevent the disease instead of controlling it, and we achieve this through our collaboration with pioneer scientists in the field.

The ultimate parent of the group is Planwise Group Limited, incorporated in the British Virgin Islands.

2. ACCOUNTING POLICIES

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

Basis of preparation

The consolidated financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies (Guernsey) Law 2008 as applicable to companies reporting under IFRS. These accounts have been prepared under the historical cost convention, except for share based payments and other financial instruments, which are initially recorded at fair value.

Basis of measurement

Functional and Presentation Currency
The financial statements of the Group and Company are presented in Pound Sterling (£) which is the Parent Company's functional currency. All financial information presented in Pound Sterling has been rounded to the nearest pound.

In preparing these financial statements, the significant judgements made by management in applying the Group and Company's accounting policies and the key accounting estimates are accruals and the non-recognition of a deferred tax asset. The deferred tax asset has not been recognised as the Directors do not deem it probable that there will be sufficient taxable temporary differences against which the deferred tax asset will be uitlised in future, as it is not anticipated that the company will make profits for the foreseeable future

Going Concern

The Group and Company incurred losses during the year and has net assets at the year end.

As discussed in the Strategic Report, the Group and Company is in the early stages of developing its business focusing on drug candidates for the treatment of dry-eye, uveitis, ocular and chronic pain. The Directors expect the Group and Company to incur further losses and to require significant capital expenditure in continuing towards the clinical stage for these candidates. The Group and Company has successfully secured additional investment funds to date.

The Directors have prepared cash flow projections that include the costs associated with the continued clinical trials and additional investment to fund that operation. On the basis of those projections, the directors conclude that the company will be able to meet its liabilities as they fall due a period beyond the next 12 months from the date when these financial statements are issued and accordingly the Directors have prepared the financial statements on a going concern basis.

Until and unless the Group and Company secures sufficient investment to fund their clinical pipeline, there is a material uncertainty about the Group and Company's ability to continue as a going concern after December 20222, and therefore about the applicability of the going concern basis of preparation. The financial statements do not include the adjustments that would be required if the going concern basis of preparation was considered inappropriate.

New and Revised Standards

Standards in effect in 2020

An amendment to IFRS 3 'Definition of a business' has come into effect from January 1, 2020. The Company has applied the new definition to any relevant transactions and the impact to the financial statements is immaterial.

IFRS in issue but not applied in the current financial statements

The directors do not expect that the adoption of new IFRS Standards, Interpretations and Amendments that have been issued but are not yet effective will have a material impact on the financial statements of the Group in future periods.

Several IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

Basis of consolidation

Subsidiary undertakings are all entities over which the Group exercises control. The Group has control when it can demonstrate all of the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's return.

The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains control and are de-consolidated from the date at which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The Board allocates resources to and assess the performance of the segments. The Board considers there to be only one operating segment being the research and development of biotechnological and pharmaceutical products.

Taxation

The tax credit for the year represents the total of current taxation and deferred taxation. The credit in respect of current taxation is based on the estimated taxable loss for the year. Taxable profit or loss for the year is based on the profit or loss as shown in the statement of comprehensive income, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes. The current tax asset for the year is calculated using tax rates which have either been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and expected to apply when the related deferred tax is realised, or the deferred liability is settled. Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Research and Development tax credits are provided for in the year that the costs are incurred. These are estimated based on eligible research and development expenditure. Any difference rebated are recognized in the following year, when the cash is received from the UK tax authorities.

Foreign currency translation

Foreign currency transactions are translated using the rate of exchange applicable at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at the year end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into Pound Sterling at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

License fees

Payments related to the acquisition of rights to a product or technology are capitalised as intangible assets if it is probable that future economic benefits from the asset will flow to the entity and the cost of the asset can be reliably measured.

Payments made which provide the right to perform research are carefully evaluated to determine whether such payments are to fund research or acquire an asset. Licence fees expenses are recognised as incurred.

Research and development

All on-going research and development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory environment 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 granted regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no qualifying expenditure.

Financial instruments

The Group classifies a financial instrument, or its component parts, as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

The Group evaluates the terms of the financial instrument to determine whether it contains an asset, a liability or an equity component. Such components shall be classified separately as financial assets, financial liabilities or equity instruments.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets, initial recognition and measurement and subsequent measurement

The initial recognition and measurement of financial assets depends on their classification. Financial assets such as receivables and deposits are subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group does not hold any financial assets at fair value through profit or loss or fair value through other comprehensive income.

(b) Financial liabilities, initial recognition and measurement and subsequent measurement

The initial recognition and measurement of financial liabilities depends on their classification. All financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's financial liabilities include trade and other payables.

Impairment

Impairment of financial assets measured at amortised cost
At each reporting date the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

General approach
The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash and cash and cash equivalents.

Under the general approach the Group recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses.

Simplified approach
The simplified approach is applied to the impairment assessment of trade receivables.

Under the simplified approach the Group always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses.

Impairment of non financial assets

i) Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

ii) Non-financial assets are impaired when its carrying amount exceed its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

Investments

Investments are held as non-current assets and comprise investments in subsidiary undertakings and are stated at cost less provision for any impairment.

Share capital

Ordinary shares of the Company are classified as equity.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

(ii) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful lives for the current period and the comparative period are as follows.

Fixtures and fittings **5 years**

IT and equipment **3 years**

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation is allocated to the operating expenses line of the statement of comprehensive income.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The Group has leases for its offices. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group does not have any short-term leases or leases of low value assets. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note xx).

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle

and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Fair Value Measurement

Management have assessed the categorisation of the fair value measurements using the IFRS 13 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows;

Level 1 - valued using quoted prices in active markets for identical assets;

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1;

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

Share based payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

Where employees, Directors or advisers are rewarded using share based payments, the fair value of the employees', Directors' or advisers' services are determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the date of grant and excludes the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets). Warrants issued in association with the issue of Convertible Loan Notes or private placements are also considered as share based payments and a payment charge is calculated for these too.

In accordance with IFRS 2, a charge is made to the statement of comprehensive income for all share-based payments including share options based upon the fair value of the instrument used. A corresponding credit is made to a share based payment reserve - options, in the case of options awarded to employees, Directors, advisers and other consultants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of comprehensive income.

All goods and services received in exchange for the grant of any share based payment are measured at their fair value.

Warrants

Warrants are issued by the Group in return for services and as part of a financing transaction.

Warrants issued in return for services.
Warrants issued in return for services fall within scope of IFRS 2. The financial liability component is measured at fair value and charged to the Consolidated Statement of Income. There is no remeasurement of fair value.

Warrants issued as part of a financing transaction.
Warrants issued as part of a financing transaction fall outside the scope of IFRS 2. These are classified as equity instruments because a fixed amount of cash is exchanged for a fixed amount of equity. The fair value is recognised within equity and is not remeasured.

Classification of these instruments is governed by the so-called 'fixed' test for non-derivatives, and the 'fixed for fixed' test for derivatives. Under the fixed test, a non-derivative contract will qualify for equity classification only where there is no contractual obligation for the issuer to deliver a variable number of its own equity instruments. Under the fixed for fixed test, a derivative will qualify for equity classification only where it will be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Warrants issued by the Group are classified as equity instruments because a fixed amount of cash is exchanged for a fixed amount of equity of the Group. No other features exist that would result in financial liability classification.

Equity is measured at the residual between the subscription price for the entire instrument and the liability component and is not remeasured.

Convertible loan notes

Where there is no option to repay in cash or the Company has the choice of settlement, and the interest rate is fixed

The Group considers these to be convertible equity instruments and records the principal of the loan note as an equity in a Convertible loan note reserve. The accrued interest on the principal amount, for which there is no obligation to settle in cash, is also recorded in the Convertible loan note reserve. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the convertible loan note reserve to share capital and share premium.

Where the above conditions are not met

The Group considers these to be convertible debt instruments and records the principal of the loan note as a debt liability in the liabilities section of the statement of financial position. The accrued interest on the principal amount is recorded in the income statement and as an increase in the debt liability. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the debt liability to share capital and share premium.

Under IAS 32 the liability and equity components of convertible loan notes must be presented separately on the statement of financial position. The Group has examined the terms of each issue of convertible loan notes and determined their accounting treatment accordingly.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

The following are considered to be critical accounting estimates:

Share-based payments
The Group accounts for share-based payment transactions for employees in accordance with IFRS 2 Share-based Payment, which requires the measurement of the cost of employee services received in exchange for the options on our ordinary shares, based on the fair value of the award on the grant date.

The Directors selected the Black-Scholes-Merton option pricing model as the most appropriate method for determining the estimated fair value of our share-based awards without market conditions. For performance-based options that include vesting conditions relating to the market performance of our ordinary shares, a Monte Carlo pricing model was used in order to reflect the valuation impact of price hurdles that have to be met as conditions to vesting.

The resulting cost of an equity incentive award is recognised as expense over the requisite service period of the award, which is usually the vesting period. Compensation expense is recognised over the vesting period using the straight-line method..

The assumptions used for estimating fair value for share-based payment transactions are disclosed in note 27 to our consolidated financial statements.

The following are considered to be critical accounting judgments:

Research and development costs
Research and development costs are charged to expense as incurred and are typically made up of clinical and preclinical activities, drug development and manufacturing costs, and third-party service fees, including for clinical research organizations and investigative sites. When entering into agreements with third parties which provide the rights to conduct research into specific biological processes the Group accounts for these agreements as an expense if the agreements are 'milestone' in nature and relate to the Group's own research and development costs. Such agreements involve periodic payments and are evaluated as representing payments made to fund research.

Leases
IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. This will take into account the length of time remaining before the option is exercisable, current trading, future trading forecasts as to the ongoing profitability of the organisation and the level and type of planned future capital investment. The judgement is reassessed at each reporting period. A reassessment of the remaining life of the lease could result in a recalculation of the lease liability and a material adjustment to the associated balances.

4. OPERATING LOSS

Operating loss is stated after charging:

Group	**31 March 2021**	**31 March 2020**
	£	**£**
Director fees including bonus	**212,660**	96,031
Chairman's bonus	**886,909**	-
Audit fees	**45,000**	42,000
FX Gains and losses	**152,916**	10,944
Depreciation	**1,156**	4,702

5. SEGMENTAL REPORTING

During the year under review management identified the Group's only operating segment as the research and development of biotechnological and pharmaceutical products. This one segment is monitored and strategic decisions are made based upon it and other non-financial data collated from industry intelligence. The form of financial reporting reported to the Board is consistent with those presented in the annual financial statements.

6. EMPLOYEES

Group and Company	**2021**	**2020**
Staff costs comprised:	£	£
Directors' salaries (including bonus)	1,099,569	96,031
Wages and salaries (including bonus)	93,023	180,379
Social security costs	7,294	54,063
Recruitment expenses	9,877	-
	1,209,763	330,473

The average monthly number of employees, including Directors, employed by the Group during the year was:		
Research and development	1	1
Corporate and administration	5	3
	6	4

The Group and Company made £2,220 (2020: £2,182) of payments to a defined contribution pension schemes on behalf of Directors or employees.

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Directors of the Group and Company received the following remuneration during the period:

	31 March 2021				31 March 2020			
Director	**Directors' fee £'000**	**Bonus £'000**	**Salary £'000**	**Share based payments £'000**	**Directors' fee £'000**	**Bonus £'000**	**Salary £'000**	**Share based payments £'000**
G. Cerrone (1)	**27**	**887**	**-**	**-**	**-**	**-**	**-**	**-**
G Jacob (2)	**-**	**30**	**61**	**358**	**-**	**-**	**-**	**-**
W Simon	**32**	**-**	**-**	**2**	**32**	**-**	**-**	**3**
K. Shailubhai	**28**	**-**	**-**	**13**	**30**	**-**	**-**	**24**
J Brancaccio (3)	**24**	**-**	**-**	**12**	**-**	**-**	**-**	**-**
G Macrae (4)	**10**				**6**	**-**	**-**	**-**
L Zambeletti (5)	**-**	**-**	**-**	**-**	**28**	**-**	**-**	**5**
	121	**917**	**61**	**385**	**96**	**-**	**-**	**32**

(1) Gabriele Cerrone's bonus awarded for £887kwas awarded on the basis of the co-invention of the use of Chemerin in the COVID-19 indication when he was not a director or employee of the Company (now the subject of a patent application); work carried out in procuring, backing and completing the refinancing the Company in 2020 and actions taken to make new executive appointments and scientific advisory appointments to the Board with the result that the Company now has a clear and accelerated path to the clinic.
(2) Gary Jacob became an employee and Director of the Company on 7 January 2021
(3) John Brancaccio was appointed as Director on 10 June 2020
(4) Gregor Macrae was appointed as Director on 18 December 2019 and resigned on 10 June 2020
(5) Leopoldo Zambeletti resigned as Director on 18 December 2019

The following share options were granted to Directors in the year:

Director	**2021 Number of options**	**2020 Number of options**
J Brancaccio	**450,000**	**-**
G Jacob	**40,000,000**	**-**
	40,450,000	**-**

The key management personnel of the Group are considered to be represented by the Directors and officers of the Company.

No director has yet benefitted from any increase in the value of share capital since issuance of the options and no director exercised share options in the year.

8. TAXATION

	2021 £	2020 £
Group		
Current year tax (credit)	(19,072)	-
Adjustments in respect of prior periods	(32)	(60,000)
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax (credit) for period	(19,104)	(60,000)
The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 19%. The difference can be reconciled as follows:		
Loss before taxation	(3,016,532)	(1,274,384)
Loss charged at standard rate of corporation tax 19%	(573,141)	(242,133)
Tax losses arising in the year not recognised	587,418	267,519
Expenses not deductible for taxation	-	114
Tax increase from effect of capital allowances and depreciation	(255)	64
Research and Development tax claim	(33,197)	-
Adjustments to tax charge in respect of previous periods	(32)	(60,000)
Consolidation adjustment in relation to foreign exchange movements	103	(25,564)
Loans written off	-	-
	(19,104)	(60,000)

No deferred tax asset has been recognised in respect of trading losses carried forward because of uncertainty as to when these losses will be recoverable.

The Group has tax losses of £7,193,677 (2020: £4,213,974) to carry forward for use against future profits.

9. FINANCE INCOME AND COSTS

Group	**2021** **£**	2020 £
Finance Income		
Finance income interest received on loan	**-**	37,850
Total finance income	**-**	37,850
Finance Expenses		
Interest expense on lease liabilities	**(858)**	(911)
Total finance expenses	**(858)**	(911)

10. PROPERTY, PLANT AND EQUIPMENT

Details of the Group and Company's property, plant and equipment are as follows:

Group	IT equipment
	£
Cost	
At 1 April 2020	1,014
Additions	5,031
Disposals	-
At 31 March 2021	6,045
Depreciation	
At 1 April 2020	502
Charge in year	1,154
At 31 March 2021	1,656
Net book value as at 31 March 2021	4,389
Cost	
At 1 April 2019	1,014
Additions	-
Disposals	-
At 31 March 2020	1,014
Depreciation	
At 1 April 2019	167
Charge in year	335
At 31 March 2020	502
Net book value as at 31 March 2020	512

Company	IT equipment
	£
Cost	
At 1 April 2020	1,014
Additions	2,499
Disposals	-
At 31 March 2021	3,513
Depreciation	
At 1 April 2020	502
Charge in year	1,117
At 31 March 2021	1,619
Net book value as at 31 March 2021	1,894

Cost	
At 1 April 2019	1,014
Additions	-
Disposals	-
At 31 March 2020	1,014
Depreciation	
At 1 April 2019	167
Charge in year	335
At 31 March 2020	502
Net book value as at 31 March 2020	512

11. OTHER RECEIVABLES

	31 March 2021 £	31 March 2020 £
Group		
Other receivables	3,260	179,461
VAT receivable	12,896	6,536
Prepayments	15,268	5,123
	31,424	**191,120**

	31 March 2021 £	31 March 2020 £
Company		
Other receivables	-	179,125
VAT receivable	12,895	6,536
Prepayments	13,095	5,123
	25,990	**190,784**

There are no differences between the carrying amount and fair value of any of the trade and other receivables above.

12. TRADE AND OTHER PAYABLES

Group	31 March 2021 £	31 March 2020 £
Trade payables	152,874	479,970
Accruals	172,501	32,474
Chairman's Bonus accrual	886,909	-
Other creditors	-	22,556
	1,212,284	**535,000**

Company	31 March 2021 £	31 March 2020 £
Trade payables	143,679	462,600
Accruals	142,080	32,474
Chairman's Bonus accrual	886,909	-
Other creditors	-	21,662
	1,172,668	**516,736**

13. CAPITAL AND RESERVES

Capital Management

For the purpose of the Group's capital management, capital includes called up share capital, share premium, share based payments for options, share based payments for warrants and all other equity reserves attributable to the equity holders of the parent as reflected in the statement of financial position.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maximise shareholder value through the optimisation of the debt and equity balance.

The Group manages its capital to maximise the return to the shareholders through the optimisation of equity. The capital structure of the Group at 31 March 2021 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained deficit as disclosed.

The Group manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company's share premium account. No changes were made in the objectives, policies or processes during the year ended 31 March 2021 and 31 March 2020.

Share capital and premium

The Company is authorised to issue an unlimited number of nil par value shares of a single class. The Company may issue fractional shares and a fractional share shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares. Shares may be issued in one or more series of shares as the Directors may by resolution determine from time to time.

Each share in the Company confers upon the shareholder:
- the right to one vote at a meeting of the shareholders or on any resolution of shareholders;
- the right to an equal share in any dividend paid by the Company; and
- the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

The Company may by resolution of the Directors redeem, purchase or otherwise acquire all or any of the shares in the Company subject to regulations set out in the Company's Articles of Incorporation.

Authorised

The Company is authorised to issue an unlimited number of nil par value shares of a single class.

Issued ordinary shares of £0.00 each	Shares Number	Share capital £	Share premium £
At 31 March 2020	**636,297,049**	-	**67,518,700**
Shares issued - private placement	36,269,253	-	181,346
Fair value charge for warrants issued in conjunction with private placement	-	-	(563,267)
Options exercised	250,000		11,250
At 31 March 2021	**672,816,302**	**-**	**67,148,029**

Issuance of ordinary shares

In May 2019, 36,363,636 ordinary shares were issued at an issue price of 1.1p per ordinary share by way of a placing of ordinary shares to raise finance.

In March 2020, 75,825,130 ordinary shares were issued at an issue price of 1.1p per ordinary share by way of a further placing of ordinary shares to raise finance.

In June 2020, 36,269,253 ordinary shares were issued at an issue price of 0.005p per ordinary share by way of a placing of ordinary shares to raise finance.
In March 2021, 250,000 ordinary shares were issued in relation to an exercise of options at an issue price of 0. 045p per ordinary share.

Share options reserve

These reserves comprise the cumulative share-based payment charge on outstanding options in issue as at 31 March 2021

Warrant's reserve
These reserves comprise the cumulative share-based payment charge on outstanding warrants in issue as at 31 March 2021.

Dividends
The Directors paid no dividend during the year to 31 March 2021 and 31 March 2020.

14. INVESTMENT IN SUBSIDIARIES

Company	Capital Contribution
	£
Cost	
At 1 April 2020	128,102
Additions	-
At 31 March 2021	**128,102**
Impairment	
At 1 April 2020	**(128,102)**
Charge in year	**-**
At 31 March 2021	**(128,102)**
Net book value as at 31 March 2021	**-**

Cost	
At 1 April 2019	139,629
Additions	246,352
Transfer pricing recharge	(257,879)
At 31 March 2020	**128,102**
Impairment	
Charge in year	**(128,102)**
At 31 March 2020	**(128,102)**
Net book value as at 31 March 2020	**-**

The capital contribution represents the funding of operations of the subsidiaries by the parent, with the Company acting as the Group's holding company. The parent has 20 shares in the group's undertakings.

During the year, the Company was party to a transfer pricing agreement with its subsidiary whereby all costs incurred by the subsidiary were recharged back to the Company who paid a 10% mark up. Any excess in funding is recognised as an intercompany receivable in the Company and will be used to cover expenses in future years.
The Company's interest in subsidiary undertakings is as follows:

Name	Principal activity	Registered Address	Percentage shareholding	Country of incorporation
OKYO Pharma US Inc	Clinical stage biotechnology company	108 West 13th Street, Wilmington Delaware 19801	100%	USA

OKYO Pharma US Inc was incorporated on 2 July 2018. This entity was set up to house the Company's US operations.

During the prior year, the Company undertook an impairment review of its investments in subsidiaries. The Company had been funding its subsidiary operations from funds raised by the Company for the development of its project portfolio. The subsidiary's activities had all been to support the Company in achieving its goals for progression of the project portfolio. The funding provided to the subsidiaries prior to 2020 had been recognised in the Company as investment in its subsidiaries, and the Company did not expect the amounts to be repaid. The IP relating to the project portfolio belongs to the Company and hence any future benefits will also belong to the Company. It is highly unlikely that these benefits would be distributed to the subsidiaries. The Company therefore determined in the prior year that the investment should be impaired.

15. SHARE OPTIONS AND WARRANTS

Group and Company

Options

The Company operates share-based payment arrangements to remunerate Directors and key employees in the form of a share option scheme. It also issues options in lieu of fees to key suppliers and collaborators. The exercise price of the option is normally equal to the market price of an ordinary share in the Company at the date of grant.

	2021		2020	
	Options	**Weighted Average exercise price (pence)**	**Options**	**Weighted Average exercise price (pence)**
Outstanding at 1 April	19,500,000	4.5	23,000,000	4.5
Granted	42,250,000	5.3	-	-
Forfeited	(750,000)	(4.5)	(3,500,000)	(4.5)
Exercised	(250,000)	(4.5)	-	-
Outstanding at 31 March	60,750,000	5.0	19,500,000	4.5
Exercisable at 31 March	9,250,000	4.5	4,875,000	4.5

During the year ending 31 March 2021, 250,000 options were exercised. No options were exercised in the year to 31 March 2020.

The total outstanding fair value charge of the share option instruments is deemed to be approximately £1,963,721 (2020: £399,460). A share based payment charge for the year of £399,460 (2020: £29,489) has been expensed in the statement of comprehensive income.

The weighted average contractual life of options outstanding at March 31, 2021 is 8.07 years. (2020: 5.27 years).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise Price	Share Options as at 31 March 2021 ('000)
6 July 2018	6 July 2025	4.5p	18,500
20 August 2020	19 August 2028	15.5p	750
6 January 2021	5 January 2031	5p	40,000
12 January 2021	11 January 2031	7.9p	1,500
Total			60,750

Fair value of options granted

The Directors have used the Black-Scholes option pricing model to estimate the fair value of most of the options applying the assumptions below.

Historical volatility relies in part on the historical volatility of a group of peer companies that management believes is generally comparable to the Company.

The Company has not paid any dividends on share capital since its inception and does not anticipate paying dividends on its share capital in the foreseeable future.

The Company has estimated a forfeiture rate of zero.

The model inputs for options granted during the year ended 31 March 2021 valued under the Black Scholes Valuation model included:

	20 August 2020	6 January 2021	12 January 2021
Grant date share price	15.5p	0.8p	0.79p
Exercise share price	15.5p	0.5p	0.79p
Vesting periods	25% each year	25% each year	33% in 6 months and 67% in 1 year
Risk free rate	0.15%	-0.01%	0.4%, 0.6%
Expected volatility	77.4%	77.5%	66.7%, 83.7%
Expected option life	5 years	5 years	6 months to 1 year

Warrants

As part of the acquisition of the Chemerin project, the underlying scientific founders of the Chemerin Project (inukshuk Holdings), who will continue to be involved in the development of the Project, received 35,000,000 warrants as consideration. The warrants are exercisable at a price of 4.5 pence each and are split into four distinct tranches and each tranche becomes exercisable upon satisfaction of a specific developmental milestone. The warrants are exercisable until 17 July 2023.

In May 2019, warrants were granted over 36,363,636 shares at an exercise price of 1.35p per share in connection with a private placement. The warrants are exercisable until 19 May 2024.

In March 2020, warrants were granted over 40,000,000 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants are exercisable until 23 March 2025.

In March 2020, warrants were granted over 35,825,130 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants are exercisable until 28 May 2025.

In April 2020, warrants were granted over 36,174,870 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants are exercisable until 28 May 2025.

In May 2020, warrants were granted over 909,090 shares at an exercise price of 2.75p per share in in lieu of professional fees. The warrants are exercisable until 21 May 2023.

In July 2020, warrants were granted over 750,000 shares at an exercise price of 14p per share in in lieu of broker fees. The warrants are exercisable until 20 July 2022.

	2021		2020	
	Warrants	Weighted Average exercise price (pence)	Warrants	Weighted Average exercise price (pence)
Outstanding at 1 April	147,188,766	1.5	35,000,000	4.5
Granted	37,833,960	0.9	112,188,766	0.8
Forfeited	-	-	-	-
Cancelled	-	-	-	-
Outstanding at 31 March	185,022,726	1.5	147,188,766	1.5
Exercisable at 31 March	149,568,181	0.8	-	-

The Directors have estimated the fair value of the warrants in services provided using the Black-Scholes valuation model based on the assumptions below.

	July 2020	May 2020	April 2020
Grant date share price	8.3p	2.8p	1.8p
Exercise share price	14p	2.8p	0.5p
Vesting periods	Fully vested	50% of these warrants shall only vest if the 5-day VWAP of the Company exceeds a 100% premium to the Exercise Price, and the remainder shall only vest if the 5-day VWAP of the Company exceeds a 200% premium to the Exercise Price	Fully vested
Risk free rate	0.68%	0.95%	0.22%
Expected volatility	88.1%	79.6%	82.4%
Option life	2 years	3 years	5 years

The remaining fair value of the warrant instruments is deemed to be approximately £78,884 (2020: £95,709). For the consideration warrants, the charge has been expensed over the vesting period. For all other warrants, the charge has been expensed over the service period. A share-based payment charge for the year of £62,344 (2020: £33,698) has been expensed in the statement of comprehensive income.

16. CONVERTIBLE INSTRUMENTS CLASSIFIED AS EQUITY

In May 2020, the Company decided to raise convertible equity finance from supportive existing shareholders. £440,000 was raised from the issuance of Convertible Loan Notes. The four year Loan Notes carry a coupon of 20% per annum and are convertible (together with all accrued interest) into ordinary shares of nil par value each in the capital of the Company at a conversion price of 0.4p, they are not convertible into cash. The Loan Notes are convertible at the election of the noteholder until the maturity date of the Notes, at which point they will convert automatically, or at the election of the noteholder on completion of the next non-qualifying equity financing or on the making of a takeover offer for the Company (as defined in the City Code on Takeovers and Mergers), and such election may be made on an immediate basis or conditional on any such takeover offer being declared, or becoming, unconditional.

The May Convertible Loan Notes also have attached an obligation to receive warrants on a one for one basis when the notes convert.

£26,400 of commission was due on these notes has been satisfied by the issuance of an identical convertible instrument. Between July 2020 and September 2020, a further £5,437,104 was raised from the issuance of Convertible Loan Notes. These three-year Loan Notes are short term instruments and carry a coupon of 2.15% per annum and are convertible (together with all accrued interest) into ordinary shares of nil par value each in the capital of the Company at a conversion price of 8.5p, they are not convertible into cash. All conversion conditions are the same as the notes above. £407,783 of commission was due on these notes has been satisfied by the issuance of identical convertible instruments.

The principal amount of the Convertible Equity Instrument that was recorded as in the convertible loan note reserve is as follows:

	2021
Par value of:	
Convertible loan notes issued for cash	5,877,104
Convertible loan notes issued in lieu of commission	434,183
	6,311,287
Accrued interest	163,545
Total convertible loan note reserve	6,474,832

17. FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are liquidity risk, interest rate and credit risk. The Directors regularly review and agree policies for managing each of these risks which are summarised below.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group ordinarily finances its activities through cash generated from by private and public offerings of equity and debt securities.

The table below summarises the maturity profile of the Group and Company's financial liabilities based on contractual undiscounted payments:

Group	2021		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	79,830	73,044	152,874
Related party payables	-	-	-
	79,830	73,044	152,874

Group	2020		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	114,257	388,249	502,506
Related party payables	4,670	30,728	35,398
	118,927	418,977	537,904

Company	2021		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	72,464	71,215	143,679
Related party payables	-	-	-
	72,464	71,215	143,679

Company	2020		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	98,232	386,030	484,262
Related party payables	4,670	30,728	35,398
	102,902	416,758	519,660

Credit risk

Credit risk is managed on a Group basis. Credit risk arises principally from cash and cash equivalents and deposits with banks and financial institutions.as well as outstanding receivables. The Group reviews its banking arrangements carefully to minimise such risks and currently has no customers and therefore this risk is viewed as minimal. Management monitor loans between members of the Group as part of their internal reporting and assess outstanding receivables for ability to be repaid. The maximum exposure to credit risk equates to the carrying value on the statement of financial position.

Interest rate risk

The Group has limited exposure to interest-rate risk arising from its bank deposits. These deposit accounts are held at variable interest rates based on Allied Irish Bank base rate.

The Directors do not consider the impact of possible interest rate changes based on current market conditions to be material to the net result for the year or the equity position at the year-end for either the year ended 31 March 2021 or 31 March 2020.

18. RELATED PARTY TRANSACTIONS

All related party transactions occurred on an arm's length basis and in the normal course of operations.

West African Minerals Limited ("WAML")

WAML is a related party of the Company as it shares a common director, Willy Simon. In 2018, the Company disposed of it Cameroon operations by way of an in specie distribution of all of its shares in Ferrum Resources Limited (renamed West African Minerals Limited) to shareholders. As part of this transaction, the Group had agreed to a deed of release with WAML whereby it agreed to write off $17,056,070 of loans in exchange for shares in WAML to be distributed as part of the in-specie distribution. A remaining amount of $3,400,000 was outstanding from WAML, however, after careful consideration of the operations of WAML and its subsidiaries, the Company decided to impair this receivable down to £nil in 2018 as it does not expect to recover any of this outstanding debt. In addition to the $3,400,000 outstanding was a working capital loan advance of $600,000 which has been impaired as the Group does not expect to recover any of this outstanding debt.

During the year ended March 31, 2021, the Group had funded £8,539 (2020: £104,342) towards this $600,000 loan facility and as at the year-end no further amounts were payable under this facility. The amounts funded in the year have been immediately written off as the Group has no reasonable expectation of recovering the contractual cash flows of the loan in its entirety.

Tiziana Life Sciences PLC

Tiziana Life Sciences PLC is a related party as it shares common Directors and officers. The Company share premises and other resources with Tiziana Life Sciences PLC and there is a shared services agreement in place between Company and Tiziana Life Sciences PLC. As at 31st March 2021, the Company had incurred £66,167 (2020: £92,622) worth of costs in relation to this agreement and at 31st March 2021 £20,044 was receivable from Tiziana Life Sciences PLC. At 31st March 2020, £35,398 was due to Tiziana Life Sciences PLC.

The Company had also extended a short-term loan facility of £400k to Tiziana Life Sciences PLC in 2018 with interest payable of 20% per annum. This loan was fully repaid during the year and no amounts were owing as at 31st March 2021, £17,092 was due as of March 31, 2020.

Panetta Partners Limited

Panetta Partners Limited is a related party as it is a shareholder of the Company and also a vendor. The Company has entered into a Deed of Assignment with Panetta Partners whereby the Company has the licence and sub-licence of certain research and development assets in relation to the Chemerin product, assigned to it.

19. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2021	2020
(Loss) attributable to equity holders of the Group (£)	**(2,997,628)**	**(1,214,384)**
Weighted average number of ordinary shares in issue	**672,767,629**	**595,474,039**
Basic loss per share (pence per share)	**(0.00)**	**(0.00)**

As the Group is reporting a loss from continuing operations for the year then, in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have an anti-dilutive effect. The basic and diluted earnings per share as presented on the face of the Comprehensive statement of income are therefore identical. All earnings per share figures presented above arise from continuing and total operations and therefore no earnings per share for discontinued operations are presented.

20. LEASES

In December 2020, the group terminated from its lease early resulting in the right of use asset of £19,613 and lease liability of £20,205 being written off to the profit and loss.

A new lease was subsequently entered into in January 2021. The initial recognition resulted in a right of use asset and a lease liability of £75,627 respectively.

Right-of-use assets	**31 March 2021**
	£
At 1 April 2020	£24,278
Depreciation of early terminated lease	(4,665)
Early Termination write off	(19,613)
Additions	75,627
Depreciation of new lease	(4,202)
	71,425

Lease Liabilities	**31 March 2021**
	£
At 1 April 2020	25,560
Interest expense	566
Lease payments	(5,921)
Early Termination write off	(20,205)
Additions	75,627
Interest expense	292
Lease payments	(4,362)
	71,557

Lease liabilities are presented in the statement of financial position as follows:

	31 March 2021	**31 March 2020**
	£	**£**
Current	24,742	4,106
Non-current	46,815	21,454
	71,557	25,560

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 31 March 2021 were as follows:

	Minimum lease payment due				
	Within 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
31 March 2020					
Lease payments	26,084	26,084	21,737	-	73,904
Finance charges	(1,342)	(785)	(220)	-	(2,529)
Net present values	24,742	25,298	21,516	-	71,556

The total net cash outflow for leases in the year to 31 March 2021 was £10,283 (2020: £4,347).

21. COMMITMENTS AND CONTINGENCIES

The Group's main financial commitments relate to the contractual payments in respect of its licensing agreements. Due to the uncertain nature of scientific research and development and the length of time required to reach commercialisation of the products of this research and development, pre-clinical, clinical and commercial milestone obligations are not detailed until there is a reasonable certainty that the obligation will become payable. Contractual commitments are detailed where amounts are known and certain.

- BAM8 – The Group are committed to paying an annual license maintenance fee until the first commercial sale. The annual license maintenance fee is $15,000 until May 2021, and $10,000 thereafter.
- OK-101 – The Group has retained the services of of Ora, Inc., a world-class ophthalmology contract research organization ("CRO") to work with Group towards an IND submission for OK-101. As yet,there are no firm financial commitments for this contract.

The Group also has a commitment to issue warrants on a one-to-one basis when Convertible Loan Notes issued in May 2020 are converted. The warrants have the same exercise price as the Convertible Loan Note. Some notes were converted post year end and the associated warrants were issued (see note 22).

22. POST BALANCE SHEET EVENTS

On 7 May 2021, the Company announced that 297,869,806 additional Ordinary Shares had been admitted to trading on the main market for listed securities of London Stock Exchange plc as the result of the conversion of certain loan notes and exercise of certain warrants as detailed in the prospectus of the Company published on 5 May 2021.

On 17 June 2021, the Group announced that Dr Kunwar Shailubhai had decided to stand down as a director of the Company with immediate effect to focus on his other executive appointments.

On 29 June 2021, the Group announced it had retained the services of Ora, Inc., a world-class ophthalmology contract research organization ("CRO"), to guide the company's upcoming product development and lead the regulatory strategy of OK-101 for the treatment of dry eye.