2013

Annual Report

AorTech International plc

Annual Report & Accounts

For the year to 31 March 2013

AorTech INTERNATIONAL PLC

01

CHAIRMAN'S STATEMENT

I set out below my report to the shareholders of AorTech for the year ended 31 March 2013.

There have been fundamental changes in the Group's structure and trading activities which I will review in more detail during the course of this report. In addition, your Board has implemented a strategy which has made sizeable reductions in the running costs of the Group and has also taken strategic steps to enhance the future revenue of the Group in the coming years.

AUDITED RESULTS FOR THE YEAR

Group revenue for the year was $3,795,000 after exceptional items of $1,990,000 (2012: $5,038,000). Operating profit after exceptional items was $1,206,000 (2012: $38,000). The net loss for the year was $847,000 (2012: profit $57,000) after exceptional finance costs of $2,048,000. These finance costs relate to the redemption premium paid of $1,914,000 together with a provision in respect of potential additional redemption premium due to loan note holders. I will refer to these finance costs later in the report.

The exceptional items of $3,193,000 net of fees and expenses was the payment received from St Jude Medical in respect of the settlement in December 2012 of the dispute.

The Group's administrative and development expenditure before exceptional items was $2,563,000 (2012: $3,928,000). The reduction in this expenditure arises as a direct consequence of AorTech's move from Australia to the Rogers facility in the USA.

The Group's cash position at 31 March 2013 was $987,000. Although this shows a decrease of approximately $1 million from the same date last year it also shows a marked increase from the bank balance at the half year stage of $295,000. The Group has generated cash post the year end and at the end of July 2013 the cash position had increased to $1.2m.

Upon the transfer of the Rogers facility to St Jude Medical at the end of March 2013, the Group ceased volume manufacturing of polymer but since that date has had access to the facility to manufacture Elast-Eon™ on a small batch basis. As a consequence, there has been a reduction in the running costs of the business. The manufacture of Elast-Eon™ by AorTech in the Rogers facility will cease by 31 December 2013.

ST JUDE MEDICAL DISPUTE

All matters with St Jude Medical have now been fully resolved with the final payment of $500,000 having been received in April 2013. The settlement figure received from St Jude Medical was $3,900,000 along with amounts in respect of inventory and plant and machinery, of which $1,990,000 is treated as exceptional revenue in the consolidated income statement and $1,653,000 as exceptional other income, along with $618,000 of reimbursed production expenditure.

SYNCARDIA DISPUTE

As previously announced to the shareholders, AorTech has taken legal action for the recovery of its outstanding debt and related costs due from SynCardia. This action is subject to arbitration although I can now advise that a mediation process will take place in September 2013.

AorTech remains confident of its legal position in this case and will provide further updates as and when appropriate.

ISSUE AND REPAYMENT OF LOAN NOTES

As advised to shareholders last year, in the absence of either a sale of the Company or a fund raising, the cash position of AorTech was going to become critical by the end of October 2012. We were fortunate to secure the support of a number of investors, including existing shareholders in the Company, to the issue of secured loan notes totalling £1,210,000, so as to provide the capital required to finance the Company, including meeting the costs of the St Jude dispute. The loan note holders, despite having security over the IP of AorTech, took on a significant risk due to the uncertainty over both the timescale and outcome of the litigation. The terms of the loan notes called for an initial premium of 100% if the original sum subscribed for loan notes was repaid before 31 March 2013, together with a "carried interest" into 15% of any sums paid to the shareholders on a change of control or winding up of the Company. The sums subscribed for loan notes together with the initial premium have been paid to noteholders already. I indicated at the time of the interim results that it would be helpful to consolidate the remaining 15% carried interest of the loan note holders by issuing shares in the Company in exchange for the remaining loan note interests. Having now taken legal, accounting and taxation advice, we are advised that converting the remaining interest into equity at this stage would not only be costly to the Company in legal, court and accounting fees but would also create a negative taxation situation for loan note holders. As a result, we have concluded that it is best to let the loan note terms remain as originally contemplated.

Although the returns on the loan notes were attractive, the capital the loan note providers introduced to the Company enabled AorTech to continue trading and allowed us to reach a negotiated settlement in our dispute with St Jude. Without the loan note monies, AorTech would have undoubtedly failed with little return of value for shareholders. The loan notes have now been repaid and the further cost to shareholders is limited to a potential 15% dilution on a winding up or on a change of control of the Company. For accounting purposes, an estimate has been made of the current potential value of this amount, based on the Company's market capitalisation at the year end. This estimate will be updated every six months.

HEART VALVE

Having last year re-acquired all the patents and IP in relation to heart valve technology, your Board is still of the opinion that there potentially is uplift for the Company and its shareholders in the heart valve field.

We continue to have ongoing discussions with various parties regarding the potential of using our Elast-Eon™ material for new generation heart valves. We can now advise that one of our licensees has commenced its first clinical implants using Elast-Eon™ in mitral valve repair.

Your Board is still of the opinion that there potentially is uplift for the Company and its shareholders in the heart valve field.

FUTURE STRATEGY

The strategy of deriving value for AorTech shareholders from exploitation of our IP rather than as a manufacturer of bio materials has been the focus of the Board over the past 18 months.

We explored the potential sale of the Company as a way of achieving value for our IP in the short term; however with the cash problems and the major dispute being distractions from the core value, a satisfactory proposal has not been forthcoming.

Your Board is now pursuing a strategy to exploit the value of the Company's IP, Patents and know-how without the problems of having to operate a sub-scale manufacturing facility. It is our intention to fully transition AorTech to an IP business.

The transfer of the Rogers facility to St Jude has provided the opportunity to completely change the basis upon which AorTech does business and to provide a more attractive, longer term return. Due to the very small scale of the polymer manufacturing facilities, the cost of manufacture was much too high and as a result precluded the ability to achieve a greater penetration of Elast-Eon™ into the market. A review of the contracts that had been signed indicated that customers have elected to use our material because it solves a problem, with cost being less of an issue. A secondary problem is that placing reliance on a business of the size and scale of AorTech is a substantial risk for a medical device developer.

To this end AorTech is presently in discussions with a well respected, mid-sized US polymer and medical device component manufacturer, with the intention of concluding a contract for the manufacture of AorTech's polymers. Under such an arrangement the income generated by AorTech would arise from revenue share from manufacturing activities together with licence fees. Our ongoing discussions to conclude a licence and manufacturing agreement with our polymer manufacture licensee will provide the security of the supply of Elast-Eon™ to our customer base and potentially new business areas for our manufacturing licensee, which would also provide additional revenue potential for the Group. As part of the licence agreement to manufacture, our IP and know-how will be protected, which should extend the value of our licence agreements beyond any patent expiry date.

It takes a number of years for our licence agreements to mature to income generating royalties due to the time-consuming testing and regulatory requirements through which our licensees have to go. I am pleased to report that several licences signed in prior years are now either approaching clinical trials, in clinical trials or indeed have achieved initial regulatory approval.

The potential income forecast by the licensees could result in significant royalties in future years for the Group. These forecasts are of course wholly dependent upon the success of the licensees in their various medical device fields.

This strategy and business model allows the annual operating costs of AorTech to be kept to a minimum, provides a supply of material to existing customers and enables the Group to benefit not only from its future royalty stream but also potentially to share in the value of new business generated by our manufacturing licensee.

ANNUAL GENERAL MEETING

Section 656 of the Companies Act 2006 states that "if a public company's assets fall below half or less of its called-up share capital the directors are required to convene a general meeting of the company to discuss whether any and if so what steps are to be taken in relation to this situation".

Following the finalisation of the parent company accounts for AorTech International plc and making appropriate provisions for £442,000 under UK GAAP in respect of the 15% premium due to loan note holders and a £4,417,000 provision against the inter-company loan due by AorTech Polymer & Medical Devices Inc in the USA, AorTech International plc's net assets were reduced to approximately £4,351,000 with its issued share capital being £12,082,000.
This general meeting has been convened partly to comply with Section 656, and this matter will be dealt with before we move on to the usual AGM business.
The strategy implemented by your Board whereby the majority of our income will be generated by licence fees and royalties means that future income of the Group will flow to the parent company of the Group, AorTech International plc. The Group's cash position at 31 July 2013 was $1,212,000 and the Board are keeping tight control over running costs. On that basis your Directors do not consider that any additional action needs to be taken.

CONCLUSION

I take this opportunity of welcoming Roy Mitchell, who was appointed to the Board on 23 May 2013. Roy brings to the Board his own skills and expertise which will enhance the Group's future prospects.

I am fully aware that the past twelve months must have been a frustrating period for our shareholders but you may be assured that your Board has continued its work to not only resolve the issues and problems of the past but to also plan for the future.

Your Board has strived to implement a strategy which will enable the Group to achieve both growth and profitability to enhance shareholder value.
We believe that we have now established the appropriate business model to deliver not only a profitable business but also one that can be done at attractive net margins without the requirement to raise further capital from shareholders.

Your Board, therefore, has grounds to be more optimistic about the Group's future than it has in the recent past and believes that all of the hard work over the past year has been successful in the transformation of AorTech.

Bill Brown
Chairman

27 August 2013

BOARD OF DIRECTORS & ADVISERS

DIRECTORS
Bill Brown non-Executive Chairman
Frank Maguire Chief Executive
Eddie McDaid Finance Director
Roy Mitchell non-Executive Director
Gordon Wright non-Executive Director

COMPANY SECRETARY
David Parsons ACIS

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Lancing,
West Sussex BN99 6DA

INDEPENDENT AUDITOR
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Regent House
80 Regent Road
Leicester LE1 7NH

Registered in Scotland, Company No.170071

Financial statements will be circulated to Shareholders and copies of the announcement will be made available from the Company's registered office. Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Company is the holding company of a Group whose principal activities are the development and exploitation of a range of innovative biomaterials and medical devices.

REVIEW OF BUSINESS & FUTURE DEVELOPMENTS

The consolidated Income Statement is set out on page 20 indicating the Group's loss for the financial year of US$847,000 (2012: profit of US$57,000) which will be deducted from the reserves.

On a Group basis, the business review and future prospects are contained within the Chairman's Statement. The Directors consider the Group financial key performance indicators to be revenue growth, control of operating expenses and the pre tax result. In addition the Directors consider the Group non financial key performance indicators to be the utilisation of its patents, IP and know-how for new application areas and the signing of new licence agreements. All appropriate key performance indicators are summarised in the Chairman's Statement.

The Directors consider the principal risks and uncertainties facing the Group at this stage of its development to be as follows: the success rate of several key customers utilsing our products in various medical device fields; small customer base generating revenues; retention of key management and personnel; any adverse results which may arise during development and regulatory phases; product liability risks; competitive markets with changing technology and evolving industry standards. All of the above risks and uncertainties are considered fundamental to the achievement of the Group's strategy and are being actively managed at Board level through regular review of progress, along with the internal control environment detailed on page 14 below.

No dividends have been paid or proposed for the years ended 31 March 2013 and 31 March 2012.

GOING CONCERN

After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts for a period of at least twelve months from the date of signing these financial statements, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason the Directors consider the adoption of the going concern basis in preparing the Group financial statements is appropriate.

DIRECTORS & THEIR INTERESTS

At 31 March 2013 the Chairman of the Company was W Brown; the Chief Executive Director was F Maguire; the Finance Director was E McDaid, and the non-Executive Director was G Wright. The other Director who served during the year was J Pither, who resigned on 31 December 2012. On 3 July 2012, J Pither stepped down as Chairman and W Brown took over that role. R Mitchell was appointed to the Board on 23 May 2013.

At each Annual General Meeting one third of the Directors shall be subject to retirement by rotation. F Maguire retires from the Board at the Annual General Meeting and, being eligible, offers himself for re-election. R Mitchell, having been appointed Director since the last Annual General Meeting, will retire and seek re-election.

The interests of the Directors at 31 March 2013 and 31 March 2012 (or date of appointment if later) in the ordinary share capital of the Company (all beneficially held) were as follows:

	31 March 2013 Number of shares	31 March 2012 (or date of appointment) Number of shares
J Pither*	-	25,550
F Maguire	**103,350**	103,350
E McDaid	**333,914**	333,914
G Wright	**308,311**	308,311
W Brown	**407**	-
R Mitchell*	**-**	-

* not a member of the Board of Directors on 31 March 2013

SUBSTANTIAL SHAREHOLDERS

With the exception of the following shareholdings the Directors have not been advised of any individual interest or group of interests held by persons acting together which at 13 August 2013 exceeded 3% of the Company's issued share capital:

	Number of shares	%
Bluehone Investors LLP*	**891,861**	18.45%
Mr Roy Mitchell and Mrs P Mitchell	**335,163**	6.94%
Mr Edward McDaid	**333,914**	6.91%
Caricature Investments Limited**	**308,311**	6.38%
Mr Alan Smith	**201,931**	4.18%
Mr Clive Titcomb	**192,000**	3.97%
Henderson Global Investors (UK)	**191,227**	3.96%
Halifax Share Dealing	**174,976**	3.62%
Fermain Capital Ltd	**146,500**	3.03%

* the holding of Bluehone Investors LLP is as fund manager of Active Capital Trust plc which accounts for 18.45% of the Company's issued share capital. W Brown is also a Director of Bluehone Investors LLP.

** Caricature Investments Limited is a company wholly owned by Mr G Wright, a Director of the Company.

The percentage of shares not in public hands (as defined in the AIM rules) at 13 August 2013 was 40.8%.

EMPLOYEES

The Group places considerable value on the involvement of its employees and they are regularly briefed on the Group's activities through consultative meetings. Equal opportunities are given to all employees regardless of their gender, colour, race, religion or ethnic origin. Applications for employment from disabled persons are always considered fully bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It is the policy of the Group that training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

MARKET RISK

Market risk encompasses two types of risk, being currency risk and fair value interest rate risk. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the sub-section entitled "interest rate risk" below.

CURRENCY RISK

The Group is exposed to translation and transaction foreign exchange risk. The majority of the Group's sales are to customers in the United States. These sales are priced and invoiced in US dollars. The Group policy is to try and match the timing of the settling of these sales and purchase invoices so as to eliminate, as far as possible, currency exposures.

The tables below show the extent to which the Group has residual financial assets and liabilities. Foreign exchange differences on retranslation of these assets and liabilities are taken to profit or loss of the Group, other than in respect of the retranslation of foreign subsidiary balances arising on consolidation and parent company equity balances which are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

	Net foreign currency monetary assets			
	Australian dollar US$000	Euro US$000	GB Pound US$000	Total US$000
2013				
US Dollars	22	-	823	845
2012				
US Dollars	93	17	1,196	1,306

LIQUIDITY RISK

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. As disclosed within the Report of the Directors, the Directors have set out their assessment of why they believe the Group continues to remain a going concern, including the assumptions they have made in this regard.

INTEREST RATE RISK

The Group finances its operations through retained cash reserves, and during the year has issued loan notes which were redeemed before the year end.

The interest rate exposure of the financial assets and liabilities of the Group as at 31 March 2013 is shown in the table below. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

	Interest rate			
	Fixed US$000	Floating US$000	Zero US$000	Total US$000
Financial assets				
Cash	-	171	816	987
Trade receivables	-	-	1,231	1,231
	-	171	2,047	2,218
Financial liabilities				
Trade payables	-	-	169	169
	-	-	169	169

CREDIT RISK

The Group's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade receivables.

CAPITAL MANAGEMENT OBJECTIVES

The Directors' capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders. The parent and subsidiary companies' Boards meet regularly to review performance and discuss future opportunities and threats with the aim of optimising sustainable returns and minimising risk.

PAYABLES PAYMENT POLICY

The Group's current policy concerning the payment of the majority of its trade payables is to follow the 'Better Payment Practice Code' issued by the Better Payment Practice Group. For other suppliers, the Group policy is to:

a) Settle the terms of payment with those suppliers when agreeing the terms of each transaction;
b) Ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
c) Pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payables for revenue and capital supplies of goods and services without exception.

Wherever possible the overseas subsidiaries are encouraged to adopt a similar policy applying local best practice. The Company's average payables payment period at 31 March 2013 was 16 days (2012: 18 days).

CHARITABLE & POLITICAL DONATIONS

During the year the Group made no charitable or political donations (2012: nil).

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting for 11:00am on Thursday, 26 September 2013 in the Tower Suite of the Institute of Directors, New Broad Street House, 35 New Broad Street, London, EC2M 1NH is set out on page 51. There are a number of resolutions to be passed and further information in relation to these resolutions is set out below. Prior to voting on the resolutions the meeting will, as special business, as required by Section 656 of the Companies Act 2006 consider whether any, and if so, what steps should be taken to deal with the situation that the net assets of the parent company, AorTech International PLC, currently represents less than half of its called up share capital.

RESOLUTIONS 1 TO 7

Resolution 1 provides for the approval of the Company's financial statements for the year ended 31 March 2013. **Resolution 2** provides for approval of the Report of the Remuneration Committee for the year ended 31 March 2013. The vote is advisory and the Directors' entitlement to remuneration is not conditional on the resolution being passed. **Resolution 3** deals with the re-appointment of the Director required by the Company's Articles of Association to retire this year. **Resolution 4** deals with the formal appointment of Roy Walter Mitchell to the Board, as required by Article 100 of the Company's Articles of Association. **Resolution 5** deals with the re-appointment of Grant Thornton UK LLP as the Company's auditor. Following assessment by the Audit Committee the Board considers the auditor to be effective and independent in their role.

Resolution 6 provides under the Companies Act 2006 (Section 551) the directors of a company may only allot shares if authorised to do so. Passing this Resolution will continue the Directors' flexibility to act in the best interests of shareholders when opportunities arise by issuing new shares. In Resolution 6 the Company is seeking authority to allot shares with a nominal value of up to £4,027,315 which represents one third of the Company's issued ordinary share capital. The Directors intend to use this authority, which will lapse at the conclusion of the next Annual General Meeting of the Company, for general corporate purposes.

Resolution 7 provides if shares are to be alloted for cash, the Companies Act 2006 requires that those shares are offered first to the existing shareholders in proportion to the number of shares they hold at the time of the offer. However, it may sometimes be in the interests of the Company for the Directors to allot shares other than to shareholders in proportion to their existing holdings. At last year's Annual General Meeting shareholders authorised the Board, subject to specified limits:

- to allot shares in connection with a rights issue, defined in summary as, an offer of equity securities to shareholders which is open for a period decided by the Board subject to any limits or restrictions which the Board thinks are necessary or appropriate.
- to allot shares pursuant to the rules of any share scheme approved by the shareholders in general meeting.
- to allot shares not in connection with a rights issue up to a specific amount so that the pre-emption requirement does not apply to the allotments of shares for cash up to that amount.

This authority is required to be renewed annually. The Directors will be empowered by Resolution 7 to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash without complying with the statutory pre-emption rights of shareholders under section 561 of the Companies Act 2006, up to a maximum nominal amount of approximately £604,097. This disapplication is limited to allotments made to ordinary shareholders and holders of any other class of equity security in proportion (as nearly as may be) to their holdings and, otherwise, to allotments up to a maximum of 5% of the Company's issued ordinary share capital.

There are no current plans to allot shares except in connection with the employee share schemes.

Resolutions 1 to 5 are termed ordinary business. Resolutions 6 and 7 are termed special business.

J C D Parsons
Company Secretary
AorTech International plc
Company number SCO170071
Weybridge

27 August 2013

RECOMMENDATION:
An explanation of the resolutions to be proposed is set out on pages 11 and 12 of this document. The Directors consider *a*) that no additional action needs to be taken in relation to the situation that the net assets of the parent company, AorTech International PLC, currently represent less than half of its called up share capital and *b*) that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Laws) and to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. 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 UK Accounting Standards and IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the 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 auditors are aware of that information.

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

AUDITOR

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

J C D Parsons
Company Secretary
Weybridge

27 August 2013

CORPORATE GOVERNANCE

The Group currently has a reduced Corporate Governance structure, reflecting the present stage of development, the size of the business and the Directors' assessment of the cost / benefit balance of full Corporate Governance. The situation will, however, continue to be kept under review in the light of ongoing corporate developments and scaling up of activities.

DIRECTORS

The Company is controlled by the Board of Directors which, at 31 March 2013, comprised two Executive and one non-Executive Director and a non-Executive Chairman. All Directors are able to take independent advice in furtherance of their duties if necessary.

ACCOUNTABILITY & AUDIT

The Board includes a detailed review of the performance of the Group in the Chairman's Statement on pages 2 to 6. Reading this alongside the Report of the Directors on pages 8 to 12 the Board seeks to present a balanced and understandable assessment of the Group's position and prospects.

INTERNAL CONTROL

The Board has formalised the review and reporting of the main internal controls within the business. In previous periods, the Directors commissioned a risk review exercise in the course of which the key risk factors facing the Group were identified. These areas included regulatory, research and development, commercial, human resources and information technology. The Board will continue to review the system of internal controls within the Group.

The Board of Directors is responsible for the Group's system of financial controls. However, it should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

The principal elements of the system include:

- A clearly defined structure which delegates authority, responsibility and accountability.
- A comprehensive system for reporting financial results. Actual results are measured monthly against budget which together with a commentary on variances and other unusual items allows the Board to monitor the Group's performance on a regular basis.
- A comprehensive annual planning and budgeting programme.
- A revision of annual forecasts on a periodic basis.

There is no independent internal audit function. The Directors believe that such a function would not be cost effective given the current size of the Group but they will continue to monitor the situation as the Group goes forward. The Board has reviewed the effectiveness of the system of internal controls as outlined above and considers the Group has an established system which the Directors believe to be appropriate to the business.

AUDIT COMMITTEE

The Audit Committee, comprising the non-Executive Directors and chaired by W Brown, meets at least twice per year and overviews the monitoring of the Group's internal controls, accounting policies, financial reporting and provides a forum through which the external auditor reports, as well as ensuring the auditor remains independent of the Company. It meets at least once a year with the external auditor without Executive Board members present.

REPORT OF THE REMUNERATION COMMITTEE

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, which introduced statutory requirements for the disclosure of Directors' remuneration in respect of periods commencing on or after 6 April 2008. The report also meets the relevant requirements of the AIM Rules and describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. In accordance with best practice, notwithstanding that these regulations do not apply to AIM companies, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the non-Executive Directors as follows:

G Wright (Chairman)
W Brown
R Mitchell (appointed 23 May 2013)

As appropriate, the Committee may invite the Chief Executive to participate in some of its discussions. No Director plays a part in any discussion about his own remuneration.

The Committee is responsible for determining the terms and conditions of employment of Executive Directors. It is also responsible for considering management recommendations for remuneration and employment terms of the Group's staff, including incentive arrangements for bonus payments and grants of share options.

The constitution and operation of the Committee is in compliance with the provisions of The UK Corporate Governance Code (June 2010). When setting its remuneration policy the Committee gives full consideration to the provisions and principles of the Code. In setting the policy it considers a number of factors including:

- The basic salaries and benefits available to executive Directors and senior management of comparable companies.
- The need to attract and retain Directors and senior management of an appropriate calibre.
- The need to ensure Executive Directors' and senior management's commitment to the future success of the Group by means of incentive schemes.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration of the non-Executive Directors is determined by the Board with reference to the annual survey of independent Directors carried out by Independent Remuneration Solutions.

The non-Executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any of the bonus schemes.

The non-Executive Directors have service agreements, which are reviewed by the Board annually, and they are also included in the one third of Directors subject to retirement by rotation at each Annual General Meeting.

REMUNERATION OF EXECUTIVE DIRECTORS

The Executive Directors have service contracts, which can be terminated on one year's notice by either party. The Remuneration Committee will review each case of early termination individually in order to ensure compensation settlements are made which are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded. The most recent executed contract for the Executive Directors was for E McDaid on 14 July 2011. The Company's remuneration policy for Executive Directors is to:

- Have regard to the individual's experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality.
- Link individual remuneration packages to the Group's long term performance through the award of share options and bonus schemes.
- Provide post retirement benefits through defined contribution pension schemes.
- Provide employment related benefits including the provision of a company car, life assurance, medical insurance and insurance relating to the individual's duties.

SALARIES AND BENEFITS

The Remuneration Committee meets twice each year to consider and set the annual salaries and benefits for the Executive Directors, having regard to personal performance and independent advice concerning comparable organisations.

SHARE OPTIONS

The Company operates an Approved Share Option Scheme and an Unapproved Share Option Scheme.

Only Executive Directors and employees of the Group resident in the UK are eligible to participate in the Approved Share Option Scheme, which has been approved by HM Revenue and Customs under the provisions of Schedule 9 to the Income and Corporation Taxes Act 1988.

Any person who at the date of grant is approved by the Board is entitled to participate in the Unapproved Share Option Scheme.

The award of options under both schemes is at the discretion of the Remuneration Committee.

The options issued to date under both schemes will only be exercisable if the average mid market closing price of the Company's shares on the five business days prior to the date of exercise exceeds the option price by 15% or more and after the elapse of three years from the date of grant of the option.

PENSIONS

The Group made contributions to a personal pension plan for F Maguire at the rate of 10% of pensionable salary.

DIRECTORS' EMOLUMENTS - AUDITED

Details of individual Director's emoluments for the year are as follows:

					2013	2012
	Salary & fees US$	**Termination fees US$**	**Benefits in kind US$**	**Pension contributions US$**	**Total US$**	Total US$
Executive						
F Maguire	**200,075**	-	**13,702**	**20,008**	**233,785**	328,148
E McDaid	**118,255**	-	-	-	**118,255**	94,539
Non-executive						
J Pither	**35,596**	**39,550**	-	-	**75,146**	48,071
Dr S Rollason	-	-	-	-	-	24,636
G Wright	**28,476**	-	-	-	**28,476**	36,854
W Brown	**121,815**	-	-	-	**121,815**	32,247
	504,217	**39,550**	**13,702**	**20,008**	**577,477**	564,495

Benefits in kind include the provision of a company car and medical insurance.

J Pither is employed by Surrey Management Services Limited ('Surrey') in the provision of services to the Company. All of the emoluments of J Pither above are represented by payments made by the Company to Surrey in respect of those services.

Dr S Rollason was, and W Brown is employed by Bluehone Investors LLP ('Bluehone') in the provision of services to the Company. All of the emoluments of Dr S Rollason and W Brown above are represented by payments made by the Company to Bluehone in respect of these services.

DIRECTORS' INTERESTS IN SHARES

The interests of Directors in shares of the Company are included in the Report of the Directors on page 9.

DIRECTORS' INTERESTS IN SHARE OPTIONS

The details of options held by Directors are set out below:

	Number of options					
	At 1 April 2012	**Granted/ (expired) during year**	**At 31 March 2013**	**Exercise price**	Date from which exercisable	Expiry date
(i) Approved Share Option Scheme						
F Maguire	**12,000**	-	**12,000**	**$3.80**	11/07/2005	25/06/2014
(ii) Unapproved Share Option Scheme						
F Maguire	**7,000**	-	**7,000**	**$3.80**	11/07/2005	25/06/2014
	19,000	-	**19,000**	**$4.25**	08/08/2005	25/06/2014
	25,000	-	**25,000**	**$3.80**	14/07/2006	25/06/2014
	200,000	-	**200,000**	**$3.80**	30/06/2007	25/06/2014

The range in the mid market price of the Company's shares during the year ended 31 March 2013 was from £0.51 to £3.585. The mid market price on 28 March 2013 was £0.61.

On behalf of the Board

Gordon Wright
Chairman of the Remuneration Committee

27 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of AorTech International plc

We have audited the Group financial statements of AorTech International Plc for the year ended 31 March 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Report of the Directors for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

OTHER MATTER

We have reported separately on the parent company financial statements of AorTech International Plc for the year ended 31 March 2013.

Christopher Frostwick
Senior Statutory Auditor

For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
Leicester

27 August 2013

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March 2013 Pre-exceptional items US$000	Exceptional items US$000	Total US$000	Year ended 31 March 2012 Total US$000
Revenue	**3**	**1,805**	**1,990**	**3,795**	5,038
Other income		**289**	**2,271**	**2,560**	638
Cost of sales		**(1,268)**	**(786)**	**(2,054)**	(701)
Administrative expenses		**(2,324)**	**(420)**	**(2,744)**	(3,130)
Other expenses – development expenditure		**(239)**	**-**	**(239)**	(798)
Profit on disposal of property, plant and equipment		**-**	**138**	**138**	-
Other expenses – amortisation of intangible assets	**10**	**(250)**	**-**	**(250)**	(248)
Other expenses – cost of transfer of operations to USA		**-**	**-**	**-**	(761)
Operating (loss) / profit	**3**	**(1,987)**	**3,193**	**1,206**	38
Finance (expense) / income	**7**	**(5)**	**(2,048)**	**(2,053)**	19
(Loss) / profit before taxation	**5**	**(1,992)**	**1,145**	**(847)**	57
Taxation	**8**	**-**	**-**	**-**	-
(Loss) / profit attributable to equity holders of the parent company		**(1,992)**	**1,145**	**(847)**	57
(Loss) / earnings per share					
Basic and diluted (US cents per share)	**9**			**(17.53)**	1.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2013 US$000	Year ended 31 March 2012 US$000
(Loss) / profit for the year	**(847)**	57
Other comprehensive income:		
Exchange differences on translating foreign operations	**(130)**	26
Income tax relating to other comprehensive income	**-**	-
Other comprehensive income for the year, net of tax	**(130)**	26
Total comprehensive income for the year, attributable to equity holders of the parent company	**(977)**	83

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2013 US$000	31 March 2012 US$000
Assets			
Non current assets			
Intangible assets	**10**	**1,840**	2,012
Property, plant and equipment	**11**	**4**	621
Total non current assets		**1,844**	2,633
Current assets			
Inventories	**12**	**-**	203
Trade and other receivables	**14**	**1,820**	956
Cash and cash equivalents	**15**	**987**	1,917
Total current assets		**2,807**	3,076
Total assets		**4,651**	5,709
Liabilities			
Current liabilities			
Trade and other payables	**16**	**(406)**	(439)
Total current liabilities		**(406)**	(439)
Non current liabilities			
Trade and other payables	**16**	**-**	(182)
Change of control redemption premium	**16**	**(134)**	-
Total non current liabilities		**(134)**	(182)
Total liabilities		**(540)**	(621)
Net assets		**4,111**	5,088
Equity			
Issued capital	**19**	**18,351**	19,319
Share premium	**19**	**3,555**	3,742
Other reserve		**(3,043)**	(3,203)
Foreign exchange reserve		**5,684**	4,819
Profit and loss account		**(20,436)**	(19,589)
Total equity attributable to equity holders of the parent		**4,111**	5,088

The Group financial statements were approved by the Board on 27 August 2013 and were signed on its behalf by

W Brown, Chairman E McDaid, Director

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2013 US$000	Year ended 31 March 2012 US$000
Cash flows from operating activities		
Group (loss) / profit after tax	**(847)**	57
Adjustments for:		
Depreciation of property, plant and equipment	**84**	53
(Gain) / loss on disposal of property, plant and equipment	**(138)**	23
Amortisation of intangible assets	**250**	248
Finance expense / (income)	**2,053**	(19)
(Increase) / decrease in trade and other receivables	**(864)**	125
Decrease in inventories	**203**	31
Decrease in trade and other payables	**(215)**	(437)
Net cash flow from operating activities	**526**	81
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11)**	(671)
Proceeds from disposal of property, plant and equipment	**682**	320
Purchases of intangible assets	**(72)**	(49)
Interest received	**-**	19
Net cash flow from investing activities	**599**	(381)
Cash flows from financing activities		
Interest paid	**(5)**	-
Proceeds from issue of loan notes	**1,914**	-
Repayment of loan notes	**(1,914)**	-
Redemption premium paid to loan note holders	**(1,914)**	-
Net cash flow from financing activities	**(1,919)**	-
Net decrease in cash and cash equivalents	**(794)**	(300)
Foreign exchange movements on cash held in foreign currencies	**(136)**	3
Cash and cash equivalents at beginning of year	**1,917**	2,214
Cash and cash equivalents at end of year	**987**	1,917

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US$000	Share premium account US$000	Other reserve US$000	Foreign exchange reserve US$000	Profit and loss account US$000	Total equity US$000
Balance at 31 March 2011	19,370	3,751	(3,211)	4,741	(19,646)	5,005
Transactions with owners	-	-	-	-	-	-
Profit for the year	-	-	-	-	57	57
Other comprehensive income						
Exchange difference on translating foreign operations	(51)	(9)	8	78	-	26
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	(51)	(9)	8	78	57	83
Balance at 31 March 2012	**19,319**	**3,742**	**(3,203)**	**4,819**	**(19,589)**	**5,088**
Transactions with owners	-	-	-	-	-	-
Loss for the year	-	-	-	-	(847)	(847)
Other comprehensive income						
Exchange difference on translating foreign operations	(968)	(187)	160	865	-	(130)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	(968)	(187)	160	865	(847)	(977)
Balance at 31 March 2013	**18,351**	**3,555**	**(3,043)**	**5,684**	**(20,436)**	**4,111**

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The Group financial statements are for the year ended 31 March 2013. They have been prepared in compliance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 March 2013.

The Group financial statements have been prepared under the historical cost convention.

The accounting policies remain unchanged from the previous year.

Going concern

After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts for a period of at least twelve months from the date of signing these financial statements, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason the Directors consider the adoption of the going concern basis in preparing the Group financial statements is appropriate.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 31 March 2013 financial statements.

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

New accounting standards issued but not adopted:

- IFRS 9 Financial Instruments (effective 1 January 2015; not yet adopted by the EU)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2014)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IFRS 13 Fair value measurement (effective 1 January 2013)
- Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)

Presentational currency

The Group's revenues, profits and cash flows are primarily generated in US dollars, and are expected to remain principally denominated in US dollars in the future.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Revenue

Revenue is measured at the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT, sales between Group companies and trade discounts, as follows:

(a) Supply of materials and finished goods: Revenue from the supply of materials and finished goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be on shipment, receipt of the goods by the customer or upon completion of the product and the product being ready for delivery, based on the specific contract terms.

(b) Licence fees: Upfront payments in respect of licence revenues for access by third parties to the Group's technology are recognised as revenue once a third party has a binding contractual obligation to the Group based on the specific contract terms and the Group has no remaining obligations to perform.

(c) Milestone payments: Milestone payments are recognised once the Group's obligations for each milestone have been met and the Group has achieved a right to be paid in return for their contractual performance.

(d) Royalty revenues: Royalty revenues are recognised as earned in accordance with third parties' sales of the underlying products.

Interest

Interest income is the interest earned on cash or cash equivalents held with the Group's bankers and recognised within the period earned, accrued on a time basis by reference to the principal outstanding and at the effective rate applicable.

Employee benefits

Defined contribution pension scheme: The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Exceptional items

Items considered significant by virtue of their size or nature are separately disclosed on the face of the Income Statement to enable a full understanding of the underlying performance of the Group.

Intangible assets

(a) Patents and trademarks (intellectual property):

Patents and trademarks (intellectual property) are included at cost and are amortised on a straight line basis over their useful economic lives of 20 years, which corresponds to the lives of the individual patents.

(b) Research and development:

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate all of the following:

- the technical feasibility of the intangible asset so that it will be available for use or sale. In practice this will be when the Group is satisfied that the appropriate regulatory hurdles have been or will be achieved.
- its intention to complete and its ability to use or sell the asset.
- how the asset will generate future economic benefits.
- the availability of economic resources to complete the asset.
- the ability to measure the expenditure during development.

The Group does not currently have any such internal or external development costs that qualify for capitalisation as intangible assets.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future sales. Assets are tested for impairment when an impairment trigger occurs.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date.

Property, plant and equipment

Property, plant and equipment is stated at cost, including any incidental costs of acquisition, net of accumulated depreciation and any accumulated provision for impairment. No depreciation is charged until the asset is available for use.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss. The gain or loss arising from the sale or revaluation of held for sale assets is included in "other income" or "other expense" in the income statement.

Depreciation

Depreciation is calculated to write off the cost of all property, plant and equipment less estimated residual value by the straight line method where it reflects the basis of consumption of the assets over their estimated useful economic lives.

The periods generally applicable are:

Leasehold property improvements:	Period of lease
Plant and equipment	2½ years
Fixtures and fittings	2½ - 5 years

Material residual value estimates are updated as required, but at least annually.

Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Individual assets or cash-generating units that include intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

Financial assets

Financial assets fall into the following category: Loans and receivables.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An assessment for impairment is undertaken at least at each balance sheet date.

Cash and cash equivalents comprise cash on hand and demand deposits together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities fall into the following category: Financial liabilities at amortised cost and fair value through profit or loss.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial liabilities at amortised cost (trade payables and accruals) are subsequently recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities at fair value through profit or loss represents the change of control redemption premium under the loan notes, which is considered to be an embedded derivative which is separable from the loan notes and therefore has been accounted for as a separate instrument. Such financial liabilities are carried subsequently at fair value with gains or losses recognised in profit or loss.

Fair value has been determined by reference to the potential value of the change in control premium to be paid at some time in the future, which has been estimated based on the Company's market capitalisation at the balance sheet date, with a discount applied to reflect the probability of such a change of control happening (the effect of the liquidity restriction and the change of control clause) and to reflect an estimate of likely timescale. These estimates will be reassessed at each balance sheet date. All changes in the instrument's fair value are reported in profit or loss and included within finance costs.

Taxation

Current tax is the tax currently payable based on taxable profit for the accounting period.

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity. Tax which relates to items recognised in other comprehensive income is recognised in other comprehensive income.

Equity

Equity comprises the following:

- "Issued capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of cash consideration received for equity shares, net of expenses of the share issue.
- "Other reserve" represents the difference arising on consolidation between the nominal value of AorTech International Plc shares issued (£3,206,884) and the nominal value of AorTech Biomaterials Limited (formerly AorTech Europe Limited) shares acquired (£1,001,884) and the associated share premium account (£201,857) in the company. This acquisition was prior to the transition to IFRS.
- "Foreign exchange reserve" represents the differences arising from translation of net investments in overseas subsidiaries.
- "Profit and loss account" represents retained profits.

Share based employee compensation

The Group operates equity settled share based compensation plans for the remuneration of its employees.

All employee services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share option awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

All share based compensation, where material, is ultimately recognised as an expense in the income statement with a corresponding credit to the other reserve, net of deferred tax where applicable. 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 shares 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 to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. At this time, the appropriate balance in the other reserve relating to the share options exercised is transferred to retained earnings by way of a transfer within reserves.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional currency is Sterling and the Group's presentational currency is US Dollars.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise.

Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to other comprehensive income, otherwise such gains and losses are recognised in profit or loss.

The assets and liabilities in the financial statements of foreign subsidiaries and retranslation of the parent to the presentational currency, including equity items, are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the average of exchange rates in force at the end of each month of the reporting period. All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are reclassified from equity to profit or loss as a reclassification adjustment as part of the gain or loss on disposal.

The Group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies:

a) Capitalisation of development costs requires detailed analysis of the technical feasibility and commercial viability of the project. To date the Group has written off all such development costs because the specific criteria for capitalisation have not been met, although the Board regularly reviews this judgement in respect of specific development projects.

b) The Directors must judge whether future profitability is likely in making the decision whether or not to create a deferred tax asset. At this stage the timing of future profits is insufficiently certain to warrant inclusion of a deferred tax asset.

c) Identification of functional currencies requires a judgement as to the economic environments of the subsidiaries of the Group and the selection of the presentational currency must reflect the requirements of the users of the financial statements.

d) Revenue recognition requires the Directors to assess the terms of contracts and to determine whether specific obligations have been met before recognising revenue in relation to licence fees and milestone payments. Specifically the Directors have assessed the restructured licence agreement and ensured all contract milestones have been met before recognising the relevant revenue in full in the March 2013 financial year. In addition, the Directors have assessed whether any provision for impairment is necessary against receivables through the estimation of future cash flows.

e) The disposal of assets in the US to St Jude Medical as part of the settlement agreement is not judged to represent a discontinued operation as the Group continues to operate in the US selling polymer. As such this is not considered to be the disposal of a component under the definition in IFRS 5. The closure of the Australian operations in 2011 was judged not to represent a discontinued operation under IFRS 5, but rather the transfer of the manufacturing capability to a different geographical location.

Sources of estimation uncertainty:

a) Estimates are required as to intangible asset carrying values and impairment charges.

b) Estimates of future profitability are required for the decision whether or not to create a deferred tax asset.

c) Depreciation rates are based on estimates of the useful lives and residual values of the assets involved.

d) The discount applied in determining the fair value of the change of control redemption premium constitutes an estimate.

e) Estimates as to recoverability of receivables, including future expected cash flows.

3 SEGMENTAL REPORTING

The principal activity of the AorTech International Plc Group currently is the development and exploitation of a range of innovative biomaterials and medical devices.

The Group's operating segments are based on geographical location of operations.

Analysis of revenue by products and services and by geographical area	**2013 US$000**	2012 US$000
United Kingdom		
Supply of materials and finished goods	**-**	5
St Jude Medical transaction – licence fee income	**1,990**	-
Licence fees – services	**313**	4,338
USA		
Supply of materials and finished goods	**1,492**	694
Royalty revenue	**-**	1
	3,795	5,038

During the year ended 31 March 2013, 37.0% of the Group's revenues depended upon a single customer (2012: 76.0%), excluding those in respect of the St Jude Medical transaction.

Analysis of result - operating (loss) / profit	**2013 US$000**	2012 US$000
United Kingdom	**1,732**	(551)
Australia	**(101)**	3,281
USA – including cost of transfer of operations in 2012	**(425)**	(2,692)
Operating profit	**1,206**	38
Finance (expenses) / income – all UK	**(2,053)**	19
(Loss) / profit before taxation	**(847)**	57

The operating (loss) / profit disclosure above is after charging amortisation of $250,000 (all UK), depreciation of $84,000 (all USA), development expenditure of $239,000 (all USA) and after a profit on disposal of $138,000 (all USA).

Analysis of non current assets by location		
United Kingdom	**1,840**	1,963
USA	**4**	670
	1,844	2,633

4 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Key management personnel	**2013**	2012
	US$000	US$000
Emoluments – short-term employee benefits	**1,147**	1,184
Pension costs – post-employment benefits	**20**	32
	1,167	1,216

The key management personnel whose remuneration is included in the table above are the Financial Controller, the Chief Scientific Officer, the Principal Scientist and the Vice-President Operations & Quality of AorTech Polymers & Medical Devices, Inc; and the five Directors of the parent company.

Please see the Report of the Remuneration Committee on page 15 for full details of Directors' emoluments which have been audited.

Included in the aggregate emoluments for the year ended 31 March 2013 are payments of $197,000 (2012: $91,000) made by the Company to third parties. The highest paid Director received total emoluments of $233,785 including pension contributions of $20,008 (2012: total emoluments of $328,148 including pension contributions of $24,035).

5 (LOSS) / PROFIT BEFORE TAXATION

	2013	2012
(Loss) / profit before taxation has been arrived at after charging / (crediting):	**US$000**	US$000
Foreign exchange differences	**34**	5
Depreciation and amortisation:		
Depreciation of property, plant and equipment	**84**	53
Amortisation of intangible assets	**250**	248
Employee benefits expense:		
Employee costs (Note 6)	**1,622**	2,608
Land and buildings held under operating leases:		
Other operating leases	**116**	127
Audit and non-audit services:		
Fees payable to the Company's auditor and its associates for the audit of the Group financial statements	**79**	125
Fees payable to the Company's auditor and its associates for other services :		
The audit of the Company's subsidiaries pursuant to legislation	**2**	1
Tax services	**104**	27
Other services	**11**	12

Exceptional items

The St Jude Medical transaction has been accounted for in the financial statements as follows:

	$000	$000
Revenue – accelerated licence fees		1,990
Other income – further consideration from St Jude Medical		1,653
Other income – reimbursement of production costs to March 2013		618
Cost of sales – inventory acquired		(168)
Cost of sales – production costs to March 2013		(618)
Administrative expenses – legal and other costs		(420)
Profit on disposal of property, plant and equipment:		
Proceeds received	676	
Net book value of assets transferred	(538)	
		138
Operating profit from St Jude Medical transaction – exceptional item		**3,193**

The total consideration received by AorTech under the transaction agreements was $3.9 million less legal and other costs. Of this, $3.4 million was paid upon signing and $0.5 million paid shortly after the end of March 2013 along with payment in respect of the acquisition of certain of AorTech's assets. The agreements accelerated certain existing transitional arrangements relating to the manufacture and supply of Elast-Eon™, reaffirmed St Jude Medical's exclusive, perpetual, non-royalty bearing licence to use Elast-Eon™ for implantable leads for implantable cardiac rhythm management devices or monitoring systems, and set forth the purchase by St Jude Medical of certain AorTech assets. Among the transitional arrangements between the parties, the agreements also provided for the reimbursement by St Jude Medical to AorTech for the financial costs of running the Rogers facility for a period to 31 March 2013 at which time the complete transfer of the Rogers facility to St Jude Medical took place. These arrangements have ensured St Jude Medical's reliable ongoing supply of Elast-Eon™.

6 EMPLOYEES

	2013	2012
	US$000	US$000
Employee costs (including Directors):		
Wages and salaries	**1,602**	2,522
Pension costs	**20**	86
	1,622	2,608

The average number of employees (including Directors) during the year was made up as follows:	**2013**	2012
	Numbers	Numbers
Production	**4**	4
Sales	**1**	2
Development and quality control	**7**	10
Administration	**6**	9
	18	25

7 FINANCE (EXPENSE) / INCOME

	Year ended 31 March 2013			Year ended 31 March 2012
	Pre-exceptional items US$000	**Exceptional items US$000**	**Total US$000**	US$000
Bank interest (expense) / income	**(5)**	**-**	**(5)**	19
Loan premium payable on redemption	**-**	**(1,914)**	**(1,914)**	-
Change of control redemption premium	**-**	**(134)**	**(134)**	-
	(5)	**(2,048)**	**(2,053)**	19

8 INCOME TAX EXPENSE

No current tax or deferred tax expense arises on the (loss)/profit for the year (2012: nil).

The tax assessed for the year differs from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below:

	2013 US$000	2012 US$000
(Loss) / profit for the year before tax	**(847)**	57
(Loss) / profit for year multiplied by the respective standard rate of corporation tax applicable in each domain (average 24%: 2012 - 26%)	**(203)**	15
Effects of:		
Expenses not deductible for tax purposes and other tax differences	**75**	42
Taxable gains – Australia	**-**	531
Other tax deductions	**-**	(209)
Losses not utilised	**382**	647
Losses utilised	**(254)**	(1,026)
Tax on (loss) / profit for the year	**-**	-

Unrelieved tax losses remain available to offset against future taxable profits. These losses have not been recognised as deferred tax assets within the financial statements as they do not meet the conditions required in accordance with IAS 12. Losses carried forward in the UK total $6,197,000 – tax effect is $1,487,000 (2012: $6,268,000 – tax effect $1,504,000). Losses carried forward in Australia total $nil following the closure of operations and utilisation against taxable gains. Losses in the USA total $5,378,000 – tax effect $1,291,000 (2012: $4,232,000 - tax effect $1,016,000).

9 (LOSS) / EARNINGS PER SHARE

	2013 US$000	2012 US$000
(Loss) / profit for the year attributable to equity shareholders	**(847)**	57
(Loss) / earnings per share		
Basic and diluted (US cents per share)	**(17.53)**	1.18
	Shares	Shares
Issued ordinary shares at start of the year	**4,832,778**	4,832,778
Ordinary shares issued in the year	**-**	-
Issued ordinary shares at end of the year	**4,832,778**	4,832,778
Weighted average number of shares in issue for the year	**4,832,778**	4,832,778

The diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33. There was no dilution in respect of the prior year.

10 INTANGIBLE ASSETS

	Intellectual property **US$000**
Cost	
At 1 April 2011	4,863
Exchange differences	35
Additions during year	49
At 31 March 2012	4,947
Exchange differences	16
Additions during year	72
At 31 March 2013	**5,035**
Amortisation	
At 1 April 2011	2,675
Exchange differences	12
Charge for the year	248
At 31 March 2012	2,935
Exchange differences	10
Charge for the year	250
At 31 March 2013	**3,195**
Net book value	
At 31 March 2012	2,012
At 31 March 2013	**1,840**

11 PROPERTY, PLANT AND EQUIPMENT

	Property improvements US$000	Plant & equipment US$000	Fixtures & fittings US$000	Total US$000
Cost				
At 1 April 2011	1,428	2,267	439	4,134
Additions	535	136	-	671
Disposals / written off in year	(1,428)	(2,264)	(439)	(4,131)
At 31 March 2012	535	139	-	674
Additions	-	11	-	11
Disposals / written off in year	(535)	(145)	-	(680)
At 31 March 2013	-	5	-	5
Depreciation				
At 1 April 2011	1,428	1,921	439	3,788
Charge for the year	41	12	-	53
Disposals / written off in year	(1,428)	(1,921)	(439)	(3,788)
At 31 March 2012	41	12	-	53
Charge for the year	68	16	-	84
Disposals / written off in year	(109)	(27)	-	(136)
At 31 March 2013	-	1	-	1
Net book value				
At 31 March 2012	494	127	-	621
At 31 March 2013	**-**	**4**	**-**	**4**

The property improvements and the plant & equipment located in the USA facility were sold to St Jude Medical as part of the negotiated settlement.

12 INVENTORIES

	2013 US$000	2012 US$000
Raw materials	**-**	102
Finished goods	**-**	101
	-	203

In 2013 a total of $1,001,000 of inventories was included in the income statement as an expense (2012: $339,000). There was no amount resulting from writedowns of inventories in either 2013 or 2012. There were no reversals of previous writedowns that were recognised in the income statement in either 2013 or 2012.

13 FINANCIAL INSTRUMENTS

Risk management

The Group's financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. These arise directly from the Group's operations and it is the Group's policy that no trading in financial instruments shall be undertaken.

The Board reviews and agrees policies to manage risk to ensure that the entities within the Group will be able to continue as a going concern whilst maximising the return to stakeholders through the effective management of liquid resources raised through share issues.

Categories of financial instrument

	2013	2012
	US$000	US$000
Financial assets – loans and receivables		
Cash and cash equivalents	**987**	1,917
Trade and other receivables	**1,762**	900
	2,749	2,817
Financial liabilities		
Liabilities at amortised cost	**(406)**	(391)
Fair value through profit or loss	**(134)**	-
	(540)	(391)

All amounts are short-term (all payable within six months) with the exception of other payables greater than one year and their carrying values are considered reasonable approximations of fair value.

Foreign currency risk

The Group has a non-trading Australian subsidiary whose functional currency is the Australian dollar and a US subsidiary whose functional currency is the US dollar, along with the UK parent company whose functional currency is Sterling. Entities generally do not hold financial instruments in a currency other than their own functional currency, other than the UK parent company which has a trade receivable denominated in US dollars from SynCardia.

Cash balances are carried within the Group in bank accounts, which comprise the following currency holdings:

	2013	2012
	US$000	US$000
Sterling	**823**	1,199
US dollars	**142**	608
Australian dollars	**22**	93
Euros	**-**	17
	987	1,917

Interest rate risk

The Group finances its operations through equity fundraising and does not currently carry any borrowings, following the repayment of the loan notes during the year. The cash balances and short term deposits are held at both fixed and floating rates as follows:

	Interest rate	**2013**	Interest rate	2012
	%	**US$000**	%	US$000
Cash	**0%**	**816**	0%	1,690
	0.50%	**171**	0.50%	227
		987		1,917

Sensitivity analysis

If, for example, there had been a rise or fall of interest rates over the year of 1%, this would have resulted in an increase/decrease in profit and equity of $3,000 (2012: $18,000), all other variables remaining constant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk in the case of both the cash and short term deposits is the value of the outstanding amount.

The Group has trade receivables resulting from sales and other receivables from provision of other services which the management consider to be of low risk other than the amount due from SynCardia where provision has been made and a mediation and arbitration process is underway. The management do not consider that there is any concentration of risk within either trade or other receivables, other than amounts due from SynCardia. The maximum exposure to credit risk on trade and other receivables is considered to be $1,762,000 (2012: $900,000).

Liquidity risk

The Group currently holds cash balances and short term deposits in Sterling, US and Australian dollars. These balances provide funding for the Group's trading activities. There is no material difference between the fair values and the book values of these financial instruments.

Details of the amount payable at an undetermined date in the future under the change of control clause on the loan notes are given in note 16, along with further details of the terms in note 7 to the parent company financial statements.

14 TRADE AND OTHER RECEIVABLES

	2013	2012
	US$000	US$000
Current assets		
Trade receivables	**1,231**	858
Other receivables	**531**	42
Prepayments	**58**	56
	1,820	956

Trade receivables are shown net of a provision of $404,000 to reflect uncertainty over the timing and amount of receipt of the SynCardia debt outstanding (gross debt of $1,197,000 before provision). In addition, $48,000 (2012: $29,000) of net trade and other receivables were past due for payment but not impaired at 31 March 2013, of which $39,000 was over 30 days and $9,000 was over 90 days.

15 CASH AND CASH EQUIVALENTS

	2013	2012
	US$000	US$000
Cash at bank and in hand	**987**	1,917
	987	1,917

16 TRADE AND OTHER PAYABLES

	2013	2012
	US$000	US$000
Current liabilities		
Trade payables	**169**	133
Deferred income	**-**	48
Accruals	**237**	258
	406	439
Non current liabilities		
Deferred income	**-**	182
Change of control redemption premium	**134**	-
	540	621

Deferred income comprised lease incentives. Deferred income at 31 March 2012 related to amounts received up front in relation to a lease incentive in the US, which has been released in the year following the exit from the lease.

Details of the loan notes issued and redeemed in the year, the redemption premium paid and the change of control redemption premium payable in the future can be found in note 7 of the parent company accounts. Related party disclosures are also provided in note 7 of the parent company accounts as loan notes were issued to certain Directors. In accordance with IFRS, the Directors have included a financial liability for this derivative financial instrument totalling $134,000 in the Group accounts at 31 March 2013, based on the market capitalisation of the Group at 31 March 2013 and an estimate by the Directors of the likelihood of the change of control and consideration of possible timescales. These estimates will be reviewed and updated every six months for the purpose of the interim and year end accounts.

17 OPERATING LEASE COMMITMENTS

The Group had the following total commitments under non-cancellable operating leases in the United States at 31 March 2013. The commitments at 31 March 2012 related to the United States operations:

	2013	2012
	US$000	US$000
The following payments are due to be made on operating lease commitments:		
Within one year	**6**	240
Two to five years	**9**	744
	15	984

18 SHARE BASED PAYMENTS

The Group has an approved share option plan for the benefit of employees resident in the UK and Executive Directors. All share options are denominated in Sterling and converted for disclosure purposes at £1 = $1.52 at 31 March 2013 (£1 = $1.60 at 31 March 2012).

Options in issue	Exercise Price (US$)	Exercise period on or before:
12,000	3.80	25 June 2014

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 WAEP		2012 WAEP	
	Number	**US$**	Number	US$
Outstanding at the beginning of the year	12,600	$4.03	12,600	$4.04
Forfeited during the year	(600)	$4.48	-	-
Outstanding at the year end	**12,000**	**$3.80**	12,600	$4.03
Exercisable at the year end	**12,000**	**$3.80**	12,600	$4.03

The Group has an unapproved share option plan for the benefit of other employees. All share options are denominated in Sterling and converted for disclosure purposes at £1 = $1.52 at 31 March 2013 (£1 = $1.60 at 31 March 2012).

Options in issue	Exercise Price (US$)	Exercise period on or before:
232,000	3.80	25 June 2014
19,000	4.25	25 June 2014
10,000	4.94	1 September 2016
5,000	6.50	21 January 2018
1,000	3.80	15 June 2020
20,000	4.56	15 December 2021
4,000	5.51	16 February 2022

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013 WAEP		2012 WAEP	
	Number	**US$**	Number	US$
Outstanding at the beginning of the year	**367,000**	**$4.33**	442,250	$4.52
Granted during the year	**-**	**-**	24,000	$4.98
Forfeited during the year	**(76,000)**	**$4.62**	(99,250)	$5.33
Outstanding at the year end	**291,000**	**$3.99**	367,000	$4.33
Exercisable at the year end	**266,000**	**$4.68**	334,000	$4.30

The options issued to date under both schemes will only be exercisable if the average mid market closing price of the Company's shares on the five business days prior to the date of exercise exceeds the option price by 15% or more and after the elapse of three years from date of Option Grant.

The fair value of options granted after 7 November 2002 but not vested at 1 April 2006 has been arrived at using an appropriate Black Scholes model. The assumptions inherent in the use of this model are as follows:

- The option life is assumed to be at the end of the allowed period
- There are no non-market vesting conditions
- No variables change during the life of the option (e.g. dividend yield)
- Volatility of share price has been calculated over the three years prior to the balance sheet date.

Date of grant	Vesting Period (years)	Date of vesting	Exercise Price (US$)	Risk-free Rate	Share price at grant (US$)	Volatility of Share price	Fair value (US$000)	Number outstanding
14.07.03	3	14.07.06	3.80	3.83%	2.14	63%	12	25,000
30.06.04	3	30.06.07	3.80	5.04%	2.94	63%	132	200,000
01.09.06	3	01.09.09	4.94	4.61%	6.06	63%	118	10,000
21.01.08	3	21.01.11	6.50	4.21%	7.85	45%	44	5,000
16.06.10	3	16.06.13	3.80	4.00%	2.78	36%	32	1,000
16.12.11	3	16.12.14	4.56	4.00%	4.55	31%	52	20,000
17.02.12	3	17.02.15	5.51	4.00%	5.69	31%	9	4,000

The Group has not recognised any expense related to equity-settled share based payment transactions during the year (2012: nil), on the grounds that the charge is not material. The Directors have also concluded that the cumulative position to date is also not material.

19 SHARE CAPITAL

	Shares Number	Nominal Value US$000	Premium net of costs US$000	Total US$000
In issue at 1 April 2012	4,832,778	19,319	3,742	23,061
In issue at **31 March 2013**	4,832,778	18,351	3,555	21,906

At an EGM of Members held on 20 August 2007, the Company's authorised share capital was increased from £14,000,000 (US$27,762,000) comprising 5,600,000 Ordinary shares of £2.50 (US$4.96) each to £17,500,000 (US$34,702,500), comprising 7,000,000 shares of £2.50 (US$4.96) each.

Capital management objectives are set out in the Report of the Directors on page 11.

20 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2013 or at 31 March 2012.

INDEPENDENT AUDITOR'S REPORT

To the Members of AorTech International plc

We have audited the parent company financial statements of AorTech International Plc for the year ended 31 March 2013 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the Group financial statements of AorTech International Plc for the year ended 31 March 2013.

Christopher Frostwick
Senior Statutory Auditor
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
Leicester

27 August 2013

PARENT COMPANY BALANCE SHEET

	Notes	31 March 2013 £000	31 March 2012 £000
Fixed assets			
Intangible assets	3	**3,815**	4,269
Investment in subsidiary undertakings	4	**-**	-
		3,815	4,269
Current assets			
Debtors – amounts falling due within one year	5	**519**	518
Debtors – amounts falling due after one year	5	**-**	3,907
Cash at bank		**542**	748
		1,061	5,173
Creditors: amounts falling due within one year	6	**(83)**	(72)
Net current assets		**978**	5,101
Total assets less current liabilities		**4,793**	9,370
Creditors: amounts falling due after more than one year	7	**(442)**	-
Net assets		**4,351**	9,370
Capital and reserves			
Called up share capital	8	**12,082**	12,082
Share premium account	10	**2,340**	2,340
Profit and loss account	10	**(10,071)**	(5,052)
Equity shareholders' funds	10	**4,351**	9,370

The parent company financial statements were approved by the Board on 27 August 2013 and were signed on its behalf by

W Brown, Chairman

E McDaid, Director

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting convention

The parent company financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). A summary of the material accounting policies, which have been applied consistently, is set out below. The principal accounting policies represent the most appropriate in accordance with FRS 18.

Going concern

After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts for a period of at least twelve months from the date of signing these financial statements, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the parent company has sufficient resources to continue in operational existence for the foreseeable future. For this reason the Directors consider the adoption of the going concern basis in preparing the parent company financial statements is appropriate.

Investments

Investments held as fixed assets are stated at the lower of cost and net realisable value, less provision for any impairment. In the opinion of the Directors the value of such investments is not less than that shown at the balance sheet date.

Deferred tax

Deferred tax is recognised (on an undiscounted basis) on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Share based payments

All share based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements. All goods and services received in exchange for the grant of any share based payment are measured at their fair values. Where employees are rewarded using share based payments the fair values of their services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (e.g. profitability and sales growth targets).

All equity settled share based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to ‘other reserves’.

Upon exercise of share options the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium.

Debtors

The amounts owed by Group undertakings are in respect of long term loans and have been treated as part of the net investment in the foreign entities, and included within debtors due in greater than one year. These balances have been treated as monetary assets and retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on these loans are taken into account in arriving at the operating result. The recoverability of these balances is reassessed at each balance sheet date, with an impairment provision recorded when considered necessary.

Intangible assets

Patents and trademarks (intellectual property) are included at cost less estimated residual amount and are amortised on a straight line basis over their remaining useful economic lives of 20 years, which corresponds to the lives of the individual patents. The assets were transferred from the Australian subsidiary in 2011 at an independent valuation which has been used as deemed cost for these assets in the UK.

Loan notes & Redemption Premium policy

The loan notes issued and redeemed and redemption premium thereon are considered to be a single capital instrument in accordance with FRS 4. The loan notes issued and redeemed in the year and the redemption premium paid in the year have been accounted for based on the terms of the loan note trust deed (see note 7), with the redemption premium paid expensed as a finance cost in the year.

The redemption premium payable upon a future change of control of the company is considered to be a financial liability at the year end. As such, the most appropriate accounting policy has been deemed to be to record a non-current liability at the balance sheet date based on 15% of the market capitalisation of the company at that date, with the expense recorded as a finance cost in the year. At each future balance sheet date, the carrying amount of the change of control liability will be reassessed based on the value of 15% of the market capitalisation at that date. Any difference between this amount and the previous carrying amount will be recognised within finance costs in the profit and loss account.

2 COMPANY PROFIT AND LOSS ACCOUNT

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year ended 31 March 2013 was £5,019,000 after the write-off of an inter-company debt of £4,417,000 (2012: loss of £3,518,000 after the write-off of an inter-company debt of £2,868,000).

3 INTANGIBLE ASSETS

	Intellectual property
Cost	£000
At 31 March 2012	4,777
Additions during year	80
At 31 March 2013	4,857
Amortisation	
At 31 March 2012	508
Charge for the year	534
At 31 March 2012	1,042
Net book value	
At 31 March 2012	4,269
At 31 March 2013	**3,815**

4 FIXED ASSET INVESTMENTS

	2013	2012
	£000	£000
Investment in subsidiary undertakings		
Cost		
Historical cost	**23,159**	23,159
Provision for impairment	**(23,159)**	(23,159)
Net book value at 31 March	-	-

Interest in subsidiary undertakings

Name of undertaking		Country of registration or incorporation	Description of shares held	Proportion of nominal value of shares held
				%
(i)	AorTech Biomaterials Limited	Scotland	Ordinary £1	100
(ii)	AorTech Critical Care Limited	Scotland	Ordinary £1	92
(iii)	AorTech Heart Valve Technologies Limited	Scotland	Ordinary £1	100
(iv)	AorTech Biomaterials Pty Limited	Australia	Ordinary Aus. $1	100
(v)	AorTech Polymers & Medical Devices, Inc	USA	Common US $1	100
(vi)	River Clyde Marine, Inc	USA	Common US $1	100

The principal business activities and country of operations of the above undertakings are:

(i) A non-trading company in the UK
(ii) A dormant company in the UK
(iii) A non-trading company in the UK
(iv) Ceased operations and placed into voluntary liquidation during year ended 31 March 2013
(v) The manufacture, marketing and development of new biostable polyurethanes operating principally in USA
(vi) Research into marine applications for biostable polyurethanes

5 DEBTORS

	2013	2012
	£000	£000
Amounts falling due within one year		
Trade debtors, less provision	**496**	496
Other debtors	**15**	21
Prepayments	**8**	1
	519	518
Amounts falling due after more than one year		
Amounts owed by Group undertakings	**4,417**	3,907
Less: Provision*	**(4,417)**	-
	519	4,425

*An impairment charge of £4,417,000 has been made to fully provide against the remaining amount of the inter-company loan account due as at 31 March 2013 to AorTech International plc by its American subsidiary, AorTech Polymers & Medical Devices, Inc.

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£000	£000
Accruals	**83**	72
	83	72

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013	2012
	£000	£000
Change of control redemption premium	**442**	-
	442	-

On 26 October 2012 AorTech International plc created £1,250,000 of Secured Loan Notes ("the Notes") and issued £1,210,000 ($1,914,000) of the Notes to existing investors including certain Directors (or members of their families). The Notes were repayable on or before 1 October 2013. The Notes did not bear any interest but were subject to a redemption premium of 100 per cent. of the nominal value of the Notes if repayment was made prior to 31 March 2013 and 150 per cent. if thereafter. The Notes attracted an additional redemption premium of 15 per cent. of the equity value on a change of control of AorTech at any time in the future, 15 per cent. of the value of a sale of any of its intellectual property rights while the Notes were outstanding, and 15 per cent. of the value of the net proceeds of any settlement of the dispute with St. Jude Medical or restructuring of the License and Supply Agreement with St. Jude Medical, after having taken into account the costs of settlement and the value of the notes redeemed and redemption premium paid. The Notes were secured by a floating charge over all of AorTech's assets.

The initial loan note subscriptions by W Brown and E McDaid (or members of their families) and Active Capital Trust PLC which amounted to, in aggregate, £270,000, along with the 100 per cent redemption premiums paid of £270,000, and their share of any change of control redemption premiums payable in the future were deemed related party transactions for the purposes of Rule 13 of the AIM Rules and IAS 24 / FRS 8. The Directors of AorTech (excluding W Brown and E McDaid) considered, having consulted with finnCap Limited, that the terms of the transaction were fair and reasonable so far as shareholders are concerned.

The original sum subscribed in October 2012 for the Notes, together with an initial 100% premium due, was re-paid to the loan note holders prior to 31 March 2013. As no sale of intellectual property rights had occurred while the Notes were outstanding, no additional redemption premium under this clause was due. In addition, based on the value of the net proceeds of the settlement of the dispute with St Jude Medical, having taken into account the legal and other costs incurred, and the value of the loan notes redeemed and redemption premium paid, then no additional redemption premium was due under this clause.

On change of control of the Company whether by means of a general offer to acquire the entire issued share capital of the Company or a scheme of arrangement, or on a return of capital to shareholders as part of a winding up of the Company, an additional premium is payable to noteholders equal to 15% of the sums payable to shareholders in relation to that event. This liability of the Company continues after the Notes have been redeemed. In accordance with UK GAAP, a provision in the sum of £442,000 for this change of control redemption premium has been made at 31 March 2013 in respect of the additional 15% premium which would become due to loan note holders, based on the market capitalisation of the Company at that date. The level of this provision will be reviewed every six months for the purpose of the interim and year end accounts.

8 SHARE CAPITAL

See Note 19 in the Group financial statements.

9 SHARE BASED PAYMENTS

See Note 18 in the Group financial statements.

10 STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £000	Share premium £000	Profit and loss account £000	**Total shareholders' funds £000**
1 April 2011	12,082	2,340	(1,534)	**12,888**
Loss for the year	-	-	(3,518)	**(3,518)**
At 31 March 2012	12,082	2,340	(5,052)	**9,370**
Loss for the year	-	-	(5,019)	**(5,019)**
At 31 March 2013	**12,082**	**2,340**	**(10,071)**	**4,351**

As a result of the loss for the year ended 31 March 2013, and in particular the impairment provision of £4,417,000 made against the intercompany debtor, the Directors of the parent company are required to call a general meeting in accordance with section 656 of the Companies Act 2006, as the net assets of the parent company have fallen to less than half of the called up share capital. As a result, the Directors have called a general meeting for 26 September 2013 to consider whether any, and if so what, steps should be taken to deal with the situation.

11 DIRECTORS AND EMPLOYEES

The Directors are the only employees of the parent company. Disclosure of their emoluments is given in the audited section of the Report of the Remuneration Committee on page 16.

12 RELATED PARTY TRANSACTIONS

In accordance with FRS 8, "Related Party Disclosures", AorTech International plc has taken advantage of the exemption for wholly owned subsidiaries not to disclose any transactions or balances between wholly owned Group entities including those that have been eliminated on consolidation. There were no related party transactions during the year with non fully owned subsidiaries. Other related party transaction disclosures are included within note 7 to the parent company accounts in respect of loan note holders and within the report of the Remuneration Committee.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the sixteenth Annual General Meeting of AorTech International Plc will be held in the Tower Suite of the Institute of Directors, New Broad Street House, 35 New Broad Street, London, EC2M 1NH on Thursday, 26 September 2013 at 11:00am for the purpose of (a) as special business, considering in accordance with Section 656 of the Companies Act 2006 whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company currently represent less than half of its called up share capital; and (b) considering and if thought fit passing the following resolutions, numbers 1 to 6 as Ordinary Resolutions and number 7 as a Special Resolution:

AS ORDINARY BUSINESS

1. To receive and adopt the financial statements of the Company for the year ended 31 March 2013 together with the Reports of the Directors and Auditor thereon.

2. To approve the Report of the Remuneration Committee for the year ended 31 March 2013.

3. To re-elect Frank Maguire, who is retiring by rotation.

4. To elect as a Director Roy Walter Mitchell, who was appointed a Director on 23 May 2013.

5. To re-appoint Grant Thornton UK LLP as auditor of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

6. The Directors be hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £4,027,315 (representing approximately one third of the Company's issued ordinary share capital) which authority will expire at the conclusion of the next Annual General Meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry and the Directors may allot such securities in pursuance of such offer or agreement as if the authority so conferred had not expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act but without prejudice to any allotment of shares or grant of Rights already made or agreed to be made pursuant to such authorities.

To consider, and if thought fit, pass the following resolution as a Special Resolution:

7. That subject to the passing of Resolution 6 above as an Ordinary Resolution, the Directors be and are hereby empowered until the conclusion of the next Annual General Meeting of the Company ("the period of the Section 570 power"), pursuant to Section 570 of the Act to allot equity securities (as defined by Section 560 of the Act) pursuant to the authority granted by Resolution 6 above in accordance with Section 551 of the Act as if Section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with or pursuant to an offer by way of rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territories or requirements of any recognized regulatory body or stock exchange in any territory;

(b) the allotment of equity securities pursuant to the terms of any share scheme for directors and employees of the Company and/or its subsidiaries approved by the shareholders of the Company in general meeting; and

(c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities having a nominal amount or giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £604,097 (representing approximately five per cent of the issued ordinary share capital of the Company), or if less, five percent of the issued Ordinary share capital of the Company from time to time; but so that this power shall allow the Company to make an offer or enter into an agreement before the expiry of the period of the Section 570 power which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred thereby had not expired. This resolution revokes and replaces all unexcercised powers previously granted to the Directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any such allotment of equity securities made or agreed to be made pursuant to such authorities.

By order of the Board,

J C D Parsons
Company Secretary
Oatlands Drive, Weybridge, Surrey KT13 9LZ
27 August 2013

1. Members will only be entitled to attend and vote at the meeting if they are registered on the Company's register of members at 6:00pm on 24 September 2013 or by 6.00 pm two days prior to the date of any adjournment of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6:00pm on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Any member of the Company who is entitled to attend and vote at the Annual General Meeting may appoint another person or persons (whether a member or not) as their proxy or proxies to attend, speak and vote on their behalf. To be valid, Forms of Proxy must be lodged with the Company's Registrars, Equiniti Limited, Aspect House, Lancing, West Sussex, BN99 6ZL not later than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting together with any documentation required. In the case of a corporation, the Form of Proxy should be executed under its common seal or signed by a duly authorised officer or attorney of the corporation. Details of how to appoint the Chairman of the Meeting or another person as your proxy or proxies using the proxy form are set out in the notes to the proxy form together with details as to how to change or teminate proxy appointments. A vote witheld is not a vote in law which means that the vote will not be counted in the calculation of votes for or againsat a resolution. If no voting indication is given your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.

3. Completing and returning a Form of Proxy will not prevent any member from attending the meeting in person and voting should they so wish. Any member or his proxy attending the meeting has a right to ask any question at the meeting relating to the business of the meeting.

4. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available at www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Equiniti Limited (CREST Participant ID RA19), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning particular limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. As at noon on 2 September 2013 the Company's issued share capital comprised 4,832,778 ordinary shares of £2.50 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at noon on 2 September 2013 is 4,832,778.

7. The following documents will be available at the registered office of the Company on any weekday (except Saturday) during normal business hours from the date of this notice until the date of the Annual General Meeting:

(a) A copy of the service agreements for the Executive Directors.
(b) A copy of the letters of appointment for the Non-Executive Directors.
(c) The Memorandum and Articles of Association of the Company.

These documents will also be available for inspection during the Annual General Meeting and for at least fifteen minutes before it begins.

8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a questions, or (c) it is undersirable in the interests of the company or the good order of the meeting that the question be answered.

9. If you have any general queries about the meeting please contact the Company Secretary at jcdavidparsons@btconnect.com or by calling on 01932 252 123. You may not use any electronic address provided either in this notice of meeting or any related documents (including the Form of Proxy) to communicate for any purposes other than those expressly stated.

By order of the Board,

J C D Parsons
Company Secretary
Oatlands Drive, Weybridge, Surrey KT13 9LZ

27 August 2013

DESIGNED & PRODUCED BY DESIGNWRX.CO.UK

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