AorTech International Plc.

ANNUAL REPORT 2015

Annual Report and Accounts for
the year to 31 March 2015

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AorTech INTERNATIONAL PLC

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AorTech International Plc.

BOARD OF DIRECTORS AND ADVISORS

Directors

Bill Brown	non-Executive Chairman and Finance Director
Eddie McDaid	Chief Executive
Gordon Wright	non-Executive Director

Company Secretary
David Parsons ACIS

Registered Office
c/o Kergan Stewart LLP
163 Bath Street Glasgow G2 4SQ

Head Office
Level Two Springfield House 23 Oatlands Drive
Weybridge Surrey KT13 9LZ
web: www.aortech.com
email: info@aortech.com

Nominated Adviser and Broker
finnCap Ltd
60 New Broad Street London EC2M 1JJ

Registrars
Equiniti Registrars Scotland
1st Floor 34 South Gyle Crescent
South Gyle Business Park Edinburgh EH12 9EB

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

Registered in Scotland, Company No.SC170071

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.

AorTech International Plc.

CHAIRMAN'S STATEMENT

I am pleased to report that in the financial year to 31 March 2015 we experienced an improvement in the business with revenues and other income more than doubling from $419,000 to $857,000.

The administrative expenses in operating the business before the costs of the litigation fell from $859,000 to $776,000, resulting in a net profit before exceptional items and IP amortisation of $81,000.

Exceptional costs relating to the litigation against Frank Maguire and related parties amounted to $204,000 which compares to the cost incurred at the 6-month stage of $212,000, the reduction in the second half of the year being a further recovery from our insurers net of the excess on the insurance policy payable by AorTech.

Over the course of the year, the cash position fell from $642,000 to $360,000. At the interim stage however, the cash position stood at $335,000 and there has therefore been progress during the second half.

Litigation

As previously reported in our interim accounts and in our recent update to shareholders released on 16 April 2015, the Company continues to pursue a legal action against the former CEO Frank Maguire.

This litigation has been extended and has commenced against Foldax, the Company of which Mr Maguire is presently CEO, together with other associated parties. This litigation which was started in California has now been transferred to Utah to sit alongside the case against Frank Maguire. As previously announced, Mr Maguire has made a counter claim for alleged non-payment of expenses amounting to $168,000.

No provision has been made in these financial statements for any potential gains or losses as the action has not progressed sufficiently.

Your Board continues to pursue this action against Mr Maguire, Foldax and other connected parties in order to protect the interests of AorTech and its shareholders.

AorTech International Plc.
CHAIRMAN'S STATEMENT *(continued)*

Biomerics Manufacturing Licence

As reported in last year's Accounts, a licence with Biomerics LLC was concluded for the manufacture and distribution of AorTech's Elast-Eon™ materials.

We expressed some disappointment in the progress of this licence in our 2014 Interim Results but I am now pleased to confirm that there has been progress on the contractual relationship between AorTech and Biomerics with an amendment to the original agreement concluded since the year end. This amended agreement incorporates several commercial changes including further capital expenditure by both companies. AorTech's capital expenditure commitment will be paid from future royalties.

The further positive news on this agreement is the commitment of a long term supply of Elast-Eon™ to one of AorTech's major licensees together with further enquiries from other potential customers regarding receiving supplies of Elast-Eon™.

Other Licensees

I am pleased to report, as demonstrated in the growth of AorTech's revenue, the continued increase of royalties from existing licensees. The licensees who have achieved commercialisation are continuing to see increased sales which should in turn result in increased royalties to AorTech.

Those licensees who have yet to achieve full commercialisation are continuing the development of their products through the Regulatory process. It is important to recognise that AorTech's future success is dependent upon the continued growth and success of its licensees.

In AorTech's Interim results of 30 September 2014 we reported that there was a balance due from a licensee of $175,000 which had not been provided against since a Blue Chip Company had a secondary obligation in respect of this debt.The debt has subsequently increased to $275,000. Since the year end AorTech has received a lump sum settlement from the Blue Chip Company in order to have it released from its secondary obligation. No provision has been made against this debt in these accounts but should AorTech's action for recovery of the debt not be fully successful, any under recovery will be effectively offset in cash terms against the settlement figure received since the year end.

Cash

As previously indicated, although cash fell from $642,000 to $360,000 during the year, there was an improvement in cash in the second half.

In order to achieve this financial position your Board has had to rigorously monitor and control overheads and, indeed, in certain instances Directors' salaries have been deferred.

I am pleased to report that the Company's cash position has increased since the financial year end and anticipate that the Company should be cash flow positive during the current financial year 2015/2016.

Heart Valve

Now that the polymer licensing business has been stabilised and has some positive momentum, we have been able to spend time and resource in reviewing exactly where AorTech stands with the Heart Valve project. Over the years, there have been three major development phases of the polymer heart valve. The first attempt was some 13 years ago when AorTech undertook the development itself. This attempt failed when a non-regulatory trial in juvenile sheep had a very disappointing conclusion. The valve was redesigned to change the stress profile on leaflets and the manufacturing process revised to ensure a better quality leaflet finish.The new design was licensed to a large medical device Company that undertook its own rigorous testing. The data from these tests remain the property of that licensee but the overall results were very encouraging. Unfortunately, the licensee did not pursue the project as we understand all their valve R&D efforts were being diverted to their trans-catheter project. A second major license was entered into in 2007 and was taken back in late 2011. During the course of this license, further design changes were made and a range of durability and animal trials undertaken. Much of the testing work was positive although there were also some adverse issues which arose.

From the review of the history of the Heart Valve project it is apparent that, despite these adverse issues, there are many positive results that indicate the exciting potential in AorTech's polymer heart valve. The recent development and early introduction of a TAVI valve into the heart valve market provides exciting new possibilities for the introduction of a heart valve made from a polymeric material. The root causes of the failures are now well understood and taking the positive aspects from all three projects suggests that replicating previous trials would get a positive outcome for both *In Vitro* and *In Vivo* testing. To reach the stage of human trials, all of the testing carried out to date will need to be redone under regulatory conditions which would require quality and manufacturing systems of a substantially higher standard than when AorTech manufactured valves for testing in the past. Seeking any subsequent deal with an industry major would require successful data from the above trials.

The opportunity for the Polymer Heart Valve remains the durability of a mechanical valve with the hemodynamics of a tissue valve. Cost of manufacture would be considerably lower than other prosthetic valves and the leaflet technology would be perfect for TAVI.

AorTech's technology, know-how and IP in the Polymer Valve area is only one of the ingredients required for success. The two other key inputs are people with the necessary Quality, Regulatory, Clinical and Manufacturing experience together with access to capital. In order to capitalise on the development work of the last 15 years for the benefit of AorTech shareholders, we are considering whether there is the opportunity of bringing a team together with the necessary experience and track record in the device industry that could be supported by external finance.

Share Capital Reorganisation

The Company's shares are currently trading at a price significantly below their nominal value of 250 pence per share. At the close of trading on 5 August 2015 the Company's Closing Price was 25.5 pence per Existing Ordinary Share. Accordingly, subject to Shareholder approval at the Company's AGM which is expected to be held on 24 September 2015, the Directors propose to reorganise the Company's share capital as explained below, with a view to reducing the nominal value of the Existing Ordinary Shares.

Pursuant to the Share Capital Reorganisation, it is proposed that each Existing Ordinary Share with a nominal value of 250 pence will be sub-divided and redesignated into one Ordinary Share of 5 pence and one Deferred Share of 245 pence.

Following the Share Capital Reorganisation each Shareholder will hold the same number of Ordinary Shares that he or she held immediately beforehand, with a nominal value per Ordinary Share of 5 pence.

The Ordinary Shares resulting from the Share Capital Reorganisation will have exactly the same rights as those currently accruing to the Existing Ordinary Shares under the Articles, including those relating to voting and entitlement to dividends.

AorTech International Plc.

CHAIRMAN'S STATEMENT *(continued)*

The Deferred Shares will have very limited rights and will effectively be valueless. They will have no voting rights and will have no rights as to dividends and only very limited rights on a return of capital. They will not be admitted to or listed on any stock exchange and will not be freely transferable. The rights attaching to the Deferred Shares are set out in the Articles as amended pursuant to resolution 7 to be passed at the AGM. The amendments to the Articles are being made principally to set out the rights attaching to the Deferred Shares.

Resolution 8 contained in the Notice of General Meeting at the end of this document will, if passed by Shareholders, effect the proposed Share Capital Reorganisation as detailed above. If approved, the Share Capital Reorganisation will take place at 6pm on 24 September 2015. Application will be made to the London Stock Exchange for the admission to trading and dealings on AIM in the new Ordinary Shares arising from the Share Capital Reorganisation, becoming effective at 8am on 25 September 2015.

The Company does not propose to issue new share certificates to the existing Shareholders as a result of the Share Capital Reorganisation. The existing share certificates which have been issued to the Shareholders in respect of their holdings of Existing Ordinary Shares will remain valid in respect of the New Ordinary Shares following completion of the Share Capital Reorganisation.

CREST accounts of Shareholders will not be credited in respect of any entitlement to Deferred Shares.

Loan Notes

In October 2012 the Company issued Loan Notes to obtain the necessary funding to allow it to continue to operate. The Loan Note holders still have the right to receive from the Company a payment of a sum equal to 15% of sums paid to shareholders on a Change of Control. Resolution 9 being proposed at the AGM seeks shareholder approval for the Board to take all necessary steps to allow the Company to allot shares in exchange for the surrender of these rights. 8.26% of the Loan Notes are owned by Directors or their connected parties. Bill Brown and Eddie McDaid, and connected parties, will therefore abstain from voting on this resolution.

Recommendation

Gordon Wright, acting as an independent Director, believes resolution 9 to be in the best interests of the Company and the Shareholders as a whole and recommends you to vote in favour of that resolution as he intends to do in respect of his beneficial holdings amounting, in aggregate, to 308,311 Existing Ordinary Shares representing 6.38 per cent of the existing total voting rights. As noted above, Bill Brown and Eddie McDaid, and connected parties, will abstain from voting on this resolution.

Your Board believes resolutions 7 and 8 to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend you to vote in favour of those Resolutions to be proposed at the General Meeting. All of the Directors intend to vote in favour of Resolutions 7 and 8 in respect of their beneficial holdings, amounting, in aggregate, to 667,632 Existing Ordinary Shares, representing 13.81 per cent, of the existing total voting rights.

Roy Mitchell

During the past year Roy served as finance director and his contribution was invaluable to the Company during that time. His forensic analysis of documentation provided additional evidence and support in AorTech's litigation action. I wish, on behalf of the Board, to thank Roy for his expertise and contribution during these past twelve months.

Conclusion

Despite the time and commitment required in the litigation action, the past year has been one of relative success. Revenue from license fees and royalties are now greater than overheads, the Company was cash positive in the second half of the year, progress is being made with our key licensees and we expect the year 2015/16 to be one of further progress.

BILL BROWN, CHAIRMAN
6 August 2015

Definitions

"Articles"	the Articles of Association of the Company as at the date of this document;
"Change of Control"	means either:- (a) the Company coming under the control of a person or a group of persons acting in concert as a result of either:- (i) a general offer to acquire the entire issued share capital of the Company (other than those shares (if any) already owned or controlled by the person making the offer) which is made on a condition such that if it is satisfied, the person making the offer will have control of the Company; or (ii) a compromise or arrangement undertaken pursuant to section 899 of the Companies Act 2006; or (b) a return of capital being made to the shareholders in relation to an order being made for the winding up of the Company;
"control"	having the right to cast more than 50 per cent of the votes which may ordinarily be cast on a poll at a general meeting of the Company;
"Deferred Shares"	the non voting deferred shares of 245 pence each in the capital of the Company to be created as part of the Share Capital Reorganisation;
"Existing Ordinary Shares"	the 4,832,778 Ordinary Shares of 250 pence each in issue as at the date of this document;
"Latest Practicable Date"	5 August 2015, being the latest practicable date for the inclusion of information in this document prior to its publication;
"Loan Notes"	the £1,210,000 Secured Loan Notes 2013 issued by the Company on 23 October 2012;
"Loan Note Holders"	the holders of the remaining rights outstanding under the Loan Notes;
"New Ordinary Shares"	the ordinary shares of 5 pence each in the capital of the Company to be created by the Share Capital Reorganisation;
"Share Capital Reorganisation"	the share capital reorganisation (being the proposed subdivision of the Existing Ordinary Shares into Deferred Shares and New Ordinary Shares as described above in this document and in the Notice of the Annual General Meeting).

AorTech International Plc.

OPERATING AND FINANCIAL REVIEW

Principal Activities

The Company is an Intellectual Property (IP) holding company whose principal activitiy is exploiting the value of its IP and know-how.

Review of Business and Future Developments

The consolidated Income Statement is set out on page 19 indicating the Group's loss for the financial year of US$370,000 (2014: loss of US$1,309,000) which will be deducted from the reserves.

On a Group basis, the business review and future prospects subsequent to the discontinuation of US operations are contained within the Chairman's Statement on pages 5 to 9. 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 successful utilisation of patents and know-how by existing licensees and the signing of new licence agreements.

Principal Risks and Uncertainties

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 utilising our products in various medical device fields; small customer base generating revenues; retention of key management; 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 as an IP focussed business and are being actively managed at Board level through regular review of progress, along with the internal control environment detailed on page 12.

No dividends have been paid or proposed for the years ended 31 March 2015 and 31 March 2014.

Financial Risks

The financial risks faced by the Group are as follows:

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" overleaf.

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 to 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 in foreign currencies (GB Pound). 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.

	GB Pound US$000
2015	
US Dollars	**50**
2014	
US Dollars	371

Liquidity Risk

The Group seeks to manage liquidity 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 seeks to strike a balance between liquidity and maximising the return on funds. Cash holdings are regularly reviewed by the Board.

The interest rate exposure of the financial assets and liabilities of the Group as at 31 March 2015 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 and cash equivalents	-	5	355	360
Trade and other receivables	-	-	696	696
	-	5	1,051	1,056
Financial liabilities				
Liabilities at amortised cost	-	-	195	195
Fair value through profit or loss	-	-	53	53
	-	-	248	248

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. The Directors regularly review the profile of trade receivables to minimise the Group's exposure to bad debts.

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 company's Board meets regularly to review performance and discuss future opportunities and threats with the aim of optimising sustainable returns and minimising risk. Capital in the business is represented by the Company's ordinary share capital. Success in meeting the capital management objectives are assessed by reference to the Group's profitability, and, in turn, its share price.

J C D PARSONS, COMPANY SECRETARY

AorTech International plc
Company number SC170071
Weybridge

6 August 2015

AorTech International Plc.
GOVERNANCE

We do not comply with the UK Corporate Governance Code and we are not required to.

However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Company and best practice.

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 2015, comprised one Executive and three non-Executive Directors; one of whom is the non-Executive Chairman. Currently, the Board comprises one Executive and two non-Executive Directors, one of whom is the non-Executive Chairman. All Directors are able to take independent advice in furtherance of their duties if necessary.

Accountability and Audit

The Board includes a detailed review of the performance of the Group in the Chairman's Statement on pages 5 to 9. Reading this alongside the Strategic Report and the Report of the Directors on pages 4 to 9 and 15 to 16 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.

AorTech International Plc.

REPORT OF THE REMUNERATION COMMITTEE

This report 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

At 31 March 2015 the Remuneration Committee comprised the non-Executive Directors as follows:

G WRIGHT (CHAIRMAN)
W BROWN
R MITCHELL

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.

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 of an appropriate calibre.*
- *The need to ensure Executive Directors' 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 Director has a service contract, which can be terminated on three months 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.

Salaries and Benefits

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

AorTech International Plc.

REPORT OF THE REMUNERATION COMMITTEE *(continued)*

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 no contributions to a personal or Company pension plan during the year under review.

Directors' Emoluments – audited

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

			2015	2014
	Salary & fees US$	Pension contributions US$	Total US$	Total US$
Executive				
F Maguire	**-**	**-**	**-**	150,301
E McDaid	**138,802**	**-**	**138,802**	76,373
Non-executive				
W Brown	**19,368**	**-**	**19,368**	19,093
G Wright	**20,982**	**-**	**20.982**	19,093
R Mitchell	**29,463**	**-**	**29,468**	28,640
	208,615	**-**	**208,615**	293,500

F Maguire resigned as a Director on 29 November 2013. R Mitchell resigned as a Director on 31 May 2015.

W Brown is employed by Bluehone Investors LLP ('Bluehone') in the provision of services to the Company. All of the emoluments of 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 15.

Directors' interests in share options

No Director currently holds share options.

The range in the mid market price of the Company's shares during the year ended 31 March 2015 was from £0.245 to £0.725. The mid market price on 31 March 2015 was £0.2475.

On behalf of the Board

GORDON WRIGHT, CHAIRMAN OF THE REMUNERATION COMMITTEE
6 August 2015

AorTech International Plc.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2015.

Going Concern

After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts to 31 March 2021, 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 Consolidated financial statements is appropriate.

The future developments of the Group and an update on Research and Development activities are detailed in the Chairman's Statement on pages 5 to 9.

Directors and their Interests

At 31 March 2015 the Chairman of the Company was W Brown; the Chief Executive Director was E McDaid; the non-Executive Finance Director was R Mitchell, and the non-Executive Director was G Wright.

At each Annual General Meeting one third of the Directors shall be subject to retirement by rotation. E McDaid retires from the Board at the Annual General Meeting and, being eligible, offers himself for re-election.

The interests of the Directors at 31 March 2015 and 31 March 2014 in the ordinary share capital of the Company (all beneficially held) were as follows:

	31 March 2015	31 March 2014
	Number of shares	Number of shares
E McDaid	**358,914**	358,914
G Wright	**308,311**	308,311
W Brown	**407**	407
R Mitchell	**360,163**	360,163

R Mitchell resigned as a Director on 31 May 2015.

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 14 July 2015 exceeded 3% of the Company's issued share capital:

	Number of shares	%
Forest Nominees Limited	**891,861**	18.45%
Barclayshare Nominees Limited	**458.871**	9.49%
Mr Roy Mitchell and Mrs P Mitchell	**360,163**	7.45%
Mr Edward McDaid	**358,914**	7.43%
W B Nominees Limited	**334,000**	6.91%
Caricature Investments Limited*	**308,311**	6.38%
HSDL Nominees Limited	**193,489**	4.00%
TD Direct Investing Nominees (Europe) Limited	**187,331**	3.88%
Pershing Nominees Limited	**166,500**	3.45%

**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 30 June 2015 was 13.81%.

Information contained within the Strategic Report

The Directors have taken the option to include disclosures in relation to financial risk and dividends within the Strategic Report on pages 10 and 11 as these are deemed to have strategic importance to the Group.

Directors' Indemnity

The Group maintains Directors and Officers liability insurance which gives appropriate cover against any legal action that may be brought against them.

Annual General Meeting

The notice convening the Annual General Meeting for 11:00am on Thursday, 24 September 2015 in the offices of Kergan Stewart LLP, 163 Bath Street, Glasgow G2 4SQ is set out on page 47. There are a number of resolutions to be passed and further information in relation to these resolutions is set out below.

Resolutions 1 To 9

Resolution 1 provides for the approval of the Company's financial statements for the year ended 31 March 2015. *Resolution 2* provides for approval of the Report of the Remuneration Committee for the year ended 31 March, 2015. 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 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 5 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 5 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 6 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 persuant 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 6 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.

Resolution 7 deals with the implementation of the Share Capital Reorganisation, details of which are provided on pages 7 and 8.

Resolution 8 amends the articles of association of the Company to set out the rights attaching to Deferred Shares.

Resolution 9 seeks approval for the Directors to enter into negotiations with the Loan Note Holders and to agree arrangements for the surrender of the remaining rights.

Resolutions 1 to 4 are termed ordinary business. Resolutions 5 to 9 are termed special business.

J C D PARSONS, COMPANY SECRETARY
AorTech International plc
Company number SC170071
Weybridge

6 August 2015

Recommendation:

An explanation of the resolutions to be proposed is set out on page 16 of this document. The Directors consider 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.

AorTech International Plc.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report and Directors' Report, 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 and the Remuneration Report 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

6 August 2015

AorTech International Plc.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Aortech International Plc

We have audited the Consolidated financial statements of AorTech International Plc for the year ended 31 March 2015 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 17, the Directors are responsible for the preparation of the Consolidated 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 Consolidated 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the Consolidated financial statements:
- *give a true and fair view of the state of the Group's affairs as at 31 March 2015 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 Strategic Report and the Report of the Directors for the financial year for which the Consolidated financial statements are prepared is consistent with the Consolidated 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:
- *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 2015.

CHRISTOPHER FROSTWICK, SENIOR STATUTORY AUDITOR
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
East Midlands

6 August 2015

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AorTech International Plc.

CONSOLIDATED INCOME STATEMENT

		YEAR ENDED 31 MARCH 2015			YEAR ENDED 31 MARCH 2014		
		Pre-exceptional items	Exceptional items	Total	Pre-exceptional items	Exceptional items	Total
	Notes	US$000	US$000	US$000	US$000	US$000	US$000
Revenue	3	844	-	844	418	-	418
Other income		13	-	13	1	-	1
Administrative expenses		(776)	(204)	(980)	(859)	(83)	(942)
Other expenses - amortisation of intangible assets	11	(332)	-	(332)	(241)	-	(241)
Operating (loss) / profit	3	(251)	(204)	(455)	(681)	(83)	(764)
Finance income / (expense)	8	-	129	129	-	(59)	(59)
Loss from continuing operations attributable to owners of the parent company	5	(251)	(75)	(326)	(681)	(142)	(823)
Loss from discontinued operations	17	(44)	-	(44)	(486)	-	(486)
Loss attributable to owners of the parent company		(295)	(75)	(370)	(1,167)	(142)	(1,309)
Loss per share							
Basic and diluted (US cents per share)	10			(7.66)			(27.09)

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AorTech International Plc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2015 US$000	Year ended 31 March 2014 US$000
Loss for the year	**(370)**	(1,309)
Other comprehensive income:		
Exchange differences on translating foreign operations	**17**	(51)
Income tax relating to other comprehensive income	**-**	-
Other comprehensive income for the year, net of tax	**17**	(51)
Total comprehensive income for the year, attributable to owners of the parent company	**(353)**	(1,360)

No items of other comprehensive income can be subsequently reclassified to profit and loss.

AorTech International Plc.

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2015 US$000	31 March 2014 US$000
Assets			
Non current assets			
Intangible assets	11	1,546	1,861
Trade and other receivables	14	-	300
Total non current assets		1,546	2,161
Current assets			
Inventories	12	-	46
Trade and other receivables	14	737	401
Cash and cash equivalents	15	360	642
Total current assets		1,097	1,089
Total assets		2,643	3,250
Liabilities			
Current liabilities			
Trade and other payables	16	(192)	(306)
Total current liabilities		(192)	(306)
Non current liabilities			
Change of control redemption premium	16	(53)	(193)
Total non current liabilities		(53)	(193)
Total liabilities		(245)	(499)
Net assets		2,398	2,751
Equity			
Issued capital	20	17,937	20,144
Share premium	20	3,474	3,901
Other reserve		(2,974)	(3,340)
Foreign exchange reserve		6,076	3,791
Profit and loss account		(22,115)	(21,745)
Total equity attributable to equity holders of the parent		2,398	2,751

The Consolidated financial statements were approved by the Board on 6 August 2015 and were signed on its behalf by

W D BROWN, CHAIRMAN
E MCDAID, DIRECTOR

Company number SC170071

AorTech International Plc.

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2015 US$000	Year ended 31 March 2014 US$000
Cash flows from operating activities		
Group loss after tax	**(326)**	(823)
Adjustments for:		
Amortisation of intangible assets	**332**	241
Finance (income) / expense	**(129)**	59
Increase in trade and other receivables	**36**	102
(Decrease) / increase in trade and other payables	**(254)**	69
Net cash flow from continuing operations	**(341)**	(352)
Net cash flow from discontinued operations	**2**	312
Net cash flow from operating activities	**(339)**	(40)
Cash flows from investing activities		
Purchase of intangible assets	**-**	(439)
Net cash flow from continuing operations	**-**	(439)
Net cash flow from discontinued operations	**-**	-
Net cash flow from investing activities	**-**	(439)
Cash flows from financing activities		
Interest paid	**-**	-
Proceeds from issue of loan notes	**-**	-
Repayment of loan notes	**-**	-
Redemption premium paid to loan note holders	**-**	-
Net cash flow from financing activities	**-**	-
Net decrease in cash and cash equivalents	**(339)**	(479)
Foreign exchange movements on cash held in foreign currencies	**57**	134
Cash and cash equivalents at beginning of year	**642**	987
Cash and cash equivalents at end of year	**360**	642

AorTech International Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share capital US$000	Share premium 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 2013	18,351	3,555	(3,043)	5,684	(20,436)	4,111
Transactions with owners	-	-	-	-	-	-
Loss for the year	-	-	-	-	(1,309)	(1,309)
Other comprehensive income						
Exchange difference on translating foreign operations	1,793	346	(297)	(1,893)	-	(51)
Total comprehensive income for the year	1,793	346	(297)	(1,893)	(1,309)	(1,360)
Balance at 31 March 2014	**20,144**	**3,901**	**(3,340)**	**3,791**	**(21,745)**	**2,751**
Transactions with owners	-	-	-	-	-	-
Loss for the year	-	-	-	-	(370)	(370)
Other comprehensive income						
Exchange difference on translating foreign operations	(2,207)	(427)	366	2,285	-	17
Total comprehensive income for the year	(2,207)	(427)	366	2,285	(370)	(353)
Balance at 31 March 2015	**17,937**	**3,474**	**(2,974)**	**6,076**	**(22,115)**	**2,398**

AorTech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The Consolidated financial statements are for the year ended 31 March 2015. 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 2015.

The Consolidated 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 to 31 March 2021, 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 Consolidated financial statements is appropriate.

Standards adopted for the first time

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014, including IFRS10 Consolidated Financial Statements. Adoption of these standards has not had an impact on the Group's financial statements.

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 2015 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. None of these new standards, amendments and interpretations are expected to have a significant impact on the Group's financial statements.

New accounting standards issued but not adopted:

- *IFRS 9* *Financial Instruments (EU effective date 1 January 2018)*
- *IFRS 15* *Revenues from contracts with customers (EU effective date 1 January 2017)*

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 Consolidated 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) *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.

(b) *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.

(c) *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. There were no contributions payable during this year.

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.

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- *represents a separate major line of business or geographical area of operations*
- *is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or*
- *is a subsidiary acquired exclusively with a view to resale*

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented as a single amount in the income statement.This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in note 17.

The disclosures for discontinued operations in the year relate to all operations that have been discontinued by the reporting date of the latest period presented.

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.*

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.

Development costs capitalised during the year are being amortised over their useful economic lives of five years.

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.

AorTech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment testing of intangible assets

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 initially measured at fair value and subsequently 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 (the capital value of which have now been settled), 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 loan notes, the capital value of which have been settled, 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.

AorTech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. Prior to this financial year, the Group had written off all such development costs because the specific criteria for capitalisation had not been met. The Board regularly reviews this judgement in respect of specific development projects. During the prior year costs were incurred in relation to the Biomerics project which met the specific criteria for capitalisation.*

b) *The Directors must judge whether future profitability is likely in making the decision whether or not to recognise 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 2014 and March 2015 financial years. In addition, the Directors have assessed whether any provision for impairment is necessary against receivables through the estimation of future cash flows in both financial years.*

   During the prior year the remaining manufacturing capability was transferred entirely to Biomerics LLC, and AorTech International Plc no longer operates in the USA selling polymer. As such, this has been considered to represent discontinued operations in the prior year.

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) *Amortisation 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 exploiting the value of its IP and know-how. The Group's operating segment is based on geographical location of operations.

	2015	2014
Analysis of revenue by products and services and by geographical area	**US$000**	US$000
United Kingdom		
Supply of product	**10**	48
Licence fees – services	**403**	332
Royalty revenue	**431**	38
	844	418

During the year ended 31 March 2015, 23.7% of the Group's revenues depended upon a single customer (2014: 23.1%).

	2015	2014
Analysis of result - operating loss	**US$000**	US$000
Continuing operations		
United Kingdom	**(455)**	(764)
USA	**-**	-
Operating loss	**(455)**	(764)
Finance income (expenses) – all UK	**129**	(59)
Loss on continuing operations before taxation	**(326)**	(823)
Discontinued operations		
USA	**(44)**	(486)
Loss on discontinued operations	**(44)**	(486)

The operating loss disclosure above is after charging amortisation of $332,000 (all UK) (2014: $241,000 (all UK)), and after a profit on disposal of $nil (2014: $4,000 (all USA)).

Analysis of non current assets by location		
United Kingdom	1,546	1,861
USA	-	-
	1,546	1,861

AorTech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Remuneration of Directors and key management personnel

Key Management Personnel	2015 US$000	2014 US$000
Emoluments – short-term employee benefits	**237**	440
Pension costs – post-employment benefits	**-**	13
	237	453

The key management personnel whose remuneration is included in the table above for the current year comprise the three current Directors and one previous Director of the parent company. For the prior year, the key management personnel whose remuneration is included in the table above comprised the Financial Controller, the Principal Scientist and the Vice-President Operations & Quality of AorTech Polymers & Medical Devices, Inc and the current and previous Directors of the parent company. These additional individuals are no longer employed by the Group.

Please see the Report of the Remuneration Committee on page 13 for full details of Directors' emoluments which have been audited.

Included in the aggregate emoluments for the year ended 31 March 2015 are payments of $19,000 (2014: $19,000) made by the Company to third parties. The highest paid Director's total emoluments were $138,802. No pension contributions were paid during the year (2014: total emoluments of $150,301 including pension contributions of $12,738).

5. Loss before taxation

Loss before taxation has been arrived at after charging:	2105 US$000	2014 US$000
Foreign exchange differences	**15**	72
Amortisation of intangible assets	**332**	241
Employee benefits expense:		
Employee costs (Note 7)	**243**	482
Land and buildings held under operating leases:		
Other operating leases	**-**	19
Audit and non-audit services:		
Fees payable to the Company's auditor and its associates for the audit of the parent and Group financial statements	**30**	22
Fees payable to the Company's auditor and its associates for other services :		
The audit of the Company's subsidiaries pursuant to legislation	**-**	-
Tax services	**6**	4
Other services	**2**	-

6. Exceptional items

Exceptional items relate to the loan note redemption premium as explained in note 16, and legal fees incurred in relation to the departure of Frank Maguire (former CEO).

7. Employees

	2015 US$000	2014 US$000
Employee costs (including Directors):		
Wages and salaries	**237**	460
Social security costs	**6**	9
Pension costs	**-**	13
	243	482

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

	2015 Numbers	2014 Numbers
Development and quality control	**-**	1
Administration	**4**	6
	4	7

8. Finance income / (expense)

	YEAR ENDED 31 MARCH 2015			YEAR ENDED 31 MARCH 2014		
	Pre-exceptional items US$000	**Exceptional items US$000**	**Total US$000**	**Pre-exceptional items US$000**	**Exceptional items US$000**	**Total US$000**
Change of control redemption premium	**-**	**129**	**129**	-	(59)	(59)
Credit / (charge)	**-**	**129**	**129**	-	(59)	(59)

AorTech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Income tax expense

No current tax or deferred tax expense arises on the loss for the year (2014: $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:

	2015 US$000	2014 US$000
Loss for the year before tax	**(370)**	(1,309)
Loss for year multiplied by the respective standard rate of corporation tax applicable in each domain (average 21%: 2014 - 23%)	**(78)**	(301)
Effects of:		
Expenses not deductible for tax purposes and other tax differences	**43**	(124)
Losses not utilised	**35**	505
Losses utilised	**-**	(80)
Tax on loss 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 $6,858,000 – tax effect is $1,440,000 (2014: $6,864,000 – tax effect $1,578,000). Losses in the USA total nil (2014: $6,161,000 - tax effect $1,417,000).

10. Loss per share

	2015 US$000	2014 US$000
Loss for the year attributable to equity shareholders	**(370)**	(1,309)
Loss per share		
Basic and diluted (US cents per share)		
From continuing operations	**(6.75)**	(17.03)
From discontinued operations	**(0.91)**	(10.06)
	(7.66)	(27.09)
	Shares	Shares
Issued ordinary shares at start of the year	**4,832,778**	4,832,778
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.

11. Intangible assets

Gross carrying amount	Development costs US$000	Intellectual property US$000	Total US$000
At 1 April 2013	-	5,035	5,035
Exchange differences	-	(552)	(552)
Additions during year	319	120	439
At 31 March 2014	319	4,603	4,922
Exchange differences	(28)	126	98
At 31 March 2015	**291**	**4,729**	**5,020**
Amortisation and impairment			
At 1 April 2013	-	3,195	3,195
Exchange differences	-	(375)	(375)
Charge for the year	11	230	241
At 31 March 2014	11	3,050	3,061
Exchange differences	(6)	87	81
Charge for the year	63	269	332
At 31 March 2015	**68**	**3,406**	**3,474**
Net book value			
At 31 March 2014	308	1,553	1,861
At 31 March 2015	**223**	**1,323**	**1,546**

12. Inventories

	2015 US$000	2014 US$000
Finished goods	-	46

In 2015 a total of $44,000 of inventories was included in the income statement as a writedown expense (2014: expense $43,000).

13. Financial instruments

Risk management

The Group's financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and a change of control redemption premium. 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

	2015 US$000	2014 US$000
Financial assets – loans and receivables		
Cash and cash equivalents	**360**	642
Trade and other receivables	**695**	698
	1,055	1,340
Financial liabilities		
Liabilities at amortised cost	**(192)**	(306)
Fair value through profit or loss	**(53)**	(193)
	(245)	(499)

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 non-trading Australian and US subsidiaries whose functional currencies are the Australian and US dollars 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.

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

	2015 US$000	2014 US$000
Sterling	**50**	370
US dollars	**310**	272
	360	642

The Group holds its cash balances in a mixture of Sterling and US dollars. As the Group reports in US dollars, there is translation risk in respect of such Sterling balances. Based on year-end balances held in Sterling, a 10% movement in the $ / £ exchange rate would have had a $4,000 impact on net assets.

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 ended 31 March 2013. The cash balances and short term deposits are held at both fixed and floating rates as follows:

	Interest rate %	2015 US$000	Interest rate %	2014 US$000
Cash	**0%**	**355**	0%	453
Short-term deposits	**0.51%**	**5**	0.50%	189
		360		642

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 $1,000 (2014: $2,000), 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 one third party where provision has been made in line with an agreed settlement following a mediation and arbitration process. The management do not consider that there is any concentration of risk within either trade or other receivables, other than the amounts due from one third party. The maximum exposure to credit risk on trade and other receivables is considered to be $699,000 (2014: $698,000).

Liquidity risk

The Group currently holds cash balances and short term deposits in Sterling and US 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

	2015 US$000	2014 US$000
Current		
Trade receivables	**577**	388
Other receivables	**118**	10
Prepayments	**42**	3
	737	401
Non -current		
Trade receivables	**-**	300

$202,000 (2014: $75,000) of net trade and other receivables were past due for payment but not impaired at 31 March 2015, of which $202,000 (2014: $75,000) was over 30 days and $150,000 (2014: $25,000) was over 90 days. Non-current Trade receivables in the prior year represent that portion of amounts due from third parties during the year ending 31 March 2016.

AorTech International Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Cash and cash equivalents

	2015 US$000	2014 US$000
Cash at bank and in hand	360	642
	360	642

16. Trade and other payables

	2015 US$000	2014 US$000
Current liabilities		
Trade payables	-	76
Accruals	192	230
	192	306
Non current liabilities		
Change of control redemption premium	53	193
	245	499

Details of the loan notes issued and redeemed in the year ended 31 March 2013, 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 notes 7 and 12 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 $53,000 (2014: $193,000) in the Consolidated accounts at 31 March 2015, based on the market capitalisation of the Group at 31 March 2015 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.

The change of control redemption premium constitutes a financial instrument measured at fair value under IFRS 13 "Fair value measurement".

The fair value at each balance sheet date is calculated by reference to 15% of the market capitalisation of the Group multiplied by a discount factor to reflect the Directors' assessment of the likelihood and timing of any change of control of the Group. The Group's market capitalisation constitutes a Level 1 input under the hierarchy in IFRS 13 (a quoted price in an active market). The discount factor is a Level 3 input (not based on observable data). The overall instrument is a Level 3 input due to the significance of the discount factor.

Relevant inputs were:	2015	2014
- Market capitalisation	$1.78m	$6.43m
- Discount factor	20%	20%

A discount factor of 10% or 30% would decrease / increase the current year credit by $65,000.

17. Discontinued operations

On 1 October 2013, the Group signed an agreement with Biomerics LLC for the manufacture and distribution of our patented materials, including to our existing licensees. In the opinion of the Directors, the Biomerics transaction transformed the Group into a pure intellectual property company. As a consequence, results attributable to manufacturing activity constitute a discontinued operation, and have been presented as such in the prior year figures in the Income Statement.

The results of the discontinued manufacturing operations are shown in more detail below.

	Pre-exceptional items 2015 $000	**Exceptional items 2015 $000**	**Total 2015 $000**	Pre-exceptional items **2014 $000**	Exceptional items **2014 $000**	Total **2014 $000**
Revenue	-	-	-	245	-	245
Other income	-	-	-	13	-	13
Cost of sales	**(44)**	-	**(44)**	(211)	-	(211)
Administrative expenses	-	-	-	(537)	-	(537)
Profit on disposal of property, plant and equipment	-	-	-	4	-	4
Operating (loss) / profit	**(44)**	-	**(44)**	(486)	-	(486)

18. Operating lease commitments

The Group had no commitments under non-cancellable operating leases at 31 March 2015 or 31 March 2014.

19. 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 = $1.48 at 31 March 2015 (£1 = $1.67 at 31 March 2014). There were no options in issue at 31 March 2015 (31 March 2014: no options)

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

	2015 WAEP		2014 WAEP	
	Number	**US$**	Number	US$
Outstanding at the beginning of the year	-	-	12,000	$3.80
Forfeited during the year	-	-	(12,000)	$3.80
Outstanding at the year end	-	-	-	-
Exercisable at the year end	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 = $1.48 at 31 March 2015 (£1 = $1.67 at 31 March 2014).

Options in issue	Exercise Price (US$)	Exercise period on or before:
10,000	4.83	1 September 2016
20,000	4.45	15 December 2021

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

	2015 WAEP		2014 WAEP	
	Number	**US$**	Number	US$
Outstanding at the beginning of the year	**34,000**	**$5.25**	291,000	$3.99
Forfeited during the year	**(4,000)**	**$5.39**	(257,000)	$4.26
Outstanding at the year end	**30,000**	**$4.58**	34,000	$5.25
Exercisable at the year end	**30,000**	**$4.83**	10,000	$5.42

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
01.09.06	3	01.09.09	5.42	4.61%	6.06	63%	118	10,000
16.12.11	3	16.12.14	5.00	4.00%	4.55	31%	52	20,000

The Group has not recognised any expense related to equity-settled share based payment transactions during the year (2014: 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.

20. *Share capital*

	Shares Number	Nominal Value US$000	Premium Net of costs US$000	Total US$000
In issue at 1 April 2014	4,832,778	20,144	3,901	24,045
In issue at **31 March 2015**	4,832,778	17,937	3,474	21,411

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 Strategic Report on page 11.

21. *Contingent liabilities*

There were no contingent liabilities at 31 March 2015 or at 31 March 2014.

22. *Related party transactions*

Related party transaction disclosures are included within note 7 to the parent company financial statements in respect of loan note holders, and within the Report of the Remuneration Committee.

AorTech International Plc.

INDEPENDENT AUDITOR'S REPORT

On The Parent Company Financial Statements

We have audited the parent company financial statements of AorTech International Plc for the year ended 31 March 2015 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 17, 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 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 Financial Reporting Council's website at *www.frc.org.uk/auditscopeukprivate.*

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 2015;*
- *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 Strategic Report and 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 Consolidated financial statements of AorTech International Plc for the year ended 31 March 2015.

CHRISTOPHER FROSTWICK, SENIOR STATUTORY AUDITOR
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
East Midlands

6 August 2015

AorTech International Plc.

PARENT COMPANY BALANCE SHEET

	Notes	31 March 2015 £000	31 March 2014 £000
Fixed assets			
Intangible assets	3	2,362	3,540
Investment in subsidiary undertakings	4	-	-
		2,362	3,540
Current assets			
Debtors – amounts falling due within one year	5	497	231
Debtors – amounts falling due after one year	5	-	180
Cash at bank		243	366
		740	777
Creditors: amounts falling due within one year	6	(129)	(117)
Net current assets		611	660
Total assets less current liabilities		2,973	4,200
Creditors: amounts falling due after more than one year	7	(179)	(580)
Net assets		2,794	3,620
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	(11,628)	(10,802)
Equity shareholders' funds	10	2,794	3,620

The parent company financial statements were approved by the Board on 6 August 2015 and were signed on its behalf by

W D BROWN, CHAIRMAN
E MCDAID, DIRECTOR

Company number SC170071

AorTech International Plc.

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 to 31 March 2021, 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. The costs of £196,000 incurred in validating the Company's polymers for manufacture on the Company's behalf by Biomerics LLC were capitalised during the year ended 31 March 2014 and are to be amortised over 5 years.

Loan notes & Redemption Premium policy

The loan notes issued and redeemed during the year ended 31 March 2013 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 ended 31 March 2013 and the redemption premium paid in the year ended 31 March 2013 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 that 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 2015 was £826,000 (2014: loss of £731,000 after the reversal of an inter-company debt provision of £462,000).

3. Intangible Assets

	Intellectual property £000
Cost	
At 31 March 2014 and 31 March 2015	5,125
Amortisation	
At 31 March 2014	1,585
Charge for the year	578
Impairment for the year	600
At 31 March 2015	2,763
Net book value	
At 31 March 2014	3,540
At 31 March 2015	2,362

Impairment of £600,000 has been recognised in the year.

AorTech International Plc.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

4. *Fixed Asset Investments*

	2015 £000	2014 £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) Ceased operations and placed into voluntary liquidation during year ended 31 March 2014
(vi) A dormant and non-trading company in the USA

5. *Debtors*

	2015 £000	2014 £000
Amounts falling due within one year		
Trade debtors, less provision	**389**	225
Other debtors	**28**	5
Prepayments	**80**	1
	497	231
Amounts falling due after more than one year		
Trade debtors	**-**	180
Amounts owed by Group undertakings	**3,955**	3,955
Less: Provision*	**(3,955)**	(3,955)
	497	411

**A cumulative impairment charge of £3,955,000 as at 31 March 2015 (31 March 2014: £3,955,000) has been made to fully provide against the remaining amount of the inter-company loan account due as at 31 March 2015 to AorTech International plc by its American subsidiary, AorTech Polymers & Medical Devices, Inc.*

6. Creditors: Amounts Falling Due Within One Year

	2015 £000	2014 £000
Accruals	**129**	117
	129	117

7. Creditors: Amounts Falling Due After More Than One Year

	2015 £000	2014 £000
Change of control redemption premium	**179**	580
	179	580

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 to the Company continues after the Notes have been redeemed. In accordance with UK GAAP, a provision in the sum of £179,000 (2014: £580,000) for this change of control redemption premium has been made at 31 March 2015 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 20 in the Consolidated financial statements.

AorTech International Plc.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

9. Share Based Payments

See Note 19 in the Consolidated financial statements.

10. Statement Of Movement In Shareholders' Funds

	Share capital £000	Share premium £000	Profit and loss account £000	**Total shareholders' funds**
1 April 2013	12,082	2,340	(10,071)	**4,351**
Loss for the year	-	-	(731)	**(731)**
At 31 March 2014	12,082	2,340	(10,802)	**3,620**
Loss for the year	-	-	(826)	**(826)**
At 31 March 2015	**12,082**	**2,340**	**(11,628)**	**2,794**

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 14.

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.

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NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the eighteenth Annual General Meeting of AorTech International Plc will be held in the offices of Kergan Stewart LLP, 163 Bath Street, Glasgow G2 4SQ on Thursday, 24 September 2015 at 11:00am for the purpose of considering and if thought fit passing the following resolutions, numbers 1 to 5, 8 and 9 as Ordinary Resolutions and numbers 6 and 7 as Special Resolutions:

As Ordinary Business

1. *To receive and adopt the financial statements of the Company for the year ended 31 March 2015 together with the Strategic Report and the Reports of the Directors and Auditor thereon.*

2. *To approve the Report of the Remuneration Committee for the year ended 31 March 2015.*

3. *To re-elect E McDaid, who is retiring by rotation.*

4. *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:

5. 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:

6. That subject to the passing of Resolution 5 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 5 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 recognised 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.

AorTech International Plc.

NOTICE OF THE ANNUAL GENERAL MEETING *(continued)*

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

7. That the articles of association be amended as follows:-

(a). The following definitions shall be inserted into article 2 after the definition of "the London Stock Exchange":

"Deferred Shares	the deferred shares of 245 pence each in the capital of the Company having the rights set out in these Articles;
Ordinary Shares	the ordinary shares of 5 pence each in the capital of the Company having the rights set out in these Articles;
share	a share of the Company of whatever class."

(b). Article 5 be deleted in its entirety and replaced with:

"5. Shares and Liability of Members

The share capital of the Company is divided into Ordinary Shares and Deferred Shares and the liability of the members is limited to the amount if any unpaid on the shares held by them. Except as otherwise provided by these Articles, the Ordinary Shares and the Deferred Shares shall rank pari passu in all respects but constitute different classes of shares."

(c). The following new article 6A be inserted after article 6:

"6A. Deferred Shares

6A.1 The Deferred Shares shall have the rights and be subject to the following restrictions:

6A.1.1 the Deferred Shares shall not confer on the holders thereof any right to receive notice of or to attend or vote at any general meeting of the Company;

6A.1.2 a Deferred Share shall confer no right of pre-emption (whether on allotment or transfer) on its holder;

6A.1.3 the Deferred Shares shall not carry any entitlement to dividends or to participate in any way in the income or profits of the Company or the assets of the Company;

6A.1.4 on a return of capital, whether on a winding-up or otherwise, or sale of the Company, the holders of the Deferred Shares shall be entitled to receive a total of one pound (£1.00) for the entire class of Deferred Shares (which payment shall be deemed satisfied by payment to any one holder of Deferred Shares), but only after the holders of each Ordinary Share have received £100,000,000, but the holders of Deferred Shares shall not be entitled to participate further;

6A.1.5 the Company shall have the irrevocable authority at any time after the creation or issue of Deferred Shares to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or agreement to transfer the same without making any payment to the holders thereof to such person or persons as the Company may determine and, in accordance with the provisions of the Statutes, as the case may be, to purchase or cancel such shares without making any payment to or obtaining the sanction of the holders thereof and pending such transfer and/or purchase or cancellation to retain the certificates (if any) in respect thereof provided also that the Company may, in accordance with the provisions of the Statutes, purchase all but not some only of the Deferred Shares then in issue at a price not exceeding one pound (£1.00) for all the Deferred Shares so purchased;

6A.1.6 the rights attaching to the Deferred Shares shall not be deemed to be varied, modified or abrogated by the creation and/or allotment and/or issue of any further shares in the capital of the Company of any class (whether ranking pari passu with or in priority to them) or the passing of any resolution of the Company reducing its share capital or cancelling the Deferred Shares or anything done pursuant to any other act, matter or thing whatsoever save for any proposal to vary (otherwise than to the advantage of the holders of the Deferred Shares) the rights of the holders of the Deferred Shares to participate in a return of capital; and

6A.1.7 notwithstanding any provision of these Articles, the Company shall not be required to issue any share certificates in respect of the Deferred Shares."

(d). In article 7.1 the words "in such manner as may be specified by those rights or" be inserted after the word "abrogated" and before the word "either" in the third line of first sentence.

(e). In article 14 the words "and Article 6A.1.7" be inserted after the figure "47" in the first line.

(f). In article 72 the word "none" in the third sentence of the second paragraph be deleted and replaced with the word "one".

(g). In article 76 the word "one" be deleted and replaced with the words "forty eight".

(h). In article 138 the words "The accidental omission to send any document required to be sent to any person under this article 138 or the non-receipt of any document by any person entitled to receive it does not invalidate any such document or the proceedings at any general meeting." be inserted after the last sentence of that article.

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

8. That, conditional on the passing of resolution 7 above, (a) each of the ordinary shares of 250 pence each in the capital of the Company ("the Existing Ordinary Shares") which at 6pm on 24 September 2015 are shown in the books of the Company to be in issue shall be sub-divided into one new ordinary share of 5 pence in the capital of the Company and one new deferred share of 245 pence in the capital of the Company (each a "Deferred Share"), such shares having the rights and being subject to the restrictions set out in the Company's articles of association as amended pursuant to resolution 7 above.

To consider, and if thought fit, pass the following resolution as an Ordinary Reolution -

9. That the Directors be and are hereby authorised to enter into negotiations with the holders of the Secured Loan Notes 2013 issued by the Company on 23 October 2012 ("the Loan Notes") for the purpose of reaching agreement with the holders of the Loan Notes for the surrender of the remaining rights outstanding under the Loan Notes in exchange for the allotment, credited as fully paid, of up to a maximum number of shares equal to 15% of the enlarged issued ordinary share capital of the Company on the date of issue and, following such agreement being reached, the Directors be and are hereby instructed to take all necessary steps to effect such surrender of rights and allotment of shares.

By order of the Board,

J C D PARSONS, COMPANY SECRETARY
Oatlands Drive,
Weybridge
Surrey KT13 9LZ

6 August 2015

AorTech INTERNATIONAL PLC

AorTech International Plc.
NOTICE OF THE ANNUAL GENERAL MEETING *(continued)*

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 22 September 2015 or by 6.00pm 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 6DA 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 against 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 https://www.euroclear.com/site/public/EUI). 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 5 August 2015 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 5 August 2015 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 agreement for the Executive Director.
(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 252123. 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.

AorTech International Plc.

ANNUAL REPORT 2015

Annual Report and Accounts for the year to 31 March 2015

AorTech

INTERNATIONAL PLC

AorTech International plc
Level Two Springfield House 23 Oatlands Drive
Weybridge Surrey KT13 9LZ

tel: +44 (0) 1932 252 123 fax: +44 (0)1932 251 113
web: www.aortech.com email: info@aortech.com