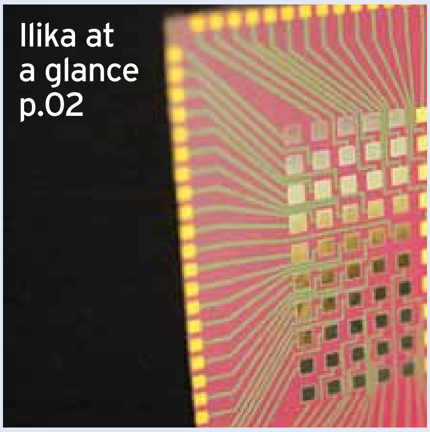
Science-led Materials Discovery

Ilika plc Annual report 2012

Fast-tracking materials discovery



Business review

Corporate governance

Financial statements

Overview

Ilika invents, tests and selects materials in the laboratory that can be selected for scale-up and everyday commercial use.

Ilika focuses on three sectors:

- **Energy** where Ilika assesses materials for their greater capacity for energy storage and conversion efficiency, for example in batteries for more details p.11
- **Electronics** where materials created by Ilika rapidly improve the performance and efficiency of a range of electronic components, such as digital memory devices and sensors for more details p.12
- **Biomedical devices** where Ilika's subsidiary Altrika has already successfully commercialised innovative products for the treatment of burns for more details p.12

For more information, visit us at:
www.ilika.com

Scan here for more information on our business

Generating growth through...

Ilika's unique process is far quicker and more efficient than traditional materials discovery processes.

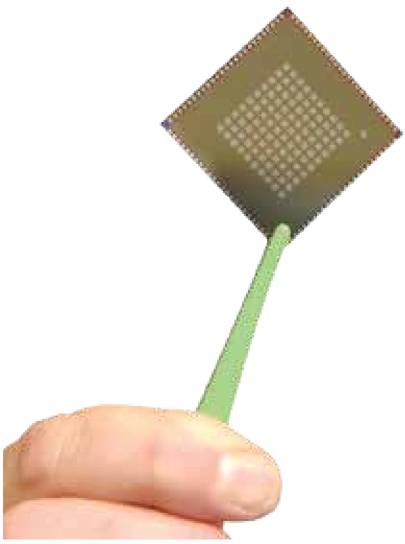
Ilika uses high throughput, or combinatorial, techniques which involve the rapid synthesis of a large number of different structurally related materials in a few automated steps.

High throughput materials discovery

What we do

High throughput materials discovery:

- 10–100x faster and more reliable than traditional discovery methods
- Creates output equivalent to 100s of individual materials
- Unique patent-protected platform
- Rapid identification of materials suitable for industrial scale-up



Combinatorial synthesis

Ilika's High Throughput Physical Vapour Deposition facility ('HT-PVD') can deposit large numbers of films of different composition in one automated experimental run. The deposition of all elements occurs simultaneously and the composition profile can be carefully varied across the substrate in a controlled manner.

Characterisation/screening

Large numbers of samples are screened and characterised using automated, high throughput techniques. Unique sample arrays allow the many different compositions synthesised to be analysed in a rapid manner for specific, sought-after, behaviours.

Infomatics

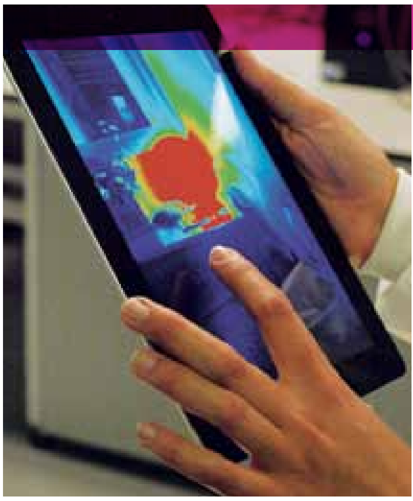
A range of specialised, in-house software controls the instrumentation associated with our workflows and also enables the rapid, simultaneous collection of large datasets which are then processed, analysed and presented so that meaningful conclusions about material properties can be drawn.

Increased market demand

Energy

We are developing innovative new materials for lithium-ion batteries, developing high capacity hydrogen storage materials, developing cheaper alternatives to platinum electrodes for use in fuel cells, and carrying out in-house research on film photovoltaic solar cells.

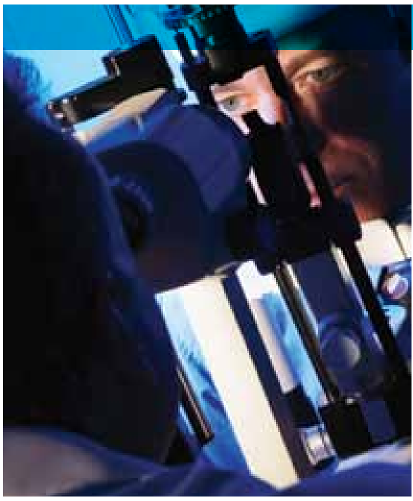
Ilika can cover a wide range of different market applications within the energy sector to help customers advance their materials discovery programmes. The great breadth and large numbers of samples that can be synthesised and screened with respect to an identified capability means that Ilika can optimise materials in a much shorter timeframe. For hydrogen storage applications, different compositions can be characterised with respect to their hydrogen adsorption and desorption behaviours including their hydrogen storage capacity and cyclability. For fuel cell and battery applications, the candidate materials can be measured for catalytic activity. For the photovoltaic market it is possible to screen materials for greater energy conversion efficiency.



Electronics

We are developing lead-free piezoelectric materials and phase change memory materials for high capacity memory chips.

We cover a wide range of different market applications within the electronics sector to help customers advance their materials discovery programmes. The fast throughput approach to materials synthesis coupled with high throughput characterisation and screening means that Ilika can optimise materials with respect to a desired property in a much shorter timeframe. For phase change memory applications, we can monitor the phase change behaviour of different alloys such as GeSbTe as a function of temperature. The optical and electrical behaviours of interesting compositions can then be studied in more detail.



Biomedical

We are developing polymers to enable the filtering of somatic stem cells from blood, have been selling our Cryoskin® and Myskin® products for the treatment of burns and wounds in the UK and intend to commence clinical trials of our corneal bandage candidate.

Ilika has developed an extensive library of bio-functional materials specifically designed to promote or deter cell binding, enrich specific cell types from diverse populations and promote cell growth on tailored surfaces. We are working together with medical device companies to create valuable products through the application of cell-specific functional coatings optimised using our high throughput techniques. Application areas include:

- Skin Wound Care
- Cell Replacement for Organ Regeneration
- Implants
- Diagnostic Devices
- Cell Purification

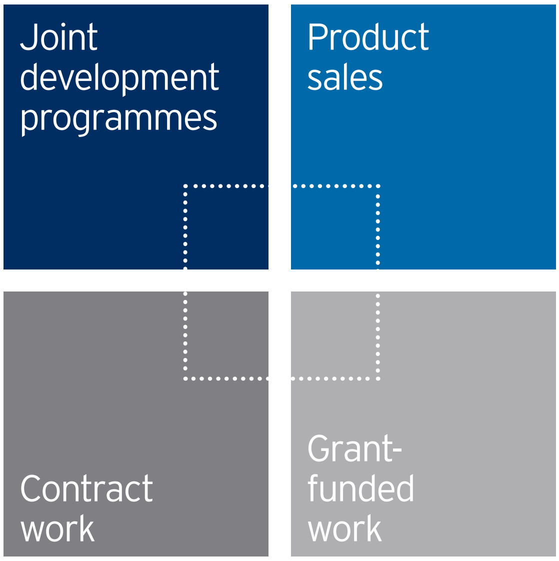
Our investment proposition

Enhancing value through...

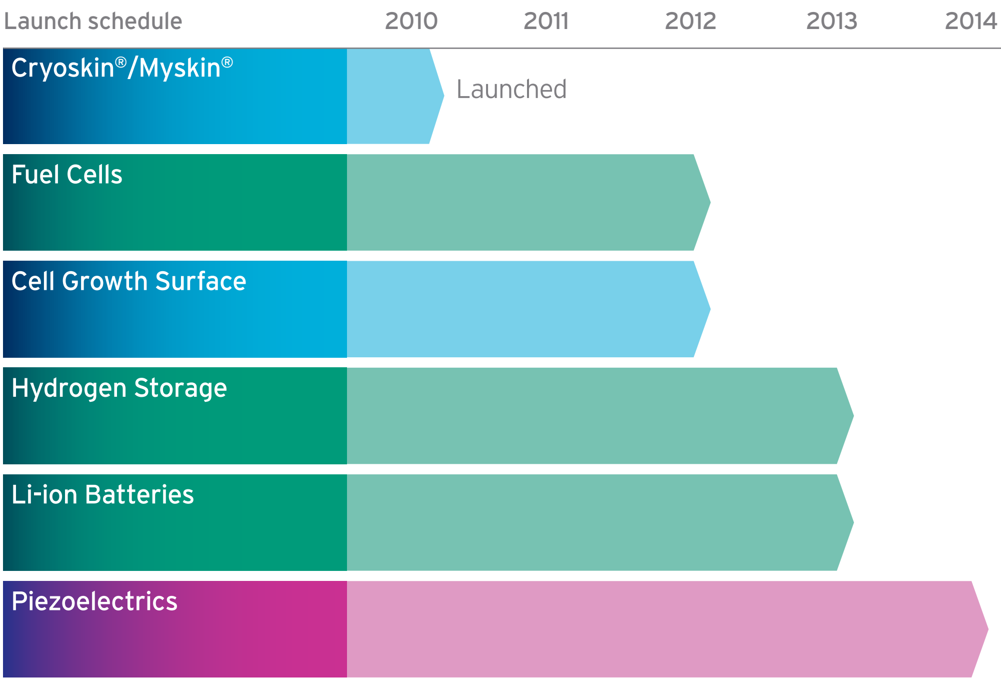
Significant progress has been made in the development of products building on previous work undertaken with our partners.

We have collaborated with many blue chip partners including Toyota, Energizer and Toshiba.

Key revenue streams



A pipeline of significant opportunities



Energy
Ilika's materials are key to enabling the efficient conversion and storage of different forms of portable energy. For example, Ilika has developed two materials which facilitate the use of hydrogen as a fuel. The first material stores hydrogen as a solid compound from which hydrogen can be released. Scaled-up powder samples of this material show promising hydrogen capacity and reversibility. The second material is a lower-cost catalyst for use in fuel cells. Ilika's catalyst material achieves the same power output for a third of the cost of conventional platinum-based materials.

Joint development programmes ('JDPs')

Ilika prefers to develop materials in collaboration with large multinational companies which have the expertise to bring new end products to market. Collaborations typically involve joint ownership of intellectual property which enables Ilika to retain a share in end product sales.

Contract work

Ilika does undertake high margin, contract research projects. Typically, these demonstrate its capabilities and often lead to follow on collaborative programmes.

Product sales

Products for the treatment of acute burns which have been developed using Ilika's high throughput polymer technology are commercially available in the UK and these are being rolled out to new territories.

Grant-funded work

Grant funding from the Technology Strategy Board and the Carbon Trust support a variety of innovative programmes in biomedical and energy sector focused research.

Successful partnerships

Partnering with companies committed to developing and commercialising jointly developed products.

Our core competence is in the innovation of novel materials which includes the identification of demand for new materials and the rapid execution of experimental programmes to develop materials to meet that demand. We operate at the beginning of the product supply chain, and understand that successful commercialisation requires manufacturing capabilities, know-how in the integration of materials into consumer products and retailing to the mass market.

Once we have identified potential demand for a new material, we shortlist the leading industrial companies in the sector and seek to attract them into mutually-beneficial joint development programmes.

2012 is expected to see Ilika providing samples of these materials to original equipment manufacturers ('OEMs') for inclusion in their ongoing technology development programmes.

On the other hand, Ilika is developing materials for batteries with an increased energy density, faster charge and discharge times as well as improved safety. Ilika will be working with its partners to develop its materials technology to the point of a prototype solid-state battery.

Electronics

Ilika is working on a number of programmes with materials that satisfy the need for increased energy efficiency of electronic systems and a diversification of materials used in electronic devices. Lead-free materials for sensors (piezoelectrics) and higher information storage density materials (Phase Change Memory) are the closest to commercialisation.

Biomedical

Ilika launched the wound care products Myskin® and Cryoskin® in 2010. Significant progress has also been achieved in the development of a material to enable the cultivation of stem cells for the cell therapy market. Prototype products are currently being independently evaluated.

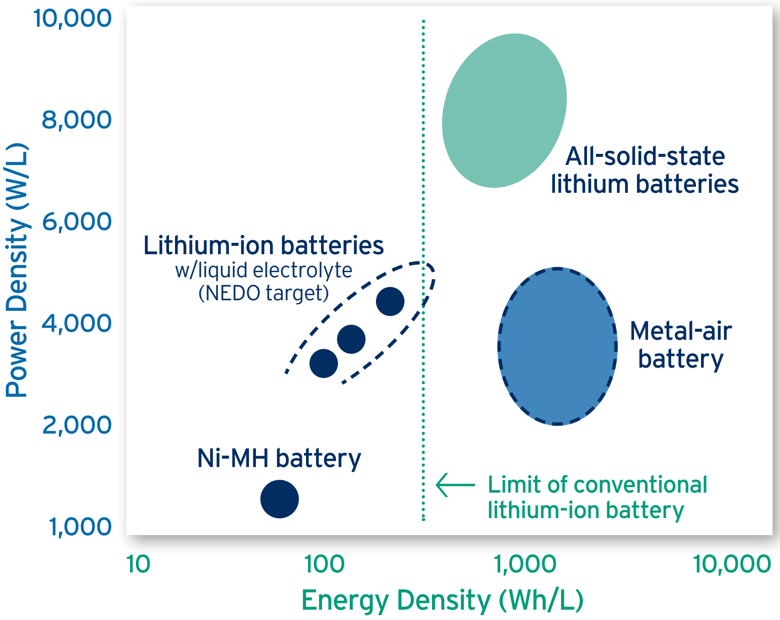
Expertise and experience

Ilika employs a dedicated team of specialist scientists to undertake its world-leading research and development programmes. We actively recruit and retain top scientists from around the world to join our multi-disciplined team, thereby ensuring our expertise and experience is unrivalled in this area.

Meeting market requirements...

Solid-state batteries

Solid-state Li-ion battery performance



A battery is a number of electrochemical cells connected to provide the required voltage and current. In a conventional cell, the electrodes are prevented from shorting by a permeable separator, soaked in liquid electrolyte. Solid-state batteries differ from conventional batteries in that the liquid electrolyte is replaced by a solid electrolyte, which confers some important benefits on the battery.

Thermal stability
Since all the materials in the battery are solid, heating and cooling the battery causes less expansion and contraction and creates less stress on the packaging. The batteries can be stored and operated at high temperature.

Simple construction
The critical components of the battery can be deposited in one process, without the need for different assembly stations in the production line. A separator is not required and there is no need for a binder in the electrodes. While air must still be excluded from the packages cells, there is no volatile electrolyte to contend with.

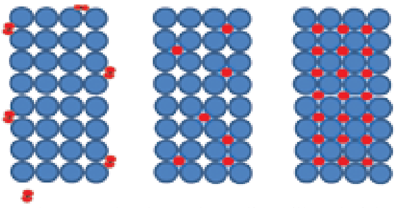
Non-flammable electrolyte
The solid electrolyte is non-flammable, in contrast with liquid electrolytes which present a fire and explosion hazard in the event that the battery is punctured. Hence, solid-state batteries are intrinsically safer.

Increased energy densities
Solid-state batteries are made from thin, highly dense electrodes. The solid electrolyte layer is very thin. These characteristics, together with the elimination of parasitic components such as the separator, binders and conducting additives, result in an overall increase in energy density of the battery.

Challenges

- Electrolytes with ionic conductivities ca. 10^{-3} S cm^{-1}
- Ionic and electronic conduction networks
- Mechanical stress caused by electrode materials ‘breathing’
- Deposition of target materials using UHV process
- Sequential deposition of defect-free component layers

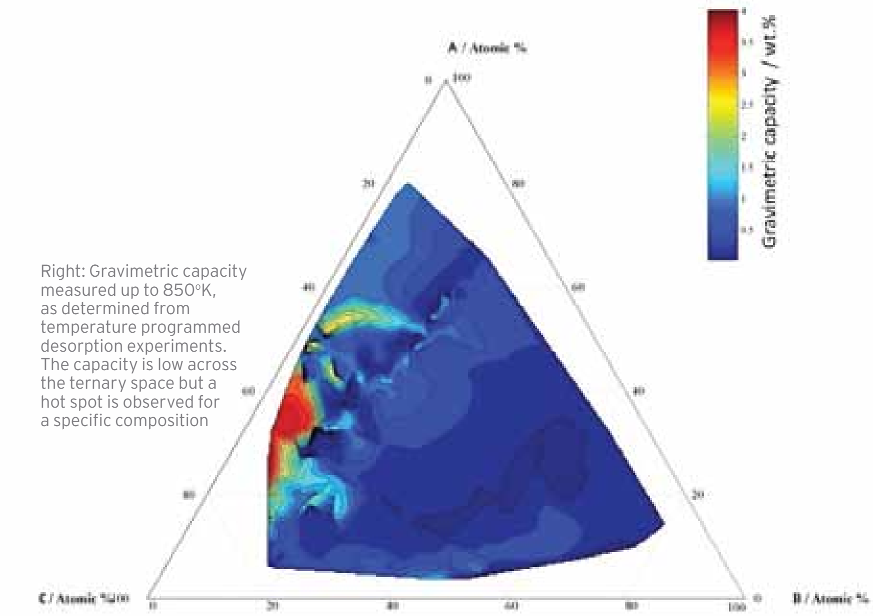
Hydrogen storage materials



Hydrogen molecules (red) reacting with material.

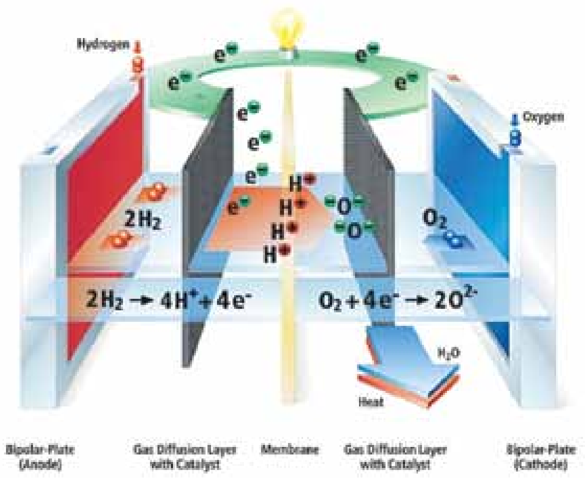
Ilika's solid-state hydrogen materials are lightweight metal powders that react with hydrogen to form a stable, solid hydride. This allows hydrogen, which is a light, volatile gas at normal temperature and pressure, to be stored in a dense state without the need for expensive and potentially hazardous compression to high pressures. The hydrogen can be released from the hydride by gentle heating, which causes the hydride to reversibly decompose.

Right: Gravimetric capacity measured up to 850°K, as determined from temperature programmed desorption experiments. The capacity is low across the ternary space but a hot spot is observed for a specific composition

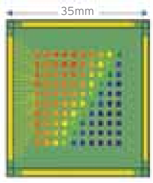


Fuel cell materials development

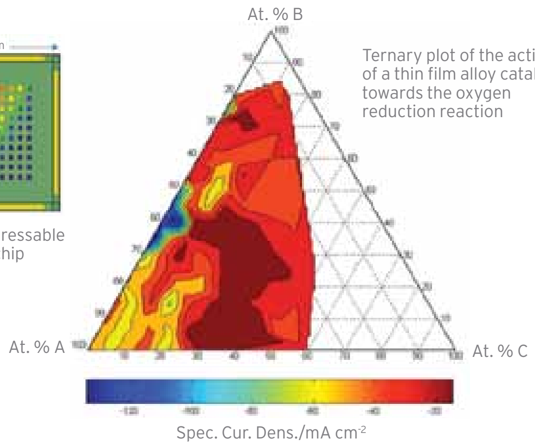
Novel catalysts for low temperature fuel cells



Schematic cut-through of a proton exchange membrane fuel cell ('PEM'), image from www.wpafb.af.mil



Above: Addressable screening chip



Ternary plot of the activity of a thin film alloy catalyst towards the oxygen reduction reaction

Fuel cell materials development

With financial support from the Carbon Trust, Ilika has developed a lower-cost catalyst which allows fuel cells to deliver the same electrical power output at a third of the cost of conventional catalysts. The catalysts developed in Ilika's laboratory are currently being tested by an independent fuel cell technology testing body before being made available to automotive OEMs for inclusion in their development programmes.

Chairman's review

A clear route to commercialisation...

Jack Boyer, Chairman

'As we move into the new financial year we are confident that we've firmly established a strong base to continue to grow the business. We have a strong IP portfolio and a number of joint development agreements with major partners that continue to make good progress.'

I am delighted to announce our second strong set of full year results as a public company. The financial year ended 30 April 2012 saw another year of substantial growth in joint development and contract research revenues, and we are well positioned to broaden our commercial pipeline and deliver full commercial success for our portfolio.

Financial results

Revenue from operations for the year ended 30 April 2012 rose 30 percent to £2.01 million (2011: £1.54 million), and were supplemented by £0.29 million of grant income (2011: £0.36 million). As a result total revenue rose 21 percent to £2.30 million (2011: £1.90 million).

Revenue from operations relate to the payments made by Ilika's partners for research and development activities. The majority of these payments are associated with the development of materials for applications in energy storage and conversion, but projects in the electronics sector have increased significantly in the year. The Group also has a subsidiary that handles all biomedical products and development programmes. The revenue breakdown of the segmental performance is given opposite:

Materials being visualised using a scanning electron microscope

Highlights

Financial highlights

- Revenues up 30 percent to £2.01 million (2011: £1.54 million)
- Total revenue including other operating income up 21 percent to £2.30 million (2011: £1.90 million)
- Gross profit up 35 percent to £0.82 million (2011: £0.61 million)
- Loss before tax reduced to £2.84 million (2011: £3.15 million)
- Loss per share reduced to 0.07p (2011: 0.08p)
- Cash, cash equivalents and bank deposits of £5.3 million (as at 30 April 2011: £2.8 million)

Operational highlights

- Development of thin film battery technology for man-portable batteries
- Sigma-Aldrich partner has manufactured promising samples of hydrogen storage materials
- Full-scale testing on lower-cost catalysts for fuel cells under way, with batches to be provided to automotive OEMs later in 2012
- Strong growth in electronics sector driven by need for increased efficiency and diversification of materials
- Increased business development activity in Asia, US and Europe continues to extend sales pipeline
- Grant of a patent in the US, Japan and Canada covering core technology
- Strong sales of Altrika's Myskin® and Cryoskin® for the treatment of burns patients in the UK – progress made towards international roll-out
- Placing which raised £4.6 million after expenses in April 2012

	Year ended 30 April 2012 £	Year ended 30 April 2011 £	Movement percent
Energy	**1,005,823**	1,101,448	-9
Electronics	**656,738**	291,546	+125
Biomedical	**348,683**	151,772	+130
Total	**2,011,244**	1,544,766	+30

During the period grant funding was received from the Carbon Trust and the Technology Strategy Board ('TSB') to support a number of the Group's programmes for energy conversion and biomedical applications.

Gross profit increased by 35 percent to £0.82 million (2011: £0.61 million). Administration expenses in the year decreased by around £0.195 million in comparison to the prior year.

We recorded a reduced loss before tax of £2.84 million (2011: £3.15 million), resulting in a reduced loss per share of 0.07p (2011: Loss of 0.08p).

Cash

As at 30 April 2012, the Group's cash position was £5.3 million (2011: £2.8 million). In early April 2012 we raised £4.6 million, after expenses through a Placing at 55p to, amongst other things, enable the Group to fund the development of thin film battery technology for man-portable batteries. Investment in equipment in the year was £0.2 million (2011: £0.67 million) which has increased the Group's high-throughput capacity enabling the expected revenue growth to be achieved.

Outlook

As we move into the new financial year we are confident that we've firmly established a strong base to continue to grow the business. We have a strong IP portfolio and a number of joint development agreements with major partners that continue to make good progress.

We have strengthened the international reach of our business development activities and with early successes in the US and the appointment of a business development resource in Germany, our sales pipeline for 2013 is growing and provides us with significant confidence for the future.

Finally I would like to thank the staff and Board for their hard work over the last year and their undoubted contribution to the growth of the business. I look forward to reporting on the continuing success of the Group over the coming year.

Jack Boyer
Chairman
18 July 2012

Chief Executive's review

A compelling enterprise...

Graeme Purdy, Chief Executive

'This year has seen great progress in both operational and financial aspects of the business. This progress will provide a springboard for further commercialisation of our product portfolio.'

Over the last 12 months Ilika has continued to build its business of developing innovative new materials for clean tech applications, particularly in the energy and electronics sectors. Ilika's proprietary high throughput platform for the rapid development of materials is a proven method for the rapid innovation of new materials and continues to strongly differentiate Ilika's approach from slower, traditional methods.

Although the past year has witnessed substantial disruption in some of the world's major economies, Ilika has continued to build its business, delivering 30 percent turnover growth relative to last year. The geographical revenue split shows that 79 percent of our turnover in the year came from Asia, up from 67 percent last year and therefore it has been particularly important for Ilika to work closely with its Japanese customers to understand the consequences of the natural disasters that affected the region in 2011. Due to the strength of its relationships in the region, Ilika was able to identify areas where it could support its partners' businesses, delivering substantial added value and growing its own business.

As economic pressures from stiffening global competition continue to mount on large multinationals, the market pull for improved functional materials to be integrated into new product lines is stronger than ever. Consumer demand for innovative branded products developed by our partners remains robust, so Ilika's business strategy of collaborating with large multinational customers, who are recognised as market leaders in their sectors, continues to be successful. Ilika has a portfolio of about 20 blue-chip customers including Asahi Kasei, CeramTec, DSTL, Energizer, NXP, Shell, Sigma Aldrich, Toshiba and Toyota.

In addition to increased financial momentum, Ilika's second full year as a public company has witnessed an increase in the Company's corporate profile, a broadening of its client base

An array of materials being placed in an x-ray diffractometer

Our strategy

The Company's business strategy is to use our HTT process to discover and commercialise novel materials for integration into products with high value end-markets.

- Developing leading-edge high throughput development processes
- Partnering with companies committed to developing and commercialising jointly developed products
- Using high throughput processes to invent patentable functional materials

and a maturing of its portfolio of intellectual property. In April, Ilika was recognised by a New Energy Award at an event hosted at the Science Museum in London. The grant of a patent covering Ilika's core technology platform in the US, Japan and Canada was confirmed in May.

Energy

The demand for improved batteries, particularly for hybrid and electric vehicles, has been a major driver of growth at Ilika in 2011. In November, Ilika announced that it had delivered a presentation to the 52nd Battery Symposium in Tokyo on work that it had been carrying out with Toyota since February 2008 on the development of solid-state electrolytes, one of the most important components of an all solid battery. Toyota is interested in developing improved batteries for its electric and hybrid vehicles. The next generation of batteries is targeting increased energy density, faster charge and recharge times as well as improved safety. With their increased thermal stability, simple construction, non-flammable electrolyte and increased energy density, solid-state batteries meet many of these requirements. However, until now, making solid-state batteries has posed technical challenges including identifying solid electrolytes with sufficiently high ionic conductivities, low electronic conductivity, low mechanical stress resulting from electrochemical cycling and reproducible high yield production methods.

To date, Toyota has invested £2.5 million on battery development through Ilika. As a result of their joint efforts in this field, in 2011 Toyota filed patent applications jointly-held by Toyota and Ilika. Under the terms of their IP sharing agreement with Toyota, each party has the right to commercialise the IP independently, subject to the other party's consent. Toyota and the Company have presented summaries of this technology at international technology symposia in Europe, Japan and the US. In the course of these presentations, the Company has met with representatives from the UK and US military who have shown specific interest in applying Ilika's battery technology for their purposes. Furthermore, these representatives of the UK and US military have confirmed that the expected performance of Ilika's battery technology meets the development requirements for man-portable batteries defined by the UK and US defence forces.

Estimates of market sizes for rechargeable batteries vary quite significantly (some estimates for the market size in 2010 range from \$6 billion to \$36 billion), but indicate that the addressable market is far in excess of the \$1 billion threshold criterion that the Company typically seeks in its selected target markets. The Company estimates the market size for rechargeable batteries in the defence sector in 2015 to be approximately \$2.5 billion.

Over the next 24 months, Ilika will be working closely together with its partners to develop its materials technology further to the point of a prototype battery. This development will be accomplished in 3 key phases. During Phase I the cell design for the battery will be optimised using the Company's existing laboratory facilities. In parallel, in cooperation with an equipment fabricator, the Company will design the device prototyping equipment. In Phase II the Company will build the device prototyping system and also build a multilayer cell architecture (a simple battery). Phase III involves the production of a limited number of prototype batteries using its prototyping equipment and confirmation with end-customers that the batteries meet their requirements. At this point, the Company intends to partner with a suitable manufacturer to integrate the materials into a final product and fully commercialise the technology.

In order to support its solid state-battery technology programme, Ilika announced that it had successfully completed an equity placing of £4.9 million in April 2012, with 60 percent of the funds raised coming from new shareholders.

Chief Executive's review continued

An Ilika scientist setting up the control system for one of Ilika's high throughput platforms

Battery technology is currently an exciting high growth opportunity, but Ilika has continued to progress other energy technologies which are expected to have a substantial commercial impact. In particular, hydrogen is a fuel which many analysts continue to support *inter alia* because of the higher energy density that can be achieved using hydrogen as an energy carrier. Ilika has a proprietary position with 2 technologies that are key to enabling the use of hydrogen as a fuel.

The first hydrogen-related technology is a material for storing hydrogen as a solid compound from which hydrogen can be released under controlled conditions. In June 2011, Ilika announced that it had entered into a collaboration with the US speciality chemicals company, Sigma Aldrich, to scale-up and commercialise Ilika's material. This scale-up collaboration has made good progress during 2011, with powder samples being prepared that show promising hydrogen capacity and reversibility. This work is expected to continue in 2012.

The second hydrogen-related technology is a lower-cost catalyst for use in fuel cells. Hydrogen can either be used in an internal combustion engine, or in a fuel cell. The former option has the advantage that existing combustion engines can be converted to run on hydrogen and therefore there is less of a hurdle for technology adoption. The latter option achieves a more efficient conversion of energy, but is currently too expensive for mass market adoption. Substantial cost reductions can be achieved by reducing fuel cell technology's dependence on platinum as a catalyst. Ilika's fuel cell catalyst technology has been shown to achieve the same power output for a third of the cost of platinum-based technology. Ilika's work in this area has been supported to date by the Carbon Trust. Full-scale catalyst testing is currently under way with an independent fuel cell testing organisation in the US and 2012 is expected to see Ilika providing batches of the catalyst to automotive OEMs for inclusion in their ongoing technology development programmes.

Electronics

From Ilika's perspective, the electronics sector has become increasingly attractive over the last year. Projects in the electronics sector now account for around 33 percent of the total turnover (2011: 19 percent). There are a number of significant drivers for this trend. The first is the need for increased energy efficiency of electronic systems. This efficiency is requiring improved capacitors, which are devices for storing electronic charge in many different industrial and consumer electronics applications. Ilika's technology is particularly well suited to the manufacture of the complex oxide materials which are ubiquitously used in these devices. The second driver is the gradual diversification of materials used in electronic devices. Traditionally, most electronic components were made using silicon, but miniaturisation, increased data storage density and improved processing speeds can be achieved by incorporating other elements into system architecture.

In September 2011 Ilika announced its first major US electronics collaboration, which was the start of a commercial effort to replicate the growth story Ilika has achieved in Japan with a similar strategy in the US. However, Japan remains Ilika's major source of revenue in this sector, which is also a result of the fact that many of the world's leading electronics companies are based there. The addition of Toshiba to Ilika's customer portfolio in January 2012 was the latest success in Ilika's business development efforts in Asia.

Biomedical

Ilika operates a wholly-owned subsidiary, Altrika Ltd, which commercialises technology for biologically-functional medical (biomedical) devices.

At its facilities, located in Sheffield, UK, Altrika operates a high throughput laboratory for the rapid development of novel, biologically active materials. It also operates a Human Tissue Authority ('HTA') approved clean room suite for the production of its wound care products, Myskin® and Cryoskin®. The clean room suite is validated to meet Good Manufacturing Practice ('GMP') requirements.

Altrika is fully licensed by the HTA for the procurement, testing, processing, distribution and storage of human cells. In addition, Cryoskin® is licensed as a cell therapy by the Medicines and Healthcare products Regulatory Agency ('MHRA'). Over the past year, Myskin® and Cryoskin® have been used to successfully treat burns patients at most of the major burns units in the UK. Progress has been made in working with clinicians, distributors and regulatory authorities to support the roll-out of these products in new jurisdictions.

Business development strategy

In the US the appointment of a full time business development resource based in California has started to yield results, with two substantive commercial relationships being established there in the last 12 months. Ilika has also continued to work with the JGW Group to represent its interests in acquiring business in the US defence industry. In addition, Ilika has reinforced its business development efforts in Europe with the appointment of a business development resource in Germany. Hence, Ilika now has direct business development professionals, reinforced by specialist agencies where appropriate, deployed in the 3 most significant geographies for its business: Japan, US and Germany. These initiatives have broadened Ilika's commercial pipeline, supporting sustained growth for the coming period.

Graeme Purdy
Chief Executive
18 July 2012

Strengthening our position...

Stephen Boydell, Finance Director

'The AIM Placing in April 2012 raised £4.6 million, to enable the Group to develop its thin-film battery technology.'

Revenue for the year ended 30 April 2012 was £2.01 million (2011: £1.54 million), supplemented by £0.29 million of grant income (2011: £0.36 million).

Revenues relate to the payments made by Ilika's partners for research and development activities. The majority of these payments are associated with the development of materials for applications in energy storage and conversion, but projects in the electronics sector have increased significantly in the year and now account for around 33 percent of the total turnover (2011: 19 percent). Asian based customers continue to fund the majority of the Group's projects and growth in revenues of around 54 percent has been achieved from these customers. US-based customer funded projects have increased significantly in the year, by more than tenfold, which have been generated by the US business development resource who was appointed halfway through the last financial year. Revenue generated from European-based customers has decreased by around 63 percent in the year and a German-based business development resource was appointed at the end of this financial year to address this.

Gross margin on revenues has improved from around 39 percent last year to around 41 percent this year. This is primarily due to the doubling of biomedical product sales in the year.

Grant funding was received from the TSB to support a number of the Group's programmes for biomedical applications and the Carbon Trust funding supported an energy conversion project.

Administration expenses in the year decreased by around £0.19 million in comparison to the prior year. This decrease is due to a reduction in the share-based payment charge in the year of around £0.4 million, which has been partially offset by an increase of around £0.21 million in the Group's spend on research and development activities.

The Placing on 23 April 2012, raised £4.6 million, after expenses, to enable the Group to continue to develop its thin film battery technology. It was achieved at a share price of 55p, only slightly below the prevailing market price, with the majority of the funds coming from new investors. There was also strong participation from the Board of Directors.

Investment in equipment in the year was £0.2 million (2011: £0.67 million) which has increased the Group's high-throughput capacity enabling the expected revenue growth to be achieved. As at 30 April 2012, the Group's cash position was £5.3 million.

Steve Boydell
Finance Director and Company Secretary
18 July 2012

Board of Directors

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1 Jack Boyer
Chairman
Mr. Boyer joined Ilika as Chairman in 2004 and chairs subsidiary Altrika Ltd. He previously founded and was the CEO of pan-European engineering group TCG, an Executive Director at Goldman Sachs and a management consultant at Bain & Co.

Mr. Boyer was educated at Stanford University (B.A. Hons), the London School of Economics (M.Sc.) and INSEAD (MBA). He currently leads the University of Southampton's corporate spin-out and intellectual property exploitation activities as Chair of Southampton Asset Management and is Chairman of two biotechnology companies.

Mr. Boyer is a Council member of the UK Engineering and Physical Sciences Research Council ('EPSRC'), the Higher Education Funding Council for England's Research Excellence Framework main panel for physical sciences, a Trustee of sustainable development charity Forum for the Future and deputy Chairman of Godolphin & Latymer school in London.

2 Graeme Purdy
Chief Executive
Graeme was appointed to head-up the Company from the beginning of May 2004, just before completion of the Company's seed round of funding. He led the Company through 2 successful rounds of venture funding before floating the Company on AIM in 2010.

Prior to joining Ilika, Graeme was Chief Operating Officer of a high-technology company in the Netherlands and before that worked internationally in a variety of technical and commercial roles for Shell. Graeme holds a master's degree in Chemical Engineering from Cambridge and an MBA from INSEAD business school in France. Graeme is a Chartered Engineer and a Sainsbury Management Fellow. In addition to his executive role at Ilika, Graeme is a Non-Executive Director of Southampton Asset Management.

3 Prof. Brian Hayden
Chief Scientific Officer
Brian is currently on secondment to Ilika from the University of Southampton, where he is Professor of Physical Chemistry. He is a pioneer of surface science and has a strong track record in running successful industrial collaborations.

Brian has published in excess of 100 papers in the fields of surface science, surface electrochemistry and fundamental aspects of heterogeneous catalysis and electrocatalysis. He is a Fellow of the Royal Society of Chemistry and regular speaker at conferences.

4 Stephen Boydell
Finance Director
Having qualified with Deloittes in 1996, Stephen held a number of acquisition, treasury and group reporting roles at both Hays plc and then AGI Media before becoming Finance Director of Healthy Direct, a successful Guernsey-based group of companies. He was instrumental in the restructuring of that group and its subsequent trade sale to a competitor. He joined Ilika in 2009 as Finance Director and Company Secretary.

Stephen studied Economics at Nottingham University and is a Fellow of the Institute of Chartered Accountants.

5 Dr. Werner Braun
Non-Executive Director
Having received a PhD in plasma and laser physics from the Technical University in Munich for research work performed at the Max Planck Institute for Plasma Physics, Dr. Braun initially worked for Messer Griesheim before joining Biotronik as VP of Marketing and Sales.

Over a period of 14 years, Dr. Braun played a key role in growing Biotronik from an early stage company to a global provider of medical devices for use in cardiology and cardiosurgery.

Following spells as General Manager of Chiron Adatomed and VP of Marketing and Sales for Medtronic Europe, Middle East and Africa, Dr. Braun returned to Biotronik in 2001 to become Managing Director, further developing the Company's market expansion to become Europe's largest privately-held medical device company in the cardiovascular arena.

6 Clare Spottiswoode CBE
Non-Executive Director
Ms. Spottiswoode's career started as an economist with the Treasury before establishing her own software company.

She is perhaps best known as Director General of Ofgas where she oversaw the transformation of the gas industry from a monopoly into a deregulated, competitive industry. In November 2006 she was appointed as the Policyholder Advocate for Aviva, responsible for ensuring that around 1 million with-profits policyholders received a fair share of the £5–6 billion inherited estate. Policyholders received more than double the only previous reattribution settlement.

Ms. Spottiswoode currently chairs Gas Strategies Limited and is a Non-Executive Director of Energy Solutions and Tullow Oil. Awarded a CBE for services to industry in 1999, she holds degrees from Cambridge and Yale Universities and an honorary doctorate from Brunel.

7 Prof. Sir William Wakeham
Non-Executive Director
Prof. Sir William Wakeham retired as Vice-Chancellor of the University of Southampton in September 2009. He studied Physics at Exeter University at both undergraduate and doctoral level. In 1971 he took up a lectureship in the Chemical Engineering Department at Imperial College London becoming Head of Department in 1988.

By 1999 he was Pro-Rector (Research), Deputy Rector and Pro-Rector (Resources) at Imperial College. He oversaw the College's merger with a series of medical schools and stimulated its entrepreneurial activities.

A Fellow and International Secretary of the Royal Academy of Engineering, a Fellow of the Institution of Chemical Engineers, the Institution of Engineering and Technology, and the Institute of Physics. He holds a higher doctorate from Exeter University, honorary degrees from Lisbon University, Exeter and Southampton Solent University and is a Fellow of Imperial College London. He is a Council Member of the Engineering and Physical Sciences Research Council and Chair of its Audit Committee. He was knighted in 2009 for services to Chemical Engineering and Higher Education.

Directors' report

Graeme Purdy, Chief Executive

'The Directors present their report and the audited financial statements for Ilika plc and its subsidiaries for the year ended 30 April 2012.'

The Directors present their report and the audited financial statements for Ilika plc ('Ilika') and its subsidiaries ('the Group') for the year ended 30 April 2012.

Principal activities

The principal activity of Ilika and the Group is the discovery and development of novel materials for the energy, electronics and biomedical sectors.

Business review

A detailed review of the business, its results and future direction, together with the key performance indicators of turnover by business sector and geographical market, is included in the Chairman's and Chief Executive's review.

Directors

The Directors who served on the Board of Ilika during the year and to the date of this report were as follows:

Executive

- Mr. S. Boydell (Financial Director and Company Secretary)
- Prof. B.E. Hayden (Chief Scientific Officer)
- Mr. G. Purdy (Chief Executive)

Non-Executive

- Mr. J.B. Boyer (Chairman)
- Dr. W. Braun
- Ms. C. Spottiswoode CBE
- Prof. Sir W. Wakeham

Details of the Directors' remuneration and share options are shown in note 4 of these accounts.

The Group maintained directors' and officers' liability insurance cover throughout the period.

Principal risks and uncertainties

Commercial risk

The Group is subject to competition from competitors who may develop more advanced and less expensive alternative technology platforms, both for existing materials and for those materials currently under development. The Group is largely dependent on its partners to commercialise the end-products containing the Group's materials.

Financial risk

The Group is reliant on a small number of significant customers and partners. Termination of these agreements could have a material adverse affect on the Group's results or operations or financial condition. The Group expects to incur further operating losses as progress on development programmes continue. There can be no assurance that the Group will ever achieve significant revenues or profitability.

Intellectual property risk

The Group faces the risk that intellectual property rights necessary to exploit research and development efforts may not be adequately secured or defended. The Group's intellectual property may also become obsolete before the products and services can be fully commercialised.

Regulatory risk

The Group's materials and products are subject to various European and other legislative and regulatory requirements. Regulatory issues could lead to delays in development which take time and investment to resolve.

Post balance sheet events

On the 22 May 2012, 60,000 Convertible Preference Shares were converted to Ordinary Shares.

Supplier payment policy

It is the Group's policy to settle debts with its creditors on a timely basis, taking best advantage of the terms and conditions offered by each supplier. As at 30 April 2012, the number of creditor days outstanding for the Group was 27 days (2011: 21 days).

Financial instruments

The Group's principal financial instrument comprises cash and this is used to finance the Group's operations. The Group has various other financial instruments such as trade credit facilities that arise directly from its operations. The Group places deposits surplus to short-term working requirements with a range of reputable UK based banks and building societies.

These balances are placed at fixed rates of deposit with maturities between 1 and 9 months. See note 17 for IFRS 7 disclosure regarding financial instruments.

Results and dividends

The Consolidated Statement of Comprehensive Income for the year is set out on page 23. The Group's loss for the financial year after taxation was £2.7 million (2011: £3.0 million).

The Directors do not recommend the payment of a dividend.

Charitable and political donations

The Group made no charitable or political donations during the year (2011: Nil).

Research and development costs

In accordance with the policy outlined in note 1, the Group incurred research and development expenditure of £1,377,000 in the year (2011: £1,167,000). Commentary on the major activities is given in the Chairman's review and Chief Executive's review.

Auditors

All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint BDO LLP will be proposed at the next Annual General Meeting.

Substantial shareholdings

On 30 June 2012 the Company had been notified of the holdings of 3 percent or more of the issued share capital of the Company, as shown in the above table.

Shareholder	Number of Ordinary Shares	% shareholding
IP Group	8,161,487	17.9
St Peter Port Capital	6,018,924	13.2
Nomura International	6,018,924	13.2
Ruffer LLP	4,545,454	10.0
Mackin Holdings Inc	4,117,647	9.1
Southampton Asset Management	3,799,900	8.4
Artemis	2,670,741	5.9
Southern Fox	2,424,093	5.3
Nortrust Nominees	1,830,991	4.0
Legal and General	1,720,677	3.8
Wyvern	1,598,039	3.5

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company 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 of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market ('AIM').

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of 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.

Website publication

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

By order of the Board

Graeme Purdy
Chief Executive
18 July 2012

Corporate governance statement

Jack Boyer, Chairman

'The Board is accountable to the Company's shareholders for good corporate governance and it is the objective of the Board to attain a high standard of corporate governance.'

The Board is accountable to the Company's shareholders for good corporate governance and it is the objective of the Board to attain a high standard of corporate governance. As an AIM listed company full compliance with the provisions of the UK Corporate Governance Code published in May 2010 ('the Code') is not a formal obligation. The Company has not sought to comply with the full provisions of the Code, however it has sought to adopt the provisions that are appropriate to its size and organisation and establish frameworks for the achievement of this objective. This statement sets out the corporate governance procedures that are in place.

Board of Directors

The Board of Directors (the 'Board') consists of a Non-Executive Chairman, 3 Executive Directors and 3 Non-Executive Directors.

The responsibilities of the Non-Executive Chairman and the Chief Executive Officer are clearly divided. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision making and ensuring that the Non-Executive Directors are properly briefed on matters. Prior to each Board meeting, Directors are sent an agenda and Board papers for each agenda item to be discussed. Additional information is provided when requested by the Board or individual Directors.

The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group through his chairmanship of the Executive Committee.

The Non-Executive Directors bring relevant experience from different backgrounds and receive a fixed fee for their services and reimbursement of reasonable expenses incurred in attending meetings.

The Board retains full and effective control of the Group. This includes responsibility for determining the Group's strategy and for approving budgets and business plans to fulfil this strategy. The full Board ordinarily meets bimonthly.

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

Performance evaluation

The Board has a process for evaluation of its own performance which is carried out annually.

Board Committees

As appropriate, the Board has delegated certain responsibilities to Board Committees as follows:

i) Audit Committee

The Audit Committee currently comprises Clare Spottiswoode CBE (Chairman), Professor Sir William Wakeham and Jack Boyer.

The Committee monitors the integrity of the Group's financial statements and the effectiveness of the audit process. The Committee reviews accounting policies and material accounting judgements. The Committee also reviews and reports on, reports from the Group's auditors relating to the Group's accounting controls. It makes recommendations to the Board on the appointment of auditors and the audit fee. It has unrestricted access to the Group's auditors. The Committee keeps under review the nature and extent of non-audit services provided by the external auditors in order to ensure that objectivity and independence are maintained.

ii) Remuneration Committee
The Remuneration Committee currently comprises Dr. Werner Braun (Chairman), Clare Spottiswoode CBE and Jack Boyer. It is responsible for making recommendations to the Board on remuneration policy for Executive Directors and the terms of their service contracts, with the aim of ensuring that their remuneration, including any share options and other awards, is based on their own performance and that of the Group generally.

iii) Nomination Committee
The Nomination Committee currently comprises Jack Boyer (Chairman), Professor Sir William Wakeham and Dr. Werner Braun. It is responsible for providing a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and reviewing the performance of the Board each year.

Attendance at Board meetings and committees

The Directors attended the following Board and committees meetings during the year:

Attendance	Board	Audit	Nomination	Remuneration
Mr. S. Boydell	7/7	–	–	–
Mr. J.B. Boyer	7/7	2/2	1/1	2/2
Dr. W. Braun	7/7	–	1/1	2/2
Prof. B.E. Hayden	7/7	–	–	–
Mr. G. Purdy	7/7	–	–	–
Ms. C. Spottiswoode	7/7	2/2	–	2/2
Prof. Sir W. Wakeham	6/7	2/2	1/1	–

Risk management and internal control

The Board is responsible for the systems of internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Audit Committee reviews the effectiveness of these systems primarily by discussion with the external auditor and by considering the risks potentially affecting the Group.

The Group does not consider it necessary to have an internal audit function due to the small size of the administration function. Instead there is a detailed Director review and authorisation of transactions. The annual audit by the Group auditor, which tests a sample of transactions, did not highlight any significant system improvements in order to reduce risk.

The Group maintains appropriate insurance cover in respect of actions taken against the Executive Directors because of their roles, as well as against material loss or claims of the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

Employment

The Board recognises its legal responsibility to ensure the well-being, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors. A health and safety report is reviewed at each Board meeting and policies and procedures are independently reviewed to ensure compliance with best practice.

By order of the Board

Jack Boyer
Chairman
18 July 2012

Corporate social responsibility

Recognising our responsibility...

Graeme Purdy, Chief Executive

'Ilika recognises the importance of approaching its responsibilities to corporate social responsibility in a coordinated and committed fashion. It is our ambition to include CSR in all parts of our business.'

Ilika recognises the importance of approaching its responsibilities to corporate social responsibility ('CSR') in a coordinated and committed fashion and we aim to ensure our approach to creating business growth manages environmental and social issues whilst delivering value for the Company and its shareholders and continued benefit for society. This statement acknowledges our ambition to include CSR in all parts of our business.

Overall responsibility for developing and implementing our CSR policies on social, ethical and environmental matters and for reviewing their effectiveness lies ultimately with the Ilika Board. The Board will regularly review the scope of the Company strategy and report to stakeholders to ensure we remain focused on the material issues for the business.

Ilika's policies and procedures, including those relating to social, environmental, health and safety, employment and ethical matters, are reviewed by the management team regularly and are communicated to all employees through the staff handbook, email communications and regular Company meetings. The management team report to the Board to ensure the members are fully apprised of the status of the Company's efforts in this area.

The main areas of CSR at Ilika are:

- health and safety;
- environment and sustainability;
- employee rights;
- values and ethics; and
- contribution to society.

Health and safety

We recognise our responsibility to ensure the well-being, safety and welfare of our employees and to maintain a safe and healthy working environment for all of our employees and visitors. We understand that health and safety has positive benefits for the Company and that a commitment to a high level of safety makes good business sense. As a business function, health and safety must continually progress and adapt to change.

Health and safety is considered at the highest level in the Company with the ultimate responsibility resting with the Board. Health and safety is an agenda item at each Board meeting and a full report is presented annually. Policies and procedures are independently reviewed by experts to ensure compliance with best practice and with the relevant health and safety legislation.

Environment and sustainability

Ilika is committed to achieving a real and sustainable positive impact on the broader community by adopting environmentally responsible policies. We believe that it is essential that both as a Company and as individuals we should operate in an environmentally conscious manner. Our objective is to minimise the impact of our business activity on the environment wherever possible. This includes ensuring that our suppliers do likewise and we actively seek collaborations with those who are similarly aware of and active in this field.

This past year has seen us implement more initiatives within the business in furtherance of our policies. We have obtained copies of our suppliers CSR policies to ensure there is a good match with our objectives; we purchase recycled paper, preferably in bulk to avoid multiple deliveries; our printers are set to double-sided printing; each work station has a recycling only bin and we have increased the number of international teleconferences, thereby saving on travel.

Our ongoing objectives are to:

- Consider environmental issues in all of our decision making processes.
- Evaluate future energy usage to see how we can use low energy systems.
- Advise staff on the efficient use of energy and other utilities.
- Reduce travel on business by the use of video and telephone conferencing.
- Use the most environmentally friendly mode of transport consistent with business needs.
- Encourage use of bicycles by offering our employees access to the HMRC Workcycle scheme.
- Reduce overall the resources we use.
- Promote waste minimisation by recycling or finding other uses of by-products whenever economically viable.
- Reduce our letters and correspondence by using alternative electronic mechanisms.
- Using either recycled or FSC paper for all hard copy correspondence, wherever possible.
- Consider environmental criteria when choosing services and goods.
- Develop relationships with suppliers and contractors so that we all recognise our environmental responsibilities.
- Fundamentally Ilika will reduce its impact on the environment and ask that its employees, suppliers and customers do likewise.

Employee rights

Ilika adheres to all legislation relating to employment rights and equal opportunities, with particular reference to non-discrimination on the basis of ethnic origin, religion, gender, age, marital status, disability or sexual orientation. However, our policies go beyond the legal requirements and we acknowledge our moral right to provide a safe and dignified working environment. We ensure that we maintain the highest level of integrity with regard to employees, customers and all others with whom we interact. We recognise the value that our employees create for the business and our commitment to training and personal development, together with remuneration policies, are designed to reward achievement and emphasise the importance of retaining staff.

Ilika will not tolerate discrimination, bullying or any kind of harassment within our business community. The concept of 'mutual respect' is one of our guiding principles. Employees are expected to abide by Company rules and to be honest and considerate in their various roles. Internal procedures have been established to report grievances or suspected inappropriate behaviour to other individuals or organisations. Equally the Company will treat dishonest actions and accusations seriously; this may result in disciplinary action in accordance with Company rules and disciplinary procedures.

Ethics and values

Ilika supports the principles of the Universal Declaration of Human Rights through its business practices. This means that we support freedom from torture, unjustified imprisonment without fair trial and any other oppression. In addition, we support the right of any individual to have freedom of expression and religion, political representation or in respect of any other matter. Accordingly, we will not support or work with organisations which fail to uphold basic human rights within their influence, which are involved in the manufacture or transfer to an oppressive regime, or are involved in the manufacture of equipment used in the violation of human rights. Neither will we work with organisations which are involved in the funding or carrying out of terrorist activities.

Ilika will not provide support or work with organisations which do not conform to the most widely accepted standards for minimum labour rights or which do not cover the use of under-age or forced labour. We do not give or receive any bribes, extra contractual gratuities, inducements, facilitation fees or similar payments. Any gifts, whether in cash or kind, received by employees or the Company in the course of normally accepted business entertainment are accepted subject to the prior written approval of the management. We do not donate (including sponsorship, subscriptions or provision of employee time or facilities) to any political party or similar organisation.

Contribution to society

Ilika accepts and acknowledges that we have a corporate responsibility towards society not only by paying taxes and creating and maintaining jobs but also by using our unique research skills to develop knowledge, skills and products which will ultimately benefit society. We actively support and encourage the study of science at all levels from pre-GCSE through to degree level. We do this by sponsoring posters, hosting group visits of A level students and offering 6 and 12 month placements to Masters students. We have accepted an invitation to sit on an employability panel for a local sixth form college to give guidance to students and teaching staff on improved employability for students and internally we have formed an 'outreach group' consisting of representatives from both the scientific and management teams in which we consider and implement initiatives to support those studying the sciences.

Graeme Purdy
Chief Executive
18 July 2012

Independent auditor's report to the members of Ilika plc

We have audited the financial statements of Ilika plc for the year ended 30 April 2012 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the parent company balance sheet, the consolidated cash flow statement, the parent company cash flow statement, the consolidated statement of changes in equity, the parent company 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the 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 financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ('APB's') Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 April 2012 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the 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.

Kim Hayward (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom
18 July 2012

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

Consolidated statement of comprehensive income

	Notes	Year ended 30 April 2012 £	2011 £
Revenue	2	2,011,244	1,544,766
Cost of sales		(1,187,769)	(936,511)
Gross profit		823,475	608,255
Administrative expenses		(3,958,050)	(4,148,002)
Other operating income	5	293,253	357,014
Operating loss	3	(2,841,322)	(3,182,733)
Financial income	6	16,251	38,239
Financial expense	7	(10,684)	(9,458)
Loss before tax		(2,835,755)	(3,153,952)
Taxation	8	125,470	106,468
Loss for period/total comprehensive income attributable to owners of parent		(2,710,285)	(3,047,484)
Loss per share	9		
Basic		(0.07)	(0.08)
Diluted		(0.07)	(0.08)

Consolidated balance sheet

	Notes	As at 30 April 2012 £	2011 £
ASSETS			
Non-current assets			
Intangible assets	10	61,863	61,794
Property, plant and equipment	11	1,380,257	2,006,479
Total non-current assets		1,442,120	2,068,273
Current assets			
Inventory	12	34,135	34,135
Trade and other receivables	13	660,943	748,081
Current tax receivable	8	125,470	122,733
Other financial assets – bank deposits	14	4,000,000	1,500,000
Cash and cash equivalents	15	1,299,072	1,303,924
Total current assets		6,119,620	3,708,873
Total assets		7,561,740	5,777,146
Issued capital and reserves attributable to owners of parent			
Issued share capital	18	472,638	383,548
Share premium		8,677,106	4,169,909
Capital restructuring reserve		6,486,077	6,486,077
Retained earnings		(8,916,868)	(6,418,196)
Total equity		6,718,953	4,621,338
LIABILITIES			
Current liabilities			
Trade and other payables	16	835,243	1,125,631
Non-current liabilities			
Other payables	16	7,544	30,177
Total liabilities		842,787	1,155,808
Total equity and liabilities		7,561,740	5,777,146

These financial statements were approved and authorised for issue by the Board of Directors on 18 July 2012.

Mr. J.B. Boyer
Chairman

Consolidated cash flow statement

	Year ended 30 April 2012 £	2011 £
Cash flows from operating activities		
Loss before tax	(2,835,755)	(3,153,952)
Adjustments for:		
Amortisation	14,196	11,742
Depreciation	819,101	731,599
Equity-settled share-based payments	211,613	601,622
Loss/(profit) on disposal of plant, property and equipment	69	605
Loss on disposal of intangible assets	3,852	298
Net financial income	(5,567)	(28,782)
Operating cash flow before changes in working capital, interest and taxes	(1,792,491)	(1,836,868)
Decrease/(increase) in trade and other receivables	87,138	(128,770)
Increase in inventory	-	(34,135)
(Decrease/increase in trade and other payables	(272,198)	103,712
Cash utilised by operations	(1,977,551)	(1,896,061)
Tax received	122,733	116,558
Net cash flow from operating activities	(1,854,818)	(1,779,503)
Cash flows from investing activities		
Interest received	16,251	33,038
Purchase of intangible assets	(14,265)	(7,298)
Sale of property plant and equipment	25	1,013
Purchase of property, plant and equipment	(196,826)	(603,466)
Increase in other financial assets	(2,500,000)	(1,500,000)
Net cash used in investing activities	(2,694,815)	(2,076,713)
Cash flows from financing activities		
Proceeds from issuance of Ordinary Share capital	4,899,991	5,175,611
Share issue costs	(303,703)	(764,282)
Capital element of finance leases	(40,823)	(34,149)
Interest element of finance leases	(10,684)	(9,458)
Net cash from financing activities	4,544,781	4,367,722
Net (decrease)/increase in cash and cash equivalents	(4,852)	511,506
Cash and cash equivalents at the start of the period	1,303,924	792,418
Cash and cash equivalents at the end of the period	1,299,072	1,303,924

Consolidated statement of changes in equity

	Share capital £	Share premium account £	Capital restructuring reserve £	Retained earnings £	Total attributable to equity holders of parent £
As at 30 April 2010	121,339	–	6,479,728	(3,945,196)	2,655,871
Share option exercise	21,039	360	(20,789)	–	610
Share-based payment	–	–	27,138	574,484	601,622
Issue of shares	241,170	4,933,831	–	–	5,175,001
Expenses of share issue	–	(764,282)	–	–	(764,282)
Loss and total comprehensive income	–	–	–	(3,047,484)	(3,047,484)
As at 30 April 2011	383,548	4,169,909	6,486,077	(6,418,196)	4,621,338
Share-based payment	–	–	–	211,613	211,613
Issue of shares	89,090	4,810,900	–	–	4,899,990
Expenses of share issue	–	(303,703)	–	–	(303,703)
Loss and total comprehensive income	–	–	–	(2,710,285)	(2,710,285)
As at 30 April 2012	**472,638**	**8,677,106**	**6,486,077**	**(8,916,868)**	**6,718,953**

Share capital
The share capital represents the nominal value of the equity shares in issue.

Share premium account
When shares are issued, any premium paid above the nominal value is credited to the share premium reserve.

Capital restructuring reserve
The capital restructuring reserve arises on the accounting for the share for share exchange. It represents the difference between the value of the issued equity instruments of Ilika Technologies Limited immediately before the share for share exchange and the equity instruments of Ilika plc along with the shares issued to effect the share for share exchange.

Retained earnings
The retained earnings reserve records the accumulated profits and losses of the Group since inception of the business.

Notes to the consolidated financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the basis of the accounting policies which apply for the financial year to 30 April 2012 and in accordance with the recognition and measurement criteria of IFRSs adopted by the European Union.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to the reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The financial statements are prepared on a going concern basis which the Directors believe continues to be appropriate. The Group meets its day-to-day working capital requirements through existing cash resources which, at 30 April 2012, amounted to £5,374,072. The Directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information the Directors believe that the Group will be able to continue to trade for the foreseeable future.

Capital restructuring

Ilika plc was incorporated as a vehicle for flotation on AIM in order to acquire, in a share for share exchange, Ilika Technologies Limited. These financial statements consolidate the results and financial position of Ilika Technologies Limited and its subsidiaries, through capital restructuring accounting as required by IFRS 3 Revised 'Business Combinations'. This means that the Group financial statements account for the share for share exchange as if Ilika Technologies Limited was the acquirer and Ilika plc the acquired entity.

On 6 May 2010, Ilika plc acquired, in a share for share exchange, Ilika Technologies Limited. As part of the share for share exchange agreement, the share options and warrants in Ilika Technologies Limited were transferred to Ilika plc on the same terms as previously held. There was no change in the fair value of the share options on the date of transfer because the terms of the new share option agreements were the same as the old share options.

Southampton Asset Management Limited ('SAM') exercised 2,099,900 options immediately prior to admission at an exercise price of £0.01 per share. This amount was in excess of the amount payable under the terms of the original option agreement held in Ilika Technologies Limited and therefore a compensating payment of £20,789, reflecting the additional amount paid by SAM, was made to SAM and charged to the capital restructuring reserve.

Ilika plc was admitted to AIM on 14 May 2010. 10,147,059 Ordinary Shares were issued for a total consideration of £5,175,001. The premium arising on the issue of these shares was £4,933,831. Total issue costs incurred were £764,282. These costs have been written off against the share premium account.

4,000 options were exercised by option holders after admission at an exercise price of £0.10 per share.

On 23 April 2012, 8,909,074 Ordinary Shares were issued for a total consideration of £4,899,990. The premium arising on the issue of these shares was £4,810,900 and total issue costs incurred were £303,703.

(a) New standards, amendments to standards or interpretations adopted early

In the current year, there were no new or revised standards or interpretations that have been adopted and affected the amounts reported in the financial statements.

(b) New standards, amendments to standards or interpretations not yet applied

The following standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

1 Accounting policies continued

International Accounting Standards (IAS/IFRS)		Effective date for periods commencing
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (amendments)	1 July 2011
IFRS 7	Disclosures – Transfers of Financial Assets (amendments)	1 January 2013
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income (amendments)	1 July 2012
IAS 12	Deferred tax: Recovery of Underlying Assets (amendments)	1 January 2012
IAS 19	Employee Benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IAS 32	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2014

No other new standards or amendments are expected to have an effect on the Group.

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

Revenue
Revenue comprises the fair value for the sale of goods and services, net of value added tax and is recognised as follows:

Sales of goods
Sales of equipment and skin-based products are recognised when products are delivered to a customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Sales of services
Sales of research and development services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Leases
Where a Group company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as property, plant and equipment and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the consolidated income statement, and the capital element which reduces the outstanding obligation for future instalments. All other leases are accounted for as 'operating leases' and the rental charges are charged to the consolidated income statement on a straight-line basis over the life of the lease.

Financial income and financial expense
Financial income and financial expense is recognised in the income statement as it accrues, using the effective interest method.

Pension and other post retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share-based payment transactions
The Group issues equity-settled share-based payments to all employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of market-based and non-market based vesting conditions.

The fair value of market-based options granted by the Group is measured by use of the stochastic valuation model taking into account the following inputs: the exercise price of the option; the life of the option; the market price on the date of grant of the option; the expected volatility of the share price; the dividends expected on the shares; and the risk free interest rate for the life of the option.

The fair value of non-market-based options granted by the Group is measured by use of the Black-Scholes pricing model taking into account the following inputs: the exercise price of the option; the life of the option; the market price on the date of grant of the option; the expected volatility of the share price; the dividends expected on the shares; and the risk free interest rate for the life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

1 Accounting policies continued

Research and development expenditure

Expenditure on the research phase is charged to the income statement in the period in which it is incurred. Development expenditure on new products is capitalised only once the criteria specified under IAS 38, Intangible Assets, have been met. Prior to and during the year ended 30 April 2012, no development expenditure satisfied the necessary conditions of IAS 38.

Taxation

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	lease term
Plant, machinery and equipment	3-5 years
Fixtures and fittings	3-5 years

Inventory

Inventory comprises the Group's cell bank from which the Cryoskin® product is derived. Inventory is valued at the lower of cost and net realisable value. Consumable stock items have been written off as an expense in the year incurred.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised to administrative expenses using the straight-line method over their estimated useful lives (1-3 years).

Intellectual property

Acquired intellectual property is included at cost and is amortised to administrative expenses on a straight-line basis over its useful economic life of 15 years.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets are all classified as loans and receivables and carried at amortised cost. The Group's financial liabilities are all classified as 'other' liabilities which are carried at amortised cost. Cash and cash equivalents comprise cash balances and call deposits.

Government grants

Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. Grant revenue is disclosed within other operating income. £293,297 was received in government grants in the year (2011: £356,887).

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with the bank.

Notes to the consolidated financial statements continued

1 Accounting policies continued

Key sources of estimation uncertainty

The preparation of the Group's financial statements, in accordance with IAS 1, Presentation of Financial Statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the Group's financial statements. The Group's estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- Depreciation of property, plant and equipment
  Depreciation is provided in the consolidated financial statements so as to write-down the respective assets to their residual values over their estimated useful lives and as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown above in the policy note for depreciation.

- Amortisation lives
  Intangible assets are recorded at their fair value at acquisition date and are amortised on a straight-line basis over their estimated useful economic lives from the time they are available for use. Any change in the estimated useful economic lives could affect the future results of the Group; however, no changes were made in the year.

- Revenue recognition
  The Group's revenue substantially comprised revenues from the provision of research and development services. The contracts set out defined deliverables the achievement of which trigger milestone payments. Judgement is used to determine the stage of completion and the point at which revenue is recognised.

- Share-based payments
  The critical accounting estimates, assumptions and judgements underpinning the valuation of the option awards are disclosed in note 22.

- Taxation
  The current tax receivable is the expected tax receivable on the expenditure for the period using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. The ultimate receivable may vary from the amounts provided and is dependent upon negotiations with the relevant tax authorities.

2 Segment reporting

IFRS 8 requires the Group to report on operating segments on the same basis as that used by the chief operating decision maker to assess the performance of the business segments and to allocate resources accordingly. For management purposes, the Group is organised by market category and operational information is presented to the chief operating decision maker in the following market categories; Energy, Electronics, Biomedical (wound care products and high throughput services).

The Group's activities originate from the production, design and development of high throughput methods of material synthesis, characterisation and screening. The Group has commercialised skin wound care based products, details of which are given below.

Energy

The Group has materials development programmes in the battery, fuel cell and hydrogen storage sectors.

Electronics

The Group's technology can be applied to a wide range of electronic materials, including capacitor, ferroelectric, piezoelectric and memory materials.

Biomedical

The biomedical business is built on the Group's biopolymer technology. The business consists of joint development projects for a range of biomedical products as well as the sale of wound care products and services.

2 Segment reporting continued

Details of the revenues from external customers by operating segment are given below:

Turnover	Year ended 30 April 2012 £	2011 £
Analysis by class of business:		
Energy	1,005,823	1,101,448
Electronics	656,738	291,546
Biomedical – high throughput services	188,611	18,000
Biomedical – wound care products and services	160,072	133,772
	2,011,244	1,544,766

Turnover	Year ended 30 April 2012 £	2011 £
Analysis by geographical market:		
By destination		
Belgium	–	155,117
United Kingdom	182,524	259,184
Germany	–	84,015
Taiwan	30,000	–
Japan	1,551,200	1,028,450
North America	247,520	18,000
	2,011,244	1,544,766

Analysed as:		
Rendering of services	1,880,514	1,479,526
Sales of goods	130,730	65,240
	2,011,244	1,544,766

In the period to 30 April 2012, the Biomedical class of business turnover can be analysed as £130,730 (2011: £65,240) for sale of skin-based products and £217,953 (2011: £86,482) for research and development services. All revenues associated with the energy and electronics class of business are for research and development services.

A number of customers individually account for more than 10 percent of the total turnover of the Group. The revenues from these companies are indicated below on a segment basis:

Turnover	Year ended 30 April 2012 £	2011 £
Customer 1	781,283	820,919
Customer 2	–	155,117
Customers less than 10 percent	224,540	125,412
Energy total	1,005,823	1,101,448
Customer 3	385,556	174,457
Customers less than 10 percent	271,182	117,089
Electronics total	656,738	291,546
Customers less than 10 percent	348,683	151,772
Biomedical total	348,683	151,772
	2,011,244	1,544,766

The chief operating decision maker only reviews turnover by operating segment then reviews expenses and profit on an aggregate basis. Therefore the segmental loss before tax information, along with the segmental total assets and liabilities information has not been split out in this note.

The loss before tax per the management accounts is the same as the loss before tax on the consolidated statement of comprehensive income with the exception of the share-based payment expense which is only calculated as a year end adjustment. For details of the calculation see note 22. The total assets and liabilities per the management accounts are the same as the consolidated balance sheet with the exception of the period end tax adjustment.

Notes to the consolidated financial statements continued

3 Operating loss

This is arrived at after charging	Year ended 30 April 2012 £	2011 £
Research and development expenditure in the year	1,377,449	1,166,761
Depreciation	819,101	731,599
Amortisation of intangible assets	14,196	11,742
Auditors remuneration:		
Fees payable to the Group's auditor for the audit of the Group's accounts	15,000	15,000
Fees payable to the Group's auditor for other services:		
– The audit of the Group's subsidiaries	8,625	5,000
– Other assurance services – interim review	10,500	10,000
– Tax services	6,700	6,745
– Reporting accountant fees in relation to the flotation and other non-recurring services	–	118,420
Operating lease rentals	180,714	174,000
Share-based payment charge	211,613	601,622
Foreign exchange differences	1,213	617

4 Employees

The average number of employees during the year, including Executive Directors, was:

	Year ended 30 April 2012 Number	2011 Number
Administration	9	9
Materials synthesis	27	21
	36	30

Staff costs for all employees, including Executive Directors, consist of:

	Year ended 30 April 2012 £	2011 £
Wages and salaries	1,587,516	1,577,637
Social security costs	160,319	138,896
Share-based payment expense	204,681	601,622
Pension costs	111,215	94,480
	2,063,731	2,412,635

4 Employees continued

The Directors' costs consist of:

	Basic salary £	Fees £	Benefits in kind £	Bonus £	Total short-term benefits £	Pension £	Share-based payment expense £	Total £
Year to 30 April 2012								
G. Purdy	150,000	–	413	–	150,413	29,312	69,318	249,043
S. Boydell	90,500	–	271	–	90,271	24,901	8,096	123,268
B. Hayden	50,000	–	–	–	50,000	–	34,659	84,659
J. Boyer	60,000	–	–	–	60,000	–	69,318	129,318
W. Braun	–	30,000	–	–	30,000	–	4,630	34,630
W. Wakeham	30,000	–	–	–	30,000	–	4,630	34,630
C. Spottiswoode	30,000	–	–	–	30,000	–	4,630	34,630
	410,500	30,000	684	–	440,684	54,213	195,281	690,178
Year to 30 April 2011								
G. Purdy	150,197	–	418	24,000	174,615	27,707	199,366	401,688
S. Boydell	92,722	–	267	10,500	103,489	20,101	29,879	153,469
B. Hayden	50,000	–	–	–	50,000	–	99,167	149,167
J. Boyer	59,835	–	–	–	59,835	–	200,633	260,468
W. Braun	27,417	2,500	–	–	29,917	–	13,244	43,161
W. Wakeham	29,917	–	–	–	29,917	–	12,509	42,426
C. Spottiswoode	29,637	–	–	–	29,637	–	10,880	40,517
A. Marrocco	–	–	–	–	–	–	2,278	2,278
K. Seifert	–	–	–	–	–	–	736	736
	439,725	2,500	685	34,500	477,410	47,808	568,692	1,093,910

Benefits in kind include critical illness cover.

The unapproved share options of the Directors under the 'Ilika plc Executive Share Option Scheme 2010' are set out below:

	2012 Number	2011 Number
G. Purdy	1,800,000	1,800,000
J. Boyer	1,800,000	1,800,000
B. Hayden	900,000	900,000
S. Boydell	205,200	205,200
W. Braun	115,200	115,200
W. Wakeham	115,200	115,200
C. Spottiswoode	100,200	100,200

The approved share options of the Directors in Ilika plc exchanged from share options in Ilika Technologies Limited. For further details see note 22.

	2012 Number	2011 Number
G. Purdy	760,700	760,700
S. Boydell	90,000	90,000

The unapproved share options of the Directors in Ilika plc exchanged from share options in Ilika Technologies Limited. For further details see note 22.

	2012 Number	2011 Number
G. Purdy	136,200	136,200
J. Boyer	540,200	540,200
W. Braun	20,000	20,000
B. Hayden	59,300	59,300

No options have lapsed in the period.

Notes to the consolidated financial statements continued

5 Other operating income

	Year ended 30 April 2012 £	2011 £
Grant income	293,297	356,867
Sundry other income	(43)	147
	293,254	357,014

6 Financial income

	Year ended 30 April 2012 £	2011 £
Income from short-term deposits	16,251	38,239

7 Financial expense

	Year ended 30 April 2012 £	2011 £
Interest on:		
Finance leases	10,684	9,458

8 Taxation

(a) Tax on profit from ordinary activities

There is no taxation charge due to the losses incurred by the Group during the year. The taxation credit represents research and development tax credit claims as follows:

	Year ended 30 April 2012 £	2011 £
Current tax on loss for the year	125,470	122,733
Adjustments to prior period	–	(16,265)
	125,470	106,468

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is different to the standard rate of corporation tax in the UK of 26 percent (2011: 28 percent). The differences are reconciled below:

	2012 £	2011 £
Loss on ordinary activities before tax	(2,835,755)	(3,153,952)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 26 percent (2011: 28 percent)	(737,296)	(883,107)
Effects of:		
Expenses not deductible for corporation tax	25,922	29,576
Other temporary differences not recognised	–	169,138
Plant, property and equipment temporary differences not recognised	–	32,318
Research and development relief	(51,566)	(2,619)
Origination of unrecognised tax losses	579,818	531,961
Share options	57,652	-
Under provision in previous years	–	16,265
Total tax credit for the year	(125,470)	(106,468)

Unrecognised deferred taxation

There are tax losses available for carry forward against future trading profits of approximately £9,953,000 (2011: £8,269,000). A deferred tax asset in respect of these losses of approximately £2,389,000 (2011: £2,150,000) has not been recognised in the accounts, as the full utilisation of these losses in the foreseeable future is uncertain.

9 Loss per share

Earnings per Ordinary Share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax, are as follows:

	Year ended 30 April	
	2012 number	2011 number
Weighted average number of equity shares	38,525,718	38,354,759

	£	£
Earnings, being profit after tax	(2,710,285)	(3,047,484)

	£	£
Loss per share	(0.07)	(0.08)

The loss attributable to Ordinary Shareholders and weighted average number of Ordinary Shares for the purpose of calculating the diluted earnings per Ordinary Share are identical to those used for basic earnings per share. This is because the exercise of share options would have the effect of reducing the loss per Ordinary Share and is therefore not dilutive under the terms of IAS 33. At 30 April 2012 there were 18,514,186 options outstanding (2011: 18,388,316 options outstanding) as detailed in notes 18 and 22.

10 Intangible assets

	Software licences £	Intellectual property £	Total £
Cost			
As at 30 April 2010	33,886	75,000	108,886
Additions	7,298	–	7,298
Disposals	(18,824)	–	(18,824)
As at 30 April 2011	22,360	75,000	97,360
Additions	14,265		14,265
Disposals	(8,707)		(8,707)
As at 30 April 2012	**27,918**	**75,000**	**102,918**
Amortisation			
As at 30 April 2010	23,398	18,750	42,148
Provided for the year	6,742	5,000	11,742
Disposals	(18,324)	–	(18,324)
As at 30 April 2011	11,816	23,750	33,566
Provided for the year	9,196	5,000	14,196
Disposals	(8,707)	–	(8,707)
As at 30 April 2012	**12,305**	**28,750**	**39,055**
Net book value			
As at 30 April 2010	10,488	56,250	66,738
As at 30 April 2011	10,544	51,250	61,794
As at 30 April 2012	**15,613**	**46,250**	**61,863**

The amortisation charge of £14,196 (2011: £11,742) is included within administrative expenses.

Notes to the consolidated financial statements continued

11 Property, plant and equipment

	Leasehold improvements £	Plant, machinery and equipment £	Fixtures and fittings £	Total £
Cost				
As at 30 April 2010	371,667	3,170,275	159,165	3,701,107
Additions	16,232	648,161	6,972	671,365
Disposals	–	(69,251)	–	(69,251)
As at 30 April 2011	387,899	3,749,185	166,137	4,303,221
Additions	33,443	156,749	6,634	196,826
Disposals	–	(17,112)	–	(17,112)
As at 30 April 2012	**421,342**	**3,888,822**	**172,771**	**4,482,935**
Depreciation				
As at 30 April 2010	357,379	1,177,029	98,570	1,632,978
Provided for the year	16,154	683,224	32,221	731,599
Disposals	–	(67,835)	–	(67,835)
As at 30 April 2011	373,533	1,792,418	130,791	2,296,742
Provided for the year	19,226	770,857	29,018	819,101
Disposals	–	(13,165)	–	(13,165)
As at 30 April 2012	**392,759**	**2,550,110**	**159,809**	**3,102,678**
Net book value				
As at 30 April 2010	14,288	1,993,246	60,595	2,068,129
As at 30 April 2011	14,366	1,956,767	35,346	2,006,479
As at 30 April 2012	**28,583**	**1,338,712**	**12,962**	**1,380,257**

The net book value of fixtures and fittings includes an amount of £nil (2011: £7,187) and plant, machinery and equipment includes an amount of £44,650 (2011: £68,622) in respect of assets held under finance lease contracts.

Commitments for capital expenditure

	Year ended 30 April	
	2012 £	2011 £
Contracted but not provided for	**–**	43,771

12 Inventory

	As at 30 April	
	2012 £	2011 £
Inventory	**34,135**	34,135

Inventory comprises the Group's cell bank from which the Cryoskin® product is derived.

13 Trade and other receivables

	As at 30 April	
	2012 £	2011 £
Trade receivables	**24,376**	68,052
Prepayments and accrued income	**450,964**	445,642
Other receivables	**185,603**	234,387
	660,943	748,081

14 Other financial assets – bank deposits

	As at 30 April	
	2012 £	2011 £
Amounts receivable within 1 year:		
Sterling fixed rate deposits of greater than 3 months' maturity at inception	4,000,000	1,500,000

15 Cash and cash equivalents

	As at 30 April	
	2012 £	2011 £
Current bank accounts	389,086	184,201
Short-term deposits with less than 3 months' maturity	909,986	1,119,723
	1,299,072	1,303,924

16 Trade and other payables
Current

	As at 30 April	
	2012 £	2011 £
Trade payables	367,669	217,672
Other payables	15,223	19,700
Other taxes and social security costs	44,441	42,205
Lease purchase agreements	22,633	40,823
Accruals and deferred income	385,277	805,231
	835,243	1,125,631

Non-current

	As at 30 April	
	2012 £	2011 £
Lease purchase agreements	7,544	30,177

Lease purchase agreements

	As at 30 April	
	2012 £	2011 £
Amounts payable		
Within 1 year	22,633	40,823
In 1 year to 2 years	7,544	22,633
In 2 years to 5 years	–	7,544
	30,177	71,000

Lease purchase agreements are secured on the related assets and carry interest at fixed rates. The total amount payable under leases as at 30 April 2012 was £35,853 (2011: £87,738).

Notes to the consolidated financial statements continued

17 Financial instruments

The Group's principal financial instruments comprise, lease financing arrangements, cash and short-term deposits as well as other various items arising from its operations such as trade receivables and trade payables which are shown in the table below. The main purpose of these instruments is to finance the Group's working capital requirements as well as funding its capital expenditure programmes. The Group does not enter into derivative transactions such as interest rate swaps or forward exchange contracts.

	As at 30 April	
	2012 £	2011 £
Financial assets		
Loans and receivables		
Trade receivables	24,376	68,052
Accrued income	211,262	303,405
Other receivables	185,603	234,387
Current bank accounts	389,086	184,201
Bank deposits	4,000,000	1,500,000
Short-term deposits	909,986	1,119,723
Total loans and receivables	5,720,313	3,409,768
Financial liabilities		
Other financial liabilities		
Trade payables	367,669	217,672
Other payables	15,223	19,700
Other taxes and social security costs	44,441	42,205
Lease purchase agreements	30,177	71,000
Accruals	252,760	358,258
Total other financial liabilities (see note 16)	710,270	708,835

The risks associated with these financial instruments are set out below.

Foreign currency risk

The Group buys goods and services in currencies other than Sterling. The Group's non-Sterling liabilities and cash flows can be affected by movements in exchange rates. These transactions are not significant and therefore no forward exchange contracts have been entered into. It is Group policy not to engage in any speculative trading in financial instruments. Any risk is mitigated by sales transactions being denominated in Sterling.

Credit risk

The Group's credit risk is attributable to its trade receivables and banking deposits. The Group places its deposits with reputable financial institutions to minimise credit risk. The maximum exposure to credit risk for each period is the amount disclosed above as total loans and receivables. For the periods above there were no trade receivables which were past due or impaired. Risk is further mitigated through the use of credit limits, but also through the nature of the customers, who, for the most part, are large multinationals. There is no bad debt provision.

Liquidity risk

The Group's policy is to maintain adequate cash resources to meet liabilities as they fall due. With the exception of its hire purchase liabilities, which are disclosed in note 16, all other Group payable balances fall due for payment within 1 year. Cash balances are placed on deposit for varying periods with reputable banking institutions to ensure there is limited risk of capital loss. The Group does not maintain an overdraft facility.

Interest rate risk

The main risk arising from the Group's financial instruments is interest rate risk. The Group placed deposits surplus to short-term working capital requirements with a variety of reputable UK-based banks and building societies. These balances are placed at floating rates of interest and deposits have maturities of 1 to 12 months. The Group's cash and short-term deposits are set out in note 15.

Fixed-rate financial liabilities comprises of a finance lease which expires in August 2013. It has a weighted average interest rate of 13.4 percent. The maturity profile is detailed in note 16. Floating-rate financial assets comprise cash on deposit and cash at bank. Short-term deposits are placed with banks for periods of up to 12 months and are categorised as floating-rate financial assets. Contracts in place at 30 April 2012 had a weighted average period to maturity of 166 days and a weighted average annualised rate of interest of 1.96 percent.

Interest rate risk sensitivity analysis

It is estimated that a change in base rate to zero would have increased the Group's loss before taxation for the year to 30 April 2012 by approximately £11,000 (2011: £16,000).

17 Financial instruments continued

It is estimated that an increase in base rate by 1 percent would decrease the Group's loss before taxation for the year to 30 April 2012 by approximately £15,000 (2011: £33,500).

There is no difference between the book and fair value of financial assets and liabilities.

Capital management

The primary aim of the Group's capital management is to safeguard the Group's ability to continue as a going concern, to support its businesses and maximise shareholder value. The Group monitors its capital structure and makes adjustments as and when it is deemed necessary and appropriate to do so using such methods as the issuing of new shares. At present, other than finance leases, all funding is raised by equity. See note 1 for the fundraising that occurred during the year.

18 Share capital

	As at 30 April 2012 £	As at 30 April 2011 £
Authorised		
45,482,433 Ordinary Shares of £0.01 each (2011: 36,573,359)	454,824	365,734
1,781,400 Convertible Preference Shares of £0.01 each	17,814	17,814
Allotted, called up and fully paid		
45,482,433 Ordinary Shares of £0.01 each (2011: 36,573,359)	454,824	365,734
1,781,400 Convertible Preference Shares of £0.01 each	17,814	17,814
	472,638	383,548

Share rights

The Ordinary Share and Preference Shares rank *pari passu* in all respects other than:

- The profits which the Group may determine to distribute in respect of any financial period shall be distributed only among the holders of the Ordinary Shares. The Preference Shares shall not entitle the holders of them to any share in such distributions.
- On a return of capital or assets on a liquidation, reduction of capital or otherwise the surplus assets of the Group remaining after payment of its obligations shall be applied:
  - first, in paying to the holders of the Preference Shares the amount paid thereon, being the amount equal to the par value of the preference shares excluding any premium; and
  - secondly, the balance of such surplus assets shall belong to and be distributed amongst the holders of the Ordinary Shares.

The Preference Shareholders have the right, at any time, to convert the Preference Shares held to the same number of Ordinary Shares.

On 23 April 2012, 8,909,074 Ordinary Shares were issued for a total consideration of £4,899,990. The premium arising on the issue of these shares was £4,810,900 and total issue costs incurred were £303,703.

On 22 May 2012, 60,000 £0.01 Convertible Preference Shares were converted to £0.01 Ordinary Shares.

Share options and warrants

Employee related share options are disclosed in note 22. In addition to these, there were 107,300 non-employee share options over Ordinary Shares of £0.01 at the year end. The Company's brokers also have a warrant to subscribe to 130,100 Ordinary Shares of £0.01.

10,147,059 warrants to subscribe to Ordinary Shares of £0.01 were issued on 14 May 2010 to investors who subscribed to the placing as one warrant for each share subscribed and the Company's brokers were issued with a warrant to subscribe to 392,157 Ordinary Shares of £0.01.

19 Operating leases

The total future minimum rent payable under non-cancellable operating leases is as follows:

	As at 30 April 2012 £	As at 30 April 2011 £
Property		
Within 1 year	-	10,217
In 1 to 2 years	51,749	-
In 2 to 5 years	370,613	366,204
	422,362	376,421

Notes to the consolidated financial statements continued

20 Pensions
The Group operates a defined contribution group personal pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £111,215 (2011: £94,480).

21 Related party transactions
The Directors consider that no 1 party controls the Group.

During the year ended 30 April 2012, the Company incurred costs of £295,109 (2011: £294,248) with the University of Southampton in connection with research and development activities. The University of Southampton is the controlling shareholder of Southampton Asset Management Limited, which has an interest in the Company. At 30 April 2012, the amount unpaid in respect of these costs was £6,606. (2011: £8,488).

The Company incurred fees from the University of Southampton in respect of Prof. B. Hayden, a Director of the Company. These amounts are included in the costs shown above.

22 Share-based payments expense and share options
Share-based payment expense
The Group has incentivised and motivated staff through the grant of share options under the Enterprise Management Incentive ('EMI') scheme and through unapproved share option schemes.

The Group has recognised an expense to the consolidated statement of comprehensive income representing the fair value of outstanding equity-settled share-based payment awards to employees. The fair values were charged to the consolidated statement of total comprehensive income over the relevant vesting periods adjusted to reflect actual and expected vesting levels.

On 14 May 2010, options in the Ilika Technologies Limited share option scheme were exchanged for options in Ilika plc. 1 option in Ilika Technologies Limited was exchanged for 100 options in Ilika plc with the option price in Ilika plc shares being one one hundreth of the price in Ilika Technologies shares.

The Group has calculated the fair market value of options which had market-based performance conditions at the time of grant, using the stochastic valuation model. Options with no market-based performance conditions at the time of grant, have been valued using the Black-Scholes model.

At a meeting of the Remuneration Committee on 13 July 2011, it was agreed that the market-based performance criteria applicable to the options which were granted in May 2010, be amended to reflect a series of Company specific financial and commercial milestones.

At 30 April 2012, the following options, whose fair values have been fully charged to the consolidated statement of total comprehensive income, were outstanding:

Approved share options:

Date of grant	Number of shares	Period of option	Exercise price per share
19 May 2004	375,000	10 years	£0.10
29 June 2004	219,700	10 years	£0.10
9 June 2005	139,500	10 years	£0.10
30 March 2006	15,200	10 years	£0.10
14 May 2007	156,100	10 years	£0.80
15 January 2008	70,400	10 years	£1.00
2 February 2009	138,000	10 years	£0.80
1 December 2009	90,000	10 years	£0.80

None of these options were exercised in the year.

Unapproved share options:

Date of grant	Number of shares	Period of option	Exercise price per share
29 June 2004	273,100	10 years	£0.10
1 December 2005	280,000	10 years	£0.10
8 May 2006	115,500	10 years	£0.10
11 July 2007	195,500	10 years	£0.80
30 August 2007	151,600	10 years	£0.10
11 November 2008	40,000	10 years	£2.4283

None of these options were exercised in the year.

22 Share-based payments expense and share options continued

At 30 April 2012 the following share options were outstanding in respect of the approved share options granted in the year:

Date of grant	Number of shares	Period of option	Exercise price per share
1 February 2012	150,870	10 years	£0.53

Black-Scholes valuation

	Weighted average exercise price		Number	
	2012 £	2011 £	2012	2011
Outstanding:				
At start of the period	0.3499	34.95	2,263,600	22,676
100 for 1 exchange	–	0.3495	–	2,244,944
Lapsed in the period	–	–	(4,000)	–
Exercised during the period	–	0.1000	–	(4,000)
Granted during the period	0.5300	–	150,870	–
At the end of the period	0.3612	0.3499	2,410,470	2,263,600

The exercise price of options outstanding at the end of the period ranged between £0.10 and £2.4283 and their weighted average contractual life was 3.9 years (2011: 4.9 years). These share options are exercisable and must be exercised within 10 years from the date of grant.

The following information is relevant in the determination of the fair value of options granted under the equity-settled share-based remuneration schemes under the Black-Scholes method.

	Year to 30 April 2012	Year to 30 April 2011
Equity-settled:		
Weighted average share price at date of grant/£	0.53	49.50
Exercise price/£	0.53	80.00
Weighted average contractual life/years	9.7	9.7
Expected volatility	10%	30%
Expected dividend yield	0%	0%
Risk free interest rate	0.5%	0.5%

The volatility has been based on the average of the standard deviation of the daily historical share price of the Company since its listing on AIM in May 2010. The prior period volatility was based on the annualised average of the standard deviation of the daily historical continuously compounded returns of the share price of three companies listed on AIM which had a broadly similar technology risk profile to the Group. The risk free rate was assumed to be the yield to maturity on a UK gilt strip with the term to maturity equal to the expected life of the option.

Stochastic valuation

	Weighted average exercise price		Number	
	2012 £	2011 £	2012	2011
Outstanding:				
At start of the period	0.51	–	5,352,100	–
Granted during the period	–	0.51	–	5,365,400
Lapsed during the period	–	0.51	(25,000)	(13,300)
At the end of the period	0.51	0.51	5,327,100	5,352,100

The exercise price of options outstanding at the end of the period was £0.51 (2011: £0.51) and their weighted average contractual life was 9 years (2011: 10 years).

Notes to the consolidated financial statements continued

22 Share-based payments expense and share options continued

Ilika plc Executive Share Option Scheme 2010

At 30 April 2012 the following share options were outstanding in respect of the Ilika plc Executive Share Option Scheme 2010:

Date of grant	Number of shares	Period of option	Exercise price per share
14 May 2010	126,300	10 years	£0.51

Members of staff in the Group have options in respect of Ordinary Shares in Ilika plc, which were conditional upon the achievement of a 10 percent increase in the Company's share price above that of the FTSE TechMARK All Share Price Index over a 3-year period. 25,000 options lapsed in the year due to employees leaving the Company. At a meeting of the Remuneration Committee on 13 July 2011, it was agreed that the performance criteria applicable to these options be amended to reflect a series of financial and commercial milestones.

Ilika plc unapproved share options

At 30 April 2012 the following share options were outstanding in respect of Ilika plc unapproved share options:

Date of grant	Number of shares	Period of option	Exercise price per share
14 May 2010	5,200,800	10 years	£0.51

Directors, Non-Executive Directors and founders of the Group were granted a total of 5,200,800 options in respect of Ordinary Shares in Ilika plc. These options vest in 4 tranches. The 1st Tranche of 825,000 options were granted on the 14 May 2010 with no performance conditions attached. The remaining 3 Tranches of 1,458,600 options were conditional upon the achievement of a 10 percent increase in the Company's share price above that of the FTSE TechMARK All Share Price Index in each of the 3 years subsequent to the flotation. At a meeting of the Remuneration Committee on 13 July 2011, it was agreed that the performance criteria applicable to the options granted under Tranche 2 should be waived. Furthermore, it was agreed that the performance criteria applicable to the options granted under Tranches 3 and 4 be amended to reflect a series of financial and commercial milestones. This change in performance criteria demands that the share-based payment charge attributable to these options is recalculated under the Black-Scholes method. The resultant charge is considerably below the stochastic charge previously calculated and therefore, in accordance with IFRS 2, the higher stochastic share-based payment charge is retained.

No options were exercised or lapsed in the year.

The following information is relevant in the determination of the fair value of options granted under the equity-settled share-based remuneration schemes operated by the Group under the stochastic valuation model.

Expected term. This is the most likely estimate of the period from grant until the exercise date. For these options, the assumption of an expected term of part way between vesting and lapse for each option/tranche.

Expected volatility. The normal approach is to look at the historical volatility of the share price over the most recent period that is generally commensurate with the expected award term. However, this approach was not possible here given that the options were granted on the date of the Company's admission to AIM. In such cases, IFRS 2 allows the consideration of the historical volatility of other similar entities to determine a proxy for the Company's volatility. Similar entities, for the purpose of calculating volatility, have been chosen as the constituents of the Company's comparator Index . Volatility for each of these companies has been calculated over both 3 and 6 years resulting in median volatilities of 46.7 percent and 42.3 percent respectively. A proxy volatility of 45 percent (being midway between these two figures) has been used for valuing these options.

Expected dividend yield. The Company does not pay, and is not currently expected to pay any dividends, so the dividend yield has been set to zero.

Risk-free rate. This is calculated based on UK gilts with a term commensurate with the expected term.

The charge for the prior period had been calculated on the basis that the Company floated in May 2010.

	2012 £	2011 £
Share-based payment expense:		
Black-Scholes calculation	891	27,138
Stochastic valuation	210,722	574,484
	211,613	601,622

Company balance sheet of Ilika plc

	Notes	As at 30 April 2012 £	2011 £
ASSETS			
Non-current assets			
Investments in subsidiary undertaking	23	121,339	121,339
Current assets			
Trade and other receivables	24	9,083,842	4,378,517
Cash at bank and cash equivalents		–	–
Total net assets		9,205,181	4,499,856
Equity			
Issued share capital	25	472,638	383,548
Share premium	25	8,656,317	4,149,120
Retained earnings	25	(14,345)	(41,011)
LIABILITIES		9,114,610	4,491,657
Current liabilities			
Trade and other payables		90,571	8,199
Total liabilities		90,571	8,199
Total equity and liabilities		9,205,181	4,499,856

The notes on pages 46 to 47 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 18 July 2012.

Mr. J.B. Boyer
Chairman

Company cash flow statement

	Year ended 30 April 2012 £	2011 £
Cash flows from operating activities		
Loss before tax	(184,948)	(642,633)
Adjustments for:		
Equity-settled share-based payments	211,613	601,622
Operating cash flow before changes in working capital, interest and taxes	26,665	(41,011)
Increase in trade and other receivables	(4,705,325)	(4,378,517)
Increase in trade and other payables	82,372	8,199
Cash utilised by operations	(4,596,288)	(4,411,329)
Cash flows from financing activities		
Proceeds from issuance of Ordinary Share capital	4,899,991	5,175,611
Share issue costs	(303,703)	(764,282)
Net cash from financing activities	4,596,288	4,411,329
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at the start of the period	–	–
Cash and cash equivalents at the end of the period	–	–

Company statement of changes in equity

	Share capital £	Share premium account £	Retained earnings £	Total attributable to equity holders £
As at 30 April 2010	–	–	–	–
Share exchange with Ilika Technologies	121,339	–	–	121,339
Share option exercise	21,039	(20,429)	–	610
Issue of shares	241,170	4,933,831	–	5,175,001
Expenses of share issue	–	(764,282)	–	(764,282)
Share-based payment	–	–	601,622	601,622
Loss and total comprehensive income	–	–	(642,633)	(642,633)
As at 30 April 2011	383,548	4,149,120	(41,011)	4,491,657
Issue of shares	89,091	4,810,900	–	4,899,991
Expenses of share issue	–	(303,703)	–	(303,703)
Share-based payment	–	–	211,613	211,613
Loss and total comprehensive income	–	–	(184,947)	(184,947)
As at 30 April 2012	**383,548**	**8,656,317**	**(14,345)**	**9,114,611**

Share capital
The share capital represents the nominal value of the equity shares in issue.

Share premium account
When shares are issued, any premium paid above the nominal value is credited to the share premium reserve.

Retained earnings
The retained earnings reserve records the accumulated profits and losses of the Company since inception of the business.

Notes to the consolidated financial statements continued

23 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IFRSs adopted by the European Union.

No Directors report has been presented and the Directors responsibilities in respect of these financial statements are set out on page 17.

Taxation

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Related party transactions

During the year the Company made recharges of costs to Ilika Technologies Limited of £563,214 (2011: £551,325) and to Altrika Limited of £119,441 (2011: £123,187). In addition the funds raised from the fundraising were transferred to Ilika Technologies Limited. The balance outstanding at 30 April 2012 for Ilika Technologies limited was £9,075,927 (2011: £4,243,351) and for Altrika Limited was £nil (2011: £123,187).

Share-based payments

The critical accounting estimates, assumptions and judgements underpinning the valuation of the option awards are disclosed in note 22.

Financial instruments

The accounting policy relating to financial instruments is disclosed in note 1.

Profit of the parent company

Loss in the year

No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company's loss for the year was £184,948 (2011: £642,633).

Directors' remuneration

The remuneration of the Directors is disclosed in note 4.

Auditors' remuneration

Auditors' remuneration is disclosed in note 3.

24 Investment in subsidiary undertaking

Investments in Group undertakings are stated at cost.

Ilika plc has a wholly-owned subsidiary, Ilika Technologies Limited. Ilika Technologies Limited (incorporated in the UK) made a loss for the year of £1,949,515 (2011: £1,893,139) and had net liabilities as at 30 April 2012 of £919,078 (2011: net assets of £1,030,437).

Shares in Group undertakings (at cost)	£
At 6 May 2011 and 30 April 2012	121,339

Ilika Technologies Limited has a wholly-owned subsidiary, Altrika Limited (incorporated in the UK) which made a loss for the year of £575,817 (2011: £511,712) and had net liabilities as at 30 April 2012 of £1,355,138 (£2011: £779,319).

25 Trade and other receivables

	As at 30 April	
	2012 £	2011 £
Prepayments	7,650	7,404
Other debtors	265	4,575
Amounts due from subsidiary undertakings	9,075,927	4,366,538
	9,083,842	4,378,517

26 Share capital

	As at 30 April 2012 £	2011 £
Authorised		
45,482,433 Ordinary Shares of £0.01 each (2011: 36,573,359)	454,824	365,734
1,781,400 Convertible Preference Shares of £0.01 each	17,814	17,814
Allotted, called up and fully paid		
45,482,433 Ordinary Shares of £0.01 each (2011: 36,573,359)	454,824	365,734
1,781,400 Convertible Preference Shares of £0.01 each	17,814	17,814
	472,638	383,548

Share rights

The Ordinary Share and Preference Shares rank *pari passu* in all respects other than:

- The profits which the Group may determine to distribute in respect of any financial period shall be distributed only among the holders of the Ordinary Shares. The Preference Shares shall not entitle the holders of them to any share in such distributions.
- On a return of capital or assets on a liquidation, reduction of capital or otherwise the surplus assets of the Group remaining after payment of its obligations shall be applied:
  - first, in paying to the holders of the Preference Shares the amount paid thereon, being the amount equal to the par value of the Preference Shares excluding any premium; and
  - secondly, the balance of such surplus assets shall belong to and be distributed amongst the holders of the Ordinary Shares.

The Preference Shareholders have the right, at any time, to convert the Preference Shares held to the same number of Ordinary Shares.

On 23 April 2012, 8,909,074 Ordinary Shares were issued for a total consideration of £4,899,990. The premium arising on the issue of these shares was £4,810,900 and total issue costs incurred were £303,703.

On 22 May 2012, 60,000 £0.01 Convertible Preference Shares were converted to £0.01 Ordinary Shares.

Corporate directory

Company number	7187804
Directors	
Executive	Graeme Purdy Stephen Boydell Brian Hayden
Non-Executive	Jack Boyer (Chairman) Dr. Werner Braun Clare Spottiswoode Prof. William Wakeham
Secretary	Stephen Boydell
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Website	www.ilika.com
Advisers	
Independent auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
Nominated adviser and broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
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