integumen.

Integumen Plc

Annual Report

2016

Integumen Plc

Contents

Integumen Plc

Company Information

Directors:	Anthony (Tony) Richardson (Chairman) Declan Service (Chief Executive Officer) Christopher (Chris) Bell (Chief Financial Officer) Donald Nicholson (Director) Helmut Schlieper (Director) Ross Andrews (Non-Executive Director) Paul Kennedy (Non-Executive Director)
Company Secretary:	Christopher (Chris) Bell
Registered office:	Sand Hutton Applied Innovation Campus, Sand Hutton, York North Yorkshire, YO41 1LZ
Corporate office:	19 Railway Road Dalkey Dublin, Ireland
Place of incorporation:	England and Wales (Company number – 10205396)
Auditors:	Jeffreys Henry LLP Finsgate 5 – 7 Cranwood Street London, EC1V 9EE
Nominated Adviser:	Spark Advisory Partners Limited 5 St. John's Lane London, EC1M 4BH
Broker	Turner Pope Investments (TPI) Limited 550 Ley Street Ilford Essex, IG2 7DB
Solicitors to the Company:	BPE Solicitors LLP St James' House St James' Square Cheltenham, GL50 3PR
Registrars:	Neville Registrars Limited Neville House, 18 Laurel Lane Halesowen, B63 3DA
Bankers:	Ulster Bank Victoria Square 11 – 16 Donegall Square East Belfast, BT1 5UB
Public relations:	Cardew Group Limited One Knightsbridge Green London, SW1X 7NE
Website:	www.integumenplc.com

Integumen Plc

Chairman's Statement
For the period ended 31 December 2016

Dear Fellow Shareholder,

I am pleased to report our maiden results as a quoted company. Integumen was admitted to trading on the AIM market of London Stock Exchange plc on 5 April 2017, raising £2.25 million and I welcome our new shareholders to this exciting business.

Our Business

Integumen Plc was incorporated and registered in England and Wales on 28 May 2016, and consists of four wholly-owned subsidiaries: UK-based Innovenn UK Limited and Lifesciencehub UK Limited, TSpro GmbH in Germany, and Integumen Inc. in the United States. Integumen Plc ("Integumen" or "Company") is a personal health care company focused on developing and commercialising a range of innovative products in the oral, skin and wound care markets.

The Group has a portfolio of products, two of which are generating revenue. The remaining products are in late stages of development, with a skincare range planned for commercialisation in 2018. Our products are:

- TS1, a tongue sanitiser designed for dental surgery and for home use
- Labskin, a 3-dimensional human skin equivalent
- Skincare
    - Cosmeceuticals for the anti-ageing market
    - Clarogel, over-the-counter cosmetic product for the treatment of blemishes
- Woundcare, chronic wound diagnostic tool called Wound pHase and Hydrogel, a material used for the treatment of wounds

Further information on our products and technologies can be found in the Chief Executive's Report.

To date, approximately £15 million of investment has been made in total in the Group's products and technologies which are at the late stages of development, meaning the risk associated with commercialisation, such as the remaining cost of development, and timeframe to launch, is mitigated. Additionally, our portfolio of products does not require traditional phases 1-4 clinical trials mitigating further commercial and clinical risks.

Currently, our oral care business and Labskin (a human skin equivalent) are generating revenues and targeted at the B2B sector. The Company is also developing additional products that will target the consumer sector in the skincare market.

Our corporate offices are based in Ireland and the Company has a product research and development laboratory in York which has its own in-house staff of five people. The Group outsources its manufacturing to third parties in order to preserve operating margins.

Corporate governance

I believe that good corporate governance is important to support our future growth and the Board, which has extensive experience in publicly listed companies and running companies in the personal healthcare sector, is committed to the highest standards.

People

I would like to thank the Board and the whole team for their hard work and commitment, particularly during our listing process. We have an excellent team who have the experience to deliver on our strategic objectives.

Outlook

Integumen is a young company at the start of an exciting journey, and the Board and senior management team are enthusiastic about the medium to long-term prospects. We are operating in sectors that have significant market opportunities with a portfolio of quality products that are scalable. In the near term, we have the right team in place that is already commercialising two of these opportunities and will continue to bring more products to market. The outlook for the business is encouraging while we remain focused on building a sustainable business for the future, and we look forward to updating shareholders as we progress.

Tony Richardson
Chairman
1 June 2017

Integumen Plc

Chief Executive's Statement
For the period ended 31 December 2016

Dear Fellow Shareholder,

I am pleased to report Integumen Plc's first set of results since its admission to trading on the AIM market of the London Stock Exchange, an important milestone in the lifetime of this Company.

Highlights

During the listing process, we raised £2.25 million. After listing costs, the proceeds will be used on product development and sales & marketing and working capital. The Company is now focused on commercialising the portfolio of products, technologies and associated know-how it has assembled, which broadly focus on applications with identified and growing markets within skincare, oral care and wound care. As a Board, we took the strategic decision to diversify our range in order to provide Integumen with a portfolio approach that reduces the risk of any one product or technology.

Integumen already has two product ranges on the market; The TS1 tongue sanitiser and Labskin which is a human skin equivalent technology targeting the cosmetic product testing sector.

TS1 – Oral care

Integumen has developed TS1, a disposable tongue vacuum cleaner for professional use in the dental surgery, a tongue gel and a handle which turns the tongue vacuum cleaner into a tongue scraper for home use. It targets a growing segment of the global oral care market. TS1 enables the deep cleaning of the tongue and the removal of bacteria plaque from the oral cavity. TS1 has specialist distributors who are already distributing the product, primarily TSpro to the B2B dentistry market in Germany, Austria, Switzerland, Italy, Denmark, Sweden, Norway, Slovakia and countries in the Middle East.

In April 2017, the Company signed its first supply agreement in Asia with Mono Dent, a leading distributor of oral hygiene products to dental surgeries and dental universities in South Korea, for an initial period of three years. The agreement provides Mono Dent with the exclusive rights to distribute three products under the TSpro brand within South Korea. Opening orders have already been received, and as part of the exclusive agreement, Mono Dent has committed to a sales and marketing strategy for TS1 to penetrate further the South Korean market. South Korea has approximately 20,000 dental surgeries and is a growing market driven by medical tourism and cosmetic dental surgery.

Labskin

The overarching global cell-based assays market is expected to reach nearly $21.6 billion by 2018 with a five year CAGR of 12.4 per cent. (Source: Cell Based Assays: Technologies and Global Markets, BCC Research), driven primarily by the reduction in or ban on using animals for testing cosmetics products.

Labskin is a 3-dimensional human skin equivalent model which has been designed for use in this space. It is used for basic and applied skin research, pre-clinical screening, microbial (bacterial) testing, and efficacy studies of personal care products. It is sold as both a consumable product to third parties, and a managed testing service conducting experiments from our facility in York. It made small scale commercial sales during 2016 to customers included GoJo, ONTEX and GlaxoSmithKline.

In March 2017, the Company entered a three-year OEM supply agreement with a European partner for the supply of Labskin. The Company is in discussions with R&D departments of a number of cosmetic and pharmaceutical companies, independent testing companies and academic institutions, driven in part by the EU ban on animal testing in cosmetics.

Visible Youth

The global anti-ageing products market is expected to grow at a CAGR of 8 per cent., from $150 billion in 2015 to $192 billion in 2019 (Source: Anti-ageing Market: Global Industry Analysis and Opportunity Assessment 2015-2019, Future Market Insights), and the market for anti-wrinkle products is assessed at $77.7 billion in 2016 (*Source: Anti-ageing Market: Global Industry Analysis and Opportunity Assessment 2015-2019, Future Market Insights*).

Visible Youth Consumer and Visible Youth Professional are a range of cosmeceuticals targeting this anti-ageing market. Visible Youth is a brand whose first six consumer launch products will comprise a cleanser, toner, face serum, eye serum, moisturising cream with SPF20 and a night cream. We expect to launch it in 2018.

Chief Executive's Statement (continued)
For the period ended 31 December 2016

The professional products include products for use after skin rejuvenation procedures such as chemical peel or dermabrasion, and a number of other products are planned. Formulation patents are pending or granted, and trademarks registered, in various jurisdictions. The Company is also considering partnering with more established cosmetic companies in order to achieve a presence in this market.

Clarogel
Skin blemishes are one of the most pervasive skin conditions in younger people: over 80 per cent. of adolescents and young adults are affected by this condition at some point. *(Source: National Institute of Arthritis and Musculoskeletal and Skin Diseases)*.

Clarogel is an over-the-counter cosmetic product for the treatment of blemishes (non-medical treatment of symptoms of acne). It is a late stage product and historically the product has been the subject of a clinical study against a market leading product and demonstrated a greater reduction in inflamed lesions than the comparator after one month of use and significantly reduced sebum excretion. Clarogel is patented in Europe and the United States.

Woundcare
The Company has developed an innovative chronic diagnostic tool called Wound pHase. The polymer film in disc form is applied to a wound and surrounding skin in the same way as a traditional hydrogel dressing. Responding to the acidity/alkalinity of the wound, the disc changes colour within five minutes. The colorimetric response of the disc to the wound indicates the acidity/alkalinity and changing state of the wound bed in order to vary the appropriate treatment regime.

Hydrogel is a product the Company is exploring as a dressing for use in the treatment of burns. This will be conducted in parallel with the development of Wound pHase.

Results
The Company made an operating loss of (£1,077,078), based on revenues of £52,062, with administrative costs of (£1,066,424). 2016 has been a year of transformation for Integumen Plc, and as we progress through 2017 the Company will demonstrate its ability to commercialise products we added last year to the portfolio.

Strategy
Integumen has purposefully assembled businesses which possess products, technologies and know-how which are generally in advanced stages of development or at an early stage of commercialisation.

The Company aims to apply the Board's collective experience, market knowledge and contacts to demonstrate the commercial potential of these products, technologies and know-how in the most effective way, given its resources. This approach could involve:

- Direct product sales by Integumen and its subsidiaries;
- Product sales through marketing and distribution partners with existing and proven infrastructure; and/or,
- Selectively seeking licensing partners, once value has been added through development activity, brand creation or early market adoption.

We look forward to updating you on the progress of this strategy as we go forward.

Outlook
The portfolio of products and technologies we have put together inside this young company, together with a strong Board and senior management team, provides us with a platform from which to build an exciting business in the medium to long-term. Our chosen sectors for commercialising our products are large, with clear opportunity for new innovative products and technologies.

Chief Executive's Statement (continued)
For the period ended 31 December 2016

We are already commercialising two of the products in our portfolio and by the end of 2017, more of our products will be on the market. The outlook is encouraging, our team is focused on building a sustainable business, and we look forward to updating shareholders in the future.

Declan Service
Chief Executive Officer
1 June 2017

Integumen Plc

The Board

Tony Richardson, Chairman
Tony is a Fellow of the Association of Chartered Certified Accountants. He co-founded Alltracel Pharmaceuticals Plc ("Alltracel") in 1996. Alltracel was admitted to trading on AIM in 2001 and successfully made a number of acquisitions in the area of oral health before a trade sale in 2008 to Hemcon Medical Technologies Inc. Tony joined Venn Life Sciences in 2007 as non-executive Chairman. In 2010, he assumed the role of Chief Executive Officer and in that year Venn Life Sciences completed two acquisitions that provide the basis for the current business.

Declan Service, Chief Executive Officer
Declan has over 25 years' experience in the global medical device and pharmaceutical arena working in a wide variety of companies and disciplines with 20 of those years spent with Baxter International, Invacare and Convatec. Declan has been a director and CEO of Innovenn since April 2014. He has been CEO of Lifesciencehub since April 2011 and corporate development director of Venn Life Sciences since March 2010. Declan has experience working with innovative and dynamic start-ups, guiding them through the often challenging areas of bringing their product to market successfully. Declan has been a director and CEO of Integumen since its inception in May 2016.

Chris Bell, Chief Financial Officer
Chris joined Integumen in September 2016 with over 25 years' experience in mergers and acquisitions, fundraisings and business process design. Prior to joining Integumen in 2016, Chris was Chief Financial Officer of Greenstar, one of Ireland's largest recycling and waste-to-energy companies, with a turnover of €98 million and employing 675 staff. Previously, Chris held a number of senior finance positions in manufacturing, design and engineering companies within a range of private equity, PLC and owner-manager environments. Chris is a Fellow of Chartered Accountants Ireland, having qualified with Pannell Kerr Forster in 1989

Donald Nicholson, Director
Donald is the Chief Executive Officer and President of Enhance and has been leading the efforts of that company since February 2013, having previously been a non-executive director since 2009. Donald is a senior healthcare industry executive with over 24 years of experience in the pharmaceutical industry with Wellcome Plc, Boehringer Mannheim and as CFO of SkyePharma Plc. He is experienced in product and company acquisitions and disposals, in- and out-licensing arrangements, sale/royalty agreements and financial strategy and funding structures. His experience within this industry includes pharmaceuticals, biochemicals, orthopaedics, diagnostics and drug delivery, including dermatology. Donald is also the owner and Chief Executive Officer of Mercuriali, a specialty pharmaceutical company formed to provide strategic consulting advice and to seek development, acquisition and licensing opportunities within the healthcare sector both on behalf of associated companies and on its own account.

Helmut Schlieper, Director
Helmut started his career in the pharmaceutical industry at Boehringer Ingelheim, in South Africa and Thailand. Before he moved into the oral healthcare business, as Marketing & Sales Director at M+C Schiffer, one of the largest international toothbrush manufacturers, he was Export Director at Marbert, a cosmetic company. In 2004, he set up his own business as Chief Executive Officer at Synpart AG, which he successfully led and sold. Helmut has more than 30 years of experience in oral healthcare. He co-founded MediNova in 2012 and TSpro in 2015.

Ross Andrews, Non-Executive Director
Ross is a highly experienced corporate adviser with 30 years' experience advising companies and management teams on public market transactions, largely in the UK but also in Europe, Australia and Asia. He has worked with large corporates as well as numerous small, growing companies, providing advice on a range of equity capital matters, including IPOs, fund raisings, strategy, acquisitions, corporate governance and shareholder matters. Ross was a director and shareholder of Zeus Capital Limited until July 2015 when he formed RMA Consultancy Limited to undertake non-executive appointments or consultancy and project management roles within companies undergoing management change, external investment rounds or seeking a liquidity event through IPO or other exit.

Paul Kennedy, Non-Executive Director
Paul has had an extensive career in the pharmaceutical industry having been President of Novo Nordisk France for 15 years and before that working as a Marketing Director for seven years at Abbot France and Boots, both in the UK and France. In 1994, Paul set up his own pharmaceutical company, Laboratoires Murat, which was purchased by Fuisz Technologies Ltd, a Nasdaq listed drug delivery company, three years later. Paul then worked as Executive Vice President, Operations for Fuisz Technologies in Paris before he sold the business to Shire plc in 1999 for a further premium. In 2007, Paul became a controlling shareholder and Director of US listed IVAX Diagnostics, Inc, which was subsequently sold to Transasia Bio-Medicals Ltd, India's largest in-vitro diagnostics company, in September 2010. Paul was a non-executive director of Venn Life Sciences Holdings from March 2013 until his resignation upon Admission.

Strategic Report
For the period ended 31 December 2016

Review of the business
A comprehensive review of the year is given in the Chairman's and Chief Executive's Statements on pages 2 and 3.

Principal risks and uncertainties
The Directors continually identify, monitor and manage the risks and uncertainties of the Group. Risk is inherent in all businesses. Set out below are certain risk factors which could have an impact on the Group's long-term performance and mitigating factors adopted to alleviate these risks. This list does not purport to be an exhaustive summary of the risks affecting the Group.

Management and employees
The Group's future success will be dependent on key employees and their on-going relationships with customers. The Group encourages customer contacts to be maintained by more than one individual. Key employees are incentivised through a mixture of competitive remuneration and sales commission. Main Board Directors are incentivised as detailed in the Directors' Remuneration Report.

Early stage of operations
Integumen is an early stage company, having been incorporated in 2016. Although the Group's underlying businesses have, in some cases, been trading for a longer period of time, the Company itself has only a limited sales track record. The Group has achieved limited sales to date with its products. Particularly with the launch of new products onto the market, it is very difficult to predict with accuracy the rate of market adoption, or indeed whether products meet with customers' approval. Until such time as the Group starts to make significant product sales, forecasting sales will prove challenging.

Delay in product launches
The Group has a number of identified product development projects to take products to market, some of which may require specific funding to proceed. There is no guarantee that these projects will be completed within anticipated timescales, or that they will result in viable products. The Group's strategy involves, inter alia, running clinical studies on its products to create verifiable data which can be used in marketing campaigns to differentiate the Group's products from competitors. If these clinical studies take longer than expected, or fail to establish these credentials, this could be damaging to the Group's prospects.

Potential funding requirement for further development
Any future expansion, activity, acquisitions and/or business development will require additional capital and the Group may attempt to raise additional funds through equity or debt financings or from other sources. In particular, the Group will need to raise further funds to pursue the development and exploitation of Clarogel, Visible Youth and Wound pHase. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient.

Competition risk
The Group's current and future potential competitors include, amongst others, major multinational pharmaceutical and healthcare companies with substantially greater resources than those of the Group. There can be no assurance that competitors will not succeed in developing systems and products that are more effective or economic than any of those developed by the Group, which would render the Group's products obsolete or otherwise non-competitive. The Group seeks to reduce this risk by ensuring that a professional and high standard product and service is provided to its customers, maintaining confidentiality agreements and selecting leading businesses in their respective fields as partners capable of addressing significant competition, should it arise.

Currency exchange risk
The Company's financial statements are denominated in pounds sterling, its functional currency. The Company plans to increase its sales and activities in the USA and the EU which may be impacted by exchange rate fluctuations in future.

Financial risk management
The Group has instigated certain financial risk management policies and procedures which are set out in note 3 to the financial statements.

Future outlook
The Chairman's and Chief Executive's Statements on pages 2 and 3 give information on the future outlook of the Group.

Key Performance Indicators (KPIs)
The key performance indicators currently used by the Group are revenue, adjusted EBITDA and cash resources. The Group intends to establish other key performance indicators in due course once the Group has matured sufficiently. The Group does not use and does not at present intend to use non-financial key performance indicators.

Review of strategy and business model
Integumen Plc is a personal health company developing and commercialising technology and products for the human integumentary system that may improve physical appearance, hygiene and general health outcomes.

The Group is focused on large addressable markets that align with the management team's track record. While each of the skincare, oral care and wound care sectors represents a multi-billion-dollar market, Integumen is not principally focused on just gaining market share. The team is focused on delivering its products into well-established market sectors which have identifiable players who may seek innovative additions to the category or extensions to existing portfolios.

In addition to having products currently on the market, the Group has a portfolio of products and technologies in development. The development pipeline is focused on near to market products that are in the late stages of development and require "finessing" rather than "deep" Research & Development. The group does not develop products whose ultimate commercial success is dependent on a binary research or development outcome.

The Board of Directors judge the Group's financial performance by reference to the internal budget which it establishes at the beginning of each financial year.

Environment
The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment.

Employees
The Group places value on the involvement of its employees and they are regularly briefed on the Group's activities. The Group closely monitors staff attrition rates which it seeks to maintain at current low levels and aims to structure staff compensation levels at competitive rates in order to attract and retain high calibre personnel.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the specific aptitudes of the applicant involved. It is the policy of the Group that the training, career development and promotion of disabled persons, as far as possible, be identical with that of other employees.

Social, community, and human rights
The Board recognises that the Group has a duty to be a good corporate citizen and to respect the laws, and where appropriate the customs and culture of the territories in which it operates. It contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Strategic Report was approved by the Board on 1 June 2017 and signed on its behalf by:

Declan Service
Chief Executive Officer

Report of the Directors
For the period ended 31 December 2016

The Directors have pleasure in submitting this report together with the audited financial statements of Integumen Plc for the period from incorporation on 28 May 2016 and ended 31 December 2016.

The acquisition of Innovenn UK Limited and its subsidiary by Integumen Plc on 17 November 2016 has been accounted using the principles of reverse acquisition accounting. Although the Group financial statements have been prepared in the name of the legal parent, Integumen Plc, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, Innovenn UK Limited.

Corporate details
Integumen Plc is incorporated in England and Wales with registration number 10205396. The registered office is Sand Hutton Applied Innovation Campus, Sand Hutton, York, North Yorkshire, YO41 1LZ.

Directors
The Directors who held office during the year and as at the date of signing the financial statements were as follows:

Tony Richardson	(Appointed on 28 May 2016)
Declan Service	(Appointed on 28 May 2016)
Chris Bell	(Appointed on 26 September 2016)
Donald Nicholson	(Appointed on 5 April 2017)
Helmut Schlieper	(Appointed on 5 April 2017)
Ross Andrews	(Appointed on 5 April 2017)
Paul Kennedy	(Appointed on 5 April 2017)

Principal activities
The principal activity of the Group is that of developing technologies in the skin industry. The Group has a presence in the UK, Ireland and Germany.

Dividends
There were no dividends paid or proposed by the Company during the period.

Going concern
The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance that the Group should be able to operate within the level of its current funding arrangements.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of preparation for its consolidated financial statements.

Creditors' payment policy
It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individual negotiated contracts) and for payment to be made in accordance with these terms provided the supplier has complied with its obligations.

Directors' interests
The interests of the Directors serving as at the date of signing of these financial statements, all of which are beneficial, in the share capital of the Company were as follows:

	31 December 2016 Ordinary Shares of £1 each	**Date of signing** Ordinary Shares of 0.1p each[1]
Tony Richardson	89,459	1,301,952
Declan Service	89,459	1,301,952
Chris Bell	-	200,000
Paul Kennedy	-	700,000
Ross Andrews	-	700,000

[1] *See note 32 Post Balance Sheet Events for details of the share restructuring on 24 March 2017*

Report of the Directors (continued)
For the period ended 31 December 2016

Substantial shareholdings
As at 1 June 2017, the following interests in 3% or more of the issued Ordinary Share capital had been notified to the Company:

Shareholder	Number of shares	Percentage of issued share capital
Venn Life Sciences Limited[1]	42,244,672	25.5%
MediNova AG[2]	37,568,440	22.7%
Enhance Skin Products Inc.[3]	29,488,144	17.8%
Lynchwood Nominees Limited	17,901,712	10.8%

1 Tony Richardson is a director of Venn. 2 Helmut Schlieper is a director of MediNova. 3 Donald Nicholson is a director of Enhance.

Post balance sheet events
The following events have taken place since the year end:

On 24 March 2017, the Company issued 3,354,325 ordinary shares of £1 to acquire the shares in TSpro GmbH.

On 24 March 2017, the Company issued 16 ordinary shares of £1 to certain shareholders of the Company.

On 24 March 2017, each ordinary existing share of £1 was sub-divided into one deferred share of 84.32p and one ordinary share of 15.68p. Each ordinary share of 15.68p was then subdivided into 56 ordinary shares of 1.4p each for every 5 in issue, and all of the deferred shares were cancelled and extinguished. Each ordinary share of 1.4p was then sub-divided into 1 ordinary share of 1p each and 1 deferred share of 0.4p, and all of the deferred shares were cancelled and extinguished.

On 24 March 2017, the Company was re-registered as a public limited company.

On 5 April 2017, the Company awarded options to key management over 6,720,000 ordinary shares of 1p each. The options are exercisable after two years and have an exercise price of between 5p and 6p each.

On 5 April 2017, the Company's ordinary shares of 1p each were admitted to trading on the AIM market of London Stock Exchange plc with ISIN number GB00BYWJ6269. On Admission:

- the Company issued 45,000,000 ordinary shares of 1p each at a placing price of 5p per ordinary share raising a total of £2.25 million.
- the Company granted warrants over 22,500,000 ordinary shares of 1p to subscribers in the Placing which are exercisable at 7.5p per ordinary share of 1p at any time during the two years from Admission.
- the Company granted warrants over 1,800,000 ordinary shares of 1p each to Turner Pope Investments (TPI) Ltd which are exercisable at 6.25p per ordinary share of 1p at any time during the five years from Admission.
- the Company granted warrants over 1,650,602 ordinary shares of 1p each to SPARK Advisory Partners Limited which are exercisable at 5p per ordinary share of 1p at any time during the five years from Admission.

On 11 April 2017, the Company issued 800,000 ordinary shares of 1p each.
As at 1 June 2017, the Company had an issued share capital of 165,860,248 ordinary shares of 1p each.

Statement of 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 prepared the Group and Parent 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 the Parent Company and of the profit or loss of the Group and the Parent Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Parent Company's website (www.integumenplc.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and the accounts, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and the Parent Company's performance, business model and strategy.

Each of the Directors, whose names ad functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Parent Company;
- the Parent Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Parent Company; and
- the Chairman's Statement and Chief Executive's Statement include a fair review of the development of the business and the position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that it faces.

Directors' liability insurance
The Company maintains Directors and Officers liability insurance, which is reviewed annually and is considered to be adequate by the Company and its insurance advisers.

Independent auditors
Jeffreys Henry LLP were appointed during the year and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to the Auditors
The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Annual General Meeting
The resolutions to be proposed at the forthcoming Annual General Meeting are set out in the formal notice of the meeting, as set out on page 46

Recommendation
The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and it is unanimously recommended that shareholders support these proposals as the Board intends to do in respect of their own shareholdings.

The Directors' report was approved by the Board on 1 June 2017 and signed on its behalf by:

Declan Service
Chief Executive Officer

Corporate Governance Statement
For the period ended 31 December 2016

Compliance
The Directors recognise the value of the principles of the Corporate Governance Code for Small and Mid-Size Quoted Companies issued by the Quoted Companies Alliance.

The following statement describes how the Group seeks to address the principles underlying the Code where practicable and appropriate for a company of this size.

Board composition and responsibility
The Board currently comprises a non-executive Chairman, four executive Directors and two non-executive Directors. The Board has determined that Ross Andrews and Paul Kennedy are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. The Board is satisfied with the balance between executive and non-executive Directors which allows it to exercise objectivity in decision making and proper control of the Group's business. The Board considers this composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between executives and non-executives.

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and are subject to re-election at least every three years. The Board does not automatically re-nominate non-executive Directors for election by shareholders. The terms of appointment of the non-executive Directors can be obtained by request to the Company Secretary.

The Board's primary objective is to focus on adding value to the assets of the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. There is a division of responsibilities between the Non-Executive Chairman, who is responsible for the overall strategy of the Group, and the CEO, who is responsible for implementing the strategy and day to day running of the Group. He is assisted by the CFO.

Board meetings
10 Board meetings were held during the period. The Director's attendance record during the period is as follows:

Tony Richardson (Chairman)	10
Declan Service (Chief Executive Officer)	10
Chris Bell (Chief Financial Officer)	7

Chris Bell was appointed on 26 September 2016.
Donald Nicholson, Helmut Schlieper, Ross Andrews and Paul Kennedy were appointed after the period end.

Audit and Risk Committee
This comprises Tony Richardson as Chairman and Ross Andrews and Paul Kennedy as the other members of the committee. Tony Richardson is the Company Chairman and has recent and relevant finance experience. The principal duties of the committee are to review the half-yearly and annual financial statements before their submission to the Board and to consider any matters raised by the auditors. The Committee also reviews the independence and objectivity of the auditors. The terms of reference of the Committee reflect current best practice, including authority to:

- Recommend the appointment, re-appointment and removal of the external auditors;
- Ensure the objectivity and independence of the auditors including occasions when non-audit services are provided; and
- Ensure appropriate 'whistle-blowing' arrangements are in place.

The Chairman may seek information from any employee of the Group and obtain external professional advice at the expense of the Company if considered necessary. Due to the relatively low number of personnel employed within the Group, the nature of the business and the current control and review systems in place, the Board has decided not to establish a separate internal audit department.

Remuneration Committee
The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration.

This committee comprises Ross Andrews as Chairman and Tony Richardson and Paul Kennedy as the other members of the committee. The committee considers the employment and performance of individual executive Directors and determine their terms of service and remuneration. It also has authority to grant options under the Company's Executive Share Option Scheme. The Committee intends to meet at least twice a year.

Board appointments
The Nomination Committee comprises Paul Kennedy as Chairman and Tony Richardson and Ross Andrews as the other members of the committee. It identifies and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee intends to meet at least twice a year.

Internal control
The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets.

The Group, in administering its business has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks.

Internal financial reporting
The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that the on-going financial performance is measured in a timely and correct manner and that risks are identified as early as is practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year. They are reviewed and approved by the Board, and revised forecasts are prepared on a regular basis.

Relations with shareholders
The Company reports to shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 days before the meeting. Each substantially separate issue is the subject of a separate resolution and all shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Chairman of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work. The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting.

The Chairman and the non-executive Directors intend to maintain a good and continuing understanding of the objectives and views of the shareholders.

Corporate social responsibility
The Board recognises that it has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

With effect from the financial period to 31 December 2016, the Group becomes subject to the requirements of the Modern Slavery Act 2015. The Group will publish the required statement on its website in due course.

Report of the Remuneration Committee
For the period ended 31 December 2016

Statement of compliance

This report does not constitute a Directors Remuneration Report in accordance with the Directors Remuneration Regulations 2007 which do not apply to the Company as it is not fully listed. This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

Policy on Executive Directors' remuneration

Remuneration packages are designed to motivate and retain executive Directors to ensure the continued development of the Company and to reward them for enhancing value to shareholders. The main elements of the remuneration package for executive Directors are basic salary or fees, performance related bonuses, benefits and share option incentives.

Directors' remuneration

The remuneration of the Directors of the Company for the period ended 31 December 2016 is shown below:

	2016
	£
Non-Executive Directors	
Tony Richardson (appointed on 28 May 2016)	-
Ross Andrews (appointed on 5 April 2017)	-
Paul Kennedy (appointed on 5 April 2017)	-
	-
Executive Directors	
Declan Service (appointed on 28 May 2016)	61,160
Chris Bell (appointed on 26 September 2016)	54,705
Donald Nicholson (appointed on 5 April 2017)	-
Helmut Schlieper (appointed on 5 April 2017)	-
	115,865
Total fees and emoluments	**115,865**

In addition, Declan Service received remuneration of £58,474 from subsidiary companies during the period (2015: £76,765)

Directors' share options

No Share options were granted during the period.

On 5 April 2017, the Company awarded options to key management over 6,720,000 ordinary shares of 1p each. The options are exercisable after two years and have an exercise price of between 5p and 6p each.

Director	**Date granted**	**No. of ordinary shares under option**	**Exercise price [1]**	**Exercise period**
Tony Richardson	5 April 2017	963,200	5p-6p	From 5 April 2017 to 5 April 2027
Declan Service	5 April 2017	2,240,000	5p-6p	From 5 April 2017 to 5 April 2027
Chris Bell	5 April 2017	2,240,000	5p-6p	From 5 April 2017 to 5 April 2027
Ross Andrews	5 April 2017	638,400	5p-6p	From 5 April 2017 to 5 April 2027
Paul Kennedy	5 April 2017	638,400	5p-6p	From 5 April 2017 to 5 April 2027

[1] 50% of the shares will vest at an exercise price of 5p and 50% at an exercise price of 6p

Independent Auditor's Report to the Members of Integumen Plc
For the period ended 31 December 2016

We have audited the Group and Parent Company financial statements (the "financial statements") of Integumen plc for the period ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated and 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 auditors' 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 set out on page 10, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all financial and non-financial information in the Chairman's Statement, Chief Executive's Statement, Corporate Governance Statement, Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view, of the state of the Group's and of the parent Company's affairs as at 31 December 2016 and of the Group's loss and Group's and parent Company's cash flows 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 properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies

Independent Auditor's Report to the Members of Integumen Plc (continued)
For the period ended 31 December 2016

- regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Sanjay Parmar (Senior Statutory Auditor)
for and on behalf Jeffreys Henry LLP, Statutory Auditor
Finsgate, 5 – 7 Cranwood Street, London, EC1V 9EE

1 June 2017

Integumen Plc

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	2016 £	2015 £
Revenue	**5**	**52,062**	**4,015**
Costs of sales		(62,716)	-
Gross (loss)/profit		(10,654)	**4,015**
Administrative Costs		(1,066,424)	(416,074)
Operating loss	**6**	**(1,077,078)**	**(412,059)**
Depreciation	**6,16**	33,747	20,584
Amortisation	**6,15**	85,214	35,442
Exceptional items	**7**	184,916	-
EBITDA before exceptional items		**(773,201)**	**(356,033)**
Finance costs	**11**	(17,523)	(2,174)
Loss before income tax		**(1,094,601)**	**(414,233)**
Income tax credit	**12**	48,440	-
Loss for the year		**(1,046,161)**	**(414,233)**
Other comprehensive income			
Currency translation differences		**(20,657)**	-
Total comprehensive loss for the year		**(1,066,818)**	**(414,233)**

Loss per share attributable to owners of the parent during the year		**£**	**£**
Basic and diluted loss per ordinary share	**13**	**0.29**	**0.13**

The notes on pages 21 to 45 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account.

The profit for the parent Company for the year was £Nil.

Integumen Plc

Consolidated and Company's Statement of Financial Position
As at 31 December 2016

	Notes	Group 2016 £	Group 2015 £	Company 2016 £
Assets				
Non-current assets				
Intangible assets	**15**	4,548,194	510,527	-
Property, plant and equipment	**16**	87,601	116,711	-
Investments in subsidiaries	**17**	-	-	4,732,456
Loan to subsidiary undertaking	**17**	-	-	2,755,618
Total non-current assets		**4,645,795**	**627,238**	**7,488,074**
Current assets				
Inventories	**19**	11,203	8,854	-
Trade and other receivables	**20**	309,129	88,882	339,176
Cash and cash equivalents	**21**	30,039	23,156	-
Total current assets		**350,371**	**120,892**	**339,176**
Total assets		**4,996,166**	**748,130**	**7,827,250**
Equity attributable to owners				
Share capital	**25**	7,365,324	194	7,365,324
Share premium account	**27**	-	745,645	-
Retained loss	**26**	(1,912,639)	(866,478)	-
Foreign currency reserve	**27**	(20,657)	-	-
Reverse acquisition reserve	**27**	(2,843,135)	-	-
Total equity		**2,588,893**	**(120,639)**	**7,365,324**
Liabilities				
Non-current liabilities				
Deferred tax liabilities	**23**	93,069	-	-
Borrowings	**24**	667,024	47,120	-
Total non-current liabilities		**760,093**	**47,120**	**-**
Current liabilities				
Trade and other payables	**22**	1,445,407	805,369	461,926
Deferred tax liabilities	**23**	10,486	-	-
Borrowings	**24**	191,287	16,280	-
Total current liabilities		**1,647,180**	**821,649**	**461,926**
Total liabilities		**2,407,273**	**868,769**	**461,926**
Total equity and liabilities		**4,996,166**	**748,130**	**7,827,250**

The notes on pages 21 to 45 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 1 June 2017.

Declan Service
Chief Executive Officer

Integumen Plc
Registered no: 10205396

Consolidated and Company's Statement of Cash Flows
For the period ended 31 December 2016

	Notes	Group 2016 £	Group 2015 £	Company 2016 £
Cash Flow from operating activities				
Cash (used in)/generated from operations	**28**	(975,267)	278,291	122,750
Taxation		6,930	-	-
Interest paid		(17,523)	(2,174)	-
Net cash (used in)/generated from operating activities		(985,860)	**276,117**	**122,750**
Cash flow from investing activities				
Acquisition of investments		-	-	(122,750)
Payments to acquire intangibles		(945,032)	(384,911)	-
Purchase of property, plant and equipment		(1,604)	(98,313)	-
Net cash used in investing activities		(946,636)	**(483,224)**	**(122,750)**
Cash flow from financing activities				
Proceeds from issuance of ordinary shares		1,144,468	-	-
New loans		858,402	-	-
Capital element of finance lease		(24,542)		
Repayments on borrowings		(38,949)	-	-
Net cash generated by financing activities		1,939,379	**-**	**-**
Net increase/ (decrease) in cash and cash equivalents		6,883	(207,107)	-
Cash and cash equivalents at beginning of year		23,156	245,838	-
Exchange difference on cash and cash equivalents		-	(15,575)	-
Cash and cash equivalents at end of year	**21**	30,039	**23,156**	**-**

Integumen Plc

Consolidated and Company's Statement of Changes in Shareholders' Equity

Group

	Share capital £	Share premium £	Reverse acquisition reserve £	Foreign currency reserve £	Retained earnings £	Total £
At 1 January 2015	**194**	**745,645**	**-**	**-**	**(452,245)**	**293,594**
Changes in equity for the year ended 31 December 2015						
Loss for the year	-	-	-	-	(414,233)	**(414,233)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(414,233)**	**(414,233)**
At 31 December 2015	**194**	**745,645**	**-**	**-**	**(866,478)**	**(120,639)**
Changes in equity for the year ended 31 December 2016						
Loss for the year	-	-	-	-	(1,046,161)	**(1,046,161)**
Currency translation differences	-	-	-	(20,657)	-	**(20,657)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(20,657)**	**(1,046,161)**	**(1,066,818)**
Transactions with the owners						
Shares issued during the year	7,365,400	1,144,392	-	-	-	**8,509,792**
Reverse acquisition arising	(270)	(1,890,037)	(2,843,135)	-	-	**(4,733,442)**
Total contributions by and distributions to owners	**7,365,130**	**(745,645)**	**(2,843,135)**	**-**	**-**	**3,776,350**
At 31 December 2016	**7,365,324**	**-**	**(2,843,135)**	**(20,657)**	**(1,912,639)**	**2,588,893**

Company

	Share capital £	Retained earnings £	Total £
Changes in equity for the period beginning 28 May 2016			
Total comprehensive gain for the year	-	-	**-**
Shares issued during the period	7,365,324	-	**7,365,324**
At 31 December 2016	**7,365,324**	**-**	**7,365,324**

Notes to the Financial Statements
For the period ended 31 December 2016

1. General information
Integumen Plc is a company incorporated in England and Wales. The Company is a public limited company admitted to trading on the AIM market of the London Stock Exchange since 5 April 2017. The address of the registered office is Sand Hutton Applied Innovation Campus, Sand Hutton, York, North Yorkshire, YO41 1LZ.

The principal activity of the Group is that of developing technologies in the skin industry. The Group has a presence in the UK, Ireland and Germany.

The financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group's trading companies operate. The Group comprises Integumen Plc and its subsidiary companies as set out in note 17.

The registered number of the Company is 10205396.

2. Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied throughout the year, unless otherwise stated.

Basis of preparation
The consolidated financial statements of Integumen Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Practice is continuing to evolve on the application and interpretations of IFRS.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Interpretations and revised standards that are not yet effective and have not been early adopted by the Group
The following interpretations to existing standards have been published that are mandatory for the Group's future accounting but which the Group has not adopted early. Management has not yet fully assessed the impact of these new standards but does not believe they will have any material impact on the financial statements.

- Annual improvements 2014 – 2016 cycle
- IAS 7 (Amendment): Statement of cash flows – disclosure initiative amendments (from 1 January 2017)
- IAS 12 (Amendment): Income taxes - Statement of cash flows – Recognition of Deferred Tax assets for unrealised losses (from 1 January 2017)
- IFRS 2 (Amendment): Share based payments – classification and measurement of share based payment transactions (from 1 January 2017)
- IFRS 9: Financial Instruments – Replace IAS 39 in its entirety (from 1 January 2018)
- IFRS 15: Revenue from Contracts with Customers (from 1 January 2018)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (from 1 January 2017)
- IFRS 16: Leases – Replace IAS 17 in its entirety (from 1 January 2019)
- IAS 16 (Amendment): Property, plant and equipment – clarification of acceptable methods of depreciation (from 1 January 2016)
- IAS 38 (Amendment): Intangible assets – clarification of acceptable methods of amortisation (from 1 January 2016)
- IFRS 10 (Amendment): Consolidated financial statements – applying the consolidation exception (from 1 January 2016)

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern
The Group meets its day-to-day working capital requirements through the use of cash reserves and existing bank facilities. The Company was admitted to trading on the AIM market of the London Stock Exchange on 5 April 2017 raising £2.25million in new funds.

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance that the Group should be able to operate within the level of its current funding arrangements.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. For this reason, they have adopted the going concern basis in the preparation of the financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiary and associated undertakings. Subsidiaries are all entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than fifty per cent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in the comprehensive income with a corresponding adjustment in the carrying amount of the investment.

(a) Acquisition accounting
The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

(b) Reverse acquisition accounting
The acquisition of Innovenn UK Limited and its subsidiary by Integumen Plc on 17 November 2016 has been accounted using the principles of reverse acquisition accounting. Although the Group financial statements have been prepared in the name of the legal parent, Integumen Plc, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, Innovenn UK Limited. The following accounting treatment has been applied in respect of the reverse accounting:

The assets and liabilities of the legal subsidiary, Innovenn UK Limited are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without restatement of fair value. The retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Innovenn UK Limited immediately before the business combination and the results of the period from 1 January 2014 to the date of the business combination are those of Innovenn UK Limited. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, Integumen Plc, including the equity instruments issued in order to effect the business combination.

Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling, which is the functional and presentational currency of the main operating entities.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'administrative expenses', except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Any borrowing costs associated with qualifying property plant and equipment are capitalised and depreciated at the rate applicable to that asset category.

Depreciation on assets is calculated using the straight-line method or reducing balances method to allocate their cost to its residual values over their estimated useful lives, as follows:

Fixtures and fittings	20% –25%

The assets' residual values and useful economic lives are reviewed regularly, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on the disposal of assets are determined by comparing the proceeds with the carrying amount and are recognised in administration expenses in the income statement.

Intangible assets

Intellectual property rights

Intellectual property rights relate to patents acquired by the Group. Amortisation is calculated using the straight-line method over the expected life of 10 years and is charged to administrative expenses in the income statement.

Impairment of non-financial assets

Assets that have an indefinite life such as goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in the prior period. A reversal of an impairment loss is recognised in the income statement immediately. If goodwill is impaired however, no reversal of the impairment is recognised in the financial statements.

Financial assets

Classification

The Company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase the asset. Assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the risk and rewards of ownership have been transferred.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Financial liabilities

Debt is measured at fair value, being net proceeds after deduction of directly attributable issue costs, with subsequent measurement at amortised cost. Debt issue costs are recognised in the income statement over the expected term of such instruments at a constant rate on the carrying amount.

Research and development

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Trade and other receivables
Trade receivables are initially recognised at fair value, being the original invoice amount, and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Trade receivables that are less than three months past due date are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default. Older debts are considered to be impaired unless there is sufficient evidence to the contrary that they will be settled. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, reduced by overdrafts to the extent that there is a right of offset against other cash balances.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts.

Share capital
Ordinary Shares and Deferred shares are classified as equity. Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed in the consolidated Group income statement under the heading 'finance costs'. Arrangement and facility fees together with bank charges are charged to the income statement under the heading 'administrative costs'.

Current and deferred income tax
The tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income where the associated tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in respect of all temporary differences except where the deferred tax liability arises from the initial recognition of goodwill in business combinations.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable. They are regarded as recoverable where, on the basis of available evidence, there will be sufficient taxable profits against which the future reversal of the underlying temporary differences can be deducted.

The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Exceptional items
These are items of an unusual or non-recurring nature incurred by the Group and include transactional costs and one-off items relating to business combinations, such as acquisition expenses.

Leases
Leases which transfer substantially all the risks and rewards of ownership of an asset are treated as a finance lease. Assets held under finance leases are capitalised at their fair value at the inception of the lease and depreciated over the estimated useful economic life of the asset or lease term if shorter. The finance charges are allocated to the income statement in proportion to the capital amount outstanding.

All other leases are classified as operating leases. Operating lease rentals are charged to the income statement in equal annual amounts over the lease term.

Employee benefits
Pension obligations
Group companies operate a pension scheme with defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with the pension cost charged to the income statement as incurred. The Group has no further obligations once the contributions have been paid.

Revenue recognition
(a) Revenue from services to customers
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue represents the fees and commissions, net of discounts, derived from services provided to and invoiced to customers. Revenue is recognised in the period in which the service is performed, in accordance with contractual arrangements. Income billed in advance of the performance of service is deferred and income in respect of work carried out but not billed at the period end is accrued. In these cases, revenue is recognised by reference to the stage of completion which is measured by reference to labour hours incurred to the period end as a percentage of the total estimated labour hours for the contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(b) Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(c) Royalty and licence income
Royalty and licence income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Dividend distribution
Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

3. Financial risk management
Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and cash flow interest rate risk), credit risk, liquidity risk, capital risk and fair value risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by the head office finance team. It evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management whilst the head office finance team provides specific policy guidance for the operating units in terms of managing foreign exchange risk, credit risk and cash and liquidity management.

(a) Market risk
(i) Foreign exchange – cash flow risk
The Group's presentational currency is sterling although it operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily between Euro, USD and the GBP such that the Group's cash flows are affected by fluctuations in the rate of exchange between sterling and the aforementioned foreign currencies.

Management do not use derivative financial instruments to mitigate the impact of any residual foreign currency exposure not mitigated by the natural hedge within the business model. The Group does not speculate in foreign currencies and no operating Company is permitted to take unmatched positions in any foreign currency.

(ii) Foreign exchange – Fair value risk
Translation exposures that arise on converting the results of overseas subsidiaries are not hedged. Net assets held in foreign currencies are hedged wherever practical by matching borrowings in the same currency. The principal exchange rates used by the Group in translating overseas profits and net assets into Euro are set out in the table below.

Compared to Sterling	Average rate 2016	Year end rate 2016	Average rate 2015	Year end rate 2015
Euro	0.82	0.85	0.72	0.74
US Dollar	0.75	0.81	0.66	0.68

(iii) Cash flow and fair value interest rate risk
The Group has assets in the form of cash and cash equivalents and limited interest bearing liabilities which relate to long-term borrowing. Interest rates on cash and cash equivalents are currently zero whilst interest rates on bank borrowings are 4.25% over the banks Cost of Funds Rate and therefore expose the Group to fair value interest rate risk. The Group does not speculate on future changes in interest rates.

Where overseas acquisitions are made, it is the Group's policy to arrange any borrowings required in local currency.

It is the Group's policy not to trade in derivative financial instruments. The Group does not use interest rate swaps.

(b) Credit risk
Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local subsidiary and operating business unit is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk is managed at the operating business unit level and monitored at the Group level to ensure adherence to Group policies. If there is no independent rating, local management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

(c) Liquidity risk
Cash flow forecasting is performed in the individual operating entities of the Group and is aggregated by Group finance. Group finance monitors cash and cash flow forecasts and it is the Group's liquidity risk management policy to maintain sufficient cash and available funding through an adequate amount of cash and cash equivalents and committed credit facilities from its bankers. Due to the dynamic nature of the underlying businesses, the head office finance team aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents available to fund the requirements of the Group.

The Group's policy in relation to the finance of its overseas operations requires that sufficient liquid funds be maintained in each of its subsidiaries to support short and medium-term operational plans. Where necessary, short-term funding is provided by the parent Company. Typically, excess funds are placed as short-term deposits, to provide a balance between interest earnings and flexibility.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Less than one year £	Between 1 and 2 years £	Between 2 and 5 years £	More than 5 years £	Total £
At 31 December 2016:						
Borrowings	24	191,287	182,184	484,840	-	858,311
Trade and other payables	22	1,445,407	-	-	-	1,445,407
At 31 December 2015:						
Borrowings	24	16,280	8,262	38,858		63,400
Trade and other payables	22	805,369				805,369

(d) Capital risk management
The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is the sum of net debt plus equity.

4. Critical accounting estimates and judgements
In the process of applying the Group's accounting policies, management has made accounting judgements in the determination of the carrying value of certain assets and liabilities. Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes will differ from those assumptions and estimates. The following judgements have the most significant effect on the amounts recognised in the financial statements.

(a) Business combinations
The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill.

(b) Impairment of goodwill and cost of investments
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in note 15. In addition, the Group has also considered the impairment of the investments in the subsidary undertakings.

(c) Impairment of receivables
Trade and other receivables are carried at the contractual amount due less any estimated provision for non-recovery. Provision is made based on a number of factors including the age of the receivable, previous collection experience and the financial circumstances of the counterparty.

(d) Intangible assets
The Group amortises intangible assets over their estimated useful life. The useful lives of Goodwill and Intellectual Property Rights have been estimated by the Group as stated in note 2. The Group tests annually whether there is any indication that Intangible assets have been impaired.

5. Segmental reporting
Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Marker ('CODM'). The CODM is the Executive Directors and the monthly management reports are used by the Group to make strategic decisions and allocate resources. At the year-end no separate segments are being reported by the Executive Directors. In the future, separate segments will be established as the Group's operations develop.

Currently the key operating performance measures used by the CODM are revenue, adjusted EBITDA and cash resources.

Disclosure of group revenue by geographical location is follows:

	2016	**2015**
	£	**£**
United Kingdom	11,900	4,015
United States of America	11,602	-
Belgium	27,000	-
Ireland	1,560	-
Total revenue	**52,062**	**4,015**

Revenues of £47,015 are derived from 3 customers each representing more than 10% of the group revenue. In 2015, all revenues were from a single customer.

6. Expenses – analysis by nature

	2016	**2015**
	£	**£**
Employee benefit expense (note 9)	395,207	110,241
Depreciation (note 16)	33,747	20,584
Amortisation (note 15)	85,214	35,442
Exceptional items (note 7)	184,916	-
Auditors remuneration – parent company and consolidation	11,124	4,500
Foreign exchange differences	(29,842)	7,334
Operating lease payments	50,008	32,675
Other expenses	336,050	205,298
Total administrative costs	**1,066,424**	**416,074**

7. Exceptional items

Included within administrative expenses are exceptional items as shown below:

	2016	2015
	£	£
Exceptional items include:		
– Transaction costs relating to listing and business acquisition	325,980	-
– Deemed credit on reverse acquisition	(141,064)	-
Total exceptional items	**184,916**	**-**

8. Directors' remuneration

The remuneration of the directors in Integumen Plc who held office during the period ended 31 December 2016 was as follows:

	2016	2015
	£	£
Aggregate emoluments	157,928	73,405
Contribution to defined contribution pension scheme	16,411	3,360
Total directors' remuneration	**174,339**	**76,765**

For the purpose of the basis of consolidation of a reverse takeover transaction, as disclosed in note 2 to the accounts:

(a) The comparative year ended 31 December 2015 above was remuneration for directors in Innovenn Limited, as it represents the continuation of the financial information of Innovenn Limited.

(b) The current year ended 31 December 2016 includes remuneration of £58,474 paid by Innovenn Limited to directors of Integumen Plc.

The remuneration of the directors in Integumen Plc who held office during the period from 1 January 2016 to 17 November 2016, when the reverse takeover took place and from 17 November 2016 to 31 December 2016 was as follows:

	From 1 January 2016 to 17 November 2016	From 17 November 2016 to 31 December 2016	Total
	£	£	£
Aggregate emoluments	63,899	38,339	102,238
Contribution to defined contribution pension scheme	8,517	5,110	13,627
Total directors' remuneration	**72,416**	**43,449**	**115,865**

9. Employee benefit expense

	2016	2015
	£	£
Wages and salaries	385,827	198,347
Social security costs	54,031	18,102
Pension costs	11,009	6,339
Total employee benefit expense	**450,867**	**222,788**

Included in staff costs is £55,660 that was capitalised during the year to intangible assets (2015: £112,547)

10. Average number of people employed

	2016	2015
	No	No
Average number of people (including Executive Directors) employed was:		
Administration	2	1
Operations and research	6	5
Sales and marketing	1	1
Total average number of people employed	**9**	**7**

The total number of employees at 31 December 2016 was 8.

11. Finance costs

	2016	2015
	£	£
Interest expense:		
– Bank borrowings	12,305	-
– Interest on finance leases	5,218	2,074
Finance costs	**17,523**	**2,074**

Notes to the Financial Statements (continued)
For the period ended 31 December 2016

12. Income tax expense

Group	2016 £	2015 £
Current tax:		
Current tax for the year	-	-
Research and development tax credit	(47,129)	-
Total current tax (credit)/charge	**(47,129)**	**-**
Deferred tax (note 23):		
Origination and reversal of temporary differences	(1,311)	-
Total deferred tax	**(1,311)**	**-**
Income tax (credit)/charge	**(48,440)**	**-**

The Finance Act 2015 which was substantially enacted in 2015 included legislation to reduce the main rate of UK corporation tax to 19% from 1 April 2019 and the Finance Act 2016 which was substantially enacted in 2016 included legislation to reduce the main rate of UK Corporation tax to 17% from 1 April 2020.

The tax on the Group's results before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the consolidated entities as follows:

	2016 £	2015 £
Loss before tax	**(1,094,601)**	**(414,233)**
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 20% (2015 - 20%)	(218,920)	(78,105)
Tax effects of:		
– Expenses not deductible for tax purposes	190,010	-
– Research and development tax credit	(47,129)	-
– Losses carried forward	63,676	78,105
Tax (credit)/charge	**(48,440)**	**-**

There are no tax effects on the items in the statement of comprehensive income. The effect of losses in discussed in note 23.

13. Loss per share

(a) Basic

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

	2016	2015
Loss attributable to owners of the parent	£1,046,161	£414,233
Weighted average number of Ordinary Shares in issue	3,623,584	3,110,697
Basic profit/ (loss) per share	**£0.29**	**£0.13**

(b) Diluted

There were no dilutive potential ordinary shares in issue at the year end.

14. Dividends

There were no dividends paid or proposed by the Company in either year.

15. Intangible fixed assets

Group	Development Costs and Intellectual Property Rights	Total
	£	£
Cost		
At 1 January 2015	175,000	**175,000**
Additions[1]	384,911	**384,911**
Exchange differences	(10,241)	**(10,241)**
At 31 December 2015	**549,670**	**594,670**
Amortisation		
At 1 January 2015	3,522	**3,522**
Charge for the year	35,442	**35,442**
Exchange differences	179	**179**
At 31 December 2015	**39,143**	**39,143**
Net book value		
At 31 December 2015	**510,527**	**510,527**
Cost		
At 1 January 2016	549,670	**549,670**
On acquisition of subsidiary (note 33)	524,329	**524,329**
On acquisition of trade and assets (note 33)	3,259,632	**3,259,632**
Additions[1]	152,940	**152,940**
Exchange differences	202,995	**202,995**
At 31 December 2016	**4,689,566**	**4,689,566**
Amortisation		
At 1 January 2016	39,143	**39,143**
Charge for the year	85,214	**85,214**
Exchange differences	7,015	**7,015**
At 31 December 2016	**131,372**	**131,372**
Net book value		
At 31 December 2016	**4,588,194**	**4,588,194**

[1]Additions are development costs capitalised during the period

At the year-end, no impairment provision is required.

The Company had no intangible assets.

16. Property, plant and equipment

Group	Fixtures and fittings	Total
	£	£
Cost		
At 1 January 2015	41,785	**41,785**
Additions	98,313	**98,313**
Exchange differences	(2,066)	**(2,066)**
At 31 December 2015	**138,032**	**138,032**
Amortisation		
At 1 January 2015	534	**534**
Charge for the year	20,584	**20,584**
Exchange differences	203	**203**
At 31 December 2015	**21,321**	**21,321**
Net book value		
At 31 December 2015	**116,711**	**116,711**
Cost		
At 1 January 2016	138,032	**138,032**
Additions	1,604	**1,604**
Exchange differences	5,223	**5,223**
At 31 December 2016	**144,859**	**144,859**
Amortisation		
At 1 January 2016	21,321	**21,321**
Charge for the year	33,747	**33,747**
Exchange differences	2,190	**2,190**
On disposal of subsidiary	-	**-**
At 31 December 2016	**57,258**	**57,258**
Net book value		
At 31 December 2016	**87,601**	**87,601**

Fixtures and fittings includes the following amounts where the group is a lessee under a finance lease (note 24):

	2016	2015
	£	£
Cost	92,032	92,032
Accumulated depreciation	26,076	7,669
Net book value	65,956	84,363

Bank borrowings as detailed in note 24 are secured with a floating charge against the assets of Innovenn UK Limited, which include the above fixtures and fittings.
The Company had no property, plant and equipment.

17. Investments in subsidiaries

Company	Investments 2016	Loan to Subsidiary 2016
Carrying amount:	£	£
Additions during the year	4,732,456	2,755,618
End of the year	**4,732,456**	**2,755,618**

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid. No impairment provision has been made to the investments.

The subsidiaries of Integumen Plc are as follows:

Name of Company	Proportion Held	Class of Shareholding	Country of Incorporation
Innovenn UK Limited	100% (direct)	Ordinary	United Kingdom
Innovenn Limited	100% (indirect)	Ordinary	Ireland
Lifesciencehub UK Limited	100% (direct)	Ordinary	United Kingdom
Lifesciencehub Ireland Limited	100% (indirect)	Ordinary	Ireland
Integumen Inc.	100% (direct)	Ordinary	United States of America
Visible Youth Limited	100% (indirect)	Ordinary	United Kingdom

All the subsidiaries are included in the consolidation. The proportions of voting shares held by the parent Company do not differ from the proportion of Ordinary Shares held.

All subsidiaries were acquired in the period and their activities are those of technology commercialisation in the field of health and personal care products.

The loan to Integumen Inc. arises on the acquisition of the trade, assets and certain liabilities of Enhance Skin Products Inc. in exchange for the issue of shares of the Company.

18. Financial instruments by category
(a) Assets

	Group 2016 £	Group 2015 £	Company 2016 £
31 December			
Assets as per balance sheet			
Trade and other receivables excluding prepayments and corporation tax	256,098	75,779	339,174
Cash and cash equivalents	30,039	23,156	-
Total	**286,137**	**98,935**	**339,174**

(b) Liabilities

	Group 2016 £	Group 2015 £	Company 2016 £
31 December			
Liabilities as per balance sheet			
Borrowings	858,311	63,400	-
Trade and other payables	1,445,407	805,369	461,926
Total	**2,303,718**	**868,769**	**461.926**

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company.

(c) Credit quality of financial assets

The Group is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at 31 December 2016, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets.

Trade receivables

The credit quality of trade receivables that are neither past due date nor impaired have been assessed based on historical information about the counterparty default rate. The Group does not hold any other receivable balances with customers, whose past default has resulted in the non-recovery of the receivables balances.

Cash at bank

The credit quality of cash has been assessed by reference to external credit ratings, based on reputable credit agencies' long-term issuer ratings:

Rating	2016 £	2015 £
A – AAA	30,039	23,156
Total	**30,039**	**23,156**

19. Inventories

	Group 2016 £	Group 2015 £
Raw materials	11,203	8,854
Inventory	**11,203**	**8,854**

There are no inventories in the Company.

The Directors consider that the carrying amount of inventory approximates to their fair value.

20. Trade and other receivables

	Group 2016 £	Group 2015 £	Company 2016 £
Trade receivables	8,827	-	-
Less: provision for impairment of trade receivables	-	-	-
Trade receivables – net	8,827	-	-
Prepayments and accrued income	12,532	12,802	-
Amounts owed by subsidiary undertakings	-	-	339,174
Taxation	40,500	301	-
Other receivables	247,271	75,779	2
	309,130	**88,882**	**339,176**

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Other receivables include £247,000 due from TSpro GmbH, a company acquired by the Company on 24 March 2017.

The carrying amounts of the Group's trade and other receivables denominated in foreign currencies were as follows:

	Group 2016 £	Group 2015 £	Company 2016 £
Sterling	52,997	76,184	339,176
Euros	256,133	12,698	-
	309,130	**88,882**	**339,176**

21. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £
Cash at bank and on hand	30,039	23,156	-
Cash and cash equivalents (excluding bank overdrafts)	**30,039**	**23,156**	**-**

The Group's cash and cash equivalents are held in non-interest bearing accounts. The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

22. Trade and other payables

	Group 2016 £	Group 2015 £	Company 2016 £
Trade payables	154,584	48,809	-
Amounts due to group companies	-	-	153,286
Amounts due to connected parties	311,017	736,191	-
Social security and other taxes	48,146	7,951	-
Accrued expenses and deferred income	931,660	12,418	308,640
	1,445,407	**805,369**	**461,926**

23. Deferred income tax

Deferred tax liabilities
Deferred tax balances were as follows:

	Group 2016 £	Group 2015 £
Deferred tax liability to be recovered after more than one year	93,069	-
Deferred tax liability to be recovered within one year	10,486	-
	103,555	**-**
Deferred tax liabilities were made up as follows:		
Accelerated tax depreciation	103,555	-
	103,555	**-**

The movement on the deferred tax income tax account is as follows:

	Group 2016 £	Group 2015 £
At 1 January	-	-
On acquisition of subsidiary	104,866	
Income statement movement (note 12)	(1,311)	-
	103,555	**-**

There were no deferred tax liabilities in the Company

Deferred tax assets
Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately £491,000 (2015: £190,000) mainly in respect of tax losses amounting to approximately £2,103,000 (2015: £832,000) that can be carried forward against future taxable income. An average tax rate of 23% has been used.

There was no deferred tax asset recognised for the Company.

24. Borrowings

	Group 2016 £	Group 2015 £
Non-current		
Bank borrowings	652,708	-
Finance leases	14,316	47,120
	667,024	**47,120**
Current		
Bank borrowings	166,745	-
Finance leases	24,542	16,280
	191,287	**16,280**

The Company has no borrowings.

The maturity profile of bank borrowings was as follows:

	Group 2016 £	Group 2015 £
Amounts falling due		
Within 1 year	166,745	-
Between 1 and 2 years	167,868	-
Between 2 and 5 years	484,840	-
Total bank borrowings	**819,453**	**-**

Bank borrowings
Bank borrowings mature in 2021 and bear a fixed coupon of 4.33% annually over the bank's cost of funds.

Bank borrowings are secured with a floating charge against the assets of Innovenn UK Limited. Venn Life Sciences Holdings plc has also provided guarantees against those bank borrowings.

The Company has been compliant with its banking covenants throughout the year.

The bank borrowings are repayable by monthly instalments. The Company is not exposed to interest rate changes or contractual re-pricing dates at the end of the reporting period, as the borrowings are fixed in nature.

The fair value of both current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant.

The Group's bank borrowings are denominated in Euro.

Finance leases
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2016	2015
	£	£
Gross finance lease liabilities - minimum payments		
No later than 1 year	29,760	29,760
Later than 1 and no later than 5 years	17,360	47,120
	47,120	76,880
Future finance charges on finance leases	(8,262)	(13,480)
Present value of finance lease liabilities	**38,858**	**63,400**
Present value of finance lease liabilities is as follows:		
No later than 1 year	24,542	16,280
Later than 1 and no later than 5 years	14,316	47,120
	38,858	**63,400**

25. Share capital

	Group	Group	Company
	2016	2015	2016
	£	£	£
7,365,324 Ordinary shares of £1 each	7,365,324	-	7,365,324
Nil (2015 – 194 ordinary shares £1 each)	-	194	-
Total	**7,365,264**	**194**	**7,365,324**

The Group's comparative figures for share capital presented in the financial statements are the consolidated numbers of Innovenn UK Limited. Innovenn UK Limited, before the reverse acquisition by the Company, subdivided its ordinary shares by converting every 1 ordinary share of £1 into 1,000 ordinary shares of £0.001 each. Furthermore, on 17 November 2017 it issued 76,112 ordinary shares for a total consideration of £1,144,468 in lieu of inter-company loans with the former group undertakings, Venn Life Sciences Limited.

Since incorporation of the Company on 28 May 2016 the following ordinary shares were issued:

- On 28 May 2016, the Company issued two ordinary shares of £1 each at par.

- On 21 October 2016, the Company issued 401,338 ordinary shares of £1 each to acquire the shares in Lifesciencehub UK Limited.

- On 17 November 2016, the Company issued 4,061,570 ordinary shares of £1 each to acquire the shares in Innovenn UK Limited.

- On 2 December 2016, the Company issued 2,632,868 ordinary shares of £1 each to enable its subsidiary company, Integumen Inc., to acquire the trade, assets and certain liabilities of Enhance Skin Products, Inc.

- On 7 December 2016, the Company issued a further 269,546 ordinary shares of £1 each as further consideration for the acquisition of shares in Innovenn UK Limited.

Under reverse accounting rules the share capital of the Group changes from Innovenn UK Limited to Integumen Plc and the difference is posted in reverse acquisition reserve.

26. Retained earnings

	Group	Company
	£	£
At 1 January 2015	**(452,245)**	**-**
Loss for the year	(414,233)	-
At 31 December 2015	**(866,478)**	**-**
At 1 January 2016	**(866,478)**	**-**
Loss for the year	(1,046,161)	-
At 31 December 2016	**(1,912,639)**	**-**

27. Other reserves
Group

	Foreign currency reserve	Share premium	Reverse acquisition reserve
	£	£	£
At 1 January 2015 and at 31 December 2015	**-**	**745,645**	**-**
At 1 January 2016	**-**	**745,645**	**-**
Issue of ordinary shares		1,144,392	
On acquisition	-	(1,890,037	(2,843,135)
Currency translation differences	(20,657)	-	-
At 31 December 2016	**(20,657)**	**-**	**(2,843,135)**

The reverse acquisition reverse was as result of the reverse acquisition of Innovenn UK Limited and its subsidiary by Integumen Plc.

28. Cash used in operations

	Group 2016	Group 2015	Company 2016
	£	£	£
Loss before income tax	(1,046,161)	(414,233)	-
Adjustments for:			
– Depreciation and amortisation	118,961	56,026	-
– Foreign currency translation of net assets	(54,342)	-	-
– Exceptional Item on reverse acquisition accounting	(141,064)	-	-
– Net finance costs	17,523	2,174	-
– Taxation	(48,440)	2,174	-
Changes in working capital			
– Inventories	(2,349)	-	-
– Trade and other receivables	(4,991)	211,693	(339,176)
– Trade and other payables	185,596	422,631	461,926
Net cash (used in)/generated from operations	**(975,267)**	**278,291**	**122,750**

29. Related Party Disclosures

Amounts due to connected parties

	Group 2016 £	Group 2015 £	Company 2016 £
Charles Service's estate	12,661	-	-
Coolford Limited	32,793	-	-
Venn Life Sciences Holdings plc and subsidiaries	265,561	736,191	-
	311,017	**736,191**	**-**

Charles Service was related to Declan Service.

Tony Richardson is a director of Coolford Limited, a company registered in the Republic of Ireland.

Tony Richardson is a director of Venn Life Sciences Holdings plc. Venn Life Sciences Limited, a subsidiary of Venn Life Sciences Holdings plc, is a shareholder in the Company.

During the year, Venn Life Sciences Holdings plc and its subsidiaries charged management charges of £91,000 (2015: £90,000) to Innovenn UK Limited.

During the year, Innovenn UK Limited converted £1,144,466 of the amounts due to Venn Life Sciences Holdings plc and its subsidiaries into ordinary shares.

The Company

Amounts due from group companies

	Company 2016 £
Innovenn UK Limited	233,110
Lifesciencehub UK Limited	106,063
	339,174

Amounts due to group companies

	Company 2016 £
Innovenn Limited	153,286
	153,286

During the year, the Company charged management charges of £424,252 to Innovenn UK Limited and £106,064 to Lifesciencehub UK Limited.

During the year, the Company was recharged costs by Innovenn Limited of £153,286 and by Innovenn UK Limited £67,030.

30. Capital commitments
The Group had no capital commitments at 31 December 2016.

31. Financial commitments
Operating Leases
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	Minimum Operating Lease Payments	
	2016	2015
	£	£
Within one year	50,126	25,700
Between 1 and 2 years	50,126	51,400
Within second to fifth year inclusive	25,093	33,196
	125,316	110,296

32. Post balance sheet events

The following events have taken place since the year end:

- On 24 March 2017, the Company issued 3,354,325 ordinary shares of £1 to acquire the shares in TSpro GmbH.
- On 24 March 2017, the Company issued 16 ordinary shares of £1 to certain shareholders of the company.
- On 24 March 2017, each ordinary existing share of £1 was sub-divided into one deferred share of 84.32p and one ordinary share of 15.68p. Each ordinary share of 15.68p was then subdivided into 56 ordinary shares of 1.4p each for every 5 in issue, and all of the deferred shares were cancelled and extinguished. Each ordinary share of 1.4p was then sub-divided into 1 ordinary share of 1p each and 1 deferred share of 0.4p, and all of the deferred shares were cancelled and extinguished.
- On 29 March 2017, the Company was re-registered as a public limited company.
- On 5 April 2017, the Company awarded options to key management over 6,720,000 ordinary shares of 1p each. The options are exercisable after two years and have an exercise price of between 5p and 6p each.
- On 5 April 2017, the Company's ordinary shares of 1p each were admitted to trading on the AIM market of London Stock Exchange plc with ISIN number GB00BYWJ6269. On Admission:
    - the Company issued 45,000,000 ordinary shares of 1p each at a placing price of 5p per ordinary share raising a total of £2.25 million.
    - the Company granted warrants over 22,500,000 ordinary shares of 1p to subscribers in the Placing which are exercisable at 7.5p per ordinary share of 1p at any time during the two years from Admission.
    - the Company granted warrants over 1,800,000 ordinary shares of 1p each to Turner Pope Investments (TPI) Ltd which are exercisable at 6.25p per ordinary share of 1p at any time during the five years from Admission.
    - the Company granted warrants over 1,650,602 ordinary shares of 1p each to SPARK Advisory Partners Limited which are exercisable at 5p per ordinary share of 1p at any time during the five years from Admission.

On 11 April 2017, the Company issued 800,000 ordinary shares of 1p each.

As at 1 June 2017, the Company had an issued share capital of 165,860,248 ordinary shares of 1p each.

33. Business combinations

On 21 October 2016, 401,338 fully paid ordinary shares of £1.00 each were issued by the Company as consideration for the acquisition of Lifesciencehub UK Limited.

On 17 November 2016, 4,061,570 fully paid ordinary shares of £1.00 each were issued by the Company as initial consideration for the acquisition of Innovenn UK Limited. On 7 December 2016, 269,546 fully paid shares ordinary shares of £1.00 each were issued by the Company as further consideration for the acquisition of Innovenn UK Limited. The total number of shares issued as consideration for the acquisition of Innovenn UK Limited was 4,331,116. The acquisition of Innovenn UK Limited by Integumen Plc has been accounted as reversal acquisition accounting.

On 2 December 2016, the Company issued 2,632,868 ordinary shares of £1 each to enable its subsidiary company, Integumen Inc., to acquire the trade, assets and certain liabilities of Enhance Skin Products, Inc. The assets included Intellectual Property Rights of £3,259,632. The acquired liabilities amounted to £549,674.

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the acquisition date of reversal acquisition of Integumen Plc and Lifesciencehub UK Limited by Innovenn UK Limited:

	Integumen Plc and Lifesciencehub UK £	Enhance Skin Products, Inc. £
Fair value consideration		
Deemed consideration of acquisition	400,448	2,632,868
Cash consideration	-	77,090
Total fair value consideration	**400,448**	**2,709,958**
Recognised amounts of identifiable assets acquired and liabilities assumed		
Intellectual Property (note 15)	524,329	3,259,632
Trade and other receivables	576,499	-
Trade and other payables	(454,450)	(549,674)
Deferred tax liabilities (note 23)	(104,866)	-
Total fair value of identifiable net assets	**541,512**	**2,709,958**
Excess of net assets over consideration	**141,064**	**-**

The book value of the assets acquired is the same as their fair value other than Intellectual Property, the value of which was ascribed on acquisition

The excess consideration over identifiable net assets have been written to the Consolidated Statement of Comprehensive Income as deemed reverse acquisition costs.

Company

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the acquisition date of the acquisition of Lifesciencehub UK Limited by Integumen Plc:

	Total £
Fair value consideration	
Consideration of acquisition Lifesciencehub UK Limited	401,338
Total fair value consideration	**401,338**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Intellectual Property (note 15)	524,329
Trade and other payables	(122,991)
Total fair value of identifiable net assets	**401,338**
Excess of net assets over consideration	**-**

The book value of the assets acquired is the same as their fair value other than Intellectual Property, the value of which was ascribed on acquisition

34. Ultimate controlling party

There is no one controlling party.

Integumen Plc

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("**AGM**") of Integumen Plc ("**Company**") will be held at the offices of Jeffreys Henry LLP at Finsgate, 5-7 Cranwood Street, London EC1V 9EE on Monday 26 June 2017 at 1.00 p.m.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 11 will be proposed as ordinary resolutions and Resolution 12 will be proposed as a special resolution.

RESOLUTIONS

Ordinary Business

Resolution 1

THAT the Company's annual accounts for the period ended 31 December 2016, together with the directors' report and auditors' report thereon, be received and adopted.

Resolution 2

THAT Jeffreys Henry LLP be re-appointed as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting at which accounts are laid before the Company.

Resolution 3

THAT the directors of the Company be authorised to determine the auditor's remuneration.

Resolution 4

THAT Anthony Francis Richardson, who retires in accordance with the Company's articles of association, be re-elected as a director.

Resolution 5

THAT Declan James Service, who retires in accordance with the Company's articles of association, be re-elected as a director.

Resolution 6

THAT Christopher Bell, who retires in accordance with the Company's articles of association, be re-elected as a director.

Resolution 7

THAT Donald Nicholson, who retires in accordance with the Company's articles of association, be re-elected as a director.

Resolution 8

THAT Helmut Walter Schlieper, who retires in accordance with the Company's articles of association, be re-elected as a director.

Resolution 9

THAT Ross Martin Hilton Andrews, who retires in accordance with the Company's articles of association, be re-elected as a director.

Resolution 10

THAT Paul Francis Kennedy, who retires in accordance with the Company's articles of association, be re-elected as a director.

Special Business

Resolution 11

THAT, in accordance with section 551 of the Companies Act 2006 ("**CA 2006**"), the board of directors of the Company ("**Directors**") be generally and unconditionally authorised to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "**Relevant Securities**"):

1. comprising equity securities (as defined by section 560 of the CA 2006) up to an aggregate nominal amount of £1,105,734 (such amount to be reduced by the nominal amount of any Relevant Securities allotted pursuant to the authority in paragraph 2 below) in connection with an offer by way of a rights issue:

   (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

   (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

2. in any other case, up to an aggregate nominal amount of £552,867 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 1 above in excess of £552,867),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date falling 18 months after the date of the passing of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Resolution 12

THAT, subject to the passing of Resolution 11, the Directors be authorised to allot equity securities (as defined in section 560 of the CA 2006) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under paragraph 1 of Resolution 11, by way of a rights issue only):

   (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

   (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph (a) of this Resolution 12) to any person up to an aggregate nominal amount of £82,903.

The authority granted by this resolution will expire at the conclusion of the Company's next annual general meeting after the passing of this resolution or, if earlier, at the close of business on the date falling 18 months after the date of the passing of this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

This resolutions revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities or sell treasury shares as if section 561 of the CA 2006 did not apply but without prejudice to any allotment of equity securities or sale of treasury shares already made or agreed to be made pursuant to such authorities.

By order of the Board

Christopher Bell
Company Secretary

Registered office:-
Sand Hutton Applied Innovation Campus,
Sand Hutton, York
North Yorkshire, YO41 1LZ

Registered number:- 10205396

2 June 2017

Notice of Annual General Meeting (continued)

Explanatory Notes

Resolution 1 – Receiving the accounts and reports
All companies are required by law to lay their annual accounts before a general meeting of the Company, together with the directors' reports and auditors' report on the accounts. At the AGM, the directors will present these documents to the shareholders for the financial period ended 31 December 2016.

Resolution 2 – Re-appointment of auditors
The auditors are required to be re-appointed at each annual general meeting at which accounts are laid. The directors, on the recommendation of the Audit Committee (which has evaluated the effectiveness and independence of the external auditors), are proposing the re-appointment of Jeffreys Henry LLP as auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next annual general meeting.

Resolution 3 – Auditors' remuneration
This resolution authorises the directors to fix the auditors' remuneration.

Resolutions 4 to 10 – Re-election of directors
These resolutions concern the re-election of Anthony Francis Richardson, Declan James Service, Christopher Bell, Donald Nicholson, Helmut Walter Schlieper, Ross Martin Hilton Andrews and Paul Francis Kennedy who are retiring at the AGM in accordance with the Company's articles of association, the AGM being the first annual general meeting of the Company.

Biographies of each of the directors are set out on page 6 of the report and accounts for the period ended 31 December 2016.

Resolution 11 – Directors' power to allot shares
This resolution grants the directors authority to allot (i) in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the CA 2006) up to a maximum nominal amount of £1,105,734 which represents approximately two thirds of the Company's issued ordinary shares (excluding treasury shares) as at 1 June 2017. This maximum is reduced by the nominal amount of any Relevant Securities allotted under the authority set out in paragraph 2; and (ii) in any other case, Relevant Securities up to a maximum nominal amount of £552,867 which represents approximately one third of the Company's issued ordinary shares (excluding treasury shares) as at 1 June 2017. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out paragraph 1 in excess of £552,867. The maximum nominal amount of Relevant Securities (including equity securities) which may be allotted under this resolution is £1,105,734. Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 12 – Directors' power to issue shares for cash
This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or other pre-emptive offer or the allotment is limited to a maximum nominal amount of £82,903, representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 1 June 2017 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company or 18 months after the passing of the resolution, whichever is the earlier.

Notice of Annual General Meeting (continued)

NOTES:

1. As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a Form of Proxy with this notice of AGM. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

2. A proxy does not need to be a member of the Company but must attend the AGM to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

3. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy, you may photocopy the Form of Proxy or request additional copies of the Form of Proxy from Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, tel: +44 121 585 1131. You will need to state clearly on each Form of Proxy the number of shares in relation to which the proxy is appointed (which, in aggregate, should not exceed the number of shares held by you).

4. To appoint a proxy using the Form of Proxy, the form must be: (i) completed and signed; (ii) sent or delivered to the Company’s Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and (iii) received by the Company’s Registrars no later than 1.00 p.m. on Thursday 22 June 2017.

5. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first named being the most senior).

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

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

9. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, to be received by the Company’s Registrars no later than 1.00 p.m. on Thursday 22 June 2017. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

Notice of Annual General Meeting (continued)

11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company has specified that only those members registered on the Register of Members of the Company at 6.00 p.m. on Thursday 22 June 2017 (or, if the AGM is adjourned, at 6.00 p.m. on the day two working days priors to the adjourned meeting) shall be entitled to attend and vote at the AGM in respect of the number of ordinary shares registered in their name at that time. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.

13. You may not use any electronic address provided in either (a) this notice of AGM; or (b) any related documents (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

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INTEGUMEN PLC

(Incorporated and registered in England and Wales with registered number 10205396)

FORM OF PROXY – ANNUAL GENERAL MEETING

Before completing this form, please read the explanatory notes below.

I/We the undersigned, being a member/members of Integumen plc ("**Company**"), appoint

Name:…… Number of shares:……………………………………… or,

failing him, the Chairman of the meeting, as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Jeffreys Henry LLP at Finsgate, 5 – 7 Cranwood Street, London, EC1V 9EE on Monday 26 June 2017 at 1.00 p.m. and any adjournment thereof. The proxy will vote on the under mentioned resolution, as indicated.

If you wish to appoint multiple proxies, please see note 4 below.

Please tick here if you are appointing more than one proxy: [ ]

(PLEASE INDICATE WITH AN 'X' IN THE BOXES BELOW)

RESOLUTIONS	For	Against	Vote Withheld
ORDINARY BUSINESS:			
Resolution 1: To receive and adopt the Company's annual accounts for the 12 months ended 31 December 2016, together with the directors' report and auditors' report thereon.			
Resolution 2: To re-appoint Jeffreys Henry LLP as auditors of the Company.			
Resolution 3: To authorise the directors of the Company to determine the auditor's remuneration.			
Resolution 4: To re-elect Anthony Francis Richardson as a director of the Company.			
Resolution 5: To re-elect Declan James Service as a director of the Company.			
Resolution 6: To re-elect Christopher Bell as a director of the Company.			
Resolution 7: To re-elect Donald Nicholson as a director of the Company.			

RESOLUTIONS	For	Against	Vote Withheld
Resolution 8: To re-elect Helmut Walter Schlieper as a director of the Company.			
Resolution 9: To re-elect Ross Martin Hilton Andrews as a director of the Company.			
Resolution 10: To re-elect Paul Francis Kennedy as a director of the Company.			
SPECIAL BUSINESS:			
Resolution 11: To authorise the directors of the Company to allot shares in the capital of the Company in accordance with section 551 of the Companies Act 2006.			
Resolution 12: To authorise the directors of the Company to allot equity securities other than in accordance with statutory pre-emption rights that would otherwise apply pursuant to section 561 of the Companies Act 2006.			

If this form is signed and returned without any indication as to how the proxy shall vote, your proxy will vote or abstain from voting at his or her discretion.

PRINT NAME: …...

SIGNATURE: ....

DATE: 2017

INTEGUMEN PLC

(Incorporated and registered in England and Wales with registered number 10205396)

FORM OF PROXY – ANNUAL GENERAL MEETING (continued)

NOTES:

1. As a member of the Company you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes. If the proxy is being appointed in relation to part of your holding only, please enter in the space next to the proxy's name the number of shares in relation to which they are authorised to act as your proxy. If this space is left blank they will be authorised in respect of your full voting entitlement.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the Annual General Meeting, insert their full name in the space provided. If you sign and return this Form of Proxy with no name inserted in the space, the Chairman of the Annual General Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this Form of Proxy or request additional copies of the Form of Proxy from Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, tel: +44 121 585 1131. If you are appointing more than one proxy, please indicate in the space next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy and indicate by ticking the relevant box that the proxy appointment is one of multiple appointments being made. Multiple proxy appointments should be returned together in the same envelope.

5. For details of how to change your proxy instructions or revoke your proxy appointment, see the notes to the Notice of Annual General Meeting.

6. To direct your proxy how to vote on the resolutions, mark the appropriate box with an 'X'. To abstain from voting on the resolution, select the "Vote Withheld" box. A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting, including a motion to adjourn.

7. To appoint a proxy using this form, the form must be (i) completed and signed (ii) sent or delivered to the Registrars of the Company, Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen B63 3DA, and (iii) received by the Registrars of the Company no later than 1.00 p.m. on Thursday 22 June 2017.

8. In the case of a member which is a company, this Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

9. Any power of attorney or any other authority under which this Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.