

REGISTERED NUMBER: 04244598 (England and Wales)

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2016
for
Intrinsiq Materials Limited**

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for the Year Ended 31 December 2016**

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Intrinsiq Materials Limited
Company Information
for the Year Ended 31 December 2016

DIRECTORS:

J J Coronas
J C Stoffel
Ms J Tegan
R Nead
Dr P W Reip

SECRETARY:

Jordan Company Secretaries Limited

REGISTERED OFFICE:

Suite 1
3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

BUSINESS ADDRESS:

Cody Tech Park, Y25
Ively Road
Farnborough
Hants.
GU14 0LX

REGISTERED NUMBER:

04244598 (England and Wales)

AUDITORS:

The Fish Partnership
Chartered Accountants
& Statutory Auditor
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks.
HP10 9QN

**Report of the Directors
for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

J J Coronas
J C Stoffel
Ms J Tegan
R Nead
Dr P W Reip

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, The Fish Partnership, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

R Nead - Director

27 September 2017

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the 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;

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

Report of the Independent Auditors to the Members of Intrinsiq Materials Limited

We have audited the financial statements of Intrinsiq Materials Limited for the year ended 31 December 2016 on pages six to twelve. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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 three, 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 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 the financial and non-financial information in 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 on, 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 company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Report of the Directors.

**Report of the Independent Auditors to the Members of
Intrinsiq Materials Limited**

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Martin Sheehy (Senior Statutory Auditor)
for and on behalf of The Fish Partnership
Chartered Accountants
& Statutory Auditor
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks.
HP10 9QN

28 September 2017

**Income Statement
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
TURNOVER		873,720	1,162,949
Cost of sales		<u>97,406</u>	<u>247,533</u>
GROSS PROFIT		776,314	915,416
Administrative expenses		<u>1,350,788</u> (574,474)	<u>1,203,135</u> (287,719)
Other operating income		<u>-</u>	<u>7,563</u>
OPERATING LOSS	4	(574,474)	(280,156)
Interest payable and similar expenses		<u>15,287</u>	<u>-</u>
LOSS BEFORE TAXATION		(589,761)	(280,156)
Tax on loss		<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(589,761)</u>	<u>(280,156)</u>

The notes form part of these financial statements

Balance Sheet
31 December 2016

	Notes	2016 £	£	2015 £	£
FIXED ASSETS					
Intangible assets	5		39,894		43,241
Tangible assets	6		<u>94,221</u>		<u>113,890</u>
			134,115		157,131
CURRENT ASSETS					
Stocks		2,985		10,986	
Debtors	7	458,715		358,734	
Cash at bank		<u>210,645</u>		<u>34,420</u>	
		672,345		404,140	
CREDITORS					
Amounts falling due within one year	8	<u>355,177</u>		<u>400,520</u>	
NET CURRENT ASSETS			<u>317,168</u>		<u>3,620</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			451,283		160,751
CREDITORS					
Amounts falling due after more than one year	9		<u>996,032</u>		<u>115,739</u>
NET (LIABILITIES)/ASSETS			<u>(544,749)</u>		<u>45,012</u>
CAPITAL AND RESERVES					
Called up share capital			9,773,756		9,773,756
Share premium			539,460		539,460
Retained earnings			<u>(10,857,965)</u>		<u>(10,268,204)</u>
SHAREHOLDERS' FUNDS			<u>(544,749)</u>		<u>45,012</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 27 September 2017 and were signed on its behalf by:

R Nead - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

1. STATUTORY INFORMATION

Intrinsiq Materials Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover from government grants is recognised in the profit and loss so as to match it with the expenditure towards which it is intended to contribute. Other turnover represents amounts invoiced in respect of the delivery of goods and the provision of services.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of twenty years.

Patents

Patents are initially recorded at cost and are amortised over their estimated economic life. Patents are reviewed annually in order to identify if any conditions exist that indicate a permanent diminution in value. In cases where such circumstances exist, an impairment charge is debited to the profit and loss account to reduce the carrying value of the patents to fair value.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- at varying rates on cost
Fixtures and fittings	- 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year 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 or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

For the year ended 31 December 2016 the company incurred losses of £589,761 and for 2015 losses of £280,156. The company continues to be dependent upon the support of its parent company Intrinsiq Materials Inc, its directors and its shareholders.

For 2017 the company expects to continue its development activities and will fund its activities from existing working capital and its grant revenues together with additional financial support as required from its parent company.

The directors have no reason to believe that continued support will not be made available and have received confirmation from the majority shareholder that it will continue to give financial support for at least 12 months from the date of signing these financial statements. The parent company has also confirmed that they will not seek repayment of any existing debt for at least 12 months from the date of signing these financial statements.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The accounts do not reflect adjustments that would have to be made should continuing finance not be available, namely reducing the value of the assets to the realisable amounts, providing for any further liabilities which might arise and reclassifying all fixed assets and long term liabilities as current assets and liabilities respectively.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance cost gains and losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 18 (2015 - 18) .

	2016	2015
	£	£
Directors' remuneration	61,515	87,535
Directors' pension contributions to money purchase schemes	<u>5,276</u>	<u>5,113</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

3. **EMPLOYEES AND DIRECTORS - continued**

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>2</u>
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4. **OPERATING LOSS**

The operating loss is stated after charging:

	2016	2015
	£	£
Depreciation - owned assets	33,248	91,330
Patents and licences amortisation	3,347	3,348
Auditors' remuneration	13,080	12,850
Foreign exchange differences	132,012	2,343
Pension costs	<u>23,654</u>	<u>26,963</u>

5. **INTANGIBLE FIXED ASSETS**

	Patents and licences £
COST	
At 1 January 2016	
and 31 December 2016	<u>56,911</u>
AMORTISATION	
At 1 January 2016	13,670
Amortisation for year	<u>3,347</u>
At 31 December 2016	<u>17,017</u>
NET BOOK VALUE	
At 31 December 2016	<u>39,894</u>
At 31 December 2015	<u>43,241</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 January 2016	2,844,820	138,580	2,983,400
Additions	12,043	1,536	13,579
At 31 December 2016	<u>2,856,863</u>	<u>140,116</u>	<u>2,996,979</u>
DEPRECIATION			
At 1 January 2016	2,732,305	137,205	2,869,510
Charge for year	31,919	1,329	33,248
At 31 December 2016	<u>2,764,224</u>	<u>138,534</u>	<u>2,902,758</u>
NET BOOK VALUE			
At 31 December 2016	<u>92,639</u>	<u>1,582</u>	<u>94,221</u>
At 31 December 2015	<u>112,515</u>	<u>1,375</u>	<u>113,890</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	113,822	126,415
Other debtors	<u>344,893</u>	<u>232,319</u>
	<u>458,715</u>	<u>358,734</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	45,561	134,926
Taxation and social security	12,460	11,595
Other creditors	<u>297,156</u>	<u>253,999</u>
	<u>355,177</u>	<u>400,520</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Amounts owed to group undertakings	<u>996,032</u>	<u>115,739</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

10. RELATED PARTY TRANSACTIONS

Intrinsiq Materials Limited is wholly owned by Intrinsiq Materials Inc.

Intrinsiq Materials Inc is in turn owned by the following combination of corporate entities and individual investors;

Trillium International	10.72%
Cayuga Venture	56.24%
Rand Capital	12.04%
The Rochester Angel Fund	0.58%
Individual Investors	2.83%
Employees	17.59%

During the year the company had the following transactions with Interinsiq Materials Inc;

- received additional loans of £760,284 (2015: £49,543)
- paid interest of £15,287 (2015: £Nil) on the loan account.
- issued cross share agreement sales of £89,023 (2015: £nil)
- received recharged cost invoices of £193,745 (2015: £nil)

As at 31 December 2016 the company owed £996,032 (2015: £115,739) to Intrinsiq Materials Inc in respect of a loan account that is repayable on demand.

11. ULTIMATE CONTROLLING PARTY

The ultimate parent company of Intrinsiq Materials Limited is that of Intrinsiq Materials Inc, a company incorporation in the United States of America.

The largest and smallest group in which Intrinsiq Materials Limited is a member and for which consolidated accounts are drawn up is that headed by Intrinsiq Materials Inc.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.