

**REGISTERED NUMBER: 04834316 (England and Wales)**

**REPORT OF THE DIRECTOR AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011  
FOR  
AEROCRINE LIMITED**

**SATURDAY**



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**24/03/2012**

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**COMPANIES HOUSE**

**AEROCRINE LIMITED (REGISTERED NUMBER: 04834316)**

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for the Year Ended 31 December 2011**

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**AEROCRINE LIMITED**

**COMPANY INFORMATION**  
**for the Year Ended 31 December 2011**

**DIRECTOR:** S Myers

**SECRETARY:** M Colerus

**REGISTERED OFFICE:** Herschel House  
58 Herschel Street  
Slough  
Berkshire  
SL1 1PG

**REGISTERED NUMBER:** 04834316 (England and Wales)

**AUDITORS:** Oury Clark Chartered Accountants  
Registered Auditors  
P O Box 150, Herschel House  
58 Herschel Street  
Slough  
Berkshire  
SL1 1HD

**AEROCRINE LIMITED (REGISTERED NUMBER: 04834316)**

**REPORT OF THE DIRECTOR  
for the Year Ended 31 December 2011**

The director presents his report with the financial statements of the company for the year ended 31 December 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of promotion of parent company's products in the UK

**REVIEW OF BUSINESS**

The company operates activities on behalf of its foreign parent, Aerocrine AB. The company's only sales are to Aerocrine AB for the services provided. Total sales for the year were £202,936 (2010: £143,867); this increase of 41% is considered satisfactory. The company made a small profit of £5,129 which has been transferred to reserves (2010: £5,292).

**Background of the business**

The UK health care market is distinguished by a slow uptake of new technologies and methods. The health care system (NHS) is under a lot of economic pressure which might prove to be positive for FeNO measurements and the cost-savings it brings to asthma-care in the future. BTS guidelines do not recommend FeNO but indicate FeNO measurements may be useful, particularly in monitoring of response to corticosteroids.

**Key performance indicators**

The key indicators proving the business in the UK is the sales growth in value, number of new instruments sold (increase of installed base) and the sales of repeat tests.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2011.

**DIRECTORS**

The directors who have held office during the period from 1 January 2011 to the date of this report are as follows:

P C De Potocki - resigned 13 September 2011

S Myers - appointed 13 September 2011

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is 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 he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AEROCRINE LIMITED (REGISTERED NUMBER: 04834316)**

**REPORT OF THE DIRECTOR  
for the Year Ended 31 December 2011**

**AUDITORS**

The auditors, Oury Clark Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting

**ON BEHALF OF THE BOARD:**

  
S. Myers - Director  
14 March 2012

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AEROCRINE LIMITED**

We have audited the financial statements of Aerocrine Limited for the year ended 31 December 2011 on pages five 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).

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 director and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. 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 2011 and of its profit 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 the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Rachel Lockwood (Senior Statutory Auditor)  
for and on behalf of Oury Clark Chartered Accountants  
Registered Auditors  
P O Box 150, Herschel House  
58 Herschel Street  
Slough  
Berkshire  
SL1 1HD

Date

16/3/12

**AEROCRINE LIMITED (REGISTERED NUMBER: 04834316)**

**PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 2011**

	Notes	31 12 11 £	31 12 10 £
<b>TURNOVER</b>		202,936	143,867
Administrative expenses		196,051	137,015
<b>OPERATING PROFIT</b>	3	6,885	6,852
Interest payable and similar charges	4	2	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,883	6,852
Tax on profit on ordinary activities	5	1,754	1,560
<b>PROFIT FOR THE FINANCIAL YEAR</b>		5,129	5,292

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

**AEROCRINE LIMITED (REGISTERED NUMBER: 04834316)**

**BALANCE SHEET  
31 December 2011**

	Notes	31 12 11 £	£	31 12 10 £	£
<b>FIXED ASSETS</b>					
Tangible assets	6		709		-
<b>CURRENT ASSETS</b>					
Debtors	7	45,866		30,349	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<u>18,876</u>		<u>9,729</u>	
<b>NET CURRENT ASSETS</b>			<u>26,990</u>		<u>20,620</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>27,699</u>		<u>20,620</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		1		1
Capital reserve	11		1,950		-
Profit and loss account	11		<u>25,748</u>		<u>20,619</u>
<b>SHAREHOLDERS' FUNDS</b>	14		<u>27,699</u>		<u>20,620</u>

The financial statements were approved by the director on 14 March 2012 and were signed by

S Myers, Director



The notes form part of these financial statements



**AEROCRINE LIMITED (REGISTERED NUMBER: 04834316)**

**CASH FLOW STATEMENT  
for the Year Ended 31 December 2011**

	Notes	31 12 11 £	31 12 10 £
<b>Net cash inflow from operating activities</b>	1	2,610	1,513
<b>Returns on investments and servicing of finance</b>	2	(2)	-
<b>Taxation</b>		(1,544)	(1,513)
<b>Capital expenditure</b>	2	(1,064)	-
<b>Increase in cash in the period</b>		<u>-</u>	<u>-</u>

**Reconciliation of net cash flow  
to movement in net debt**

	3		
<b>Increase in cash in the period</b>		-	-
<b>Change in net debt resulting from cash flows</b>		-	-
<b>Movement in net debt in the period</b>		-	-
<b>Net debt at 1 January</b>		-	-
<b>Net debt at 31 December</b>		<u>-</u>	<u>-</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
for the Year Ended 31 December 2011

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31 12 11	31 12 10
	£	£
Operating profit	6,885	6,852
Depreciation charges	355	-
Transfer to capital reserve	1,950	-
Increase in debtors	(15,517)	(6,841)
Increase in creditors	8,937	1,502
<b>Net cash inflow from operating activities</b>	<b><u>2,610</u></b>	<b><u>1,513</u></b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31 12 11	31 12 10
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest paid	(2)	-
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(2)</u></b>	<b><u>-</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1,064)	-
<b>Net cash outflow for capital expenditure</b>	<b><u>(1,064)</u></b>	<b><u>-</u></b>

**3 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 1 11	Cash flow	At
	£	£	31 12 11
			£
Net cash	-	-	-
Cash at bank and in hand	<u>-</u>	<u>-</u>	<u>-</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the Year Ended 31 December 2011**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

**Turnover**

Turnover represents net invoiced sales of services, excluding value added tax

**Tangible fixed assets**

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

Computer equipment - 33% on cost

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at 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

**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 the profit and loss account in the period to which they relate

**2 STAFF COSTS**

	31 12 11	31 12 10
	£	£
Wages and salaries	109,135	79,286
Social security costs	11,742	8,918
Other pension costs	5,142	7,344
	<u>126,019</u>	<u>95,548</u>

The average monthly number of employees during the year was as follows

	31 12 11	31 12 10
Administration and sales	<u>3</u>	<u>3</u>

**3 OPERATING PROFIT**

The operating profit is stated after charging

	31 12 11	31 12 10
	£	£
Depreciation - owned assets	355	-
Auditors' remuneration	<u>2,825</u>	<u>2,500</u>
Directors' remuneration	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2011**

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	31 12 11	31 12 10
	£	£
Tax penalty interest	<u>2</u>	<u>-</u>

**5 TAXATION****Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 11	31 12 10
	£	£
Current tax		
UK corporation tax	<u>1,754</u>	<u>1,560</u>
Tax on profit on ordinary activities	<u>1,754</u>	<u>1,560</u>

**6 TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
Additions	<u>1,064</u>
At 31 December 2011	<u>1,064</u>
<b>DEPRECIATION</b>	
Charge for year	<u>355</u>
At 31 December 2011	<u>355</u>
<b>NET BOOK VALUE</b>	
At 31 December 2011	<u>709</u>

**7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 11	31 12 10
	£	£
Other debtors	5,390	4,000
Due from group undertakings	37,388	24,268
VAT	3,088	260
Prepayments and accrued income	-	1,821
	<u>45,866</u>	<u>30,349</u>

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 11	31 12 10
	£	£
Tax	1,754	1,544
Social security and other taxes	3,559	307
Creditors and accruals	<u>13,563</u>	<u>7,878</u>
	<u>18,876</u>	<u>9,729</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2011**

**9 OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year

	Other operating leases	
	31 12 11 £	31 12 10 £
Expiring Between one and five years	<u>6,052</u>	<u>4,751</u>

**10 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	31 12 11 £	31 12 10 £
1	Ordinary Shares	1	<u>1</u>	<u>1</u>

**11 RESERVES**

	Profit and loss account £	Capital reserve £	Totals £
At 1 January 2011	20,619	-	20,619
Profit for the year	5,129		5,129
Capital reserve	-	1,950	1,950
At 31 December 2011	<u>25,748</u>	<u>1,950</u>	<u>27,698</u>

**12 ULTIMATE PARENT COMPANY**

The ultimate parent of the Company is Aerocrine AB, a Company incorporated in Sweden, by virtue of its 100% shareholding

**13 RELATED PARTY DISCLOSURES**

During the year the company made sales of £202,936 (2010 £143,867) to Aerocrine AB. All the transactions were conducted on an arms length basis

At the year end £37,388 (2010 £24,268) was due from Aerocrine AB

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31 12 11 £	31 12 10 £
Profit for the financial year	5,129	5,292
Increase in capital reserve	1,950	-
<b>Net addition to shareholders' funds</b>	<u>7,079</u>	<u>5,292</u>
Opening shareholders' funds	20,620	15,328
<b>Closing shareholders' funds</b>	<u>27,699</u>	<u>20,620</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 December 2011

**15 SHARE OPTIONS**

The Ultimate parent company, Aerocrine AB has reserved shares of stock for issuance as stock options

In 2009, 25,000 were granted to an UK employee

Vesting of the equity-settled share option can only take place during the 4 year vesting period. Any vesting of options during the vesting period will take place with a third at a time, with a first time of vesting when the average purchase price of the share has been no lower than SEK 5.00 during 30 consecutive trading days, a second time of vesting when the average purchase price has been no lower than SEK 10.00 during 30 consecutive trading days and a third time of vesting when the average purchase price has been no lower than SEK 15.00 during 30 consecutive trading days.

Vested options can be exercised to acquire shares only as from six months after the relevant time of vesting has taken place and only during a two week period after the announcement by the Company of an interim report during the year 2010-2019.

The term of each option may in no event exceed 31 December 2019.

Upon exercise of options, payment of the exercise price for the number of shares to which the exercise relates shall be made in cash to the bank account indicated in the exercise notice no later than ten banking days after the exercise notice has been submitted to the Company or such other date decided by the company. If payment is not made at the latest on the aforementioned date, the exercise notice will be disregarded and the options shall be considered as not having been exercised.

The fair value for the options allocated in 2009 was established using the Monte Carlo model giving a weighted average fair value at that time of SEK 1.29 per option.

The following table sets forth the total stock-based compensation expense resulting from stock options included in and relating to Aerocrine AB's profit and loss account:

	2011	2010
Staff costs	£1,950	£0

A summary of Aerocrine Ltd's employee option activity under the Aerocrine AB's equity incentive plans as of 1 January 2011 and changes during the year ended 31 December 2011 are as follows:

	Number of options	Exercise price 0.50 SEK	Weighted average remaining contractual term (years)
Outstanding at 1 January 2011	25,000	0.50	8.00
Split	0		
Granted	0		
Exercised	0		
Forfeited	0		
Expired	0		
Outstanding at 31 December 2011	25,000	0.50	8.00
Exercisable at 31 December 2011	16,667	0.50	8.00

**16 ULTIMATE CONTROLLING PARTY**

The directors are of the opinion that there is no ultimate controlling party.