For immediate release **14 March 2018**

Futura Medical plc
("Futura" or "the Company")

Preliminary Results for the year ended 31 December 2017

Futura Medical plc (AIM: FUM), the innovative healthcare company focused on advanced transdermal technology, is pleased to announce its preliminary results for the year ended 31 December 2017.

Development and Commercial Highlights:

MED2002: Eroxon® - Treatment for erectile dysfunction ("ED")

- Key meetings held and positive feedback received from US & European regulators on the two phase III trials planned in our clinical development programme
- Interim pharmacokinetic data indicates that at least two higher strength doses of MED2002 are eligible for the planned Phase III clinical studies compared with the dose used in the successful Phase II study
- Commercial out-licensing discussions at an advanced stage

CSD500: Erectogenic condom

- Successful product launch in Saudi Arabia with further order placed and in production
- Further launches in 2018 underway

TPR100 (diclofenac) and TIB200 (ibuprofen): Pain relief products

- First out-licensing agreement signed for TPR100
- Commercial out-licensing discussions continuing for other countries

Organisational and Financial Highlights:

- Appointment of Angela Hildreth as Finance Director and Chief Operating Officer
- Net loss of £3.90 million (2016: Net loss of £3.70 million), reflecting planned increase in R&D expenditure on the MED2002 clinical programme
- Cash resources of £8.36 million at 31 December 2017 (31 December 2016: £12.35 million)

James Barder, Futura's Chief Executive, commented: "2018 has started well particularly with the progress of our Phase III clinical programme for MED2002, our breakthrough erectile dysfunction gel. The positive interim data announced yesterday from our pharmacokinetic study indicates that we will be able to include at least two higher strength doses of MED2002 in our Phase III clinical studies along with the dose used in our earlier Phase

II study thereby offering the potential for improved efficacy. Commercial discussions, especially with MED2002, are advancing well and further CSD500 launches are underway."

Analyst meeting and webcast

A meeting for analysts will be held at 11.00am this morning, 14 March 2018, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. There will be a live webcast of the analyst presentation. To listen to the webcast, please log on to the following web address approximately 5 minutes before 11.00am:

http://vm.buchanan.uk.com/2018/futuramedical140318/registration.htm

A recording of the webcast will be made available at www.futuramedical.com following the results meeting.

For further information please contact:

Futura Medical plc

James Barder, Chief Executive — Tel: +44 (0) 1483 685 670

Email to: james.barder@futuramedical.com — www.futuramedical.com

N+1 Singer (Nominated Adviser and Broker)

Aubrey Powell / Liz Yong — Tel:+44 (0) 20 7496 3000

For media enquiries please contact:

Buchanan

Mark Court / Sophie Cowles / Stephanie Watson — Tel: +44 (0) 20 7466 5000

Notes to Editors

Futura Medical plc

Futura Medical is a pharmaceutical group that develops innovative products for consumer healthcare. The Company is developing a portfolio of products and its strategy is to license their manufacture and distribution to major pharmaceutical and healthcare groups.

Futura is based in Guildford, Surrey, and its shares trade on the AIM market of the London Stock Exchange.
www.futuramedical.com

Chairman's and Chief Executive's Review

Substantial progress was made in 2017 with MED2002, our topical gel for erectile dysfunction ("ED"), particularly in advancing the product into its Phase III clinical programme. MED2002 offers major and disruptive potential in terms of prescription sales and a subsequent over-the-counter switch. The rapid onset of action of MED2002 differentiates it from existing treatments and gives it the potential to be the world's fastest-acting treatment for ED. Also during the year, we continued to advance the commercialisation of CSD500, our novel erectogenic condom, and to progress our pain relief franchise.

Following our breakthrough Phase II clinical results announced in September 2016, our key objective for 2017 was to progress MED2002 both clinically and commercially. Discussions towards the out-licensing of MED2002 advanced materially during the year and, as previously stated, we believe that a commercial out-licensing agreement will be announced in the first half of this year though, of course, the timing will also be determined by the detail of negotiations.

The quality of the Phase II results was underlined in January 2018 when the leading, peer-reviewed scientific publication for sexual health, the *Journal of Sexual Medicine*, published its analysis of the data from the study, which had met its primary endpoint in showing a statistically significant improvement in erectile function in men compared with placebo. During the year we finalised the design of our Phase III programme, comprising a pharmacokinetic ("PK") study and two Phase III studies. We were very pleased yesterday to report positive interim data from the PK study, which commenced in November last year. The data indicated that we would be able to use at least two higher doses of MED2002 than the dose used in the Phase II study. This creates the potential for increased efficacy in the Phase III studies with the objective of being able to treat patients experiencing more severe ED.

CSD500 is now actively marketed in the Middle East, where more than 500,000 condoms have been supplied to date under the Manex brand; in the test market of Benelux countries more than 100,000 CSD500 condoms have been sold under the Blue Diamond brand. Whilst these sales are encouraging, our commercialisation plans in North America and certain European countries were impacted by Church & Dwight's decision to return licensing rights to the product to Futura owing to a strategic change at their business. We continue in commercial discussions for those countries without a distribution partner for CSD500, including those that formed part of the Church & Dwight agreement.

As previously announced the commercialisation of our pain relief products continues, with the UK regulatory dossier submission of TPR100, our diclofenac gel for topical pain relief, close to completion with filing expected in Q2 of this year by Thornton & Ross, a UK subsidiary of STADA Arzneimittel AG ("STADA"). We are at an advanced stage of discussions in connection with a further regional licensing deal for TPR100 with an additional prospective partner.

Our balance sheet remains strong with cash resources of £8.36 million at 31 December 2017 (31 December 2016: £12.35 million). We will continue to use these cash resources prudently through careful consideration of the timing and design of our clinical trial programmes.

Portfolio updates - Sexual healthcare

MED2002: Eroxon® Treatment for erectile dysfunction

MED2002, which uses our DermaSys® drug delivery system, is the development name for our topical gel for the treatment of men with ED. We hold patents to the product in a market worth US$5.6 billion[1] for currently available treatments and have registered the brand name Eroxon®, though potential distributors may choose to use other brand names. MED2002's rapid onset of action, with speed of onset within 10 minutes in 70 percent of intercourse attempts in our Phase II clinical trial, means that it has the potential to be the world's fastest-acting treatment for ED.

The breakthrough clinical results announced in September 2016 were discussed with regulators in the UK, Europe and US during 2017 with a view to confirming the optimal clinical study pathway to achieve marketing approval throughout Europe and in the US. As a result of these interactions, we decided to begin the Phase III programme with an enlarged PK study, which was designed to assess the tolerance of 40 healthy subjects to a range of doses of MED2002, including higher doses than the dose used in the breakthrough results study.

The PK study, which commenced in November 2017, is evaluating the dose of 0.2% w/w glyceryl trinitrate ("GTN") used in the previously reported successful Phase II clinical study, and higher doses of 0.4%, 0.6% and 0.8% to assess their suitability for maximising efficacy in the two planned Phase III studies.

One of the key goals of the PK study was to demonstrate that the blood plasma concentrations of GTN of at least some of the higher doses fall within the plasma concentrations of a US reference product, Nitrostat®, which is used to treat angina. Demonstrating this equivalence enables the Company to use the FDA 505(b)(2) route to regulatory approval where at least some of the safety information required for approval comes from studies not conducted by or for Futura saving both time and money.

We were pleased to report yesterday that in this phase of the study in 30 subjects, the 0.2%, 0.4% and 0.6% doses met this requirement. The 0.8% dose had similar but slightly higher levels of GTN in the blood plasma than Nitrostat®, this and other data will be further evaluated in the second phase of the PK study before the Company decides the final doses to be included in the first Phase III study. Additionally, as the dose of MED2002 was increased, the plasma concentrations increased demonstrating that absorption occurs in a predictable and reliable manner thereby providing further safety reassurance and underlining the potency and versatility of Futura's DermaSys® transdermal technology.

Adverse events were also monitored during this phase of the study and all four doses were well tolerated. In particular, the level of headache (the main side effect normally seen) between each different MED2002 dose and Nitrostat® was broadly similar, mostly being mild and self-limiting.

The remaining part of the PK study is analysing the residual amounts of MED2002 left on the penis five minutes after application to evaluate the risk of transference of the active ingredient from the male to the female sexual

partner. The results from this part of the study, along with the full results of the safety data, are expected within the next month.

We have also recently received written endorsement from the US Food and Drug Administration of the adaptive design of our two Phase III trials for MED2002; the design has already been reviewed by the UK's Medicines and Healthcare products Regulatory Agency and the Medicines Evaluation Board in the Netherlands.

Our current plan is for the first patient in the first Phase III trial to be dosed early in Q3 this year, though the timing could be influenced by the signing of a commercial out-licensing agreement. As previously mentioned, we believe that a commercial out-licensing agreement will be announced in the first half of this year.

Awareness of MED2002, and interest in its potential, has grown considerably in the medical community. Market research carried out by a leading healthcare strategy firm, Cello Health Consulting, indicated that more than 60 per cent of physicians in the US consider that MED2002 is an improvement over current ED therapies. The research also revealed that at least 10 per cent of ED patients were contra-indicated to PDE5 inhibitors (such as Viagra® or Cialis®) because of their existing nitrate medication, a larger percentage than the 7.5 per cent historically stated by the Company based on previously conducted research. The online survey was based on interviews with a total of 200 doctors in the US, Germany and France.

As previously mentioned, the publication of our Phase II clinical data in the *Journal of Sexual Medicine* underlines the scientific and medical interest in MED2002; the article can be viewed at this link: http://www.jsm.jsexmed.org/article/S1743-6095(17)31852-0/fulltext. The publication of this data forms part of our strategy to increase the awareness of MED2002 in the medical and pharmaceutical community and attracted significant interest with widespread coverage in the mainstream press and features in the medical and pharmaceutical media, highlighting the level of potential media interest in a future launch of MED2002.

MED2002, as a topically applied gel with a very rapid speed of onset, has the potential to be a significant product with combined peak sales of more than US$1 billion in a market currently dominated by Viagra® and Cialis®, which are taken orally and do not take effect for at least 30 minutes, and typically one hour or more[2].

MED2002's patent protection runs until August 2028 in the USA and August 2025 in Europe. An additional patent filing announced in 2017 could extend patent protection through to 2038. As an innovator product filed under Article 8(3) of 2001/83/EC, MED2002 will also benefit from 10 years European regulatory data and market exclusivity.

Note 1: 15 Key markets, IMS Health Data (2016) Manufacturers' Selling Price
Note 2: US patient information for Viagra® and Cialis®

CSD500: Condom containing the erectogenic Zanifil® gel

CSD500 benefits from three clinically proven claims: the maintenance of a firmer erection, maximised penile size and a longer lasting sexual experience for women. CSD500, which is CE Marked, represents real innovation in

an industry where there has been limited new product development. Futura's unique intellectual property for CSD500 is protected in the world's most important markets by the filing and granting of key core patents.

CSD500 benefits from a total of seven licensing agreements, covering more than 27 countries worldwide. The most recent agreement was signed in March last year, when F Lima SA gained exclusive rights to market CSD500 in Portugal.

The planned commercialisation of the product in North America and certain European countries was impacted by the decision by Church & Dwight to return licensing rights to those countries as announced in August 2017. Whilst immensely frustrating, it was reassuring that Church & Dwight had confirmed they had no concerns around clinical and safety risks and the decision was the result of a change in strategic direction at its business. We continue in commercial discussions on out-licensing CSD500 in a number of countries including those that formed part of the Church & Dwight agreement. As we have discounted making an online launch by ourselves, we are exploring a number of potential commercial approaches, including jointly licensing MED2002 and CSD500 in some countries.

CSD500 was launched in Saudi Arabia in the first half of 2017 by our distributor Kabey and further launches in the MENA region are planned as soon as the necessary regulatory approvals on a country by country basis are granted. Kabey is using the Manex brand name and its promotion is based on direct retail marketing.

We have been pleased with the continued safety data and positive feedback and are encouraged by the low level of customer complaints from more than 600,000 CSD500 condoms which have been supplied to date to the MENA region and Benelux test market. A further order has been placed and is currently in production.

Our two manufacturing partners - TTK in India and our European manufacturer - have the required approvals to ship CSD500 to any country in which the product is approved. Last year TTK received regulatory approval from the relevant EU Notified Body to manufacture an extended shelf life product and we continue to work closely with regulators to gain approval for an extended shelf life product for our European manufacturer. We remain hopeful of approval by the end of H1 2018 from the same EU Notified Body for an extended shelf life product for our European based manufacturer, which will be based on two years', real time data.

As highlighted in our previous Interim Report, the regulatory process in Europe has been slowed by the changing structure of EU regulatory bodies. We continue to work closely with regulators to overcome these challenges and to prioritise certain of our submissions and to enable the launch of CSD500 in a number of countries during 2018 and beyond.

Portfolio updates - Topical pain relief

The rapid skin permeation rates offered by Futura's transdermal delivery system, DermaSys®, have created a major opportunity in topical pain relief. Rapid and increased skin permeation offers potential benefits in pain management including: improved onset of action, duration and degree of pain relief.

Futura has previously demonstrated statistically significant results over placebo from its two non-steroidal anti-inflammatory drug (“NSAID”) programmes, TPR100 (2% diclofenac gel) and TIB200 (10% ibuprofen gel), in a clinical study.

The UK regulatory submission of TPR100, our diclofenac gel for topical pain relief, is close to completion with filing expected in Q2 of this year by Thornton & Ross, a UK subsidiary of STADA. Under the terms of its licensing agreement, Thornton & Ross holds rights to manufacture, market and distribute TPR100 in the UK for the lifetime of the product's patents, which run to 2028 in the UK.

We are also in discussions with several potential distribution partners for further licensing deals for TPR100 in countries outside of the UK. As previously stated, we do not intend to conduct any further clinical work, required primarily for the US market, without a clear indication of interest and commitment from potential commercial partners.

Our objective is for our pain relief products to be best-in-class. The rationale for this is that the National Institute for Health and Care Excellence (NICE) gives clear guidance to physicians to prescribe topical NSAIDs in the first instance for joint pain associated with osteoarthritis, in preference to oral NSAIDs, owing to concerns over the long term use of oral NSAIDs. This means that the best-in-class topical treatment should be the first choice for doctors in the initial treatment of pain and therefore represents a substantial opportunity in a market with global sales estimated at US$2.9 billion[3].

Note 3: 2015 IMS Health estimate

People

At the year end, Futura had 14 employees, (excluding Non-Executive Directors), (2016: 12), with the increase reflecting the strengthening of our in-house regulatory function.

Post the period-end, we were delighted to welcome Angela Hildreth to the Company as Finance Director, Chief Operating Officer and Company Secretary as announced on 20 February 2018. Her appointment followed the decision by Derek Martin, who had served as Finance Director for almost 10 years, to resign from the Company. We would again like to thank Derek for his contribution to the development of the Company and wish him well.

Outlook

2018 has started well particularly given the progress of the Phase III clinical programme of our breakthrough erectile dysfunction gel, MED2002. The positive interim data announced yesterday from the pharmacokinetic study indicates that we will be able to include at least two higher-strength doses of MED2002 in our Phase III clinical studies along with the dose used in our earlier Phase II study thereby bringing the potential for improved efficacy. Commercial discussions, especially with MED2002, are advancing well, further CSD500 launches in 2018 are planned and we therefore look forward to the year ahead with confidence.

John Clarke	**James Barder**
Chairman	Chief Executive

The financial information set out below does not constitute the Company's full statutory accounts for the year ended 31 December 2017 (or year ended 31 December 2016) but it is derived from those accounts that have been audited. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered after the forthcoming Annual General Meeting. The independent auditors have reported on those accounts; their report was unqualified, did not include an emphasis of matter statement and did not contain any statements under section 498 of the Companies Act 2006.

Group Statement of Comprehensive Income
For the year ended 31 December 2017

	Notes	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Revenue	1.5	**362,727**	170,362
Research and development costs		**(4,100,453)**	(3,509,680)
Administrative costs		**(1,118,218)**	(1,214,755)
Operating loss	4	**(4,855,944)**	(4,554,073)
Finance income	7	**19,316**	14,714
Loss before tax		**(4,836,628)**	(4,539,359)
Taxation	8	**936,344**	842,246
Loss for the year being total comprehensive loss attributable to owners of the parent company		**(3,900,284)**	(3,697,113)
Basic and diluted loss per share (pence)	9	**(3.23 pence)**	(3.65 pence)

Group Statement of Changes in Equity
For the year ended 31 December 2017

	Notes	Share Capital £	Share Premium £	Merger Reserve £	Retained Losses £	Total Equity £
At 1 January 2016		**198,185**	**33,053,345**	**1,152,165**	**(29,617,464)**	**4,786,231**
Total comprehensive loss for the year		-	-	-	(3,697,113)	(3,697,113)
Share-based payment	17	-	-	-	54,405	54,405
Shares issued during the year	16	42,105	11,957,895	-	-	12,000,000
Cost of share issue		-	(559,495)	-	-	(559,495)
At 31 December 2016		**240,290**	**44,451,745**	**1,152,165**	**(33,260,172)**	**12,584,028**
Total comprehensive loss for the year		-	-	-	(3,900,284)	(3,900,284)
Share-based payment	17	-	-	-	201,261	201,261
Shares issued during the year	16	1,102	219,651	-	-	220,753
At 31 December 2017		**241,392**	**44,671,396**	**1,152,165**	**(36,959,195)**	**9,105,758**

Share premium represents amounts subscribed for share capital in excess of nominal value, less the related costs of share issues.

Merger reserve represents the reserve arising on the acquisition of Futura Medical Developments Limited in 2001 via a share for share exchange accounted for as a group reconstruction using merger accounting under UK GAAP.

Retained losses represent all other net gains and losses not recognised elsewhere.

Group Statement of Financial Position
For the year ended 31 December 2017

	Notes	**As at 31 December 2017 £**	As at 31 December 2016 £
Assets			
Non-current assets			
Plant and equipment	10	**63,517**	21,351
Total non-current assets		**63,517**	21,351
Current assets			
Inventories	11	**70,413**	83,641
Trade and other receivables	13	**181,076**	138,989
Taxation	8	**927,247**	842,246
Cash and cash equivalents	14	**8,362,646**	12,352,978
Total current assets		**9,541,382**	13,417,854
Liabilities			
Current liabilities			
Trade and other payables	15	**(499,141)**	(855,177)
Total liabilities		**(499,141)**	(855,177)
Total net assets		**9,105,758**	12,584,028
Capital and reserves attributable to owners of the parent company			
Share capital	16	**241,392**	240,290
Share premium		**44,671,396**	44,451,745
Merger reserve		**1,152,165**	1,152,165
Retained losses		**(36,959,195)**	(33,260,172)
Total equity		**9,105,758**	12,584,028

Group Statement of Cash Flows
For the year ended 31 December 2017

	Notes	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Cash flows from operating activities			
Loss before tax		**(4,836,628)**	(4,539,359)
Adjustments for:			
Depreciation	10	**13,428**	6,247
Finance income	7	**(19,316)**	(14,714)
Share-based payment charge	17	**201,261**	54,405
Cash flows from operating activities before changes in working capital		**(4,641,255)**	(4,493,421)
Decrease in inventories	11	**13,228**	80,126
(Increase) / decrease in trade and other receivables		**(42,087)**	16,981
(Decrease) / increase in trade and other payables	15	**(356,036)**	101,284
Cash used in operations		**(5,026,150)**	(4,295,030)
Income tax received		**851,343**	997,036
Net cash used in operating activities		**(4,174,807)**	(3,297,994)
Cash flows from investing activities			
Purchase of plant and equipment	10	**(55,594)**	(7,483)
Interest received		**19,316**	29,656
Cash (used in) / generated by investing activities		**(36,278)**	22,173
Cash flows from financing activities			
Issue of ordinary shares	16	**220,753**	12,000,000
Expenses paid in connection with share issue		**-**	(559,495)
Cash generated by financing activities		**220,753**	11,440,505
(Decrease) / increase in cash and cash equivalents		**(3,990,332)**	8,164,684
Cash and cash equivalents at beginning of year		**12,352,978**	4,188,294
Cash and cash equivalents at end of year	14	**8,362,646**	12,352,978

Notes to the Group Financial Information

For the year ended 31 December 2017

1. Accounting policies

1.1 Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

The accounting policies set out below have been applied to all periods presented in these consolidated financial statements and are in accordance with IFRSs as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that were applicable for the year ended 31 December 2017.

1.2 Going concern

The Group had an operating loss of £4.86 million for the 2017 financial year (2016: £4.55 million), but had a positive net asset value of £9.11 million at 31 December 2017 (31 December 2016: £12.58 million). The cash component of this at 31 December 2017 was £8.36m (31 December 2016: £12.35 million) and the Directors consider this to represent sufficient funds for the foreseeable future, taking into account the Group's current development plans.

In assessing the Group's going concern ability the Directors have considered all relevant available information about the future trading and commercial activities of the Group, including profit forecasts, cash forecasts, sensitivity analysis scenario planning and funding requirements. The Directors continue to manage the working capital of the Group to ensure it is well positioned to fund its future development programme and also to take advantage of appropriate commercial opportunities as and when they arise in the near and medium term.

Based on this assessment, the consolidated financial statements have been prepared on a going concern basis and the Directors have no reason to believe that the Group will not operate as a going concern for the foreseeable future.

1.3 Accounting developments

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 15

Revenue from Contracts with Customers IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more

structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

Other standards

The following standards and interpretations, applicable for annual periods beginning on or after 1 January 2017, are not expected to have any impact on the results of the Group or the presentation of the financial statements:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and amendments regarding the application of the consolidation exception
- IFRS 11 Joint Arrangements – Amendments regarding the accounting for acquisitions of an interest in a joint operation
- IFRS 12 Disclosure of Interests in Other Entities – Amendments regarding the application of the consolidation exception
- IFRS 14 Regulatory Deferral Accounts
- IAS 1 Presentation of Financial Statements – Amendments resulting from the disclosure initiative
- IAS 7 Statement of Cash Flows – Amendments resulting from the disclosure initiative
- IAS 12 Income Taxes – Amendments to recognition of deferred tax assets for unrealised losses
- IAS 16 Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16
- IAS 27 Separate Financial Statements (as amended in 2011) – Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements
- IAS 28 Investments in Associates and Joint Ventures – Amendments regarding the application of the consolidation exception
- IAS 38 Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation

- IAS 41 Agriculture – Amendments bringing bearer plants into the scope of IAS 16
- Amendments resulting from September 2014 Annual Improvements to IFRSs:
    - IFRS 2 Classification and Measurement of Share-based Payment Transactions
    - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
    - IFRS 7 Financial Instruments: Disclosures
    - IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
    - IAS 19 Employee Benefits
    - IAS 34 Interim Financial Reporting

1.4 Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business, so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries Futura Medical Developments Limited and Futura Consumer Healthcare Limited as if they formed a single entity (the “Group"). Intra-group transactions and balances are eliminated in preparing the consolidated financial statements.

1.5 Revenue

Revenue comprises the fair value received or receivable for milestone income and royalties, net of value added tax.

The accounting policies for the principal revenue streams of the Group are as follows:

(i) Non-refundable milestone income is recognised as revenue in the accounting period in which the milestones are achieved. If any milestone income is creditable against royalty payments then it is deferred and released to the Consolidated Statement of Comprehensive Income over the accounting periods in which the royalties would otherwise be receivable.

(ii) Royalty income relating to the sale by a licensee of licensed product is recognised on an accruals basis in accordance with the substance of the relevant agreement and based on the receipt from the licensee of the relevant information to enable calculation of the royalty due.

(iii) Revenue is recognised in the consolidated statement of profit and loss and other comprehensive income when the risks and rewards associated with the ownership of goods are transferred to the customer. This is deemed to occur when the customer collects and loads the product, resulting in the legal transfer of title.

1.6 Leased assets

Leases, which contain terms whereby the Group does not assume substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases. Operating lease rentals are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. The Group does not hold any assets under finance leases.

1.7 Intangible assets

Research and development ("R&D")

Expenditure incurred on the development of internally generated products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to out-license or sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs, including patents and trademarks, are amortised over the periods in which the Group expects to benefit from selling the products developed but not exceeding five years. The amortisation expense is included in R&D costs recognised in the Consolidated Statement of Comprehensive Income. The useful life and the value of the capitalised development cost are assessed for impairment at least annually. The value is written down immediately if impairment has occurred and the unimpaired cost amortised over the reduced useful life.

The Directors consider that the criteria to capitalise development expenditure are not yet met for CSD500 prior to the extended shelf life product being commercially launched in at least one major market and further testing and development is required before the capitalisation criteria are met.

Development expenditure, not satisfying the above criteria, and expenditure on the research phase of internal projects are included in R&D costs recognised in the Consolidated Statement of Comprehensive Income as incurred.

1.8 Plant and equipment

Plant and equipment is initially recognised at cost, and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is charged to the Consolidated Statement of Comprehensive Income at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over their estimated useful lives.

The assets' residual values and useful lives are determined by the Directors and reviewed and adjusted, if appropriate, at each Consolidated Statement of Financial Position date.

1.9 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment on a half-yearly basis and when events or circumstances suggest that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value, less disposal costs, 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 money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior periods. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

1.10 Inventories

Inventories are consumable materials to be used in development and are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost includes materials, related contract manufacturing costs and other direct costs. Cost is calculated using the first in, first out method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

A provision is recognised immediately in the Consolidated Statement of Comprehensive Income in respect of obsolete or defective items, where appropriate.

1.11 Financial instruments

Financial assets

The Group classifies its financial assets in the category of loans and receivables, comprising ‘trade and other receivables’ and ‘cash and cash equivalents’. They are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less an estimate made for impairment based on a review of all past due amounts at the year end. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. If an impairment loss is required the carrying amount of the trade or other receivable is reduced through the use of an allowance account and the amount of the loss recognised immediately in the Consolidated Statement of Comprehensive Income in administrative costs.

Cash and cash equivalents are financial assets and comprise cash in hand and sterling short-term money market funds which are held by the Group so as to be available to meet short-term cash commitments.

The Group assesses at each Consolidated Statement of Financial Position date whether there is objective evidence that a financial asset is impaired.

Financial liabilities

The Group’s financial liabilities comprise ‘trade and other payables’ recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

1.12 Taxation

Income tax is recognised or provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date. R&D tax credits are recognised on an accruals basis and are included as an income tax credit under current assets.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability on the Consolidated Statement of Financial Position date differs from its tax base, except for differences arising on:

- the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the Consolidated Statement of Financial Position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, on each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

1.14 Employee benefits

(i) Defined contribution plans

The Group provides retirement benefits to all employees who wish to participate in defined contribution pension schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions made by the Group are charged to the Consolidated Statement of Comprehensive Income in the period in which they become payable.

(ii) Accrued holiday pay

Provision is made at each Consolidated Statement of Financial Position date for holidays accrued but not taken, at applicable rates of salary. The expected cost of compensated short-term absence (holidays) is charged to the Consolidated Statement of Comprehensive Income on an accruals basis.

(iii) Share-based payment transactions

The Group operates an equity-settled share-based compensation plan. For all share options awarded to employees, and others providing similar services, the fair value of the share options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Consolidated Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of share options that eventually vest. There are no market vesting conditions. If the terms and conditions of share options are modified before they vest, the change in the fair value of the share options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period. The proceeds received when share options are exercised, net of any directly attributable transaction costs, are credited to share capital (nominal value) and the remaining balance to share premium. All employee share option holders enter into an HM Revenue & Customs joint election to transfer the employers' national insurance contribution potential liability to the employee, therefore no Group asset or liability arises.

(iv) Long-term incentive plan

The Group operates a long-term incentive plan for all staff and Directors. The quantum of any awards receivable will depend on the Group achieving set milestones and the share price at the time relative to targets set in advance. The Group can exercise discretion in settling any award in equity or in cash.

1.15 Finance income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

1.16 Critical accounting estimates, assumptions and judgements

Critical accounting estimates, assumptions and judgements are continually evaluated by the Directors based on available information and experience. As the use of estimates is inherent in financial reporting actual results could differ from these estimates.

Estimates and assumptions

Share-based payments

The Group operates an equity-settled share-based compensation plan as detailed in note 17 for employee (and consultant) services to be received and the corresponding increases in equity are measured by reference to the fair value of the equity instruments as at the date of grant. The fair value determination is based on the principles of the Black-Scholes Model, the inputs of which require the use of estimation.

Judgements

Deferred tax recognition

The determination of probable future profits, against which the Group's deferred tax profits can be offset, requires judgement.

2. Financial risk management

2.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange rate risk, cash flow interest rate risk and fair value interest rate risk); credit risk and liquidity risk.

It is Group policy not to enter into speculative positions using complex financial instruments. The Group's primary treasury objective is to minimise exposure to potential capital losses whilst at the same time securing market rates of interest on Group cash deposits using money market funds. Cash balances used to settle the liabilities from operating activities are maintained in current accounts.

(i) Market risk

Foreign exchange rate risk

The Group primarily enters into supplier contracts which are to be settled in sterling. However, some contracts involve other currencies including the US dollar and the euro. Where supplier contracts of more than £100,000 total value are to be settled in foreign currencies consideration is given to settling the sums to be paid through conversion of sterling deposits to the appropriate foreign currency holdings at the outset of the contract to minimise the risk of adverse currency fluctuations.

For contracts with smaller values the foreign exchange rate risk is not considered sufficient to require the establishment of foreign currency accounts unless specific circumstances are identified which warrant this. At 31 December 2017 the Group had trade payables denominated in a foreign currency totalling £11,582 (31 December 2016: £nil).

Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from short-term money market deposits.

(ii) Credit risk

Credit risk arises from cash and cash equivalents and money market deposits as well as credit exposure in relation to outstanding receivables.

(iii) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management involves maintaining sufficient cash and cash equivalents and the monitoring of rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. The Group had trade and other payables at the Consolidated Statement of Financial Position date of £499,141 (2016: £855,177) which fall due within one year.

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for equity holders of the Company and benefits for other stakeholders, and to maintain an optimal capital structure to minimise the cost of capital.

3. Segment reporting

The Group is organised and operates as one segment. The Group's revenue analysed by geographical location of the Group's customers is:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Middle East / ROW	**12,727**	118,192
United States of America	**-**	35,473
Europe	**350,000**	16,697
	362,727	170,362

4. Operating loss

Operating loss is stated after charging:	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Depreciation of plant and equipment (note 10)	**13,428**	6,247
Inventories consumed in R&D	**22,978**	122,565
Wages and salaries (note 5)	**2,154,137**	1,662,299
Operating lease costs: property	**116,076**	76,394
Loss on foreign exchange	**9,701**	4,823

The fees of the Group's auditor KPMG LLP for services provided are analysed below:

	Year ended 31 December 2017	Year ended 31 December 2016
Audit services	**£**	£
Parent company	**26,000**	26,000
Subsidiaries	**7,500**	7,500
Tax services		
Parent company	**2,500**	1,000
Subsidiaries	**1,000**	10,000
Total fees	**37,000**	44,500

5. Wages and salaries

The average monthly number of persons (including all Directors) employed by the Group during the year was 14 (by category: R&D 9, administration 5), (2016:12, by category: R&D 6, administration 6) and their aggregate emoluments were:

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Wages and salaries	**1,582,108**	1,288,330
Social security costs	**200,623**	161,481
Other pension and insurance benefits costs	**168,131**	156,656
Total cash-settled emoluments	**1,950,862**	1,606,467
Accrued holiday pay	**2,014**	6,224
Share-based payment remuneration charge	**201,261**	49,608
Total emoluments	**2,154,137**	1,662,299

All employees of the Group are employed by Futura Medical Developments Limited.

6. Directors' emoluments

	Year ended 31 December 2017	Year ended 31 December 2016
	£	£
Aggregate emoluments	**698,837**	628,609
Employer pension contributions	**21,875**	53,265
Subtotal per remuneration report	**720,712**	681,874
Share-based payment remuneration charge	**97,967**	18,833
Employer's national insurance charge	**96,038**	86,284
Total emoluments	**914,717**	786,991

In 2017 two Directors exercised share options under the Group share option schemes and realised a combined gain of £28,768 (2016: nil). In respect of the highest paid Director the realised gain was £14,263 (2016: £nil).

In 2017 one Director (2016: one Director) participated in a private money purchase defined contribution pension scheme. Emoluments for individual Directors are disclosed within the Remuneration Report.

Emoluments on the previous page include the following amounts in respect of the highest paid Director:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Aggregate emoluments	**235,002**	306,566
Employer pension contributions	**-**	-
Subtotal per remuneration report	**235,002**	306,566
Share-based payment remuneration charge	**40,608**	11,864
Employer's national insurance charge	**32,176**	41,998
Total emoluments	**307,786**	360,428

7. Finance income

Interest receivable in 2017 on treasury funds was £19,316 (2016: £14,714).

8. Taxation

Current tax

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
UK corporation tax credit reported in the Consolidated Statement of Comprehensive Income	**936,344**	842,246

The tax assessed for the year is different from the standard rate of corporation tax in the UK.

The differences are explained below:	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Loss on ordinary activities before tax	**4,836,628**	4,539,359
Loss on ordinary activities at an average standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**931,051**	907,872
Expenses not deductible for tax purposes	**(249)**	(125)
Unrecognised deferred tax	**(30,523)**	(12,154)
Unutilised tax losses	**(381,446)**	(396,701)
Share scheme deduction	**11,235**	-
Additional relief attaching to R&D tax credit claims	**381,880**	343,354
UK corporation tax credit	**911,948**	842,246
R&D expenditure credit re 2016	**9,098**	-
R&D expenditure credit re 2017	**15,298**	-
UK corporation tax credit reported in the Consolidated Statement of Comprehensive Income	**936,344**	842,246

The Group has tax losses of £24,300,530 (2016: £22,332,102) available for offset against future taxable profits.

Deferred tax

Deferred tax assets amounting to £4,133,675 (2016: £3,859,456) have not been recognised due to it not being probable that taxable profits will be available, against which these deductible temporary differences can be utilised. Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The unrecognised deferred tax asset at 31 December 2017 has been calculated assuming a prevailing tax rate when the timing differences reverse of 17% (2016: 17%) and comprises:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Depreciation differential versus capital allowances	**(348)**	6,820
Tax relief on unexercised share options	**-**	53,156
Other short-term timing differences	**2,932**	3,022
Unutilised tax losses	**4,131,091**	3,796,458
	4,133,675	3,859,456

9. Loss per share (pence)

The calculation of the loss per share is based on a loss of £3,900,284 (2016: loss of £3,697,113) and on a weighted average number of shares in issue of 120,631,242 (2016: 101,350,836).

The loss attributable to equity holders of the Company for the purpose of calculating the fully diluted loss per share is identical to that used for calculating the basic loss per share. The exercise of share options, disclosed in note 17, or the issue of shares under the long-term incentive plan, would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 ‘Earnings per Share’.

10. Plant and equipment

Cost	Computer Equipment £	Furniture and Fittings £	Total £
At 1 January 2017	49,694	60,787	110,481
Additions	51,345	4,249	55,594
Disposals	(9,796)	(1,751)	(11,547)
At 31 December 2017	**91,243**	**63,285**	**154,528**
Depreciation			
At 1 January 2017	35,970	53,160	89,130
Eliminated on disposals	(9,796)	(1,751)	(11,547)
Charge for year	11,741	1,687	13,428
At 31 December 2017	**37,915**	**53,096**	**91,011**
Net book value			
At 31 December 2017	**53,328**	**10,189**	**63,517**
At 31 December 2016	13,724	7,627	21,351

Cost	Computer Equipment £	Furniture and Fittings £	Total £
At 1 January 2016	44,754	58,244	102,998
Additions	4,940	2,543	7,483
At 31 December 2016	**49,694**	**60,787**	**110,481**
Depreciation			
At 1 January 2016	30,844	52,039	82,883
Charge for year	5,126	1,121	6,247
At 31 December 2016	**35,970**	**53,160**	**89,130**
Net book value			
At 31 December 2016	**13,724**	**7,627**	**21,351**
At 31 December 2015	13,910	6,205	20,115

All fixed assets of the Group are held in Futura Medical Developments Limited.

11. Inventories

	31 December 2017 £	31 December 2016 £
Consumable materials used for development	**70,413**	83,641

12. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per Consolidated Statement of Financial Position	31 December 2017 £	31 December 2016 £
Loans and receivables		
Trade and other receivables (note 13)	**39,520**	34,986
Cash and cash equivalents (note 14)	**8,362,646**	12,352,978
Total loans and receivables	**8,402,166**	12,387,964

Liabilities as per Consolidated Statement of Financial Position	31 December 2017 £	31 December 2016 £
Trade and other payables (note 15)	**131,430**	286,135
Total financial liabilities	**131,430**	286,135

13. Trade and other receivables

	31 December 2017 £	31 December 2016 £
Amounts receivable within one year:		
Trade receivables	**6,299**	20,364
Other receivables	**33,221**	14,622
Financial assets (note 12)	**39,520**	34,986
Prepayments and accrued income	**141,556**	104,003
	181,076	138,989

Trade and other receivables do not contain any impaired assets. The Group does not hold any collateral as security and the maximum exposure to credit risk at the Consolidated Statement of Financial Position date is the fair value of each class of receivable.

14. Cash and cash equivalents

	31 December 2017 £	31 December 2016 £
Cash at bank and in hand	**168,825**	147,200
Sterling short-term money market funds	**8,193,821**	12,205,778
	8,362,646	12,352,978

15. Trade and other payables

	31 December 2017 £	31 December 2016 £
Trade payables	**131,430**	286,135
Financial liabilities (note 12)	**131,430**	286,135
Social security and other taxes	**131,771**	42,923
Accrued expenses and deferred income	**235,940**	526,119
	499,141	855,177

16. Share capital

Authorised	31 December 2017 Number	31 December 2016 Number	31 December 2017 £	31 December 2016 £
Ordinary shares of 0.2 pence each	**500,000,000**	500,000,000	**1,000,000**	1,000,000

Allotted, called up and fully paid	31 December 2017 Number	31 December 2016 Number	31 December 2017 £	31 December 2016 £
Ordinary shares of 0.2 pence each	**120,696,002**	120,144,950	**241,392**	240,290

The number of issued ordinary shares as at 1 January 2016 was 99,092,318. During the year ended 31 December 2016, the Company issued shares of 0.2 pence each as follows:

Month	Reason for issue	Gross Consideration £	Shares Issued Number
November 2016	Share placing at 57.00 pence per share	12,000,000	21,052,632

The number of issued ordinary shares as at 1 January 2017 was 120,144,950. During the year ended 31 December 2017, the Company issued shares of 0.2 pence each as follows:

Month	Reason for issue	Gross Consideration £	Shares Issued Number
January 2017	Non-Executive Director award at 28.45 pence per share	28,669	100,770
January 2017	Option exercise at 40.50 pence per share	155,100	382,962
May 2017	Option exercise at 51.75 pence per share	15,525	30,000
December 2017	Non-Executive Director award at 57.50 pence per share	21,459	37,320

17. Share options

At 31 December 2017, the number of ordinary shares of 0.2 pence each subject to share options granted under the Company's Approved and Unapproved Share Option Schemes were:

Exercise Period	Exercise Price per Share Pence	At 1 January 2017 Number	Options Exercised Number	Options Lapsed Number	Options Granted Number	At 31 December 2017 Number
1 August 2012 - 31 July 2017	40.50	482,962	(382,962)	(100,000)	-	**-**
1 October 2013 - 30 September 2018	56.50	627,500	-	-	-	**627,500**
1 October 2014 - 30 September 2019	61.50	660,000	-	-	-	**660,000**
1 October 2015 - 30 September 2020	71.50	750,000	-	-	-	**750,000**
1 October 2016 - 30 September 2021	51.75	740,000	(30,000)	-	-	**710,000**
1 October 2017 - 30 September 2022	30.00	1,060,000	-	-	-	**1,060,000**
1 October 2018 - 30 September 2023	57.50	-	-	-	1,260,000	**1,260,000**
1 October 2019 - 30 September 2024	30.50	-	-	-	1,440,000	**1,440,000**
		4,320,462	(412,962)	(100,000)	2,700,000	**6,507,500**

On 13 January 2017 share options over 1,260,000 new ordinary shares were granted to employees in respect of 2016 (including Executive Directors) at a price of 57.50p. The exercise period for these options is 1 October 2018 to 30 September 2023.

On 12 September 2017 share options over 1,440,000 new ordinary shares were granted to employees (including Executive Directors) at a price of 30.50p. The exercise period for these options is 1 October 2019 to 30 September 2024.

The share options outstanding at 31 December 2017 represented 5.39% of the issued share capital as at that date (2016: 3.60%) and would generate additional funds of £3,145,813 (2016: £2,193,237) if fully exercised. The weighted average remaining life of the share options outstanding at 31 December 2017 was 52 months (2016: 56 months) with a weighted average remaining exercise price of 48.34 pence (2016: 50.76 pence).

The share options exercisable at 31 December 2017 totalled 3,707,500 (2016: 3,260,462) with an average exercise price of 51.53 pence (2016: 57.51 pence) and would have generated additional funds of £1,910,613 (2016: £1,875,237) if fully exercised.

The Group's share option scheme rules apply to 6,027,500 of the share options outstanding at 31 December 2017 (31 December 2016: 3,740,462) and include a rule regarding forfeiture of unexercised share options upon the cessation of employment (except in specific circumstances).

There were no market vesting conditions within the terms of the grant of the share options.

The Black-Scholes formula is the option pricing model applied to the grants of all share options made in respect of calculating the fair value of the share options.

Inputs to share option pricing model	**31 December 2017**	**31 December 2017**	31 December 2016
Grant date	**12 September**	**13 January**	-
Number of shares under option	**1,440,000**	**1,260,000**	-
Share price as at date of grant	**30.50 pence**	**57.50 pence**	-
Option exercise price	**30.50 pence**	**57.50 pence**	-
Expected life of options: based on previous exercise history	**3 years**	**3 years**	-
Expected volatility: based on 50 day median fluctuations over 3 years	**67.82%**	**65.74%**	-
Dividend yield: no dividends assumed	**0%**	**0%**	-
Risk-free rate: yield on 3 year treasury stock as at date of grant	**0.31% p.a.**	**0.30% p.a.**	-

Outputs generated from share option pricing model	**31 December 2017**	**31 December 2017**	31 December 2016
Fair value per share under option	**11.55 p**	**20.37p**	-
Total expected charge over the vesting period	**£166,320**	**£256,662**	-

Recognised in Consolidated Statement of Comprehensive Income	**31 December 2017**	**31 December 2017**	31 December 2016
	£	**£**	£
The share-based remuneration charge comprises:			
Share-based payments - employees	**24,648**	**144,731**	49,608
Share-based payments - consultants	**-**	**-**	4,797
Share-based payments	**24,648**	**144,731**	54,405

18. Pension costs

The pension charge represents contributions payable by the Group to independently administered funds which during the year ended 31 December 2017 amounted to £141,992 (2016: £131,181). Pension contributions payable in arrears at 31 December 2017, included in accrued expenses at the relevant Consolidated Statement of Financial Position date, totalled £4,300 (2016: £6,846).

19. Commitments

At 31 December 2017 the Group had operating lease commitments in respect of property leases cancellable on one month's notice of £9,767 (2016: £9,575).

20. Related party transactions

Related parties, as defined by IAS 24 'Related Party Disclosures', are the wholly owned subsidiary companies, Futura Medical Developments Limited, Futura Consumer Healthcare Limited and the Board. Transactions between the Company and the wholly owned subsidiary companies have been eliminated on consolidation and are not disclosed.

Key management compensation

The Directors represent the key management personnel. Details of their compensation and share options are given in note 6 and within the Remuneration Report.