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Allied Minds PLC
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Allied Minds plc

Annual Results Release

Allied Minds plc (LSE: ALM) ("Allied Minds" or the "Group" or the "Company"), an innovative US-focused science and technology development and commercialisation company, today announces its annual results for the year ended 31 December 2015.

Further to the pre-close trading update for the period issued on 9 February 2016, the Company notes:

- The Group Subsidiary Ownership Adjusted Value (GSOAV) was $535.8 million as of 31 December 2015, compared to $488.0 million at 31 December 2014, an increase of $47.8 million, or 9.8%, primarily attributed to significant increases in value at certain subsidiaries including Precision Biopsy and Federated Wireless, offset by decreases in RF Biocidics and CryoXtract, and the closing of SiEnergy.

- Net loss of $97.9 million, (2014: $57.9 million) primarily reflecting an increase in the overall growth of the Group's investment in research and development activities, due in part to the creation of four new businesses in 2015 and ramping up full scale of research and development (R&D) activities of companies created in late 2013 and into 2014.

Chris Silva, Chief Executive Officer of Allied Minds, said:

"*We are happy to report a successful 2015 in which the Group continued to make important strides in advancing its subsidiaries towards commercialisation. We invested in existing subsidiaries to accelerate their development, strengthened industry partnerships and also established new strategic relationships, and recruited highly talented individuals to the Company.*

Since our inception, we have made meaningful progress in securing potentially transformative technology and developing businesses based on novel intellectual property, resulting in a total Group portfolio of 23 subsidiary businesses at the end of 2015. We are confident that we will continue to execute on our strategy to drive early-stage technology towards profitable commercial success."

HIGHLIGHTS

INVESTMENT HIGHLIGHTS

During 2015, an aggregate of $102.8 million was invested into new and existing portfolio companies, including:

- $63.6 million from two fundraisings led by Allied Minds, with $42.2 million coming from third-party investment, to further accelerate the development of two of the Group's existing companies, SciFluor Life Sciences and Precision Biopsy;

  - SciFluor Life Sciences, a drug discovery company developing a portfolio of best-in-class compounds through the strategic use of fluorine, raised $30.0 million at a post money valuation of $130.7 million, up from $37.1 million. These funds in part are being used to accelerate its two lead compounds, a topical treatment for retinal diseases and a treatment for neurological diseases, into the clinic. These compounds are expected to result in three Investigational New Drug (IND) applications to the US Federal Drug Administration (FDA) in 2016 and subsequent commencement of Phase I trials.

  - Precision Biopsy, a company developing early intervention technology that detects in real time suspicious tissue during prostate biopsy examinations, raised $33.6 million at a post money valuation of $90.4 million, up from $19.0 million, to accelerate the commercialisation of its ClariCore™ Biopsy System, and develop its Focal Therapy programme. The funds support the continuation of taking clinical core samples to optimise the tissue classification system, as well as planned FDA clinical trials to support final development and regulatory approvals for the prostate market.

- In addition to these two fundraisings, $39.2 million was invested by the Group into new and other existing portfolio companies, including investments in four new businesses: BridgeSat, ABLS I (Yale), HawkEye 360 and ABLS II (Harvard).

- Post-period-end, on 29 January 2016, Federated Wireless raised $22.0 million at a post money valuation of $82.0 million, up from $10.0 million previously. The raise will enable it to complete its Spectrum Access System (SAS) and Environmental Sensor Capability (ESC) certification process, conclude the development and accelerate the commercialisation of its cloud-hosted CINQ platform, and conduct field trials throughout 2016 and 2017 with technology partners to include Ruckus Wireless, Google, Intel, Qualcomm, and Nokia. Allied Minds invested $5.0 million in this fundraising, and third-party investment totaled $17.0 million.

OPERATIONAL HIGHLIGHTS

- During the year, Allied Minds engaged with over 90 new research institutions, bringing the total US universities and federal laboratories in the Allied Minds partner network to 160, from 68 at the end of 2014.

- The investment team reviewed more than 5,000 new technologies developed by the partner network. Following extensive due diligence on over 20 of the most promising, the Group formed and funded four new businesses, resulting in a total Group portfolio of 23 subsidiary businesses at December 2015, and executed options to license three additional technologies.

- The Group currently has 21 technologies in early due diligence, two technologies in final due diligence, and a number of opportunities in active negotiations.

- During 2015 and post-period, several Allied Minds businesses entered into collaborations with industry leaders including Bristol-Myers Squibb, Intel, Advanced Micro Devices (AMD), Lockheed Martin, Google, Cisco, Ruckus Wireless, Qualcomm, Nokia and others, validating the quality of the companies' platforms, people and technologies.

- The accelerating pace of developing new and existing companies during 2015 led to significant expansion in the total workforce from approximately 234 to 359 employees and consultants. The workforce increase was almost entirely concentrated into the operating subsidiaries, where new hires consisted of approximately 61% engineering and technical development professionals, 27% leadership and management professionals, and 12% sales, marketing and other business development professionals.

FINANCIAL HIGHLIGHTS

- Net cash and investments* of $194.8 million, (2014: $261.5 million)

  * includes funds in form of fixed income securities

- Revenues of $3.3 million, (2014: $7.7 million) primarily reflecting revenue shortfall compared to prior year at RF Biocidics (RFB), which following initial regulatory approval requires certification for each individual installation and is extending the sales cycle and delaying revenue.

- Net loss of $97.9 million, (2014: $57.9 million) primarily reflecting an increase in the overall growth of the Group's investment in research and development activities, due in part to the creation of four new businesses in 2015 and ramping up full scale of research and development (R&D) activities of companies created in late 2013 and into 2014.

- As noted above, the Group Subsidiary Ownership Adjusted Value (GSOAV) of $535.8 million as of 31 December 2015, compared to $488.0 million at 31 December 2014, was an increase of $47.8 million, or 9.8%. The increase in 2015 is primarily attributed to the increase in value at Precision Biopsy and Federated Wireless demonstrated by the consummation of third-party fundraisings into such subsidiaries, offset by decreases in value at RF Biocidics and CryoXtract as a result of slower than anticipated sales growth, and the closing of SiEnergy.

KEY SUBSIDIARY HIGHLIGHTS

- Spin Transfer Technologies (STT), a next-generation computer memory company:
  - signed a co-development agreement with a major memory company; and
  - successfully developed a fully functional technology demonstrator memory integrated circuit (DM1) to generate commercially relevant data for evaluation by potential partners and customers.

- Optio Labs, a mobile security technology company protecting employees' mobile phones/tablets from malware and control security:
  - partnered with AMD and Sonim;
  - acquired Oculis Labs expanding product line to include PrivateEye;
  - released OptioCore 2.0 to include integration with Android L and M operating systems and engaged range of original equipment manufacturers (OEM) partners and pipeline; and
  - launched several new products, including OptioGrizzly and OptioServices (in January 2016).

- Federated Wireless, a spectrum sharing company:
  - received Federal Communications Commission's (FCC) authorisation to share government spectrum;
  - partnered with Intel and launched CINQ XP, a product that allows carriers to unlock 3.5 GHz band;
  - initiated the first industry trial with the US Department of Defense to test and pilot Federated Wireless spectrum sharing and sensing capabilities;
  - collaborating with Ruckus Wireless, Google, Intel, Qualcomm, and Nokia on pioneering commercial initiatives; and
  - post-year-end, successfully raised $22.0 million in equity financing to conclude the development and accelerate the commercialisation of its products and platform.

- SciFluor, a drug discovery and development company making strategic use of fluorine:
  - readying to enter the clinic with SF0166, an eye drop formulation of a drug intended to treat retinal diseases. The company aims to initiate two Phase I/2 studies in patients in 2016 addressing the wet, age-related macular degeneration (Wet AMD) and diabetic macular edema (DME) populations;
  - held pre-investigational new drug (IND) meeting with the FDA for SF0166;
  - readying to enter the clinic with SF0034, a patented CNS drug which activates potassium channels and hence stabilizes neurons intended to various diseases such as epilepsy, pediatric encenphalopathy and possibly Amyotrophic Lateral Sclerosis (ALS), or Lou Gerhig's disease, and tinnitus. The company aims to initiate a Phase I study in healthy volunteers in 2016;
  - held pre-IND meeting with the FDA for SF0034;
  - generated a peer-reviewed publication highlighting the key attributes of lead compound SF0034; and
  - expanded intellectual property (IP) portfolio around SF0166 and SF0034 and in fibrosis and pain management with 2 new issued patents of four total in 2015.

- LuxCath, a catheter-based visualisation technology company:
  - completed proof of concept testing with success on bench, in preclinical and clinical tests;
  - performed First-In-Man (FIM) testing in 11 patients with Drs. Vivek Reddy and Petr Neuzil in Prague including atrial fibrillation patients. All cases were successful without complications showing the system worked and as intended. Demonstrated ability to determine electrode-tissue contact in real time, to characterize tissue composition underneath ablation electrode, and to monitor lesion progression during ablation;
  - published abstracts and posters at leading conferences: Atrial Fibrillation Symposium in Orlando, FL and Heart Rhythm Society in Boston, MA; and
  - expanded IP portfolio with three issued patents and additional filings globally.

- RF Biocidics (RFB), a food safety company:
  - as reported in our half yearly results, sales of RFB's state-of-the-art food safety equipment were lower than expected due in large part to delayed regulatory approval;
  - initial regulatory validation was completed by the Almond Board of California Technical Expert Review Panel (TERP), whose decision confirmed third-party test results that showed RFB's chemical-free process effectively eliminates pathogens like Salmonella from almonds, making them safe to eat; and
  - RFB is required to obtain certification at each new installation of its system, delaying roll-out. The company is actively working with regulators to streamline the process and at the same time is implementing sales and marketing focused initiatives.

- Allied Minds formed four new businesses during the year:
  - ABLS, a collaborative and interactive partnership with Bristol-Myers Squibb, entered into license agreements and initiated feasibility phase testing with:
    - Yale University (ABLS I) with respect to research and intellectual property developed in the laboratory of Dr. David Spiegel. The proprietary platform and associated small molecule lead compounds known as Antibody-Recruiting Molecules (ARMs) provide a novel approach for the treatment of prostate cancer by recruiting the body's own immune system; and
    - Harvard University (ABLS II) with respect to research and intellectual property developed by Professor Malcolm Whitman, and commenced a project to create novel small molecule therapeutics for the treatment of fibrotic and autoimmune diseases.
  - BridgeSat, which is a collaboration with The Aerospace Corporation and Draper Laboratory, to develop an on orbit optical connectivity system that aims to increase the speed, security and efficiency of data transmissions from Low Earth Orbit (LEO) satellites and high altitude unmanned aerial vehicles (UAVs) compared to traditional radio frequency solutions.
  - HawkEye 360, a collaboration with Mr. Chris DeMay, (who worked for the US National Reconnaissance Office, leading programs for satellite development), Dr. Charles Clancy and Dr. Bob McGwier of Virginia Tech's Hume Center for National Security and Technology, (both of whom developed the technology for complex radio frequency (RF) signal processing). The company seeks to build and launch a constellation of small satellites flying in clusters of three satellites each in LEO, capable of geo-locating, detecting, and analysing wireless signals to track and monitor global transportation networks and comprehensively map spectrum resources.
- Post-period-end, on 15 March 2016, ABLS entered into an agreement with New York University (NYU) for ABLS III d/b/a iβeCa Therapeutics, to license proprietary compounds from NYU School of Medicine that target the Wnt signaling pathway, which were developed by Dr. Ramanuj Dasgupta, Research Associate Professor at NYU School of Medicine, and NYU's drug discovery accelerator, the Office of Therapeutics Alliances (OTA). The Wnt pathway plays a key role in the development and progression of a number of cancers affecting large numbers of patients. iβeCa Therapeutics will focus on further discovery and development activities needed to identify candidates for human clinical testing.

BOARD AND MANAGEMENT HIGHLIGHTS

The Group has continued to evolve and strengthen its Board of Directors (Board) and management with the following key appointments:

- Joseph Pignato, Chief Financial Officer, (former CFO of Upserve, Charles River Ventures, Prism Ventures and Lightbridge);
- Kevin Sharer, Independent Non-executive Director, (former Chairman and CEO of Amgen); and
- Post year end - Jill Smith, Independent Non-executive Director (former Chairman, CEO and President of DigitalGlobe).

In compliance with Listing Rule 9.6.3, the following documents have today been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM:

- Annual Report and Accounts for the year ended 31 December 2015; and
- Notice of 2016 Annual General Meeting.

Printed copies of these documents together with the Form of Proxy have been posted to shareholders today. Copies are also available electronically on the Investor Relations section of the Company's website at http://www.alliedminds.com/investors/reports-presentations.

The 2016 Annual General Meeting will be held at 1pm BST on Thursday 26 May 2016 at the offices of DLA Piper UK LLP, 1 London Wall, London, EC2Y 5EA.

For more information, please contact:

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Further information on Allied Minds is available on our website: www.alliedminds.com

Notes

(i) Nature of announcement

This Annual Results Release was approved by the directors on 25 April 2016. The financial information set out in this Annual Results Release does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014 but is derived from those accounts. Statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies. Statutory accounts for 2015 will be delivered to the registrar of companies in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Any references to page numbers in this announcement are to pages within the Company's Annual Report and Accounts for the year ended 31 December 2015 (2015 Annual Report).

(ii) Forward looking statements

This Annual Results Release and the 2015 Annual Report contain statements that are or may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies. The forward-looking statements are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from current expectations, including, but not limited to, those risks and uncertainties described in the risk management section of the 2015 Annual Report. These forward-looking statements are based on assumptions regarding the present and future business strategies of the Company and the environment in which it will operate in the future. Each forward-looking statement speaks only as at the date of this Annual Results Release. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

2015 Annual Report and Accounts

STRATEGIC REPORT

CHAIRMAN'S REPORT

I am delighted to present our Annual Report to shareholders for the full year 2015, which was a highly productive period for Allied Minds. This is my first Annual Report as Chairman and I would start by extending my thanks to Mark Pritchard, the Group's founder and Executive Chairman until September 2015, for his vision in developing such a unique company. The culture of focusing on the successful commercialisation of innovation he fostered is alive and well in the senior leadership team.

The Board embraces its responsibility to set the Group's strategic aims, ensure the senior leadership is in place to put them into effect, supervise the management of the business, and report to shareholders on this stewardship. We are focused on providing Board leadership, guidance and support to facilitate effective, entrepreneurial and prudent management that can deliver long-term and sustainable success for the Group and its shareholders.

The Company's business model is to form, fund, manage and build start-up companies which undertake product development and commercialise innovations emerging from US universities and US federal government research laboratories in the life sciences and technology sectors. Our ultimate strategy is to build a significant and diversified group of businesses and achieve strong growth, which in turn rewards our shareholders. In 2015, the Board ensured that the Group was both bold in executing this strategy and prudent in the way it deployed capital and resources.

Board Changes

During 2015, the Board sought to ensure there was an appropriate and diverse mix of skills, knowledge and experience on the Board. In addition to my appointment as Non-Executive Chairman in June 2015, Rick Davis, who has served on our Board since 2011, became our Senior Independent Director in August 2015. The Board was further strengthened with the appointment of two new Independent Non-Executive Directors; Kevin Sharer in June 2015, and Jill Smith, post period end, in January 2016.

Kevin spent more than 20 years leading Amgen, the world's largest independent biotechnology firm, starting as President and Chief Operating Officer and then served as Chairman and Chief Executive Officer. Having previously served on the Boards of Directors of Chevron Corp. and Northrop Grumman Corp., Kevin is currently a faculty member at Harvard Business School, where he teaches General Management and other classes.

Jill has more than 25 years of experience as an international business leader, including 16 years as Chief Executive Officer of private and public companies in the technology and information services markets. Most recently, Jill served as Chairman, Chief Executive Officer and President of DigitalGlobe Inc., a global provider of satellite imagery products and services. Currently, Jill serves as an independent director on the Boards of Directors of Endo International plc, Hexagon and JM Huber.

Incentive Alignment

The Remuneration Committee carried out a thorough review of all elements of remuneration for Executive Directors and senior management and considered feedback received from major shareholders and shareholder advisory services in 2015. Notable revisions to the Remuneration Policy which will be put to a binding shareholder vote at the 2016 Annual General Meeting include: annual cash incentive bonus awards shall be determined solely by the level of achievement against the financial, operational, technical and other performance targets (MBOs) set by the Remuneration Committee at the start of the financial year; and 100% of awards under our long term incentive plan (LTIP) shall be subject to performance conditions based on the Company's relative total shareholder return (rTSR) performance as compared to broad indices and industry peer companies. The Board believes that the new Policy will serve to reward entrepreneurial milestone achievement, increased subsidiary valuation and the creation of shareholder value over time.

Our Model to Build Value

Allied Minds made significant progress in 2015, executing against its strategy to identify early-stage technologies and innovations from leading US research facilities, form and invest in companies with differentiated intellectual property rights and key scientific, engineering and management talent, and develop the resulting subsidiaries into potentially disruptive businesses which address large and growing markets. We currently have 23 subsidiary businesses at varying stages of maturity across the life sciences and technology sectors, the majority of which met or exceeded their key technical and operational milestones in 2015.

We look to 2016 as a year of crystallising value as we attract further investments into the existing portfolio, welcome further partnerships with industry leaders, and continue to achieve other financial, operational and technical milestones. I would like to thank our shareholders for their continued support and our management team and staff for their hard work and commitment.

Peter Dolan
Chairman

25 April 2016

CEO'S REPORT

In 2015, Allied Minds made significant progress across key areas of the Group. With support from third-party investors, we were able to make substantial investments in our portfolio businesses, fueling their ability to achieve key development milestones. The considerable number of corporate collaborations further demonstrated the commercial progress of our subsidiaries. During 2015 and post-period, our businesses established important relationships with leading companies such as Intel, AMD, Lockheed Martin, Google, Cisco, Ruckus Wireless, Qualcomm, Nokia and many others. Our partnership with Bristol-Myers Squibb (BMS), Allied-Bristol Life Sciences, continued to generate new companies focused on developing future drug candidates addressing large underserved medical needs. All of these achievements are indicative of the commercial potential of our subsidiary businesses and Group's ability to create value from potentially disruptive, early stage technologies.

We also benefited from strong additions to the leadership team, including the appointment of new members to our Board of Directors, as well as the recruitment of several high-calibre advisors and the successful appointment of seasoned executives, scientists and engineers for our subsidiaries. We increased our workforce by over 53% during the year, bringing our headcount of employees and consultants to 359. This increase was almost entirely concentrated into the operating subsidiaries, with the new hires being 61% engineers and technical developers, 27% leadership and management executives and 12% sales, marketing and other business development professionals. We implemented a new annual bonus attainment process, which we believe best aligns shareholder value creation with employee performance. More information is available in the Remuneration Report of the 2015 Annual Report.

Our pipeline of new technologies expanded dramatically as we grew and strengthened our relationships with our US research university and US federal laboratory partners. Our network more than doubled to 160 partners from 68 partners at the end of the prior year. The investment team reviewed a record number of over 5,000 new technologies from our network and, following extensive due diligence on more than 20 of the most promising, formed four new businesses, bringing the total count to 23 subsidiaries at the end of the year. We also executed options to license three additional technologies. The Group currently has 21 technologies in early due diligence, two in final due diligence and a number of opportunities in active negotiations. We have clearly established an industry-leading pipeline of cutting-edge technologies from the US research community, which we believe will result in the sustainable generation of disruptive businesses for years to come.

Continued Significant Investment

During 2015, Allied Minds strategically deployed $102.8 million into new and existing businesses, which followed the $125.0 million deployed last year. We made new investments in key subsidiary businesses including Federated Wireless, SciFluor Life Sciences, Precision Biopsy and others, to accelerate important activities such as commencing clinical trials, launching new products, and entering into strategic collaborations with leading industry participants.

The Group continued to attract third-party investments directly into several subsidiaries, providing for the acceleration of their growth. These investments included a $33.6 million financing for Precision Biopsy; a $30.0 million financing for SciFluor Life Sciences; and post-period, a $22.0 million financing for Federated Wireless.

We started four new subsidiary businesses based on ground-breaking government technologies, as well as innovative new drugs to treat diseases. These included the formation of two space-based subsidiaries, BridgeSat and HawkEye 360; and the licensing of life-science technologies from Harvard and Yale Universities, building upon our Allied-Bristol Life Sciences (ABLS) partnership with BMS.

As a result of continued significant investment and the subsidiary milestones achieved, the Group Subsidiary Ownership Adjusted Value increased by 9.8% to $535.8 million as of 31 December 2015, from $488.0 million at 31 December 2014.

Outlook

The outlook for Allied Minds remains very promising. Our focus is on validating events in 2016, which we expect to include significant achievements such as increased customer engagement, corporate partnerships with leading industry players, potential asset monetisations and the continued disciplined investment into our key subsidiaries. We have built a strong foundation in both our existing portfolio and our technology pipeline, which will support the creation of new subsidiaries and continued commercial progress, each enhancing shareholder value.

Chris Silva
Chief Executive Officer

25 April 2016

COMPANY OVERVIEW

Allied Minds is an innovative US-focused science and technology development and commercialisation company. The Group commenced operations in 2006 to invest in transformative technologies developed at the leading US universities. The Company's business model is to form, fund, manage and build start-up companies which undertake product development and commercialise innovations emerging from US universities and US federal government research laboratories in the life sciences and technology sectors.

Allied Minds' strategy is to build a diversified group of businesses and achieve significant growth over the medium to long term through the maturation of its products through the commercialisation cycle. We believe the strength of the Group's strategy is its ability to access a wide range of innovative scientific research and technology by leveraging its relationships with leading research institutions. In 2015, the Group engaged with 160 research universities and US federal government laboratories, providing it with an extensive pipeline of innovations from which the Group can identify technology for potential development to commercially viable products. In addition, Allied Minds' business model centralises the support functions at the parent Company level, thereby enabling its businesses to focus efforts primarily on commercialisation activities whilst achieving operational and financial efficiency.

Since inception, the Group has invested significant capital and resources in its subsidiary businesses. The Group currently comprises of 23 subsidiary businesses in the life sciences and technology sectors based upon a broad range of underlying innovative technologies ranging from molecular compounds to memory integrated circuit technology. Allied Minds benefits from a highly skilled workforce, with valuable expertise throughout the Group across a range of science and technology disciplines. By leveraging this expertise, and through its extensive research and development activity to date, Allied Minds has established a significant portfolio of intellectual property to support and protect its research and innovation programme.

Allied Minds is structured as a diversified holding company with a strong central management team active in the strategic development of its subsidiary businesses. We believe this is a key distinguishing feature of the Company when compared with investment funds. Allied Minds' core aim is to focus on early-stage disruptive technologies that it believes have significant upside potential and to realise that potential through supporting commercial development.

The Opportunity

The US is the world's largest market for research and development (R&D) investment, with more than $125 billion in annual spending by the US federal government. The investment by the US federal government in research through the nation's universities, federal laboratories, and non-profit institutions generates innovations and inventions with considerable commercial potential. These innovations and inventions result in thousands of US patent applications per annum. Though US universities and federal research institutions have an established technology transfer process designed to commercialise this intellectual property, they face a number of challenges. Marketing early-stage innovations to investors that often seek lower-risk, more mature technologies is challenging. Universities also often lack the resources necessary to adequately and efficiently identify the most marketable opportunities, coordinate between technology transfer offices and researchers to render opportunities marketable, and locate investors and entrepreneurs to license the invention and carry concepts forward. As a result, many universities license only a relatively small number of patents per year from a base of thousands, of which only a small fraction progress to the next stage of development.

Allied Minds was established with the objective of collaborating with universities, and subsequently, US federal government labs, to better identify high-potential innovations and inventions at an early stage, and subsequently licensing those inventions into subsidiaries formed and funded by the Company. By providing requisite commercial direction and management talent together with funding the product development activities of its businesses, we believe Allied Minds has the opportunity to be able to unlock the significant market potential inherent in promising technologies.

Our Strategy

Allied Minds aims to identify, develop and commercialise potentially transformative technologies. The Company seeks to maximise growth by creating new businesses based around proprietary and innovative intellectual property. Allied Minds is actively engaged in focused scientific research and product development within its businesses, and bringing products to significant identifiable markets. The Company's objective is to build its businesses into commercially successful and valuable enterprises.

A key component of the Company's strategy is to maintain strict capital discipline within an operationally efficient model for new companies while the commercial viability of the technology is explored and tested. The Company aims to ensure that only when there are sufficient additional proof points that the technology is satisfactorily de-risked and could succeed commercially, is additional scale-up capital provided. Should those proof points no longer support on-going commercialisation activity, a subsidiary's business is terminated. As part of Allied Minds' strategy, it is recognised that failure is an inherent but necessary component of early-stage investing.

In order to execute this strategy, and more broadly to ensure alignment of stakeholder interests, we believe that for early-stage businesses, it is important to retain initial control of projects. Accordingly, the Company currently maintains operating control of all of its businesses and we anticipate maintaining such control for as long as necessary subject to the demands and needs of each subsidiary and the overall management of the Company's business. We review the development path of each business on an on-going basis and, at the appropriate time, it is expected that each business will look to secure strategic, commercial and capital partners, as appropriate, with a view to accelerate and maximise value appreciation.

The Company's strategy is to drive each subsidiary business toward commercialisation. The development time of each technology can vary enormously, particularly if regulatory approvals need to be secured before the product can reach the market. Inherent in the commercialisation strategy is a belief that realisation of assets should not be attempted until significant value inflection milestones have been reached. These milestones are typically commercial traction and revenue generation.

The achievement of such milestones is expected to provide the Board with strategic flexibility to explore a range of avenues for value realisation, including initial public offerings, trade sales (in whole or in part), licensing arrangements and joint ventures.

Our Business Model and Approach

Since inception, Allied Minds has sought to deliver the commercial potential of selected university owned, early-stage intellectual property by working with technology transfer offices (TTOs) and establishing a structure to form, fund, manage and build start-up companies to develop innovative technologies. Allied Minds maintains regular contact with its university partners, which includes campus visits and interaction between Allied Minds staff and university technology transfer personnel and researchers. The strategic relationships with universities provide Allied Minds with direct access to scientific research which is potentially capable of developing into transformative technologies and products.

As an extension of its university model, in September 2012, Allied Minds reached agreements for first-of-their-kind Public Private Partnerships (PPP) with several US Department of Defense laboratories and federal government agencies, and subsequently reached agreements with other federal government agencies such as the Department of Homeland Security and the Department of Energy. Under these PPPs, the Company typically receives certain access and licensing rights to inventions originating from the US Department of Defense laboratories and other federal government agencies. We believe that these PPPs create a closer relationship between the Company and the respective institutions, thereby increasing the amount of potential deal flow available in new intellectual property for the Company.

Through these collaborative relationships with research universities and federal government laboratories, the Company and the corresponding research institutions work together to form, fund, manage and build early stage companies to commercialise US innovation.

Form

The Company's extensive network of relationships with universities and US federal government laboratories provides access to the outcome of substantial research and development expenditure. In 2015, Allied Minds evaluated more than 5,000 potential projects from across a broad range of university and federal laboratories and addressing a broad range of underlying technologies. These proposals frequently represent the culmination of years of scientific research within university and federal government laboratory environments.

Using a screening and investment selection process and supported by data on technical merit, commercial potential and patentability, we believe Allied Minds is able to make timely and effective decisions on which projects merit further consideration. We believe that use of this opportunity assessment system and the efficiency of this process can substantially reduce transactional costs and enhance timely and effective decision making for the Group.

In order for a project to proceed past the first review stage, it must score highly in key technical assessment criteria. The starting point for this process is an assessment of the technologies that underpins the project. Projects are assessed on the following criteria: value proposition; disruptive technology; initial commercial application; addressable market; business model; potential intellectual property protection; competitive landscape, and regulatory path, where applicable.

Approximately 5% of those projects reviewed are typically selected for further evaluation. At this stage Allied Minds coordinates the involvement of sector experts, academic peers and, in certain cases, external advisers to perform a deeper evaluation of the scientific and commercial potential of the project. Following this second review stage, approximately 1% of those projects initially reviewed are selected for detailed due diligence. The Company's full due diligence process involves coordination with the inventor(s) and institution to gain acceptance of the Allied Minds operating model as well as preparation of a detailed product and business development plan and budget structured around key milestones. We intend to form approximately five new projects per annum in the near and medium term.

After selecting a project, Allied Minds typically establishes a subsidiary that receives an exclusive license for the commercial rights to the underlying intellectual property. The subsidiary is usually majority owned by Allied Minds in either a limited liability company or incorporated structure, with the originating university and inventor(s) each typically receiving a minority shareholding in that entity.

Fund

Following due diligence procedures, the subsidiary validates the core scientific principles of the intellectual property, and evaluates the progress and likelihood of commercial success of a technology prior to making any significant additional commitment to fund, develop and commercialise such technology. Following this initial seed funding from the Company, Allied Minds provides further incremental funding to support the product development activity within its subsidiaries.

Disbursement of funding and future rounds of financing for further development are often based on achievement of key milestones, which are designed to measure technological and commercial progress. Where a project has failed to deliver sufficient additional proof points, no longer supports on- going development and commercialisation activity, and cannot be successfully redirected to an alternative commercial path, Allied Minds will look to terminate the investment early.

As its businesses mature further, Allied Minds will also seek funding from third parties for such businesses should it be in the Group's strategic interests to do so. Allied Minds has a track record with certain corporate and institutional investors which have co-invested with Allied Minds to finance its subsidiary businesses.

Manage

Allied Minds actively manages and monitors its businesses as they advance research and product development towards commercialisation. During the early stages, Allied Minds typically provides technical and executive leadership to oversee the progress of its businesses toward preliminary milestones. As those businesses evolve, Allied Minds contributes to the board composition of the companies and hires seasoned industry executives to advance the businesses towards commercialisation. We believe the Company will continue to attract talented executives to its businesses.

Allied Minds expects to directly control each start-up company in its early stages, and retain board seats in the later stages of such company's development. Throughout this process, Allied Minds expects to provide strategic and other advice or retain expert advisors for the businesses, where necessary.

Build

Allied Minds applies a structured approach to building the business infrastructure that is critical to the growth of its businesses. In addition to providing executive leadership, Allied Minds provides sales and marketing research, consulting, competitive analysis, technology analysis, commercial development support, shared services such as payroll and IT support, and operational advice. In doing so, Allied Minds' business model maintains central support functions at the parent Company level, thereby enabling its businesses to focus on research and product development activity whilst achieving operational and financial efficiency. We believe that the support provided to each of the Group's businesses distinguishes them from many comparably-sized and -aged businesses in terms of availability of resources that aid in their planning and decision making.

Allied Minds is focused on pursuing projects with the objective of bringing commercially viable products to significant identifiable markets. Accordingly, we evaluate on an on-going basis the progress and potential of each of the Company's businesses, and make strategy and funding decisions based on the achievement of key milestones. The Company sets out to identify key achievements within each subsidiary that indicate growth momentum such as revenue, industry partnerships, and go-to-market agreements, as a means of commercially validating the technology and business case.

PORTFOLIO SUMMARY

During 2015, an aggregate of $102.8 million was invested into new and existing portfolio companies. This included $63.6 million from two fundraisings led by Allied Minds, with $42.2 million coming from third-party investment, to further accelerate the development of two of the Group's existing companies, SciFluor Life Sciences and Precision Biopsy. In addition to these two fundraisings, $39.2 million was invested by the Group into new and other existing portfolio companies, including investments in four new businesses: BridgeSat, ABLS I (Yale), HawkEye 360 and ABLS II (Harvard).

Allied Minds currently has majority ownership in, or operating control of, all of its subsidiary investments. Below we provide an overview of our current existing subsidiary companies, including year formed, and Allied Minds' ownership interest.

Subsidiary	Year Formed	Ownership Interest [1]	Overview
Life Sciences			
Allied-Bristol Life Sciences, LLC	2014	80.00%	Created with Bristol-Myers Squibb (BMS) to identify and conduct preclinical development of therapeutic candidates which are intended to be sold to BMS prior to clinical development
ABLS I, LLC	2014	74.00%	Proprietary platform and associated small molecule lead compounds known as Antibody-Recruiting Molecules (ARMs) provide a novel approach for the treatment of prostate cancer by recruiting the body's own immune system, developed in the Yale University laboratory of Dr. David Spiegel
ABLS II, LLC	2014	80.00%	Novel small molecule therapeutics for the treatment of fibrotic and autoimmune diseases, developed in the Harvard University laboratory of Professor Malcolm Whitman
ABLS III, LLC, d/b/a iβeCa Therapeutics	2016	80.00%	Proprietary compounds developed by Dr. Ramanuj Dasgupta at the NYU

			School of Medicine that target the Wnt signaling pathway and nuclear beta catenin, which plays a key role in the development and progression of a number of cancers affecting large numbers of patients
Biotectix, LLC	2007	64.35%	Aiming to enable the next generation of implantable electrostimulation and sensing products through the development of proprietary, high-performance, conducting polymer coatings
Cephalogics, LLC	2006	95.00%	Developing a non-invasive, bedside neuroimaging system, which seeks to provide real-time continuous ischemia detection and perfusion status in a variety of stroke and CNS injury settings
CryoXtract Instruments, LLC	2008	93.24%	A suite of automated product solutions that seeks to allow the global scientific community to access valuable frozen biosamples without exposing them to damaging freeze/thaw cycles
LuxCath, LLC	2012	98.00%	A catheter-based real-time tissue and lesion visualisation technology for use during cardiac ablation procedures initially focused on atrial fibrillation ablation
Precision Biopsy, Inc.	2008	68.32%	A medical device platform, Claricore™, utilising tissue spectroscopy, which seeks to distinguish tissue characteristics in real-time and to guide clinicians toward areas of disease for optimum therapy initially focused on prostate cancer. Developing focal therapy system using Claricore for abnormal tissue targeting in the prostate
ProGDerm, Inc., d/b/a Novare Pharmaceuticals	2008	90.38%	A biologic that aims to represent a natural approach to generate subcutaneous fat to enhance the appearance of skin using the body's own processes; developing novel peptides based on the Rhamm protein for inflammatory, fibrotic, aesthetic and other market opportunities
SciFluor Life Sciences, Inc.	2010	69.89%	Developing a best-in-class portfolio of compounds based on the strategic use of fluorine initially focused on retinal, CNS, fibrotic and pain related diseases
SoundCure, Inc.	2009	84.60%	Developed an FDA-cleared consumer medical device for tinnitus therapy offering customised acoustic technology, while also developing an online audiology-based telehealth business including an expanding broad network of corporate and provider partners
Technology			
Allied Minds Federal Innovations, Inc.	2012	100.00%	Through a series of public-private partnerships (PPPs) with the US federal government, aims to develop and commercialise the next generation of transformative technologies from US federal research institutions
BridgeSat, Inc.	2015	100.00%	Developing an optical connectivity system that aims to increase the speed, security and efficiency of data transmissions from Low Earth Orbit (LEO) satellites, unmanned aerial systems, and remote terrestrial infrastructure compared to traditional radio frequency solutions
Federated Wireless, Inc.	2012	73.04%	A leader in the emerging market for Shared Spectrum, their CINQ cloud-based platform provides coordinated shared spectrum resources to enterprise customers, network operators, and service providers
Foreland Technologies, Inc.	2013	100.00%	A cyber security platform company which aims to discover, incubate and commercialise emerging

			technologies with greater speed and agility than the rest of the market
HawkEye 360, Inc.	2015	75.00%	Building a constellation of small satellites in low Earth orbit to generate reports on wireless signals that can be used to track and monitor global transportation networks and assist with emergencies
Optio Labs, Inc.	2012	81.23%	Developer of mobile security technologies for the evolving cyber operating environment
Percipient Networks, LLC	2014	100.00%	Developing threat-intelligence driven cloud-based cyber security technologies for proactive enterprise network defence
RF Biocidics, Inc.	2008	67.14%	Developer of equipment that seeks to disinfect food from insects and pathogens through a process that does not use chemicals
Seamless Devices, Inc.	2014	79.41%	Developer of semiconductor devices using a novel approach to analog-to-digital signal processing based on switched-mode signal processing technology and algorithms
Spin Transfer Technologies, Inc.	2007	48.40%	MRAM computer memory that is being developed with the aspiration of becoming a leading universal memory technology to address a segment of the $60 billion per annum worldwide computer memory market
Whitewood Encryption Systems, Inc.	2014	100.00%	Developer of the next-generation systems of data encryption that leverage advanced quantum cryptography technologies

Notes:

(1) Ownership interests are as at 25 April 2016 (being the latest practicable date prior to the publication of the 2015 Annual Report), and are based upon percentage interest of issued and outstanding common shares and preferred shares (on an as-converted into voting common share basis). Allied Minds' ownership of Federated Wireless was 90.58% as at 31 December 2015, prior to a funding round (involving both Allied Minds and external investors) of $22.0 million in January 2016. Allied Minds' ownership of HawkEye 360 was 81.25% as at 31 December 2015, prior to a transfer of HawkEye 360 shares by Allied Minds to an external investor in February 2016.

(2) In 2016, Allied Minds ceased operations at its subsidiary SiEnergy Systems, LLC (SiEnergy). The company was formed to develop thin film Solid Oxide Fuel Cell (SOFC) technology. Allied Minds determined that the technology would not meet key milestones which were designed to measure technological and commercial progress within a reasonable timeframe and within a reasonable budget, and that the market for clean energy alternatives continued to be potentially adversely impacted by the low cost of traditional energy sources.

SUBSIDIARY VALUATION

The Group currently has 23 subsidiary businesses, whose activities are principally in the life sciences and technology sectors.

All of the Company's subsidiary companies are currently majority owned and/or controlled and therefore fully consolidated in the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). As a result, the *Consolidated Statements of Financial Position* incorporated within the Company's consolidated financial statements do not include current valuations of the Company's subsidiary companies. As a means of promoting transparency, we also present, as supplementary information, ownership adjusted valuations of each of the Group's top ten subsidiary businesses by value, as well as an aggregated sum-of-the-parts valuation of all the Group's subsidiary businesses. This supplementary valuation disclosure has been prepared on the basis of the *American Institute of Certified Public Accountants' Valuation of Privately-Held-Company Equity Securities Issued as Compensation* (AICPA Guidelines). The AICPA Guidelines do not represent, but are consistent with valuation principles adopted under IFRS. The subsidiary company valuations are not presented as alternative measures to, and should be read in conjunction with, the Company's consolidated financial information prepared in accordance with IFRS as set out in the 2015 Annual Report.

There can be no guarantee that the aforementioned valuation of the Group will be considered to be correct in light of the future performance of the various Group businesses, or that the Group would be able to realise proceeds in the amount of such valuations, or at all, in the event of a sale by it of any of its subsidiaries.

At the close of each annual financial period, the Directors formally approve the value of all subsidiary businesses in the Group which is used to derive the "Group Subsidiary Ownership Adjusted Value". The Group Subsidiary Ownership Adjusted Value was $535.8 million as at 31 December 2015, as set out in the table below, which has been extracted without material adjustment from the Company's consolidated financial statements prepared in accordance with IFRS as set out in the 2015 Annual Report. We believe there has been no significant change in the Group Subsidiary Ownership Adjusted Value since 31 December 2015.

The Group Subsidiary Ownership Adjusted Value (GSOAV) of $535.8 million as of 31 December 2015, compared to $488.0 million at 31 December 2014, was an increase of $47.8 million, or 9.8%. The increase in 2015 is primarily attributed to the increase in value at Precision Biopsy and Federated Wireless demonstrated by the consummation of third-party fundraisings into such subsidiaries, offset by decreases in value at RF Biocidics and CryoXtract as a result of slower than anticipated sales growth, and the closing of SiEnergy.

Subsidiary Business	Allied Minds Invested Capital $'000	Total Invested Capital $'000	OAV as at 31 December 2015 $'000	OAV as at 31 December 2014 $'000

Spin Transfer Technologies, Inc.	28.4	107.3	121.0	121.0
SciFluor Life Sciences, Inc.	19.6	44.8	91.3	91.4
Precision Biopsy, Inc.	19.5	36.5	61.8	16.2
Federated Wireless, Inc.	16.9	33.9	59.9	9.1
RF Biocidics, Inc.	30.4	38.4	40.0	69.6
Optio Labs, Inc.	9.4	11.9	33.6	32.8
Cephalogics, LLC	13.7	13.7	22.9	22.3
ProGDerm, Inc. d/b/a Novare Pharmaceuticals	6.2	6.2	16.8	16.7
CryoXtract Instruments, LLC	17.3	17.3	12.6	17.8
Biotectix, LLC	9.2	9.5	12.2	11.7
Top 10 Subsidiaries by Value			**472.1**	**408.6**
Other Subsidiaries	55.7	57.7	63.7	79.4
Group Subsidiary Ownership Adjusted Value			**535.8**	**488.0**

Notes:

(1) Ownership adjusted value represents Allied Minds' interest in the equity value of each subsidiary: = (Business Enterprise Value - Long Term Debt + Cash) x Allied Minds percentage ownership plus the value of debt provided by Allied Minds plc to each subsidiary business. Allied Minds commits post-seed funding to its subsidiaries in the form of loans.

(2) The Group Subsidiary Ownership Adjusted Value includes cash balances held by Allied Minds subsidiaries at 31 December 2015 amounting to $79.7 million (including those valued based on recent financing rounds) on an ownership adjusted basis. As at 31 December 2015, the Group reported total consolidated net cash and other investments balances of $194.8 million, the balance being net cash and investments of $115.0 million held at the parent level and available for investment in the Group.

(3) Where subsidiaries have raised financing from external parties since 31 December 2015, the ownership adjusted value in the table above has been updated to reflect the current percentage ownership and the valuation implied by that external investment on a post new money basis, as well as the current Allied Minds' and total invested capital. Federated Wireless completed a funding round of $22.0 million in January 2016.

(4) Total invested capital represents the aggregate funds invested in the business by Allied Minds or third parties in the form of equity or loans from Allied Minds.

The Group Subsidiary Ownership Adjusted Value above excludes net cash and other investments balances of $115.0 million held at the parent level as at 31 December 2015 (2014: $175.4 million).

PARTNER NETWORK

The Group has established relationships with the most prestigious academic research institutions across the United States. Allied Minds aims to gain direct access to technologies at the forefront of research by working to develop the existing university network and selectively adding highly regarded research centres across the US.

In addition, the Group has established relationships with US Department of Defense laboratories and other federal agency laboratories, such as the Department of Energy, with the objective of systematically commercialising the technological inventions developed in the corresponding US federal government laboratory.

During the year Allied Minds engaged with over 90 new research institutions, bringing the total US universities and federal laboratories in the Allied Minds partner network to 160, from 68 at the end of 2014. The investment team reviewed more than 5,000 new technologies developed by the partner network, and following extensive due diligence on over 20 of the most promising, formed and funded four new businesses, resulting in a total Group portfolio of 23 subsidiary businesses at December 2015, and executed options to license three additional technologies.

Below is a list of research institutions engaged with in 2015.

Aerospace Corporation
Air Force Institute of Technology
Air Force Research Lab - Rome
Albert Einstein College of Medicine
Argonne National Laboratory
Arizona State University
Army Research Lab CERDEC
Beaumont Health System
Boston University
Brigham and Women's Hospital
Brookhaven National Laboratory
Brown University
California Institute of Technology
Carnegie Mellon University
Case Western University
Cedars-Sinai Hospital
City of Hope
City University of New York
Cleveland Clinic
Columbia University
Cornell University
Cyclotron Road
Dana Farber Cancer Institute
Dartmouth College
Draper Labs
Drexel University
Duke University
Emory University
Fermi National Accelerator Laboratory
NASA - Armstrong Flight Research Center
NASA - Kennedy Space Center
NASA - Langley Research Center
NASA - Stennis Space Center
National Energy Technology Laboratory
National Institutes of Health
National Radio Astronomy Observatory
National Security Agency
Naval Air Weapons Station China Lake
Naval Research Laboratory
Naval Surface Warfare Center Crane
New Jersey Innovation Institute
New York University
North Carolina State University
Northeastern University
Northwestern University
Oak Ridge National Laboratory
Ohio State University
Ohio University
Oregon State University
Partners Healthcare
PATH
Picatinny Arsenal
Princeton University
Purdue University
Rice University
University of California - Merced
University of California - Riverside
University of California - San Diego
University of California - San Francisco
University of California - Santa Barbara
University of California - Santa Cruz
University of California - System
University of Central Florida
University of Chicago
University of Colorado
University of Delaware
University of Florida
University of Houston
University of Illinois - Chicago
University of Illinois - Urbana Champaign
University of Kansas
University of Louisville
University of Maryland - Baltimore
University of Maryland - College Park
University of Massachusetts - Amherst
University of Massachusetts - Dartmouth
University of Michigan
University of Minnesota

Florida Institute of Technology
Florida State University
George Washington University
Georgetown University
Georgia Institute of Technology
Harvard University
Houston Methodist Hospital
Idaho National Laboratory
Indiana University
Iowa State University
Johns Hopkins University
Johns Hopkins University - Applied Physics Lab
Lawrence Berkeley National Laboratory
Lawrence Livermore National Laboratory
Lehigh University
Los Alamos National Laboratory
Louisiana State University
Marshall University
Massachusetts General Hospital
Massachusetts Institute of Technology
Mayo Clinic
McLean Hospital
Memorial Sloan Kettering Cancer Center
Michigan State University
Missouri University of Science and Technology
MIT Lincoln Laboratory
MITRE
Mount Sinai School of Medicine
Rockefeller University
Rutgers University
Sandia National Laboratories
Sanford Burnham Prebys Medical Discovery Institute
Savannah River National Laboratory
Scripps Institute
Southern Illinois University
Southern Methodist University
SPAWAR
St Jude's
Stanford University
State University of New York - Binghamton
State University of New York - Downstate
State University of New York - Stony Brook
Stevens Institute of Technology
Temple University
Texas AandM University
Texas Tech
Tufts University
US Army AMRDEC
US Army ARDEC
US Army Engineer Research and Development Center
Uniformed Services University of the Health Science
University of Alabama
University of Arizona
University of California - Berkeley
University of California - Davis
University of California - Irvine
University of California - Los Angeles
University of Missouri - Columbia
University of Nebraska
University of Nebraska - Lincoln
University of New Hampshire
University of North Texas
University of Oregon
University of Pennsylvania
University of Pittsburgh
University of Rochester
University of South Carolina
University of South Dakota
University of Southern California
University of Texas - Austin
University of Texas - Southwestern
University of Virginia
University of Washington
University of Wisconsin - Madison
Utah State University
Vanderbilt University
Virginia Polytechnic Institute and State University (Virginia Tech)
Wake Forest University
Washington State University
Washington University in St. Louis
Wayne State University

KEY PERFORMANCE INDICATORS

The following Key Performance Indicators (KPIs) were selected to measure the performance of the Company in 2015:

- Number of subsidiary businesses;
- Ownership adjusted value (OAV) of subsidiary companies;
- Group revenue growth; and
- Graduation of subsidiaries to the next development level, with the two levels being consistent with the Group's reporting segments as follows:
  (a) Early Stage: subsidiary businesses that are in the early stage of their lifecycle characterised by incubation, research and development activities;
  (b) Commercial Stage: subsidiary businesses that have substantially completed their research and development activities, and that have developed one or more products that are actively marketed.

Performance against 2015 KPIs are set forth below:

KPI	2015	2014	Performance
Subsidiary Businesses	23	22	+1 (net)
Group Subsidiary Ownership Adjusted Value	$535.8 million	$488.0 million	+$47.8 million / 9.8% growth
Revenue	$3.3 million	$7.7 million	-$4.4 million
Commercial Stage Subsidiaries	4	3	+1

During 2015 and into 2016, the Board continued to evaluate the selected KPIs. The Board undertook a comprehensive review of the objectives of the Group, and set detailed management and Group objectives for 2016, including those discussed in the Remuneration Report of the 2015 Annual Report. These revised objectives link financial, operational, technical and other performance milestones established by the Board directly to the remuneration of Executive Directors. As a result of the review, the following KPIs were selected to measure the performance of the Group in 2016.

- The number of new subsidiary businesses, strategic transactions, financing transactions and other validating events consummated;
- Ownership adjusted value (OAV) of subsidiary companies;
- Group revenue growth; and
- The number of subsidiaries that achieve the majority of their financial, operational, technical and other performance milestones established by the Board.

PORTFOLIO REVIEW AND DEVELOPMENTS

For the purposes of this section, the Company's top 10 operating businesses by estimated value, accounting for approximately 76% of the Group Subsidiary Ownership Adjusted Value as at 31 December 2015, have been identified as Material Subsidiaries.

Material Subsidiaries

Spin Transfer Technologies, Inc.

Spin Transfer Technologies, Inc. (STT) engages in the development of Orthogonal Spin Transfer (OST) Magneto-Resistive Random Access Memory (MRAM), an innovative memory integrated circuit technology. OST-MRAM aims to combine the advantages of high-speed volatile memory (i.e. DRAM and SRAM) and non-volatile memory (Flash) in a single memory element. OST- MRAM's potentially unique combination of fast write speed, low power, and virtually unlimited endurance is expected to enable it to address a wide range of applications in the standalone and embedded memory markets, which collectively had a combined estimated value of greater than $60 billion per annum worldwide in 2014.

In 2015, the company recorded some notable achievements building on 2014 progress when the company completed integration of magnetic and CMOS wafer technology, raised $70.0 million of new capital, and expanded the technical team and intellectual property portfolio. During 2015, STT developed a fully functional technology demonstrator memory integrated circuit (Diagnostic Memory 1), demonstrating desired functionalities for evaluation by potential customers and partners. STT also completed expansion of the company's clean room, process line, and measurement and test capabilities to allow complete end-to-end fabrication with much reduced cycle time.

On 10 October 2013, Crocus Technology S.A. filed a petition at the US Patent Office (PTO) requesting that the PTO grant an inter partes review (IPR) of US Patent No. 6,980,469 which relates to magnetic devices for memory cells that can serve as non-volatile memory. This patent is licensed by STT from the New York University (NYU). The IPR is a form of proceeding permitted under the Leahy- Smith America Invents Act, which permits third parties to challenge the validity of issued patents. No damages are available in such IPR proceedings.

On 26 March 2015, the US Patent Office (PTO) entered a judgment on the inter partes review (IPR) of US Patent No. 6,980,469 and cancelled several claims under this single NYU patent as being invalid over prior art references. This judgment provides no legal authority and the Company believes that STT's ability to develop and market its technology and products will not be materially impaired by this judgment, that the claims remaining under other licensed NYU patents, as well as under STT's owned patents, provide substantial defense against other competitors who may enter the market.

Engagement with partners is very important to the company. In 2015, the company entered into a co-development agreement with one of the largest global data storage companies. STT also partnered with an Asian foundry, whereby the foundry provides CMOS wafers to interface with STT's OST-MRAM devices, as well as jointly develop embedded MRAM products. Joint customer engagement is also envisioned with early discussions in progress.

For 2016, key targeted milestones include the further development of the STT technology incorporating perpendicular MTJ structures into its devices and the establishment of additional partnerships and potential early customer relationships.

SciFluor Life Sciences, Inc.

SciFluor Life Sciences, Inc. (SciFluor) aims to develop a best-in-class portfolio of compounds through the strategic use of fluorine. It engages in drug discovery and development and is building a portfolio of proprietary fluorinated compounds seeking to serve various billion dollar markets. Fluorine modification of the underlying chemical structure of a drug has been demonstrated to improve potency, selectivity, rates of absorption, metabolic stability, and half-life. These factors all improve the drug and positively impact delivery, dosing, side effects and more. As such, approximately 25% of drugs currently marketed or in the pipeline contain fluorine. SciFluor's principal products are based on two patented lead compounds:

- SF0166, a patented small molecule integrin antagonist wholly owned by SciFluor and intended to treat eye conditions including age-related macular degeneration, diabetic macular edema and retinal vein occlusion, representing an estimated 50 million patients worldwide. SF0166 is a topical drug to be delivered via eye drops and is intended to replace drugs requiring repeated injection into the eye.
- SF0034, a KCNQ2/3 modulator and a fluorinated derivative of ezogabine, is also patented and is wholly owned by SciFluor. It is a potent potassium channel activator and in effect it electrically stabilises neurons by opening their potassium channels. SF0034 could eliminate key safety issues associated with ezogabine including urinary retention, cardiac interactions, pigmentation problems which could lead to blindness, and dosing. It could potentially serve markets totalling $5.0 billion in aggregate including: epilepsy/seizures; tinnitus; amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease); and channelopathies (genetic orphan rare diseases).

In April 2015, SciFluor raised $30.0 million in a Series A preferred stock financing at a pre-money valuation of $100 million to progress development of its two lead compounds and to expand its portfolio. By the end of 2015, the company had advanced the pre-clinical development of SF0166 and SF0034 and completed pre-IND meetings with the US Food and Drug Administration (FDA) to agree on the data needed to support clinical studies, which are now planned to start in mid-2016. Additionally, the company intends to execute pre-clinical tests on its existing pipeline compounds in fibrosis, immuno-oncology, and pain therapy. SciFluor also intends to continue to pursue patent protection for its compounds in various select global markets and to evaluate the potential for partnerships with a variety of pharmaceutical and biotechnology companies.

Precision Biopsy, Inc.

Precision Biopsy, Inc. (Precision Biopsy) is developing ClariCore™, a next generation prostate cancer biopsy medical device system, as well a focal therapy ablation system to treat prostate cancer patients using ClariCore as the targeting system. The aim of the ClariCore system is to provide the capability to analyse prostate tissue in real-time for signs of cancer during the biopsy procedure, thereby minimising unnecessary tissue biopsies as well as the associated pathology costs. Current biopsy procedures require random or "blind" sampling, and often multiple and repeated biopsies per procedure. The Precision Biopsy system is intended to be used within the typical biopsy procedure and the company aims to develop a system along with a disposable needle biopsy unit, creating a capital equipment and recurring revenue model. It is estimated that in the US alone, 1 million men undergo a needle biopsy procedure each year.

In October 2015, Precision Biopsy raised $33.6 million to accelerate the commercialisation of its ClariCore™ Biopsy System, and develop its Focal Therapy programme. The funds support the continuation of taking clinical core samples to optimise the tissue classification system, as well as planned FDA clinical trials to support final development and regulatory approvals for the prostate market.

In 2015, Precision Biopsy completed its product development and verification and validation testing of its ClariCore™ system. The company successfully initiated a clinical trial of the system by enrolling patients. Precision Biopsy also submitted the IDE (investigational device exemption) of the ClariCore system to the FDA in the first quarter of 2016. The current US regulatory strategy includes two separate clinical trials and submissions to support commercialisation and intended approvals based on the indications for use. Precision Biopsy intends to complete its first clinical trial in 2016 and submit the results to the FDA. A second clinical trial initiation is planned for early 2017 and those trial results are expected to support commercial release and system launch in the US and EU.

In 2016, Precision Biopsy also initiated definition and development of its focal therapy program where the identified/diagnosed cancer tissue within the prostate is expected to be ablated in the same procedure using ClariCore to target the suspicious tissue. If this program is successful, the company's objective is to replace the majority of invasive radical prostatectomy procedures with targeted minimally invasive focal therapy.

Federated Wireless, Inc.

Federated Wireless, Inc. (Federated Wireless) provides innovative cloud-based wireless infrastructure solutions to extend the access of carrier networks through sharing of wireless spectrum amongst multiple tiers of users. As discussed below, significant bands of wireless spectrum have traditionally been allocated strictly for government use despite actually needing or utilising that spectrum a small fraction of time. Federated Wireless has developed a dynamic Spectrum Access System (SAS) that could revolutionise the way in which spectrum is allocated, managed, and optimized. The company's innovative approach incorporates a neural network of radio sensors allowing interference free access to low-cost, high-quality, licensed spectrum while meeting the required exclusion periods required by US government users. Spectrum sharing capability is intended to be a core building block of next generation wireless systems, sometimes called 5G. In effect, the company intends for its spectrum sharing capabilities to provide ubiquitous, high-quality spectrum with the ease of implementation and low cost of Wi-Fi.

In April 2015, the Federal Communications Commission (FCC) approved the formal Rule & Order governing the dynamic sharing of federal spectrum in the 3.5 GHz band, thereby ensuring the necessary regulatory authority for Federated Wireless to go to market with its proprietary SAS. Federated Wireless has been very active in its relationship with the FCC since the company's inception and has been instrumental in determining the standards for commercial use of the band. Between that relationship and the company's involvement in the industry working group, Wireless Innovation Forum (WInnForum), Federated Wireless has emerged as a leading voice in developing the standards for a shared spectrum model. In September 2015, the company announced a partnership with the US Government entity, The National Advanced Spectrum and Communications Test Network (NASCTN) to conduct the first pilot test of an Environmental Sensing Capability (ESC) for the SAS. Federated Wireless also launched its first product, CINQ XP, which allows carriers to access shared spectrum and unlock the value of the 3.5 GHz band.

Post-period-end in January 2016, Federated Wireless raised a $22.0 million Series A preferred stock financing round representing an attractive increase in the value of the company. In February, the company announced an alliance with five other wireless industry leaders to develop, promote, and market solutions in the 3.5 GHz band. The other companies in the alliance are: Google, Intel, Qualcomm Incorporated, Nokia, and Ruckus Wireless. Federated Wireless is working with these companies and others in developing plans for pilot tests and field trials of the solution that are expected to begin in the second half of 2016. Additionally, Federated Wireless continues to work with the FCC and other government agencies on certification of the company's SAS and sensors as they prepare the 3.5 GHz band for commercial usage.

RF Biocidics, Inc.

RF Biocidics, Inc. (RF Biocidics) engages in the development, manufacturing, and sale of environmentally friendly, chemical-free food safety solutions using radio frequency (RF) technology. RF Biocidics operates in the area of disinfection and disinfestation of agricultural products, against pathogens, pests and fungi in a variety of food commodities. Today, RF Biocidics' addressable market includes the dried fruit, tree nut and seed/grain markets representing an estimated 500 million metric tonnes (MMt), in aggregate, globally per annum. The company currently has two lines of RF processing equipment:

- The SENTINEL line uses high frequency RF to process high moisture products, such as prunes and raisins.
- The APEX line uses low frequency RF to process lower moisture products, such as nuts, grains, seeds and flours.

Fiscal year 2015 represented a disappointing year for the company as sales declined from 2014. There are a number of potential factors behind this decline and foremost among them we believe has been the introduction of the new Generation IV Apex machine and delays in receiving key industry regulatory approvals. Reflecting the uncertainties around sales growth, as highlighted elsewhere, the valuation for the company declined by 42.5%.

Allied Minds remains optimistic about the long-term future for the food safety and treatment sector. Many of the drivers remain strongly in place including: repeated recalls of target commodities; high cost and reputation damage from a recall; potential prison time for executives involved in recalls; consumer desire for organic food products including avoidance of toxic chemicals; regulation banning or limiting use of chemicals such as methyl bromide; and, government demands for improved food safety (e.g., Food Safety Modernization Act in the US).

In 2015, the company's APEX machine received regulatory approval for use in the roasting of almonds. This validation was completed by the Almond Board of California Technical Expert Review Panel whose decision confirmed third-party tests that showed RF Biocidics' chemical-free process effectively eliminates pathogens including Salmonella from almonds, ensuring their safety. The company continues to pursue other required approvals as certification is required for each individual installation and is attempting to streamline the process for regulatory approval.

A high level of interest and some early orders point to at least modest improvement in 2016 at the revenue level. We expect adoption to accelerate over time. Key targets for 2016 include extension in the number of treated commodities, achievement of further regulatory approvals for pasteurisation of raw almonds, and expansion of sales revenues and financial performance of the company.

Optio Labs, Inc.

Optio Labs, Inc. (Optio) is a cybersecurity company focused on creating unique sensor technologies to recognise and protect against malware and taking the outputs of the sensor's findings into Optio's cloud-based Insight Platform. The sensor technology combines Optio's original product OptioCore™, which is embedded on mobile devices and provides user based controls and malware blocking, with its newer product, PrivateEye™, which provides for insider threat detection securing the last two feet of the network. PrivateEye joined Optio's product suite through the company's April 2015 acquisition of Oculis Labs. The joint offering combined with Optio's new server technology will provide enterprise and government customers with a unique cross domain view of the mobile and computer network environment. Optio's platform will be able to discover distinctive malicious behaviour and alert and thwart these actions quickly.

The team at Optio expanded over the course of the fiscal year to approximately 30 people, including the addition of industry veterans experienced in North American and international sales, product management, research and engineering to its management team. Other changes in 2015 included the launch of the company's services business to assist in the sales and marketing of its products, and the closure of the Kodomo™ product which no longer met Optio's business model.

Over the course of 2015, the engineering team concentrated on bringing OptioCore version 2.0 to market. While OptioCore was originally built as a toolkit, the engineering team has produced a much more comprehensive updated version that is fully integrated with the newest versions of Android, which remains by far the single most attacked mobile operating system. With those tasks nearly complete, the business development team has successfully created relationships with additional handset vendors, including ruggedised handset vendor Sonim.

Advanced Micro Devices (AMD) selected Optio Labs' PrivateEye as a key security partner for release of its new chipset. In connection with such partnership, AMD is assisting Optio to market PrivateEye to the computer and laptop manufacturers.

The profile of Optio Labs has grown throughout the year as well. The company was awarded two prestigious product awards at the leading trade show RSA in March 2016, for both OptioCore and PrivateEye. Optio's products were also featured in the Wall Street Journal, USA Today, Network World and Security Week, in addition to Optio's management being featured on both television and radio. Additionally, Optio Labs has been issued two new patents.

In the coming year Optio Labs will focus on further product development, global market expansion, business development deals with handset manufacturers, and achieving direct sales to the government and enterprises.

Cephalogics, LLC

Cephalogics, LLC (Cephalogics) is developing a non-invasive bedside neuroimaging system which it intends to commercialise. The primary target market is stroke victims. The Cephalogics system aims to provide continuous data and imaging from clinically relevant cerebrovascular regions to allow clinicians at the bedside or in emergent conditions to quickly identify perfusion deficits and enable early interventions to avoid ischemia and associated adverse outcomes. Cephalogics estimates that bringing its non-invasive neuro monitoring and imaging system to the bedside potentially represents over a $1.0 billion market opportunity.

During 2015, the company successfully completed its third generation system. This commercial prototype went through initial bench top testing and achieved all technical performance targets. As a result, the company initiated bench top studies on blood phantoms, animal studies at Tufts University Animal Lab, and lab studies on healthy human subjects. Preparations for patient studies at Duke University and Tufts University were also initiated. The results from these multiple testing environments are being used to demonstrate performance, to generate publications, and to justify commercial system build. Initial results from the blood phantom studies and healthy human studies were the basis for submitted abstracts to the Optical Society of America and the Human Brain Mapping Society. Both were accepted for presentation at their respective 2016 conferences.

Cephalogics's focus for 2016 is to continue to demonstrate the strong performance of its third generation system in multiple environments focusing primarily on patient studies, as well continue its Algorithm development and testing. The company will initiate business development activities aimed at fueling commercial system build, testing, and submissions for an anticipated 510(k) submission.

ProGDerm, Inc., d/b/a Novare Pharmaceuticals

ProGDerm, Inc., d/b/a Novare Pharmaceuticals (Novare) holds the exclusive license rights to a technology that represents a potentially revolutionary breakthrough in tissue engineering and disease control - based on the observation by Dr. Eva Turley (founder) that blocking RHAMM (Hyaluronan- mediated Motility Receptor, CD168) reduces inflammation and enhances normal tissue formation through novel anti-inflammatory properties and directed stem cell activation.

We believe that Novare is the only biotechnology company that is dedicated to treating catastrophic disease by using RHAMM-based cellular responses to aid the body's natural regenerative processes. Novare is positioned to provide novel therapies to multiple, billion dollar markets that range from promoting women's health and post-mastectomy breast regeneration, to reducing pain and joint damage in crippling arthritis, to aesthetics and to preventing life-threatening lung damage in infants with Bronchopulmonary Dysplasia (BPD) and adults with Idiopathic Pulmonary Fibrosis (IPF).

Through the licensing of additional RHAMM compounds (developed by RHAMM pioneers, Dr. Turley and Dr. Luyt) as first-in-class therapeutics for inflammatory conditions, the company's focus has been expanded beyond the original target market of cosmetics and aesthetics. In 2015, the company began to optimise peptide targets for the new indications highlighted above. Potential drug candidates have now been synthesised and characterised in a variety of in-vitro tests, as well as limited animal studies. Novare is aiming to identify lead compounds in 2016 to perform subsequent toxicity and formulation testing with the intention of advancing them into the clinic in the future. In 2016 and beyond, Novare intends to conduct further enabling animal studies with its lead drug candidates and will continue to expand the patent portfolio in support of these advancements.

CryoXtract Instruments, LLC

CryoXtract Instruments, LLC (CryoXtract) delivers proprietary automated solutions to the global medical research community that preserve the integrity of frozen biospecimens that advance life science R&D. The company's commercial automated solutions enable repeated and safe frozen biospecimen sampling (aliquotting) from frozen tissue, biofluids and other unique, high-value biospecimens - eliminating their potential degradation due to thawing, maximising biosample integrity, and optimising scientific outcomes. CryoXtract's products support various critical applications in genomics, proteomics, human gut microbiome research, research pathology, analytical chemistry and QA/QC. They are intended for use in scientific research and advancement and are not intended for Human Diagnostic Purposes; as such, they are not regulated as medical devices. The company's commercial solutions are marketed and sold, and have been adopted, both in and outside the US

CryoXtract has developed two principal products to date, which the company believes are the only automated frozen sample aliquotting solutions:

- The CXT 750 Automated Frozen Sample Aliquotter, a fully-automated instrument directed at large-scale automated access to frozen biofluids and feces.
- The CXT 350 Frozen Sample Aliquotter, a semi-automated, bench-top solution for the frozen aliquotting of a wide range of sample types, including tissue, feces, serum, plasma, whole blood, urine, cells, bone, and other specifically designed to service a lower volume lab or biobank.

In 2015, the company focused on sales and expanding its installed base of units. For the year ending 31 December 2015, CryoXtract recorded a 32% increase in revenue from the prior year, resulting in a cumulative base of 37 CryoXtract instruments sold or installed in 16 countries in North America, Europe and Asia-Pacific. Notably, orders for the Company's CXT 35X models have grown by more than 2x year-on-year from the platform's introduction at the end of 2013. Despite these advances, sales growth has been slower than expected thus pushing out the time to profitability and positive cash flow. This has been reflected in the decline of the company's valuation as of 31 December 2015.

The company also expanded its geographic reach with new distributors in Germany/Switzerland, Korea and Singapore. A Japanese distributor was added in 2016. Scientific data supporting the company's products is critical for the sales process and is best achieved with industry partners. The company completed strategic data development initiatives with a number of key marquee collaborators and partners worldwide that included GlaxoSmithKline, the Integrated Biobank of Luxembourg (IBBL) and others.

In 2016, the company will continue to focus on expanding its installed base, strengthening its global distributor network, restructuring its work force, developing application specific data sets and working with customers to enhance and potentially expand the company's products.

Biotectix, LLC

Biotectix, LLC (Biotectix) develops and manufactures a new class of conductive polymer-based coatings and materials for medical electrodes on devices including cardiac and neuromodulation catheters, implants, and wearables, as well as for other markets. The company's technology seeks to address key limitations faced by the medical device industry including foreign body reactions, surgical invasiveness, miniaturisation, signal quality, precious metal use, and long-term electrical performance in vivo. In 2015, the company's leading commercial product, the Amplicoat™ electrode coating, was licensed to Acutus Medical for their cardiac EP mapping catheter. The coating materials are produced in Biotectix' ISO 13485-compliant facility. In 2015, Biotectix had three US patents and one European patent granted. These patents serve to further protect and improve on Biotectix' key technologies. In 2016, the company plans to continue to enhance its product offerings, and importantly, to pursue further customer applications, contracts and licenses.

Other Subsidiaries

Allied-Bristol Life Sciences, LLC

Allied-Bristol Life Sciences, LLC (ABLS) is a drug discovery and development company created in August 2014 through a partnership between Allied Minds and Bristol-Myers Squibb (BMS). The company's mission is to create novel drug candidates against serious diseases with large market potential. These include fibrosis, cardiovascular, immunescience, immuno-oncology, oncology, and genetically-defined diseases. The focus on these diseases aligns, by design, with the strategy of BMS. It is intended that up to 10 scientific discoveries and innovative breakthroughs will be sourced from US universities, and a new subsidiary will be formed around each of these programs.

This partnership provides Allied Minds with a seasoned large pharmaceutical partner as well a natural early stage (pre-clinical) acquirer of developing assets. It provides BMS access to Allied Minds' broad university network and experienced licensing practices and provides a capital disciplined, structured format through which early university breakthrough research can be advanced into the formal drug discovery process at BMS. This partnership is structured to potentially reduce risk for both partners since it is intended to drive exits of early stage pre-clinical candidates to BMS prior to clinical trials and human testing. Both parties intend to agree on development milestones for each subsidiary program prior to launching any given subsidiary and, upon successful achievement of such milestones, it is anticipated that BMS would acquire the subsidiary or asset. We believe that this model of upfront agreement on exits based on pre-clinically achieved milestones and pre-determined exit terms could be highly beneficial to Allied Minds' shareholders.

The company is very active in sourcing new opportunities and reviewed more than 900 technologies in 2015. As of this date, three subsidiaries have been launched as described below. Pre-clinical work on these three programs is underway in collaboration with BMS at its R&D Site in India, called Biocon-BMS Research Center (BBRC).

ABLS I, LLC

ABLS I is a is a company pursuing preclinical development of a Yale University based technology, named Antibody Recruiting Molecules (ARMs). ARMs use the body's own immunity to target various cancers by attaching to a given cancer and then attracting the body's innate antibodies to the ARM to destroy the target; ABLS I is developing ARM against prostate cancer. The company has synthesised multiple different types of ARMs which are currently being evaluated for their safety and efficacy in various prostate pre-clinical cancer models.

ABLS II, LLC

ABLS II is a company undertaking the preclinical discovery and development of molecules against a novel target (Prolyl tRNA Synthetase) for treatment of fibrotic diseases. Harvard University researchers had earlier identified the mechanism of halofuginone (a natural product with anti-fibrotic properties) as an inhibitor of Prolyl tRNA Synthetase. ABLS II's objective is to discover and develop halofuginone analogues with novel IP, better safety and superior efficacy. ABLS II has synthesised various molecules and is evaluating them for safety and efficacy.

ABLS III, LLC, d/b/a iβeCa Therapeutics

iβeCa Therapeutics is a newly formed subsidiary in 2016 with IP licenced from New York University (NYU) School of Medicine. NYU researchers have identified novel inhibitors of nuclear beta catenin, a key player in the Wnt signaling pathway and a major driver of various cancers. These molecules are targeted specifically against nuclear beta catenin (vs cytoplasmic) with potentially better safety and efficacy. The company's objective is to develop molecules with improved potency, efficacy and better pharmaceutical properties.

Allied Minds Federal Innovations, Inc.

Allied Minds Federal Innovations, Inc. (AMFI) was created as a vehicle designed specifically to commercialise US federal laboratory inventions, via a series of public private partnerships (PPP) with a number of US federal research institutions. The company represents the first and most comprehensive PPP formed between the US Department of Defence and a US technology commercialisation firm dedicated to bringing government inventions to market. The company has developed formal relationships with partner labs, providing the company with thousands of pieces of Intellectual Property per year for commercialisation evaluation. Since inception, six companies have been created from federally sourced intellectual property, including: BridgeSat, Inc.; Federated Wireless, Inc.; Foreland Technologies, Inc.; Whitewood Encryption Systems, Inc.; HawkEye 360, Inc.; and Percipient Networks, LLC.

BridgeSat, Inc.

BridgeSat, Inc. (BridgeSat) was formed in February 2015 to commercialise space-based optical communications technologies developed at partner Federally Funded Research and Development Centre, The Aerospace Corporation under the NASA Ames Optical Communications and Sensor Demonstration (OCSD) mission. The resulting portfolio of technologies that has been licenced, or optioned to licence to BridgeSat, encompass intellectual property from Aerospace's small satellite efforts and select technologies from Cambridge, Massachusetts-based Draper Labs.

BridgeSat is developing an optical connectivity system that aims to increase the speed, security and efficiency of data transmissions from Low Earth Orbit (LEO) satellites, unmanned aerial vehicles, and remote terrestrial infrastructure at a reduced cost and amplified speed (ultimately up to 10 Gbps) compared with traditional radio frequency (RF) solutions. Demand for accurate and frequent data collection from LEO satellites is expected to accelerate aggressively over the next decade amidst declining costs for building and launching satellites. Traditional RF communications are constrained by limited spectrum, lower bandwidth, and large transmitter payloads, and by the bureaucratic process of securing the RF spectrum from relevant industry regulatory bodies.

In the near term, BridgeSat intends to deploy an optical communications downlink payload and an associated global network of ground stations to fully demonstrate its advantages in volume, mass, power, and bandwidth.

Foreland Technologies, Inc.

Foreland Technologies, Inc. (Foreland) was created as a platform company for the discovery, incubation and commercialisation of cyber security related intellectual property, leveraging AMFI's access to technical innovation within Allied Minds' university and federal research institution partner network and the platform's competitive advantages in agility and speed in incubating new cyber capabilities. The company focuses on large scale data management; cybersecurity including active defence; cloud computing, and secure data storage, among others.

To date, Foreland has created two subsidiaries, Percipient Networks, LLC which is commercialising intellectual property from The MITRE Corporation, and Whitewood Encryption Systems, Inc., which is commercialising intellectual property from Los Alamos National Laboratories. Foreland Technologies is currently evaluating several core technologies in due diligence to become the basis of new Foreland subsidiaries; these core technologies include those sourced from Massachusetts Institute of Technology Lincoln Laboratory, Draper Labs, and MITRE.

HawkEye 360, Inc.

HawkEye 360, Inc. (HawkEye 360), formed in September 2015, is developing a constellation of formation-flying small satellites in Low Earth Orbit (LEO) to execute a space-based radio frequency (RF) spectrum monitoring and geolocation capability. The company's proprietary processing and analytics engine generates reports on signals that can be used to track and monitor global transportation networks, detect distress alerts, support US and allied nations' government missions, and assist with emergencies. HawkEye 360 aims to provide highly accurate maritime domain awareness for federal and commercial customers, establish a national and international spectrum inventory for commercial carriers and wireless regulators, and develop insight into how signals are being used globally.

Initially, HawkEye 360 intends to develop terrestrial and airborne demonstrations of its capabilities, with a space-based "pathfinder cluster" demonstration scheduled for 2017. Beyond the demonstrations, the company's first satellite constellation is planned to include eighteen spacecraft with global coverage for RF monitoring and data analytics.

LuxCath, LLC

LuxCath, LLC (LuxCath) is developing a catheter-based real-time visualisation technology for use during cardiac ablation procedures to optimise today's arrhythmia ablation procedures. LuxCath is primarily focused on atrial fibrillation ablation as this is by far the largest and most challenging arrhythmia market, although its technology is applicable to all cardiac ablation procedures. LuxCath seeks to significantly improve the speed of ablation procedures and to optimise outcomes. Its technology is capable of identifying tissue that has not been properly ablated and which can subsequently cause arrhythmia recurrences. The technology has been proven to identify and distinguish viable from ablated cardiac tissue in preclinical tests and has also been tested in human ablation cases with 100% success and no complications in December 2015 by Drs. Vivek Reddy and Petr Neuzil in Prague. It has been used to monitor the progression of lesion formation as well as to determine the presence and quality of catheter-tissue contact in both preclinical and clinical testing. The company has two issued patents and an expanding portfolio of global patent applications. .

These accomplishments have been performed both with standalone LuxCath devices as well as through the integration of LuxCath technology into an existing FDA approved ablation catheter. Various results from preclinical and clinical tests were published and presented at the Atrial Fribrillation Symposium in Orlando in January 2016.

Percipient Networks, LLC

Percipient Networks, LLC (Percipient) is developing cyber security technologies to provide network defenders more options against advanced threats. The company uses automated threat interdiction capabilities, advanced remediation techniques, and shared intelligence platforms as the foundational building blocks upon which the company is developing its solution for business network defence. The core technology underlying Percipient was sourced from The MITRE Corporation.

The company's flagship product Strongarm™ was developed recognising that despite significant effort to stop malware from getting onto a firm's network, there appears to be an increasing amount of malware getting through these defenses. Often, it goes unrecognised for extended periods of time threatening loss and/or damage to sensitive customer information and valuable intellectual property. Strongarm's approach is based on monitoring outbound communications and "blackholing" traffic to known bad sites. Strongarm is cloud based and can be implemented without the need for enterprise-sized IT staff or security budgets.

Although formal launch of the product occurred in April 2016, Percipient completed its first commercial contracts in 2015 and thousands of end users are currently protected by Strongarm. In 2016, Percipient will continue to expand the capabilities of Strongarm and has begun the process of curating its own Threat Intelligence to help combat specific malware associated with Ransomware and other advanced attacks. The company will also aggressively pursue new sales.

Seamless Devices, Inc.

Seamless Devices, Inc. (Seamless) is a mixed signal IP (intellectual property) company based in San Jose, California, developing analog front end (AFE) solutions used in high performance wireless connectivity applications. Utilising a novel approach to analog signal processing and embodied in its Switched-Mode Operational Amplifier (SMOA), the Seamless technology aims to simplify production of high-performance devices even as transistors are scaled down to deep sub-micron scales.

In October 2015, the company successfully provided its design ("taped out") to TSMC, one of the largest semiconductor foundries in the world, for two high performance analog to digital converters utilising our core SMOA technology at 28nm. The design was a 14-bit continuous time delta-sigma ADC with 40 and 80 MHz of bandwidth powered completely using a single core voltage supply of 0.9V. The chip returned from the TSMC in early 2016 and initial characterisation tests showed the ADC has very high jitter tolerance (>4 picoseconds) and dynamic range (>70dB) using only half the power of other chips. These are potentially very advantageous characteristics and the company is now in contact with potential customers in the US, Europe, and Asia as part of its initial marketing efforts.

Key milestones for 2016 include pursuing partnerships as well as approaching potential customers about integrating our designs into their systems, and expansion of our AFE components portfolio to appeal to a wider segment of the market.

SoundCure, Inc. and Tinnitus Treatment Solutions, Inc.

SoundCure, Inc. (SoundCure) is a consumer medical device company with a core technology based on neuroscience used to treat tinnitus through its acoustic therapy, branded as S-Tones™. S-Tones are temporally patterned sounds which are customised specifically for each patient's unique tinnitus, generating neural activity which can suppress tinnitus.

SoundCure's first product is an FDA 510(k) cleared and CE Marked medical device in a handheld configuration called Serenade™ incorporating customised tracks of sound therapy including S-Tones. An estimated 50 million Americans experience tinnitus to some degree. Nearly a third of this number seek medical advice and approximately two million Americans experience tinnitus as a life-altering, disabling condition.

In January 2015, SoundCure submitted its 510(k) application to the FDA for remote programing of the SoundCure Serenade and in April 2015 SoundCure received FDA clearance for this telemedicine device programing via the internet in the patient's home. To the company's knowledge, this is the first FDA clearance for a tinnitus therapy device to be programed via telemedicine. This would represent a unique tinnitus care tool for telemedicine providers such as Tinnitus Treatment Solutions (TTS), and potentially the US Veterans Administration (VA) - tinnitus is the #1 service related disability and many servicemen look to the VA for therapies during and upon return from duty. Additional milestones achieved include the issuance of new patents in Canada and Europe for S-Tones.

Sales growth has been nominal to date. After launch, it became clear that a much bigger market opportunity potentially exists in addressing the "gap in care" between the millions of suffering patients and the relatively small number of tinnitus providers. Thus, the focus for 2015 and going forward in 2016 is on market development primarily through SoundCure's telemedicine sister company, TTS, to address this gap in care.

TTS is focused on becoming the number one (online) tinnitus therapy source and the number one nationwide provider of tinnitus treatment. TTS is a cutting-edge telemedicine tinnitus health care provider that offers and sells a full range of tinnitus hearing aids from all the "Big 6" hearing aid manufacturers, the Serenade device, and tinnitus accessories. To date, supply agreements have been completed with Oticon, Starkey, Widex, Resound, Phonak and Siemens (note that 80% of tinnitus sufferers also have concomitant hearing loss). TTS has tinnitus expert audiologists providing care conveniently through its telemedicine channel via a full range of tinnitus therapies and devices.

Of critical importance to TTS in 2016 and beyond is the development of go-to-market partnerships including referral of patients to TTS. In 2015, TTS partnered with Your Hearing Network, a subsidiary of hearing aid company William Demant Group (Oticon), and in 2016 TTS announced a partnership with HearUSA and AARP. TTS is the exclusive tinnitus care partner for the AARP Hearing Care Program. With these partnerships, TTS has created what it believes is the USA's largest tinnitus care affiliated network with over 4000+ providers. In the first quarter of 2016, TTS also launched its services in Canada.

Whitewood Encryption Systems, Inc.

Whitewood Encryption Systems (Whitewood) seeks to address one of the most fundamental challenges associated with all modern cryptosystems - random number generation - utilising advanced quantum cryptography technologies originating from Los Alamos National Lab (LANL). Whitewood enables its customers to take control of the generation of random numbers across their entire application infrastructure. Without true randomness as is the case with most random number generators today, applications that rely on cryptography suffer from degraded security. This is critical as the use of random numbers in computer systems has become so prolific and fundamental.

Whitewood addresses two important challenges - generating true random numbers at scale, and making those random numbers accessible to large populations of applications and devices across the data, the cloud and the Internet of Things (IoT). The company launched its first product in August 2015. The Entropy Engine ™ is a hardware random number generator that employs technology originally invented at Los Alamos National Laboratory to exploit the fundamental properties of quantum mechanics to generate a truly random signal that is digitised to create true random numbers.

Whitewood extended its product portfolio in March 2016 with the launch of the netRandom solution. This product enables random numbers to be generated as a shared resource and delivered over a network (cloud) to applications and devices on-demand. Also in 2016, the company announced two partnerships: the first with WolfSSL to provide access to high-quality true random numbers for large-scale security applications across embedded, machine-to-machine (M2M), and Internet of Things (IoT) systems; and, the second with CryptSoft to deliver high-performance quantum based security to enterprise key management security systems. Whitewood will spend the balance of 2016 enhancing its product portfolio and pursuing further go-to-market opportunities.

Discontinued Subsidiaries

Consistent with the Allied Minds' model, where a project has failed to deliver sufficient additional proof points for ultimate commercialisation and financial return, and no longer supports on-going development and commercialisation activity, and cannot be successfully redirected to an alternative commercial path, Allied Minds will look to cease operations and terminate the project.

SiEnergy Systems, LLC

In 2016, Allied Minds ceased operations at its subsidiary SiEnergy Systems, LLC (SiEnergy). The company was formed to develop thin film Solid Oxide Fuel Cell (SOFC) technology. The technology aimed to use silicon-based microfabrication and nanometer scale electrolytes to create SOFCs that would operate at a commercially desirable temperature and be scalable to meet various power requirements. Allied Minds determined that the technology would not meet key milestones which were designed to measure technological and commercial progress within a reasonable timeframe and within a reasonable budget, and that the market for clean energy alternatives continued to be potentially adversely impacted by the low cost of traditional energy sources.

FINANCIAL REVIEW

The financial results of the year reflect the Group's sustainable model of deploying patient capital into our continuously growing portfolio of Group controlled businesses at the right pace. During 2015, $102.8 million was invested into new and existing portfolio companies. This included $63.6 million from two fundraisings led by Allied Minds, with $42.2 million coming from third-party investment, to further accelerate the development of two of the Group's existing companies, SciFluor Life Sciences and Precision Biopsy. In addition to these two fundraisings, $39.2 million was invested by the Group into new and other existing portfolio companies, including investments in four new businesses: BridgeSat, ABLS I (Yale), HawkEye 360 and ABLS II (Harvard).

Consolidated Statement of Comprehensive Loss

For the years ended 31 December

	2015 *$ '000*	2014 *$ '000*
Revenue	3,300	7,715
Cost of revenue	(3,925)	(5,416)
Selling, general and administrative expenses	(46,888)	(38,032)
Research and development expenses	(49,209)	(22,195)
Finance (cost)/income	(1,267)	222
Other comprehensive income/(loss)	46	(159)
Total comprehensive loss	(97,943)	(57,865)
of which attributable to:		
Equity holders of the parent	(77,752)	(45,637)
Non-controlling interests	(20,191)	(12,228)

Revenue decreased by $4.4 million, to $3.3 million in 2015 (2014: $7.7 million). This decrease is mainly attributable to the lower product revenue at RF Biocidics, offset by increased sales at CryoXtract systems when compared to last year. The revenue in the early stage companies' segment increased to $1.1 million in 2015 (2014: $0.4 million). Cost of revenue decreased by $1.5 million, proportionately to the decrease in revenue from prior year.

Selling, general and administrative (SG&A) expenses increased by $8.9 million, to $46.9 million, for the year ended 31 December 2015 (2014: $38.0 million), largely due to the overall growth of the Group. Of this increase, $4.3 million relates to an increase in personnel expenses reflecting the increase in headcount and salaries offset by the decrease in non-cash share-based compensation expense by $1.6 million. The increase is also attributed to higher professional and legal advisory services in 2015 since the listing of Allied Minds on the London Stock Exchange in mid-year of 2014, reflected mainly in a $1.9 million increase in professional services to $7.5 million (2014: $5.6 million).

Research and development (R&D) expenses increased by $27.0 million to $49.2 million for the year ended 31 December 2015 (2014: $22.2 million). The increase is attributed to the overall growth of the Group's research and development activities, reflecting the creation of four new businesses in 2015 and ramping up full scale of R&D activities of companies created in late 2013 and into 2014.

As a result of the above discussed factors, total comprehensive loss increased by $40.0 million to $97.9 million for the year ended 31 December 2015 (2014: $57.9 million). Total comprehensive loss for the year attributed to the equity holders of the Group was $77.8 million (2014: $45.6 million) and $20.2 million (2014: $12.2 million) was attributable to the owners of non-controlling interests.

Consolidated Statement of Financial Position

As of 31 December

	2015 *$ '000*	2014 *$ '000* *(restated*)*
Non-current assets	92,784	44,039
Current assets	158,427	248,991
Total assets	251,211	293,030
Non-current liabilities	863	717
Current liabilities	108,974	62,480
Equity	141,374	229,833
Total liabilities and equity	251,211	293,030

* See note 1 in the Notes to the Consolidated Financial Statements

Significant performance-impacting events and business developments reflected in the Company's financial position at year end include:

- Property and equipment increased by $17.9 million to $34.2 million as at 31 December 2015 (2014: $16.3 million), mainly reflecting capital purchases for the period of approximately $21.5 million, of which $19.6 million relates to Spin Transfer Technologies, offset by depreciation and impairment expense of $3.6 million for the period;
- Intangible assets as of 31 December 2015 increased by $1.0 million to $4.4 million (2014: $3.4 million) mainly as a result of new additions of $1.7 million in acquired licences and software and in capitalised development costs, offset by amortisation expense of $0.7 million;
- Other investments, non-current increased to $51.5 million (2014: $22.2 million) reflecting the investment of excess cash into fixed income government and corporate securities that have maturities longer than twelve months;

- Cash and cash equivalents decreased by $118.5 million to $105.6 million at 31 December 2015 from $224.1 million at 31 December 2014. The decrease is mainly attributed to $81.9 million of net cash used in operations, $75.0 million used in capital and other investing activities, of which $51.8 million for the purchase of fixed income security investments, and $38.4 million provided by financing activities primarily from proceeds from the issuance of subsidiary preferred shares;
- Other investments, current increased to $37.6 million (2014: $15.2 million) reflecting the investment of excess cash into fixed income government and corporate securities that have maturities shorter than twelve months;
- Inventories decreased by $1.4 million to $1.5 million as at 31 December 2015 (2014: $2.9 million) reflecting the purchases of inventories of $1.4 million, offset by cost of goods sold of $2.8 million;
- Trade and other receivables increased by $1.0 million to $7.3 million at 31 December 2015 (2014: $6.3 million) as a result of increase in prepaid and other current assets of $1.6 million, net of their amortisation, mainly from advance payments for inventory units at RF Biocidics, offset by trade receivables net decrease of $0.6 million;
- Subscription receivable of $6.0 million was recorded as at 31 December 2015 (2015: nil) reflecting the second tranche of the Series A preferred round at Precision Biopsy due by third party investors in 2016;
- The loans balance, current and non-current, decreased to $0.3 million as of 31 December 2015 (2014: $0.5 million) reflecting the repayment of the principal balance by CryoXtract;
- Subsidiary preferred shares increased by $44.1 million to $94.1 million as of 31 December 2015 (2014: $50.0 million) as a result of Series A preferred rounds at SciFluor Life Sciences and Precision Biopsy in 2015;
- Deferred revenue remained relatively consistent at $0.2 million, when compared to $0.4 million as of 31 December 2014; and
- Share capital and premium increased by $2.4 million to a combined $159.3 million at 31 December 2015 (2014: $156.9 million) due to the exercise of stock options during the year. Accumulated deficit of $182.7 million (2014: 107.6 million) reflected the net comprehensive loss for the year of $97.9 million (2014: $57.9 million) offset by the share-based compensation expense charge for the year of $7.0 million (2014: $8.9 million).

Consolidated Statement of Cash Flows

For the years ended 31 December

	2015 *$ '000*	2014 *$ '000*
Net cash outflow from operating activities	(81,918)	(45,377)
Net cash outflow from investing activities	(74,999)	(40,731)
Net cash inflow from financing activities	38,397	205,632
Net (decrease) increase in cash and cash equivalents	(118,520)	119,524
Cash and cash equivalents in the beginning of the year	224,075	104,551
Cash and cash equivalents at the end of the year	105,555	224,075

The Group's net cash outflow from operating activities of $81.9 million in 2015 (2014: $45.4 million) was primarily due to the net operating losses for the year of $96.7 million, offset by the net effect from movement in working capital of $2.7 million, adjustment for non-cash items such as depreciation, amortisation, and share-based expenses of $11.4 million and interest received net of paid and other finance charges of $0.7 million.

The Group had a net cash outflow from investing activities of $75.0 million in 2015 (2014: $40.7 million) mainly reflecting the purchases of fixed income investment securities of $51.8 million, purchases or property and equipment net of disposals of $21.5 million, and purchases of intangible assets net of disposals of $1.7 million.

The Group's net cash inflow from financing activities of $38.4 million in 2015 (2014: $205.6 million) primarily reflects the proceeds from issuance of preferred shares in subsidiaries of $36.2 million from the rounds in SciFluor Life Sciences and Precision Biopsy.

The Group's strategy is to maintain healthy, highly liquid cash balances that are readily available to support the activities of its subsidiaries by providing working capital, maintaining the level of research and development activities required to achieve the set milestone goals, and acquiring capital equipment where necessary to support research and development activities. To further minimise its exposure to risks the Group does not maintain any material borrowings or cash balances in foreign currency.

RISK MANAGEMENT

The execution of the Group's strategy is subject to a number of risks and uncertainties. A key focus for the Board is to formally identify the principle risks facing the Group and develop a robust and effective framework to ensure that the risks are both well understood and appropriate for the Company's risk appetite to achieve the stated corporate goals. This process needs to address both risks arising from the internal operations of the Group and those arising from the business environment in which it operates. It is possible that one or more of these identified risks could impact the Group in a similar timeframe which may compound their effects.

As an early-stage investor in start-ups, the Group inherently operates in a high risk environment. The overall aim of the risk management policy is to achieve an effective balancing of risk and reward, although ultimately no strategy can provide an absolute assurance against loss.

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and/or liquidity. The major risks and uncertainties identified by the Board are set out below along with the consequences and mitigation strategy of each risk.

1. The science and technology being developed or commercialised by the Group's businesses may fail and/or the Group's business may not be able to develop their intellectual property into commercially viable products or technologies. There is also a risk that some of the subsidiary businesses may fail or not succeed as anticipated, resulting in an impairment of the Group's value.

<u>Impact</u>: The failure of any of the Group's subsidiary businesses would impact the Group's value. A failure of one of the major subsidiary businesses could also impact on the perception of the Group as a builder of high value businesses and possibly make additional fund raising at the Group or subsidiary level more difficult.

<u>Mitigation</u>:

- Before making any investment, extensive due diligence is carried out by the Group which covers all the major business risks including market size, strategy, adoption and intellectual property.
- The initial seed round investment is typically quite small with incremental investment only being made on successful completion of milestones.
- A capital disciplined approach is pursued such that proof of concept has to be achieved before substantial capital is committed.
- Members of the Group's management team who carry out the initial due diligence initially run the subsidiary in its incubation phase and subsequently move to becoming independent directors staying with the project to help ensure consistency of management. The Group's point of contact will stay in regular communication with the senior management of the subsidiary business.
- During incubation phase, we closely monitor milestone developments and should a project fail to achieve sufficient progress, we terminate the investments.
- The Company carries out face-to-face quarterly reviews with the management of each of the subsidiary businesses.
- The shared services model provides significant administrative support to the subsidiary businesses whilst the budgetary and financial controls ensure good governance.
- Within the Group there is a wealth of management expertise which can be called upon to support each of the subsidiary businesses where necessary.
- The Group actively uses third party advisors and consultants, specific to the particular domain in which a subsidiary business operates, to assist on market strategy and direction.

2. The Group expects to continue to incur substantial expenditure in further research and development activities of its businesses. There is no guarantee that the Group will become profitable and, even if it does, it may be unable to sustain profitability.

Impact: The strategic aim of the business is to generate profits for its shareholders through the investment into IP-based start-ups, delivering value through capital gain. As such, profits will be generated on exits. The timing and size of these potential inflows is uncertain and should exits not be forthcoming, or in the event that they are achieved but at values significantly less than the amount of capital invested, then it would be difficult to sustain the current levels of investment in the subsidiary businesses and continue to make new investments. This will lead to reduced activity across the Group. In turn this could make raising additional capital at the Group level difficult and it could ultimately lead to the failure of the Group as a whole.

Mitigation:

- The Group retains significant cash balances in order to support its internal cash flow requirements.
- The Group has close relationships with a wide group of investors, including its shareholder base to ensure it can continue to access the capital markets.
- Senior management continually seek to create additional strategic relationships for the Group.

3. If any of the Group's relationships with US universities and federal government institutions were to break down or be terminated or expire, then the Group would lose any rights that it has to act as a private sector partner in the commercialisation of intellectual property being generated by such universities, other research intensive institutions or US federal research institutions.

Impact: Termination of certain of the Group's existing relationships would impact the quantity and potential quality of the Company's deal flow. This may in turn prevent the Company from completing promising new deals and reduce its opportunity to create new subsidiaries. This could potentially have an adverse effect on the Group's long term prospects and performance.

Mitigation:

- The Group currently receives in excess of 5,000 items of intellectual property per year from its 160 partner institutions. The risk of losing deal flow through the termination of relationships is greatly lessened by the wide portfolio and geographic spread of our partners.
- The Group continues to strengthen its partner network.
- The Group has hired a dedicated resource to manage and expand the partner network.

4. A majority of the Group's intellectual property relates to technologies originated in the course of research conducted in, and initially funded by, US universities or other federally-funded research institutions. Although the Group has been granted exclusive licenses to use this intellectual property, there are certain limitations inherent in these licenses, for example as required by the Bayh-Dole Act of 1980.

Impact: There are certain circumstances where the US government has rights to utilise the underlying intellectual property without any economic benefit flowing back to the Group. In the event this were to happen, this could impact the financial return to the Group on its investment in the applicable subsidiary businesses.

Mitigation:

- To the Board's knowledge, while these so called "march in" rights exist, the US government has never had cause to use them.
- The Group seeks to develop dual use capabilities for the technology it licenses and generally tends to avoid use cases directly applicable to government use.
- This risk is also mitigated through employing experienced technology transfer experts supported by our legal team to assess risks that may arise out of this eventuality.

5. The Group currently has in place cooperative research and development agreements with certain US Department of Defence laboratories and federal funded government institutions. Certain regulatory measures apply to these agreements which restrict the export of information and material that may be used for military or intelligence applications by a non-US person.

Impact: If the Group were to breach restrictions on the use of certain licensed technologies, particularly those derived from federally funded research facilities, this could materially impact upon the Group's ability to license additional intellectual property from these establishments. In certain circumstances it may also lead to the termination of existing licenses. In the event that this were to happen, this could materially affect a number of the Group's businesses and potentially harm the reputation and standing of the Group and cause the termination of certain important relationships with federally funded research institutions.

Mitigation:

- Prior to the commercialisation process, the Group's management seeks to obtain all the necessary clearances from applicable regulatory bodies to ensure that the export of products based upon the licensed IP is strictly in accordance with government guidelines.
- The Group employs a number of individuals with experience in working with various government agencies.

- Senior management is fully cognisant with the regulations and sensitivities in relation to this issue and in particular with International Traffic in Arms Regulations (ITAR) which regulate the use of technologies for export, and has numerous mitigating actions available should issues arise.

6. The Group operates in complex and specialised business domains and requires highly qualified and experienced management to implement its strategy successfully. All of the operations of the Group and its subsidiary businesses are located in the United States, which is a highly competitive employment market. There is a risk that the Group may lose key personnel, or fail to attract or retain new personnel. Furthermore, given the relatively small size of the senior management at the corporate level, the Group is reliant on a small number of key individuals.

Impact: The loss of key personnel would have an adverse impact on the ability of the Group to continue to grow and may negatively affect the Group's competitive advantage.

Mitigation:

- The Board annually seeks external expertise to assess the competitiveness of the compensation packages of its senior management.
- Senior management continually monitor and assess compensation levels to ensure the Group remains competitive in the employment market.
- While staff turnover has historically been low and the Group continues to attract highly qualified individuals, management encourages development and inclusion through coaching and mentoring programmes.

7. A large proportion of the overall value of the Group's businesses may be concentrated in a small proportion of the Group's businesses. If one or more of the intellectual property rights relevant to a valuable business were terminated, this would have a material adverse impact on the overall value of the Group's businesses.

Impact: The termination of critical IP licenses would materially impact the value of the subsidiary business and have a consequent effect on the value of the overall Group.

Mitigation:

- In each subsidiary, the management is specifically directed to pursue a policy of generating and patenting additional intellectual property to both provide additional protection and create direct IP ownership for the subsidiary business.
- Where possible, the Group seeks to negotiate intellectual property ownership rights in any research and development agreement it enters into with a network partner, such that the Group becomes a part owner of the underlying IP.
- The Group has a diversified portfolio of subsidiary businesses. The value of any one of its subsidiaries relative to the aggregate value of the Group is closely monitored to ensure that the concentration risk of any on subsidiary is not disproportionate.

8. Clinical studies and other tests to assess the commercial viability of a product are typically expensive, complex and time-consuming, and have uncertain outcomes. If the Company fails to complete or experiences delays in completing tests for any of its product candidates, it may not be able to obtain regulatory approval or commercialise its product candidates on a timely basis, or at all.

Impact: Significant delays in any of the clinical studies to support the appropriate regulatory approvals could significantly impact the amount of capital required for the subsidiary business to become fully sustainable on a cash flow basis. A critical failure in any stage of a clinical testing programme would probably necessitate a termination of the project and a loss of the Group's investment.

Mitigation:

- The Group has dedicated internal resources to establish and monitor each of the clinical programmes in order to try and maximise successful outcomes.
- During the evaluation and due diligence phase prior to the initial investment, focus is placed on an analysis of the risks of the clinical phase of development.
- Prior to the launch of any clinical testing it will be normal for a dedicated management team (and in certain cases an advisory team to include key opinion leaders (KOLs)) to be hired, and experience with the management of clinical programmes would be a prerequisite qualification.
- In the event of the outsourcing of these trials, care and attention is given to assure the quality of the Contract Research Organisation (CRO) vendors used to perform the work.

9. The Group expects to remain viable through December 2017 given its current cash and financial position. However, if the Group is unable to raise capital, generate sufficient revenue, appropriately manage expenses, or exit any of its existing Group businesses prior to the end of such period, then the Group's business, financial condition, results of operations, prospects and future viability could be adversely affected.

Impact: Lack of capital could restrict the Group's ability to further develop and commercialise its existing businesses and prevent the Group from investing in attractive new opportunities. In turn, this could ultimately lead to failure of individual subsidiaries and loss of investment as well as failure of the Group as a whole.

Mitigation:

- The Group maintains close relationships with its shareholder base and a wide group of investors to ensure it continuous access to the capital markets.
- The Group has historically had a strong financial position, including prior to its initial public offering, and holds significant control over the Company's investments and how subsidiary company working capital requirements are met.
- The Company has majority control over all of the subsidiary companies, and is able to maintain close control of their expenses and cash outflows.
- The Company has built a valuable portfolio of subsidiary companies since its inception.

Corporate and Social Responsibility

Details on the Group's policies, activities and aims with regard to its corporate and social responsibilities are included in the Sustainability section on pages 68 to 69 of the 2015 Annual Report and are incorporated herein by reference.

The Strategic Report of the 2015 Annual Report has been approved by the Board of Directors.

ON BEHALF OF THE BOARD

Peter Dolan	**Chris Silva**
Chairman	***Chief Executive Officer***

25 April 2016

CONSOLIDATED FINANCIAL INFORMATION

The financial information set out below has been extracted from the 2015 Annual Report and is an abridged version of the full financial statements, not all of which are reproduced in this Annual Results Release.

DIRECTORS' RESPONSIBILITIES STATEMENT

The responsibility statement set out below has been reproduced from the 2015 Annual Report, which was published in April 2016, and relates to that document and not this announcement.

We confirm that to the best of our knowledge:

• the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the parent Company and the undertakings included in the consolidation taken as a whole; and

• the Strategic Report of the 2015 Annual Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the 2015 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

ON BEHALF OF THE BOARD

Peter Dolan — *Chairman*
Chris Silva — *Chief Executive Officer*

25 April 2016

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 31 December	Note	2015	2014
		$ '000	$ '000
Revenue	3	3,300	7,715
Operating expenses:			
Cost of revenue	4,5	(3,925)	(5,416)
Selling, general and administrative expenses	4,5	(46,888)	(38,032)
Research and development expenses	4,5	(49,209)	(22,195)
Operating loss		(96,722)	(57,928)
Finance income	7	723	545
Finance cost	7	(53)	(323)
Finance cost from IAS 39 fair value accounting	7	(1,937)	-
Finance (cost)/income, net		(1,267)	222
Loss before taxation		(97,989)	(57,706)
Taxation		-	-
Loss for the period		(97,989)	(57,706)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		46	(159)
Other comprehensive income/(loss), net of taxation		46	(159)
Total comprehensive loss		(97,943)	(57,865)
Loss attributable to:			
Equity holders of the parent		(77,797)	(45,478)
Non-controlling interests	17	(20,192)	(12,228)
		(97,989)	(57,706)
Total comprehensive loss attributable to:			
Equity holders of the parent		(77,752)	(45,637)
Non-controlling interests		(20,191)	(12,228)
		(97,943)	(57,865)
Loss per share		**$**	$
Basic	8	(0.36)	(0.24)
Diluted	8	(0.36)	(0.24)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December	Note	2015	2014
		$ '000	$ '000 (restated, see note 1)
Non-current assets			
Property and equipment	9	34,173	16,330
Intangible assets	10	4,384	3,409

Investment in equity accounted investees	*11*	1,612	1,560
Other investments	*12*	51,545	22,176
Other financial assets	*22*	842	418
Other non-current assets		228	146
Total non-current assets		92,784	44,039
Current assets			
Cash and cash equivalents	*13*	105,555	224,075
Other investments	*12*	37,648	15,231
Inventories	*14*	1,511	2,919
Trade and other receivables	*15*	7,342	6,305
Subscription receivable	*18*	6,000	-
Other financial assets	*22*	371	461
Total current assets		158,427	248,991
Total assets		251,211	293,030
Equity			
Share capital	*16*	3,429	3,411
Share premium	*16*	155,867	153,442
Merger reserve	*16*	185,544	185,544
Translation reserve	*16*	(16)	(61)
Accumulated deficit	*16*	(182,660)	(107,557)
Equity attributable to owners of the Company		162,164	234,779
Non-controlling interests	*16,17*	(20,790)	(4,946)
Total equity		141,374	229,833
Non-current liabilities			
Deferred revenue	*3*	-	197
Loans	*19*	112	338
Other non-current liabilities	*20*	751	182
Total non-current liabilities		863	717
Current liabilities			
Trade and other payables	*20*	14,268	11,339
Deferred revenue	*3*	395	947
Loans	*19*	228	213
Subsidiary preferred shares	*18*	94,083	49,981
Total current liabilities		108,974	62,480
Total liabilities		109,837	63,197
Total equity and liabilities		251,211	293,030

See accompanying notes to consolidated financial statements.

Registered number: 8998697
The financial statements on pages 107 to 157 of the 2015 Annual Report
were approved by the Board of Directors and authorised for issue on 25 April 2016 and signed on its behalf by:

Chris Silva
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Note	**Share capital**		**Share premium**	**Merger reserve**	**Translation reserve**	**Accumulated deficit**	**Total parent equity**	**Non-controlling interests**	**Total equity**
		Shares	**Amount**							
			$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
Balance at 31 December 2013		157,463,790	2,445	-	185,544	98	(70,834)	117,253	2,606	119,859
Total comprehensive loss for the year										
Loss from continuing operations		-	-	-	-	-	(45,478)	(45,478)	(12,228)	(57,706)
Foreign currency translation		-	-	-	-	(159)	-	(159)	-	(159)
Total comprehensive loss for the year						(159)	(45,478)	(45,637)	(12,228)	(57,865)
Issuance of ordinary shares	*16,17*	48,164,365	818	142,243	-	-	-	143,061	-	143,061

New funds into non-controlling interest	*16,17*	-	-	-	-	-	-	-	4,492	4,492
Gain/(loss) arising from change in non-controlling interest	*17*	-	-	-	-	-	(184)	(184)	184	-
Exercise of stock options	*6*	8,817,424	148	11,199	-	-	-	11,347	-	11,347
Equity-settled share based payments	*6*	-	-	-	-	-	8,939	8,939	-	8,939
Balance at 31 December 2014 (restated, see note 1)		214,445,579	3,411	153,442	185,544	(61)	(107,557)	234,779	(4,946)	229,833
Total comprehensive loss for the year										
Loss from continuing operations		-	-	-	-	-	(77,797)	(77,797)	(20,192)	(97,989)
Foreign currency translation		-	-	-	-	45	-	45	1	46
Total comprehensive loss for the year						45	(77,797)	(77,752)	(20,191)	(97,943)
Gain/(loss) arising from change in non-controlling interest	*17*	-	-	-	-	-	(3,228)	(3,228)	3,228	-
Exercise of stock options	*6*	1,191,784	18	2,425	-	-	-	2,443	-	2,443
Equity-settled share based payments	*6*	-	-	-	-	-	5,922	5,922	1,119	7,041
Balance at 31 December 2015		215,637,363	3,429	155,867	185,544	(16)	(182,660)	162,164	(20,790)	141,374

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	*Note*	**2015 $ '000**	**2014 $ '000**
Cash flows from operating activities:			
Net operating loss		(96,722)	(57,928)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	*9*	3,339	2,312
Amortisation	*10*	747	580
Impairment losses on property and equipment	*9*	308	416
Impairment losses on intangible assets	*10*	1	1,063
Share-based compensation expense	*5,6*	7,041	8,939
Changes in working capital:			
Decrease/(increase) in inventory	*14*	1,408	(1,874)
Increase in trade and other receivables	*15*	(1,505)	(3,626)
Increase in trade and other payables	*20*	2,929	6,301
Increase/(decrease) in other non-current liabilities	*20*	569	(96)
Decrease in deferred revenue	*3*	(749)	(1,686)
Interest received	*7*	721	545
Interest paid	*7*	(41)	(320)
Other finance income/(cost)	*7*	36	(3)
Net cash used in operating activities		(81,918)	(45,377)
Cash flows from investing activities:			
Purchases of property and equipment, net of disposals	*9*	(21,490)	(1,217)
Purchases of intangible assets, net of disposals	*10*	(1,723)	(547)
Purchases of investment in equity accounted investees	*11*	-	(1,560)
Purchases of other investments	*12*	(51,786)	(37,407)
Net cash used in investing activities		(74,999)	(40,731)
Cash flows from financing activities:			
Proceeds from exercise of stock options	*16*	2,443	11,347
Repayment of notes payable	*19*	(211)	(3,249)
Proceeds from issuance of share capital	*16*	-	143,061
Proceeds from issuance of share capital in subsidiaries	*17*	-	4,492
Proceeds from issuance of preferred shares in subsidiaries	*18*	36,165	49,981
Net cash provided by financing activities		38,397	205,632
Net (decrease)/increase in cash and cash equivalents		(118,520)	119,524
Cash and cash equivalents at beginning of the period		224,075	104,551
Cash and cash equivalents at end of the period		105,555	224,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Accounting Policies

Basis of Preparation

Allied Minds plc ("Allied Minds" or the "Company") is a company incorporated and domiciled in the UK. The 2015 Annual Report of Allied Minds and its subsidiaries (together referred to as the "Group") are presented for the year ended 31 December 2015. The group financial statements consolidate those of the Company and its subsidiaries and the Group's interest in associates. The Group financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards, International Accounting Standards, and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs"). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Prior Year Restatement

At the end of the previous year one of the Group's subsidiaries issued subsidiary preferred shares to existing shareholders of the Group. These subsidiary preferred shares were accounted for as equity (Non-controlling interests ("NCI") and Accumulated deficit) in the previous year. During the current period management have further analysed the subsidiary preferred shares and believe that, due to nature of their conversion features, they should have been accounted for as subsidiary preferred shares in current liabilities. As a result, as at 31 December 2014 management have increased current liabilities in the prior period by $50.0 million, reduced NCI by $36.9 million and increased accumulated deficit by $13.1 million in the consolidated statement of financial position. This adjustment had no material effect on the Group's consolidated comprehensive loss for the prior period. As a result of this restatement the following items in the Group's consolidated statement of financial position have changed in the prior year: non-controlling interests have decreased by $36.9 million, accumulated deficit has increased by $13.1 million, equity attributable to owners of the Company has decreased by $13.1 million, total equity has decreased by $50.0 million; "Subsidiary preferred shares" has been recognised as a new current liability category, at a value of $50.0 million, and total current liabilities and total liabilities have increased by $50.0 million.

There has been no impact on the 31 December 2014 balance sheet of the Company.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

Significant estimates are made when determining the appropriate valuation methodology and deriving the estimated fair value of subsidiary undertakings and subsidiary preferred shares. These judgments include making certain estimates of the future earnings potential of the subsidiary businesses, appropriate discount rate and earnings multiple to be applied, marketability and other industry and company specific risk factors. Significant judgement is used in determining the classification of financial instruments in terms of liability or equity. Significant judgments are involved in determining the point of capitalisation of development costs. Other significant estimates made by the Group also include those used in calculating share-based payment expense and related valuations, in particular when using Black Scholes or Monte Carlo models to determine the value of the equity based awards, the judgments used in considering any impairment required in relation to intangible assets, and the judgments made in determining control over subsidiaries. Information about these critical judgments and estimates is included in the following notes.

Changes in Accounting Policies

No other new standards, interpretations and amendments effective for the first time from 1 January 2015 have had a material effect on the Group's financial statements.

Going Concern

The Directors have prepared trading and cash flow forecasts for the Group covering the period to 31 December 2017. Despite the fact that the Group is currently loss making and is likely to continue to be so, at least in the short term, after making enquiries and considering the impact of risks and opportunities on expected cashflows, and given the fact that the Group has $195 million of available funds in the form of cash and fixed income securities as at 31 December 2015, the Directors have a reasonable expectation that the Group has adequate cash to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

Basis of Consolidation

Allied Minds plc was formed on 15 April 2014 and on 19 June 2014 acquired Allied Minds Inc. (now Allied Minds, LLC) by share exchange. Each issued and outstanding common stock of Allied Minds Inc. held by stockholders of Allied Minds, Inc. (now Allied Minds, LLC) was converted into the right to receive twenty-two ordinary shares of Allied Minds plc. This has been accounted for as a common control transaction under IFRS 3.B1 (see note 16), therefore the consolidated financial statements for each of the years ended 31 December 2015 and 2014 comprises the financial statements of Allied Minds plc and the consolidated financial statements of Allied Minds, Inc. (now Allied Minds, LLC) and its subsidiaries.

Subsidiaries

The financial information of the subsidiaries is prepared for the same reporting period as the parent Company, using consistent accounting policies. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra- group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisitions and disposals of non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Functional and Presentation Currency

This consolidated financial statements are presented in US dollars, which is the functional currency of most of the entities in the Group.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency U.S. dollar at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non- controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the Translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a subsidiary or an associate that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the specific identification or weighted-average method. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Financial Instruments

Financial Assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets into the following categories: cash and cash equivalents, trade and other receivables, security and other deposits, other investments. Such financial assets are recognised at fair value.

Other investments comprise fixed income debt securities, including government agency and corporate bonds, are stated at amortised cost less impairment. It is the Group policy to hold these investments till maximum maturity of three years.

Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the following categories: trade and other payables and loans. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Warrants are accounted for as equity instruments and recorded at fair value.

The Group's financial liabilities include subsidiary preferred shares some of which incorporate embedded derivatives. In accordance with IAS 39.11 the Group has elected not to bifurcate the embedded derivative but fair value the entire instrument at each reporting date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instrument is classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in the financial information for share capital and merger reserve account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Share Capital

Ordinary shares are classified as equity. The Group considers its capital to comprise share capital, share premium, merger reserve, translation reserve, and accumulated deficit. Other reserve historically presented separately is now included in accumulated deficit.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets under construction represent machinery and equipment to be used in operations, R&D activities, or to be leased to customers once completed.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets:

Computers and electronics	3 years
Furniture and fixtures	5 years
Machinery and equipment	5 -20 years
Under construction	Not depreciated until transferred into use
Leasehold improvements	Shorter of the lease term or estimated useful life of the asset

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted if appropriate.

Intangible Assets

Licenses and Purchased In Process Research & Development

Licenses represent licenses provided by universities and scientists in exchange for an equity ownership in the entities. Purchased in process research & development ("IPR&D") represents time and expertise already invested by the scientist and provided in exchange for an equity interest in the entity. Licenses and purchased IPR&D are valued based on the amount of cash contributed by Allied Minds, at inception of the subsidiary, and the proportionate amount of equity ascribed to Allied Minds. The licenses and IPR&D are capitalised only when they meet the criteria for capitalisation, namely separately identifiable and measurable and it is probable that economic benefit will flow to the entity.

Capitalised Development Costs

Research and development costs include charges from universities based on sponsored research agreements (SRAs) that the subsidiaries of Allied Minds enter into with universities. Under these agreements, the universities perform research on the technology that is being licensed to the subsidiaries. Research and development costs also include charges from independent research and development contractors, contract research organisations (CROs), and other research institutions.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the Group intends to and has sufficient resources to complete development and to use or sell the asset, and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. The point at which technical feasibility is determined to have been reached is when regulatory approval has been received, where applicable. Management determines that commercial viability has been reached when a clear market and pricing point have been identified, which may coincide with achieving recurring sales. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure considered for capitalisation includes the cost of materials, direct labour and an appropriate proportion of overhead costs. Otherwise, the development expenditure is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software

Software intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Finite-lived intangible assets are amortised on a straight-line basis over their estimated useful lives, from the date that they are available for use. Intangible assets which are not yet available for use (and therefore not amortised) are tested for impairment at least annually.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. Amortisation methods, useful lives and residual values are reviewed at least annually and adjusted if appropriate.

The estimated useful lives of the Group's intangible assets are as follows:

Licences	Over the remaining life of the underlying patents
Purchased IPR&D	Over the remaining life of the underlying patents, once commercial viability has been achieved
Development cost	Over the remaining life of the underlying technology
Software	2 years

Taxation

Tax on the profit or loss 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 directly in equity, in which case it is recognised in equity.

Current Income Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Income Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities where the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Impairment

Impairment of Non-Financial Assets

Non-financial assets consist of property and equipment and intangible assets, including licences, purchased IPR&D, capitalised development cost, with finite lives and such intangible assets which are not yet available for use.

The Group reviews the carrying amounts of its property and equipment and finite-lived intangibles at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets which are not yet available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are allocated to reduce the carrying amounts of assets in a CGU on a pro rata basis.

Impairment of Financial Assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial Assets Measured at Amortised Cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Share-based Payments

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Phantom Plan

The Phantom Plan is a cash settled bonus plan. Expense is accrued when it is determined that it is probable that a payment will be made and when the amount can be reasonably estimated.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue Recognition

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The transfer of significant risks and rewards of ownership usually occurs when products are shipped and the customer takes ownership and assumes risk of loss.

Rendering of Services

The Group recognises revenue from rendering of services at the time services are provided to the customer and the Group has no additional performance obligation to the customer.

Government Grants

Grants received are recognised as revenue when the related work is performed and the qualifying research and development costs are incurred.

Finance Income and Finance Costs

Finance income mainly comprises interest income on funds invested and foreign exchange gains. Finance costs mainly comprise loan interest expense and foreign exchange losses. Interest income and interest payable are recognised as they accrue in profit or loss, using the effective interest method.

Fair Value Measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The carrying amount of cash and cash equivalents, accounts receivable, deposits, accounts payable, accrued expenses and other current liabilities in the Group's Consolidated Statements of Financial Position approximates their fair value because of the short maturities of these instruments.

Operating Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Operating Segments

Allied Minds determines and presents operating segments based on the information that internally is provided to the executive management team, the body which is considered to be Allied Minds' Chief Operating Decision Maker ("CODM").

An operating segment is a component of Allied Minds that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Allied Minds' other components. The operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment, to assess its performance, and for which discrete financial information is available.

(2) New Standards and Interpretations not yet Adopted

A number of new standards, interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2016, and have not therefore been applied in preparing this consolidated financial information. Management has yet to complete an analysis of these new standards, interpretations and amendments to existing standards on the results of its operations, financial position, and disclosures. The Group intends to adopt these standards on their respective effective dates.

The following are amended or new standards and interpretations that may impact the Group. The Group is currently considering the impact of the proposed changes but their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 9, 'Financial instruments' (effective 1 January 2018)

IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)

IFRS 16, 'Leases' (effective 1 January 2019)

Amendment to IFRS 11,'Joint arrangements on acquisition of an interest in a joint operation', (effective 1 January 2016)

Amendment to IAS 1, 'Presentation of Financial Statements' (effective 1 January 2016)

Amendment to IAS 16 ,'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation (effective 1 January 2016)

Amendment to IFRS 9, 'Financial instruments', on general hedge accounting (effective date 1 Jan 2018)

Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective 1 January 2016)

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on sale or contribution of assets (effective 1 January 2016)

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on applying the consolidation exemption (effective 1 January 2016)

Annual improvements 2014 (effective 1 January 2016)

Amendments to IAS 1,'Presentation of financial statements' disclosure initiative (effective 1 January 2016)

(3) Revenue

Revenue recorded in the statement of comprehensive loss consists of the following:

For the year ended 31 December:	2015	2014
	$'000	$'000
Product revenue	2,208	7,396
Service revenue	606	230
Grant revenue	486	89
Total revenue in consolidated statement of loss	3,300	7,715

Deferred revenue recorded in the statement of financial position consists of the following:

As of 31 December:	2015	2014
	$'000	$'000
Customer deposits	-	526
Other deferred revenue, current	395	421
Deferred revenue, current	395	947
Deferred revenue, non-current	-	197
Total deferred revenue in statement of financial position	395	1,144

(4) Operating Segments

Basis for Segmentation

For management purposes, the Group's principal operations are currently organised in two reportable segments:

(i) Early stage companies - subsidiary businesses that are in the early stage of their lifecycle characterised by incubation, research and development activities; and

(ii) Commercial stage companies - subsidiary businesses that have substantially completed their research and development activities and that have developed one or more products that are actively marketed.

Due to their size and nature Spin Transfer Technologies, Inc. (or "STT", an early stage company) and RF Biocidics, Inc. (or "RFB", a commercial stage company) are not aggregated and presented as two additional separate reportable segments. The Group's principal operations are therefore presented as four reportable segments being early stage company - STT, early stage companies - other, commercial stage company - RFB, and commercial stage companies - other.

The Group's CODM reviews internal management reports on these segments at least quarterly in order to make decisions about resources to be allocated to the segment and to assess its performance.

Other operations include the management function of the head office at the parent level of Allied Minds.

Information about Reportable Segments

The following provides detailed information of the Group's reportable segments as of and for the years ended 31 December 2015 and 2014, respectively:

	2015					
	$'000					
	Early stage		Commercial		Other	Consolidated
	STT	Other	RFB	Other	operations	
Statement of Comprehensive Loss						
Revenue	—	1,141	957	1,202	—	3,300
Cost of revenue	—	(205)	(2,791)	(929)	—	(3,925)
Selling, general and administrative expenses	(7,591)	(14,116)	(5,162)	(5,255)	(14,764)	(46,888)
Research and development expenses	(11,752)	(35,145)	(217)	(2,095)	—	(49,209)
Finance income/(cost), net	(1,506)	(330)	—	(43)	612	(1,267)
Loss for the period	(20,849)	(48,655)	(7,213)	(7,120)	(14,152)	(97,989)
Other comprehensive income/loss	—	—	(26)	—	72	46
Total comprehensive loss	(20,849)	(48,655)	(7,239)	(7,120)	(14,080)	(97,943)
Total comprehensive loss attributable to:						
Equity holders of the parent	(11,331)	(42,404)	(4,230)	(5,707)	(14,080)	(77,752)
Non-controlling interests	(9,518)	(6,251)	(3,009)	(1,413)	—	(20,191)
Total comprehensive loss	(20,849)	(48,655)	(7,239)	(7,120)	(14,080)	(97,943)
Statement of financial position						
Non-current assets	31,692	4,568	2,810	1,687	52,027	92,784
Current assets	34,531	52,590	5,068	1,774	64,464	158,427
Total Assets	66,223	57,158	7,878	3,461	116,491	251,211
Non-current liabilities	(113)	(339)	(271)	(115)	(25)	(863)

Current liabilities	(55,265)	(48,757)	(1,140)	(1,149)	(2,663)	(108,974)
Total Liabilities	(55,378)	(49,096)	(1,411)	(1,264)	(2,688)	(109,837)
Net Assets	10,845	8,062	6,467	2,197	113,803	141,374

	2014 $'000					
	Early stage		Commercial		Other	
	STT	Other	RFB	Other	operations	Consolidated
Statement of Comprehensive Loss						
Revenue	—	345	6,457	913	—	7,715
Cost of revenue	—	—	(4,898)	(518)	—	(5,416)
Selling, general and administrative expenses	(5,722)	(7,232)	(5,854)	(4,003)	(15,221)	(38,032)
Research and development expenses	(7,350)	(13,104)	(184)	(1,557)	—	(22,195)
Finance income/(cost), net	(268)	—	3	(51)	538	222
Loss for the year	(13,340)	(19,991)	(4,476)	(5,216)	(14,683)	(57,706)
Other comprehensive income/loss	—	—	(34)	—	(125)	(159)
Total comprehensive loss	(13,340)	(19,991)	(4,510)	(5,216)	(14,808)	(57,865)
Total comprehensive loss attributable to:						
Equity holders of the parent	(7,057)	(17,100)	(2,542)	(4,130)	(14,808)	(45,637)
Non-controlling interests	(6,283)	(2,891)	(1,968)	(1,086)	—	(12,228)
Statement of Financial Position						
Non-current assets	14,354	3,325	2,912	1,356	22,092	44,039
Current assets	68,750	15,851	8,523	2,293	153,574	248,991
Total Assets	83,104	19,176	11,435	3,649	175,666	293,030
Non-current liabilities (restated)	(50,014)	(281)	—	(344)	(59)	(50,698)
Current liabilities	(3,420)	(2,691)	(2,888)	(750)	(2,750)	(12,499)
Total Liabilities (restated)	(53,434)	(2,972)	(2,888)	(1,094)	(2,809)	(63,197)
Net Assets (restated)	29,670	16,204	8,547	2,555	172,857	229,833

In 2015, Cost of revenue and Selling, general and administrative expenses included of segments STT, Early stage - other, RFB, Commercial stage - other, and Other operations included depreciation and amortisation expense of $2,316,000, $936,000, $554,000, $232,000, and $49,000 respectively (2014: $1,538,000, $477,000, $646,000, $179,000, and $52,000).

At the end of 2015, the Group's CODM has determined that Biotectix reached commercial stage and as such its financial information has been presented in the respective reportable segment as of and for the year ended 31 December 2015 and 2014.

The proportion of net assets shown above that is attributable to non-controlling interest is disclosed further in notes 11 and 17.

Geographic Information

Whilst the Group includes RF Biocidics (UK) Limited, which is a UK company, the revenues and net operating losses of that subsidiary are not considered material to the Group, and therefore the Group revenues and net operating losses for the years ended 31 December 2015 and 2014 are considered to be entirely derived from its operations within the United States and accordingly no additional geographical discloses are provided.

(5) Operating Expenses

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

For the year ending 31 December:	2015	2014
Selling, general and administrative	73	58
Research and development	87	50
Total	160	108

The aggregate payroll costs of these persons were as follows:

For the year ending 31 December:	2015	2014
	$'000	$'000
Selling, general and administrative	22,416	19,751
Research and development	17,710	9,865
Total	40,126	29,616

Total operating expenses were as follows:

For the year ending 31 December:	2015	2014
	$'000	$'000

Salaries and wages	27,602	17,128
Payroll taxes	1,781	1,496
Healthcare benefit	2,328	1,473
Other payroll cost	1,374	580
Share-based payments	7,041	8,939
Total	40,126	29,616
Cost of revenue	3,925	5,416
Other SG&A expenses	24,472	18,281
Other R&D expenses	31,499	12,330
Total operating expenses	100,022	65,643

	2015	2014
	$'000	$'000
Auditor's remuneration		
Audit of these financial statements	435	261
Audit of the financial statements of subsidiaries	20	20
Audit-related assurance services	-	89
Other assurance services	-	1,848
Taxation compliance services	49	36
	504	2,254

In 2014, auditor's remuneration included $1,796,000 of other assurance services provided in relation to the Group's listing on the London Stock Exchange, which were offset against equity.

See note 6 for further disclosures related to share-based payments and note 24 for management's remuneration disclosures.

(6) Share-Based Payments

UK Long Term Incentive Plan

On 19 June 2014, Allied Minds plc established the UK Long Term Incentive Plan ("LTIP"). Under the LTIP, awards over Ordinary Shares may be made to employees, officers and Directors, and other individuals providing services to the Company and its subsidiaries. Awards may be granted in the form of share options, share appreciation rights, restricted or unrestricted share awards, performance share awards, restricted share units, phantom-share awards and other share-based awards. Awards have been made under the LTIP during 2015 and 2014 in respect of a total of 450,251 and 4,618,842 Ordinary Shares, respectively. It is intended that awards will normally vest only after a minimum period of three years from the date of grant. Vesting will normally be subject to the achievement of performance conditions and continued services of the participant. In respect of the initial awards, which have been made conditionally on Admission, vesting is dependent upon performance metrics as follows:

- 60% of each award will be subject to performance conditions based on the Company's total shareholder return ("TSR") performance in respect of the period from Admission until 31 December 2016; and
- 40% of each award will be subject to performance conditions based on a basket of shareholder value metrics ("SVM"), including but not limited to: (i) the increase in quality of pipeline intellectual property reviewed; (ii) the increase in quality of the partnership pipeline; and (iii) subsidiary level performance (assessed by reference to such matters as external funding raised, corporate collaborations, product co-development and proof of principal commercial pilots and revenues) Performance will be assessed on these measures on a scorecard basis over a three year period.

In respect of the initial awards, at the end of the three year period, performance against the relevant measures will be calculated to determine the number of Ordinary Shares which have satisfied the vesting criteria and 50% of the award will then vest at that time. The remaining 50% will vest in two equal tranches in years 4 and 5 subject to the relevant participant still being employed within (or being a director of a company within) the Group at the relevant vesting date (or being an earlier good leaver as described further in the LTIP).

A summary of stock option activity under the UK LTIP for the year ended 31 December 2015 and 2014, respectively, is shown below:

For the year ended 31 December:	2015		2014	
	TSR	SVM	TSR	SVM
Number of shares granted at maximum ('000)	170	280	2,771	1,848
Weighted average fair value (pence)	701	599	114	190
Fair value measurement basis	Monte Carlo	Market Value	Monte Carlo	Market Value

The share grants that vest upon the occurrence of a market condition (i.e. the TSR performance) and service condition were adjusted to current market price at the date of the grant to reflect the effect of the market condition on the non-vested shares' value. The Company used a Monte Carlo simulation analysis utilising a Geometric Brownian Motion process with 50,000 simulations to value those shares. The model takes into account share price volatilities, risk-free rate and other covariance of comparable UK public companies and other market data to predict distribution of relative share performance. This is applied to the reward criteria to arrive at expected value of the TSR awards.

The share grants that vests only upon the occurrence of a performance condition (i.e. the SVM grants) and service condition were valued at the fair value of the shares on the date of the grants.

Accounting charge does not necessarily represent the intended value of share-based payments made to recipients, which are determined by the Remuneration Committee according to established criteria. The share-based payment charge for the fiscal year ended 31 December 2015 related to the UK LTIP was $3.1 million (2014: $1.3 million).

U.S. Stock Option/Stock Issuance Plan

The U.S. Stock Option/Stock Issuance Plan (the "U.S. Stock Plan") was originally adopted by Allied Minds, Inc. (now Allied Minds, LLC) in 2008. The U.S. Stock Plan provides for the grant of share option awards, restricted share awards, and other awards to acquire common stock of Allied Minds, Inc. (now Allied Minds, LLC). All stock options granted to employees under this plan are equity settled, for a ten-year term Pursuant to the reorganisation discussed above, Allied Minds plc adopted and assumed the rights and obligations of Allied Minds, Inc. (now Allied Minds, LLC) under this plan except that the obligation to issue Common Stock is replaced with an obligation to issue ordinary shares to satisfy awards granted under the U.S. Stock Plan.

Measurement of Fair Values

No new stock option grants were awarded in 2015 under the Allied Minds 2008 Plan. The fair value of the stock option grants awarded in 2014 under the Allied Minds 2008 Plan was estimated as of the date of grant using a Black-Scholes-Merton option valuation model that uses the following weighted average assumptions, respectively:

	2015	2014
Expected option life (in years)	-	5.51
Expected stock price volatility	-	37.40%
Risk-free interest rate	-	1.85%
Expected dividend yield	-	-
Grant date option fair value	-	$ 0.93
Share price at grant date	-	$ 2.49
Exercise price	-	$ 2.49

Grant date option fair value, share price at grant date, and exercise price disclosed above take into account the reorganisation described in note 16. Expected volatility has been based on an evaluation of the historical volatility of the share price of publicly traded companies comparable to Allied Minds, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Reconciliation of Outstanding Share Options

A summary of stock option activity in the U.S. Stock Plan is presented in the following table, taking into account the reorganisation described in note 16:

	Number of options 2015	Weighted average exercise price 2015	Number of options 2014	Weighted average exercise price 2014
Outstanding as of 1 January	10,396,496	$ 2.09	17,505,268	$ 1.61
Granted during the year	-	-	1,708,652	$ 2.49
Exercised during the year	(1,191,784)	$ 2.05	(8,817,424)	$ 1.28
Forfeited during the year	-	-	-	-
Outstanding as of 31 December	9,204,712	$ 2.10	10,396,496	$ 2.09
Exercisable as of 31 December	9,204,712	$ 2.10	10,396,496	$ 2.09
Intrinsic value of Exercisable	$ 35.2 million		$ 37.5 million	

The options outstanding as of 31 December 2015 and 31 December 2014 had an exercise price in the range of $0.68 to $2.60.

As of 19 June 2014, the maximum number of options reserved under the plan were issued and outstanding and as a result of the reorganisation discussed in note 16, all issued and outstanding options vested on 19 June 2014 and some options were exercised, resulting in the accelerated share- based payment charge of additional $2.4 million for the period. The Company does not intend to make any further grants under the U.S. Stock Plan.

Restricted share awards are outstanding over 118,800 ordinary shares, which were granted under the U.S. Stock Plan to the non-executive Directors. These ordinary shares vest in three equal tranches on each of the first three anniversaries of Admission provided that the non-executive Director in question is still providing services to the Group on the relevant vesting date.

Other Plans

Spin Transfer Technologies

Stock compensation expense was approximately $1,937,000 and $1,435,000 and for the year ended 31 December 2015 and 2014, respectively. Deferred stock compensation expense under these grants was approximately $1,277,000 and $1,623,000 as of 31 December 2015 and 2014, respectively.

The fair value of the stock option grants awarded in 2015 and 2014 under the 2012 Equity Incentive Plan was estimated as of the date of grant using a Black-Scholes- Merton option valuation model that uses the following weighted average assumptions:

	2015	2014
Expected option life (in years)	5.79	5.99
Expected stock price volatility	41.54%	44.45%
Risk-free interest rate	1.79%	1.91%
Expected dividend yield	-	-
Grant date option fair value	$ 3.23	$ 3.47
Share price at grant date	$ 7.77	$ 7.77
Exercise price	$ 7.77	$ 7.77

Expected volatility has been based on an evaluation of the historical volatility of the share price of publicly traded companies comparable to STT, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

A summary of stock option activity in the STT plans is presented in the following table:

	Number of options 2015	Weighted average exercise price 2015	Number of options 2014	Weighted average exercise price 2014
Outstanding as of 1 January	1,440,394	$ 7.29	1,044,260	$ 7.00
Granted during the year	434,746	$ 7.77	447,680	$ 7.77
Exercised during the year	-	-	-	-
Forfeited during the year	(25,773)	$ 5.40	(51,546)	$ 5.40
Outstanding as of 31 December	1,849,367	$ 7.43	1,440,394	$ 7.29
Exercisable as of 31 December	964,632	$ 7.30	529,972	$ 7.64
Intrinsic value of Exercisable	$ 0.5 million		$ 4.1 million	

The options outstanding as of 31 December 2015 had an exercise price in the range of $6.97 to $7.77 (2014: $5.40 to $7.77) and a weighted-average contractual life of approximately 9.1 years (2014: 9.3 years).

Plans Under Other Subsidiaries

The stock compensation expense under other subsidiaries of the Company, which adopted stock option incentive plans in 2015 and prior was $1,871,000 and $2,047,000 for the year ended 31 December 2015 and 2014, respectively. Deferred stock compensation expense under these grants was approximately $1,655,000 and $2,496,000 as of 31 December 2015 and 2014, respectively.

Allied Minds Phantom Plan

In 2007, Allied Minds established a cash settled bonus plan for Allied Minds employees, also known as its Phantom Plan. In 2012, the board of directors adopted the Amended and Restated 2007 Phantom Plan. Under the terms of the Amended and Restated Plan, upon a liquidity event Allied Minds will allocate 10% of the value (after deduction of the amount invested by Allied Minds and accrued interest at a rate not exceeding 5% per annum) of the invested capital owned by Allied Minds of each operating company to the plan account. Upon a liquidity event, plan participants holding units will receive their proportionate share of the plan account. The allocated shares at all times remain the sole and exclusive property of Allied Minds and holders of units have no rights or interests in Allied Minds. No amount has been paid out to employees under the Phantom Stock Plan through 31 December 2015.

Allied Minds has not accrued any expense relating to the Phantom Plan as of 31 December 2015 or 2014. Management will record an expense relating to this plan when it is probable that a subsidiary will be sold and the amount of the payout is reasonably estimable.

Share-based Payment Expense

The Group recorded share-based payment expense related to stock options of approximately $7,041,000 and $8,939,000 for the years ended 31 December 2015 and 2014, respectively. There was no income tax benefit recognised for share- based payment arrangements for the years ended 31 December 2015 and 2014, respectively, due to operating losses. Shared-based payment expenses are included in selling, general and administrative expenses and research and development expenses in the Consolidated Statement of Comprehensive Income.

(7) Finance (Cost)/Income, Net

The following table shows the breakdown of finance income and cost:

For the year ended 31 December:	2015	2014
	$'000	$'000
Interest income on:		
- Bank deposits	721	545
Foreign exchange gain	2	-
Finance income	723	545
Interest expense on:		
- Financial liabilities at amortised cost	(41)	(320)
Foreign exchange loss	(12)	(3)
Finance cost contractual	(53)	(323)
Loss on fair value measurement of subsidiary preferred shares	(1,937)	-
Finance cost	(1,990)	(323)
Total finance (cost)/income, net	(1,267)	222

See note 18 for further disclosure related to subsidiary preferred shares.

(8) Loss Per Share

The calculation of basic and diluted loss per share as of 31 December 2015 was based on the loss attributable to ordinary shareholders of $77.8 million (2014: $45.4 million) and a weighted average number of ordinary shares outstanding of 214,958,849 (2014: 186,389,605), calculated as follows:

Loss attributable to ordinary shareholders

	2015 $'000		2014 $'000	
	Basic	Diluted	Basic	Diluted
Loss for the year attributed to the owners of the Company	(77,797)	(77,797)	(45,478)	(45,478)
Loss for the year attributed to the ordinary shareholders	(77,797)	(77,797)	(45,478)	(45,478)

Weighted average number of ordinary shares

	2015		2014	
	Basic	Diluted	Basic	Diluted
Issued ordinary shares on 1 January	214,445,579	214,445,579	157,463,790	157,463,790
Effect of share capital issued	-	-	28,786,582	28,786,582
Effect of share options exercised	513,270	513,270	139,233	139,233
Weighted average ordinary shares	214,958,849	214,958,849	186,389,605	186,389,605

Loss per share

	2015 $		2014 $	
	Basic	Diluted	Basic	Diluted
Loss per share			(0.24)	

(0.36)	(0.36)		(0.24)

(9) Property and Equipment

Property and equipment, net, consists of the following at:

Cost *in $'000*	**Machinery and Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Computers and Electronics**	**Under Construction**	**Total**
Balance as of 31 December 2013	12,309	280	1,822	367	5,272	20,050
Additions, net of transfers	2,115	171	254	234	(1,717)	1,057
Disposals	(62)	(48)	(540)	-	(24)	(674)
Balance as of 31 December 2014	14,362	403	1,536	601	3,531	20,433
Additions, net of transfers	18,184	169	3,135	564	(562)	21,490
Disposals	(168)	-	-	-	-	(168)
Balance as of 31 December 2015	32,378	572	4,671	1,165	2,969	41,755

Accumulated Depreciation and Impairment loss *in $'000*	**Machinery and Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Computers and Electronics**	**Under Construction**	**Total**
Balance as of 31 December 2013	(1,524)	(134)	(482)	(197)	288	(2,049)
Depreciation	(1,709)	(58)	(426)	(119)	-	(2,312)
Impairment loss	(9)	(5)	(402)	-	-	(416)
Disposals	62	48	540	-	24	674
Balance as of 31 December 2014	(3,180)	(149)	(770)	(316)	312	(4,103)
Depreciation	(2,371)	(198)	(235)	(223)	(312)	(3,339)
Impairment loss	(422)	150	(6)	(30)	-	(308)
Disposals	168	-	-	-	-	168
Balance as of 31 December 2015	(5,805)	(197)	(1,011)	(569)	-	(7,582)

Property and equipment, net *in $'000*	**Machinery and Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Computers and Electronics**	**Under Construction**	**Total**
Balance as of 31 December 2014	11,182	254	766	285	3,843	16,330
Balance as of 31 December 2015	26,573	375	3,660	596	2,969	34,173

Impairment of property and equipment is included in selling, general and administrative expenses in the consolidated statement of comprehensive income.

Property and equipment under constructions represents assets that are in the process of being built and not placed in service as of the reporting date. During 2014, certain of those assets with carrying amount of $1.2 million were moved to inventory with the intent to be sold and others with carrying amount of $0.5 million were moved to the machinery and equipment category.

(10) Intangible Assets

Information regarding the cost and accumulated amortisation of intangible assets is as follows:

Cost *in $'000*	**Licenses**	**Purchased IPR&D**	**Software**	**Development cost**	**Total**
Balance as of 31 December 2013	4,543	1,549	79	125	6,296
Additions - Acquired separately	192	-	178	-	370
Additions - Internally developed	-	-	-	178	178
Disposals	(350)	(781)	-	-	(1,131)
Balance as of 31 December 2014	4,385	768	257	303	5,713
Additions - Acquired separately	1,032	-	490	-	1,522
Additions - Internally developed	-	-	-	201	201
Disposals	-	-	(3)	-	(3)
Balance as of 31 December 2015	5,417	768	744	504	7,433

Accumulated amortisation and Impairment loss *in $'000*	**Licenses**	**Purchased IPR&D**	**Software**	**Development cost**	**Total**
Balance as of December 31, 2013	(1,702)	(57)	(26)	(7)	(1,792)
Amortisation	(469)	(22)	(72)	(17)	(580)
Impairment loss	(282)	(781)	-	-	(1,063)
Disposals	350	781	-	-	1,131
Balance as of December 31, 2014	(2,103)	(79)	(98)	(24)	(2,304)
Amortisation	(512)	(23)	(180)	(32)	(747)
Impairment loss	-	-	(1)	-	(1)

Disposals	-	-	3	-	3
Balance as of December 31, 2015	(2,615)	(102)	(276)	(56)	(3,049)

Intangible assests, net *in $'000*	**Licenses**	**Purchased IPR&D**	**Software**	**Development cost**	**Total**
Balance as of 31 December 2014	2,282	689	159	279	3,409
Balance as of 31 December 2015	2,802	666	468	448	4,384

Amortisation expense is included in selling, general and administrative expenses in the consolidated statement of comprehensive loss. Amortisation expense, recorded using the straight-line method, was approximately $747,000 and $580,000 for the years ended 31 December 2015 and 2014, respectively.

Impairment of intangible assets of $1,000 and $1,063,000 for the years ended 31 December 2015 and 2014, respectively, is mainly attributed to the abandonment of the rights to certain intellectual property per the licensing agreement with a partner university and to the closing of subsidiary companies, which resulted in the associated intangible assets being impaired to zero. Impairment expense is included in selling, general and administrative expenses in the consolidated statement of comprehensive income.

At each reporting period, management considers qualitative and quantitative factors that define the future prospects of the respective investment and assesses whether it supports the value of the underlying intangible.

(11) Investment in Subsidiaries and Associates

Group Subsidiaries

Allied Minds has 28 subsidiaries as of 31 December 2015. As of and for the two years ended 31 December 2015 the capitalisation of all subsidiary companies in the Group portfolio is in the form of ordinary shares only, except for Precision Biopsy, SciFluor Life Sciences and Spin Transfer Technologies where Series A preferred shares were issued to both the parent company and third parties in 2014 and 2015 financing rounds, see further discussion below.

The following outlines the formation of each subsidiary and evolution of Allied Minds' equity ownership interest over the two year period ended 31 December 2015:

	Inception Date	**Location**	**Ownership percentage of voting stock at 31 December (2)** 2015	2014
Active subsidiaries				
Holding companies				
Allied Minds, LLC (1), (3)	19/06/14	Boston, MA	100.00%	100.00%
Allied Minds Securities Corp. (3)	21/12/15	Boston, MA	100.00%	-
Early stage companies				
Allied-Bristol Life Sciences, LLC	31/07/14	Boston, MA	80.00%	80.00%
ABLS I, LLC	24/09/14	Boston, MA	80.00%	80.00%
ABLS II, LLC	24/09/14	Boston, MA	80.00%	80.00%
Allied Minds Federal Innovations, Inc.	09/03/12	Boston, MA	100.00%	100.00%
Federated Wireless, Inc.	08/08/12	Arlington, VA	90.58%	90.88%
Foreland Technologies, Inc.	23/01/13	Boston, MA	100.00%	100.00%
BridgeSat, Inc.	09/02/15	Boston, MA	100.00%	-
Cephalogics, LLC	29/11/06	Cambridge, MA	95.00%	95.00%
HawkEye 360, Inc.	16/09/15	Herndon, VA	81.25%	-
HawkEye 360 Federal, Inc. (3)	22/09/15	Herndon, VA	81.25%	-
LuxCath, LLC	29/05/12	Boston, MA	98.00%	98.00%
Optio Labs, Inc.	28/02/12	Baltimore, MD	81.23%	79.86%
Percipient Networks, LLC	29/01/14	Wakefield, MA	100.00%	100.00%
Precision Biopsy, Inc.	17/06/08	Denver, CO	68.32%	80.35%
ProGDerm, Inc. (dba Novare Pharmaceuticals)	19/09/08	Napa, CA	90.38%	90.38%
SciFluor Life Sciences, LLC	14/12/10	Cambridge, MA	69.89%	79.00%
Seamless Devices, Inc.	14/10/14	San Jose, CA	79.41%	80.00%
SiEnergy Systems, LLC	21/09/07	Cambridge, MA	100.00%	100.00%
Spin Transfer Technologies, Inc.	03/12/07	Fremont, CA	48.40%	48.40%
Whitewood Encryption Systems, Inc.	21/07/14	Boston, MA	100.00%	100.00%
Commercial stage companies				
Biotectix, LLC	16/01/07	Richmond, CA	64.35%	64.35%
CryoXtract Instruments, LLC	23/05/08	Woburn, MA	93.24%	93.24%
RF Biocidics, Inc.	12/06/08	Vacaville, CA	67.14%	67.14%
RF Biocidics (UK) Ltd (3)	10/09/10	United Kingdom	100.00%	100.00%
SoundCure, Inc.	04/06/09	San Jose, CA	84.62%	84.62%
Tinnitus Treatment Solutions, LLC (3)	26/02/13	San Jose, CA	100.00%	100.00%
Closed subsidiaries				
Allied Minds Devices, LLC	25/07/11	Boston, MA	-	100.00%
Broadcast Routing Fountains, LLC	28/06/12	Boston, MA	-	100.00%
Number of active subsidiaries as 31 December:			28	26

Notes:

(1) On 19 June 2014, Allied Minds plc completed a reorganisation of its corporate structure, whereby Allied Minds plc acquired the entire issued share capital of Allied Minds, Inc., first incorporated on 4 June 2004, which at the same time changed its name to Allied Minds, LLC;

(2) Represents ownership percentage used in allocations to non-controlling interests except for Precision Biopsy, SciFluor Life Sciences, and Spin Transfer Technologies in which cases the percentage used to allocate the non-controlling interests was 80.35%, 86.86%, and 56.13%, respectively, where in these cases there are liability classified preferred shares in issue, which are excluded.
(3) These subsidiaries do not represent separate subsidiary businesses referred to earlier within the annual report.

In October 2014, Spin Transfer Technologies ("STT") completed a Series A financing round as a result of which the Allied Minds' ownership percentage in STT decreased from 56.13% to 48.40%, see note 18 for further detail. Whilst Allied Minds owns less than 50.00% of the voting share capital after the transaction and as of 31 December 2014, the company remains the largest single shareholder at 48.40% of the voting share capital, and retains control over the majority of the voting rights on the board of directors of STT. Under the terms of the STT organisational documents, the board of directors effectively controls the policies and management of STT, and in all instances, the board acts by majority vote. In addition, all material shareholder voting provisions of the STT organisational documents require a simple majority for approval, giving the Company substantial influence over the outcome of all action which require a shareholder vote. As a result, following the transaction, Allied Minds continues to exercise effective control over STT and as such will continue to be fully consolidated within the group's financial statements.

The following tables summarise the financial information related to the Group's subsidiaries with material non-controlling interests, aggregated for interests in similar entities, and before intra-group eliminations.

As of and for the year ended 31 December:

	2015 $'000			
	Early stage		Commercial	
	STT	Other	RFB	Other
Statement of Comprehensive Loss				
Revenue	—	654	957	1,104
Loss for the year	(20,849)	(42,119)	(7,213)	(7,171)
Other comprehensive loss	—	—	(26)	—
Total comprehensive loss	(20,849)	(42,119)	(7,239)	(7,171)
Comprehensive loss attributed to NCI	(9,518)	(6,250)	(3,009)	(1,413)
Statement of Financial Position				
Non-current assets	31,692	5,920	2,810	1,685
Current assets	34,531	51,774	5,068	1,725
Total Assets	66,223	57,694	7,878	3,410
Non-current liabilities	(113)	(38)	(271)	(117)
Current liabilities	(55,265)	(48,198)	(1,140)	(1,142)
Total Liabilities	(55,378)	(48,236)	(1,411)	(1,259)
Net Assets	10,845	9,458	6,467	2,151
Carrying amount of NCI	(4,281)	(3,550)	(7,031)	(5,928)
Statement of Cash Flows				
Cash flows from operating activities	(17,142)	(41,293)	(8,237)	(9,369)
Cash flows from investing activities	(19,629)	(4,079)	(198)	(348)
Cash flows from financing activities	1,863	75,974	7,228	9,154
	(34,908)	30,602	(1,207)	(563)

	2014 $'000			
	Early stage		Commercial	
	STT	Other	RFB	Other
Statement of Comprehensive Loss				
Revenue	—	256	6,457	884
Loss for the year	(13,340)	(16,107)	(4,476)	(5,225)
Other comprehensive loss	—	—	(34)	—
Total comprehensive loss	(13,340)	(16,107)	(4,510)	(5,225)
Comprehensive loss attributed to NCI	(6,283)	(2,891)	(1,968)	(1,086)
Statement of Financial Position				
Non-current assets	14,354	2,854	2,912	1,356
Current assets	68,750	14,532	8,523	2,250
Total Assets	83,104	17,386	11,435	3,606
Non-current liabilities	(50,014)	(280)	—	(344)
Current liabilities	(3,420)	(2,197)	(2,888)	(749)
Total Liabilities	(53,434)	(2,477)	(2,888)	(1,093)
Net Assets	29,670	14,909	8,547	2,513
Carrying amount of NCI	4,244	(607)	(4,064)	(4,519)
Statement of Cash Flows				
Cash flows from operating activities	(8,948)	(15,599)	(9,539)	(7,054)
Cash flows from investing activities	(3,932)	(664)	1,983	(378)
Cash flows from financing activities	66,443	28,292	8,557	7,676
	53,563	12,029	1,001	244

As disclosed above in note 4, at the end of 2015, the Group's CODM has determined that Biotectix reached commercial stage and as such its financial information has been presented in the respective reportable segment as of and for the year ended 31 December 2015 and 2014.

Portfolio Valuation

At the close of each annual financial period, the Directors formally approve the value of all subsidiary businesses in the Group, which is used to derive the "Group Subsidiary Ownership Adjusted Value". The Group Subsidiary Ownership Adjusted Value ("GSOAV") was $535.8 million as at 31 December 2015 (2014: $488.0m), as set out in the table below. This Group Subsidiary Ownership Adjusted Value is a sum-of-the-parts ("SOTP") valuation of all the subsidiaries that make up the Group. The increase in the Group Subsidiary Ownership Adjusted Value during the year principally reflects the increase in value at Federated Wireless and Precision Biopsy supported by their valuations at recent fund raising transactions, offset by reductions at CryoXtract and RF Biocidics.

The methodology for Group's subsidiary company valuations, extracts of which are set out below, is based on the American Institute of Certified Public Accountants' Valuation of Privately-Held-Company Equity Securities Issued as Compensation ("AICPA Guidelines"). The AICPA Guidelines do not represent, but are consistent with valuation principles adopted under, International Financial Reporting Standards.

As of 31 December 2015, the Group's estimated Group Subsidiary Ownership Adjusted Value was distributed across the Group's operating segments as follows:

	2015		2014	
Company	$m	% of GSOAV	$m	% of GSOAV
Biotectix, LLC	12.2	2.3%	11.7	2.4%
CryoXtract, LLC	12.6	2.4%	17.8	3.6%
Cephalogics, LLC	22.9	4.3%	22.3	4.6%
Federated Wireless, Inc.	59.9	11.2%	9.1	1.9%
Optio Labs, Inc.	33.6	6.3%	32.8	6.7%
Precision Biopsy, Inc.	61.8	11.5%	16.2	3.3%
ProGDerm, Inc.	16.8	3.1%	16.7	3.4%
RF Biocidics, Inc.	40.0	7.5%	69.6	14.3%
SciFluor Life Sciences, Inc.	91.3	17.0%	91.4	18.7%
Spin Transfer Technologies, Inc.	121.0	22.6%	121.0	24.8%
Other companies	63.7	11.8%	79.4	16.3%
Total Group Subsidiary Valuation	535.8	100.0%	488.0	100.0%

Ownership adjusted value represents Allied Minds' interest in the equity value of each subsidiary:

= (Business Enterprise Value - Long Term Debt + Cash) x Allied Minds percentage ownership plus the value of debt provided by Allied Minds plc to each subsidiary business. Allied Minds commits post- seed funding to its subsidiaries in the form of loans.

The Group Subsidiary Ownership Adjusted Value includes cash balances held by Allied Minds subsidiaries at 31 December 2015 amounting to $79.7 million, on an ownership-adjusted basis (2014: $86.1m), including those subsidiaries valued based on recent financing rounds. The Group Subsidiary Ownership Adjusted Value above excludes cash balances held at the parent level. As at 31 December 2015, the Group total consolidated cash and other investments balances was $194.8 million including cash, cash equivalents and investments (2014: $261.5m), the balance being cash and investments of $115.0 million (2014: $175.4m) held at the parent level and available for investment in the Group.

The Group Subsidiary Ownership Adjusted Value has been calculated on the basis of Allied Minds' percentage ownership as at 31 December 2015. Where subsidiaries have raised financing from external parties since 31 December 2015, the ownership adjusted value in the table above has been updated to reflect the current percentage ownership and the valuation implied by that external investment on a post new money basis. Federated Wireless completed a funding round of $22 million in January 2016, see note 26 for further detail.

Valuation Methodology

Each subsidiary company is regularly evaluated based on a range of inputs, including: company performance and progress towards development milestones; market and competitor analyses based on information from databases and public material; and interviews with scientists and physicians.

The Group Subsidiary Ownership Adjusted Value represents the sum-of-the-parts ("SOTP") of, principally, net present value ("NPV") or risk-adjusted net present value ("rNPV") from discounted cash flow ("DCF") valuations; valuations based on recent third party investment at the subsidiary level. A DCF valuation is used for the majority of Allied Minds subsidiaries. The DCF valuations are updated when the underlying assumptions for the valuations warrant a change. Otherwise, the DCF valuations are kept constant. When available, financing transactions are used as the basis for the subsidiary valuation. In limited instances other techniques such as based on asset values are utilised.

Set out below are the two principal methodologies applied to value each Group company to derive the Group Subsidiary Ownership Adjusted Value as at 31 December 2015:

Discounted cash flow		**Funding transaction**
Biotectix, LLC	Percipient Networks, LLC	Allied-Bristol Life Sciences, LLC
BridgeSat, Inc.	ProGDerm, Inc. dba Novare Pharmaceuticals	Federated Wireless, Inc.
Cephalogics, LLC	RF Biocidics, Inc.	HawkEye 360, Inc.
CryoXtract Instruments, LLC	Seamless Devices, Inc.	Optio Labs, Inc.
Foreland Technologies, Inc.	SoundCure, Inc.	Precision Biopsy, Inc.
LuxCath, LLC	Whitewood Encryption Systems, Inc.	SciFluor Life Sciences, Inc.
		Spin Transfer Technologies, Inc.
As per cent of GSOAV:	26.5% (2014: 44.9%)	70.7% (2014: 51.9%)

In addition to the two principal valuation methodologies, the Directors have valued using alternative valuation methodologies Allied Minds Federal Innovations, Inc. ("AMFI"), representing 2.8% of the group Subsidiary Ownership Adjusted Value (2014: 3.2%). AMFI was valued using an asset-based methodology that reflects the intellectual property to which it has access as at 31 December 2015 and 2014.

Net Present Valuation ("NPV") method

NPV is a standard technique used in valuation and can be defined as the difference between the present value of the future cash flows from an investment and the amount of investment. Present value of the estimated cash flows is computed by discounting them at the required rate of return which includes an adjustment for risk.

The following are important factors when determining fair value based on NPV:

- Estimated income generally consists of sales, co-development revenues, one-time payments and royalty payments on sales depending on the company, its business model and industry. These are estimated based on a variety of factors including, inter alia: total addressable market; competitive factors; barriers to competition; pricing; typical standards for contract value; royalty rates; and likelihood of development of a product that is commercially viable.
- Costs and capital expenditures are estimated for each phase of development based on the companies' information or according to industry standards. Costs are typically forecasted for cost of goods, SG&A (selling, general and administrative), research and development as well as a variety of other expenses. These are typically developed "from the ground up" for earlier years and for later years depicted as a factor or percentage of sales.
- The terminal or exit value represents the aggregate value of an entity at the end of the discrete forecast period. Terminal value may be estimated using the terminal multiple method, which inherently assumes that the business will be valued at the end of the projection period based on reference valuations. Under this methodology, the terminal value is typically calculated by applying one of two commonly accepted methodologies:

- Multiple base terminal value: Use of an appropriate multiple to the relevant financial metric forecasted for the last projected year taking into consideration the ongoing growth potential of the business in the terminal year. Exit values included in the analysis are typically projected as a multiple of EBIT, EBITDA or Sales based on the final year results for the forecast period. Where available, a set of guideline public companies that are similar to the company to be used for comparative purposes and the multiple is derived from this set;

- Gordon growth model based terminal value: Use of a formula that calculates the present value of cash flow in the terminal year growing into infinity at an ascribed terminal growth rate. The terminal growth rate is derived by estimating the long-term annual growth potential of the business at the terminal year.

· rNPV is a technique typically used when valuing pharmaceutical or biological companies and has been used in estimating the value of ProGDerm. When using rNPV, it is the same process as developing an NPV analysis though costs and revenues are probability adjusted downward based on the phase of development.

· Selection of discount rates is based on part utilising American Institute of Certified Public Accountants (AICPA) practice standards varying by stage of development of the subsidiary as well as other risk factors and typically range from 20-45%. When utilising rNPV, discount rates are typically lower reflecting the probability adjustment of the cash flows already made.

· Significant events occurring after the date of valuation according to the previous paragraph have been taken into account in the valuation to the extent that such events would have affected the value on the closing date.

· Where available NPV results are compared against peer companies and to valuations for similar companies.

Due to the early stage nature of the Group's subsidiary companies, projections are particularly sensitive to certain key assumptions namely:

· Discount rate and in particular risk premium;
· The ability to predict the cost and timing of achieving technical and commercial viability;
· Projected revenue and operating costs in the post-product development phase of each company; and
· The size and share of addressable market for intellectual property, products and services developed.

Whilst the Board considers the methodologies and assumptions adopted in valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant.

Associates

			Ownership percentage 31 December	
	Location	**Registered number**	**2015**	**2014**
Stalam S.p.A.	Vicenza, Italy	2083930244	28.5%	28.5%

	2015 $'000	2014 $'000
Stalam S.p.A.	1,612	1,560
Carrying amount for equity accounted investees	1,612	1,560

In December 2013, RF Biocidics ("RFB") entered into a manufacturing agreement with the strategic partner Stalam S.p.A. ("Stalam") in Italy, which made Stalam an exclusive manufacturer of the Apex product line series, as well as any new generation RF Systems that incorporates both Stalam and RFB technologies which the parties develop jointly as part of the agreement. Following this transaction in March 2014, RF Biocidics acquired ordinary shares representing 28.5% of the capital of that manufacturer in exchange for 1.1 million Euro ($1.5 million).

The Group's interest in Stalam is presented in the below table as of 31 December:

	2015 $'000	2014 $'000
Carrying amount of interest in associates		
Share of:		
Profit from continuing operations	52	39
Total comprehensive income	52	39

(12) Other Investments

As of 31 December:	2015 $'000	2014 $'000
Fixed income securities		
Treasury and government agencies	3,468	2,745
Corporate bonds	34,180	12,486
Other investments, current	37,648	15,231
Fixed income securities		
Treasury and government agencies	10,871	-
Corporate bonds	40,674	22,176
Other investments, long-term	51,545	22,176
Total other investments	89,193	37,407

Other investments represent investments in fixed income securities issued by government agencies and US and non-US corporations. As of 31 December 2015, the investments had a credit rating of BBB to A, maturities of up to 3 years and original coupon rate from 0.500% to 7.650% (2014: 0.875% to 5.750%).

(13) Cash and Cash Equivalents

As of 31 December:	2015	2014
	$'000	$'000
Bank balances	105,687	224,206
Restricted cash	(132)	(131)
Total cash and cash equivalents	105,555	224,075

Restricted cash represents cash reserved as collateral against a letter of credit with a bank issued for the benefit of a landlord in lieu of a security deposit to an office space lease for one of the Group's subsidiaries. The amount is classified as other financial assets, non-current in the statement of financial position.

(14) Inventories

As of 31 December:	2015	2014
	$'000	$'000
Finished units	1,007	1,725
Work in progress	149	1,034
Raw materials	355	160
Total inventories	1,511	2,919

(15) Trade and Other Receivables

As of 31 December:	2015	2014
	$'000	$'000
Trade receivables	1,012	1,608
Prepayments and other current assets	6,330	4,697
Total trade and other receivables	7,342	6,305

(16) Equity

On 19 June 2014 Allied Minds plc acquired the entire issued share capital of Allied Minds, Inc. (now Allied Minds, LLC) at a rate of twenty-two £0.01 Ordinary Shares in Allied Minds plc for every $0.01 of common stock in Allied Minds, Inc. This has been accounted as a common control transaction and the comparative historical financials have been presented as if the transaction had already taken place. It has therefore been deemed that the share capital was issued in line with movements in share capital as shown prior to the transaction taking place. In addition the merger reserve records amounts previously recorded as share premium net of differences arising between share capital on the restructured basis and the former basis.

On 25 June 2014 the Company's entire issued ordinary share capital of 209,499,425 ordinary shares of one pence each were admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the LSE's Main Market for listed securities. The IPO was for 61,695,208 shares at 190 pence per ordinary share, of which 44,254,411 were new ordinary shares issued by the Company and 17,440,797 were sold by selling shareholders.

This resulted in approximately $131.8 million of net proceeds from the IPO (net of issue cost of $11.0 million) reflected in the share premium balance as of 30 June 2014. The IPO also included an over-allotment option equivalent to 15% of the total number of new ordinary shares, or 6,638,161. The over- allotment period expired on 19 July 2014 and the stabilisation manager exercised in part their over- allotment option. As a result, the Company issued 3,791,154 Shares at the offer price of 190 pence per share achieving further gross proceeds for the Company of £7.2 million, or approximately $12.3 million. The total number of shares and voting rights in the Company after issuing the over-allotment shares was 213,290,579. Additionally, various option holders in the U.S. Stock Plan exercised their options, resulting in additional share premium of $10.5 million.

Subsequent to the IPO, during 2015 existing shareholders exercised options to purchase 1,191,784 shares of the Company under the U.S. Stock Plan (2014: 1,155,000), resulting in additional share premium of $2,443,000 (2014: $780,000).

Movements below explain the movements in share capital taking into account the reorganisation described above. Each movement in share capital reflects the number of shares and nominal value of the shares as if the reorganisation had been in place at that date and the shares were those of Allied Minds plc.

As of 31 December:	2015	2014
	$'000	$'000 (restated, see note 1)
Equity		
Share capital, £0.01 par value, issued and fully paid 215,637,363 and 214,445,579, respectively	3,429	3,411
Share premium	155,867	153,442
Merger reserve	185,544	185,544
Translation reserve	(16)	(61)
Accumulated deficit	(182,660)	(107,557)
Equity attributable to owners of the Company	162,164	234,779
Non-controlling interests	(20,790)	(4,946)
Total equity	141,374	229,833

Holders of Ordinary Shares are entitled to vote, on all matters submitted to shareholders for a vote. Each Ordinary Share is entitled to one vote. Each ordinary share is entitled to receive dividends when and if declared by the Company's board of directors. The Company has not declared any dividends in the past.

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(17) Acquisition of Non-Controlling Interest ("NCI")

For the two years ended 31 December 2015, the Group recognised the following changes in common stock ownership in subsidiaries:

2014

- Federated Wireless closed an internal round of financing of $5.0 million equity investment from Allied Minds. As a result of the transaction, after covering the anti-dilutive protection of certain shareholders, Allied Minds' interest in Federated Wireless increased from 90.0% to 90.9%;
- Optio Labs closed a round of financing of $10.0 million in March 2014 with existing and new shareholders of the Group, of which Allied Minds subscribed to contribute $7.7 million by January 2015 should no other investors opt to participate by July 2014. New and existing shareholders of the Group exercised that option in the amount of $150 thousand and Allied Minds completed its obligation for the balance in January 2015;
- Allied-Bristol Life Sciences, LLC ("ABLS") was formed in July 2014 as a partnership between Allied Minds and Bristol-Myers Squibb Company ("BMY") to identify and foster research and pre-clinical development of biopharmaceutical innovations. Allied Minds and BMY have jointly funded ABLS with $10.0 million of initial capital, of which $8.0 million were contributed by Allied Minds. ABLS will form and fund new companies to conduct feasibility studies and where appropriate, full-phase discovery programs;

The following summarises the changes in the non-controlling ownership interest in subsidiaries by reportable segment:

	Early Stage		Commercial		Consolidated
	STT	Other	RFB	Other	
	$'000	$'000	$'000	$'000	$'000
Non-controlling interest as of 31 December 2013	**9,860**	**(1,542)**	**(2,270)**	**(3,442)**	**2,606**
New funds into non-controlling interest	-	4,492	-	-	4,492
Share of comprehensive loss	(6,283)	(2,891)	(1,968)	(1,086)	(12,228)
Effect of change in Company's ownership interest	667	(666)	174	9	184
Non-controlling interest as of 31 December 2014 (restated, see note 1)	**4,244**	**(607)**	**(4,064)**	**(4,519)**	**(4,946)**
Share of comprehensive loss	(9,518)	(6,251)	(3,009)	(1,413)	(20,191)
Effect of change in Company's ownership interest	143	3,077	8	-	3,228
Equity-settled share based payments	850	231	34	4	1,119
Non-controlling interest as of 31 December 2015	**(4,281)**	**(3,550)**	**(7,031)**	**(5,928)**	**(20,790)**

As disclosed above in note 4, at the end of 2015, the Group's CODM has determined that Biotectix reached commercial stage and as such its financial information has been presented in the respective reportable segment as of and for the year ended 31 December 2015 and 2014.

(18) Subsidiary Preferred Shares

Certain of the Group's subsidiaries have outstanding preferred shares which have been classified as a subsidiary preferred shares in current liabilities in accordance with IAS 39 as the subsidiaries have a contractual obligation to deliver cash or other assets to the holders under certain future liquidity events, and/or a requirement to deliver an uncertain number of common shares upon conversion. The preferred shares do not contain mandatory dividend rights. The preferred shares are convertible into common stock of the subsidiary at the option of the holder and mandatorily convertible into common stock of the subsidiary upon a qualified public offering at or above certain value and gross proceeds specified in the agreements or upon the vote of the holders of a majority of the subsidiary preferred shares. Under certain scenarios the number of common stock shares receivable on conversion will change. The Group has elected not to bifurcate the variable conversion feature as a derivative liability, but account for the entire instrument at fair value through the income statement. The preferred shares are entitled to a vote with holders of common stock on an as converted basis. The holders of the preferred shares are entitled to a liquidation preference amount in the event of a liquidation or a deemed liquidation event of the respective subsidiary. The Group recognises the subsidiary preferred shares balance upon the receipt of cash financing, and records the change in its fair value for the respective reporting period through profit and loss. Preferred shares are not allocated shares of the subsidiary losses.

The following summarises the subsidiary preferred shares balance:

As of 31 December:	2015	2014
	$'000	$'000 (restated, see note 1)
Spin Transfer Technologies	51,518	49,981
SciFluor Life Sciences	25,583	-
Precision Biopsy	16,982	-
Total subsidiary preferred shares	94,083	49,981

In the event of any voluntary or involuntary liquidation, dissolution or winding up of a subsidiary, the holders of subsidiary preferred shares then outstanding shall be entitled to be paid out of the assets of the subsidiary available for distribution to shareholders and before any payment shall be made to holders of common shares. A merger, acquisition, sale of voting control or other transaction of a subsidiary in which the shareholders of the subsidiary do not own a majority of the outstanding shares of the surviving company shall be deemed to be a liquidation event. Additionally, a sale, lease, transfer or other disposition of all or substantially all of the assets of the subsidiary shall also be deemed a liquidation event.

The minimum liquidation preference that would be payable to the subsidiary preferred holders upon a liquidation event of the subsidiaries, is as follows:

As of 31 December:	2015	2014
	$'000	$'000 (restated, see note 1)
Spin Transfer Technologies	50,000	50,000
SciFluor Life Sciences	25,200	-
Precision Biopsy	17,000	-
Total minimum liquidation preference	92,200	50,000

For the two years ended 31 December 2015, the Group recognised the following changes in subsidiary preferred shares:

2015

- SciFluor Life Sciences completed a $30.0 million round of Series A financing in April 2015. Of the $30.0 million raised in this financing, Allied Minds contributed approximately $4.8 million for the purchase of 501,857 preferred shares, and other existing shareholders of the Group contributed with the remainder of the round.
- Precision Biopsy completed a $33.6 million round of Series A financing in October 2015. Of the $33.6 million raised in this financing, Allied Minds contributed approximately $16.6 million for the purchase of 3,140,608 preferred shares, and other existing shareholders of the Group contributed with the remainder of the round. The round was funded in two tranches and the second tranche of $10.0 million is due after one year from closing of the round, of which $4.0 million will be contributed by Allied Minds and other existing shareholders of the Group will contribute with the remainder $6.0 million.

2014

- Spin Transfer Technologies completed a $70.0 million round of Series A financing in October 2014. Of the $70.0 million raised in this financing, Allied Minds contributed approximately $20.0 million for the purchase of 1,686,340 preferred shares, and other existing shareholders of the Group contributed with the remainder of the round.

(19) Loans

As of 31 December:	2015 $'000	2014 $'000
Non-current liabilities - Loans:		
Secured bank loan	-	-
Unsecured loan	112	338
	112	338
Current liabilities - Loans:		
Secured bank loan	-	-
Unsecured loan	228	213
	228	213
Total loans	340	551

The terms and conditions of outstanding loans are as follows:

				2015		2014	
				$'000		$'000	
As of 31 December:	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Unsecured loan	USD	6.5%	2013-17	340	340	551	551
Total interest bearing liabilities				340	340	551	551

CryoXtract Instruments, LLC Promissory Note

In May 2012, CryoXtract Instruments, LLC signed a promissory note with a state financing authority in the amount of $800,000 to provide working capital for materials and fund salaries. The note fully matures in May 2017 and bears interest of 6.5%. Payment of interest only is due in the first 18 months. As of 31 December 2013, CryoXtract had drawn the full balance of the note, of which $221,000 and $210,000 was repaid during 2015 and 2014, respectively, and $28,000 (2014: $213,000), net of discount, is included in current liabilities. Interest expense paid on the note was $41,000 and $42,000 for the years ended 31 December 2015 and 2014, respectively.

As part of the consideration for the loan, CryoXtract had issued to the lender a warrant entitling the lender to purchase an aggregate of 65,310 membership units in the subsidiary's ordinary shares, representing 0.01% of the total membership units. The fair value of the warrant issued of $35,000 is amortised over the life of the loan as a discount against the note balance.

(20) Trade and Other Payables

As of 31 December:	2015 $'000	2014 $'000
Trade payables	6,326	4,769
Accrued expenses	7,690	6,570
Other current liabilities	252	-
Trade and other payables, current	14,268	11,339
Other non-current payables	751	182
Total trade and other payables	15,019	11,521

(21) Leases

Office and laboratory space is rented under non-cancellable operating leases. These lease agreements contain various clauses for renewal at the Group's option and, in certain cases, escalation clauses typically linked to rates of inflation.

Minimum rental commitments under non-cancellable leases were payable as follows:

For the year ended 31 December:	2015 $'000	2014 $'000
Less than one year	2,421	1,772
Between one and five years	4,822	2,066
More than five years	1,183	38
Total minimum lease payments	8,426	3,876

Total rent expense under these leases was approximately $2,673,000 and $2,478,000 in 2015 and 2014, respectively. Rent expenses are included in selling, general and administrative expenses and research and development expenses in the consolidated statements of comprehensive loss.

(22) Financial Instruments and Related Disclosures

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

As of 31 December: 2015

$'000

	Carrying amount		Fair value			
	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	105,555	-	-	105,555	-	105,555
Fixed income securities	89,193	-	14,360	75,385	-	89,745
Trade and other receivables	7,342	-	-	7,342	-	7,342
Subscription receivable	6,000	-	-	6,000	-	6,000
Security and other deposits	1,213	-	-	1,213	-	1,213
Total	209,303	-	14,360	195,495	-	209,855
Financial liabilities						
Unsecured loan	-	340	-	359	-	359
Trade and other payables	-	15,019	-	15,019	-	15,019
Deferred revenue	-	395	-	395	-	395
Subsidiary preferred shares	-	94,083	-	-	94,083	94,083
Total	-	109,837	-	15,773	94,083	109,856

As of 31 December: 2014

$'000

	Carrying amount		Fair value			
	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	224,075	-	-	224,075	-	224,075
Fixed income securities	37,407	-	2,761	34,882	-	37,643
Trade and other receivables	6,305	-	-	6,305	-	6,305
Security and other deposits	879	-	-	879	-	879
Total	268,666	-	2,761	266,141	-	268,902
Financial liabilities						
Unsecured loan	-	551	-	581	-	581
Trade and other payables	-	11,521	-	11,521	-	11,521
Deferred revenue	-	1,144	-	1,144	-	1,144
Subsidiary preferred shares	-	49,981	-	-	49,981	49,981
Total	-	63,197	-	13,246	49,981	63,227

The fair value of financial instruments that are not traded is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Where the inputs for determining the fair value of financial instruments are not based on observable market data, the instrument is included in Level 3.

The Group has determined that the carrying amounts for cash and cash equivalents, trade and other receivables and payables, security and other deposits, and customer deposits are a reasonable approximation of their fair values and are included in Level 2.

The following presents the quantitative information about the significant unobservable inputs used in the fair value measurement of the Group's subsidiary preferred shares liability designated as Level 3:

Option Pricing Model Inputs

Measurement Date	Time to Liquidity	Volatility	Risk-Free Rate
31-Dec-2014	4.78 years	60.0%	1.59%
31-Dec-2015	3.78 - 4.76 years	60.0% - 70.0%	1.48% - 1.71%

The change in fair value of the subsidiary preferred shares is recorded in Finance (cost)/income, net in the consolidated statement of comprehensive loss.

(23) Capital and Financial Risk Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the level of capital deployed and available for deployment in subsidiary projects. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of deployed capital and the advantages and security afforded by a sound capital position.

The Group's executive management and board of directors have overall responsibility for establishment and oversight of the Group's risk management framework. The Group is exposed to certain risks through its normal course of operations. The Group's main objective in using financial instruments is to promote the commercialisation of intellectual property through the raising and investing of funds for this purpose. The Group's policies in calculating the nature, amount and timing of funding are determined by planned future investment activity. Due to the nature of activities and with the aim to maintain the investors' funds secure and protected, the Group's policy is to hold any excess funds in highly liquid and readily available financial instruments and reduce the exposure to other financial risks.

The Group has exposure to the following risks arising from financial instruments:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents, other investments in the form of fixed income securities, and trade and other receivables.

The Group held following balances:

As of 31 December:	2015 $'000	2014 $'000
Cash and cash equivalent	105,555	224,075
Other investments	89,193	37,407
Trade and other receivables	7,342	6,305
	202,090	267,787

The Group maintains money market funds, certificates of deposits, and fixed income securities with financial institutions, which the Group believes are of high credit quality. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to credit ratings (if available) or to historical information about counterparty default rates.

Group policy is to maintain its funds in highly liquid deposit accounts with reputable financial institutions.

The aging of trade receivables that were not impaired was as follows:

As of 31 December:	2015 $'000	2014 $'000
Neither past due nor impaired	784	784
Past due 30-90 days	110	276
Past due over 90 days	118	548
	1,012	1,608

The Group has no significant concentration of credit risk. The Group assesses the credit quality of customers, taking into account their current financial position. An analysis of the credit quality of trade receivables that are neither past due nor impaired is as follows:

As of 31 December:	2015 $'000	2014 $'000
Customers with less than three years of trading history with the Group	1,012	1,608
	1,012	1,608

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to manage liquidity risk, ensuring that sufficient liquidity is available to meet foreseeable requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements. The current portion of the carrying amount of lease obligations is included in trade and other payables.

As of 31 December 2015:		Contractual cash flows			
$'000	Carrying amount	Total	Less than 1 year	2-5 years	More than 5 years
Trade and other payables	14,268	14,268	14,268	-	-
Other non-current liabilities	751	751	358	365	28
Unsecured bank loans	340	370	252	118	-
	15,359	15,389	14,878	483	28

As of 31 December 2014:		Contractual cash flows			
$'000	Carrying amount	Total	Less than 1 year	2-5 years	More than 5 years
Trade and other payables	11,339	11,339	11,339	-	-
Other non-current liabilities	182	182	83	97	2
Unsecured bank loans	551	622	252	370	-
	12,072	12,143	11,674	467	2

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group maintains the exposure to market risk from such financial instruments to insignificant levels. The Group exposure to changes in interest rates is determined to be insignificant.

Capital Risk Management

The Group is funded by equity finance and long term borrowings. Total capital is calculated as 'total equity' as shown in the consolidated statement of financial position.

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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares or borrow new debt. The Group has some external debt and no material externally imposed capital requirements. The Group's share capital is set out in note 16.

(24) Related Parties

Key Management Personnel Compensation

Key management personnel compensation received comprised the following:

For the year ended 31 December:	2015 $'000	2014 $'000
Short-term employee benefits	3,341	2,863
Share-based payments	1,708	7,430
Total	5,049	10,293

Short-term employee benefits of the Group's key management personnel include salaries and bonuses, health care and other non-cash benefits.

Share-based payments include the value of awards granted under the U.S Stock Plan and the LTIP during the year. Approximately $5.0 million of the value of share-base payment in 2014 represents the value of restricted stock units granted under the LTIP established in June 2014. Share-based payments under the LTIP are subject to vesting terms over future periods. Share-based payments granted under the U.S. Stock Plan fully vested upon the reorganisation described in note 16. See further details of the two plans in note 6.

Bonuses to key management for the year of $1,260,000 were outstanding at 31 December 2015 (2014: $1,500,000) and were paid in January of 2016.

Key Management Personnel Transactions

Key management personnel transactions comprised the following:

For the year ended 31 December:	2015 $'000	2014 $'000
Non-executive Directors' fees	357	199
Non-executive Directors' share-based payments	225	295
Total	582	494

Fees to non-executive Directors of $105,000 were outstanding at 31 December 2015 (2014: $67,500) and were paid in shortly after the year end.

Executive management and Directors of the Company control 2.2% of the voting shares of the Company as of 31 December 2015 (2014: 12.7%).

The Group has not engaged in any other transactions with key management personnel or other related parties.

Other related party transactions

Consolidated Statement of Comprehensive Loss

For the year ended 31 December:	2015 $'000	2014 $'000
Purchase of goods		
Equity-accounted investee	1,334	1,879

Consolidated Statement of Financial Position

As of 31 December:	2015 $'000	2014 $'000
Purchase of goods outstanding balance		
Equity-accounted investee	171	33

(25) Taxation

Amounts recognised in profit or loss

No current income tax expense was recorded for US jurisdictions for the years ended 31 December 2015 and 2014 due to accumulated losses.

For the year ended 31 December:	2015 $'000	2014 $'000
Net loss	97,989	57,706
Income taxes	-	-
Net loss before taxes	97,989	57,706

In January 2016, the Company paid to HM Revenue & Customs $67,000 of UK income taxes of Allied Minds plc for the 2014 tax year.

Reconciliation of Effective Tax Rate

The Group is primarily subject to taxation in the US, therefore the reconciliation of the effective tax rate has been prepared using the US statutory tax rate. A reconciliation of the US statutory rate to the effective tax rate is as follows:

	2015	2014
	%	%
Weighted average statutory rate	35.0	35.0
Effect of state tax rate in US	5.3	5.4
Credits	3.7	2.8
Share-based payment remeasurement	(2.6)	26.6
Other	(2.6)	(8.2)
Current year losses for which no deferred tax asset is recognised	(38.8)	(61.6)
	-	-

Factors that may affect future tax expense

The Group is primarily subject to taxation in the US and UK. Additionally, the Group is exposed to state taxation in various jurisdictions throughout the US. Changes in corporate tax rates can change both the current tax expense (benefit) as well as the deferred tax expense (benefit). Reductions in the UK corporation tax rate to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantially enacted on 26 October 2015. The maximum corporate tax rate in the US for the corresponding periods is 35%.

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

As of 31 December:	2015	2014
	$'000	$'000
Operating tax losses (1)	87,280	59,586
Capital losses (2)	1,612	1,952
Research credits (1)	6,558	3,820
Temporary differences (3)	15,390	17,829
Deferred tax assets	110,840	83,187
Other temporary differences (3)	(398)	(974)
Deferred tax liabilities	(398)	(974)
Deferred tax assets, net, not recognised	110,442	82,213

(1) expire starting in 2024

(2) expire starting in 2015

(3) generally will expire 20 years subsequent to the time the deduction is taken

Deferred tax is measured at the rates that are expected to apply in the period when the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the statement of financial position date. The reduction in the main rate of UK corporation tax to 20% (from 23%) was substantially enacted on 2 July 2013 and applied from 1 April 2015. However, the UK corporation tax rate initially reduced from 23% to 21% from 1 April 2014. The change in the UK corporate tax rate did not materially impact the calculation of the deferred tax assets as these assets are generally exposed to tax in US jurisdiction.

There were no movements in deferred tax recognised in income or equity in 2015 or 2014 as the deferred tax asset was not recognised in any of those years.

(26) Subsequent Events

The Company has evaluated subsequent events through 25 April 2016, which is the date the consolidated financial information is available to be issued.

Federated Wireless, Inc.

In February 2016, Federated Wireless successfully raised $22.0 million in Series A preferred stock financing, of which Allied Minds participated with $5.0 million for 2,727,580 shares of the preferred stock and the remainder was provided by existing shareholders of the Group.

ABLS III, LLC

In March 2016, ABLS III (dba iβeCa Therapeutics) was formed and licensed proprietary compounds from NYU School of Medicine that target the Wnt signaling pathway. The Wnt pathway plays a key role in the development and progression of a number of cancers affecting large numbers of patients. iβeCa Therapeutics will focus on further discovery and development activities needed to identify candidates for human clinical testing.

Discontinued Subsidiaries

Operations at SiEnergy, LLC, a wholly-owned subsidiary of the Group, were discontinued subsequent to year end. The impact of this was assessed in the Group financials as of 31 December 2015 and unrecoverable amounts were written off.

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