FEEDBACK

Report of the Directors and Consolidated Financial Statements

For the year ended 31 May 2015

Contents

Company Information

Directors
T W G Charlton
T E Brown
M P Hayball
Dr B Ganeshan
Dr A Menys

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Chairman's Statement

We are pleased to present the results for the year ended 31 May 2015. These are the first full year results to include the trading of the two medical imaging companies, Cambridge Computed Imaging Limited ('CCI') and TexRAD Limited, ('TexRAD') both of which we acquired in May 2014. Revenue for the year was £381,970 (2014: £7,250) and the loss after tax was £1,111,433 following the write down of intangible assets of £689,142 (2014: Loss £470,654). The Directors have considered it prudent to write down the carrying value of the intangible assets in the balance sheet in order to meet the requirements of IFRS. However, the Directors still believe the Company's technology has great potential which will generate ongoing revenue and attract new collaboration partners. Cash as at 31 May 2015 was £63,261 (31 May 2014: £874,432) ahead of the placing announced on 3 June 2015 which raised £200,000. Cash balances at 31 October 2015 stood at £210,076.

The early part of the period saw the bedding in of the acquisitions with a focus on establishing the quality process and serving the existing customer base. CCI's business was a steady performer attaining ISO 13485, the international standard relating to quality management systems for organisations involved in the manufacture of medical devices as well as adding further resource to the regulatory team. CCI provides all the regulatory, technical and development support to TexRAD while maintaining its principal business of supporting Papworth Hospital, Cambridgeshire with its PACS (Picture Archiving and Communication System). TexRAD, our texture analysis software product for analysing images from CT scans, was granted a European patent thus extending its portfolio of protected intellectual property.

There has been a focus on developing strategic collaborations for TexRAD while continuing the sales of research versions to world-leading research institutions. During the year, TexRAD has been purchased by institutions including ELK in Berlin, Velindre Cancer Centre in Cardiff, University of Tokyo Department of Radiology at the Institute of Medical Science in Japan, CHU de Reims in France and Seoul National University Bundang Hospital in South Korea, among others. The company was also delighted to announce on 9 September 2015 that TexRAD had completed its first sale to China with an installation at Peking University Medical College Hospital, Beijing. We have also worked closely with leading research groups with a view to commercialising TexRAD for specific applications. Since the year end and following the highly encouraging early results from a retrospective study into TexRAD's potential use in the treatment of urolithiasis (formation of kidney stones), the Company formed a joint venture company, Stone Checker Software Ltd ('Stone Checker'). Stone Checker will use our intellectual property in conjunction with other biomarkers to develop an integrated product to assist clinicians to determine which stones are most likely to respond to shock wave lithotripsy. We have, in the new financial year, formed another joint venture company, Prostate Checker Ltd to target a more effective method of diagnosing and assessing treatment options for prostate cancer.

Our collaborations with leading medical institutions are progressing well. Professor Ken Miles at the Diagnostic Radiology department at the Princess Alexandra Hospital in Brisbane, Australia has been doing valuable work in examining TexRAD's potential for inclusion in radiology workflow, particularly in assisting treatment decisions and improving patient management in lung cancer. Professor Choi at the University of Texas MD Anderson Cancer Center in Houston, Texas, USA will be assessing TexRAD's effectiveness for patients with kidney and adrenal cancers. Dr. Andrew Smith's work on metastatic kidney cell cancer at the University of Mississippi Medical Center in Jackson, Mississippi, USA using TexRAD has been presented at the annual meeting of the Society of Computed Body Tomography and Magnetic Resonance in Toronto, Canada. McGill University Hospital in Montreal, Quebec, Canada will be focussing on breast cancer and appraising TexRAD's use as a supplementary tool in digital mammography to achieve better patient management.

We continue to work with Imaging Endpoints II, LLC to serve the clinical trials market in the United States. We have recently delivered the latest version of our TexRAD clinical trials software with extra features and we are now working towards achieving 21 CFR Part 11 compliance. The last year has seen strong competition in the clinical trials market to win the available business from pharmaceutical companies. Nevertheless TexRAD is expected to be used in a study of colorectal cancer patients (stage IIIc) being treated with Bayer's drug Regorafenib after adjuvant FOLFOX. Having re-evaluated the Company's previous strategy for seeking FDA approval for TexRAD, the board now recognise that there are significant commercial opportunities available to Feedback if TexRAD were to be used in conjunction with other biomarkers to create integrated products for specific clinical applications. These products could then be marketed much more effectively to clinicians compared with a general software application. We may also prioritise CE marking in order to accelerate development of commercial products for the European markets. As a consequence of this new focus, FDA approval for TexRAD is no longer regarded as one of the Company's principal corporate objectives.

Chairman's Statement

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The Company today announces a reorganisation of the board of directors with immediate effect. Simon Barrell steps down from the Board to devote more time to his other business commitments. Tom Charlton becomes non-executive chairman and we welcome two of the senior management team, Dr Balaji Ganeshan and Mike Hayball to the plc board. In addition we are delighted to announce the appointment of Dr Alex Menys as a non-executive director. Dr Menys is a researcher at University College London and chief executive of Motilent Ltd, a developer of advanced medical imaging software aimed at maximising the effectiveness of radiology in the evaluation of gastrointestinal function.

We are very encouraged by the continued interest shown in TexRAD and the number of research papers being published which highlight its numerous potential applications. In order to generate optimum value for shareholders we shall be looking to support our collaboration partners and invest further in our newly-formed joint venture companies. The year ahead will also see the Company selling fewer research versions of TexRAD as we focus on setting up more joint venture companies and collaborations targeting specific applications for TexRAD's clinical use to provide the foundation for TexRAD's future commercial success.

Tom Charlton

Chairman

5 November 2015

FEEDBACK

Strategic Report

The Directors present their Strategic Report and the audited financial statements for the year ended 31 May 2015.

Principal activities of the Group

On 19 May 2014 the Company acquired two subsidiaries in the medical imaging sector, CCI and TexRAD. The Group is now focused on medical imaging. During the year, CCI acted as sales distributor for TexRAD to reduce operating costs.

Review of the business

The Chairman's Statement on page 2 includes a general review of the Group's business for the year.

Future developments in the business

The Group will continue to invest in the development of its products. In addition the Group's future strategy is expected to involve the formation of further joint ventures and collaborations where Feedback's valuable intellectual property can be combined with the specialist skills and intellectual property of other companies and research institutions. By adopting this approach the Group is expected to generate licensing and royalty revenue streams and residual equity participation in these joint ventures.

Group results and dividends

The Group loss for the year after taxation amounted to £1,111,433 (2014: Loss £470,654). This includes exceptional costs in relation to the impairment of the intangible assets of £689,142 and termination costs in respect of the former chief executive of £60,000. The Directors have taken the prudent decision to write down the carrying value of the intangible assets in the balance sheet in order to meet the requirements of International Financial Reporting Standards ('IFRS'). However the Directors believe the Company's technology has great potential and this write down does not reflect their commercial assessment of the value of the company's intellectual property. Future expenditure on software development will be capitalised once the provisions of IAS 38 are met or written off as incurred until the criteria are met.

In the prior year exceptional costs associated with the acquisition of the subsidiaries and the share issues on 19 May 2014 amounted to £204,000 of which £40,000 was taken to the share premium account.

No dividends are payable for the year under review.

Principal risks and uncertainties

Economic and market risks

The subsidiary companies are both in the medical imaging market. The market is fragmented and the future success of the business is dependent on the ability of the companies to secure new and renew current contracts. These contracts are often with Government supported organisations and the timing of these can be dependent on market conditions. The Group's dependence on the award or renewal of contracts means that its revenue stream is not constant and has the potential to be particularly irregular.

Joint venture risk

The joint ventures that have been formed by the Group in the new financial year may not produce any product advancement on the TexRAD product and therefore may not lead to any future income for the Group, although the Group has reduced the cost of any development by creating the joint venture. The joint ventures will report progress regularly to the Board and the Board will be able to manage any potential risk to the Group by taking measures to reduce any exposure to the joint ventures.

Strategic Report

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Regulatory approval

The development, evaluation and marketing of the Group's products and ongoing research and development activities are subject to regulation by governments and regulatory agencies in all territories within which the Company intends to market its products (whether itself or through a partner) and there can be no assurance that any of the Group's products will successfully complete the trial process or that regulatory approvals to market these products will ultimately be obtained. Failure to obtain regulatory approvals for its products could threaten the Group's ability to trade in the long term.

The time taken to obtain regulatory approval varies between territories and there can be no assurance that any of the Group's products will be approved in any territory within the timescale envisaged by the Board, or at all, and this may result in a delay, or make impossible, the commercial exploitation of the Group's products. Furthermore, each regulatory authority may impose its own requirements and may refuse to grant, or may require additional data before granting an approval, even though the relevant product may have been approved by another country's authority.

If regulatory approval is obtained, products will be subject to continual review and there can be no assurance that such approvals will not be withdrawn or restricted. Changes in applicable legislation or regulatory policies, or discovery of problems with products may result in the imposition of restrictions on sale, including withdrawal of the product from the market, or may otherwise have an adverse effect on the Group's business and/or revenue streams.

Product Development Risk

The products in development may cost more and/or take longer to develop than the current estimates. It is possible that commercially successful products may not be developed. The Board monitors progress on the product on a regular basis and discusses with potential customers their requirements to mitigate this risk.

Liquidity

Management of liquidity risk concentrated on the maintenance of appropriate credit lines and funding sources to ensure adequate cash resources for the Group's operations. The Board regularly monitors the cash position of the Group and ongoing cash requirements. The Board believes the Group could obtain further equity finance from the financial markets to support its corporate strategy.

Credit Risk

The Company's credit risk is primarily attributable to its cash and cash equivalents and trade receivables. The credit risk on other classes of financial assets is considered insignificant.

Other Risks

There is a risk that existing and new customer relationships will not lead to the income currently forecast (especially, as noted above, from new products currently in development). As with any technology business, the Company is reliant on a relatively small number of highly skilled staff.

Post balance sheet events

On 3 June 2015 the Company raised £200,000 by the issue of 11,111,111 new ordinary shares at 1.8 pence per share ('Placing Shares'). The Placing included participation by two of Feedback's directors, Tom Charlton who invested £50,400 for 2,800,000 Placing Shares and Trevor Brown who invested £18,000 for 1,000,000 Placing Shares.

On 6 July 2015 the Company issued 216,000 ordinary shares at 1.25 pence per share in lieu of fees for professional services.

Strategic Report

On 9 July 2015 the Company issued 1,600,000 shares following notification of the exercise of options at 1.25 pence per share.

The Company now has 203,673,857 ordinary shares in issue.

The Group has also announced that it has entered into two joint ventures, Stone Checker Software Ltd with Oxford Stone Group for the potential future clinical application of TexRAD on patients with kidney stones and Prostate Checker Ltd with QUIBIM S.L for assisting the detection and diagnosis of prostate cancer.

Key performance indicators

During the year the Company maintained its cash position as the key performance indicator. The cash balance at 31 May 2015 was £63,261 (2014 £874,000). Cash at 31 October 2015 was £210,076.

By Order of the Board on 5 November 2015.

T W G Charlton
Director

Directors' Report

The Directors present their report and the Financial Statements for the year ended 31 May 2015.

Future developments

The future developments for the Group are discussed in the Chairman's Statement and the Strategic Report.

Directors

The Directors of the Company during the year were:

S G Barrell (Resigned 5 November 2015)
N S Shepheard (Resigned 24 October 2014)
T E Brown
T W G Charlton

M P Hayball, Dr B Ganeshan and Dr A Menys were appointed on 5 November 2015.

Significant shareholders

Shareholders who have notified the company of shareholdings in excess of 3% as at 31 October 2015 are:

	Number of Shares	%
T E Brown	55,089,111	27.05
T W G Charlton	49,524,808	24.32
W R Ruffler	12,597,893	6.19
University of Sussex	9,400,000	4.62

Directors' Biographies

Tom Charlton, Non-Executive Chairman

Tom previously served as a director of Feedback plc between January 2003 and November 2004 and has been a significant shareholder in the company since December 1997. He acted as chairman of Pinnacle Staffing Group plc from September 2008 until April 2011. Earlier in his career he was a managing director of Merrill Lynch Investment Managers and a director of Mercury Asset Management Ltd. Tom is on both the Audit and Remuneration Committees.

Trevor Brown, Non-Executive Director

Trevor has been a strategic investor in real estate and equities for more than 30 years. He is a director of Braveheart Investment Group plc, Peterhouse Corporate Finance Limited and Flying Brands Ltd. Trevor is on both the Audit and Remuneration Committees.

Dr Balaji Ganeshan, Executive Director (appointed 5 November 2015)

Balaji is a Senior Imaging Scientist at the Institute of Nuclear Medicine, University College London and an Honorary Visiting Research Fellow at the Brighton & Sussex Medical School, University of Sussex. He was instrumental in the original development of the TexRAD texture analysis technology which resulted from his PhD in Biomedical Engineering. He is responsible for developing new business opportunities for TexRAD and the Feedback Group.

Mike Hayball, Executive Director (appointed 5 November 2015)

Mike started his career as a medical physicist at Addenbrooke's Hospital in Cambridge where he took his MSc in Radiation Physics. From there he worked on cardiac imaging at Papworth Hospital before forming Cambridge Computed Imaging Limited in 2001 where he is Managing Director. Mike is Technical Director for the Feedback Group.

Directors' Report

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Dr Alex Menys, Non-Executive Director (appointed 5 November 2015)

Alex is a Post-Doctoral Research Associate at University College London where he obtained his PhD focusing on imaging of the gastrointestinal tract with MRI. He is the founder and chief executive of Motilent Ltd, a developer of advanced medical imaging software aimed at maximising the effectiveness of radiology in the evaluation of gastrointestinal function. Alex is on both the Audit and Remuneration Committees.

Employment policies

The Group is committed to employee involvement in the business and there are consultative procedures available for management and other employees to discuss matters of mutual interest.

The Group has a policy of non-discrimination in respect of sex, colour, religion, race, nationality or ethnic origin and the recruitment of disabled persons is only subject to any overriding consideration of access and safety.

Creditor payment policies

The Group's policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. Payment terms for the year ended 31 May 2015 averaged 30 days (2014: 30 days).

Treasury policy

The Group has adopted formal treasury policies to control its financial instruments. It is a Group Treasury policy not to undertake transactions of a speculative nature. Group cash flows are managed centrally and surplus cash is invested in short-term financial instruments. Future transactions under the new Group are more likely to be undertaken in foreign currencies and the Board will monitor the policies in place.

Compliance with these policies is monitored by the Board. Other than for currency disclosures, the Group has taken advantage of the exemption permitting it not to treat short-term debtors and creditors as financial instruments.

Strategic report

Information regarding the Group's principal risks, results, future developments and key performance indicators is provided in the Strategic Report.

Statement of directors' responsibilities

The Directors are responsible for preparing the Group and parent Company financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent Company and of the profit and loss of the Group for that period.

In preparing each of the Group and parent Company financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

Directors' Report

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- state whether they have been prepared in accordance with IFRSs as adopted by the EU subject to any material departures disclosed and explained in the parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and parent Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and parent Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations the Directors are also responsible for preparing a Strategic Report and a Directors' Report to comply with that law and those regulations.

In determining how amounts are presented within terms in the income statement and balance sheet the Directors have had regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles or practice.

Audit information

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, there is no relevant audit information of which the auditors are unaware.

Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint haysmacintyre as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board on 5 November 2015.

T W G Charlton
Director

FEEDBACK

Corporate Governance Statement

Under the AIM rules the Group is not obliged to implement the provisions of the UK Corporate Governance Code ('the Code'). However, the Group is committed to applying the principles of good governance contained in the Code as appropriate to a group of this size.

In common with other organisations of a similar size, the Executive Director was heavily involved in the day-to-day running of the business. The Board of Directors meets regularly and is responsible for formulating strategy, and for the trading subsidiaries, monitoring financial performance and approving major items of capital expenditure. All Directors have access to the advice and services of the Company Secretary.

During the year the Board comprised one Executive Director and three Non-Executive Directors. In view of the size and management structure of Feedback plc, the Company has not complied with certain aspects of the Combined Code as discussed below.

Board of Directors

The Board included up to three Non-Executive Directors which was considered appropriate. The Board has scheduled monthly meetings and others as required. The Board retains full responsibility for the direction and control of the Group. No strategic powers have been delegated and for these reasons the Board did not have, during the year, a formal schedule of matters specifically reserved to it (Paragraph A1 of the Code).

There is currently no formal agreed procedure for Directors in the furtherance of their duties to take independent professional advice as necessary at the Company's expense (paragraph B5 of the Code).

Non-executive Directors

The appointment of Non-Executive Directors is a matter for the Board as a whole. Although recommended by the Code, there is currently no formal selection process. The Non-Executive Directors have contracts for services for an unspecified period. (Paragraph B2 of the Code). Non-Executive Directors are subject to re-election every three years.

Terms and conditions of appointment of the Non-Executive Directors are available for inspection.

Executive Directors

Directors are appointed by the Board of Directors but stand for election by the shareholders at the Annual General Meeting. The Executive Directors are subject to re-election every three years.

Board Committees

A Remuneration Committee was in place comprising the three Non-Executive Directors. The Remuneration Committee has two scheduled meetings in the year. All serving members attended both meetings held in the year.

An Audit Committee was in place comprising two Non-Executive Directors. The Company's approach to internal control is described below. The Audit Committee has two scheduled meetings in the year. Both serving members attended both meetings held in the year.

There is no Nomination Committee. Given the size of the Group, the Board do not consider a Nomination Committee appropriate (paragraph B2 of the Code).

Following the change in Board composition the committees will be reviewed, although it is the intention that the non-executive directors will continue to serve on the Audit and Remuneration committees.

Corporate Governance Statement

Performance evaluation

There is currently no formal performance evaluation of the board, its committees and its individual directors (paragraph A6.1 of the Code).

Communication with shareholders

The Directors are available to shareholders at any time to discuss strategy and governance matters.

In addition, all Company announcements are published on the Company's website, together with financial results.

All shareholders have the opportunity to ask questions and express their views at the Company's Annual General Meeting, at which all Directors are available to take questions.

Audit and internal control

The primary role of the Audit Committee was to keep under review the Group's financial systems and controls and its financial reporting procedures. In fulfilling this role, the Committee received and reviews work carried out by the external auditors and their findings.

The Board had overall responsibility for operating and monitoring the system of internal control within the Group and for monitoring its effectiveness. The system includes an on-going process for identifying, evaluating and managing significant business risks. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's system was designed to provide the directors with reasonable assurance that any material problems were identified on a timely basis and dealt with appropriately.

Guidance to Directors of UK Companies on internal control procedures and good practice on risk management is provided by the Financial Reporting Council.

The Audit Committee reviewed the effectiveness of the internal controls on an annual basis on behalf of the Board and considered that they have complied throughout the year ended 31 May 2015 with those provisions of the Code which they consider to be practicable and appropriate for a relatively small public company.

The key elements of the system, which had been designed to meet the specific needs and business risks of the Group, include:

- clearly defined organisation structures with segregation of duties wherever practicable;
- agreement of Group short term financial objectives and business plans;
- monthly review by the Board of Group Financial Statements and monitoring of results against budgets;
- Board control over treasury, taxation, legal, insurance and personnel issues;
- Board control over appraisal, review and authorisation of capital expenditure.

In common with organisations of similar size the Executive Director was and the Non-Executive Directors are, heavily involved in the day-to-day running of the business. The directors believe that although the Company's controls may be slightly less formal than those of larger companies, the continued close involvement of the Non-Executive Directors more than compensated for this.

The Board believes that it is not currently appropriate for the Company to maintain an internal audit function because of the small size of the Group.

Corporate Governance Statement

The Audit Committee considered the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services. The split between audit and non-audit fees for the year and information on the nature of the non-audit fees appear in note 6 to the financial statements. The non-audit fees are considered by the Committee not to affect the independence or objectivity of the auditors. The Audit Committee monitors such costs in the context of the audit fee for the year, ensuring that the value of non-audit services does not increase to a level where it could affect the auditors' objectivity and independence.

With the exception of the matters referred to above the Company has complied throughout the financial year with provisions of The UK Corporate Governance Code (September 2012 edition).

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources, or could obtain further equity finance from the financial markets to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts. Further information in respect of the Director's consideration of going concern is included in note 3(c) to the financial statements.

Independent Auditors Report

We have audited the financial statements of Feedback plc for the year ended 31 May 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of matter – Going Concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made within Note 3(c) of the accounting policies regarding the group and parent company's ability to continue as a going concern. The group incurred a net loss of £1,111,325 in the year and had net current liabilities at the year-end date of £29,940. These factors, along with the matters explained in note 3(c) of the accounting policies indicate the existence of a material uncertainty which may cast a significant doubt about the group and company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

Independent Auditors Report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

George Crowther (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

5 November 2015

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MAY 2015

	Note	2015 £	2014 £
Revenue	4	381,970	7,250
Cost of sales		(1,434)	—
Gross profit		380,536	7,250
Other operating expenses	5	(888,600)	(313,904)
Costs associated with the acquisition of subsidiaries	5	—	(164,000)
Impairment of intangible assets	14	(689,142)	—
Total operating expenses		(1,577,742)	(477,904)
Operating loss	6	(1,197,206)	(470,654)
Net finance income	7	908	—
Loss on ordinary activities before taxation		(1,196,298)	(470,654)
Tax credit	9	84,865	—
Loss on ordinary activities after tax		(1,111,433)	(470,654)
Loss for the year attributable to the equity Shareholders of the Company		(1,111,433)	(470,654)
Other comprehensive income/(expense)			
Translation differences on overseas operations		108	(3,104)
Total comprehensive expense for the year		(1,111,325)	(473,758)
Loss per Share (pence)			
Basic and diluted	11	(0.58)	(0.35)

The notes on pages 21 to 41 form part of these financial statements.

FEEDBACK

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MAY 2015

Group

	Share Capital £	Share Premium £	Capital Reserve £	Retained Earnings £	Translation Reserve £	Convertible Debt Option Reserve £	Total £
At 1 June 2013	327,367	851,334	299,900	(509,413)	(207,000)	—	762,188
New shares issued	149,500	598,000	—	—	—	—	747,500
Costs associated with the raising of funds	—	(40,000)	—	—	—	—	(40,000)
Share option and warrant costs	—	—	—	13,728	—	—	13,728
Convertible debt raised in the year	—	—	—	—	—	189,000	189,000
Total comprehensive expense for the year	—	—	—	(470,654)	(3,104)	—	(473,758)
At 31 May 2014	476,867	1,409,334	299,900	(966,339)	(210,104)	189,000	1,198,658
Share option and warrant costs	—	—	—	1,289	—	—	1,289
Total comprehensive expense for the year	—	—	—	(1,111,433)	108	—	(1,111,325)
At 31 May 2015	476,867	1,409,334	299,900	(2,076,483)	(209,996)	189,000	88,622

Company

	Share Capital £	Share Premium £	Retained Earnings £	Convertible Debt Option Reserve £	Total £
At 1 June 2013	327,367	851,334	(396,876)	—	781,825
New shares issued	149,500	598,000	—	—	747,500
Costs associated with the raising of funds	—	(40,000)	—	—	(40,000)
Share option and warrant costs	—	—	13,728	—	13,728
Convertible debt raised in the year	—	—	—	189,000	189,000
Total comprehensive expense for the year	—	—	(492,770)	—	(492,770)
At 31 May 2014	476,867	1,409,334	(875,918)	189,000	1,199,283
Share option and warrant costs	—	—	1,289	—	1,289
Total comprehensive expense for the year	—	—	(1,172,124)	—	(1,172,124)
At 31 May 2015	476,867	1,409,334	(2,046,753)	189,000	28,448

The notes on pages 21 to 41 form part of these financial statements.

Consolidated Balance Sheet

AT 31 MAY 2015

	Notes	2015 £	2014 £
Assets			
Non-current assets			
Property, plant and equipment	13	6,915	1,444
Intangible assets	14	139,558	848,000
		146,473	849,444
Current assets			
Trade receivables		110,870	87,610
Other receivables	15	101,259	120,879
Cash and cash equivalents		63,261	874,432
		275,390	1,082,921
Total assets		421,863	1,932,365
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	18	476,867	476,867
Share premium account		1,409,334	1,409,334
Capital reserve		299,900	299,900
Translation reserve		(209,996)	(210,104)
Retained earnings		(2,076,483)	(966,339)
		(100,378)	1,009,658
Convertible debt option reserve	19	189,000	189,000
Total Equity		88,622	1,198,658
Liabilities			
Deferred tax liabilities	9	27,911	80,000
		27,911	80,000
Current Liabilities			
Trade payables		40,368	225,157
Other payables	16	264,962	428,550
		305,330	653,707
Total Liabilities		333,241	733,707
Total Equity and Liabilities		421,863	1,932,365

The financial statements were approved and authorised for issue by the Board of Directors on 5 November 2015 and were signed below on its behalf by:

T W G Charlton

Chairman

The notes on pages 21 to 41 form part of these financial statements.

FEEDBACK

Company Balance Sheet

AT 31 MAY 2015

Company Number 00598696

	Notes	2015 £	2014 £
Assets			
Non-current assets			
Property, plant and equipment	13	—	—
Investments	12	—	467,456
		—	467,456
Current assets			
Other receivables	15	52,993	303,905
Cash and cash equivalents		43,636	618,446
		96,629	922,351
Total assets		96,629	1,389,807
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	18	476,867	476,867
Share premium account		1,409,334	1,409,334
Retained earnings		(2,046,753)	(875,918)
		(160,552)	1,010,283
Convertible debt option reserve	19	189,000	189,000
Total Equity		28,448	1,199,283
Current liabilities			
Trade payables		33,723	158,737
Other payables	16	34,458	31,787
Total current liabilities		68,181	190,524
Total Equity and Liabilities		96,629	1,389,807

The financial statements were approved and authorised for issue by the Board of Directors on 5 November 2015 and were signed below on its behalf by:

T W G Charlton

Chairman

The notes on pages 21 to 41 form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MAY 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss before tax	(1,196,298)	(470,654)
Adjustments for:		
Share option costs	1,289	173
Cost of acquisition of subsidiaries	—	164,000
Net finance income	(908)	—
Depreciation and amortisation	184,170	—
Impairment of intangible assets	689,142	—
Foreign exchange difference	108	3,104
(Increase)/decrease in trade receivables	(23,260)	—
Decrease/(increase) in other receivables	52,396	(79,725)
(Increase)/decrease in trade payables	(184,789)	56,436
(Decrease) in other payables	(163,588)	(155,039)
	554,560	(11,051)
Net cash used in operating activities	(641,738)	(481,705)
Cash flows from investing activities		
Purchase of tangible fixed assets	(9,329)	—
Purchase of intangible assets	(161,012)	—
Net finance income received	908	—
Proceeds from sale of assets held for resale	—	940,000
Cash received on purchase of subsidiaries	—	65,045
Cash paid on acquisition of subsidiaries	—	(31,400)
Cash on acquisition of subsidiaries including costs	—	(164,000)
Net (used by)/cash generated from investing activities	(169,433)	809,645
Cash flows from financing activities		
Loan repayment	—	(245,000)
Equity based loan received	—	189,000
Net proceeds of share issue	—	260,000
Net cash generated from financing activities	—	204,000
Net (decrease)/increase in cash and cash equivalents	(811,171)	531,940
Cash and cash equivalents at beginning of year	874,432	342,492
Cash and cash equivalents at end of year	63,261	874,432

The notes on pages 21 to 41 form part of these financial statements.

FEEDBACK

Company Cash Flow Statement

FOR THE YEAR ENDED 31 MAY 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss before tax	(1,172,124)	(492,816)
Adjustments for:		
Share options costs	1,289	173
Cost of acquisition of subsidiaries	—	164,000
Provision against intercompany receivable	356,693	19,526
Provision against investment in subsidiaries	467,455	—
Decrease/(increase) in other receivables	49,221	(81,785)
(Decrease)/increase in trade payables	(125,014)	56,436
Increase/(decrease) in other payables	2,670	(151,325)
	752,314	7,025
Net cash used in operating activities	(419,810)	(485,791)
Cash flows from investing activities		
Loans to subsidiary undertakings	(155,000)	(189,000)
Repayment of intercompany loan	—	940,000
Cash on acquisition of subsidiaries including costs	—	(190,400)
Net cash (used in)/generated from investing activities	(155,000)	560,600
Cash flows from financing activities		
Equity based loan received	—	189,000
Loan repayment	—	(245,000)
Net proceeds of share issue	—	260,000
Net cash generated from/(used in) financing activities	—	204,000
Net (decrease)/increase in cash and cash equivalents	(574,810)	278,809
Cash and cash equivalents at beginning of year	618,446	339,637
Cash and cash equivalents at end of year	43,636	618,446

The notes on pages 21 to 41 form part of these financial statements.

Notes to the Financial Statements

1. General information

On 19 May 2014 the Company acquired two subsidiaries in the medical imaging sector, Cambridge Computed Imaging Limited and TexRAD Limited.

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 00598696 in England and Wales. The Company's registered office is Grange Park, Broadway, Bourn, Cambridgeshire, CB23 2TA.

The Company is listed on AIM of the London Stock Exchange. These Financial Statements were authorised for issue by the Board of Directors on the 5 November 2015.

2. Adoption of new and revised International Financial Reporting Standards

No new International Financial Reporting Standards ("IFRS"), amendments or interpretations became effective in 2015 which had a material effect on this financial information.

At the date of approval of this financial information, the following IFRS Standards and Interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective. These new Standards, Amendments and Interpretations are those in issue but not yet effective which are expected to apply to the Group and are effective for accounting periods beginning on or after the dates shown below:

IFRS Standards and Interpretations issued (and EU adopted) but not yet effective:

IFRS 9 Financial Instruments (effective periods beginning 1 January 2018)

IFRS 15 Revenue from Contracts with Customers (effective periods beginning 1 January 2018)

The Group has not early adopted these amended standards and interpretations. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the reported results.

3. Significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. The policies set out below have been consistently applied to all the years presented.

No separate income statement is presented for the parent Company as provided by Section 408, Companies Act 2006.

(b) Basis of consolidation

The Group financial statements consolidate the financial statements of Feedback plc and its subsidiaries (the "Group") for the years ended 31 May 2014 and 2015 using the acquisition method.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

(c) Going Concern

The Directors have produced forecasts which show that the Group and Company have adequate cash resources for at least the next twelve months from the date of this report and the Directors believe the Group could obtain further equity finance from the financial markets to support its re-evaluated corporate strategy, if required. The Directors believe that the company is a going concern and have therefore prepared the financial statements on a going concern basis.

(d) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be reliably measured.

The significant intangible asset cost related to software development of products which are integral to the trade of the Group's medical imaging products. Amortisation is recognised in other operating expenses in the income and expenditure account.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable. Impairment losses are recognised in other operating expenses in the income and expenditure account. Impairment reviews are carried out annually.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised were amortised from the commencement of the commercial production of the product on a straight line basis as follows:

Intangible asset	Useful economic life
Patents	Over the life of the patent
Software development	4 years
Customer relationships	4 years
Development expenditure	3 years

(e) Valuation of Investments

Investments held as non-current assets are stated at cost less provision for impairment.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Goodwill

Business combinations on or after 1 April 2006 are accounted for under IFRS 3 using the acquisition method. Any excess of the cost of business combinations over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised.

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

After initial recognition, goodwill is not amortised but is stated at cost less accumulated impairment loss, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstance indicate that the carrying value may be impaired.

For the purposes of impairment testing, goodwill is allocated to the related cash generating units monitored by management. Where the recoverable amount of the cash generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

(h) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Depreciation on other assets is provided on cost or valuation less estimated residual value in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and equipment	10 – 50% p.a.
Motor vehicles	25 – 33% p.a.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(i) Leases

Rental costs under operating leases are charged to the income statement in equal annual amounts over the period of the lease.

(j) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the income statement. Assets and liabilities of the overseas subsidiaries are translated into sterling at the closing rate of exchange and trading results at the average rate of exchange for the period. These translation differences are dealt with as a movement in reserves.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company’s activities, as described below.

Revenue relating to software development that is contracted on a time and materials basis is recognised as the services are performed.

Revenue relating to the sale of software licences is recognised over the period to which the licence relates.

Revenue from services provided is determined by management’s assessment of the percentage completed of each contract. Management determine the percentage of completion by considering the work performed to date based upon internal reports and agreed project milestones.

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

(l) Pension Costs

The Company operated a defined contribution pension scheme during the year. The pension charge represents the amounts payable by the Company to the scheme in respect of that year.

(m) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

(n) Financial instruments

In relation to the disclosures made in note 17:

- short term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures.
- the Group does not hold or issue derivative financial instruments for trading purposes.

(o) Employee share options and warrants

The Group has applied the requirements of IFRS 2 Share-based Payment.

The Group issues equity-settled share-based payment transactions to certain employees and has issued warrants to the vendors of the acquired subsidiary, TexRAD Limited. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

(p) Key sources of estimating uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances, the results which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

- Intangible assets – are recognised only when it is probable that a project will be a success. There is a risk therefore that a project previously assessed as likely to be successful fails to reach the desired level of commercial or technological feasibility. Where there is no probable income to be generated from these assets an estimation of the carrying value and the impairment of the intangible assets, including goodwill, has been made.
- Fair value measurement – a number of assets included in the Group's financial statements require measurement at fair value. The following items are carried in the financial statements at fair value:
  - o The fair value of the consideration paid for subsidiary undertakings less any impairment of those values
  - o The fair value of the assets acquired with subsidiary undertakings
  - o The fair value of the intercompany receivables less the estimate of any provision in respect of the irrecoverability of those receivables
  - o The fair value of the share options and warrants issued.

4. Segmental reporting

The Directors have determined the operating segments based on the management reports that are used to make strategic decisions.

Following the acquisition of Cambridge Computed Imaging Limited and TexRAD Limited in 2014 the Group has now defined a Medical Imaging segment.

Year ended 31 May 2015

	Medical Imaging £	Head Office £	Total £
Revenue			
External	381,970	—	381,970
Loss before tax	(848,281)	(348,017)	(1,196,298)
Balance sheet			
External Assets	342,143	79,720	421,863
External Liabilities	(265,060)	(68,181)	(333,241)
	77,083	11,539	88,622
Capital expenditure	170,341	—	170,341

Notes to the Financial Statements

CONTINUED

4. Segmental reporting (continued)

Year ended 31 May 2014

	Medical Imaging £	Head Office £	Total £
Revenue			
External	7,250	—	7,250
Loss before tax	—	(470,654)	(470,654)
Balance sheet			
External Assets	1,010,014	922,351	1,932,365
External Liabilities	(543,183)	(190,524)	(733,707)
	466,831	731,827	1,198,658
Capital expenditure	20,000	—	20,000

Reported segments' assets are reconciled to total assets as follows:

	External revenue by location of customer		Total assets by location of assets		Capital expenditure by location of assets	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
United Kingdom	268,053	7,250	421,863	1,932,365	170,341	20,000
Europe	74,882	—	—	—	—	—
Rest of the world	39,035	—	—	—	—	—
Total	381,970	7,250	421,863	1,932,365	170,341	20,000

5. Other operating expenses

	2015 £	2014 £
Administrative costs:		
Other	644,430	313,904
Amortisation and depreciation costs	184,170	—
Termination costs	60,000	—
Costs associated with the acquisition of subsidiaries	—	164,000
Impairment of intangible assets	689,142	—
	1,577,742	477,904

Notes to the Financial Statements

CONTINUED

6. Operating loss

	2015 £	2014 £
This is stated after charging		
Depreciation and amortisation		
Owned assets	3,858	—
Amortisation of intangible assets	180,312	—
Impairment of intangible assets	689,142	—
Auditors' remuneration		
Audit of parent company and group accounts	10,000	11,000
Audit of subsidiaries	9,000	9,000
Tax and other services	4,000	4,000
Operating lease rentals		
Land and buildings	8,115	—

7. Net finance income

	2015 £	2014 £
Interest received	908	—
	908	—

8. Directors and employees

	2015		2014	
	Average	Year end	Average	Year end
Number of employees				
Selling and distribution	1	4	—	—
Administration	4	3	3	8
Research and development	2	2	—	—
	8	9	3	8

	2015 £	2014 £
Staff costs		
Wages and salaries	358,445	105,000
Redundancy payments	60,000	—
Social security costs	42,627	14,107
Payments to defined contribution pension scheme	9,345	—
	470,417	119,107

Notes to the Financial Statements

CONTINUED

8. Directors and employees (continued)

The value of all elements of remuneration received by each Director in the year was as follows:

	Salary £	Fees £	Termination payments £	Total £
Year ended 31 May 2015				
Executive Director				
N S Shepheard	110,000	—	60,000	170,000
Non-executive Directors				
S G Barrell*	—	47,650	—	47,650
T E Brown	—	—	—	—
T W G Charlton	—	—	—	—
Total	110,000	47,650	60,000	217,650
Year ended 31 May 2014				
Executive Directors				
N S Shepheard	100,000	—	—	100,000
Non-executive Directors				
S G Barrell*	—	36,500	—	36,500
T E Brown (appointed 19 January 2014)	—	4,000	—	4,000
T W G Charlton (appointed 19 January 2014)	—	4,000	—	4,000
Total	100,000	44,500	—	144,500

Mr Shepheard left the business on 29 April 2015.

Mr N S Shepheard held options over 5,000,000 which were forfeited as part of his settlement agreement (2014: 5,000,000).

Mr S G Barrell holds options over 800,000 shares exercisable on or after 19 May 2015. Further details can be found under Note 18.

* S G Barrell is paid consultancy fees through an agreement with SGB Consulting.

Notes to the Financial Statements

CONTINUED

9. Taxation on loss on ordinary activities

	2015 £	2014 £
(a) The tax charge for the year:		
UK Corporation tax	(84,865)	—
Current tax	(32,776)	—
Deferred tax charge	(52,089)	—
	(84,865)	—
(b) Tax reconciliation		
Loss on ordinary activities before tax	(1,196,298)	(470,653)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20.83% (2014 – 21 %)	(249,189)	(98,837)
Effects of:		
Expenses non-deductible for tax purposes	1,436	34,440
Additional deduction for R&D expenditure	(11,884)	
Excess tax losses carried forward	—	64,397
Other timing differences and goodwill amortisation	174,772	—
Tax charge for the year	(84,865)	—

(c) Factors which may affect future tax charges

In view of the tax losses carried forward there is a deferred tax amount of approximately £299,130 (2014: £216,000) which has not been recognised in these Financial Statements. This contingent asset will be realised when the Group makes sufficient taxable profits in the relevant company.

(d) Deferred tax – group

The deferred tax included in the balance sheet is as follows:

	2015 £	2014 £
Deferred tax liability		
Deferred tax on development expenditure		
As at 1 June 2014	80,000	—
Charge in the year	(52,089)	—
Acquired on fair value of the subsidiary undertakings	—	80,000
As at 31 May 2015	27,911	80,000

(e) Deferred tax – company

In view of the tax losses carried forward there is a deferred tax amount of approximately £268,000 (2014: £169,000) which has not been recognised in these Financial Statements. This contingent asset will be realised when the Group makes sufficient taxable profits in the relevant company.

Notes to the Financial Statements

CONTINUED

10. Results of Feedback plc

As permitted by Section 408 of the Companies Act 2006, the income and expenditure account of the parent company is not presented as part of these financial statements. The Company's loss for the financial year is £1,172,124 after provision for the cost of investment and the repayment of intercompany loans following the write down of the intangible assets under the requirements of IFRS (2014: loss after costs in relation to the acquisition of subsidiaries of £164,000 was £492,770) which is dealt with in the financial statements of the parent company.

11. Loss per share

Basic earnings per share is calculated by reference to the loss on ordinary activities after taxation of £1,111,433 (2014: £470,654) and on the weighted average of 190,746,746 (2014: 132,912,773) shares in issue.

	As at 31 May 2015 £	**As at 31 May 2014 £**
Net loss attributable to ordinary equity holders	(1,111,433)	(470,654)

	As at 31 May 2015	**As at 31 May 2014**
Weighted average number of ordinary shares for basic earnings per share	190,746,746	132,912,773
Effect of dilution:		
Share Options	—	—
Warrants	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	190,746,746	132,912,773

Loss per share (pence)		
Basic	(0.58)	(0.35)
Diluted	(0.58)	(0.35)

There is no dilutive effect of the share options and warrants as the dilution would be negative.

Notes to the Financial Statements

CONTINUED

12. Investments

	Total £
Company – Shares in Group undertakings	
Cost	
At 1 June 2013	1,867,000
Additions	467,455
At 31 May 2014	2,334,455
As at 31 May 2015	2,334,455
Provisions	
At 1 June 2012	1,867,000
Provided in the year	—
At 31 May 2013	1,867,000
Provided in the year	—
At 31 May 2014	1,867,000
Provided in the year	467,455
At 31 May 2015	2,334,455
Net Book Value	
At 31 May 2015	—
At 31 May 2014	467,455
At 31 May 2013	—

All of the above investments are unlisted.

Following the prudent write down of the intangible assets under the requirements of IFRS in the subsidiaries, the subsidiaries' financial statements show that they have net liabilities. The directors have made full provision against the cost of investment in the subsidiaries due to the net liabilities shown in the subsidiary financial statements.

Particulars of principal subsidiary companies during the year, all the shares of which being beneficially held by Feedback PLC, were as follows:

Company	Activity	Country of and incorporation operation	Proportion of Shares held
Feedback Black Box Company Limited	Non trading	England	100% Ordinary £1
Feedback Data GmbH	Non trading (liquidated October 2015)	Germany	100% Specific capital
Brickshield Limited	Non trading	England	100% Ordinary £1
Cambridge Computed Imaging Limited	Medical Imaging	England	100% A Ordinary £1 100% B Ordinary 1p
TexRAD Limited	Medical Imaging	England	100% Ordinary 1p

Notes to the Financial Statements

CONTINUED

12. Investments (continued)

TexRAD Limited is owned 100% by virtue of a direct holding by Feedback plc of 91% and an indirect holding via Cambridge Computed Imaging Limited of 9%.

Feedback Data GmbH is a subsidiary of Feedback plc following the transfer of ownership from Feedback Data plc on 31 May 2013. The company was liquidated in October 2015.

All the subsidiary companies have been included in these consolidated financial statements.

2014 Acquisitions

Acquisition of Cambridge Computed Imaging Limited and TexRAD Limited in May 2014.

	Cambridge Computed Imaging Limited £	TexRAD Limited £	Total £	Fair value adjustments £	Fair Value of assets acquired £
Intangible assets	114,972	41,479	156,451	400,000	556,451
Tangible assets	1,444	—	1,444	—	1,444
	116,416	41,479	157,895	400,000	557,895
Current assets					
Debtors	31,658	91,600	123,258	—	123,258
Cash	29,290	35,755	65,045	—	65,045
Deferred tax	—	—	—	(80,000)	(80,000)
Net liabilities	(260,559)	(209,598)	(470,157)	—	(470,157)
	(83,194)	(40,764)	(123,959)	320,000	196,041
Cost of acquisition					
Issue of shares	200,000	227,501	427,501	—	427,501
Cash consideration	13,200	13,200	26,400	—	26,400
Issue of warrants	—	13,555	13,555	—	13,555
	213,200	254,256	467,456		467,456
Goodwill arising on consolidation representing intangible assets not qualifying for separable recognition.					271,415

The costs related to the acquisitions of £164,000 were recognised as part of the administration costs, although shown separately, in the statement of comprehensive income in the year to 31 May 2014. The subsidiaries contributed £7,000 of revenue to the group and no profit or loss in the period since acquisition.

In 2014, had the subsidiaries been part of the Group for the full year from 1 June 2013, Group revenue would have been £364,000 and Group loss would have been £471,000 for the year ended 31 May 2014.

None of the goodwill arising on consolidation is tax deductible.

Notes to the Financial Statements

CONTINUED

13. Property, plant and equipment

	Plant and Equipment £	Total £
Group		
Cost of valuation		
At 31 May 2013	—	—
Acquired with subsidiary undertakings	1,444	1,444
At 31 May 2014	1,444	1,444
Additions	9,329	9,329
As 31 May 2015	10,773	10,773
Depreciation		
At 31 May 2013	—	—
Charge for the year	—	—
At 31 May 2014	—	—
Charge for the year	3,858	3,858
At 31 May 2015	3,858	3,858
Net Book Value		
At 31 May 2015	6,195	6,195
At 31 May 2014	1,444	1,444
At 31 May 2013	—	—

Notes to the Financial Statements

CONTINUED

14. Intangible assets

	Software £	Customer relationships £	Patents £	Goodwill £	Total £
Group					
Cost					
At 31 May 2013	—	—	—	—	—
Additions	20,000	—	—	—	20,000
Acquired with subsidiary	415,000	100,000	41,585	271,415	828,000
At 31 May 2014	435,000	100,000	41,585	271,415	848,000
Additions	128,099	—	32,913	—	161,012
At 31 May 2015	563,099	100,000	74,498	271,415	1,009,012
Amortisation					
At 31 May 2013	—	—	—	—	—
Charge for the year	—	—	—	—	—
At 31 May 2014	—	—	—	—	—
Charge for the year	145,372	25,000	9,940	—	180,312
Impairment charge in the year	417,727	—	—	271,415	689,142
At 31 May 2015	563,099	25,000	9,940	271,415	869,454
Net Book Value					
At 31 May 2015	—	75,000	64,558	—	139,558
At 31 May 2014	435,000	100,000	41,585	271,415	848,000
At 31 May 2013	—	—	—	—	—

In accordance with the accounting policies and IFRS the Directors have assessed the carrying value of the intangible assets. Following their assessment the Directors have taken the prudent decision to write down the carrying value of some of the intangible assets in the balance sheet in order to meet the requirements of IFRS. However the Directors believe the Group's technology has great potential and this write down does not reflect their commercial assessment of the value of the company's intellectual property. Future expenditure on software development will be capitalised once the provisions of IAS 38 are met or written off as incurred until the provisions are met. The customer lists and patents are deemed to have ongoing value to the group.

Notes to the Financial Statements

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15 Other receivables

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Amounts falling due within one year				
Amounts owing by subsidiary undertakings	—	—	16,909	209,000
Other receivables	14,290	94,638	5,699	78,350
Corporation tax recoverable	32,775	—	—	—
Prepayments	54,194	26,241	30,385	16,555
	101,259	120,879	52,993	303,905

Amounts of £356,991 due from the subsidiaries to Feedback plc have been provided for following the write down of the intangible assets under the requirements of IAS 36. The Directors have made a provision against the amounts due from the subsidiaries to reflect the impairment in the Feedback plc balance sheet.

16. Other payables

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Amounts falling due within one year				
Other payables	9,396	195,743	16	6,003
Other taxes and social security	33,047	12,711	16,418	5,029
Accruals	28,701	48,666	18,024	20,755
Deferred income	193,818	171,430	—	—
	264,962	428,550	34,458	31,787

In 2014 comparatives included in other payables is an amount of £189,000 due to T Charlton. Mr Charlton had a debt due by Cambridge Computed Imaging Limited to Panvista Limited assigned to him. For further detail see note 22.

17. Financial instruments

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash and cash equivalents and various items such as trade payables and receivables that arise directly from its operations. The Group is exposed through its operations to the following risks:

- Credit risk
- Foreign currency risk
- Liquidity risk
- Cash flow interest rate risk

Notes to the Financial Statements

CONTINUED

17. Financial instruments (continued)

Fair value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

— Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

— Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

— Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The share options and warrants issued by the group during the year are valued under level three above as noted in note 18 below.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks and consequently the objectives, policies and processes are unchanged from the previous period.

The Board has overall responsibility for the determination of the Group's risk management policies. The objective of the Board is to set policies that seek to reduce the risk as far as possible without unduly affecting the Group's competitiveness and effectiveness. Further details of these policies are set out below:

Credit risk

The Group was exposed to credit risk primarily on its trade receivables, which are spread over a range of countries, a factor that helped to dilute the concentration of the risk.

Group policy, implemented locally, is to assess the credit risk of each new customer before entering into binding contracts. Each customer account was then reviewed on an ongoing basis (at least once a year) based on available information and payment history.

The maximum exposure to credit risk is represented by the carrying value in the balance sheet.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Cash, loans and receivables	
	2015 **£**	**2014** **£**
Current financial assets		
Trade and other receivables	212,129	208,489
Cash and cash equivalents	63,261	874,432
	275,390	1,082,921

Notes to the Financial Statements

CONTINUED

17. Financial instruments (continued)

Analysis of trade receivables

	Total	Current	30 days past due	60 days past due	90 days past due
2015	110,870	17,957	69,259	3,591	20,063
2014	87,610	6,451	79,399	1,760	—

The Group policy is to make provisions against those debts that are overdue, unless there are grounds for believing that all or some of the debts would be collected. During the year the value of provisions made in respect of bad and doubtful debts was £Nil (2014: £Nil). Any provision made is included within the management and administration costs in the Consolidated Income Statement.

Foreign currency risk

Foreign exchange transaction risk arises when the Group enters into transactions denominated in a currency other than the functional currency. Excess foreign currency amounts generated from trading are converted back to sterling and required foreign currency amounts for suppliers will be converted from sterling and the use of forward currency contracts is considered.

The Group's main foreign currency risk is the short-term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries' functional currency. The risk arises on the difference in the exchange rate between the time invoices were raised/received and the time invoices were settled/paid.

The following table shows the net assets, stated in pounds sterling, exposed to exchange rate risk that the Group has at 31 May 2015:

	2015 £	2014 £
Trade receivables	43,787	72,081
Cash and cash equivalents	—	—
	43,787	72,081

The Group is exposed to currency risk because of the subsidiaries undertaking trading transactions in US dollars and Euros. The Directors do not generally consider it necessary to enter into derivative financial instruments to manage the exchange risk arising from its operations, but from time to time where the Directors consider foreign currencies are weak and it is known that there would be a requirement to purchase those currencies, forward arrangements may be entered into. There were no outstanding forward arrangements as at 31 May 2015 or at 31 May 2014.

17. Financial instruments (continued)

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs.

	Financial liabilities measured at amortised cost	
	2015 £	**2014 £**
Current financial liabilities		
Trade and other payables	111,512	483,153

The following are maturities of financial liabilities, including estimated contracted interest payments.

	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1 or more years
2015					
Trade and other payables	111,512	111,512	111,512	—	—
2014					
Trade and other payables	483,153	483,153	483,153	—	—

Cash flow interest rate risk

The Group presently has no substantial interest rate risk exposure.

Capital under management

The Group considers its capital to comprise its ordinary share capital, share premium, capital reserve, convertible debt option reserve and accumulated retained earnings.

The group's objectives when managing the capital are:

- To safeguard the group's ability to remain a going concern.
- To maximise returns for shareholders in order to meet capital requirements and appropriately adjust the capital structure, the group may issue new shares, dispose of assets to pay down debt, return capital to shareholders and vary dividend payments.

There have been no changes to the group's capital management objectives in the year.

Notes to the Financial Statements

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18. Share capital and reserves

	2015 £	2014 £
Authorised and issued share capital Ordinary shares of 0.25 pence each	476,867	476,867

Allotted, called up and fully paid share capital:

	Number	Number
As at 1 June 2014	190,746,746	190,746,746
As at 31 May 2015	**190,746,746**	**190,746,746**

Share Options

Share options are granted to Directors and employees. Options are conditional on the employee completing a specific length of service (the vesting period). The options are exercisable from the end of the vesting period and lapse after ten years after the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options are valued using the Black-Scholes option pricing model and no performance conditions are included in the fair value calculations. The risk free rate was 1.64%. The expected volatility is based on historical volatility over the last two years and is estimated to be 25%. The average share price during the year was 0.85 pence. During the year the Company had the following share options in issue:

Number of options

At 1 June 2014	Granted	Cancelled	At 31 May 2015	Exercise price (pence)	Exercise date
4,000,000	—	4,000,000	—	1.25	21/05/14 to19/05/24
5,800,000	—	1,000,000	4,800,000	1.25	21/05/14 to19/05/24
4,000,000	—	—	4,000,000	3.00	21/05/15 to19/05/24
4,000,000	—	—	4,000,000	5.00	21/05/15 to19/05/24
17,800,000		5,000,000	12,800,000		

All share options vest one year after the grant date. Each option can only be exercised from one year after the grant date to ten years after the date of grant.

In June 2015 1,600,000 options were exercised at a price of 1.25p.

18. Share capital and reserves (continued)

Warrants

Warrants were issued to the vendors of TexRAD Limited at the time of acquisition. The warrants are exercisable from the end of the vesting period and lapse ten years after the grant date. The Group has no legal or constructive obligation to repurchase or settle the warrants in cash.

Warrants are valued using the Black-Scholes pricing model and no performance conditions are included in the fair value calculations. The risk free rate was 1.64%. The expected volatility is based on historical volatility over the last two years and is estimated to be 25%. The average share price during the year was 0.85 pence. During the year the Company had in existence the following warrants:

Number of warrants

At 1 June 2014	Granted	Cancelled	At 31 May 2015	Exercise price (pence)	Exercise date
4,550,000	—	—	4,550,000	1.25	19/05/16 to 19/05/24
18,200,000	—	—	18,200,000	3.00	19/05/17 to 19/05/24
22,750,000	—	—	22,750,000		

Reserves

The nature and purpose of each reserve within equity is as follows:

Share premium	Amount subscribed for share capital in excess of nominal value.
Capital reserve	Reserve on consolidation of subsidiaries.
Translation reserve	Gains and losses on the translation of overseas operations into GBP.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.
Convertible debt option reserve	Amount of proceeds on issue of convertible debt relating to the equity component of the debt.

19. Convertible debt option reserve

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Convertible loan	189,000	189,000	189,000	189,000

The loan is from T Charlton a Director and shareholder of the company and is repayable on the earlier of (i) 1 December 2016 or (ii) such date that certain conditions are satisfied relating to the dilution of Mr Charlton's shareholding in the Company to less than 10 per cent. of the Ordinary Shares then in issue. Feedback plc also has the right after 1 June 2016, at its sole discretion, to issue up to 15.12 million new Ordinary Shares at a deemed issue price of £0.0125 per Ordinary Share in satisfaction of the loan. No interest shall accrue on the Shareholder Loan.

Notes to the Financial Statements

CONTINUED

20. Financial commitments

The Group has no financial commitments as 31 May 2015.

21. Pensions

The Company operated a defined contribution scheme during the year and the assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable and amounted to £11,264 (2014: £Nil). There were no outstanding or prepaid contributions at the year end.

22. Related party transactions

The following related party transactions took place in the year and prior year:

On 20 May 2014 A convertible loan of £189,000 was received from T W G Charlton a Director of the company and is repayable on the earlier of (i) 1 December 2016 or (ii) such date that certain conditions are satisfied relating to the dilution of Mr Charlton's shareholding in the Company to less than 10 per cent. of the Ordinary Shares then in issue. Feedback also has the right after 1 June 2016, at its sole discretion, to issue up to 15.12 million new Ordinary Shares at a deemed issue price of £0.0125 per Ordinary Share in satisfaction of the loan. No interest shall accrue on the Shareholder Loan. The loan has been classified as an equity instrument and added to the Convertible debt option reserve.

At 31 May 2014 T W G Charlton was owed £189,000 by Cambridge Computed Imaging Limited. Mr Charlton was owed this sum at the date of the acquisition of Cambridge Computed Imaging Limited. This related to a creditor outstanding by Cambridge Computed Imaging that was assigned to Mr Charlton. The amount due was fully repaid in June 2014. This amount is shown within other payables in note 16.

T E Brown is a director and shareholder in Peterhouse Corporate Finance Limited. Peterhouse Corporate Finance Limited were appointed joint Brokers on 6 March 2014 to the Company at a fee of £12,000 per annum. A fee of £12,000 has been charged to the Statement of Comprehensive Income for the year to 31 May 2015 and no amount was outstanding at the year end.

23. Post balance sheet events

On 3 June 2015 the company raised £200,000 by the issue of 11,111,111 new ordinary shares at 1.8 pence per share ('Placing Shares'). The Placing includes participation by two of Feedback's directors, Tom Charlton who invested £50,400 for 2,800,000 Placing Shares and Trevor Brown who invested £18,000 for 1,000,000 Placing Shares.

On 6 July 2015 the Company issued 216,000 ordinary shares at 1.25 pence per share in lieu of fee for professional services.

On 9 July 2015 the Company issued 1,600,000 shares following notification of the exercise of options at 1.25 pence per share.

The group has also announced that it has entered into two Joint Ventures, Stone Checker Software Ltd with Oxford Stone Group for the potential future clinical application of TexRAD on patients with kidney stones and Prostate Checker Ltd with QUIBIM S.L for assisting the detection and diagnosis of prostate cancer.

24. Ultimate controlling party

There is no ultimate controlling party.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Feedback plc (the "**Company**") will be held at the offices of Sanlam Securities UK Limited, 10 King William Street, London EC4N 7TW at 2.00 p.m. on 30 November 2015. You will be asked to consider and, if thought fit, pass the resolutions below.

Resolution 9 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

As Ordinary Resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 31 May 2015 together with the Directors' report and the auditors' report on those accounts.
2. To re-elect T E Brown, who retires by rotation pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director.
3. To re-elect B Ganeshan, who retires pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director.
4. To re-elect M P Hayball, who retires pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director.
5. To re-elect A Menys, who retires pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director.
6. To re-appoint haysmacintyre as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.
7. To consider, in accordance with Section 656 of the Companies Act 2006 (the "Act"), whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company were half or less of its called-up share capital.
8. THAT, in substitution for all previous authorities and in accordance with section 551 of the Act, the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any securities into shares ("Rights"), provided that this authority shall be limited to the allotment of up to an aggregate nominal amount of £169,728.21 provided that this authority shall expire at the earlier of the next annual general meeting of the Company or 30 November 2016 and that the Company may before such expiry make an offer or agreement which would or might require shares or Rights to be granted in pursuance of any such offer or agreement notwithstanding that the authority conferred hereby has expired.

As a Special Resolution:

9. THAT, subject to the passing of resolution 8 above, but in substitution for all previous authorities, and in accordance with section 570 of the Act, the Directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash:
    a. in connection with an offer of such equity securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange and;
    b. the allotment (otherwise than under sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £101,836.92 (representing 20% of the issued share capital for the time being);
    c. provided that this authority shall expire at the earlier of the next annual general meeting of the Company or 30 November 2016 and that the Company may before such expiry make an offer or agreement which would or might require equity securities to be granted in pursuance of any such offer or agreement notwithstanding that the authority conferred hereby has expired.

By Order of the Board

Dated 5 November 2015

T W G Charlton
Director

Registered Address: Grange Park, Broadway, Bourn, Cambridgeshire, CB23 2TA

Registered Number: 00598696

Notice of Annual General Meeting

CONTINUED

Explanatory Notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 8 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 9 is proposed as a special resolution. This means that for the resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Approval of the annual report and accounts

The Company is required to present its report and accounts to shareholders at its AGM. This provides an opportunity to discuss the performance of the Company during the year, its management and prospects for the future.

Resolutions 2-5: Re-election of directors

The Company's articles of association require one-third (but if the number of current Directors of the Board is not three or a multiple of three, as close to one-third as possible), of the Board to retire and seek re-election at each AGM. As a consequence, Trevor Brown retires by rotation and being eligible, the Board proposes his re-election as a Director of the Company. Balaji Ganeshan, Mike Hayball and Alex Menys are retiring at the first AGM since their appointment and the board propose them for re-election as Directors of the Company.

Resolution 6: Auditors reappointment and remuneration

It is a requirement that the Company's auditor must be reappointed at each general meeting at which financial statements are laid, in effect, at each AGM. After considering relevant information, the Audit Committee recommended to the Board the reappointment of haysmacintyre. The resolution proposes haysmacintyre's reappointment and to authorise the Directors to determine their remuneration.

Resolution 7: Section 656 consideration

This is an ordinary resolution required by the Companies Act 2006 given that, as at 31 May 2015, the Company's net assets were less than half its called-up share capital. In June 2015 the Company raised £200,000 and the Board continues to monitor the Company's cash requirements closely. Consequently the Board does not recommend any additional action at the AGM.

Resolution 8: Directors' power to allot relevant securities

Under section 551 of the Act, relevant securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the Directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £169,728.21 which is equal to one third of the nominal value of the current share capital of the Company. Such authority will expire at the conclusion of the next AGM of the Company or six months after the Company's accounting reference date (whichever is the earlier).

Resolution 9: Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This special resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the Directors to allot shares up to an aggregate nominal value of £101,836.92, which is equal to 20% of the nominal value of the current share capital of the Company, assuming resolution 8 being passed. The Directors believe that the powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next AGM of the Company or six months after the Company's accounting reference date (whichever is the earlier).

Notice of Annual General Meeting

CONTINUED

Notes

1. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. A proxy need not be a member of the Company but must attend the meeting to represent you.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact Share Registrars on 01252 821390, overseas callers should call +44 1252 821390.
3. A Form of Proxy is enclosed. To be effective, the Form of Proxy together with any power of attorney or other written authority under which it is signed, or a notarially certified copy or a certified copy in accordance with the Powers of Attorney Act 1971 of such power or written authority must be completed signed and to be valid the proxy must be duly executed and deposited with the Company at the offices of the Company's registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, or by scan and email to Share Registrars at proxies@shareregistrars.uk.com, not later than 2.00 p.m. on 26 November 2015.
4. Completion and return of a Form of Proxy will not prevent a member from attending and voting in person if he or she so wishes.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company at the close of business on 26th November 2015 (or in the event of any adjournment, on the day which is two days before the day of the adjourned meeting) shall be entitled to attend and vote at the AGM in respect of the shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
8. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote' in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Share Registrars. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. In order to revoke a proxy instruction, you will need to inform the Company using one of the following methods:

    By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Ltd, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    In either case, the revocation notice must be received by Share Registrars no later than 2.00 p.m. on 26 November 2015.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
11. As at 5.00 p.m. on the date immediately prior to this notice the Company's issued share capital comprised 203,673,857 ordinary shares of 0.25 pence each ("Ordinary Shares"). Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 5.00 p.m. on the date immediately prior to this Notice is 203,673,857.

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