Provexis plc

Annual report and accounts 2014

Company number 05102907

Contents

About Provexis

Provexis Limited was founded in 1999 to commercialise the Fruitflow® anti-thrombotic technology discovered at the Rowett Research Institute by Professor Asim Dutta Roy.

Provexis plc was listed on the Alternative Investment Market (AIM) in 2005.

Fruitflow® is a patented natural extract from tomatoes which has been shown in human trials to reduce the propensity for aberrant blood clotting, typically associated with cardiovascular disease, which can lead to heart attack and stroke. The extract is available in two formats, a syrup and a spray-dried powder and can be included in a broad range of food, beverage and dietary supplement formats.

In May 2009, the company's Fruitflow® technology was the first to be substantiated by the European Food Safety Authority ("EFSA") under the new Article 13(5) for proprietary and emerging science. In December 2009 the European Commission authorised the health claim "Helps maintain normal platelet aggregation, which contributes to healthy blood flow", which was the first wording to be authorised under Article 13(5).

In June 2010 it was announced that the company had entered into a long-term Alliance Agreement with DSM Nutritional Products to commercialise Fruitflow®, through sales as an ingredient to brand owners in the food, beverage and dietary supplement categories. The Alliance is seeing the partners collaborate to develop Fruitflow® in all major global markets, through an effective commercialisation of current formats and pioneering new and significant applications. DSM is responsible for: manufacturing; marketing; and selling via its substantial sales force. Provexis is responsible for contributing scientific expertise necessary for successful commercialisation, and for maintaining and strengthening the breadth and duration of its patent and trade mark coverage for Fruitflow®, seeking to maximise the commercial returns that can be achieved from the technology. Profits from the Alliance are being shared by the parties on an agreed basis, linked to various performance milestones.

Fruitflow® was launched in Europe in November 2010 at the Health Ingredients Europe Conference in Madrid, where it was awarded the overall award for 'Most Innovative Health Ingredient' and won the best innovation in the 'Heart Health' category. The US trade launch was at the Natural Products Expo West in Anaheim in March 2011. In 2012 Fruitflow® was named one of the most innovative products of the year at the Food Ingredients South America trade show.

Fruitflow® in powder format was officially launched by DSM at the Vitafoods exhibition in Geneva in May 2013. The powder version is suitable for use in a wide range of products including soft gels, capsules, tablets and stick packs, enabling manufacturers to target a broader consumer base.

Specialising in functional food and dietary supplements, Provexis has a clear commercial focus to deliver viable products and scientific intellectual property from the laboratory through to revenue stream.

Key highlights

- Demerger of Science in Sport, delivering an initial 25% return on Provexis' original investment, with shareholders receiving underlying one SiS share for each Provexis share
- Restructuring of Company resulting in a low overhead licensing business model
- Over 27 regional consumer healthcare brands containing Fruitflow® have now been launched by DSM customers
- An increasing number of further commercial projects have been initiated by the Company's Alliance partner DSM with prospective customers, with good prospects for these projects to be launched as consumer products; interest in the technology exists in all major global markets
- Fruitflow® powder for tablets, gel capsules and dietary supplements commercially launched by DSM and manufacturing plant in place
- Revenues from profit sharing Alliance for the period £4k (2013: £37k) largely due to high scale-up costs in the initial powder manufacturing setup phase, which are now at an end
- Cash £515k (2013: £617k) following fundraising of £287k using Equity Financing Facility in September 2013
- Further fundraising of £45k using Equity Financing Facility in April 2014

Key financial results

- Revenues from continuing operations £4k (2013: £37k).
- Underlying operating loss from continuing operations* reduced to £0.58m (2013: £1.17m);
- Statutory operating loss from continuing operations £1.02m (2013: £4.27m); statutory profit attributable to owners of the parent £0.49m (2013: loss of £4.34m). These results are after charging £Nil (2013: £2.78m) of non-cash amortisation and impairment charges, £Nil (2013: £0.14m) of restructuring costs and a £0.39m (2013: £0.18m) non-cash share based payment charge.
- Cash balance at 31 March 2014 £0.51m (2013: £0.62m).
- Basic loss per share from continuing operations 0.06p (2013: 0.27p).

*before impairment and amortisation of intangible assets, share based payments and exceptional costs of £0.44m (2013: £3.10m), as set out on the face of the Consolidated Statement of Comprehensive Income

Chairman's statement

The past year has seen substantial change and progress across the Group. During the year the Science in Sport business was demerged from Provexis, delivering an initial 25% return on the original acquisition price, and the cost base of the legacy Provexis business was significantly reduced. The Company's Alliance partner DSM Nutritional Products has continued to develop the market actively for the Company's novel, patented Fruitflow® heart-health ingredient in all global markets.

During the first half of the year the Company substantially reduced the running costs of the business. The Aberdeen R&D facility was closed in April 2013 with a resulting reduction in full time staff costs; the Company has retained the services of its key R&D officer in a consultancy role.

In August 2013 the demerger of the Company's Science in Sport business became effective, which lead to further considerable cost savings for the Group, particularly in respect of staff and other central administrative expenditure.

The actions taken in 2013 were as envisaged reflected in a 51% reduction in underlying operating loss from continuing operations for the year, which fell to £0.58m.

We used our equity financing facility to drawdown £287k in September 2013 to bolster the Company's cash reserves, with a further £45k drawdown in April 2014 to strengthen the balance sheet further, and help fund the Company's patent and trade mark costs for Fruitflow®.

Fruitflow®

The Company's Alliance partner DSM Nutritional Products has continued to make good progress marketing Fruitflow®, with 10 new consumer brands having been launched in the year. Over 27 regional consumer brands worldwide containing our novel, patented technology have been launched since the Alliance Agreement was signed in 2010.

An increasing number of further commercial projects have been initiated by DSM with prospective customers, with good prospects for these projects to be launched as consumer products. Interest in the technology exists in all major global markets.

The powder format of Fruitflow® was officially launched by DSM at Vitafoods in May 2013. The format has broad potential applications in tablet, gel capsule and dietary supplement products, and interest from potential customers for this format remains strong.

The Company's long-term Alliance Agreement with DSM Nutritional Products for Fruitflow® includes a financial model which is based upon the division of profits between the two partners on an agreed basis, linked to certain revenue targets, following the deduction of the cost of goods and a fixed level of overhead from sales.

DSM has invested substantial resource into establishing a commercial scale supply chain for powder manufacturing and cost of goods has been high in this start-up phase, on a low volume base, which is typical for a new ingredient launch. DSM's manufacturing and technical teams have been highly focused on reducing Fruitflow® production costs and as manufacturing volume increases unit costs will decrease, enabling more positive margins and thus profit distributions to Provexis.

The initial powder manufacturing setup phase for Fruitflow® has now been concluded, and a reduction in Fruitflow® powder production costs was realised towards the close of the quarter ended 30 June 2014.

We collaborated with DSM at the start of the financial year to complete a substantial piece of consumer research to understand more fully consumer attitudes to Fruitflow® and blood flow, in order to support potential customers in understanding the key success factors for any new brand launches. The DSM marketing and sales teams are using the findings from this research to assist their customers with potential brand positioning. DSM has also been able to assist the Company in the development of its web site.

Intellectual property
The Company is responsible for filing and maintaining patents and trade marks for Fruitflow® as part of the Alliance Agreement with DSM. We are pursuing a strategy to strengthen the breadth and duration of our patent coverage to maximise the commercial returns that can be achieved from the technology. Trade marks were originally registered in the larger global territories, and new registrations are typically now sought in additional territories in response to requests from current or prospective DSM customers for Fruitflow®.

In December 2013 British and international patent applications were filed for the use of Fruitflow® in mitigating exercise-induced inflammation and for promoting recovery from intense exercise, seeking to enhance further the potential of the technology in the sports nutrition sector.

Trade marks for Fruitflow® have been registered in the EU, US, China, Japan and a further six international territories, and trade marks have been applied for in a further thirteen territories to support existing and forthcoming consumer brands across all major global markets.

People
I would like to thank the executive team and our staff and advisors for their high levels of commitment and professionalism throughout the year.

Outlook
While DSM's high scale-up related costs of powder manufacturing reduced our share of profits in the year, it is pleasing to note that a reduction in production costs for Fruitflow® powder was realised after the close of the financial year. Having capacity in place for the powder format is a strategically important milestone, and we continue to work closely with DSM to explore all avenues for growing revenues for our novel technology.

The number of international brands containing Fruitflow® continues to steadily increase, with a further 10 consumer brands launched in the year. Over 27 regional consumer brands worldwide have now been launched, and an increasing number of further commercial projects have been initiated with prospective customers.

With DSM making good progress in the marketplace it remains our belief that products addressing blood flow and circulation issues represent a long-term opportunity in the functional food sector. With the Company's very low operational costs we are well positioned to drive value for shareholders, and we remain positive about the outlook for the Fruitflow® business.

Dawson Buck
Chairman
20 August 2014

Strategic report

The strategic report should be read in conjunction with the Chairman's statement on pages 3 to 4, the Group's financial statements and the Notes to the Group's financial statements set out on pages 21 to 54.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS") and those parts of the Companies Act 2006 that are applicable to financial statements prepared in accordance with IFRS.

The Company has elected to prepare its parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), and these are set out on pages 55 to 59.

Group strategy

The Group strategy has historically focused on the discovery, development and commercialisation of functional foods, medical foods and dietary supplements, and in particular the Group's Fruitflow® technology.

On 1 June 2010 the Company announced that it had entered into a long term Alliance Agreement with DSM Nutritional Products to commercialise Fruitflow®, through sales as an ingredient to brand owners in the food, beverage and dietary supplement categories.

The establishment of the Alliance Agreement was a significant milestone in the history of the Company. The Alliance is seeing the partners collaborate to develop Fruitflow® in all major global markets, through an effective commercialisation of current formats and pioneering new and significant applications. DSM is responsible for: manufacturing; marketing; and selling via its substantial sales force. Provexis is responsible for contributing scientific expertise necessary for successful commercialisation, and for maintaining and strengthening the breadth and duration of its patent and trade mark coverage for Fruitflow®, seeking to maximise the commercial returns that can be achieved from the technology. Profits from the Alliance are being shared by the parties on an agreed basis, linked to various performance milestones.

The directors believed at the time of signing the Alliance Agreement, and still retain the belief, that the commercialisation of Fruitflow® is best undertaken in conjunction with DSM as it enables Provexis to leverage the resources and relationships of DSM in the major global markets.

In June 2011 the Group acquired SiS (Science in Sport) Limited, a sports nutrition business focused on the SiS brand of endurance sports nutrition products., which gave the Group two operating segments, the existing Fruitflow® business and SiS (Science in Sport) Limited.

Following a strategic review the Board concluded in June 2013 that a demerger of SiS (Science in Sport) Limited to a new AIM listed company called Science in Sport plc would be in the best interests of shareholders, as more fully detailed in a circular to shareholders and admission to trading on AIM document for Science in Sport plc which were issued on 28 June 2013. Copies of the circular and the admission to trading on AIM document can be downloaded from Provexis plc's website www.provexis.com.

Pursuant to the terms of the demerger agreement Science in Sport plc allotted and issued to the holders of ordinary shares in the capital of Provexis plc 15,188,000 ordinary shares of 10 pence each in consideration of the transfer to Science in Sport plc by Provexis plc of the whole of the issued share capital of SiS (Science in Sport) Limited. Science in Sport plc was admitted to the AIM segment of the London Stock Exchange's market for listed securities as from 9 August 2013.

At the date of the demerger, Science in Sport plc acquired the entire issued share capital of SiS (Science in Sport) Limited in return for issuing shares to the shareholders of Provexis plc.

These transactions resulted in the demerger of SiS (Science in Sport) Limited from the Group.

Following the demerger the Group's strategic priority is to focus on developing revenues from the Fruitflow® business together with the Group's Alliance partner DSM, whilst also managing the relationship with DSM.

Strategic report

Group strategy (continued)
The Group also seeks to ensure that it fulfils its responsibilities under the Alliance Agreement to include protecting the intellectual property of Fruitflow® and assisting DSM with scientific work required to further commercialise the technology. At the same time, the Board remains committed to keeping regular and fixed costs restricted to an appropriate level, thereby maximising the Group's profit potential.

The Group continues to maintain the Crohn's disease intellectual property registered in Provexis (IBD) Limited, and continues to seek a purchaser for the intellectual property as part of the completion of the R&D rationalisation phase.

Market opportunity
Fruitflow® is a patented natural extract from tomatoes which has been shown in human trials to reduce the propensity for aberrant blood clotting, typically associated with cardiovascular disease, which can lead to heart attack and stroke. The extract is available in two formats, a syrup and a spray-dried powder and can be included in a broad range of food, beverage and dietary supplement formats.

In May 2009, the company's Fruitflow® technology was the first to be substantiated by the European Food Safety Authority ("EFSA") under the new Article 13(5) for proprietary and emerging science. In December 2009 the European Commission authorised the health claim "Helps maintain normal platelet aggregation, which contributes to healthy blood flow", which was the first wording to be authorised under Article 13(5).

The global functional food market is estimated to be in excess of $170 billion per year, and the global market for cardiovascular disease, to include dietary supplements, is estimated to be in excess of $10 billion per year. Global awareness of heart health is increasing and a rising number of people are taking a proactive approach to improving heart health. The directors believe that products addressing blood flow and circulation issues continue to represent a long-term opportunity in the expanding cardiovascular sector.

Financial review
SiS (Science in Sport) Limited represented a separate major line of business for the Group under the definitions within IFRS 5, hence the results of SiS (Science in Sport) Limited up to the date of the demerger are shown as discontinued in these financial statements. Prior year comparatives have been restated as necessary.

The financial review has been prepared on the basis of Group's continuing operations, as further detailed in the consolidated statement of comprehensive income on page 21.

Revenue
Revenue from the profit sharing Alliance for Fruitflow® for the year ended 31 March 2014 was £3,967 (2013: £37,351).

The Company's long-term Alliance Agreement with DSM Nutritional Products for Fruitflow® includes a financial model which is based upon the division of profits between the two partners on an agreed basis, linked to certain revenue targets, following the deduction of the cost of goods and a fixed level of overhead from sales.

The reduction in revenue accruing to the Company for the year is primarily due to the high scale-up costs of the initial powder manufacturing setup phase for Fruitflow®, which increased the cost of goods and reduced the gross margin, despite an increase in the overall sales of Fruitflow®. DSM's manufacturing and technical teams remain highly focused on reducing Fruitflow® production costs, and as manufacturing volume increases unit costs will decrease, enabling more positive margins and thus profit distributions. The initial powder manufacturing setup phase for Fruitflow® has now been completed, and a resulting reduction in the cost of goods was achieved during the quarter ended 30 June 2014.

Underlying operating loss
Underlying operating loss has reduced by 51% to £577,961 (2013: £1,169,267), reflecting the significant restructuring conducted between 2012 and 2013, and continued progress with Fruitflow®.

The Group has chosen to report underlying operating loss as the directors believe that the operating loss before amortisation and impairment of acquired goodwill and other intangible assets, share based payments and exceptional items measure provides additional useful information for shareholders on underlying trends and performance. A reconciliation of underlying operating loss to statutory operating loss is presented on the face of the consolidated statement of comprehensive income. This measure is used for internal performance analysis.

Strategic report

Underlying operating loss (continued)
The Group's cost base and its resources have been and will continue to be tightly managed within budgets approved and monitored by the Board.

Research and development costs
Research and development costs have reduced by 56% to £142,985 (2013: £324,468), also reflecting the significant restructuring conducted between 2012 and 2013.

Restructuring costs
Restructuring costs of £Nil (2013: £135,787) were incurred during the year. The prior year's costs primarily related to staff reductions and all the costs of closing the Group's facility at the University of Aberdeen, as the Group sought to reduce its cost base.

Taxation
A current tax credit of £15,823 (2013: £83,087), primarily in respect of research and development tax credits has been recognised in the financial statements. Tax credit claims totalling £220,717 were paid to the Group during the year in respect of research and development expenditure for the two years ended 31 March 2013.

Results and dividends
The profit attributable to equity holders of the parent for the year ended 31 March 2014, including discontinued operations, was £488,353 (2013: loss of £4,338,600) and the basic profit per share was 0.03p (2013: loss of 0.29p). The profit attributable to equity holders of the parent for the year ended 31 March 2014 included a profit from discontinued operations of £1,434,983 (2013: loss of £221,364) in respect of SiS (Science in Sport) Limited, which was demerged from the Group in August 2013. The profit from discontinued operations in the year ended 31 March 2014 includes the profit arising from the demerger itself, as further detailed in note 10.

The directors are unable to recommend the payment of a dividend (2013: £Nil).

Capital structure and funding
Prior to the demerger of SiS (Science in Sport) Limited in August 2013, Provexis plc converted £448,163 of an intercompany debt from SiS (Science in Sport) Limited into equity by way of a capital contribution.

In August 2013, following the completion of the demerger, SiS (Science in Sport) Limited made payments amounting to £290,000 to Provexis to settle the remaining outstanding intercompany debt.

On 11 September 2013 the Company announced that it had raised a net £286,750 by drawing down on the Company's equity financing facility (the "EFF") which was arranged by Darwin Strategic Limited ("Darwin"), allotting 31,000,000 new ordinary shares of 0.1p each to Darwin.

On 19 November 2013 the Company announced that application had been made for the admission to AIM of 1,750,000 ordinary shares of 0.1p each in the Company, pursuant to the exercise of options by former employees. The Company received net proceeds of £15,750 in respect of this transaction.

On 23 April 2014 the Company announced that it had raised a net £45,403 by drawing down on the Company's EFF, allotting 7,000,000 new ordinary shares of 0.1p each to Darwin.

Further details of the EFF agreement and the drawdowns made using the EFF are available to download from the announcements section of the Company's website www.provexis.com.

Going concern
The Group's business activities together with the factors likely to affect its future development, and the financial position of the Group, its cash flows and liquidity position are set out in the strategic report on pages 5 to 11. In addition note 2 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

Going concern (continued)
The Group made a loss for the year from continuing operations of £998,264 (2013: £4,170,342) and expects to make a further loss during the year ending 31 March 2015. The total cash outflow from continuing operations in the year was £252,948 (2013: £287,931). At 31 March 2014 the Group had cash balances of £514,827 (2013: £616,612).

The directors have prepared projected cash flow information for a period of more than twelve months from the date of approval of these financial statements and have reviewed this information as at the date of these financial statements. The directors have also considered this issue in light of the significant reduction in net assets following the demerger of the SiS (Science in Sport) Limited business.

The Group has access to future equity financings, either through the Group's existing equity drawdown facility with Darwin or through an equity fundraising with the Company's shareholders, as potential additional sources of funding.

Based on the level of existing cash, projected income and expenditure, and excluding the potential additional sources of funding, the directors are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future.

Accordingly the going concern basis has been used in preparing the financial statements.

Key performance indicators
The principal financial KPIs monitored by the Board relate to underlying operating profit/(loss) and cash and cash equivalents.

The table below shows the Group's underlying operating loss from continuing operations for the two years ended 31 March 2014:

	Year ended 31 March 2014 £	Year ended 31 March 2013 restated £
Underlying operating loss	**577,961**	1,169,267

The £591,306 reduction in underlying operating loss in 2014 was primarily attributable to a reduction in central administrative costs of £443,207, along with a further £181,483 reduction in R&D costs. The trading results are further detailed in the strategic report on pages 5 to 11.

The table below shows the Group's cash position at 31 March 2014 and 31 March 2013:

	31 March 2014 £	31 March 2013 £
Cash and cash equivalents	**514,827**	616,612

The monitoring of cash gives due consideration to anticipated future spend required to prioritise development opportunities and to plan the resources required to achieve the goals of the business. The £101,785 reduction in cash and cash equivalents during the financial year is primarily the result of the operating cash outflows arising during the year, as further detailed in the consolidated statement of cash flows on page 23.

At this stage in the Group's development, the Board does not consider it appropriate to establish an internal audit function.

Principal risks and uncertainties

In the course of its normal business the Group is exposed to a range of risks and uncertainties which could impact on the results of the Group. The Board considers that risk-management is an integral part of good business process and, on a bi-annual basis, reviews the industry, operational and financial risks facing the Group and considers the adequacy of the controls and mitigants to manage the risks.

The directors have identified the following principal risks and uncertainties that could have the most significant impact on the Group's long-term value generation.

Funding and other risks

Provexis has experienced operating losses from continuing operations in each year since its inception. Accordingly until Provexis has sufficient commercial success with Fruitflow® to be cash generative it will continue to rely on its existing cash resources and further funding rounds to continue its activities. While Provexis aims to generate licensing revenues from Fruitflow®, there is no certainty that such revenues will be generated. Furthermore, the amount and timing of revenues from Fruitflow® is uncertain and will depend on numerous factors, most of which are outside Provexis' control due to the terms of the Alliance Agreement. It is therefore difficult for the directors to predict with accuracy the timing and amount of any further capital that may be required by the Provexis Group.

Factors that could increase Provexis' funding requirements include, but are not limited to: higher operational costs; slower progress than expected in DSM attracting customers to purchase Fruitflow®; unexpected opportunities to develop additional products or acquire additional technologies, products or businesses; and costs incurred in relation to the protection of Provexis' intellectual property.

Any additional share issues may have a dilutive effect on Provexis Shareholders. Further, there can be no guarantee or assurance that additional equity funding will be forthcoming when required, nor as to the terms and price on which such funds would be available, nor that such funds, if raised, would be sufficient to enable Provexis to meet its working capital requirements.

Early stage of operations

Whilst the Provexis Group has generated small levels of profit share revenue from Fruitflow®, Fruitflow® is still at an early stage of its commercial development. There are a number of operational, strategic and financial risks associated with early stage companies and products. The Provexis Group faces risks frequently encountered by early stage and pre-revenue companies looking to commercialise new (food) technology. In particular, the future growth and prospects of Provexis will be heavily dependent on its alliance partner, DSM, in securing product sales on appropriate terms and to attract customers who can produce products that will maximise the revenue potential of Fruitflow®.

Provexis is heavily dependent on DSM in marketing and selling Fruitflow® to achieve market acceptance, market penetration and, ultimately, sales of products that contain Fruitflow® in sufficient commercial volumes.

The development of Provexis' revenues is difficult to predict and there is no guarantee that Provexis will generate increasing revenues in the foreseeable future. Further there can be no assurance that Provexis' proposed operations will be profitable or produce a reasonable return on investment.

Commercialisation

Due to the terms of the Alliance Agreement, Provexis is solely dependent on DSM in respect of the development, production, marketing and commercialisation of Fruitflow®. Fruitflow® is solely reliant on DSM under the terms of the Alliance Agreement for its commercialisation.

Provexis' long-term success is fully dependent on the ability of DSM to sell Fruitflow®. Provexis' negotiating position with DSM if they choose to vary the Alliance Agreement may be affected by its size and limited cash resources relative to DSM who have substantial cash resources and established levels of commercial success. An inability to enter into any discussions with DSM on equal terms could lead to reduced revenue from the Alliance Agreement and this may have a significant adverse effect on Provexis' business, financial condition and results.

Principal risks and uncertainties (continued)

Commercialisation (continued)

The loss of, or changes affecting, Provexis' relationships with DSM could adversely affect Provexis' results or operations as Provexis has limited input on the sales strategies of Fruitflow® adopted by DSM. Furthermore, although Provexis has sought to include performance obligations on DSM in the Alliance Agreement, there is a risk that DSM may reprioritise Fruitflow® within their product portfolio resulting in Provexis achieving sales below that which it expects. Any such situation may have a material and adverse effect on Provexis' business, financial condition and results of operations.

Profitability depends on the success and market acceptance of Fruitflow®

The success of Provexis will depend on the market's acceptance and valuing of Fruitflow® and there can be no guarantee that this acceptance will be forthcoming or that Provexis' technologies will succeed. The development of a market for Fruitflow® will be affected by many factors, some of which are beyond Provexis' control, including the emergence of newer, more successful food IP and products and the cost of Fruitflow®. Notwithstanding the health claims made in respect of Fruitflow®, there can be no guarantee that Provexis' targeted customer base for the product will purchase or continue to purchase the product. If a market fails to develop or develops more slowly than anticipated, Provexis may be unable to recover the losses it may have incurred in the development of Fruitflow® and may never achieve profitability.

Limited product offering

Provexis has only have one product, Fruitflow®, and any problems with the commercial success of Fruitflow® will impact the financial performance of Provexis. Provexis does not have sufficient funds to develop new functional food technology or alternative product versions of Fruitflow®.

Intellectual property protection

Provexis is heavily dependent on its intellectual property and, in particular, its patents. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that any patents will be granted on a timely basis, that the scope of any copyright or patent protection will exclude competitors or provide competitive advantages to Provexis, that any of Provexis' patents will be held valid if challenged, or that third parties will not claim rights in or ownership of the copyright, patents and other proprietary rights held by Provexis.

Further, there can be no assurance that others have not developed or will not develop similar products, duplicate any of Provexis' products or design around any patents held by Provexis. Others may hold or receive patents which contain claims having a scope that covers products developed by Provexis (whether or not patents are issued to Provexis).

Provexis may rely on patents to protect its assets. These rights act only to prevent a competitor copying and not to prevent a competitor from independently developing products that perform the same functions. No assurance can be given that others will not independently develop or otherwise acquire substantially equivalent functional food IP or otherwise gain access to Provexis' unpatented proprietary technology or disclose such technology or that Provexis can ultimately protect meaningful rights to such unpatented technology.

Once granted, a patent can be challenged both in the patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

A substantial cost may be incurred if Provexis is required to assert its intellectual property rights, including any patents or trade marks against third parties. Litigation is costly and time consuming and there can be no assurance that Provexis will have, or will be able to devote, sufficient resources to pursue such litigation. Potentially unfavourable outcomes in such proceedings could limit Provexis' intellectual property rights and activities. There is no assurance that obligations to maintain Provexis' know how would not be breached or otherwise become known in a manner which provides Provexis with no recourse.

Principal risks and uncertainties (continued)
Intellectual property protection (continued)
Any claims made against Provexis' intellectual property rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on Provexis' resources. A third party asserting infringement claims against Provexis could require Provexis to cease the infringing activity and/or require Provexis to enter into licensing and royalty arrangements. The third party could also take legal action which could be costly. In addition, Provexis may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims will not have a material adverse effect on Provexis' business, financial condition or results.

Future development
The future development of the Company is discussed in the Chairman's statement on pages 3 to 4.

Other statutory disclosures
Directors
At the end of the financial year Provexis plc had three directors all of whom were male.

Employees
At the end of the financial year Provexis plc did not have any senior managers, or employees; the directors are engaged under service contracts with the Company. The Company does not discriminate between prospective employees on grounds of age, race, religion or gender. Every effort is made to provide the same opportunities to disabled persons as to others.

The Board recognises its obligation to provide a safe and healthy working environment. The Company complies with relevant health and safety legislation.

Information this report does not contain
As a result of the size and nature of the Company's operations it has not been deemed necessary to provide information about:

- Environmental matters and the impact of the Company's business on the environment.
- Social, community and human rights issues.

This strategic report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board

Ian Ford
Secretary
20 August 2014

Directors' report

The Company has chosen, in accordance with Section 414 C(ii) of the Companies Act 2006, and as noted in this Directors' report, to include certain matters in its strategic report that would otherwise be required to be disclosed in this Directors' report. The strategic report can be found on pages 5 to 11.

Provexis plc is a public limited company incorporated and domiciled in the United Kingdom (registration number 05102907). The address of the registered office is Prospect House, Queens Road, Reading, Berkshire RG1 4RP, UK. Provexis plc has two wholly owned subsidiaries, Provexis Nutrition Limited ("PNL") and Provexis Natural Products Limited ("PNP") which are registered in England and Wales. Provexis plc also owns 75% of Provexis (IBD) Limited ("IBD") which is also registered in England and Wales.

Review of the performance of the business and future developments
The Chairman's statement on pages 3 to 4 and the strategic report on pages 5 to 11 report on the Company's performance during the year ended 31 March 2014, its position at that date and its likely future development.

Board of Directors
The Board of Directors has overall responsibility for the Group.

The Board comprises an Executive Chairman, an Executive Finance Director and an additional Non-executive Director K Rietveld, a senior employee of DSM. DSM is classified as a related party of the Group in accordance with IAS 24 as it holds shares in the Group.

The Directors of Provexis (the "Directors"), having consulted with Cenkos Securities Limited ("Cenkos Securities"), the Company's nominated adviser, consider that the terms of the Fruitflow® Alliance Agreement are fair and reasonable insofar as Provexis's shareholders are concerned. In providing advice to the Directors, Cenkos Securities has taken into account the Directors' commercial assessments.

The directors of the Company during the year and up to the date that the financial statements were approved are shown below.

Executive Directors
C D Buck
I Ford
S N Moon (resigned 17 December 2013)

Non-executive Directors
K Rietveld
J M Clarke (resigned 9 August 2013)

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial year.

Going concern
The directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements. Further detail with regards to the consideration of going concern can be found in the strategic report on pages 5 to 11.

Adequacy of information supplied to auditors
Each director has taken all reasonable steps to make himself aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, Chantrey Vellacott DFK LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

Directors' report

Directors' responsibilities
The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the company financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website www.provexis.com in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate governance
The Board of directors of Provexis plc is collectively accountable to the Company's shareholders for the good corporate governance of the Group. Under the AIM Rules for Companies, the Group is not required to comply with the UK Corporate Governance Code. However, the Board is aware of best practice as defined by the UK Corporate Governance Code and will seek to adopt procedures to institute good governance insofar as is practical and appropriate for a public company of its size and nature.

The Company is subject to the UK City Code on Takeovers and Mergers.

Internal control and risk management
The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets, as well as reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material loss and misstatement.

The Audit Committee continues to monitor and review the effectiveness of the system of internal control and report to the Board when appropriate with recommendations. There have been no significant changes to the system of internal control throughout the year.

The key control procedures operating within the Group include, but are not limited to:

1. a comprehensive system of financial budgeting, forecasting and then reporting and reviewing actual monthly results for the current year against these expectations;
2. a system of operational and financial Key Performance Indicators ("KPIs"), which are reviewed on a monthly basis;
3. procedures for appraisal, review and authorisation of capital expenditure;
4. properly authorised treasury procedures and banking arrangements;
5. regular review of materials and services supply agreements; and
6. regular review of tax, insurance and health and safety matters.

Audit Committee
The Audit Committee comprises the Executive Chairman Dawson Buck and Krijn Rietveld, the Company's Non-executive Director. The Committee is chaired by Dawson Buck, and it meets as required and specifically to consider the suitability and monitor the effectiveness of the internal control processes. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements.

The independence of the auditors is considered by the Audit Committee. The Audit Committee meets at least once per calendar year with the auditors to discuss their objectivity and independence, the Annual Report, any audit issues arising, internal control processes and any other appropriate matters. As well as providing audit related services, the auditors provide taxation compliance, corporate finance services and iXBRL compliance services and undertake work in relation to the interim report. The fees in respect of the non-audit services provided are £22,000 for the year ended 31 March 2014 (2013: £10,500). The Audit Committee have considered the non-audit fees agreed with Chantrey Vellacott DFK in respect of the demerger and are satisfied that that the objectivity and independence of the auditors is safeguarded.

Environmental, social and community matters
As noted in the strategic report on pages 5 to 11 given the size and nature of the Company's operations, the impact of the Company's operations on the local community and the environment is not considered to be significant. Recycling of office supplies is undertaken where possible.

Relationship with shareholders
The directors seek to build a mutual understanding of objectives between the Company and its shareholders. The Group reports formally to shareholders in its interim and annual reports setting out details of its activities. In addition, the Group keeps shareholders informed of events and progress through the issue of regulatory news in accordance with the AIM rules of the London Stock Exchange. The Chairman and Finance Director seek to consult with significant shareholders following interim and final results. The Group also maintains investor relations pages and other information regarding the business, its products and activities on its website www.provexis.com.

Where possible the Annual Report is sent to shareholders at least 20 working days before the Annual General Meeting. Directors are required to attend Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Directors' report

Post balance sheet events
On 23 April 2014 the Group announced that it had raised net proceeds of £45,403 by drawing down on its Equity Financing Facility with Darwin Strategic Limited.

Under the terms of the Equity Financing Facility agreement the Company allotted 7,000,000 new ordinary shares of 0.1p each to Darwin Strategic Limited which were admitted to AIM on 29 April 2014.

By order of the Board

Ian Ford
Secretary
20 August 2014

Remuneration report

Remuneration Committee: composition and terms of reference
On 17 December 2013 the Company announced that its former CEO Stephen Moon had stepped down from the Board to focus on the demerged SiS business, leaving Provexis plc with three directors: the former Non-executive Chairman Dawson Buck, who took up the role of Executive Chairman on Stephen Moon's departure; Ian Ford; Finance Director, and Krijn Rietveld, a Non-executive Director and senior employee of DSM.

It was noted in the Company's demerger circular to shareholders on 28 June 2013 that the Board believed it was appropriate to reduce further the operating costs of the Provexis Group associated with the Fruitflow® Business, given that the investment phase of Fruitflow® is complete, in order to minimise the cost of services supplied under the Alliance Agreement by Provexis, and maximise operating profit as Fruitflow® revenues develop. The Board believed then, and continues to believe, that this action will maximise Provexis shareholder value over the short, medium and long term.

The Board resolved in June 2013 to reduce the operating costs of the Fruitflow® business, whilst fully maintaining its contribution to the Alliance Agreement, and it believes that its obligations towards the Fruitflow® business can be met with a small team comprising two part-time executives, together with a Non-executive Director to oversee strategy and governance matters.

Following completion of the demerger Stephen Moon and Ian Ford entered into new agreements with Provexis that reflect the services required to manage the Fruitflow® business only. In December 2013 when Stephen Moon stepped down from the Board, Dawson Buck entered into a new agreement with Provexis, reflecting the change in his role from Non-executive Chairman to Executive Chairman with effect from 17 December 2013.

The Board changes in December 2013 were agreed with some of the Company's larger shareholders before they were put into effect, and it was agreed that given the small size of the Board the Group's Remuneration Committee would be disbanded, with future remuneration issues to include share options to be primarily determined in dialogue between the Company and its larger shareholders.

Policy on Executive Directors' remuneration
Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Company successfully but avoiding paying more than is necessary. Direct benchmarking of remuneration is not possible given the specialised nature and size of the Company.

The full Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission is only granted where a role is on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Group. Earnings from such roles are not disclosed nor paid to the Group.

Service contracts
The Chairman Dawson Buck is engaged under a contract for services requiring six months' notice by either party, and the Finance Director Ian Ford is engaged under a contract for services requiring three months' notice by either party.

Krijn Rietveld, a Non-executive Director and senior employee of DSM, joined the Board in September 2008 following DSM Venturing B.V.'s investment in the Company as announced on 1 August 2008. Krijn Rietveld is not paid by Provexis.

Gains made on exercise of directors' share options
No directors' share options were exercised during the year (2013: Nil).

Remuneration report

Details of directors' remuneration

The emoluments of the individual directors for the year were as follows:

	Year ended 31 March 2014				Year ended 31 March 2013
	Salary and directors' fees	**Benefits in kind**	**Pension**	**Total**	Total
	£	**£**	**£**	**£**	£
Executive Directors					
C D Buck	**45,771**	**-**	**-**	**45,771**	35,000
I Ford	**98,912**	**676**	**2,368**	**101,956**	137,468
S N Moon (resigned 17 December 2013)	**89,430**	**385**	**3,678**	**93,493**	211,491
Non-executive Directors					
J M Clarke (resigned 9 August 2013)	**10,428**	**-**	**-**	**10,428**	29,000
K Rietveld	**-**	**-**	**-**	**-**	-
	244,541	**1,061**	**6,046**	**251,648**	412,959

The above fees and emoluments exclude reimbursed expenditure incurred in the conduct of Group business.

Share-based payment expense

The share-based payment expenses of the individual directors recognised for the year were as follows:

	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
Executive Directors		
C D Buck	**16,050**	-
I Ford	**79,522**	41,453
S N Moon (resigned 17 December 2013)	**259,707**	88,087
Non-executive Directors		
J M Clarke (resigned 9 August 2013)	**62,510**	-
K Rietveld	**-**	-
	417,789	129,540

Directors' interests in shares	**Ordinary shares of 0.1 pence each**	Ordinary shares of 0.1 pence each
	Beneficial interests	
	31 March 2014	1 April 2013
C D Buck	**12,906,433**	12,906,433
I Ford	**2,201,832**	2,201,832
S N Moon (resigned 17 December 2013)	**-**	2,060,666
	15,108,265	17,168,931

Other than as shown in the table and as further disclosed in respect of share options in note 21, no director had any interest in the shares of the Company or its subsidiary companies at 31 March 2014.

Remuneration report

Directors' interests in share options
The Board uses share options to align directors and employees interests with those of shareholders in order to provide incentives and reward them based on improvements in Company performance.

The share options held by the directors and not exercised at 31 March 2014 are summarised below.

	31 March 2014	31 March 2013
C D Buck	**7,000,000**	-
I Ford	**25,000,000**	18,000,000
S N Moon (resigned 17 December 2013)	**-**	38,117,620
	32,000,000	56,117,620

The unapproved share options at 31 March 2014 of the directors who served during the year are set out below:

	Grant date	Number awarded	Exercise price/share	Earliest exercise date	Expiry date
C D Buck	June 2013	7,000,000	0.972p	April 2016	June 2023
I Ford	June 2011	6,350,010	1.846p	April 2014	June 2021
S N Moon	June 2013	5,365,000	0.972p	April 2014	June 2023
S N Moon	June 2011	17,000,000	1.846p	April 2014	June 2021
S N Moon	August 2008	7,324,520	0.593p	April 2011	August 2018
J M Clarke	June 2013	7,000,000	0.972p	April 2014	June 2023
		50,039,530			

The EMI share options at 31 March 2014 of the directors who served during the year are set out below:

	Grant date	Number awarded	Exercise price/share	Earliest exercise date	Expiry date
I Ford	June 2013	7,000,000	0.972p	April 2016	June 2023
I Ford	June 2011	1,649,990	1.846p	April 2014	June 2021
I Ford	August 2008	5,000,000	0.593p	April 2011	August 2018
I Ford	August 2008	5,000,000	0.593p	October 2009	August 2018
S N Moon	June 2013	8,635,000	0.972p	April 2014	June 2023
S N Moon	August 2008	1,117,620	0.659p	August 2008	August 2018
S N Moon	August 2008	2,675,480	0.593p	April 2011	August 2018
S N Moon	August 2008	10,000,000	0.593p	October 2009	August 2018
		41,078,090			

All options were granted with an exercise price at or above market value on the date of grant.

Independent auditor’s report to the members of Provexis plc

TO THE MEMBERS OF PROVEXIS PLC

We have audited the financial statements of Provexis plc for the year ended 31 March 2014 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the parent company balance sheet and related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditors’ 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group’s and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and the parent company’s affairs as at 31 March 2014 and of the group’s profit 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’s financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Provexis plc continued

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report and strategic 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.

Neil Tustian (Senior Statutory Auditor)
For and on behalf of Chantrey Vellacott DFK LLP,
Chartered accountant and statutory auditor
Reading

20 August 2014

Consolidated statement of comprehensive income

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 restated[1] £
Revenue	1,3	**3,967**	37,351
Research and development costs	4	**(142,985)**	(324,468)
Administrative costs		**(879,958)**	(3,978,719)
Underlying operating loss		**(577,961)**	(1,169,267)
Amortisation and impairment charges	11	**-**	(2,781,499)
Costs of demerger of SiS (Science in Sport) Limited	10	**(49,824)**	-
Restructuring costs	4	**-**	(135,787)
Share based payment charges	21	**(391,191)**	(179,283)
Loss from continuing operations	4	**(1,018,976)**	(4,265,836)
Finance income	7	**4,889**	12,407
Loss before taxation		**(1,014,087)**	(4,253,429)
Taxation	8	**15,823**	83,087
Loss for the year from continuing operations		**(998,264)**	(4,170,342)
Discontinued operation			
Profit / (loss) for the year from discontinued operation	10	**1,434,983**	(221,364)
Profit / (loss) and total comprehensive income / (expense) for the year		**436,719**	(4,391,706)
Attributable to:			
Owners of the parent	22	**488,353**	(4,338,600)
Non-controlling interest	22	**(51,634)**	(53,106)
Profit / (loss) and total comprehensive income / (expense) for the year	22	**436,719**	(4,391,706)
Earnings / (loss) per share to owners of the parent			
From continuing and discontinued operations			
Basic - pence	9	**0.03**	(0.29)
Diluted - pence	9	**0.03**	(0.29)
From continuing operations			
Basic - pence	9	**(0.06)**	(0.27)
Diluted - pence	9	**(0.06)**	(0.27)

[1] The results for the year ended 31 March 2013 have been restated to reflect the presentation of the SiS (Science in Sport) business as discontinued in the year.

Consolidated statement of financial position

Company number 05102907	Notes	**As at 31 March 2014 £**	As at 31 March 2013 £
Assets			
Non-current assets			
Intangible assets	11	**-**	6,553,502
Plant and equipment	13	**-**	634,920
Deferred tax	19	**-**	110,348
Total non-current assets		**-**	7,298,770
Current assets			
Inventories	14	**-**	913,387
Trade and other receivables	15	**112,637**	1,253,305
Corporation tax asset	8	**15,823**	288,801
Cash and cash equivalents	16	**514,827**	616,612
Total current assets		**643,287**	3,072,105
Total assets		**643,287**	10,370,875
Liabilities			
Current liabilities			
Trade and other payables	17	**(108,212)**	(1,787,569)
Borrowings	18	**-**	(64,774)
Total current liabilities		**(108,212)**	(1,852,343)
Net current assets		**535,075**	1,219,762
Non-current liabilities			
Borrowings	18	**-**	(161,871)
Deferred tax	19	**-**	(450,789)
Total non-current liabilities		**-**	(612,660)
Total liabilities		**(108,212)**	(2,465,003)
Total net assets		**535,075**	7,905,872
Capital and reserves attributable to owners of the parent company			
Share capital	20	**1,554,816**	5,134,170
Share premium reserve	22	**16,183,870**	20,769,423
Warrant reserve	22	**26,200**	60,000
Merger reserve	22	**6,599,174**	6,599,174
Retained earnings	22	**(23,505,513)**	(24,385,057)
		858,547	8,177,710
Non-controlling interest	22	**(323,472)**	(271,838)
Total equity		**535,075**	7,905,872

These consolidated financial statements were approved and authorised for issue by the Board on 20 August 2014. The notes on pages 25 to 54 form part of these consolidated financial statements.

Ian Ford
Director
On behalf of the Board of Provexis plc

Consolidated statement of cash flows

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 restated £
Cash flows from operating activities			
Loss after tax		**(998,264)**	(4,170,342)
Adjustments for:			
Amortisation and impairment	11	**-**	2,781,499
Impairment of fixed assets		**-**	37,876
Depreciation	13	**9,140**	35,027
Loss on sale of fixed assets		**-**	1,556
Net finance income		**(4,889)**	(12,407)
Taxation		**(15,823)**	(83,087)
Share-based payment charge		**391,191**	179,283
Changes in trade and other receivables		**63,177**	(2,914)
Changes in trade and other payables		**(225,460)**	(22,083)
Net cash flow from continuing operations		**(780,928)**	(1,255,592)
Tax credits received		**220,717**	162,369
Cash flow from discontinued operations		**(13,133)**	(340,125)
Total cash flow from operations		**(573,344)**	(1,433,348)
Cash flow from investing activities			
Purchase of property, plant and equipment		**-**	(3,037)
Purchase of intangible assets		**-**	(25,545)
Interest received		**4,763**	12,427
Net cash flow from continuing operations		**4,763**	(16,155)
Cash flow from discontinued operations		**(113,599)**	(426,082)
Total cash flow from investing activities		**(108,836)**	(442,237)
Cash flow from financing activities			
Proceeds from issue of share capital		**286,750**	785,447
Proceeds from exercise of share options		**15,750**	36,000
Net cash flow from continuing operations		**302,500**	821,447
Cash flow from discontinued operations		**(23,797)**	223,345
Total cash flow from financing activities		**278,703**	1,044,792
Net decrease in cash and cash equivalents			
- from continuing operations		**(252,948)**	(287,931)
- from discontinued operations		**(150,529)**	(542,862)
- add: inter company debt repaid by SiS business at demerger		**290,000**	-
- add: bank overdraft held by SiS business at demerger		**11,692**	-
Net decrease in cash and cash equivalents		**(101,785)**	(830,793)
Opening cash and cash equivalents	16	**616,612**	1,447,405
Closing cash and cash equivalents	16	**514,827**	616,612

Consolidated statement of changes in equity

	Share capital £	Share premium £	Warrant reserve £	Merger reserve £	Retained earnings £	Total equity attributable to owners of the parent £	Non-controlling interests £	Total equity £
At 31 March 2012	**5,085,352**	**19,998,832**	**60,000**	**6,599,174**	**(20,225,740)**	**11,517,618**	**(218,732)**	**11,298,886**
Share-based charges	-	-	-	-	179,283	179,283	-	179,283
Issue of shares - share options exercised 27 April 2012	4,000	32,000	-	-	-	36,000	-	36,000
Issue of shares - equity financing facility 23 May 2012	13,198	230,504	-	-	-	243,702	-	243,702
Issue of shares - equity financing facility 3 September 2012	31,620	508,087	-	-	-	539,707	-	539,707
Total comprehensive expense for the year	-	-	-	-	(4,338,600)	(4,338,600)	(53,106)	(4,391,706)
At 31 March 2013	**5,134,170**	**20,769,423**	**60,000**	**6,599,174**	**(24,385,057)**	**8,177,710**	**(271,838)**	**7,905,872**
Share-based charges	-	-	-	-	391,191	391,191	-	391,191
Demerger of SiS (Science in Sport) - issue redeemable shares	50,000	-	-	-	-	50,000	-	50,000
Demerger of SiS (Science in Sport) - issue SiS cancellation shares	1,518,651	(1,518,651)	-	-	-	-	-	-
Demerger of SiS (Science in Sport) - redeem redeemable shares	(50,000)	-	-	-	-	(50,000)	-	(50,000)
Demerger of SiS (Science in Sport) - transfer to Science in Sport plc	(5,134,170)	(3,370,275)	-	-	-	(8,504,445)	-	(8,504,445)
Warrants cancelled during the period - equity financing facility	-	2,038	(60,000)	-	-	(57,962)	-	(57,962)
Warrants issued during the period - equity financing facility	-	-	26,200	-	-	26,200	-	26,200
Issue of shares - equity financing facility 11 September 2013	31,000	255,750	-	-	-	286,750	-	286,750
Issue of shares - equity financing facility fee 11 September 2013	3,415	31,585	-	-	-	35,000	-	35,000
Issue of shares - share options exercised 22 November 2013	1,750	14,000	-	-	-	15,750	-	15,750
Total comprehensive income for the period	-	-	-	-	488,353	488,353	(51,634)	436,719
At 31 March 2014	**1,554,816**	**16,183,870**	**26,200**	**6,599,174**	**(23,505,513)**	**858,547**	**(323,472)**	**535,075**

Notes to the consolidated financial statements

1. Accounting policies

General information

Provexis plc is a public limited company incorporated and domiciled in the United Kingdom (registration number 05102907). The address of the registered office is Prospect House, Queens Road, Reading, Berkshire RG1 4RP, UK.

The main activities of the Group are those of developing and licensing the proprietary, scientifically-proven Fruitflow® heart-health functional food ingredient for the global functional food sector.

Company reorganisation and demerger

SiS (Science in Sport) Limited was demerged from Provexis plc with effect from 9 August 2013 by way of a capital reduction demerger and transferred to a newly incorporated parent company, Science in Sport plc.

Pursuant to the terms of the demerger agreement Science in Sport plc allotted and issued to the holders of ordinary shares in the capital of Provexis plc 15,188,000 ordinary shares of 10 pence each in consideration of the transfer to Science in Sport plc by Provexis plc of the whole of the issued share capital of SiS (Science in Sport) Limited. Science in Sport plc was admitted to the AIM segment of the London Stock Exchange's market for listed securities as from 9 August 2013.

At the date of the demerger, Science in Sport plc acquired the entire issued share capital of SiS (Science in Sport) Limited in return for issuing shares to the shareholders of Provexis plc.

These transactions resulted in the demerger of SiS (Science in Sport) Limited from the Group.

SiS (Science in Sport) Limited represented a separate major line of business for the Group under the definitions within IFRS 5, hence the results of SiS (Science in Sport) Limited up to the date of the demerger are shown as discontinued in these financial statements. Prior year comparatives have been restated as necessary.

Prior to the demerger, Provexis plc converted £448,163 of an intercompany debt from SiS (Science in Sport) Limited into equity by way of a capital contribution. At the time of the demerger, a payment of £290,000 was made to Provexis plc to settle the remaining outstanding intercompany debt.

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS") and those parts of the Companies Act 2006 that are applicable to financial statements prepared in accordance with IFRS.

The Company has elected to prepare its parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), and these are set out on pages 55 to 59.

The accounting policies set out below have been applied to all periods presented in these Group financial statements and are in accordance with IFRS, as adopted by the European Union, and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that were applicable for the year ended 31 March 2014.

There have been no new or amended standards adopted by the Group since the prior financial year.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)

Basis of preparation (continued)

The following new standards, amendments to standards or interpretations have been issued and are effective for the year ended 31 March 2014, however, the directors do not expect them to have a material effect on the Group's financial statements:

- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
- Amendments to IAS 19 – Employee Benefits
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- Amendments to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and
- Financial Liabilities and IAS 32 (Amended) Financial instruments: Presentation
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurements
- Annual Improvements 2009-2011 cycle
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ended 31 March 2014. The new standards, amendments to standards and interpretations (effective for periods beginning on or after 1 January 2014 unless otherwise stated) will be relevant to the Group but have not been adopted early as the directors do not expect these standards and interpretations to have a material effect on the consolidated financial statements:

- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- IFRS 9 Financial Instruments (effective periods commencing on or after 1 January 2015)

There are a number of standards, interpretations and amendments to published accounts not listed above which the directors consider not to be relevant to the Group.

Going concern

The Group's business activities together with the factors likely to affect its future development are set out in the strategic report on pages 5 to 11. The financial position of the Group, its cash flows and liquidity position are also set out in the strategic report on pages 5 to 11. In addition note 2 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Group made a loss for the year from continuing operations of £998,264 (2013: £4,170,342) and expects to make a further loss during the year ending 31 March 2015. The total cash outflow from continuing operations in the year was £252,948 (2013: £287,931). At 31 March 2014 the Group had cash balances of £514,827 (2013: £616,612).

The directors have prepared projected cash flow information for a period of more than twelve months from the date of approval of these financial statements and have reviewed this information as at the date of these financial statements. The directors have also considered this issue in light of the significant reduction in net assets following the demerger of the SiS (Science in Sport) Limited business.

The Group has access to future equity financings, either through the Group's existing equity drawdown facility with Darwin or through an equity fundraising with the Company's shareholders, as potential additional sources of funding.

Based on the level of existing cash, projected income and expenditure, and excluding the potential additional sources of funding, the directors are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future.

Accordingly the going concern basis has been used in preparing the financial statements.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The consolidated financial information presents the results of the Company and its subsidiaries, Provexis Nutrition Limited, Provexis Natural Products Limited and Provexis (IBD) Limited as if they formed a single entity ("the Group"). All subsidiaries share the same reporting date, 31 March, as Provexis plc. All intra group balances are eliminated in preparing the financial statements.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. The direct costs of acquisition are recognised immediately as an expense.

Non-controlling interest

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue

Revenue comprises the fair value received or receivable for exclusivity arrangements, collaboration agreements, royalties and sales net of sales rebates and excluding VAT and trade discounts.

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

(i) Exclusivity arrangements and collaboration agreements are recognised as revenue in the accounting period in which the related services, or required activities, are performed or specified conditions are fulfilled in accordance with the terms of completion of the specific transaction.

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

Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Chairman, who is the Group’s ‘chief operating decision maker’ (“CODM”).

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

Segment results that are reported to the Group Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

1. Accounting policies (continued)

Use of non-GAAP profit measure – underlying operating profit

The directors believe that the operating loss before amortisation and impairment of acquired intangibles, share based payments and exceptional items measure provides additional useful information for shareholders on underlying trends and performance. This measure is used for internal performance analysis. Underlying operating loss is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to IFRS measurements of profit.

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the Statement of Comprehensive Income to give a full understanding of the Group's underlying financial performance. Transactions which may give rise to exceptional items include the restructuring of business activities and acquisitions. A reconciliation of underlying operating profit to statutory operating profit is set out on the face of the Statement of Comprehensive Income.

Leased assets

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

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

An impairment loss is recognised within administrative expenses in the consolidated statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped into cash generating units ('CGU') being the lowest levels for which there are separately identifiable cash flows. The recoverable amount of a CGU is the higher of a CGU's fair value less costs to sell and value in use.

Impairment losses on goodwill are not reversed.

Research and development

Certain Group products are in the research phase and others are in the development phase. Expenditure incurred on the development of internally generated products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Group is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

The value of the capitalised development cost is assessed for impairment annually. The value is written down immediately if impairment has occurred. Development costs are not being amortised as income has not yet been realised from the underlying technology. Development expenditure, not satisfying the above criteria, and expenditure on the research phase of internal projects is recognised in the statement of comprehensive income as incurred.

Patents and trademarks

The costs incurred in establishing patents and trademarks are either expensed or capitalised in accordance with the corresponding treatment of the development expenditure for the product to which they relate.

Website development costs

Website development costs are capitalised to the extent that it is capable of generating direct revenues from enabling orders to be placed. Costs associated with the planning stage are recognised in the Income Statement.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)
Externally acquired intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development costs above are not met.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Trademarks	9.5	Relief From Royalty Rate Method
Patents / recipes / formulations	4.5 to 9.5	Relief From Royalty Rate Method
Covenants not to compete	3.0	Comparative Business Valuation
Customer relationships	9.5	Multi-Period Excess Earnings Method
Website development costs	5.0	Historic Cost

Non-current assets held for sale or distribution and disposal groups
Non-current assets and disposal groups are classified as held for sale when, at the year end:
- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:
- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations. The cash flows from discontinued operations are also disclosed as a single-line item in each category of the cash flow statement.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)

Plant and equipment

Plant and machinery, fixtures, fittings and computer equipment and laboratory equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is charged to the Statement of Comprehensive Income on all plant and equipment at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over their estimated useful lives, which is:

- between 3 and 8 years for motor vehicles, plant and machinery, fixtures, fittings and computer equipment; and
- 5 years for laboratory equipment.

Leasehold improvements are depreciated on a straight line basis over the unexpired portion of the lease.

The assets' residual values and useful lives are determined by the directors and reviewed and adjusted if appropriate at each balance sheet date in accordance with the Group policy for impairment of assets.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of assets

Assets that have a finite useful life but that are not yet in use and are therefore not subject to amortisation or depreciation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually and when events or circumstances suggest that the carrying amount may not be recoverable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is allocated to cash-generating units ('CGU') for the purpose of impairment testing to the extent that it is possible to allocate goodwill to a CGU on a non-arbitrary basis. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses on goodwill are not reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as follows:
Raw materials - cost of purchase on first in, first out basis.
Work in progress and finished goods - cost of raw materials and labour, together with attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs to completion and disposal. A charge is made to the income statement for slow moving inventories. The charge is reviewed at each balance sheet date.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)

Financial instruments

Financial assets

The Group's financial assets are comprised of 'trade and other receivables' and 'cash and cash equivalents'. They are recognised initially at their fair value and subsequently at amortised cost. The Group will assess at each balance sheet date whether there is objective evidence that the financial asset is impaired. If an asset is judged to be impaired the carrying amount of the asset will be adjusted to its impaired valuation.

Financial liabilities

The Group's financial liabilities comprise 'trade and other payables' and 'borrowings'. These are recognised initially at fair value and subsequently at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in the statement of comprehensive income in the same period to which the costs that they are intended to compensate are expensed.

Taxation

Current tax is provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. When research and development tax credits are claimed they are recognised on an accruals basis and are included as a taxation credit.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability on the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

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

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

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)
Employee benefits
(i) Defined contribution plans
The Group provides retirement benefits to all employees and Executive Directors. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions made by the Group are charged to the statement of comprehensive income in the period in which they become payable.

(ii) Accrued holiday pay
Provision has been made at the balance sheet date for holidays accrued but not taken at the salary of the relevant employee at that date.

(iii) Share-based payment transactions
The Group operates an equity-settled, share-based compensation plan. Vesting conditions are service conditions and performance conditions only. Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options when granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative charge is not adjusted for failure to achieve a market vesting condition. If market related terms and conditions of options are modified before they vest, the change in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period. If non-market related terms and conditions of options are modified before they vest, the number of instruments expected to vest at each balance sheet date, and therefore the cumulative charge, is therefore amended accordingly. Where equity instruments are granted to persons other than employees and others providing similar services, the statement of comprehensive income is charged with the fair value of goods and services received.

The proceeds received when options are exercised, net of any directly attributable transaction costs, are credited to share capital (nominal value) and the remaining balance to share premium.

National insurance on share options
All employee option holders sign statements that they will be liable for any employers national insurance arising on the exercise of share options.

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

Warrants
The Group has issued warrants to Darwin Strategic Limited as part of the Equity Financing Facility. These warrants have been measured at fair value at the date of grant using an appropriate options pricing model.

This fair value has been held on the balance sheet within prepayments and in the warrants reserve within equity. The prepayment will be released against share premium as the equity financing facility is utilised. The warrants reserve will be released to share premium when the warrants are exercised. If the warrants lapse or are cancelled then the reserve is transferred to retained earnings.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)

Critical accounting estimates and judgements (continued)

As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The directors believe the following to be the key areas of estimation and judgement:

(i) Research and development

Under IAS 38 Intangible Assets, development expenditure which meets the recognition criteria of the standard must be capitalised and amortised over the useful economic lives of intangible assets from product launch.

(ii) Share-based payments

The Group operates an equity-settled, share-based compensation plan. The charge for share-based payments is determined based on the fair value of awards at the date of grant partly by use of the Black-Scholes pricing model which require judgements to be made regarding expected volatility, dividend yield, risk free rates of return and expected option lives. The inputs used in these pricing models to calculate the fair values are set out in note 21. An element of the share-based payment charge also relies on certain assumptions over the future performance of the share price which may not be met or may be exceeded by the time the relevant awards vest.

(iii) Goodwill and impairment

The recoverable amount of goodwill is determined based on value in use calculations of the cash-generating units to which it relates. Further detail on key assumptions, including growth rates, discount rates and the time period of these value in use calculations is given in note 12.

The Group prepares and approves formal five year management plans for its operations, which are used in the value in use calculations. In certain cases the fifth year of the management plan is not indicative of the long- term future performance as operations may not have reached maturity. In this case management extends the plan data for a longer period.

(iv) Fair value of identifiable net assets acquired

Upon acquisition of a business, its identifiable assets and liabilities are assessed to determine their fair value. The values attributed to assets and liabilities as part of this process are, where appropriate, based on market values identified for equivalent assets, together with management's experience and assessments including comparison to the carrying value of assets of a similar condition and age in the existing business.

(v) Valuation of inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials, labour and, where appropriate, overheads that have been incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(vi) Useful economic lives of intangible and tangible assets

In relation to the Group's finite life intangible assets and property, plant and equipment, useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to potential impairment of the carrying value of such assets.

2. Financial risk management

2.1 Financial risk factors

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

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

Notes to the consolidated financial statements continued

2.1 Financial risk factors (continued)
(a) Market risk
Foreign exchange risk
The Group primarily enters into contracts which are to be settled in UK pounds. However, some contracts involve other major world currencies including the US Dollar and the Euro. Where large contracts of more than £50,000 total value are to be settled in foreign currencies consideration is given to converting the appropriate amounts to or from UK pounds at the outset of the contract to minimise the risk of adverse currency fluctuations.

The Group incurred minimal expenditure in foreign currencies during the year, and the prior year, and consequently there is no material exposure to foreign currency rate risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from medium term and short term money market deposits. Deposits which earn variable rates of interest expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis throughout the year.

(b) Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure in relation to outstanding receivables. Group policy is to place deposits with institutions with investment grade A2 or better (Moody's credit rating) and deposits are made in sterling only. The Group does not expect any losses from non-performance by these institutions. Management believes that the carrying value of outstanding receivables and deposits with banks represents the Group's maximum exposure to credit risk.

(c) Liquidity risk
Liquidity risk arises from the Group's management of working capital, it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow.

The Group had trade and other payables at the statement of financial position date of £108,212 (2013: £1,787,569) as disclosed in note 17.

2.2 Capital risk management
The Group considers its capital to comprise its ordinary share capital, share premium, warrant reserve, merger reserve and accumulated retained earnings as disclosed in the consolidated statement of financial position on page 22.

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

3. Segmental reporting

Following the demerger of SiS (Science in Sport) Limited in August 2013 the directors have determined that only one operating segment exists under the terms of International Financial Reporting Standard 8 'Operating Segments', as the Group is organised and operates as a single business unit and all activities are based in the UK. The Group's reporting segment is determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Chairman of the Board of Directors as he is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM uses underlying operating profit/(loss) as the key measure of the segments' results as it reflects the segments' underlying trading performance for the financial period under evaluation.

Underlying operating profit/(loss) is a consistent measure within the Group which measures the performance of the segment before goodwill and acquired intangible asset amortisation and impairment, share based payment charges, restructuring charges and acquisition costs arising from acquisitions.

The results of the former SiS segment for the period up to the demerger can be seen in note 10.

4. Loss from continuing operations

	Year ended 31 March 2014	Year ended 31 March 2013 restated
	£	£
Loss from continuing operations is stated after charging:		
Depreciation of plant and equipment	**9,140**	35,027
Amortisation and impairment of intangible assets	**-**	2,781,499
Research and development costs	**142,985**	324,468
Foreign exchange gains	**(603)**	(1,191)
Costs of demerger of SiS (Science in Sport) Limited	**49,824**	-
Restructuring costs	**-**	135,787
Loss on disposal of property, plant and equipment	**-**	1,556
Grant income	**-**	(3,000)
Operating lease costs - land and buildings	**12,266**	57,568
Equity-settled share based payment expense	**391,191**	179,283
Defined contribution pension expense	**7,624**	1,552

Restructuring costs of £135,787 were incurred in 2013 as part of the closure of the group's R&D facility at the University of Aberdeen, along with other reductions in group administrative headcount.

Notes to the consolidated financial statements continued

4. Loss from continuing operations (continued)
The total fees of the Group's auditor, for services provided are analysed below:

	Chantrey Vellacott DFK		BDO LLP	
	Year ended 31 March 2014 £	Year ended 31 March 2013 £	**Year ended 31 March 2014 £**	Year ended 31 March 2013 £
Audit services				
Parent company	**13,000**	15,000	**-**	-
Subsidiaries	**12,000**	24,500	**-**	-
Tax services - compliance				
Parent company	**2,000**	2,500	**-**	-
Subsidiaries	**3,000**	6,000	**-**	-
Other services				
iXBRL services	**2,000**	2,000	**-**	-
Review of interim statement	**-**	-	**-**	5,000
Corporate finance				
- demerger of SiS (Science in Sport)	**15,000**	-	**-**	-
Total fees	**47,000**	50,000	**-**	5,000

The Group engaged Chantrey Vellacott DFK LLP to assist the Group with the demerger of SiS (Science in Sport) Limited from the Provexis Group to a new company called Science in Sport plc. Science in Sport plc engaged Chantrey Vellacott DFK to assist it with the admission of its entire issued and to be issued ordinary share capital to trading on AIM on 9 August 2013.

Further information on the demerger and admission of Science in Sport plc to AIM can be found in the circular, and admission to trading on AIM document, which were issued on 28 June 2013. Copies of the circular and the admission to trading on AIM document can be downloaded from Provexis plc's website www.provexis.com.

5. Wages and salaries
The average monthly number of persons (including all directors) employed by the Group during the year for continuing operations was as follows:

	Year ended 31 March 2014	Year ended 31 March 2013 restated
Research and development staff	**-**	3
Directors	**4**	4
	4	7

Their aggregate emoluments were:

	Year ended 31 March 2014 £	Year ended 31 March 2013 restated £
Wages and salaries	**289,307**	673,253
Social security costs	**23,960**	75,486
Other pension and insurance benefits costs	**11,476**	7,181
Total cash settled emoluments	**324,743**	755,920
Accrued holiday pay	**(28,343)**	(5,066)
Share-based payment remuneration charge: equity settled	**391,191**	179,283
Total emoluments	**687,591**	930,137

Notes to the consolidated financial statements continued

6. Directors' remuneration

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Directors		
Aggregate emoluments	**245,600**	396,490
Company pension contributions	**6,046**	16,469
	251,646	412,959
Share based payment remuneration charge: equity settled	**417,789**	129,540
Total Directors' emoluments	**669,435**	542,499

Emoluments disclosed above include the following amounts in respect of the highest paid director:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Aggregate emoluments	**89,814**	201,473
Company pension contributions	**3,678**	10,018
Share based payment remuneration charge: equity settled	**259,707**	88,087
Total of the highest paid director's emoluments	**353,199**	299,578

During the year, two directors (2013: two directors) participated in defined contribution pension schemes.

Directors' emoluments include amounts attributable to benefits in kind comprising private medical insurance on which the directors are assessed for tax purposes. The amounts attributable to benefits in kind are stated at cost to the Group, which is also the tax value of the attributable benefits.

Further details of directors' emoluments are included in the Remuneration report on pages 16 to 18.

7. Finance income

	Year ended 31 March 2014 £	Year ended 31 March 2013 restated £
Finance income		
Bank interest receivable	**4,889**	12,407
	4,889	12,407

Notes to the consolidated financial statements continued

8. Taxation

	Year ended 31 March 2014 £	Year ended 31 March 2013 restated £
Current tax income		
United Kingdom corporation tax - research and development credit	**15,823**	65,740
Adjustment in respect of prior period		
United Kingdom corporation tax - research and development credit	**-**	17,347
Taxation credit	**15,823**	83,087

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2014 £	Year ended 31 March 2013 restated £
Loss before tax	**1,014,087**	4,253,429
Loss before tax multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	**233,240**	1,020,823
Effects of:		
Expenses not deductible for tax purposes	**(535)**	(43,491)
Difference between depreciation and capital allowances	**(2,102)**	(17,564)
Other short-term timing differences	**(89,974)**	(661,853)
Unutilised tax losses and other deductions arising in the year	**(130,271)**	(255,246)
Additional deduction for R&D expenditure	**18,380**	79,752
Surrender of tax losses for R&D tax credit refund	**(17,262)**	(77,692)
Share scheme deduction	**4,347**	21,011
Adjustments in respect of prior years	**-**	17,347
Total tax credit for the year	**15,823**	83,087

At 31 March 2014 the Group UK tax losses to be carried forward are estimated to be £17,833,920 (2013: £17,622,991).

The rate change from 23% to 21% had been substantively enacted by the balance sheet date, so deferred tax is provided for at a rate of 21%.

Income tax asset receivable within one year	**31 March 2014 £**	31 March 2013 £
Corporation tax recoverable	**15,823**	288,801
	15,823	288,801

9. Earnings per share and diluted earnings per share
Basic earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group.

	Year ended 31 March 2014			Year ended 31 March 2013		
	Basic	**Potentially dilutive share options and warrants**	**Diluted**	Basic	Potentially dilutive share options and warrants	Diluted
Profit / (loss) - £						
Continuing operations	**(946,630)**	**-**	**(946,630)**	(4,117,236)	-	(4,117,236)
Discontinued operations	**1,434,983**	**-**	**1,434,983**	(221,364)	-	(221,364)
Total operations attributable to owners	**488,353**	**-**	**488,353**	(4,338,600)	-	(4,338,600)
Share options	**-**	**110,640,510**	**-**	**-**	90,071,648	**-**
Warrants	**-**	**10,000,000**	**-**	**-**	10,000,000	**-**
Weighted average number of shares	**1,537,655,373**	**120,640,510**	**1,658,295,883**	1,502,924,005	100,071,648	1,602,995,653
Earnings / (loss) per share (pence)						
Continuing operations	**(0.06)**	**0.00**	**(0.06)**	(0.27)	0.00	(0.27)
Discontinued operations	**0.09**	**0.00**	**0.09**	(0.02)	0.00	(0.02)
Total	**0.03**	**0.00**	**0.03**	(0.29)	0.00	(0.29)

There have been no transactions involving ordinary shares between the reporting date and the date of approval of these financial statements which would significantly change the earnings per share calculations shown above.

The earnings per share for continuing operations do not include potentially dilutive share options and warrants on the basis that the continuing operations made a loss.

10. Discontinued operations
SiS (Science in Sport) Limited , which was acquired by Provexis plc in June 2011, was demerged from Provexis with effect from 9 August 2013 by way of a capital reduction demerger and transferred to a newly incorporated parent company, Science in Sport plc.

The Company incurred certain demerger costs as part of this process:

	Year ended 31 March 2014 £	Year ended 31 March 2013 restated £
Costs of demerger of SiS (Science in Sport) Limited	**49,824**	-

Pursuant to the terms of the demerger agreement Science in Sport plc allotted and issued to the holders of ordinary shares in the capital of Provexis plc 15,188,000 ordinary shares of 10 pence each in consideration of the transfer to Science in Sport plc by Provexis plc of the whole of the issued share capital of SiS (Science in Sport) Limited. Science in Sport plc was admitted to the AIM segment of the London Stock Exchange's market for listed securities as from 9 August 2013.

At the date of the demerger, Science in Sport plc acquired the entire issued share capital of SiS (Science in Sport) Limited in return for issuing shares to the shareholders of Provexis plc.

These transactions resulted in the demerger of SiS (Science in Sport) Limited from the Group.

SiS (Science in Sport) Limited represented a separate major line of business for the Group under the definitions within IFRS 5, hence the results of SiS (Science in Sport) Limited up to the date of the demerger are shown as discontinued in these financial statements. Prior year comparatives have been restated as necessary. There is no impact on the prior year balance sheet.

Prior to the demerger, Provexis plc converted £448,163 of an intercompany debt from SiS (Science in Sport) Limited into equity by way of a capital contribution. At the time of the demerger, a payment of £290,000 was made to Provexis plc to settle the remaining outstanding intercompany debt.

The disclosures below relate to the SiS (Science in Sport) Limited demerged business segment.

a) The results of SiS (Science in Sport) Limited before demerger were as follows:

	Period ended 8 August 2014 £	Year ended 31 March 2013 £
Revenue	**2,617,857**	5,522,240
Cost of goods	**(1,096,643)**	(2,418,177)
Gross profit	**1,521,214**	3,104,063
Research and development costs	**(57,571)**	(151,085)
Administrative costs	**(1,449,638)**	(3,343,966)
Underlying operating profit	**147,962**	74,330
Amortisation and impairment charges	**(101,576)**	(286,735)
Restructuring costs	**(32,381)**	(178,583)
Profit / (loss) from operations	**14,005**	(390,988)
Finance income	**26**	-
Finance costs	**(2,214)**	(3,275)
Profit / (loss) before taxation	**11,817**	(394,263)
Taxation	**20,663**	172,899
Loss and total comprehensive expense for the period	**32,480**	(221,364)

The results of discontinued operations were previously recorded in the SiS segment, see also note 3.

Notes to the consolidated financial statements continued

10. Discontinued operations (continued)

b) Income tax relating to the SiS (Science in Sport) Limited business is as follows:

	4 months ended 8 August 2014 £	Year ended 31 March 2013 £
Current tax income		
United Kingdom corporation tax - research and development credit	**-**	-
Adjustment in respect of prior period		
United Kingdom corporation tax - research and development credit	**-**	39,950
United Kingdom corporation tax - other adjustments	**-**	67,267
Total current tax income	**-**	107,217
Deferred tax		
Origination and reversal of temporary differences	**20,663**	65,682
Tax on loss for the year	**20,663**	172,899

c) The profit from discontinued operations shown in the income statement is made up as follows:

	Year ended 31 March 2014 £
Profit in the financial period up to demerger of the discontinued business	**32,480**
Dividend in specie, at fair value - 1,518,650,979 shares at 0.56 pence	**8,504,445**
Net assets of SiS (Science in Sport) Limited business demerged	**(775,799)**
SiS intercompany debt converted into equity by way of a capital contribution	**(448,163)**
Intangible assets - goodwill at net book value	**(4,437,991)**
Intangible assets - other fair value adjustments on acquisition	**(1,870,115)**
Deferred tax	**430,126**
Profit for the year from discontinued operation	**1,434,983**

The value of the dividend in specie represents the fair value of SiS (Science in Sport) Limited, which has been derived from the placing price of Science in Sport plc at the time of the demerger, on admission.

Notes to the consolidated financial statements continued

11. Intangible assets

	Goodwill £	Development costs £	Trademarks £	Patents / recipes / formulations £	Covenants not to compete £	Customer relationships £	Website development costs £	Total £
Cost								
At 1 April 2013	11,703,268	158,166	1,004,029	180,886	22,480	1,228,696	174,999	14,472,524
Additions	-	-	-	-	-	-	7,172	7,172
Demerger of SiS (Science in Sport)	(4,437,991)	-	(1,004,029)	(180,886)	(22,480)	(1,228,696)	(182,171)	(7,056,253)
At 31 March 2014	**7,265,277**	**158,166**	**-**	**-**	**-**	**-**	**-**	**7,423,443**
Amortisation and impairment								
At 1 April 2013	7,265,277	158,166	186,714	47,691	13,238	228,495	19,441	7,919,022
Charge for year	-	-	35,229	8,999	2,498	43,112	11,738	101,576
Demerger of SiS (Science in Sport)	-	-	(221,943)	(56,690)	(15,736)	(271,607)	(31,179)	(597,155)
At 31 March 2014	**7,265,277**	**158,166**	**-**	**-**	**-**	**-**	**-**	**7,423,443**
Net book value								
At 31 March 2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 March 2013	4,437,991	-	817,315	133,195	9,242	1,000,201	155,558	6,553,502

	Goodwill £	Development costs £	Trademarks £	Patents / recipes / formulations £	Covenants not to compete £	Customer relationships £	Website development costs £	Total £
Cost								
At 1 April 2012	11,642,165	132,621	1,004,029	180,886	22,480	1,228,696	9,514	14,220,391
Additions	61,103	25,545	-	-	-	-	165,485	252,133
At 31 March 2013	**11,703,268**	**158,166**	**1,004,029**	**180,886**	**22,480**	**1,228,696**	**174,999**	**14,472,524**
Amortisation and impairment								
At 1 April 2012	4,603,398	38,546	81,027	20,696	5,745	99,158	2,218	4,850,788
Charge for year	-	-	105,687	26,995	7,493	129,337	17,223	286,735
Impairment	2,661,879	119,620	-	-	-	-	-	2,781,499
At 31 March 2013	**7,265,277**	**158,166**	**186,714**	**47,691**	**13,238**	**228,495**	**19,441**	**7,919,022**
Net book value								
At 31 March 2013	**4,437,991**	**-**	**817,315**	**133,195**	**9,242**	**1,000,201**	**155,558**	**6,553,502**
At 31 March 2012	7,038,767	94,075	923,002	160,190	16,735	1,129,538	7,296	9,369,603

Development costs represent costs incurred in registering patents that meet the capitalisation criteria set out in IAS 38, see also note 1.

Notes to the consolidated financial statements continued

12. Goodwill and impairment
Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. The consolidated balance sheet of the Group at the start of the prior year included goodwill relating to two cash generating units (CGUs), Provexis, in respect of Fruitflow®, and SiS.

SiS (Science in Sport) Limited, which was acquired by Provexis plc in June 2011, was demerged from Provexis by way of a capital reduction demerger with effect from 9 August 2013 and the goodwill arising on the cost of its acquisition in 2011 was reversed as part of the demerger.

For the Provexis CGU, a total non cash impairment loss of £2,781,499 was recognised in the year ended 31 March 2013, made up of the existing £2,661,879 carrying value of the Provexis CGU, and the related £119,620 of intangible assets, in respect of previously capitalised intangible development costs. At the time the impairment loss was recognised the proposed demerger of SiS (Science in Sport) Limited remained conditional inter alia upon the approval of the Company's shareholders at a General Meeting, and the confirmation of the Company's reduction of capital by the Court, hence for the purposes of IAS 36 it amounted to a future restructuring to which an entity was not yet committed.

The carrying amount of goodwill is allocated to the CGUs as follows:

	Goodwill carrying amount					
	Year ended 31 March 2014 £			Year ended 31 March 2013 £		
	Provexis	**SiS**	**Total**	Provexis	SiS	Total
At start of year	-	4,437,991	4,437,991	2,661,879	4,376,888	7,038,767
Additions	-	-	-	-	61,103	61,103
Impairment charge for year	-	-	-	(2,661,879)	-	(2,661,879)
Demerger of SiS (Science in Sport)	-	(4,437,991)	(4,437,991)	-	-	-
At end of year	**-**	**-**	**-**	-	4,437,991	4,437,991

Under IAS 36 the reversal of an impairment loss for goodwill is prohibited.

Notes to the consolidated financial statements continued

13. Plant and equipment

	Leasehold improvements	Fixtures, fittings, plant and equipment	Laboratory equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2013	230,956	659,045	147,145	11,527	1,048,673
Additions	-	106,453	-	-	106,453
Demerger of SiS (Science in Sport)	(230,956)	(691,402)	-	(11,527)	(933,885)
At 31 March 2014	**-**	**74,096**	**147,145**	**-**	**221,241**
Depreciation					
At 1 April 2013	58,706	198,528	147,145	9,374	413,753
Charge for the year	16,409	54,702	-	1,722	72,833
Demerger of SiS (Science in Sport)	(75,115)	(179,134)	-	(11,096)	(265,345)
At 31 March 2014	**-**	**74,096**	**147,145**	**-**	**221,241**
Net book value					
At 31 March 2014	**-**	**-**	**-**	**-**	**-**
At 31 March 2013	172,250	460,517	-	2,153	634,920

	Leasehold improvements	Fixtures, fittings, plant and equipment	Laboratory equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2012	219,247	410,395	147,145	11,527	788,314
Additions	11,709	251,925	-	-	263,634
Disposals	-	(3,275)	-	-	(3,275)
At 31 March 2013	**230,956**	**659,045**	**147,145**	**11,527**	**1,048,673**
Depreciation					
At 1 April 2012	10,706	90,699	84,270	4,209	189,884
Charge for the year	48,000	109,548	24,999	5,165	187,712
Impairment - site closure	-	-	37,876	-	37,876
Disposals	-	(1,719)	-	-	(1,719)
At 31 March 2013	**58,706**	**198,528**	**147,145**	**9,374**	**413,753**
Net book value					
At 31 March 2013	**172,250**	**460,517**	**-**	**2,153**	**634,920**
At 31 March 2012	208,541	319,696	62,875	7,318	598,430

The carrying amount of fixtures, fittings, plant and equipment includes an amount of £Nil (2013: £245,266) in respect of assets held under an asset loan agreement.

Notes to the consolidated financial statements continued

14. Inventories

	31 March 2014 £	31 March 2013 £
Raw materials	**-**	503,093
Finished goods	**-**	410,294
	-	913,387

During the year inventories of £816,438 (2013: £1,746,504) were recognised as an expense within cost of sales in discontinued operations.

15. Trade and other receivables

	31 March 2014 £	31 March 2013 £
Amounts receivable within one year:		
Trade receivables	**-**	755,106
Less: provision for impairment of trade receivables	**-**	(32,233)
Trade receivables - net	**-**	722,873
Other receivables	**33,207**	124,615
Total financial assets other than cash and cash equivalents classified as loans and receivables	**33,207**	847,488
Prepayments and accrued income	**79,430**	405,817
Total trade and other receivables	**112,637**	1,253,305

Trade receivables represent debts due for the sale of goods to customers. The provision for impairment of receivables is estimated by the Group's management based on prior experience.

The balance at 31 March 2014 of £112,637 is £1,140,668 less than the prior year due predominantly to the demerger of SiS (Science in Sport) Limited in August 2013.

Trade receivables are denominated in Sterling. The directors consider that the carrying amount of these receivables approximates to their fair value. Trade and other receivables are categorised as loans and receivables under IAS 39.

All amounts shown under receivables fall due for payment within one year.

The Group does not hold any collateral as security.

As at 31 March 2014 trade receivables of £Nil (2013: £125,319) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	31 March 2014 £	31 March 2013 £
Up to 3 months	**-**	125,319
	-	125,319

As at 31 March 2014 trade receivables of £Nil (2013: £32,233) were past due and impaired. The amount of the provision as at 31 March was £Nil (2013: £32,233).

Notes to the consolidated financial statements continued

15. Trade and other receivables (continued)

Movements on the group provision for impairment of trade receivables are as follows

	31 March 2014 £	31 March 2013 £
At beginning of the year	**32,233**	32,101
Provided during the year	**2,000**	5,750
Unused amounts reversed	**-**	(5,618)
Demerger of SiS (Science in Sport) Limited	**(34,233)**	-
	-	32,233

The movement on the provision for impaired receivables has been included in administrative expenses within discontinued operations in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

16. Cash and cash equivalents

	31 March 2014 £	31 March 2013 £
Cash at bank and in hand	**514,827**	616,612
	514,827	616,612

17. Trade and other payables

	31 March 2014 £	31 March 2013 £
Trade payables	**19,028**	929,939
Other payables	**-**	109,171
Accruals	**85,313**	680,805
Total financial liabilities measured at amortised cost	**104,341**	1,719,915
Other taxes and social security	**3,871**	67,654
Total trade and other payables	**108,212**	1,787,569

The directors consider that the carrying amount of these liabilities approximates to their fair value.

All amounts shown fall due within one year.

18. Borrowings

	31 March 2014 £	31 March 2013 £
Secured borrowings at amortised cost		
Asset loan agreement at fixed rate	**-**	226,645
	-	226,645
Amounts due for settlement within 12 months	**-**	64,774
Amounts due for settlement after 12 months	**-**	161,871
	-	226,645

The asset loan agreement at 31 March 2013 was provided in September 2012 by HSBC Asset Finance (UK) Limited for SiS (Science in Sport) Limited, and it ceased to be a liability of the Provexis Group when SiS (Science in Sport) Limited was demerged from Provexis in August 2013.

19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 21% (2013: 23%).

Details of the deferred tax asset and liability are as follows:

	Asset 2014 £	**Liability 2014 £**	**Net 2014 £**	Asset 2013 £	Liability 2013 £	Net 2013 £
Business combinations	**-**	**-**	**-**	-	(450,789)	(450,789)
Available losses	**-**	**-**	**-**	110,348	-	110,348
Net tax assets / (liabilities)	**-**	**-**	**-**	110,348	(450,789)	(340,441)

No amounts in respect of deferred tax were recognised in the income statement from continuing operations or charged / credited to equity for the current or prior year.

At 31 March 2014 a deferred tax asset of £Nil (2013: £110,348) was recognised in respect of tax losses in SiS and other temporary differences giving rise to deferred tax assets where the directors believed it was probable that these assets would be recovered. The directors made this assessment based on the evidence available from projected budgets, forecasts of profitability and post year end profitability of the entity.

Deferred tax assets amounting to £3,789,701 (2013: £4,030,256) have not been recognised on the basis that their future economic benefit is not certain. Assuming a prevailing tax rate of 21% (2013: 23%) when the timing differences reverse, the unrecognised deferred tax asset comprises:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Depreciation in excess of capital allowances	**22,981**	23,068
Other short term timing differences	**1,540**	1,540
Unutilised tax losses	**3,745,123**	3,922,672
Share-based payments	**20,057**	82,976
	3,789,701	4,030,256

20. Share capital

On 11 September 2013 the Company announced that it had signed a new 5 year Equity Financing Facility ("EFF") with Darwin Strategic Limited ("Darwin"). The new facility, which is up to £10m, replaced the Company's existing EFF and warrant agreements with Darwin, dated 7 November 2011, which have accordingly been cancelled.

The new EFF agreement, dated 10 September 2013, provides the Company with a facility which (subject to certain limited restrictions) can be drawn down at any time over the 5 years ending on 9 September 2018. The timing and amount of any draw down is at the discretion of Provexis. Provexis is under no obligation to make a draw down and may make as many draw downs as its wishes, up to the total value of the EFF, by way of issuing subscription notices to Darwin. Following delivery of a subscription notice, Darwin will subscribe and Provexis will allot to Darwin new ordinary shares of 0.1p each ("Ordinary Shares").

The subscription price for any Ordinary Shares to be subscribed by Darwin under a subscription notice will be at a 7.5% discount to an agreed reference price determined during 5, 10 or 15 trading days following delivery of a subscription notice (the "Pricing Period"). The length of the Pricing Period is at the discretion of Provexis and is set at each relevant subscription notice. Provexis is also obliged to specify in each subscription notice a minimum price below which Ordinary Shares will not be issued.

EFF fee and warrant reserve

In consideration of Darwin agreeing to provide the EFF the Company agreed to:

(i) Pay a fee to Darwin amounting to approximately £35,000 by way of an issue of 3,414,635 fully paid Ordinary Shares, at a gross 1.025p per share. The contingent fee amounting to a maximum of £125,000 payable under the 7 November 2011 Equity Financing Facility was cancelled.

(ii) Enter into a new warrant agreement dated 10 September 2013 for the grant to Darwin of warrants to subscribe for up to ten million Ordinary Shares, such warrants to be exercisable at a price of 4.44 pence per share and to be exercisable at any time prior to the expiry of five years following the date of the new warrant agreement. The ten million warrants issued to Darwin in conjunction with the September 2011 EFF were cancelled.

The warrants were measured at fair value at the date of grant using a Black-Scholes model, with the following assumptions:

Date of grant	Exercise price pence	Number of warrants	Share price at grant date pence	Expected volatility	Risk free rate	Expected life years	Fair value per share under warrant pence
11-Sep-13	4.44	10,000,000	0.915	75%	0.79%	5	0.262

An expected dividend yield of 0% was used in the above valuation.

The assumption made for the expected life of the warrants is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The total fair value of the warrants, £26,200, has been held on the balance sheet within prepayments and in the warrants reserve within equity. The prepayment will be released against share premium as the equity financing facility is utilised. The warrants reserve will be released to share premium when the warrants are exercised. If the warrants lapse then the reserve is transferred to retained earnings.

Darwin or the Company may terminate the EFF in specified circumstances. The issue of subscription notices is subject to specified pre-conditions. The Company has provided warranties and indemnities to Darwin and affiliated persons.

Notes to the consolidated financial statements continued

20. Share capital (continued)

Share re-organisation and reduction of capital

In August 2013, following a general meeting held on 15 July 2013, the Company undertook a share re-organisation and reduction of capital to facilitate the demerger of SiS (Science in Sport) Limited.

The demerger was effected by Provexis returning to Provexis shareholders capital in an amount equal to the market value of the ordinary shares of £1 each in the capital of SiS (Science in Sport) Limited as at 9 August 2013, the demerger effective date. The return of capital to Provexis shareholders was satisfied by the transfer by Provexis to Science in Sport plc of SiS (Science in Sport) Limited's ordinary shares of £1 each, and the allotment and issue of Science in Sport plc ordinary shares credited as fully paid to the holders of Provexis ordinary shares who were registered on the Provexis share register at 5.00 p.m. on 6 August 2013, the demerger record time, in accordance with the terms of the demerger agreement.

This involved:

(i) the allotment and issue of Science in Sport Cancellation Shares credited as fully paid;

(ii) the cancellation of the Company's existing 0.9p deferred shares of £3.6 million, followed by the cancellation of the Science in Sport Cancellation Shares and the reduction of Provexis' share premium account, which amounted to £8.5 million in aggregate;

(iii) the return of capital by Provexis to Provexis shareholders of an amount equal to the market value of the SiS (Science in Sport) Limited ordinary shares of £1 each. The return of capital to Provexis shareholders was satisfied by the transfer by Provexis to Science in Sport plc of the SiS (Science in Sport) Limited ordinary shares of £1 each held by Provexis, and the allotment and issue of Science in Sport plc ordinary shares credited as fully paid by Science in Sport plc to Provexis shareholders who were registered on the Provexis share register at 5.00 p.m. on 6 August 2013, the demerger record time, on the basis of one Science in Sport plc ordinary share for every one hundred Provexis ordinary shares then held.

Science in Sport plc's share capital then comprised one ordinary share and 50,000 redeemable shares and, therefore, Provexis allotted and issued 50,000 redeemable shares in Provexis plc prior to the demerger becoming effective in order to ensure that the share capital of Science in Sport plc mirrored as nearly as may be the share capital of Provexis at the demerger record time. Provexis shareholders continued to hold their existing shares in Provexis and, immediately following the demerger, each Provexis shareholder held as nearly as may be the same percentage of Provexis plc ordinary shares and Science in Sport plc ordinary shares in each of Provexis and Science in Sport respectively. Science in Sport plc was admitted to trading on AIM on 9 August 2013.

Full details of the demerger, share re-organisation and reduction of capital were provided on 28 June 2013 in a circular to shareholders and in an AIM admission document for Science in Sport plc. The circular and AIM admission document are available to download from the Company's website www.provexis.com.

Allotted, called up and fully paid	**Ordinary 0.1p shares**	**Deferred 0.9p shares**	**Science in Sport 0.1p Cancellation Shares**	**Redeemable £1 shares**	**Total**
	number	**number**	**number**	**number**	**number**
At 31 March 2013	1,518,650,979	401,724,366	-	-	1,920,375,345
Demerger of SiS (Science in Sport) - issue redeemable shares	-	-	-	50,000	50,000
Demerger of SiS (Science in Sport) - issue Science in Sport Cancellation Shares	-	-	1,518,650,979	-	1,518,650,979
Demerger of SiS (Science in Sport) - redeem redeemable shares	-	-	-	(50,000)	(50,000)
Demerger of SiS (Science in Sport) - cancel deferred shares	-	(401,724,366)	-	-	(401,724,366)
Demerger of SiS (Science in Sport) - cancel Science in Sport Cancellation Shares	-	-	(1,518,650,979)	-	(1,518,650,979)
Issued on subscription - equity financing facility	31,000,000	-	-	-	31,000,000
Issued for equity financing facility fee	3,414,635	-	-	-	3,414,635
Issued on exercise of share options	1,750,000	-	-	-	1,750,000
At 31 March 2014	**1,554,815,614**	**-**	**-**	**-**	**1,554,815,614**

Notes to the consolidated financial statements continued

20. Share capital (continued)

	Ordinary 0.1p shares £	Deferred 0.9p shares £	Science in Sport 0.1p Cancellation Shares £	Redeemable £1 shares £	Total £
At 31 March 2013	1,518,651	3,615,519	-	-	5,134,170
Demerger of SiS (Science in Sport) - issue redeemable shares	-	-	-	50,000	50,000
Demerger of SiS (Science in Sport) - issue Science in Sport Cancellation Shares	-	-	1,518,651	-	1,518,651
Demerger of SiS (Science in Sport) - redeem redeemable shares	-	-	-	(50,000)	(50,000)
Demerger of SiS (Science in Sport) - cancel deferred shares	-	(3,615,519)	-	-	(3,615,519)
Demerger of SiS (Science in Sport) - cancel Science in Sport Cancellation Shares	-	-	(1,518,651)	-	(1,518,651)
Issued on subscription - equity financing facility	31,000	-	-	-	31,000
Issued for equity financing facility fee	3,415	-	-	-	3,415
Issued on exercise of share options	1,750	-	-	-	1,750
At 31 March 2014	**1,554,816**	**-**	**-**	**-**	**1,554,816**

Allotted, called up and fully paid	**Ordinary 0.1p shares number**	**Deferred 0.9p shares number**	**Total number**
At 31 March 2012	1,469,832,215	401,724,366	1,871,556,581
Issued on exercise of share options	4,000,000	-	4,000,000
Issued on subscription - equity financing facility	44,818,764	-	44,818,764
At 31 March 2013	**1,518,650,979**	**401,724,366**	**1,920,375,345**

	Ordinary 0.1p shares £	**Deferred 0.9p shares £**	**Total £**
At 31 March 2012	1,469,833	3,615,519	5,085,352
Issued on exercise of share options	4,000	-	4,000
Issued on subscription - equity financing facility	44,818	-	44,818
At 31 March 2013	**1,518,651**	**3,615,519**	**5,134,170**

During the year ended 31 March 2014 the Company issued ordinary shares of 0.1p each as follows:

Date	**Reason for issue**	**Shares issued £**	**Number**
17.09.13	Share subscription - equity financing facility	31,000	31,000,000
17.09.13	Share subscription - equity financing facility fee	3,415	3,414,635
22.11.13	Exercise of share options	1,750	1,750,000
		36,165	**36,164,635**

During the year ended 31 March 2013 the Company issued ordinary shares of 0.1p each as follows:

Date	**Reason for issue**	**Shares issued £**	**Number**
27.04.12	Exercise of share options	4,000	4,000,000
23.05.12	Share subscription - equity financing facility	13,198	13,197,880
03.09.12	Share subscription - equity financing facility	31,620	31,620,884
		48,818	**48,818,764**

Notes to the consolidated financial statements continued

21. Share options

In June 2005 the Company adopted a new share option scheme for employees ("the Provexis 2005 share option scheme"). Under the scheme, options to purchase ordinary shares are granted by the Board of Directors, subject to the exercise price of the option being not less than the market value at the grant date. The options typically vest after a period of 3 years and the vesting schedule is subject to predetermined overall company selection criteria. In the event that the option holder's employment is terminated, the option may not be exercised unless the Board of Directors so permits. The options expire 10 years from the date of grant.

The Company undertook a reverse takeover of Provexis Natural Products Limited ("PNP", formerly Provexis Limited) in June 2005 through a share for share exchange. Prior to the takeover the Company and PNP had granted EMI options and unapproved options. Options granted by the Company prior to the takeover remain subject to the same terms as contained in the individual share option contracts under which they were originally granted. The PNP EMI options and unapproved options were rolled over into options over the Company's ordinary shares, and these replacement options remain subject to the same terms as contained in the individual PNP share option contracts under which they were originally granted.

Following the demerger of SiS (Science in Sport) Limited in August 2013 appropriate modifications were proposed to the exercise price of certain outstanding EMI and unapproved share option awards under Provexis' share option schemes. The proposed modifications were to reflect the reduction in value of Provexis which arose from the share re-organisation, reduction of capital and demerger of SiS (Science in Sport) Limited, calculated on a pro rata basis immediately after the demerger using the respective market values of Provexis plc and Science in Sport plc, net of Science in Sport plc's August 2013 placing ("the Demerger Modifications").

Details of the share re-organisation, reduction of capital, demerger of SiS (Science in Sport) Limited and proposed option Demerger Modifications were provided on 28 June 2013 in a circular to shareholders and in an AIM admission document for Science in Sport plc, which are available to download from the Company's website www.provexis.com.

As envisaged in the June 2013 circular to shareholders an advance assurance was sought from HMRC to approve the variation in the exercise price arising out of the reduction of capital and demerger for unexercised EMI options as at 9 August 2013, the demerger effective date. The advance assurance was not successful, and the Company remains in dialogue with HMRC on this issue. On 20 August 2014 it was agreed that the modifications proposed to the exercise price of certain outstanding awards under Provexis' share option schemes would take immediate effect.

The fair values of the options granted during the year were estimated at the date of grant in accordance with IFRS 2, using a Black-Scholes model.

At 31 March 2014 the number of ordinary shares subject to options granted over the 2005 and prior option schemes were:

EMI options

	31 March 2014			31 March 2013		
	Weighted average exercise price (pence)	**Weighted average share price at date of exercise (pence)**	**Number**	Weighted average exercise price (pence)	Weighted average share price at date of exercise (pence)	Number
Outstanding at the beginning of the year	**1.44**	**-**	**55,802,021**	1.42	-	59,802,021
Granted during the year	**0.97**	**-**	**20,635,000**	-	-	-
Exercised during the year	**0.90**	**1.98**	**(1,750,000)**	0.90	2.00	(4,000,000)
Cancelled during the year	**2.56**	**-**	**(16,192,356)**	-	-	-
Outstanding at the end of the year	**0.78**	**-**	**58,494,665**	1.44	-	55,802,021

The exercise price of EMI options outstanding at the end of the year ranged between 0.59p and 1.85p (2013: 0.9p and 6.28p) and their weighted average contractual life was 6.0 years (2013: 3.9 years).

Of the total number of EMI options outstanding at the end of the year, 49,844,675 (2013: 44,552,031) had vested and were exercisable at the end of the year. Their weighted average exercise price was 0.71 pence (2013: 1.09 pence).

Notes to the consolidated financial statements continued

21. Share options (continued)
Unapproved options

	31 March 2014		31 March 2013	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**2.30**	**34,269,627**	2.28	34,269,627
Granted during the year	**0.97**	**19,365,000**	-	-
Cancelled during the year	**3.20**	**(1,488,782)**		
Outstanding at the end of the year	**7.33**	**52,145,845**	2.30	34,269,627

The exercise price of unapproved options outstanding at the end of the year ranged between 0.59p and 1.85p (2013: 0.9p and 6.28p) and their weighted average contractual life was 7.3 years (2013: 6.9 years).

Of the total number of unapproved options outstanding at the end of the year, 38,795,835 (2013: 10,919,617) had vested and were exercisable at the end of the year. Their weighted average exercise price was 1.27 pence (2013: 1.23 pence).

Grant of options
The fair values of the options have been estimated at the date of grant using a Black-Scholes model, using the following assumptions:

Tranche	**Date of grant**	**Exercise price**	**Number of options**	**Share price at grant date**	**Expected volatility**	**Risk free rate**	**Expected life**	**Fair value per share under option**
		pence		**pence**			**years**	**pence**
1	06-Jun-07	2.875	17,304,347	2.75	78%	4.44%	10	1.42
2	29-Nov-07	3.38	2,751,479	3.00	65%	3.77%	10	1.06
3	26-Aug-08	0.9	44,166,575	0.87	65%	4.45%	10	0.585
4	01-Oct-08	0.9	12,000,000	0.725	65%	4.39%	10	0.485
5	17-Jun-11	2.8	51,300,000	2.00	88%	4.48%	10	1.17
6	27-Jun-13	1.475	40,000,000	1.475	88%	0.79%	10	0.785

An expected dividend yield of 0% has been used in all of the above valuations.

The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The total charge for the year relating to employee share-based payment plans was £391,191 (2013: £179,283) all of which related to equity settled share-based payment transactions.

Notes to the consolidated financial statements continued

22. Reserves

	Share premium reserve	Warrant reserve	Merger reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interest	Total reserves
	£	£	£	£	£	£	£
At 31 March 2012	**19,998,832**	**60,000**	**6,599,174**	**(20,225,740)**	**6,432,266**	**(218,732)**	**6,213,534**
Loss for the year	-	-	-	(4,338,600)	(4,338,600)	(53,106)	(4,391,706)
Share-based charges	-	-	-	179,283	179,283	-	179,283
Issue of shares - exercise of share options	32,000	-	-	-	32,000	-	32,000
Issue of shares - equity financing facility 23 May 2012	230,504	-	-	-	230,504	-	230,504
Issue of shares - equity financing facility 3 September 2012	508,087	-	-	-	508,087	-	508,087
At 31 March 2013	**20,769,423**	**60,000**	**6,599,174**	**(24,385,057)**	**3,043,540**	**(271,838)**	**2,771,702**
Loss for the year	-	-	-	488,353	488,353	(51,634)	436,719
Share-based charges	-	-	-	391,191	391,191	-	391,191
Demerger of SiS (Science in Sport) - issue SiS cancellation shares	(1,518,651)	-	-	-	(1,518,651)	-	(1,518,651)
Demerger of SiS (Science in Sport) - transfer to Science in Sport plc	(3,370,275)	-	-	-	(3,370,275)	-	(3,370,275)
Warrants cancelled during the period - equity financing facility	2,038	(60,000)	-	-	(57,962)	-	(57,962)
Warrants issued during the period - equity financing facility	-	26,200	-	-	26,200	-	26,200
Issue of shares - equity financing facility 11 September 2013	255,750	-	-	-	255,750	-	255,750
Issue of shares - equity financing facility fee 11 September 2013	31,585	-	-	-	31,585	-	31,585
Issue of shares - share options exercised 22 November 2013	14,000	-	-	-	14,000	-	14,000
At 31 March 2014	**16,183,870**	**26,200**	**6,599,174**	**(23,505,513)**	**(696,269)**	**(323,472)**	**(1,019,741)**

The following describes the nature and purpose of each reserve within total equity:

Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Warrant reserve	The warrant reserve represents warrants issued as part of the Equity Financing Facility (see note 20).
Merger reserve	The merger reserve arose on the reverse takeover in 2005 of Provexis Natural Products Limited (formerly Provexis Limited) by Provexis plc through a share for share exchange and on the issue of shares for the acquisition of SiS (Science in Sport) Limited in 2011.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

23. Pension costs

The pension charge represents contributions payable by the Group to independently administered funds which for continuing operations during the year ended 31 March 2014 amounted to £7,624 (2013, restated: £1,552). Pension contributions payable but not yet paid at 31 March 2014 totalled £3,871, in respect of pension contribution entitlements where employees had not yet provided details of the funds to which the contributions should be made (2013: £9,057).

Notes to the consolidated financial statements continued

24. Operating lease commitments
Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 March 2014 £	31 March 2013 £
Due within 1 year	**8,151**	189,403
Due between 1 year and 2 years	**-**	151,342
Due between 2 years and 5 years	**-**	186,762
	8,151	527,507

Operating lease payments primarily represent rentals payable by the Group for various offices. The leases have various terms, escalation clauses and renewal rights typical of lease agreements for the class of asset.

25. Related party transactions
On 1 June 2010 the Company announced a long-term Alliance Agreement with DSM Nutritional Products, which has seen the Company collaborate with DSM to develop Fruitflow® in all major global markets. DSM has invested substantially in the manufacture, technology development, marketing and sale of Fruitflow® since the Alliance Agreement was signed. Provexis continues to contribute scientific expertise and is collaborating in areas such as cost of goods optimisation and regulatory matters. The financial model is based upon the division of profits between the two partners on an agreed basis, linked to certain revenue targets, following the deduction of the cost of goods and a fixed level of overhead from sales. The Company is working closely with DSM in various areas of the project. It is not possible to determine the financial impact of the Alliance Agreement at this time.

DSM is classified as a related party of the Group in accordance with IAS 24 as it holds shares in the Group. Further, K Rietveld is a director of the Company, and a senior employee of DSM. The directors of Provexis (the "Directors"), having consulted with Cenkos Securities Limited ("Cenkos Securities"), the Company's nominated adviser, consider that the terms of the Alliance Agreement are fair and reasonable insofar as Provexis's shareholders are concerned. In providing advice to the Directors, Cenkos Securities has taken into account the Directors' commercial assessments.

Revenue recognised by the Group under agreements with DSM amounted to £3,967 (2013: £34,351). At 31 March 2014 the Group was owed £Nil (2013: £23,009) by DSM.

Key management compensation
The directors represent the key management personnel. Details of their compensation and share options are given in note 6 and within the Remuneration report on pages 16 to 18.

26. Post balance sheet events
On 23 April 2014 the Group announced that it had raised net proceeds of £45,403 by drawing down on its Equity Financing Facility with Darwin Strategic Limited.

Under the terms of the Equity Financing Facility agreement the Company allotted 7,000,000 new ordinary shares of 0.1p each to Darwin Strategic Limited which were admitted to AIM on 29 April 2014.

Parent company balance sheet

Company number 05102907	Notes	**As at 31 March 2014 £**	As at 31 March 2013 £
Fixed assets			
Investments	3	**-**	7,035,336
Current assets			
Debtors - due within one year	4	**61,200**	57,962
Debtors - due after one year	4	**-**	1,337,898
Total debtors		**61,200**	1,395,860
Cash and cash equivalents	5	**350,102**	450,591
Total current assets and net current assets		**411,302**	1,846,451
Total assets		**411,302**	8,881,787
Creditors: amounts falling due after more than one year		**-**	-
Net assets		**411,302**	8,881,787
Capital and reserves			
Share capital	7	**1,554,816**	5,134,170
Share premium reserve	8	**16,183,870**	20,769,423
Warrant reserve	8	**26,200**	60,000
Retained earnings	9	**(17,353,584)**	(17,081,806)
Equity shareholders' funds	9	**411,302**	8,881,787

These financial statements were approved and authorised for issue by the Board on 20 August 2014.
The notes on pages 56 to 59 form part of these parent company financial statements.

Ian Ford
Director
On behalf of the Board of Provexis plc

Notes to the parent company financial statements

1. Accounting policies
The parent company financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Going concern
The going concern basis has been applied in preparing the parent company financial statements for the reasons identified and disclosed in note 1 to the consolidated financial statements.

Share-based employee remuneration
The Company has no employees however the Company will issue shares to satisfy share awards made by its subsidiary companies. The Company records a management charge equivalent to the fair value of the share-based payment incurred by its subsidiaries as disclosed in note 8.

Taxation
Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Valuation of investments
Investments are stated at cost less any provision for impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Warrants
The Group has issued warrants to Darwin Strategic Limited as part of the Equity Financing Facility. These warrants have been measured at fair value at the date of grant using an appropriate options pricing model. This fair value has been held on the balance sheet within prepayments and in the warrants reserve within equity. The prepayment will be released against share premium as the equity financing facility is utilised. The warrants reserve will be released to share premium when the warrants are exercised. If the warrants lapse then the reserve is transferred to retained earnings.

Post balance sheet events
Details of post balance sheet events relevant to the parent company are included in note 26 to the consolidated financial statements.

2. Profit attributable to shareholders
As permitted by Section 408 of the Companies Act 2006 no separate Company profit and loss account has been included in these financial statements. The Group loss for the year includes a loss after tax of £662,969 (2013: £6,446,663) which is dealt with in the financial statements of the Company. The total fees of the Group’s auditor, Chantrey Vellacott DFK LLP, for services provided are analysed in note 4 to the consolidated financial statements. Total fees for the year were £13,000 (2013: £15,000).

The parent company did not have any employees in the year and therefore there were no payroll costs or pension costs (2013: Nil).

Notes to the parent company financial statements continued

3. Investments

	31 March 2014 £	31 March 2013 £
Cost at start of year	7,035,336	8,418,255
Demerger of SiS (Science in Sport) Limited	(7,035,336)	-
Provision for impairment	-	(1,382,919)
Net book value	-	7,035,336

At 31 March 2013 the Company owned the following material subsidiary undertakings:

	Share of issued ordinary share capital, and voting rights	**Country of incorporation and operation**	**Business activity**
Provexis Nutrition Limited	100%	England and Wales	Functional food, medical food and dietary supplement technologies
Provexis Natural Products Limited	100%	England and Wales	Functional food, medical food and dietary supplement technologies
Provexis (IBD) Limited	75%	England and Wales	Functional food, medical food and dietary supplement technologies

There are no significant restrictions on the ability of subsidiary undertakings to transfer funds to the parent, other than those imposed by the Companies Act 2006.

4. Debtors

	31 March 2014 £	31 March 2013 £
Debtors falling due within one year		
Prepayments	**61,200**	57,962
Total debtors falling due within one year	**61,200**	57,962
Debtors falling due after one year		
Amounts owed by subsidiaries	**-**	1,337,898
Total debtors falling due after one year	**-**	1,337,898
Total debtors	**61,200**	1,395,860

5. Cash and cash equivalents

	31 March 2014 £	31 March 2013 £
Cash at bank and in hand	**350,102**	450,591
	350,102	450,591

Notes to the parent company financial statements continued

6. Deferred tax

Deferred tax assets amounting to £54,171 (2013: £59,331) have not been recognised on the basis that their future economic benefit is not certain.

7. Share capital

Allotted, called up and fully paid	Ordinary 0.1p shares number	Deferred 0.9p shares number	Science in Sport 0.1p Cancellation Shares number	Redeemable £1 shares number	Total number
At 31 March 2013	1,518,650,979	401,724,366	-	-	1,920,375,345
Demerger of SiS (Science in Sport) - issue redeemable shares	-	-	-	50,000	50,000
Demerger of SiS (Science in Sport) - issue Science in Sport Cancellation Shares	-	-	1,518,650,979	-	1,518,650,979
Demerger of SiS (Science in Sport) - redeem redeemable shares	-	-	-	(50,000)	(50,000)
Demerger of SiS (Science in Sport) - cancel deferred shares	-	(401,724,366)	-	-	(401,724,366)
Demerger of SiS (Science in Sport) - cancel Science in Sport Cancellation Shares	-	-	(1,518,650,979)	-	(1,518,650,979)
Issued on subscription - equity financing facility	31,000,000	-	-	-	31,000,000
Issued for equity financing facility fee	3,414,635	-	-	-	3,414,635
Issued on exercise of share options	1,750,000	-	-	-	1,750,000
At 31 March 2014	**1,554,815,614**	**-**	**-**	**-**	**1,554,815,614**

	Ordinary 0.1p shares £	Deferred 0.9p shares £	Science in Sport 0.1p Cancellation Shares £	Redeemable £1 shares £	Total £
At 31 March 2013	1,518,651	3,615,519	-	-	5,134,170
Demerger of SiS (Science in Sport) - issue redeemable shares	-	-	-	50,000	50,000
Demerger of SiS (Science in Sport) - issue Science in Sport Cancellation Shares	-	-	1,518,651	-	1,518,651
Demerger of SiS (Science in Sport) - redeem redeemable shares	-	-	-	(50,000)	(50,000)
Demerger of SiS (Science in Sport) - cancel deferred shares	-	(3,615,519)	-	-	(3,615,519)
Demerger of SiS (Science in Sport) - cancel Science in Sport Cancellation Shares	-	-	(1,518,651)	-	(1,518,651)
Issued on subscription - equity financing facility	31,000	-	-	-	31,000
Issued for equity financing facility fee	3,415	-	-	-	3,415
Issued on exercise of share options	1,750	-	-	-	1,750
At 31 March 2014	**1,554,816**	**-**	**-**	**-**	**1,554,816**

Allotted, called up and fully paid	**Ordinary 0.1p shares Number**	**Deferred 0.9p shares number**	**Total number**
At 31 March 2012	1,469,832,215	401,724,366	1,871,556,581
Issued on exercise of share options	4,000,000	-	4,000,000
Issued on subscription - equity financing facility	44,818,764	-	44,818,764
At 31 March 2013	1,518,650,979	401,724,366	1,920,375,345

	Ordinary 0.1p shares £	**Deferred 0.9p shares £**	**Total £**
At 31 March 2012	1,469,833	3,615,519	5,085,352
Issued on exercise of share options	4,000	-	4,000
Issued on subscription - equity financing facility	44,818	-	44,818
At 31 March 2013	1,518,651	3,615,519	5,134,170

Details of the share subscriptions, share placings, and the shares issued by the Company during the two years ended 31 March 2014 are given in note 20 to the consolidated financial statements.

Details on the share option scheme and share based payment charge for the year are given in note 21 to the consolidated financial statements.

Notes to the parent company financial statements continued

8. Reserves

	Share premium reserve £	Warrant reserve £	Retained earnings £
At 1 April 2013	20,769,423	60,000	(17,081,806)
Retained loss for the year	-	-	(662,969)
Share-based charges	-	-	391,191
Demerger of SiS (Science in Sport) - issue SiS cancellation shares	(1,518,651)	-	-
Demerger of SiS (Science in Sport) - transfer to Science in Sport plc	(3,370,275)	-	-
Warrants cancelled during the period - equity financing facility	2,038	(60,000)	-
Warrants issued during the period - equity financing facility	-	26,200	-
Issue of shares - equity financing facility 11 September 2013	255,750	-	-
Issue of shares - equity financing facility fee 11 September 2013	31,585	-	-
Issue of shares - share options exercised 22 November 2013	14,000	-	-
At 31 March 2014	**16,183,870**	**26,200**	**(17,353,584)**

9. Shareholders' funds

Reconciliation of movement in shareholders' funds

	31 March 2014 £	31 March 2013 £
Loss for year	**(662,969)**	(6,446,663)
Share-based payment charge (note 21)	**391,191**	179,283
Shares issued during the year	**36,165**	48,818
Demerger of SiS (Science in Sport) - issue SiS cancellation shares	**(1,518,651)**	-
Demerger of SiS (Science in Sport) - cancel deferred shares	**(3,615,519)**	-
Demerger of SiS (Science in Sport) - transfer to Science in Sport plc	**(3,370,275)**	-
Premium on shares issued	**301,335**	770,591
Warrants cancelled during the period - equity financing facility	**(57,962)**	-
Warrants issued during the period - equity financing facility	**26,200**	-
Net decrease in shareholders' funds	**(8,470,485)**	(5,447,971)
Opening shareholders' funds	**8,881,787**	14,329,758
Closing shareholders' funds	**411,302**	8,881,787

10. Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with 100% owned members of the Group headed Provexis plc on the grounds that 100% of the voting rights of the Company are controlled within that Group.

Provexis (IBD) Limited is 75% owned by Provexis plc and 25% owned by The University of Liverpool.

Provexis plc wholly owns Provexis Nutrition Limited, and Provexis Natural Products Limited. Provexis Nutrition Limited, Provexis Natural Products Limited, and Provexis (IBD) Limited are under the common control of Provexis plc.

The Company did not trade with Provexis (IBD) Limited during the year ended 31 March 2014 (2013: Nil). At 31 March 2014 the Company was owed £5,509 by Provexis (IBD) Limited (31 March 2013: owed £5,509).

Provexis (IBD) Limited does not have a bank account, and all its cash accounting transactions during the year were processed by Provexis plc and Provexis Natural Products Limited ("Provexis group companies"). Amounts transacted by Provexis (IBD) Limited with Provexis group companies are charged through inter company accounts and the net amount transacted during the year was £206,533 (2013: £212,426). Provexis (IBD) Limited owed Provexis group companies and Provexis Nutrition limited a total of £2,174,643 at 31 March 2014 (31 March 2013: owed £1,968,110). Provisions of £2,174,643 (2013: £1,968,110) have been recognised in the accounts of Provexis group companies and Provexis Nutrition Limited.

Details of a related party transaction with DSM are given in note 25 to the consolidated financial statements.

Company information

Company number	05102907
Directors	C D Buck K Rietveld I Ford
Audit committee	C D Buck K Rietveld
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Secretary and registered office	I Ford Prospect House 58 Queens Road Reading Berkshire RG1 4RP
Nominated adviser and broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Principal solicitors	Shoosmiths Apex Plaza Forbury Road Reading Berkshire RG1 1SH
Auditors	Chantrey Vellacott DFK LLP Prospect House Queens Road Reading Berkshire RG1 4RP