Physiomics Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

30 June 2016

Company Registration No. 4225086

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Contents

Officers and Professional Advisors

DIRECTORS

Dr P B Harper	Chairman
Dr J S Millen	Chief Executive Officer
Dr C D Chassagnole	Chief Operating Officer

SECRETARY

Strategic Finance Director Limited

REGISTERED OFFICE

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Robert Robinson Avenue
Oxford Science Park
Oxford
OX4 4GA

AUDITOR

Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

REGISTRAR

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 2YU

BANKER

National Westminster Bank Plc
Woollen Hall
Castle Way
Southampton
SO14 2DE

NOMINATED ADVISOR

WH Ireland Limited
11 St James's Square
Manchester
M2 3WH

SOLICITOR

Taylor Vinters LLP
Merlin Place,
Milton Road,
Cambridge
CB4 0DP

BROKER

Hybridan LLP
20 Ironmonger Lane
London
EC2V 8EP

Physiomics Plc is a limited liability company incorporated in England & Wales and domiciled in United Kingdom.

Chairman's Statement

Summary of Results in the year ended 30 June 2016

- The turnover of the Company increased 26% to £297,120 (2015: £235,486)
- The loss after net operating expenses (excluding share-based payments and operating exceptional costs) decreased 6% to £371,381 (2015: £395,329)
- The operating loss increased 4% to £431,561 (2015: £414,755)
- On 30 June 2016, the surplus of shareholders' funds was £204,153 (2015: £325,617)

This year, Physiomics continued to build out its client base and extend its modelling and simulation services relationships with key existing clients. In addition, Physiomics appointed a new Chief Executive Officer with significant deal making experience.

In summary the Company has:

- Appointed Professor Mark Middleton to our Scientific Advisory Board. Professor Middleton is Lead Cancer Clinician for the Oxford University Hospitals NHS Trust and deputy director of the Cancer Research UK Oxford Centre;
- Signed a contract with a new speciality pharma customer to carry out PK/ PD modelling and later in the year announced a first extension to this contract;
- Won a further large pharma customer (our 4th) for Virtual Tumour Pre-Clinical;
- Signed three further projects as part of an on-going collaboration with a global pharma which we first started working for in 2012;
- Appointed Dr Jim Millen as Chief Executive;
- Engaged Anthony Clayden, of Strategic Finance Director Limited, as Head of Finance and Company Secretary.

After the end of the period the Company also:

- Completed the placing of 2,220,000,000 new ordinary shares of 0.004p each at a price of 0.025p per share to raise a total of £555,000 gross

Dr Paul Harper, Non-Executive Chairman

Chairman and Chief Executive Officer's Statement

Introduction

The Company has undergone a re-structuring as part of developing a new strategy. The Chief Executive of long-standing, Dr Mark Chadwick, was replaced by Dr Jim Millen. Dr Millen brings new skills and contacts from his long and recent experience in global pharmaceutical companies – the target market for our Virtual Tumour product. He adds business development to scientific and clinical skills which he has already begun to leverage by successfully reactivating one dormant client and reaching out to contacts at a number of other potential new clients.

During the recent placing, we discussed with investors the alternatives of either focusing entirely on funding the core modelling and simulation business, or doing this in combination with the acquisition of the Company's own drug development pipeline. There was an appetite for both strategies but with a bias in favour of exploiting our modelling and simulation capabilities in the near term. Virtual Tumour Clinical, which the Company has already deployed to a major global pharma client, was of particular interest.

During the period, Physiomics significantly extended its relationship with one of its longest standing big pharma clients by signing three further extensions of a contract to provide services related to its Virtual Tumour Pre-Clinical model. We believe that the validation of our technology signalled by these contract extensions has played a significant role in enabling the Company to broaden out its customer base by signing two further clients, one big pharma and one speciality pharma.

(i) Focus on maximising modelling and simulation revenues from Virtual Tumour Clinical

The Company has significant capabilities to support the R&D process from candidate selection through to early clinical trials and has a number of product and service offerings including DrugCard (a cancer therapeutics and drug database) and EasyAP (predicting cardiac toxicity). Nevertheless, its main revenue driver has been the Virtual Tumour ("VT") predictive software as evidenced by the increase in revenue in this financial year compared with prior years.

To maximise revenue growth in the short to medium term, the Company intends to focus on deepening its relationship with its first major VT Clinical client, moving other existing clients up the value chain from VT Pre-Clinical to VT Clinical and acquiring new clients who could benefit from the spectrum of its VT modelling services.

It is intended that although the focus of our business development efforts will be on VT, other services will be sold to clients when there is a clear need.

(ii) Continue to develop Virtual Tumour to address the immuno-oncology market

With the continuing focus of many R&D based companies on immuno-oncology targets and drugs, we aim to build on the work we have done to address this growing market. As stated in last year's annual report, the Company has already developed a module for Virtual Tumour that has been used to make successful predictions of the effect of immuno-oncology drugs in the pre-clinical setting. In the forthcoming year, we intend to explore the suitability of our technology to make similar predictions for early immuno-oncology clinical trials in order to expand our service offering further

Chairman and Chief Executive Officer's Statement - continued

(iii) Personalised medicine software

Physiomics is assessing the feasibility of developing a software tool to determine which cancer treatment to provide to which groups of patients based on individual patient data. The software would use as its inputs pharmacological information about the drugs coupled with physiological, genomic, and metabolic information about the patient. The focus on forecasting would be on which treatment and schedule are likely to lead to an increase in survival. The Company is in talks with leading clinicians and collaborators regarding the required data and is seeking grant funding to develop a prototype software tool. Further updates will be provided in due course as appropriate.

(iv) Acquisition

Following feedback from investors during our September 2016 placing process, many of whom suggested that that the Company should focus on its core modelling and simulation business in the near term, the Company decided not to proceed with the proposed acquisition of BioMoti Limited and will instead concentrate on developing its business pipeline.

Dr Jim Millen, Chief Executive Officer

Dr Paul Harper, Non-Executive Chairman

Our strategy

Physiomics supports the development of client drugs primarily on a fee for service basis but is also open to risk sharing approaches. The Company's main revenue drivers are the Virtual Tumour Pre-Clinical and (increasingly) Virtual Tumour Clinical models. However, we also offer modelling services in support of other stages and activities of drug discovery and development (for example, the prediction of drug cardiotoxicity) as well as bespoke modelling, mainly where required by existing commercial clients.

The Company has also started to explore the potential of personalised medicine. We have strengthened our team by building up a group of external experts, some of whom form an Advisory Board. Their role is to help build the scientific and technical bases of the Company and to enable us to identify opportunities and exploit them successfully in a manor most suited to our business.

Finally, the Company continues to seek possible acquisition or collaboration opportunities in oncology drug development where a combination of our technology and a third party asset could be synergistic.

Physiomics services and activities are summarised as follows:

- Modelling in oncology:
    - Virtual Tumour:
        - to direct and optimise candidate selection;
        - saves money and time by reducing number of small animal (usually mouse xenograft) studies required;
    - Virtual Tumour Clinical:
        - to optimise the design of drug regimes for clinical trials;
        - to attempt to identify the dosing regime of drug combinations that optimises efficacy and hence maximises the value of the program;
- Personalised medicine:
    - New model in development to forecast the optimal drug regimen for treatment of patients on an individual basis
- Drug molecule parameters:
    - Models to predict potential cardiotoxicity as an aid to optimisation of drug design and selection of viable candidate compounds;
- Acquisition or collaboration:
    - Identification of therapeutic oncology programs owned by third parties where the Company's technology could significantly enhance their value;
    - As noted elsewhere, the Company's strategy in this area will be reviewed in the second half of its financial year.

Strategic Report - continued

Business review

The Company is principally engaged in providing services to pharmaceutical companies in the areas of outsourced systems and computational biology.

- The turnover of the Company increased 26% to £297,120 (2015: £235,486)
- The loss after net operating expenses (excluding share-based payments and operating exceptional costs) decreased 6% to £371,381 (2015: £395,329)
- The operating loss increased 4% to £431,561 (2015: £414,755)
- On 30 June 2016, the surplus of shareholders' funds was £204,153 (2015: £325,617).

Strategic and financial performance indicators

The Company is focused on the creation of long-term value for its shareholders.

The Directors consider that the key performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being revenue, profitability and shareholders' funds.

The Company faces many risks on the way to building shareholder value. The process of winning major contracts can be protracted and the Company operates in a competitive environment. This means the Company often faces significant uncertainties in its cash flow.

Addressing the risks

The board addresses the financial uncertainties by monitoring of actual performance against internal projections and responding to significant variances. Personnel resources are a combination of full-time and contractors, many of the latter being ex-employees who are familiar with the models and the clients. We can draw on this flexible resource as necessary.

Interest rate risk

The Company finances its operations by cash and short term deposits.

In the current low interest rate environment, interest rate risk management in respect of the Company's current cash balances is not a primary focus. Instead, the Company seeks to ensure cash availability for working capital purposes and to reduce credit risk arising from cash and short term deposits with banks and other financial institutions by holding deposits with an institution with a medium grade credit rating or better.

Other creditors, accruals and deferred income values do not bear interest.

Interest rate profile

The Company had no bank borrowings at the 30 June 2016.

Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair values

There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

Regulatory risk

There is a risk that the business model is impacted by future changes in regulations in the medical and pharmaceutical industry. Major agencies such as the FDA are actively promoting the use of system modelling and issue advisory papers which set out their thinking. The Company regularly reviews activity in this area through proactive discussions with key industry officials, professional advisors and regulatory bodies where appropriate. The Company's customers are predominately pharmaceutical companies who require outsourced systems and computational biology services.

Skills risk

The success and future growth of the Company is in part dependent on the continued performance and delivery of certain Directors, managers and key staff and contractors.

The Company seeks to recruit, develop, and manage talent in order to meet the continuing demand for innovative and leading edge developments in specialised modelling solutions within the pharmaceutical industry. The ability of the Company to attract and retain highly skilled employees requires the Company to offer and maintain competitive employment packages and personal development opportunities. It is considered essential to implement a system of succession planning processes to ensure key roles are identified and career development opportunities established. The Company therefore invests in the recruitment of highly skilled individuals and operates a proactive system of training and performance management across the business. The Company has built a network of contracted specialists who can contribute a unique combination of skills as required.

Systems & infrastructure

The Company is dependent on its IT technical infrastructure and systems for the management of its core operations and research and development programmes. Continuity of access to data and integrity of data is maintained through the implementation of a system of data storage, backup and monitoring of key coding and modelling data.

By order of the board

Dr Paul Harper
Chairman
27 October 2016

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Directors' Report

The Directors submit their report and the audited financial statements of Physiomics Plc for the year ended 30 June 2016.

Results

There was a loss for the year after taxation amounting to £378,697 (2015 loss: £357,656). In view of accumulated losses, and given the stage of the Company's development, the Directors are unable to recommend the payment of a dividend.

Directors

The directors who served during the year were:
Dr P B Harper
Dr J S Millen
Dr M P Chadwick (resigned 25 October 2016)
Dr C D Chassagnole

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 Company and the financial performance and cash flows of the Company for that year.

The financial statements are required by law, and IFRS as adopted by the EU, to give a true and fair view of the state of affairs of the Company.

In preparing the Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and estimates that are reasonable and prudent;
c. state whether in preparation of the financial statements the Company has complied with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and
d. 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 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.

The Directors are also responsible for the maintenance and integrity of the Physiomics Plc website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Substantial shareholdings

The Company has been informed that on 26 October 2016 the following shareholders held substantial holdings in the issued ordinary shares of the Company.

	Number of Ordinary shares	Holding %
W B Nominees Limited	661,670,000	11.6%
Barclayshare Nominees Limited	631,458,960	11.1%
HSDL Nominees Limited	573,690,107	10.1%
Hargreaves Lansdown (Nominees)	488,804,396	8.6%
SVS (Nominees) Limited	476,500,336	8.4%
TD Direct Investing Nominees	435,382,619	7.6%
Peel Hunt Holdings Limited	357,634,865	6.3%
Investor Nominees Limited	278,271,527	4.9%
Nomura PB Nominees Limited	260,000,000	4.6%
HSBC Client Holdings Nominee (UK)	185,024,920	3.2%

No other person has reported an interest of more than 3% in the ordinary shares.

On 26 October 2016, Dr Paul Harper held 52,570,787 ordinary shares, Dr Mark Chadwick (resigned 25 October 2016) held 3,970,151 ordinary shares and Dr Christophe Chassagnole held 15,189,740 ordinary shares. The holding percentages were 0.92%, 0.07% and 0.26% respectively.

Directors' remuneration

Details of Directors' remuneration in the year ended 30 June 2016 is set out below:

	Emoluments £	Benefits £	Pension Contributions £	Total 2016 £	Total 2015 £
Dr P B Harper	35,000	-	-	35,000	35,000
Dr J S Millen	26,667	204	-	26,871	-
Dr C D Chassagnole	60,479	611	3,030	64,120	64,603
Dr M P Chadwick	95,800	1,081	-	96,881	112,596
Total	**217,946**	**1,896**	**3,030**	**222,872**	**212,199**

Post balance sheet events

The Company completed a successful placing on the 21 September 2016, raising £550,000 gross.

Statement as to disclosure of information to auditors

The Directors in office on 27 October 2016 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Corporate governance

The board of Directors is accountable to the Company's shareholders for good corporate governance. The Company takes corporate governance seriously and the statement below sets out how the board apply the principles of good corporate governance.

Directors

The Company supports the concept of an effective board leading and controlling the Company. The board is responsible for formulating and approving the strategy of the business and meets at least six times per year. Various matters are specifically reserved for board decision, ensuring that the board maintains full control over strategic, financial, organisational, risk and compliance issues. Management supply the board with appropriate and timely information, while the Directors are encouraged to seek any further information they consider necessary.

The board comprises two executive Directors, who fulfil the main operational roles in the Company, and a non-executive Chairman. From 25 April 2016 until 25 October 2016, Dr Mark Chadwick also served as a non-executive Director following his resignation as Chief Executive. Due to the size of the Company, the board does not consider the appointment of a senior non-executive director to be necessary. A full list of the Directors is shown above.

Accountability

The board endeavours to present a balanced and comprehensible assessment of the Company's situation and prospects in all of its published statements, including interim reports, price-sensitive announcements, reports to regulators and information supplied to comply with statutory requirements.

The board reviews the independence and objectivity of the external auditors, as well as the amount of non-audit work undertaken by Shipleys LLP to satisfy itself that this will not compromise their independence. Details of the fees paid to Shipleys LLP during the current accounting period are given in note 3 to the accounts.

Directors' Report - continued

Remuneration Committee

The Remuneration Committee has been established primarily to determine the remuneration, terms and conditions of employment of the executive Directors of the Company. The Committee comprises the CEO, the Company Secretary and is chaired by the Company Chairman. It meets at least once a year. The primary concern of the Committee is to establish a system of rewards and incentives that aim to align the interests of the executive Directors with the long-term interests of the shareholders. These are based on the achievement of both scientific and commercial milestones while taking into account the financial position of the Company at this stage in its development. Any remuneration issues concerning non-executive Directors are resolved by this Committee and no Director participates in decisions that concern his own remuneration.

Going concern, responsibilities and disclosure

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal controls and risk management

The board is responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Directors have a reasonable expectation that the Company will safeguard the Company's assets. The risk management process and internal control systems are designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the Company's system of internal control are as follows:

- a clearly defined organisational structure and set of objectives.
- the executive Directors play a significant role in the day to day operation of the business.
- detailed monthly management accounts are produced for the board to review and take appropriate action.

Annual General Meeting

The Company values the views of its shareholders and recognises their interest in the Company's strategy, performance and the ability of the board. The AGM provides an opportunity for two-way communication and all shareholders are encouraged to attend and participate. Separate resolutions will be put to shareholders at the AGM, giving them the opportunity to discuss matters of interest. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after each has been dealt with on a show of hands.

The Company uses its website www.physiomics-plc.com as another means of providing information to shareholders and other interested parties. The website displays the annual report and accounts, interim results and other relevant announcements.

The Annual General Meeting of the Company will be held at the offices of Physiomics plc, The Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 10.00 am on Friday 16 December 2016.

By order of the board

Dr Paul Harper

Chairman
27 October 2016

Independent Auditors' Report to the Shareholders of Physiomics Plc

We have audited the financial statements of Physiomics Plc for the year ended 30 June 2016 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities, 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 (APB's) Ethical Standards for auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the 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 Company's affairs as at 30 June 2015 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Joseph Kinton (senior statutory auditor)

For and on behalf of Shipleys LLP statutory auditor

10 Orange Street

Haymarket

London

WC2H 7DQ

27 October 2016

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Income Statement for the year ended 30 June 2016

	Notes	**Year ended 30-Jun-16 £**	Year ended 30-Jun-15 £	
Revenue	**1, 2**	**297,120**	235,486	
Net operating expenses		**(668,501)**	(630,815)	
Share-based compensation	**17**	**(37,233)**	(19,426)	
Operating exceptional costs	**3**	**(22,947)**	-	
Operating loss	**3**	**(431,561)**	(414,755)	
Presented as:				
Loss after net operating expenses	**3**	**(371,381)**	(395,329)	
Share-based compensation	**17**	**(37,233)**	(19,426)	
Operating exceptional costs	**3**	**(22,947)**	-	
Operating loss		**(431,561)**	(414,755)	
Finance income	**4**	**143**	304	
Finance costs		**(8)**	-	
Loss before taxation		**(431,426)**	(414,451)	
UK corporation tax	6	**52,729**	56,795	
Loss for the year attributable to equity shareholders		**(378,697)**	(357,656)	
Loss per share (pence)				
Basic and diluted	7	**(0.013)** p	(0.017)	p

Statement of Comprehensive Income

	30-Jun-16	30-Jun-15
	£	£
Net loss for the year	**(378,697)**	(357,656)
Other comprehensive income	**-**	-
Total comprehensive (expense) for the year	**(378,697)**	(357,656)
Attributable to:		
Equity shareholders	**(378,697)**	(357,656)

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Statement of Financial Position as at 30 June 2016

	Notes	**Year ended 30-Jun-16 £**	Year ended 30-Jun-15 £
Non-current assets			
Intangible assets	9	**2,381**	7,025
Property, plant and equipment	10	**1,557**	2,242
Investments		**1**	1
		3,939	9,268
Current assets			
Trade and other receivables	11	**107,856**	47,851
Taxation recoverable		**52,606**	55,000
Cash and cash equivalents		**138,910**	266,746
		299,372	369,597
Total assets		**303,311**	378,865
Current liabilities			
Trade and other payables	11,12	**(99,158)**	(53,248)
Total liabilities		**(99,158)**	(53,248)
Net assets		**204,153**	325,617
Capital and reserves			
Share capital	13	**1,032,663**	992,663
Capital reserves	14	**4,476,621**	4,259,388
Retained earnings	15	**(5,305,131)**	(4,926,434)
Equity shareholders' funds		**204,153**	325,617

The financial statements were approved by the Board of Directors and authorised for issue on 27 October 2016 and are signed on its behalf by:

Dr Paul Harper
Chairman

Statement of Changes in Equity for the year ended 30 June 2016

	Share capital £	Share premium account £	Share-based compensation reserve £	Retained earnings £	Total shareholders' funds £
At 1 July 2014	687,663	3,925,213	92,389	(4,568,778)	136,487
Share issue (net of costs)	305,000	222,360	-	-	527,360
Loss for the year	-	-	-	(357,656)	(357,656)
Share-based compensation	-	-	19,426	-	19,426
At 30 June 2015	992,663	4,147,573	111,815	(4,926,434)	325,617
Share issue (net of costs)	40,000	180,000	-	-	220,000
Loss for the year	-	-	-	(378,697)	(378,697)
Share-based compensation	-	-	37,233	-	37,233
At 30 June 2016	1,032,663	4,327,573	149,048	(5,305,131)	204,153

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Cash Flow Statement for the year ended 30 June 2016

	Year ended 30-Jun-16 £	Year ended 30-Jun-15 £
Cash flows from operating activities:		
Operating loss	**(431,561)**	(414,755)
Amortisation and depreciation	**6,439**	6,616
Share-based compensation	**37,233**	19,426
Decrease in receivables	**(60,005)**	3,725
Decrease in payables	**45,910**	(54,458)
Cash generated from operations	**(401,984)**	(439,446)
UK corporation tax received	**55,123**	46,795
Interest paid	**(8)**	-
Net cash generated from operating activities	**(346,869)**	(392,651)
Cash flows from investing activities:		
Interest received	**143**	304
Sale of non-current assets	**725**	-
Purchase of non-current assets	**(1,835)**	(625)
Net cash received by investing activities	**(967)**	(321)
Cash outflow before financing	**(347,836)**	(392,972)
Cash flows from financing activities:		
Issue of ordinary share capital (net of expenses)	**220,000**	527,360
Net cash from financing activities	**220,000**	527,360
Net increase / (decrease) cash and cash equivalents	**(127,836)**	134,388
Cash and cash equivalents at beginning of year	**266,746**	132,358
Cash and cash equivalents at end of year	**138,910**	266,746

Notes to the Financial Statements

Basis of preparation

The financial statements of Physiomics Plc have been prepared in accordance with applicable law and International Financial Reporting Standards incorporating International Accounting Standards and Interpretations (collectively "IFRS") as endorsed by the European Union.

The financial statements have been prepared on the historical cost basis. The significant accounting policies are set out below.

Accounting policies

Revenue recognition

The revenue shown in the income statement relates to amounts received or receivable from the provision of services associated with outsourced systems and computational biology services to pharmaceutical companies.

Revenue from the provision of the principal activities is recognised by reference to the stage of completion of the transaction at the balance sheet date where the amount of revenue can be measured reliably and sufficient work has been completed with certainty to ensure that the economic benefit will flow to the Company.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Going concern

The accounts have been prepared on the going concern basis. The Company primarily operates in the relatively defensive pharmaceutical industry which we expect to be less affected by current economic conditions, including the potential consequences of Brexit, compared to other industries.

The Company had £138,910 of cash and cash equivalents as at 30 June 2016 (2015 £266,746). After the year end on 21 September 2016, the Company completed a placing raising a total of £555,000 gross proceeds.

The board operates an investment policy under which the primary objective is to invest in low-risk cash or cash equivalent investments to safeguard the principal. The Company's projections, taking into account anticipated revenue streams, show that the Company has sufficient funds to operate for the foreseeable future.

After reviewing the Company's projections, the Directors believe that the Company is adequately placed to manage its business and financing risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the Financial Statements - continued

Intangible assets

Intangible assets acquired separately from third parties are recognised as assets and measured at cost.

Following initial recognition, intangible assets are measured at cost or fair value at the date of acquisition less any amortisation and any impairment losses. Amortisation costs are included within the net operating expenses disclosed in the income statement.

Intangible assets are amortised over their useful lives as follows:

	Useful Life	Method
Software	15 years	Straight line

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Company does not have any intangible assets with indefinite lives.

Property, plant and equipment

All items are initially recorded at cost.

Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets that do not individually generate cash flows are assessed as part of the cash generating unit to which they belong. Cash generating units are the lowest levels for which there are cash flows that are largely independent of the cash flows from other assets or groups of assets.

Depreciation

Depreciation is calculated to write off the cost of an asset over its useful economic life as follows:

Leasehold improvements - the remaining life of the lease

Fixtures and computers - three years, straight-line basis

Research and development expenditure

Expenditure on research activity is recognised as an expense in the period in which it is incurred.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is considered to be remote.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Government Grants

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Share based payments

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. Fair value is measured by use of a Black-Scholes model.

Investments

Participating interests are stated at cost less amounts written off in the Company balance sheet.

Taxation

Tax currently payable is based on the taxable profit for the period which may differ from net profit reported in the income statement.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay further tax, or a right to pay less tax in future. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the gains or losses in tax assessments in period different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse.

Notes to the Financial Statements - continued

Adoption of international accounting standards

No Standards or Interpretations adopted in the year had any material impact on the financial statements of the Company.

The following Standards and Interpretations were issued with an effective date after the date of these financial statements. These have not been applied as they are not yet effective or endorsed.

		Effective for accounting periods starting on or after
IFRS 9	Financial Instruments IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments.	1 January 2018
IFRS 15	Revenue from contracts with customers IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	1 January 2018
IFRS 16	Leases IFRS 16 replaces IAS 17 Leases. It eliminates the classification of leases as either operating leases or finance leases. Any leases with more than 12 months' term are to be recognised as a lease asset on the balance sheet and the related future lease obligations as a liability.	1 January 2019

The Directors anticipate that the adoption of these Standards and Interpretations in future period will have no material impact on the Company's financial statements.

Notes to the Financial Statements - continued

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Revenue for projects started and completed during the financial year is recognised in full during the year. Revenue from a project which commences in one financial year and is completed in a subsequent financial year is recognised over the life of the project based on the expected period to completion as anticipated at each balance sheet date less what has already been recognised during a previous financial period or periods.

There were no other material accounting estimates or areas of judgements required.

2 REVENUE AND SEGMENTAL REPORTING

The principal activities are the provision of outsourced systems and computational biology services to pharmaceutical companies.

This activity comprises a single segment of operation of a sole UK base and entirely UK based assets.

Revenue was derived in the UK and European Union from its principal activity.

3 OPERATING LOSS

	2016	2015
	£	£
Operating loss is stated after charging		
Research and development Current year expenditure	**165,516**	168,117
Depreciation charge for the year - Owned assets	**1,795**	1,972
Amortisation charge for the year	**4,644**	4,644
Difference on foreign exchange	**(118)**	(7,773)
Fees paid to the Company's auditor, refer to below	**13,500**	14,975
Operating exceptional costs, refer to below	**22,947**	-

Amounts payable for both audit and non-audit services			
	Payable to:		
Fees payable for the audit of the Company's financial statements	Shipleys LLP	**10,000**	10,000
Taxation compliance services	Shipleys LLP	**-**	4,975
Audit-related assurance services	Shipleys LLP	**3,500**	-
		13,500	14,975

Notes to the Financial Statements - continued

3 OPERATING LOSS (CONTINUED)

Operating exceptional costs comprise due diligence and other legal and professional costs in relation to the anticipated acquisition of Biomoti Limited. After the year end, the Board decided not to proceed with this acquisition.

4 FINANCE INCOME

	2016 £	2015 £
Bank interest receivable	**143**	304

5 STAFF COSTS

	2016 £	2015 £
Staff costs, including Directors' remuneration during the year:		
Fees, wages and salaries	**344,095**	333,058
Social security costs	**32,889**	31,035
Other pension and insurance benefit costs	**3,030**	3,030
	380,014	367,123
Average number of employees including Directors	**6**	6

Details of the remuneration of Directors are included in the Directors' report on page 12.

6 TAXATION

(a) Analysis of charge in the year	**2016**	2015
	£	£
Research and Development tax credit: current year	**52,606**	55,000
Research and Development tax credit: prior year	**123**	1,795
Total current tax	**52,729**	56,795

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK.

The temporary differences are explained below:	**2016**	2015
	£	£
Loss on ordinary activities before taxation	(431,426)	(414,451)
Tax on loss on ordinary activities at standard corporation tax rate of 20% (2015: 20%)	**(86,285)**	(82,890)
Research and Development enhancement	(21,880)	(21,500)
Expenses not deductible for tax purposes	7,748	3,962
Depreciation in excess of capital allowances	260	275
Adjustment to prior year Research and Development credit	(123)	(1,795)
Unrelieved tax loss carried forward	47,551	45,153
Total current tax	(52,729)	(56,795)

At 30 June 2016 tax losses of approximately £3,636,770 (2015: £3,400,000) remained available to carry forward against future taxable trading profits. These amounts are in addition to any amounts surrendered for Research and Development tax credits. There is an unrecognised deferred tax asset of £727,354 (2015: £679,803).

Notes to the Financial Statements - continued

7 LOSS PER SHARE

Calculations are based on the losses and number of shares below:	**2016**	2015
	£	£
Loss on ordinary activities after tax	(378,697)	(357,656)
	No.	No.
Weighted average no of ordinary shares:		
At 1 July	**2,481,657,919**	1,719,157,921
Effect of Shares issued in the year	**542,786,885**	408,321,917
		-
Weighted average number of ordinary shares in the year for basic and diluted loss per share	**3,014,444,804**	2,127,479,838
Basic and diluted loss per share	(0.013) p	(0.017) p

The loss attributable to equity holders (holders of ordinary shares) of the Company for the purpose of calculating the fully diluted loss per share is identical to that used for calculating the loss per share. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 'Earnings per Share'.

8 FINANCIAL INSTRUMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

	Held for trading	
	2016	2015
	£	£
Current financial assets		
Trade and other receivables	**160,462**	102,851
Cash and cash equivalents	**138,910**	266,746
	299,372	369,597
Current financial liabilities		
Trade and other payables	**99,158**	53,248
	99,158	53,248

9 INTANGIBLE FIXED ASSETS

	Patents, trade marks and software £
Cost	
At 1 July 2014	75,646
Additions	-
At 30 June 2015	75,646
Additions	-
At 30 June 2016	**75,646**
Amortisation	
At 1 July 2014	63,977
Provided in the year	4,644
At 30 June 2015	68,621
Provided in the year	4,644
At 30 June 2016	**73,265**
Net book value	
30 June 2016	**2,381**
30 June 2015	7,025

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Notes to the Financial Statements - continued

10 PROPERTY PLANT AND EQUIPMENT

	Fixtures and computers £
Cost	
At 1 July 2014	53,030
Additions	625
Disposals	-
At 1 July 2015	53,655
Additions	1,835
Disposals	(19,012)
At 30 June 2016	**36,478**
Depreciation	
At 1 July 2014	49,441
Provided in the year	1,972
Disposals	-
At 1 July 2015	51,413
Provided in the year	1,795
Disposals	(18,287)
At 30 June 2016	**34,921**
Net book value	
30 June 2016	**1,557**
30 June 2015	2,242

11 OTHER FINANCIAL ASSETS AND LIABILITIES

	2016 £	2015 £
Trade and other receivables are as follows:		
Trade receivables	**2,563**	-
Prepayments and accrued income	**74,398**	37,183
Other receivables	**30,895**	10,668
	107,856	47,851
Trade and other payables are as follows:		
Amounts payable relating to the purchase of goods and services	**38,581**	21,504
Other payables	**11,604**	10,125
Accruals and deferred income	**48,973**	21,619
	99,158	53,248

12 LOANS

There were no loans with Directors at 30 June 2016 and 30 June 2015.

13 SHARE CAPITAL

The Ordinary share capital of the Company comprises:

	2016	**2016**	2015	2015
Allotted, called up and fully paid:	**Number**	**£**	Number	£
Ordinary shares of 0.04p each as at 1 July	**2,481,657,918**	**992,663**	1,719,157,921	687,663
Effect of share split on 14 December 2015 to deferred shares of 0.036p each	**-**	**(893,397)**	-	-
Ordinary shares of 0.004p each	**2,481,657,918**	**99,266**	-	-
Issue of ordinary share capital of 0.004p each	**1,000,000,000**	**40,000**	762,499,998	305,000
As at 30 June	**3,481,657,918**	**139,266**	2,481,657,918	992,663

Current year changes to Ordinary share capital

On 14 December 2016 the Company split each ordinary share of 0.04p each into one ordinary share of 0.004p each and one deferred share of 0.036p each.

On 18 December 2016 the Company issued 1,000,000,000 ordinary shares of 0.004p at a price of 0.025p per ordinary share for working capital purposes.

The ordinary shares carry no right to fixed income.

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Notes to the Financial Statements - continued

13 SHARE CAPITAL (CONTINUED)

Prior year changes to Ordinary share capital

On 30 July 2014 the Company issued 312,500,000 ordinary shares of 0.04p each at a price of 0.18p per ordinary share, which was the quoted market price of the Company's shares at the time, giving total consideration of £562,500. In a connected transaction, the Company also entered into an Equity Swap Agreement, making a swap payment of £289,688. The Equity Swap Agreement provided for a series of payments to the Company based on its future share price. During the term of the agreement the Company received a further £51,799 and the agreement was terminated on 30 January 2015 at which time all remaining obligations were extinguished.

In view of the terms of the agreement, the Directors considered that the initial fair value of the Equity Swap Agreement was significantly lower than the amount allocated to it in the above linked transactions. The Directors estimated the initial fair value of the Equity Swap Agreement to be not materially different to the £51,799 eventually received under the agreement, by considering the discount which would otherwise have typically been applicable to a traditional placing of the Company's shares, bearing in mind the circumstances of the Company and the market at the time. This discount was estimated at 43%.

Overall, in respect of the placing on 30 July 2014, the Company recognised during the year to 30 June 2015 share capital of £125,000 and share premium of £165,861, being premium accounted for on the issue of £199,611 less costs of £33,750.

On 30 March 2015 the Company issued 449,999,998 ordinary shares of 0.04p at a price of 0.06p per ordinary share for working capital purposes.

The deferred share capital of the Company comprises:

	2016	**2016**	2015	2015
Allotted, called up and fully paid:	**Number**	**£**	Number	£
Deferred shares of 0.036p each as at 1 July	**-**	**-**	-	-
Effect of share split on 14 December 2015 from ordinary shares	**2,481,657,919**	**893,397**	-	-
As at 30 June	**2,481,657,918**	**893,397**	-	-

The deferred shares have no voting rights and have no rights to receive dividends or other income.

14 CAPITAL RESERVES

	Share premium account £	Share-based compensation reserve £	Total £
Balance at 1 July 2014	3,925,213	92,389	4,017,602
Issue of share capital	289,611	-	289,611
Share issue costs	(67,251)	-	(67,251)
Share-based compensation	-	19,426	19,426
Balance at 30 June 2015	4,147,573	111,815	4,259,388
Issue of share capital	210,000	-	210,000
Share issue costs	(30,000)	-	(30,000)
Share-based compensation	-	37,233	37,233
Balance at 30 June 2016	4,327,573	149,048	4,476,621

The share premium account consists of proceeds from the issue of shares in excess of their par value (which is included in the share capital account).

The share-based compensation reserve represents the credit arising on the charge for share options calculated in accordance with IFRS 2.

15 RETAINED EARNINGS

	£
Balance at 1 July 2014	(4,568,778)
Loss for the year	(357,656)
Balance at 30 June 2015	(4,926,434)
Loss for the year	(378,697)
Balance at 30 June 2016	(5,305,131)

Retained earnings includes an amount of £237,889 (2015: £237,889) in relation to the Equity Swap Agreement in 2014 which under the Companies Act is not distributable.

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Notes to the Financial Statements - continued

16 CAPITAL COMMITMENTS

At 30 June 2016 and 30 June 2015 the Company had no capital commitments.

17 SHARE BASED PAYMENT TRANSACTIONS

The Company operates two share option schemes: (1) under the Enterprise Management Initiative Scheme ("EMI") and (2) an unapproved share option scheme. Both are equity settled. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of the options is 10 years.

Holder	Outstanding at beginning of period	Granted during period	Forfeited during period	Outstanding at end of period	Exercisable at end of period	Exercise price (p)	Date of grant	Date of expiry
Christophe Chassagnole[1]	7,499,453	-	-	7,499,453	7,499,453	0.383	07 Sep 2007	07 Sep 2017
Christophe Chassagnole[1]	5,624,590	-	-	5,624,590	5,624,590	0.150	18 Dec 2008	18 Dec 2018
Christophe Chassagnole[1]	11,856,584	-	-	11,856,584	11,856,584	0.400	28 Feb 2010	28 Feb 2020
Christophe Chassagnole[1]	3,233,125	-	-	3,233,125	0	0.340	09 Nov 2011	09 Nov 2021
Christophe Chassagnole[1]	12,938,121	-	-	12,938,121	12,938,121	0.132	11 Feb 2013	11 Feb 2023
Christophe Chassagnole[1]	32,261,553	-	-	32,261,553	32,261,553	0.062	24 Mar 2015	24 Mar 2025
Christophe Chassagnole[1]	-	64,523,106	-	64,523,106	64,523,106	0.035	21 Dec 2015	21 Dec 2025
Mark Chadwick[1]	19,984,500	-	-	19,984,500	14,988,375	0.270	06 Dec 2010	06 Dec 2020
Mark Chadwick[1]	3,233,127	-	-	3,233,127	0	0.340	09 Nov 2011	09 Nov 2021
Mark Chadwick[1]	4,996,125	-	-	4,996,125	0	0.293	19 Dec 2011	19 Dec 2021
Mark Chadwick[1]	12,938,121	-	-	12,938,121	12,938,121	0.132	11 Feb 2013	11 Feb 2023
Mark Chadwick[1]	32,261,553	-	-	32,261,553	32,261,553	0.062	24 Mar 2015	24 Mar 2025
Mark Chadwick[1]	-	64,523,106	-	64,523,106	64,523,106	0.035	21 Dec 2015	21 Dec 2025
Paul Harper[2]	2,327,710	-	-	2,327,710	2,327,710	0.150	18 Dec 2008	18 Dec 2018
Paul Harper[2]	7,664,541	-	-	7,664,541	7,664,541	0.400	28 Feb 2010	28 Feb 2020
Paul Harper[2]	1,293,250	-	-	1,293,250	0	0.340	09 Nov 2011	09 Nov 2021
Paul Harper[2]	5,175,248	-	-	5,175,248	5,175,248	0.132	11 Feb 2013	11 Feb 2023
Paul Harper[2]	12,904,621	-	-	12,904,621	12,904,621	0.062	24 Mar 2015	24 Mar 2025
Paul Harper[2]	-	25,809,242	-	25,809,242	25,809,242	0.035	21 Dec 2015	21 Dec 2025
Other staff[1]	3,490,000	-	-	3,490,000	3,490,000	0.383	07 Sep 2007	07 Sep 2017
Other staff[1]	3,448,824	-	-	3,448,824	3,448,824	0.150	18 Dec 2008	18 Dec 2018
Other staff[1]	10,547,614	-	-	10,547,614	10,547,614	0.400	28 Feb 2010	28 Feb 2020
Other staff[1]	10,727,314	-	-	10,727,314	0	0.340	09 Nov 2011	09 Nov 2021
Other staff[1]	14,231,932	-	-	14,231,932	14,231,932	0.132	11 Feb 2013	11 Feb 2023
Other staff[1]	34,991,376	-	-	34,991,376	34,991,376	0.062	24 Mar 2015	24 Mar 2025
Other staff[1]	-	69,982,752	-	69,982,752	69,982,752	0.035	21 Dec 2015	21 Dec 2025
	253,629,282	224,838,206	-	478,467,488	449,988,422			

No options were exercised or expired during the year. Some of the options granted are subject to performance criteria relating to either share price performance or the achievement of certain corporate milestones.

Options have been valued at grant date using the Black-Scholes option pricing model. The options granted during the current year vest three months after grant (prior year vesting period was six months) with no additional performance criteria attached. There were no market vesting conditions within the terms of the grant of the share options.

The expected volatility is based on historical volatility of the company over 3 years. The expected life of options is now based on the share option exercise history with the company (previously it was based on the contractual exercise period). The risk free rate of return is derived the yield curve on government borrowing at 2.5 years (previously the yield on zero-coupon UK government bonds over 10 years).

17 SHARE BASED PAYMENT TRANSACTIONS (CONTINUED)

Inputs to Black-Scholes share option pricing model	2016	2015
Grant date	**21 December 2015**	26 March 2015
Number of shares under option	**224,838,206**	112,419,103
Share price at date of grant	**0.035 pence**	0.062 pence
Option exercise price	**0.035 pence**	0.062 pence
Expected life of options	**2.5 years**	10 years
Expected volatility	**40.08%**	40.00%
Dividend yield: no dividends assumed	**0%**	0%
Risk-free rate	**0.72% p.a.**	2.00% p.a.

Outputs from Black-Scholes share option pricing model	2016	2015
Fair value per share under option	**0.0089 pence**	0.0326 pence
Total expected charge over the vesting period	**£20,011**	£36,649

Analysis of share based payment charge for year	2016	2015
Share options granted in current year	**£20,011**	£19,426
Share options granted in prior year	**£17,233**	-
Total share-based payments charge in the year	**£37,233**	£19,426

Notes to the Financial Statements - continued

18 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and short term deposits. The Company has various other financial instruments, such as trade debtors and creditors that arise directly from its operations, which have been excluded from the disclosures other than the currency disclosures.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The policies for managing these are regularly reviewed and agreed by the board.

It is and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The Company finances its operations by cash and short term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an ongoing basis.

Other creditors, accruals and deferred income values do not bear interest.

Capital management

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 13 to 15.

The board's policy is to maintain an appropriate capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company has a record of positive operating cash flows as well as significant ability to manage the timing and extent of discretionary expenditure in the business. In order to maintain or adjust the capital structure the Company may issue new shares.

Interest rate profile

The Company had no bank borrowings at the 30 June 2016.

Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair values

There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

19 POST BALANCE SHEET EVENTS

The Company completed a successful placing on the 21 September 2016, raising £550,000 gross.

20 INTEREST IN OTHER ENTITIES

The Company has a wholly owned subsidiary E-PHEN Limited, a company incorporated in England. The company is dormant and has not traded in the period.

21 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, is set out on page 12.

22 ULTIMATE CONTROLLING PARTY

The Company does not currently have an ultimate controlling party and did not have one in this reporting year or the preceding reporting year.