REX BIONICS

Annual Report and Accounts 2015

Pioneering Robot-Assisted Mobility

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"The period to March 2015 has been one of intense activity across all aspects of the business. Having put in place during 2014 the fundamentals to bring REX to a global customer base through our initial public offering, the scale-up of our manufacturing facility and the build-out of our sales and marketing infrastructure, we have in the last few months been focusing our efforts on our five commercialisation priorities: clinical data, distributor recruitment, reference centres, US development and new medical applications."

David Macfarlane *Non-Executive Chairman*

STRATEGIC REPORT

Highlights

Post-period operational highlights

- **Approval received** from NHS National Institute for Health Research to start RAPPER II clinical trial. First patient due to be recruited imminently. Initial data expected before the end of 2015
- **One sale recorded**, and a further confirmed order received
- **First distributor appointments** agreed in Hong Kong (April 2015), and Denmark and the Benelux countries (May 2015). Further distribution agreements expected in the next three months. Short-list of well-qualified potential partners identified for US and China
- **Collaboration announced** with the University Hospitals, Birmingham NHS Foundation Trust to explore the potential use of the REX robot in a critical care setting (May 2015)
- **Continued implementation** of five commercialisation priorities – clinical data, distributor recruitment, reference centres, US development and new medical applications

Previously announced operational highlights

- **Improved manufacturing efficiency** – unit cost of materials reduced by more than 25% since September 2014
- **Initiation** of a global Reference Centre programme with rehabilitation clinics in the UK, the US and New Zealand
- **Launch by PhysioFunction** of the UK's first physiotherapy service using the REX technology
- **R&D grant award** by the New Zealand government, potentially worth £0.75 million over the funding period.
- **Transfer of listing** from ISDX to AIM in conjunction with IPO raising £10m gross (May 2014). Completion of acquisition of Rex Bionics Ltd, in parallel with the IPO, and change of parent company name to Rex Bionics Plc

Audited results for the sixteen month period

- **Net loss £5.30m** (12 months to 30 November 2013: net loss £0.48 m)
- **Period-end cash £4.37m** (30 November 2013: £0.17m)

STRATEGIC REPORT

Business Overview

Rex Bionics Plc is a pioneer in the use of robot-assisted physiotherapy in the rehabilitation of people with major mobility impairment as a result of spinal cord injury, neurological trauma such as stroke or traumatic brain injury, or neurodegenerative disease. The Company believes that its patented REX robot, by enabling mobility-impaired individuals to stand upright and walk with their hands free from an early stage in their rehabilitation, has the potential to revolutionise their treatment and rehabilitation, as well as significantly enhancing their quality of life.

Background to the Company

Formerly known as Union MedTech Plc, the Company develops, manufactures and commercialises REX, the first hands-free, self-supporting, independently controlled robotic walking device for use in the rehabilitation of people with major mobility impairment. The REX technology was originally developed by Rex Bionics Ltd, an Auckland New Zealand-based company founded by two expatriate Scottish engineers, Richard Little and Robert Irving. The Company acquired Rex Bionics Ltd on 8 May 2014 for an all share consideration. In parallel with the acquisition, the Company transferred its listing from the ISDX market to AIM, completing an IPO that raised gross proceeds of £10m to begin the commercialisation of the REX technology, and changed its own name to Rex Bionics Plc.

The Rex Bionics acquisition

The Company's rationale for the acquisition of Rex Bionics Ltd centred around two core beliefs: first, that the application of robotic technology for wheelchair users in the rehabilitation clinic and home care settings, which is rapidly gaining traction, represents a very substantial and growing market opportunity; second, that the quality and distinctiveness of the REX technology offers important differentiating factors for REX relative to competing products, which will enable it to establish a significant market position over time.

Potential clinical benefits of Rex

Wheelchair users are at risk of developing numerous medical complications from extended periods of sitting. These include problems with bowel and bladder function, urinary tract infection, cardiovascular performance, obesity leading to type II diabetes, reduced bone density, spasms and pressure sores. The annual cost to governments and other healthcare payers of treating these secondary medical complications is substantial.

It is well accepted by the clinical community that many of these complications can be alleviated significantly by patients being upright and exercising for even a small amount of time each day. The Company believes that by enabling users to spend more time standing, walking and exercising, REX may offer significant health benefits, including improved sleep, cardiovascular performance, maintenance of joint range, and a reduction in common abdominal problems and prescription drug use. A programme of clinical trials is now underway to evaluate these potential benefits.

REX is also the only product of its type currently on the market that does not require the use of crutches. The Company believes that this offers two critical advantages for wheel-chair users as well as healthcare providers and payers: first, it makes REX the only option for the large number of wheelchair users for whom the use of crutches is precluded by the severity or level of their injury; and second, it offers REX users the freedom to use their arms and hands for work or recreational activities whilst in a standing position.

Rex Products

The Company currently offers two principal products, REX Rehab and Rex P (Personal), which are targeted respectively at the professional rehabilitation clinic and personal homecare markets. The principal differences between the two products are that REX Rehab incorporates adjustment mechanisms that enable a REX to be rapidly adjusted, typically within five minutes, to fit users of different sizes. This capability is critical in a rehabilitation clinic setting, where a number of different users would be receiving physiotherapy on any given day. The personal device, REX P, is set to the size and specifications of the user/owner and cannot be adjusted, but has the potential for additional functionality that is not required in a rehabilitation clinic setting.

The REX Robot

Powered by rechargeable, interchangeable batteries. The REX lithium-polymer battery (29.6V, 16.5Ah) carries a charge sufficient for approximately sixty minutes of normal use and is recharged in ninety minutes. Two batteries are provided.

Harness and cuffs support 40% of the user's body weight

The carbon fibre pelvis withstands the high torque applied by the hip actuators

Four double tethered leg straps, upper harness and abdominal support

Motion is generated by 10 custom designed linear actuators which generate the power to move REX with a 100kg user

Height adjustable REX allows precise and accurate alignment of the user's joints and can be quickly adjusted in minutes between different patients

Custom designed cuffs hold the legs firmly, but without creating pressure points. The washable foam padding allows easy maintenance and compliance with infection control regimens

Custom-design sensors with high frequency sampling can accurately detect the location of the limbs and joints. Half a million lines of proprietary code control 27 onboard microprocessors that manage the actuator systems and ensure REX is safe and balanced

Wide nylon foot plates provide stability and ease of movement across flat surfaces

STRATEGIC REPORT

Business Overview continued

A second generation model, REX 3, now in development, is intended to become the platform for the next generation of REX devices. The Company believes that REX 3 will incorporate some important enhancements over the current product range.

Clinical indications for REX
The Company is initially focusing on the spinal cord injury ("SCI") population. In the US, the total number of people living with paralysis as a result of SCI is approaching 300,000 and there are around 12,000 new cases of paralysis as a result of SCI each year. Figures for Europe, as a whole, are believed to be similar. The majority of SCI victims in the US, approximately 79%, are males and the average age at the time of injury is 42 years. Life expectancy for people with SCI is significantly lower than for people without SCI. The most common cause of SCI in most countries is motor vehicle accidents, followed by industrial accidents and sporting injuries.

According to the US based National Spinal Cord Injury Statistical Center, 59% of SCI injuries result in complete or incomplete quadriplegia, otherwise known as tetraplegia, in which the victim loses total or partial use of all four limbs, compared to 41% that result in complete or incomplete paraplegia, in which only the lower limbs are affected. This provides REX with an important competitive advantage because it is currently the only device of its kind that does not require the use of the upper limbs or significant upper body strength for its operation.

In addition to SCI, the Company believes that REX may potentially offer an important new treatment option in a number of other indications, notably stroke and other traumatic brain injury, and well as neuro-degenerative diseases such as multiple sclerosis and muscular dystrophy. In the Company's view these indications represent a major additional potential commercial opportunity.

In the US, there are around 5,724 hospitals[1], with 558 being CARF (Commission on Accreditation of Rehabilitation Facilities) accredited, which provide services for in-patient rehabilitation, as well as 102 SCI specific specialty care clinics.

Additionally, there are 26,000 military veterans with SCI, including 13,000 being treated by the Veterans Affairs (VA) system (for ex-military personnel) in part through the 24[2] VA SCI units. Aside from the market formed by these facilities, there are a greater number of rehabilitation/fitness centres, outpatient services and general hospitals, all of which also provide some form of treatment for patients with spinal cord injuries.

In Europe, there are around 10,280 accredited and trained physical and rehabilitation medical practitioners across the 28 full members of the EU plus Switzerland, Norway and Iceland.

There are over 300 major dedicated SCI units with rehabilitation facilities across Europe. Some 82 of these major units are in five territories; Germany has 19, France 17, Italy 16, UK & Ireland 15 and Spain 15.

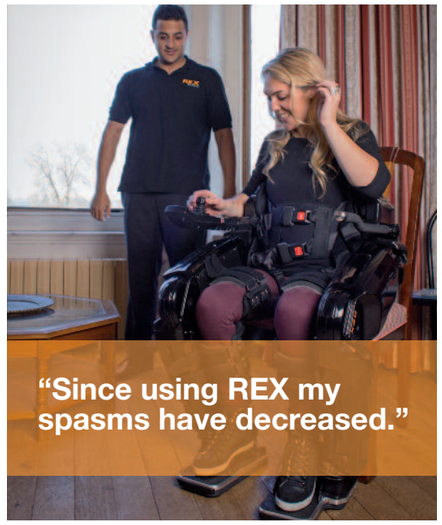
In addition to these major regional units (which tend to be located in University hospitals) there are three to five times as many smaller rehabilitation centres where patients with SCI, strokes, muscular dystrophy and MS undergo some form of rehabilitation to enable them to lead as full and independent a life as possible. There are 15 specialty SCI Units in the UK which manage the patients from over 1000 hospitals.

Key performance indicators
The Directors monitor the activities and performance of the company on a continuous basis using relevant key financial and non-financial performance indicators. The key performance indicators set out below have been used to assess performance over the sixteen month period ended 31 March 2015.

Financial	
Net cash outflows from operations (before changes in working capital)	£4.45 million – >20% lower than internal budget for the period
Period-end cash reserves	£4.37m – >20% higher than internal budget for the period
REX unit materials cost	> 25% reduction between September 2014 and February 2015
Non-financial	
Appointment of first international distributors	On track – distributors recently appointed in Hong Kong, Denmark and Benelux countries
Clinical trials initiated	On track – RAPPER 1 trial completed Q1 2015, first patient in RAPPER 2 trial recruited May 2015
Establish international reference centres for REX	On track – reference centres established in the UK, US and New Zealand during the period

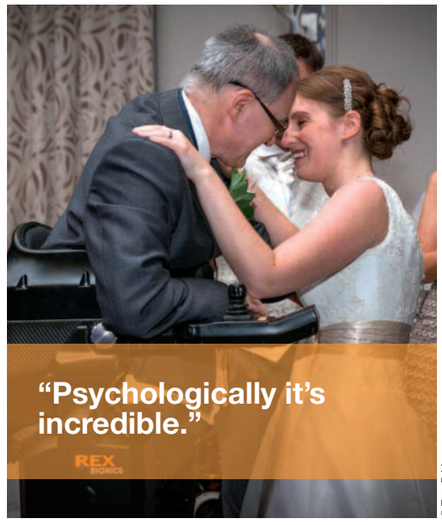
[1] American Hospital Association, Fast Facts on US Hospitals
[2] VA Spinal Cord Injury & Disorders Fact Sheet, 2009

Case Studies



Sophie Morgan, T4 spinal injury
"I was surprised how quickly I learned how to stand and walk in REX. Since using REX my spasms have decreased, I'm sleeping better and the exercise I get from using REX gives my body the workout it needs."

Gareth Herridge, C4 spinal injury
"It didn't take me as long as I thought it would to learn how to use REX and when I moved the joystick and stood, it felt quite natural. The main benefit to me is getting a full range of movement in my legs, I get a good stretch from REX when I move forwards, backwards and sideways."



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Irving Caplan, C4 complete spinal cord Injury
Irving walked across the dance floor at his daughter's wedding and delivered his speech standing up. "It was very emotional when I stood and spoke at my daughter's wedding. Being able to give my family a proper hug, in the right position, was also very special because in a wheelchair I can't do that. Psychologically it's incredible. You just have this feeling of finally seeing things from the right perspective again."

Anna Turney, paralympic skier
Anna, from Northampton, the first patient to be treated with RAP by PhysioFunction, said "It was great to try the REX with Jon Graham at PhysioFunction. If felt very strange to be upright and took a bit of getting used to, but I know I'm in safe hands with PhysioFunction."

STRATEGIC REPORT

Chairman & Chief Executive's joint statement

The period to March 2015 has been one of intense activity across all aspects of the business. Having put in place during 2014 the fundamentals to bring REX to a global customer base through our Initial Public Offering, the scale-up of our manufacturing facility and the build-out of our sales and marketing infrastructure, we have in the last few months been focusing our efforts on our five commercialisation priorities: – clinical data, distributor recruitment, reference centres, US development and new medical applications.

Sales and marketing activity
2014 saw our commercialisation activities expand and we invested in our global sales & marketing and business development teams.

In December 2014 we announced an innovative collaboration with PhysioFunction, one of the UK's leading providers of specialist neurological physiotherapy and rehabilitation technology services, to enable PhysioFunction to offer Robot-Assisted Physiotherapy using the REX technology to its substantial customer base at 15 physiotherapy clinics around the UK. Under the terms of the collaboration the Company will provide a REX to PhysioFunction in return for a share of the customer fees charged by PhysioFunction for each session with REX.

We also initiated a global Reference Centre programme with rehabilitation clinics in the UK (PhysioFunction in Northampton), the US (Houston Methodist Hospital, Texas), and New Zealand (Healthvision, Auckland). We made positively-received presentations at a senior level to the US Army and the US Department of Veterans Affairs.

After the period-end, we announced the signing of distribution agreements with new partners in Hong Kong, Denmark, Belgium and Holland. These companies all have an excellent reputation for service and innovation, as well as long-standing relationships with the rehabilitation community in their territories. We will use our initial experience in these markets to inform and develop our commercial and clinical proposition. In addition, an early priority in each country where we have a distribution partner, and in others, is the establishment of a reference centre. We will continue to enter markets where well-qualified distribution partners are available, but, we are now prioritising the establishment of strong distribution systems in the US and China, the countries that we judge to have the greatest long-term potential.

Manufacturing
An important event in 2014 was the successful commissioning of our new manufacturing facility in Auckland, New Zealand, yielding additional capacity and improved efficiency. Our team in New Zealand has made great progress with the implementation of an ambitious programme of quality improvement and in reducing production costs.

Clinical Data
We have made good progress so far in 2015 with our plan to collect compelling clinical evidence to drive the commercialisation of REX. Preliminary data are now available from RAPPER I (Robot-Assisted Physiotherapy Exercises with REX), a registry of 11 wheelchair-dependent patients who were studied to assess the feasibility of carrying out sophisticated physiotherapy in the REX. The neurological level of impairment ranged from C4 to T10 (four quadriplegic and seven paraplegic patients). All participants in the study were able to complete the prescribed exercises and achieve competency in using the REX with the joystick, and there were no adverse events.

We have also progressed the RAPPER II 100 patient clinical trial, which focuses on the safety and feasibility of a set of exercises that can be performed in the REX ("Rexercises"). Nick Birch, MBBS FRCS (Orth), an expert in spinal disorders, author of numerous peer-reviewed scientific papers and the Spine Specialty Editor of the Bone and Joint Journal, has agreed to act as the Principal Medical Investigator. We received approval from the ethics committee of the NHS National Institute for Health Research (NIHR) in early May to start recruitment into the trial. The first patient is expected to be recruited imminently and we anticipate receiving early data from the study by the end of 2015.

The Company's principal focus in RAPPER II is to provide robust evidence that patients with a more severe spinal cord injury can be safely and effectively treated and to show that the concept of Robot-Assisted Physiotherapy is viable for the patient and efficient for the physiotherapy clinic. Based on the market feedback we have received, we believe that confirmation of safety and feasibility reported in a peer-reviewed publication would facilitate sales and significantly assist our medium-term commercialisation programme. Our US clinical programme has attracted the interest of a number of leading institutions and we now have a trial design to submit to the FDA.

We have exhibited at several international exhibitions and medical conferences during 2014 and early 2015 to continue to raise awareness of the REX technology amongst medical professionals and wheelchair users. After the period-end, the Company signed a collaboration agreement with The University Hospitals, Birmingham NHS Foundation Trust to explore the potential use of the REX in the Critical Care setting. Critical (or 'Intensive') Care medicine is the treatment of critically ill, injured or post-operative patients requiring intensive treatment, nursing and monitoring. Muscle mass has been shown to decrease at a rate of between 2-4% a day during the first two weeks following admission to an intensive care unit (ICU) and the benefits of early mobilisation, in terms of mobility at ICU discharge, length of stay (ICU and hospital) and in-hospital mortality, are well documented.

This is an entirely new opportunity for REX, which builds on the concept of Robot-Assisted Physiotherapy but focuses on patients who typically will not have a spinal cord injury or use a wheelchair at the time of treatment. The Company estimates that there are at least 5,000 critical care units in hospitals in the US.

This collaborative programme will focus on the efficiency and effectiveness of Robot-Assisted Physiotherapy in comparison with treatment protocols currently in use, and could contribute to the development of additional robot system functionality and intellectual property. An important milestone will be the start of a clinical evaluation, possibly as early as 2016.

Research & Development Pipeline
Rex Bionics is now working across three continents with some of the world's leading research institutions in the field of control of a robot with non-manual control systems. In September 2014, Jose Luis Contreras-Vidal, Professor of Electrical, Computer and Biomedical Engineering at the University of Houston, Texas, presented and filmed a working prototype of a mind-controlled REX at a scientific conference in Spain which showed how REX's superior stability and safety makes it an ideal choice for therapies designed for people with the most severe disabilities.

In line with our plan, we are working on a number of other enhancements to the current REX product that are intended to further increase its therapeutic effect and to provide access to new categories of users. These include in-built electrical stimulation technology, user performance data analytics and a number of new country registrations.

Work continues to progress on REX 3, the next generation, re-modelled and lower-cost product earmarked for release in 2017. The R&D group made a valuable and important contribution to the manufacturing projects in 2014 and we plan to free up more of their capacity to work on new product development programmes in the future.

In August, Rex Bionics' New Zealand subsidiary received a substantial grant from the New Zealand Government to support the research and development of REX 3, potentially worth £0.75 million over the period of the development programme.

We also started discussions with a number of clinics about the use of the REX technology in clinical fields other than spinal cord injury, such as stroke, traumatic brain injury and multiple sclerosis, and we will continue these going forward.

Key objectives for 2015
As set out at the time of our second interim results statement in February 2015, we have developed a list of key priorities for the next period, targeted for completion by March 2016 to coincide with our fiscal year-end, as follows:

1. Initiation of clinical trials designed to persuade the rehabilitation community of the clinical benefit and value-for-money of REX. (On Track – see comments on RAPPER II under Clinical Data section)

2. Implementation of a US Clinical Trial to secure FDA 510(k) clearance of REX for At-Home use in the USA

We have brought this programme forward in view of the quality and size of the opportunity. A favourable review could then lead to clearance for At-Home use in late 2016. The first significant milestone in this programme would be approval by FDA of an Investigational Device Exemption (IDE) for the start of this trial. (Making progress – see comments under Clinical Data section)

3. Evidence of progress with other projects that demonstrate the value of REX in accelerating the rehabilitation of patients who have experienced other traumatic or degenerative neurological injury. (On Track – see comments under Clinical Data section on project with University Hospitals, Birmingham)

4. The recruitment of further Reference Centres in order to achieve our target of ten Reference Centres by the end of 2015. (On Track – see comments under Sales & Marketing Activity section)

5. The recruitment of distribution partners and other commercialisation initiatives (On Track – see comments under Sales & Marketing Activity section)

We continue to develop our commercial activities, with the US in particular a priority. We will be presenting more detail on the RAPPER I clinical trial at various medical conferences, and we expect patient recruitment for our RAPPER II study to

STRATEGIC REPORT

Chairman & Chief Executive's joint statement continued

commence imminently following the receipt of ethics committee approval. We are also continuing with an active programme of attendance at the major international neuro-rehabilitation conferences during 2015, including the ISCOS/ASIA conference in Montreal in May and the ISPRM conference in Berlin in June.

Over the coming months we intend to continue with our recruitment programme for commercial representation, including expanding our direct representation into the US and seeking to expand our distributor representation in Europe, the Middle East and Asia.

Our work on the development of REX 3 will continue and we intend that, through the use of new materials, we will be able to make a REX 3 with improved functionality and at a lower cost. We also intend for the REX 3 platform to be used for other medical robot devices and to have compatible connectivity with other devices.

We would like to thank our shareholders for their continued support. We continue to believe that the application of robotic technology for wheel-chair users in the rehabilitation and home care settings offers a substantial and growing market opportunity and we look forward to providing further updates during 2015.

STRATEGIC REPORT

Financial Review

The Financial Review should be read in conjunction with the Consolidated Financial Statements and the notes thereto on pages 26 to 51. The Consolidated and Parent Company Financial Statements are presented under International Financial Reporting Standards as adopted by the European Union.

Change of accounting reference date
Following the acquisition of Rex Bionics Ltd the Company changed its financial year-end from 30 November 2014 to 31 March 2015 to align it with Rex Bionics Ltd's year-end. This was achieved by having a 16 month accounting period from 1 December 2013 to 31 March 2015, with two sets of interim results covering the six months ended 31 May 2014, announced in August 2014, and the 12 months ended November 2014, announced in February 2015. In subsequent years the Group will report interim results covering the six months ended 30 September and final results covering the 12 months ended 31 March.

Consolidated Statement of Comprehensive Income
The net loss for the sixteen months ended 31 March 2015 amounted to £5.30 million (net loss, year ended 30 November 2013: £0.48 million). On 8 May 2014 the Company completed the acquisition of Rex Bionics Ltd. The current period figures include the results of Rex Bionics Ltd from May 2014, the month of its acquisition by the Company, and the results of Rex Bionics Pty Ltd, a wholly-owned Australian subsidiary of the Company incorporated in May 2014, from October 2014 when it commenced operations.

In addition to the impact of the longer current period due to the change of accounting reference date, the increase in the current period net loss compared to the net loss for the year ended 30 November 2013 also reflects legal and advisory costs relating to the acquisition of Rex Bionics Ltd and the Company's IPO in May 2014; the additional operating costs arising from the inclusion of the results of Rex Bionics Ltd and Rex Bionics Pty Ltd from May 2014 and October 2014 respectively; and an increase in the rate of expenditure for the Group as a whole from May 2014 onwards when the Company commenced its implementation plans for the commercialisation of the REX technology.

Current period income of £0.24 million (year ended 30 November 2013: £nil) comprised charges of £0.18 million for sales & marketing and other support provided by the company to Rex Bionics Ltd prior to the date of its acquisition and £0.06 million in relation to receipts under a New Zealand Government research & development grant awarded to Rex Bionics Ltd in July 2014.

Administrative expenses for the period of £5.65 million (year ended 30 November 2013: £0.48m) included research & development expenditure of £0.51 million (year ended 30 November 2013: £nil), relating primarily to ongoing work on the REX 3 development programme as well as further development work on the existing products and towards the introduction of the REX P personal device.

Also included in administrative expenses were exceptional transaction costs of £0.64 million in aggregate (year ended 30 November 2013: £0.16 million) relating to the acquisition of Rex Bionics Ltd and the Company's IPO in May 2014, and amortisation of £0.64 million (year ended 30 November 2013: £nil) on the fair value of intellectual property intangible assets acquired as part of the acquisition of Rex Bionics Ltd.

The taxation credit of £0.17 million (year ended 30 November 2013: £nil) reflected a reduction in the deferred tax liability on intellectual property assets of Rex Bionics Ltd capitalised following its acquisition by the Company as a result of a fall in the net book value of those assets since the acquisition date due to amortisation.

Consolidated Statement of Financial Position and Cash Flows
The net assets of the Group at 31 March 2015 were £15.65 million (30 November 2013: net liabilities £0.21 million). The major elements of the £15.9 million increase in net assets during the current period were:

- Proceeds of shares issues £10 million before expenses and convertible loan note issues of £0.98 million before expenses (year ended 30 November 2013: £nil).
- Capitalisation of intangible assets of £8.1 million net of deferred tax (year ended 30 November 2013: £nil) and £3.3 million of goodwill (year ended 30 November 2013: £nil) arising from the acquisition of Rex Bionics Ltd.
- Net cash outflows from operating activities £4.83 million (year ended 30 November 2013: £0.21 million)

Net funds
Net funds at 31 March 2015 of £4.37 million (30 November 2013: £0.17 million) comprised cash and short term deposits with maturities of less than three months, primarily denominated in Pounds Sterling and New Zealand Dollars. The Group had no bank borrowings at 31 March 2015 (30 November 2013: £nil).

The major elements of the increase of £4.20 million in net funds during the period were net proceeds of financing activities of £10.32 million, offset by the loss from operations of £5.42 million, capital expenditure of £0.38 million and an increase in working capital of £0.39 million.

Principal risks and uncertainties
The Board considers that the principal risks and uncertainties facing the Group may be summarised as follows:

Innovation risk
The application of robotic technologies to healthcare is a rapidly growing area of interest and the rate of technology development is accelerating. If the Group does not continue to successfully develop innovative new products it may be unable to maintain a strong competitive position in the marketplace.

STRATEGIC REPORT

Financial Review continued

The Group seeks to mitigate this risk by employing an R&D team of the highest calibre with specific expertise in robotics, and by ensuring that the team keeps abreast of technology developments by establishing formal and informal collaborations with academic centres of excellence in the field and by regular attendance at scientific and technology conferences.

Competition risk
The Group's current and potential competitors include medical technology and other robotics companies, many of whom have significantly greater financial resources than the Group. Its competitors may succeed in developing products that are more effective or economic than any developed by the Group, or which would render the Group's products non-competitive or obsolete.

The Group seeks to mitigate this risk by staying abreast of developments by competitors through attendance at trade shows and investor conferences, monitoring of trade and competitor literature and other sources of market intelligence, as well as by a continuous development programme focused on product improvement and cost reduction.

Regulatory risk
In many countries, marketing approval for the Group's products is subject to stringent regulatory requirements, including the satisfactory completion of controlled clinical trials to assess the safety and efficacy of the equipment and the use of manufacturing and quality systems to ensure that the equipment can be produced to a consistent and acceptably high standard. There is a risk that clinical trials may be delayed or extended, or that the products do not demonstrate the necessary safety or efficacy in clinical trials. Similarly there is a risk that the Group's manufacturing and quality systems will be deemed not to comply with the applicable quality and regulatory standards.

The Group seeks to mitigate this risk by engaging in regular discussions with the relevant regulatory bodies to fully understand their requirements and by working closely with expert external regulatory advisers to design and conduct trials that meet the requirements of the regulators and to implement and maintain manufacturing and quality systems that comply with regulatory guidance.

Commercial risk
The market for the use of robotic devices in the treatment of people with major mobility impairment is not yet well established, and the Group and its competitors have to date sold only a limited number of devices. Although interest in the Rex technology both from users and medical professionals is very high there is a risk that the market for Rex products will not develop as expected.

The Group seeks to mitigate this risk by working with key opinion leaders in the field of neuro-rehabilitation and establishing a global network of reference centres to provide advocacy for Rex products, and by conducting a series of post-marketing clinical trials the results of which it is hoped will demonstrate the treatment benefits of REX in a neuro-rehabilitation setting and establish a distinctive positioning for REX in robot assisted physiotherapy relative to competitive products.

Intellectual property risk
The Group's commercial success and ability to compete effectively will in large part be dependent upon exploitation of proprietary technologies that the Group has developed internally, its ability to secure and maintain broad protection for its intellectual property rights that does not infringe the patents or other intellectual property rights of third parties, and its ability to preserve the confidentiality of its know-how. There is a risk that patent applications may not succeed or may not be broad enough to provide adequate protection for the Group's intellectual property rights or will exclude competitors with similar products. It may become necessary to enter into potentially expensive litigation to protect the Group's intellectual property.

The Group seeks to mitigate this risk by working closely with external patent attorneys to optimise the patenting strategy for its technologies so as to provide the broadest coverage, and to undertake freedom to operate searches to minimise the scope for infringement of third party patents. In addition the Group has established stringent internal controls to protect the integrity and confidentiality of its technology, including encryption of proprietary operating and control software and the use of secure databases for the storage of proprietary technical drawings, data and other know-how.

Liquidity risk
The Group is currently consuming cash resources, and will continue to do so until sales revenues are sufficiently high to generate net cash inflows. Until the Group begins to generate positive net cash flows, it remains dependent upon securing additional funding, primarily through the injection of capital from share issues. There can be no assurance that the Group will be able to generate positive net cash flows in the future or attract such additional funding on suitable terms or at all.

The Group seeks to mitigate this risk by maintaining tight controls over expenditure and by maintaining an active investor relations programme including presentations to investor groups, regular dialogue with its major existing investors and working closely with its financial advisers to identify additional potential funding sources.

Exchange rate risk
The Group's presentational currency is GBP, and its operations are currently largely financed out of GBP funds generated in the London market. It has translational exposure to foreign currency fluctuations as a result of the significant expenditure it incurs in NZD due to the manufacturing and R&D operations being based in Auckland. It also expects to have significant inflows in USD as sales of REX begin to grow in the US and other international markets where sales are expected to be invoiced in USD.

The Group seeks to mitigate this risk by keeping relevant currency movements under continuous review, working closely with the currency trading arm of a major investment bank. It does not currently hedge its transactions in foreign currencies because of the unpredictability of its cash flows.

Dependence on key executives and personnel
The robotics industry (both in New Zealand and globally) has a limited pool of engineers and programmers with the relevant skills and experience. The Group's development and prospects are dependent upon training and retaining qualified engineering, programming and technical operating staff. In particular, the Group's success depends to a significant degree on upon the vision, technical and specialist skills, experience, performance, and continued service of Richard Little, the Chief Technical Officer, senior management and other key personnel.

The Group seeks to mitigate the loss of key management and staff by providing competitive remuneration packages, including long term incentives in the form of share options, and a friendly and highly stimulating working environment.

Product quality risk
REX is a highly complex electromechanical device which is being sold into a highly regulated market. Quality or product reliability issues in the field could lead to the loss of reputation, loss of revenues, the loss of a customer, recall costs as well as sanctions from a regulator.

The Group seeks to mitigate this risk by operating within a strictly controlled Quality Management System designed to ensure that all product has to pass stringent quality tests before being approved for despatch, and by establishing over time a network of fully qualified Rex service technicians to provide repairs as well as providing regular servicing of Rex products in the field.

Reimbursement risk
The commercial success of Rex's products may depend, in part, on the extent to which re-imbursement for treatment using the Group's products will be available from government and health administration authorities, private health insurers, managed care programmes and other third party payers.

The Group has no direct control over payer decision-making about coverage and payment levels for Rex products. Failure to obtain re-imbursement for the use of Rex products could have a detrimental effect on the Group's ability to generate sales.

The Group seeks to mitigate the risk of lack of re-imbursement by ensuring that, to the extent possible, Rex products meet all the criteria for re-imbursement, and by staying abreast of any changes in the re-imbursement rules.

By order of the Board

Keith Robinson
Company Secretary

29 May 2015

Board of Directors

David Macfarlane *Non-Executive Chairman*

David joined the Company as Non-Executive Chairman in March 2014. He was previously a partner at two of the City's most prominent law firms, Stephenson Harwood and Ashurst LLP, where he advised a number of high profile companies, banks and other institutions on activities including M&A and capital raising. Whilst at Ashurst LLP, he became involved in management and was head of its corporate department until his retirement in 2002. David is currently Chairman of JZ Capital Partners, a quoted investment company and has previously held the position of Non-Executive Director at several companies including Platinum Investment Trust, Allied Healthcare, Turftrax, Mancal Energy UK and Prospekt Medical.

Crispin Simon *Chief Executive Officer*

Crispin joined Rex as Chief Executive Officer in August 2014. He has a 25-year track record in industry, predominantly in the commercialisation of medical technology products. Following a career which included NM Rothschild, McKinsey, Rexam and Smith & Nephew, where he was latterly President in the Endoscopy Division, he was Chief Executive of Biocompatibles International Plc until its sale to BTG in early 2011, where he led a team that developed three medical products business: the Cardiovascular Stent business, sold to Abbott Laboratories Inc for £145 million; the Contact Lens business, sold to Cooper Industries Inc for £80 million and the Drug-eluting Bead business, which was sold as part of the disposal of the whole company to BTG for £165 million. In addition, £123 million cash was returned to shareholders. From 2012 to October 2014, Crispin was a full time Director in the UK Government's Department of Business, Innovation and Skills.

Peter Worrall *Chief Financial Officer*

Peter joined the Board in February 2013. He was previously Chief Executive of Pharminox Limited, a company focused on the discovery and development of drugs to treat cancer, and before that Corporate Development Director of Vernalis plc, a company formed from the merger of British Biotech plc and Vernalis Group plc (formerly Vanguard Medica Group plc). He joined Vanguard as Chief Financial Officer in 1993 as a venture capital backed start-up company, and saw it through a number of private and public funding rounds, including its IPO on the Main Market of the London Stock Exchange in May 1996, as well as the acquisition of Cerebrus Ltd in late 1999. He became acting Chief Executive in early 2003, and led the merger discussions with British Biotech later that year. In his earlier career Peter spent twelve years working for medical technology companies in the field of intravenous infusion pumps. He qualified as a chartered accountant in 1980.

Richard Little *Chief Technology Officer**

Richard joined the Board in May 2014 on completion of the acquisition of Rex Bionics Ltd, a company which he formed in 2007 with fellow engineer Robert Irving to develop innovative medical robotic technology that could bring new-found mobility to many thousands of users worldwide. With an extensive career including marine engineering, research and development, contract programme management and information technology, Richard has held senior leadership roles in medical technology, automotive and military industries. These include a programme management role for Navman, Finance Manager for BAE Systems and Group Technical Director for Taisun (CIMC Raffles), based in Singapore, where he was responsible for transitioning four manufacturing companies to Asia and for the technical leadership for the group.

Jeremy Curnock Cook *Non-Executive Deputy Chairman*

Jeremy joined the Company in February 2012 and served as interim Chief Executive Officer until October 2014 when he moved to his current position. He is currently managing director of the Australian fund management company Bioscience Managers Pty Limited, where he is responsible for the IB Australian Bioscience Fund I as well as the Asia Pacific Healthcare Fund. He was formerly managing director of the Rothschild Bioscience Unit, at the time one of the U.K.'s largest and most established biotechnology investment managers, with over $1bn under management invested in more than 160 companies. At Rothschild he was responsible for the conception and launch of the quoted investment trust International Biotechnology Trust (IBT), as well as the first dedicated biotechnology fund for the Australian market, and a joint venture with Johnson & Johnson Development Corporation for the creation of Healthcare Ventures, an investment vehicle dedicated to seed stage investments in Europe. He has served on more than 30 boards of directors in the healthcare and medical sciences sector in the UK, Europe, USA, Canada, Japan and Australia. In his earlier career he founded the International Biochemicals Group (IBG) a company focused on the development and commercialisation of products containing tailored microbial strains for application in industrial pollution control and agriculture, which was successfully sold to Royal Dutch Shell in 1985.

Dr William Hunter *Non-Executive Director*

William joined the Company in July 2012. He is currently Interim President, Director and CEO of Cardiome Pharma Corporation, a commercial-stage NASDAQ and TSE listed healthcare company with an approved drug treatment (BRINAVESS™) for atrial fibrillation. Prior to Cardiome, he co-founded Angiotech Pharmaceuticals in 1992 and was Chief Executive Officer in 1997 when Angiotech was a venture-stage, private, pre-clinical company with less than 50 employees. He led Angiotech through three rounds of private equity financing, its IPO and listing on the Toronto Stock Exchange and NASDAQ, totalling over $1bn in equity and debt financings, a debt restructuring and eight separate corporate acquisitions. During that time, Angiotech grew to become a profitable, diversified, healthcare company with over 1,400 employees, several thousand commercially available products, 12 facilities in five countries and worldwide annual revenues exceeding US$250m. He currently also serves as a director of Zalicus Inc (NASDAQ: ZLCS) and has previously served on the boards of Aspreva Pharmaceuticals, Anormed Pharmaceuticals, Active Pass Pharmaceuticals, Neuromed Pharmaceuticals and Angiotech Pharmaceuticals.

John Plimmer *Non-Executive Director*

John joined the Board at the time of the company's IPO in May 2014. He is a New Zealand citizen, resident in London, UK. He is currently a private equity investor, investing directly in and advising start-up and early-stage businesses, and formerly worked in corporate finance. From 1981 to 1998, he had an extensive career with the Hambros Bank group in Melbourne, Sydney and London, ultimately becoming a Director of the Board of Hambros Bank Limited in London in 1995. From 1998 to 2012, John was the Managing Director of JZ international (JZI), the London based European affiliate of the Jordan Company. At JZI he was responsible for establishing the executive team and the implementation of an investment strategy that entailed investing in, managing and realising a portfolio of private SME investments across a range of industry sectors in the UK, the Netherlands, Nordic countries, Italy and Spain. John serves on the board of all his investee companies.

Victoria Provis *Senior Independent Non-Executive Director*

Victoria joined the Board at the time of the Company's IPO in May 2014. She has over 30 years' experience in the corporate communications, strategic consulting and human resources sectors. She spent her early career in corporate communications, working with firms such as KPMG, Burson Marsteller and McKinsey & Company, before moving into the world of executive search in 1993. From 1995 to 2011, she was a partner with leading UK search firm Odgers Berndtson in London, building its specialist corporate communications practice as well as handling non-executive director appointments across a wide range of businesses. She also opened and chaired the firm's Cardiff office from 2005. She currently holds a portfolio of non-executive appointments. Since 2008, she has been a Trustee of Amgueddfa Cymru/National Museum Wales, where she chairs the Development Board and also sits on the Appointments and Remuneration Committee. In January 2014 she was appointed by the Welsh Government to be a member of the Wales Tourism Advisory Board. She is a member of Glas Cymru/Welsh Water, and sits on the Advisory Council of UWC Atlantic College, where she was Vice Chair of the Governing Board from 2002-8.

SENIOR MANAGEMENT

Debra Leeves *Vice-President International Sales & Marketing*

Debra joined the Company in January 2014. She was previously General Manager for Avita Medical, a start-up biotechnology company, where she led the sales drive across Europe and the Middle East, managing direct sales teams and distributors to launch the company's flagship product into new markets. During a career of over 20 years she has held a variety of sales & marketing positions in major pharmaceutical companies such as Pfizer, GSK and Merck as well as leading the Medical Diagnostic division of GE Healthcare as Regional Marketing Leader for EMEA. Debra has managed businesses across Europe, Middle East, Canada and Russia as well as leading teams in the US and Asia, and has been involved in over 20 launches including the blockbuster pharmaceutical products Zocor, Imigran and Zantac. She has a BSc in Pharmacy, and an MBA from Warwick University.

Tracey White
General Manager Rex Bionics Ltd

Tracey joined Rex Bionics Ltd in July 2014. She has a broad background in sales & marketing of medical devices, as well as finance and general management of small businesses and corporates. Prior to joining Rex she spent six years as General Manager of Healthcare with Siemens New Zealand, where she had responsibility for sales, service support and project delivery. Tracey has held leadership positions for over 20 years in healthcare, tourism and broadcasting, and is passionate about business development, strategic planning, financial management and customer service. She is a qualified chartered accountant.

Duncan Clement
Operations Director Rex Bionics Ltd

Duncan joined Rex Bionics Ltd in 2008 and is a key member of the REX Research & Development team. Before emigrating to New Zealand in 2004, he spent eight years with Quantel, a UK-based world-class manufacturer of high-end visual effects and editing systems for film and television. Duncan has extensive experience in complex technology project delivery and, since re-locating to New Zealand, has worked with key corporates across a range of industry sectors, including IT/Telecommunications, healthcare, insurance and manufacturing.

Simon van Rossum
Financial Controller Rex Bionics Ltd

Simon joined Rex Bionics Ltd in September 2014. Previously he spent seven years as a manager and consultant at Deloitte, where he led and contributed to a broad range of financial and IT projects focussed on process improvement and IT system implementation, working with small to mid-sized businesses in manufacturing, services and FMCG sectors. Before joining Deloitte Simon spent ten years in the hospitality industry. He has a BCom Hons from Auckland University and is a qualified chartered accountant.

Keith Robinson *Company Secretary*

Keith acts as a consultant to the Company. He is a senior corporate lawyer with over 35 years' legal experience in the City of London and covers all areas of company and commercial work, including acquisition and disposals, joint ventures, agency/distribution arrangements and public company transactions. He has advised on flotations on AIM, the Official List of the London Stock Exchange, ISDX and various overseas markets, and has also served as a non-executive director on AIM-listed companies. He is currently a Corporate Finance Consultant at Sherrards Solicitors LLP and advises a number of AIM Companies, stockbrokers and corporate advisers on company director duties, regulatory matters, take-overs and mergers, and related transactions.

* *Co-founder of Rex Bionics Limited*

Report of the Directors

The Directors present their report and the audited financial statements for Rex Bionics and its subsidiaries (together the "Group") for the sixteen months ended 31 March 2015.

Items required to be included in the Directors' Report that are covered elsewhere in this Annual Report are as follows:

- The use of financial instruments and financial risk management policies – Note 17 to the Consolidated Financial Statements.

Change of accounting reference date
The Company's accounting reference date was changed from 30 November 2014 to 31 March 2015 during the period. The financial statements cover the sixteen-month period from 1 December 2013 to 31 March 2015. Comparative prior period figures, where shown, are for the year ended 30 November 2013.

Research and development
In the sixteen months ended 31 March 2015 the Group invested £511k (year ended 30 November 2013: £nil) in research & development activities, of which all was expensed as research.

Dividends
The Directors do not propose the payment of a dividend.

Going concern
The financial statements have been prepared on a going concern basis, notwithstanding the trading losses being carried forward and the expectation that the Company will continue to make trading losses for some time to come.

The Group is currently consuming cash resources, and will continue to do so until sales revenues are sufficiently high to generate net cash inflows. Until the Group begins to generate positive net cash flows, it remains dependent upon securing additional funding, primarily through the injection of capital from share issues. During the current period the Company has met its day to day financing through the proceeds of an issue of £0.98 million of convertible loan notes and a separate issue of £10 million of equity share capital, both before expenses.

At 31 March 2015 the Company had net cash reserves of £4.37 million. It is the Directors' intention to raise further funds over the course of the next financial year via the issue of further equity share capital, and the Directors have a reasonable expectation that this can be achieved, although there can be no certainty that additional funds can be raised on suitable terms or at all. If further funds cannot be raised within the period the Directors believe, after taking into account current cash resources, their financial forecasts for the Company and after making due and careful enquiries and considering all uncertainties, that measures can be taken to reduce expenditure so as to ensure that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report). For this reason the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Substantial shareholdings
As at 29 May 2015 the Company had been advised on the following shareholdings with interests of 3% or more in its ordinary share capital:

Name of shareholder	Number of ordinary shares	% of share capital
Hunter Hall Investment Management Ltd	1,833,333	12.8%
Paul Matthews	1,772,504	12.4%
Asia Pacific Healthcare Fund II	1,657,743	11.6%
Fidelity Management & Research	1,428,936	10.0%
NZVIF Investments Ltd	1,406,683	9.8%
The Richard Little Trust	712,042	5.0%
Robert Irving	689,262	4.8%

Directors
The Directors of the Company who served during the period were:

Executive Directors	Non-Executive Directors
Crispin Simon *(appointed 5 August 2014)*	David Macfarlane *(appointed 3 March 2014)*
Peter Worrall	Jeremy Curnock Cook*
Richard Little *(appointed 8 May 2014)*	Dr William Hunter
Christopher Stainforth *(resigned 8 February 2014)*	John Plimmer *(appointed 8 May 2014)*
	Victoria Provis *(appointed 8 May 2014)*

*Jeremy Curnock Cook served as Chief Executive Officer during the period 1 December 2013 to 30 September 2014, thereafter becoming Non-Executive Deputy Chairman.

Directors' interests in ordinary shares
The Directors who held office at 31 March 2015 had the following interests in the ordinary shares of the Company, which are beneficially held unless otherwise disclosed:

	Ordinary shares of £1 each 31 March 2015			Ordinary shares of £1 each 30 November 2013		
	Shares	Options	Warrants	Share	Options	Warrants
David Macfarlane	21,111	8,334	-	-	-	-
Crispin Simon	35,000	178,616	-	-	-	-
Peter Worrall	19,556	142,893	-	-	-	-
Richard Little	712,042[1]	107,170	-	-	-	-
Jeremy Curnock Cook	1,709,132[2]	71,446	28,571[3]	37,500	-	22,857
William Hunter	59,377	5,556	7,900	31,600	-	-
John Plimmer	27,778	5,556	-	-	-	-
Victoria Provis	5,000	5,556	-	-	-	-

1 These shares are registered in the name of the Richard Little Trust.

2 Of these shares, 12,500 Ordinary Shares are held by International Bioscience Managers Limited, a company majority owned by Mr Curnock Cook, 12,500 Ordinary Shares are held by Bioscience Managers Pty Limited, a subsidiary of International Bioscience Managers Limited and 1,657,743 Ordinary Shares are held by Philip Asset Management Ltd as the Trustee for Asia Pacific Healthcare Fund II, a fund managed by Bioscience Managers Pty Limited.

3 Of these Warrants, 22,857 have been issued to International Bioscience Managers Limited.

Between 31 March 2015 and the date of this report there have been no change in the interests of Directors in shares, warrants or share options as disclosed in this report.

Director's and officers' liability insurance
Qualifying indemnity insurance cover has been arranged in respect of the personal liabilities which may be incurred by Directors and Officers of the Group during the course of their service with the Group. This insurance was in place throughout the period and remains in place at the date of this report.

Events after the reporting period
There are no reportable events after the reporting period.

Auditors
Price Bailey LLP was the Company's auditor for the year ended 30 November 2013 and stepped down as auditor on 7 October 2014. Grant Thornton UK LLP was subsequently appointed as auditor for the period ended 31 March 2015 and a resolution proposing their re-appointment as auditor to the Company will be put to the forthcoming Annual General Meeting.

By order of the Board

Keith Robinson *Company Secretary*
29 May 2015

Corporate Governance Statement

Rex Bionics Plc is committed to maintaining a high standard of corporate governance. The Company does not comply with the provisions of the UK Corporate Governance Code (the 'Code') in its entirety and it is not required to do so. However, the Board recognises the importance of sound corporate governance and will take appropriate measures to ensure that the Company complies with the main provision of the Code as far as practicable and to the extent appropriate given the Company's size, assets, liabilities and other relevant information. The summary below describes the extent to which the Company complies with the Code.

Composition of Board
At 31 March 2015 the Board comprised the Non-Executive Chairman, the Non-Executive Deputy Chairman, three additional Non-Executive Directors and three Executive Directors. The Directors' biographies appear on pages 14 to 15 and detail their experience and suitability for leading and managing the Group.

The responsibilities of the Non-Executive Chairman and the Chief Executive Officer are clearly divided. The Non-Executive Directors bring a valuable and varied range of expertise and experience from different backgrounds in assisting the Group to achieve its strategic goals. All of them are considered to be independent except Jeremy Curnock Cook, who until October 2014 served as Chief Executive Officer. They receive a fixed fee for their services and reimbursement of reasonable expenses for attendance at Board and Committee meetings. As disclosed under Directors' Interests on page 17, the independent Non-Executive Directors each hold a small number of options and also, in the case of William Hunter, a small number of warrants, but their holdings are not considered to be sufficiently material to impair their independence.

Senior Independent Non-Executive Director
The senior independent Non-Executive Director is Victoria Provis.

Role of the Board
The Board retains full and effective control of the Group and has a schedule of matters specifically reserved for its approval. These include responsibility for formulating the Group's corporate strategy, business plans and financial budgets, monitoring financial and operational performance, approval and review of major capital expenditure, corporate governance and risk management.

Regular formal meetings of the full Board are held every two to three months and additional meetings are held as and when considered necessary. During the sixteen months ended 31 March 2015 the Board met eight times, with each member attending as follows:

Director	Number of meetings held whilst a Board member	Number of meetings attended
David Macfarlane	6	6
Crispin Simon	3	3
Peter Worrall	8	8
Richard Little	5	4
Jeremy Curnock Cook	8	8
William Hunter	8	7
John Plimmer	5	5
Victoria Provis	5	4
Christopher Stainforth	2	2

It is the duty of the Chairman to ensure that all Directors are properly briefed in advance on matters to be discussed at Board Meetings. Prior to each Board meeting Directors are sent an agenda and Board papers for each agenda item. Additional information is provided at the request of individual Directors.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for Board compliance with the applicable rules and regulations. All Directors have access to the services of the Company Secretary and independent professional advice at the Company's expense if required. The Board is responsible for approving the appointment and removal of the Company Secretary.

Matters are delegated to the Board Committees, Executive Directors and the Senior Management Team where appropriate.

Audit Committee
The Audit Committee was established immediately following the Company's IPO in May 2014 and currently comprises John Plimmer (Chairman), David Macfarlane and Victoria Provis. John Plimmer is considered to have the most significant, recent and relevant financial experience of the Non-Executive Directors. The Company Secretary acts as Secretary to the Committee.

The Committee has unrestricted access to the Group's auditors and its remit includes:
- primary responsibility for ensuring that the financial performance of the Group is properly measured and reported on and that it reviews the interim financial performance and annual financial statements before they are submitted to the Board;
- reviewing accounting policies and material accounting judgements for appropriateness;
- reviewing reports from the Group's auditors relating to financial controls and reporting thereon to the Board;
- recommending to the Board the appointment of auditors and their fees;
- monitoring the scope, results and cost-effectiveness of the audit.

In certain circumstances the Board permits the auditors to provide non-audit services, for example in relation to the provision of tax advice, where it considers that the auditors can add value. The Committee has approved this policy and monitors its application in order to safeguard auditor objectivity and independence.

The Group does not currently have an internal audit function, which the Board considers appropriate given the current size of the Group. This policy is reviewed annually by the Committee.

Attendance at Audit Committee meetings during the period from the date of its establishment to 31 March 2015 was as follows:

Director	Number of meetings held whilst a Committee member	Number of meetings attended
John Plimmer	2	2
David Macfarlane	2	2
Victoria Provis	2	2

Remuneration Committee
The Remuneration Committee was established immediately following the Company's IPO in May 2014 and currently comprises Victoria Provis (Chairman), David Macfarlane and John Plimmer. The Company Secretary acts as Secretary to the Committee.

The Committee is responsible for making recommendations to the Board on remuneration policy for Executive Directors and the terms of their service contracts, with the aim of ensuring that their remuneration, including bonuses and share options, is based not solely on their own performance but also on the performance of the Group as a whole. The Committee administers the Company Share Option Plan and approves all grants thereunder. It also advises on remuneration policy for the Group generally.

Attendance at Remuneration Committee meetings during the period from the date of its establishment to 31 March 2015 was as follows:

Director	Number of meetings held whilst a Committee member	Number of meetings attended
Victoria Provis	3	3
David Macfarlane	3	3
John Plimmer	3	3

Nominations Committee
The Nominations Committee was established immediately following the Company's IPO in May 2014 and currently comprises David Macfarlane (Chairman), John Plimmer and Victoria Provis. The Company Secretary acts as Secretary to the Committee.

The Committee nominates and recommends the appointment of new Directors to the Board, considers succession planning for Directors and other members of the Senior Management Team, and membership of the Audit and Remuneration Committees. In making recommendations, the Committee takes into account the balance of skill, knowledge and experience of the Board and gives due regard to the benefits of diversity on the Board, including gender.

Corporate Governance Statement continued

Attendance at Nominations Committee meetings during the period from the date of its establishment to 31 March 2015 was as follows:

Director	Number of meetings held whilst a Committee member	Number of meetings attended
David Macfarlane	1	1
John Plimmer	1	1
Victoria Provis	1	1

Investor relations
The Board appreciates that effective communication with the Company's shareholders and the investment community as a whole is a key objective. The views of both institutional and private investors are important, and can be varied and wide-ranging, as is their interest in the Group's strategy, performance and reputation. The Executive Directors have overall responsibility for ensuring effective communication and the Company maintains a regular dialogue with its shareholders, mainly in the periods following the announcement of the interim and final results, but also at other times during the year. The views of shareholders are sought through direct contact and via feedback from the Company's advisers and are communicated to the Board. The Board encourages the participation of shareholders at its Annual General Meeting, notice of which is sent to shareholders at least 21 clear days before the meeting date. The Company website www.rexbionics.com is updated regularly and includes additional information on the Group, including on its products, technology and commercial activities.

Internal Control
The Directors are responsible for establishing and maintaining the Group's internal control systems and for monitoring their effectiveness. In the context of the Group's business any such internal control system can only be expected to manage rather than eliminate the risks arising from its operation. It can only therefore provide reasonable and not absolute assurance against material loss or misstatement.

The Group has a clearly defined organisational structure with well delineated authorisation limits and lines of accountability. Internal controls are designed, implemented and maintained by personnel with the appropriate qualifications and experience. Key controls include:

- Close management of the business by the Executive Directors and Senior Management Team;
- A schedule of matters reserved for the approval of the Board;
- A detailed risk identification and evaluation exercise for all major transactions contemplated by the Board;
- Detailed monthly management and reporting against formal budgets approved by the Board and Senior Management Team;
- Standard financial, accounting and management controls to ensure that the assets of the Group are properly protected;
- Maintenance of detailed accounting records.

By order of the Board

Keith Robinson
Company Secretary

29 May 2015

Remuneration Report

The Board presents the Remuneration Report for the sixteen months ended 31 March 2015. As an AIM quoted company, Rex Bionics Plc is not required to comply with the Directors' Remuneration Report Regulations 2002. The following disclosures are made voluntarily.

Remuneration Committee
Responsibility for the Company's remuneration policy has been delegated by the Board to the Remuneration Committee. Details of the membership of the Committee and its terms of reference are set out in the Corporate Governance Statement on page 19. The Committee is required to meet at least twice a year. All members of the Committee attended all meetings in the period under review. The Chief Executive Officer may be invited to attend meetings of the Committee to assist in its deliberations but is not permitted to be present when his own remuneration is discussed.

Remuneration Policy
Executive remuneration
The Group's remuneration policy is designed to enable it to offer competitive packages to attract, retain and motivate senior executives of the highest calibre. The Committee seeks to ensure that executive remuneration packages are appropriate in relation to the executive's performance, scale of responsibility and experience and are not excessive by comparison with the remuneration packages for similar executive positions in companies considered to be comparable. Regular reviews of the policy are carried out, supported by independent advice where appropriate, to ensure that the range and level of emoluments and incentive schemes continue to match current market practice.

Executive remuneration currently comprises a base salary, which is reviewed annually, and a discretionary annual bonus entitlement for exceptional performance against pre-agreed personal and corporate objectives set by the Committee in consultation with the Chief Executive. The maximum annual bonus payable to Group executives is currently in the range 20-35% of base salary. Certain executives who make extensive use of their own private car on Group business also receive an annual car allowance.

The Group does not currently provide contributions to Executives' personal pension schemes, medical insurance on behalf of Executives and their families, or life insurance.

Chairman and other Non-Executive Director remuneration
The Chairman and other Non-Executive Directors receive a fixed annual fee to cover preparation for and attendance at meetings of the full Board and committees thereof. With the exception of the Chairman, Non-Executive Directors who chair committees of the Board receive an additional fee for chairing such committees. The Chairman and the Executive Directors are responsible for setting and reviewing the level of Non-Executive remuneration. Non-Executive Directors are also able to claim reimbursement for the reasonable expenses of attending Board and Committee meetings.

Company Share Option Plan
Under the terms of their service agreements Executives are eligible to participate in the Rex Bionics Plc Share Option Plan, established in May 2014 to provide a mechanism to reward Rex Bionics Executives and staff for sustained improvements in the performance of the Group over an extended period. An explanation of the Plan is set out in Note 18 to the Consolidated Financial Statements.

Non-Executive Directors each receive a small grant of options under the Plan at the time of their appointment to the Board, but have no right to receive further grants of options under the Plan in the future. Non-Executive Director options are not subject to performance conditions.

Remuneration Report continued

Directors' Interest in Share Options

The interests of Directors in options over ordinary £1 shares in the Company during the period were as follows:

	Date of grant	At 1 December 2013	Granted during the period	Lapsed	At 31 March 2015	Exercise price - £	Earliest exercise date	Expiry date
David Macfarlane	8 May 2014	-	8,334	-	8,334	1.800	8 May 2015	8 May 2024
Crispin Simon	21 November 2014	-	178,616	-	178,616	1.655	21 November 2015	21 November 2015
Peter Worrall	8 May 2014	-	142,893	-	142,893	1.800	8 May 2015	8 May 2024
Richard Little	8 May 2014	-	107,170	-	107,170	1.800	8 May 2015	8 May 2024
Jeremy Curnock Cook	8 May 2014	-	71,446	-	71,446	1.800	8 May 2015	8 May 2024
William Hunter	8 May 2014	-	5,556	-	5,556	1.800	8 May 2015	8 May 2004
John Plimmer	8 May 2014	-	5,556	-	5,556	1.800	8 May 2015	8 May 2024
Victoria Provis	8 May 2014	-	5,556	-	5,556	1.800	8 May 2015	8 May 2024

Warrants

At 31 March 2015 William Hunter had a beneficial interest in warrants over 7,900 ordinary £1 shares and Jeremy Curnock Cook was deemed to have an interest in warrants over an aggregate of 28,571 ordinary £1 shares. Christopher Stainforth, who stepped down from the Board in February 2014, held warrants over 28,571 ordinary £1 shares at 31 March 2015. The warrants were granted on 8 May 2014 and are exercisable between 1 April 2016 and 31 March 2024 at an exercise price of £1-80p per share.

Audited Information

The following section (Directors' Remuneration) contains the disclosures required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, forms part of the financial statements for the sixteen months ended 31 March 2015 and has been audited by the Company's auditor Grant Thornton UK LLP.

Directors' Remuneration

The aggregate remuneration received by Directors who served during the sixteen months ended 31 March 2015 and the year ended 30 November 2013 was as follows:

	Sixteen months ended 31 March 2015			Year ended 30 November 2013		
	Salary/fee £'000	Bonus £'000	Total £'000	Salary/fee £'000	Bonus £'000	Total £'000
Executive Directors						
Crispin Simon	76	-	76	-	-	-
Jonathan Bradley-Hoare	-	-	-	-	-	-
Richard Little	115	41	156	-	-	-
Peter Worrall	142	-	142	28	-	28
Christopher Stainforth	4	-	4	20	-	20
Non-Executive Directors						
David Macfarlane	54	-	54	-	-	-
Jeremy Curnock Cook	63	-	63	15	-	15
William Hunter	33	-	33	-	-	-
John Plimmer	27	-	27	-	-	-
Victoria Provis	27	-	27	-	-	-
Total	541	41	582	63	-	63

By order of the Board

Keith Robinson
Company Secretary

29 May 2015

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Director's Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group Financial Statements and the Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) 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 Group and Parent Company and of the profit or loss of the Group for that period.

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 applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge:

- the Group Financial Statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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 Group's website in accordance with the AIM rules for companies and 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 Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

By order of the Board

Keith Robinson
Company Secretary

29 May 2015

Independent Auditor's Report

TO THE MEMBERS OF Rex Bionics Plc

We have audited the Financial Statements of Rex Bionics Plc for the sixteen months ended 31 March 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of the Directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 23, 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
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2015 and of the Group's loss for the sixteen months then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

Christopher Smith
Senior Statutory Auditor
Chartered Accountants & Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
London

29 May 2015

Consolidated Statement of Comprehensive Income

For the sixteen months ended 31 March 2015

Company registration no: 06425793

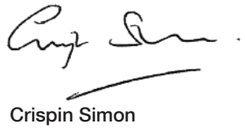
	Notes	31 March 2015 £'000	30 November 2013 £'000
Revenue		**176**	-
Other income		**63**	-
Administrative expenses		**(5,649)**	(480)
Loss from operations	6	**(5,410)**	(480)
Finance income		**50**	-
Finance costs		**(113)**	-
Loss on ordinary activities before tax		**(5,473)**	(480)
Tax expense	7	**172**	-
Loss for the period		**(5,301)**	(480)
Other comprehensive income, net of tax			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**46**	-
Other comprehensive income/(expenses)		**46**	-
Total comprehensive loss for the period, net of tax		**(5,255)**	(480)
Basic and diluted loss per share – from continuing activities (pence)	8	**(53.4)**	(1.41)

Consolidated Statement of Financial Position

As at 31 March 2015

	Note	Group 31 March 2015 £'000	Company 31 March 2015 £'000	Group 30 November 2013 £'000	Company 30 November 2013 £'000
Assets					
Non-current assets					
Goodwill	9	**3,258**	-	-	-
Other intangible assets	10	**10,513**	-	-	-
Property, plant and equipment	11	**251**	**130**	-	-
Investments	13	-	**15,600**	-	-
		14,022	**15,730**	-	-
Current assets					
Inventories	14	**494**	**27**	-	-
Trade and other receivables	15	**220**	**122**	10	10
Cash and cash equivalents	16	**4,368**	**1,431**	174	174
		5,082	**1,580**	184	184
Total assets		**19,104**	**17,310**	184	184
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	18	**14,289**	**14,289**	340	340
Share premium	18	**8,087**	**8,087**	1,247	1,247
Share option reserve		**277**	**277**	92	92
Foreign currency translation reserve		**46**	-	-	-
Other reserve		**113**	**41**	-	-
Retained losses		**(7,164)**	**(5,871)**	(1,885)	(1,885)
		15,648	**16,823**	(206)	(206)
Liabilities					
Non-current liabilities					
Deferred tax liability	12	**2,861**	-	-	-
		2,861	-	-	-
Current liabilities					
Trade and other payables	19	**595**	**487**	390	390
		595	**487**	390	390
Total equity and liabilities		**19,104**	**17,310**	184	184

The financial statements were approved by the Board of Directors and authorised for issue on 29 May 2015. They were signed on its behalf by:



Crispin Simon
Director

Peter Worrall
Director

Consolidated Statement of Changes in Equity

For the sixteen months ended 31 March 2015

	Share capital £'000	Share premium £'000	Share Option reserve £'000	Foreign currency translation reserve £'000	Other reserve £'000	Retained losses £'000	Total £'000
Balance at 1 December 2012	340	1,247	92	-	-	(1,405)	274
Comprehensive income					-		
Loss for the period	-	-	-	-	-	(480)	(480)
Total comprehensive loss	-	-	-	-	-	(480)	(480)
Balance at 30 November 2013	340	1,247	92	-	-	(1,885)	(206)
Prior year adjustment						(24)	(24)
Comprehensive income							
Loss for the period	-	-	185	-	113	(5,255)	(4,957)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	46	-	-	46
Total comprehensive loss	-	-	185	46	113	(5,255)	(4,911)
Transactions with owners							
Issue of share capital:							
As consideration for acquisitions	7,668	2,805	-	-	-	-	10,473
To subscribers in IPO	5,555	4,445	-	-	-	-	10,000
On conversion of loan notes at IPO	726	254	-	-	-	-	980
Share issuance costs	-	(664)	-	-	-	-	(664)
	13,949	6,840	-	-	-	-	20,789
Balance at 31 March 2015	**14,289**	**8,087**	**277**	**46**	**113**	**(7,164)**	**15,648**

Company Statement of Changes in Equity

For the sixteen months ended 31 March 2015

	Share capital £'000	Share Share premium £'000	option reserve £'000	Other reserve £'000	Retained losses £'000	Total £'000
Balance at 1 December 2012	340	1,247	92	-	(1,405)	274
Comprehensive income						
Loss for the period	-	-	-	-	(480)	(480)
Total comprehensive loss	-	-	-	-	(480)	(480)
Balance at 30 November 2013	340	1,247	92	-	(1,885)	(206)
Prior-year adjustment	-	-	-	-	(24)	(24)
Comprehensive income						
Loss for the period	-	-	185	41	(3,962)	(3,736)
Other comprehensive income						
Exchange differences on translation of overseas operations	-	-	-	-	-	-
Total comprehensive loss	-	-	185	41	(3,962)	(3,736)
Transactions with owners						
Issue of share capital:						
As consideration for acquisitions	7,668	2,805	-	-	-	10,473
To subscribers in IPO	5,555	4,445	-	-	-	10,000
On conversion of loan notes at IPO	726	254	-	-	-	980
Share issuance costs	-	(664)	-	-	-	(664)
	13,949	6,840	-	-	-	20,789
Balance at 31 March 2015	**14,289**	**8,087**	**277**	**41**	**(5,871)**	**16,823**

Consolidated Statement of Cash Flows

For the sixteen months ended 31 March 2015

	16 months ended March 2015 £'000	Year ended November 2013 £'000
Cash flows from operating activities		
Loss before taxation	(5,475)	(480)
Adjustments for:		
Depreciation	87	-
Share based payments	185	
Amortisation of intangible assets	644	-
Finance charge	113	-
Foreign exchange adjustments arising from operations	-	-
Cash flows from operations before changes in working capital	(4,446)	(480)
(Increase) in inventories	(383)	-
(Increase) in receivables	(210)	(6)
Increase in payables	205	278
Net cash outflows from operating activities	(4,834)	(208)
Cash flows from investing activities		
Finance income	50	-
Purchases of property, plant and equipment	(379)	-
Subscription for convertible loan notes	(980)	-
Net cash outflows from investing activities	(1,309)	-
Cash flows from financing activities		
Proceeds of share issues	10,000	-
Share issuance costs	(664)	-
Proceeds of convertible loan note issues	980	-
Net cash inflows from financing activities	10,316	-
Net increase / (decrease) in cash and cash equivalents	4,173	(208)
Cash and cash equivalents at the beginning of the period	174	382
Effect of foreign exchange rate change	21	-
Cash and cash equivalents at the end of the period	4,368	174

Company Statement of Cash Flows

For the sixteen months ended 31 March 2015

	16 months ended March 2015 £'000	Year ended November 2013 £'000
Cash flows from operating activities		
Loss before taxation	(3,986)	(480)
Adjustments for:		
Depreciation	47	-
Share based payments	185	-
Impairment charge on investments in subsidiary undertakings	1,810	-
Finance charge	41	
Foreign exchange adjustments arising from operations	-	-
Cash flows from operations before changes in working capital	(1,903)	(480)
(Increase) in inventories	(27)	-
(Increase in receivables	(112)	(6)
Increase in payables	97	278
Net cash outflows from operating activities	(1,945)	(208)
Cash flows from investing activities		
Investment in subsidiary undertakings	(6,936)	-
Finance income	15	-
Purchases of property, plant and equipment	(178)	-
Net cash outflows from investing activities	(7,099)	-
Cash flows from financing activities		
Proceeds of share issues	10,000	-
Share issuance costs	(664)	-
Proceeds of convertible loan note issues	980	-
Net cash inflows from financing activities	10,316	-
Net increase / (decrease) in cash and cash equivalents	1,272	(208)
Cash and cash equivalents at the beginning of the period	174	382
Effect of foreign exchange rate change	(15)	-
Cash and cash equivalents at the end of the period	1,431	174

The accompanying accounting policies and notes form an integral part of these Financial Statements.

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

1 General information

Rex Bionics Plc, formerly Union MedTech plc, (the "Company") is a public limited company incorporated and domiciled in England and Wales (registration number 06425793). Its registered office address is 5th Floor, 7 Swallow Place, London W1B 2AG and its principal place of business is Thame Park, Thame Park Road, Thame, OX9 3PU. The Company's Ordinary Shares are traded on the AIM market of the London Stock Exchange Plc under the ticker "RXB".

The principal activities of the Group are the research & development, manufacture and commercialisation of advanced robotic devices designed to provide physiotherapy to and improve the physical and psychological well-being of people with major mobility impairment as a result of spinal cord injury or other neurological damage.

2 Basis of preparation and statement of compliance with IFRSs

During the current reporting period the Company changed its accounting reference date from 30 November 2014 to 31 March 2015. The Consolidated Financial Statements of the Group cover the sixteen-month period from 1 December 2013 to 31 March 2015. They include eleven months of trading by Rex Bionics Limited, acquired in May 2014, and six months of trading by the Company's wholly-owned Australian subsidiary Rex Bionics Pty Limited, which commenced tradinging October 2014. Prior period comparative figures, where shown, cover the twelve-month period ended 30 November 2013.

The Company completed an initial public offering on AIM on 8 May 2014, raising £10 million before expenses. On the same day it acquired the entire issued share capital of Rex Bionics Limited, a New Zealand registered company, and changed its own name from Union MedTech plc to Rex Bionics Plc.

The Group Financial Statements consolidate those of the Company and its subsidiary (together referred to as the 'Group'). The parent company financial statements present information about the Company as a separate entity and not about its group

Both the Group Financial Statements and the Company Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. In publishing the Company Financial Statements here together with the Group Financial Statements, the Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes in these financial statements. The consolidated Financial Statements were approved and authorised for issue by the Board of Directors on 29 May 2015.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in these accounting policies.

The financial statements are presented in Thousand Pound Sterling (£'000). All amounts are rounded to the nearest thousand Pounds unless otherwise indicated.

3 Accounting policies

Consolidated

Basis of accounting
The consolidated Financial Statements have been prepared using the significant accounting policies and measurement bases summarised below.

New accounting policies
(i) New and amended standards adopted by the Group:

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial period beginning 1 December 2013. Except as noted, the implementation of these standards does not have a material effect on the Group.

- IAS 12 (Amendment): Deferred tax – Recovery of underlying Assets
- IAS 19 (Revised): IAS 19 Employee Benefits
- IFRS 7 (Amendment): Disclosures – Offsetting Financial Assets and Financial Liabilities –
- IFRS 13: Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current period. The application of IFRS 13 did not have a material impact on the financial statement disclosures for the year ended 31 March 2015 and 30 November 2013.

(ii) Standards, amendments and interpretations which have not been applied in these financial statements, were in issue but not yet effective:

Standard	Description	Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 15	Revenue	1 January 2017
IAS 27	Separate financial statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Directors anticipate that, with the exception of IFRS 15, the adoption of the above Standards and Interpretations in future periods will have little or no impact on the Financial Statements of the Company. IFRS 15 is expected to have greater impact in future accounting periods as the Group's revenues grow.

Significant estimates
In the application of the Group's accounting policies in conformity with IFRS the Directors are required to make estimates and assumptions about the carrying value of assets and liabilities and the reported amounts of revenue and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key areas are summarised below:

Estimation uncertainty
Information about estimates and assumptions that have significant risk of material adjustment to carrying values in the next financial year is provided below. Actual results may be substantially different.

Valuation of share-based payments and warrants
The estimation of the fair value of equity-settled share based awards and the resulting share-based payment costs charged to the statement of comprehensive income requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted, leaver rates and the time of exercise of those options. The model used by the Group is a Black-Scholes valuation model. Further detail is provided in Note 18.

Inventories
Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Useful lives of depreciable and intangible assets
Management reviews its estimate of the useful lives of depreciable and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in the estimates of depreciable assets relate to technical obsolescence that may change the utility of certain software and IT equipment. Uncertainties in the estimates of intangible assets relate to technical obsolescence that may impact on the remaining period over which value can continue to be recovered.

Impairment of goodwill and other intangible assets
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Further details are shown in note 9.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, management make various judgements that can significantly affect the amounts recognised in the financial statements. The critical judgements are considered to be the following:

Capitalisation of internal development expenditure
Management exercises judgement in establishing both the technical feasibility of completing an intangible asset which can be used internally or sold and the degree of certainty that a market exists for the asset, or its output, for the generation of future economic benefits. At the current time no development expenditures are being capitalised as Management's judgement is that technical feasibility has not been fully established.

The accounting policies set out below have, unless otherwise stated, been applied consistently by the Group to all periods presented in these financial statements.

Basis of consolidation
The Consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries. Subsidiaries are 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. All intra-Group transactions, balances, income and expenses are eliminated in preparing the consolidated Financial Statements. The acquisition of subsidiaries is dealt with by the acquisition method.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Business combinations
The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. In the case of the acquisition of Rex Bionics Ltd, Management's judgement was that it did not constitute a reverse acquisition for accounting purposes, notwithstanding the significant percentage of shares in the Company held by former shareholders of Rex Bionics Ltd on completion of the acquisition, because there was no change of control of the Board or the Company.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquire and c) acquisition-date fair value of any existing equity interest in the acquire, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Foreign currency translation
Functional and presentation currency
The Consolidated Financial Statements are presented in Pounds Sterling, which is also the functional currency of the Parent Company.

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
In the Group's Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than Pounds Sterling are translated into Pounds Sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Pounds Sterling at the closing rate at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Pounds Sterling at the closing rate. Income and expenses have been translated into Pounds Sterling at the prevailing exchange rate at the date of the transaction. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Segment reporting
Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Group currently operates in one area of activity, the development, manufacture and commercialisation of, of robotic equipment for medical applications. No segmental analysis is provided in the current period due to the small amount of revenues. In future years it is anticipated that revenue splits will be provided between the major geographic areas of operation, the professional and personal-use markets for the Company's products, and the different clinical indications addressed.

Revenue recognition
Revenue represents the fair value of sales of the Group's products and marketing and sales services to external customers at amounts excluding value added tax. In respect of products, revenue is recognised when the products have been delivered and title has passed. In respect of services, revenue is recognised in the period when the service is performed.

Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Other income
Grants received are recognised in the statement of comprehensive income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Finance income
Finance income relates to interest earned on cash, cash equivalents and investments. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Goodwill
Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets
Acquired intellectual property rights
Intellectual property rights that are acquired in a business combination are initially recognised at their fair value. Intellectual property rights purchased outright are initially recognised at cost. Intellectual property rights are capitalised and amortised over their estimated useful economic lives. In determining the useful economic life each asset is reviewed separately and consideration given to the period over which the Group expects to derive economic benefit from the asset. Intellectual property rights acquired in the current financial period are being amortised over a 15 year period from the date of acquisition, being the average remaining life at that date on the key patents providing the protection for the intellectual property acquired.

Software intangibles
Where computer software is not integral to an item of property, plant or equipment its costs are capitalised and categorised as intangible assets. Software is currently amortised on a straight-line basis over 2-3 years.

Development costs
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in the income statement as an expense in the period in which it is incurred. Expenditure on development activities, where research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised once it can demonstrate:

- its intention to complete and ability to use or sell the asset
- the technical and commercial feasibility of the asset
- how the asset will generate future economic benefits
- the ability to measure development costs of the asset reliably
- the Group has sufficient resources to complete development.

Expenditure capitalised is stated as the cost of materials and direct labour less accumulated amortisation. Where development expenditure results in new or substantially improved products or processes and it is probable that recovery will take place, it is capitalised and amortised on a straight-line basis over the product's useful life starting from the date on which serial production commences, which is between one and ten years.

No development expenditure has been capitalised to date because Management's judgement is that the technical and commercial feasibility of the related projects has not yet been sufficiently demonstrated.

Subsequent measurement
All finite-lived intangible assets, including patents, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing. Amortisation has been included within administrative expenses.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value over their expected useful lives, which are as follows:

Office and Computer Equipment	Between 1.75 and 12 years
Demonstration Inventory	2 years
Leasehold Improvements	16 years
Plant & Equipment	Between 1.3 and 16 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of property, plant & equipment, intangible assets and goodwill
The carrying amount of the Group's assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level. Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash generating units reduce first the carrying amount of any goodwill allocated to that cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash generating unit's recoverable amount exceeds its carrying amount.

Leased assets
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. Assets leased under operating leases are not recorded in the Statement of Financial Position. Rental payments are charged directly to the income statement. Lease incentives, primarily up-front cash payments or rent-free periods, are capitalised and spread over the period of the lease term on a straight line basis unless another systematic basis is more representative of the time pattern of the users' benefit. Payments made to acquire operating leases are treated as prepaid lease expenses and amortised over the life of the lease.

Inventory
Inventory is valued at the lower of cost and net realisable value. Cost comprises direct materials cost and, where applicable, the direct labour costs and an attributable proportion of manufacturing overheads that have been incurred in bringing the inventories to their present location and condition and based on normal levels of activity. Net realisable value is based on estimated selling price less further costs to completion and disposal. The Group makes provision for inventory deemed to be irrecoverable or where the net realisable value is lower than cost. Costs of ordinarily interchangeable items are assigned using first-in first-out method.

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition depending on the purpose for which the asset was acquired:

- loans and receivables

The Company has not classified any of its financial assets as held to maturity, held for trading or fair value through profit and loss, or available for sale.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of the future cash flows.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables. It has no short-term borrowings or derivative financial instruments. Convertible loan notes issued to third parties during the period were converted into share capital before the period end and there were no convertible loan notes outstanding to third parties at the reporting date.

Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Short-term employee benefits

Short-term employee benefits outstanding at the reporting date, including holiday entitlement, are current liabilities included in pension and other employee obligations, and are measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Provisions, contingent assets and contingent liabilities

Provisions for product warranties are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group, and amounts can be estimated reliably, although the timing of the outflow may still be uncertain.

Share-based employee remuneration

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Share based payments are ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. All options are equity settled.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within profit or loss.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The called up share capital account represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share option reserve represents the fair value, calculated at the date of grant, of options and warrants unexercised at the reporting date.

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of overseas subsidiaries.

The other reserve records imputed interest on convertible loan notes issued by Group companies in the reporting period, further details of which are set out in Note 18.

Retained losses include all current and prior period results as disclosed in the statement of comprehensive income.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the trading losses being carried forward and the expectation that the Company will continue to make trading losses for some time to come.

The Group is currently consuming cash resources, and will continue to do so until sales revenues are sufficiently high to generate net cash inflows. Until the Group begins to generate positive net cash flows, it remains dependent upon securing additional funding, primarily through the injection of capital from share issues. During the current period the Company has met its day to day financing through the proceeds of an issue of £0.98 million of convertible loan notes and a separate issue of £10 million of equity share capital, both before expenses.

At 31 March 2015 the Company had net cash reserves of £4.37 million. It is the Directors' intention to raise further funds over the course of the next financial year via the issue of further equity share capital, and the Directors have a reasonable expectation that this can be achieved, although there can be no certainty that additional funds can be raised on suitable terms or at all. If further funds cannot be raised within the period the Directors believe, after taking into account current cash resources, their financial forecasts for the Company and after making due and careful enquiries and considering all uncertainties, that measures can be taken to reduce expenditure so as to ensure that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report). For this reason the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Company

Basis of accounting

The principal accounting policies where different from the Group accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

Investments

Fixed asset investments in subsidiaries and associates are stated at cost less provision for impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, fair value is measured by reference to the fair value of the shares issued.

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

4 Acquisitions and disposals

On 8 May 2014 the Company completed the acquisition of the entire issued share capital of Rex Bionics Limited, an Auckland, New Zealand based company, thereby obtaining control. Rex Bionics Limited is the developer of the REX range of robotic physiotherapy devices that the Group is now commercialising. The primary reason for the business combination was to acquire Rex Bionics Ltd's technology, including patents and other intellectual property rights, and workforce. Transaction costs of the acquisition were fully expensed.

The details of the business combination are as follows:

Fair value of consideration transferred	£'000
Amount settled in shares	10,474
Settlement of pre-existing relationship	974
Total	**11,448**

Recognised amounts of identifiable net assets	Book value £'000	Fair value adjustment £'000	Fair Value £'000
Property, plant and equipment	76	(25)	51
Intangible assets - patents and trademarks	238	10,855	11,093
Total non-current assets	**314**	**10,830**	**11,144**
Inventories	112	-	112
Trade and other receivables	116	-	116
Cash and cash equivalents	144	-	144
Total current assets	**372**	-	**372**
Deferred tax liability on patents and trademarks	-	(3,033)	(3,033)
Total non-current liabilities	-	(3,033)	(3,033)
Trade and other payables	(293)	-	(293)
Identifiable net assets	**393**	**7,797**	**8,190**
Goodwill on acquisition	-	-	**3,258**

Goodwill comprises access to the co-founders and inventors of the REX technology and other retained staff of Rex Bionics Ltd, the established supply chain for proprietary REX components, and other synergies of the business combination.

Consideration transferred
Consideration for the acquisition of Rex Bionics Ltd was 7,668,330 ordinary £1 shares of the Company at an estimated fair value of £1.366 per share, representing the market price of the Company's shares at the date of the acquisition less a discount to reflect restrictions imposed on the majority of Rex Bionics Ltd's shareholders under lock-up agreements entered into under the terms of the acquisition.

Acquisition-related costs are not included as part of consideration transferred and have been recognised as an expense in the Consolidated Statement of Comprehensive Income under administrative expenses.

Identifiable net assets
The fair value of identifiable net assets acquired amounted to £8.19 million, including intangible technology assets of £8.06 million net of deferred tax.

Rex Bionics Ltd's contribution to the Group results
Rex Bionics Ltd incurred a loss of £2.01 million for the 11 month period from the acquisition date to 31 March 2015, reflecting ongoing losses due to the early stage of business.

If Rex Bionics Ltd had been acquired on 1 December 2013, the Group's loss for the period would have increased by £0.92 million.

5 Interest in subsidiaries

Set out below are details of subsidiaries held directly by the Company:

Name of subsidiary	Country of incorporation and principal place of business	Principal activity	Percentage of ownership held by the Group at Period-End March 2015	November 2013
Rex Bionics Ltd, incorporated 19 March 2007	New Zealand	Developer and manufacturer of the REX robot	100%	-
Rex Bionics Pty Ltd, incorporated 6 May 2014	Australia	Sales & marketing of REX products in Australia/New Zealand	100%	-
Rex Bionics Inc, incorporated 23 March 2015	United States of America	Sales & marketing of REX products in North America	100%	-
Rex Bionics Europe Ltd, incorporated 21 May 2014	United Kingdom	Dormant	100%	-

6 Loss from operations

Consolidated

The loss from operations is arrived at after charging (crediting):	16 months ended March 2015 £'000	Year ended November 2013 £'000
Non-recurring transaction costs	**636**	157
Depreciation of property, plant and equipment	**87**	-
Amortisation of:		
intangible assets	**644**	-
Operating lease rentals:		
land and buildings	**124**	-
Research and development costs	**511**	-
Share based compensation	**185**	-
Finance charges	**113**	-
Foreign exchange	**(22)**	-

Non-recurring transaction costs represent legal and other advisory costs in connection with the acquisition of Rex Bionics Ltd and the Company's IPO on AIM in May 2014. They exclude £664 thousand of costs directly related to the issue of shares in the IPO, which have been charged to share premium account.

Auditor's remuneration
Amounts payable to auditors of the Parent Company and other group companies in respect of both audit and non-audit services are as follows:

	16 months ended March 2015 £'000	Year ended November 2013 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**26**	4
Total audit fees	**26**	4
Fees payable to the Company's auditor and their associates for other services to the Group		
Reporting accountant services at Company's IPO	**134**	
Audit of the Company's subsidiaries	**16**	-
Taxation compliance services	-	-
Taxation advisory services	**30**	-
Other services	**1**	-
Total non-audit fees	**181**	-

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

6 Loss from operations (continued)

Employees

The average monthly number of employees of the Group during the year, including Executive Directors, was as follows:

	16 months ended March 2015 £'000	Year ended November 2013 £'000
Production	5	-
Research and development	6	-
Sales and marketing	3	-
Administration	5	3
Total	19	3

Their aggregate remuneration comprised:	16 months ended March 2015 £'000	Year ended November 2013 £'000
Wages and salaries	1,649	59
Social security costs	54	4
Amounts paid to third parties	-	-
Total cash-settled remuneration	1,703	63
Accrued holiday pay	24	-
Accrued bonus payments	86	-
Share based payment	-	-
Total remuneration	1,813	63

Key management

The key management of the Group comprises the Directors of the Group together with senior members of the management team as set out on pages 14 to 15. Their aggregate compensation is shown below:

	16 months ended March 2015 £'000	Year ended November 2013 £'000
Salaries and fees	809	63
Amounts paid to third parties	48	-
Share-based payment	-	-
Total remuneration	857	63
Salaries	733	63
Social security	61	-
Fees	15	-
	809	63

7 Tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Rex Bionics Plc at 21.5% (year ended 30 November 2013: 23%) and the reported tax expense in profit or loss are as follows:

	16 months ended March 2015 £'000	Year ended November 2013 £'000
Loss before tax	(5,473)	(480)
Corporation tax rate in United Kingdom	21.5%	23%
Expected unutilised tax losses	(1,177)	(110)
Adjustment for tax-rate differences in foreign jurisdictions	(356)	-
Effects of:		
Unrecognised deferred tax	1,533	110
Deferred tax credit	(172)	-
Actual tax expense	(172)	-
Tax expense comprises:		
Current tax expense	-	-
Deferred tax expense:	172	-
Tax expense	172	-

Note 12 provides information on deferred tax liabilities.

8 Loss per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company as the numerator, ie no adjustments to loss were necessary in 2013 or 2015. At 31 March 2015, there were 1,024,029 options and 142,014 warrants outstanding (30 November 2013: Nil options and 45,714 warrants outstanding) as detailed in note 18.

	16 months ended March 2015 £'000	Year ended November 2013 £'000
Loss attributable to equity holders in the parent:		
Loss for the period	(5,303)	(480)
Number of shares:		
Weighted average number of shares in issue during the period	9,939,029	33,954,938
Basic and diluted earnings per share (pence)		
Basic and fully diluted loss per share	(53.4)	*(1.41)

*A consolidation of the Company's ordinary share capital took place on 29 April 2014, under which shareholders received 1 new £1 ordinary share for every 100 £0.1p ordinary shares held.

9 Goodwill

The movements in the net carrying value of goodwill are:	16 months ended March 2015 £'000
Gross carrying amount	
Opening balance at 1 December 2013	-
Acquired through business combination	3,258
Net exchange difference	-
Closing balance at 31 March 2015	3,258

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

9 Goodwill (continued)

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises. Goodwill at the end of the period under review applies to a single operating segment as follows:

	31 March 2015 £'000	30 November 2013 £'000
Development, manufacture and commercialisation of medical robotic equipment	3,258	-
Goodwill at period end	3,258	-

The recoverable amount of this segment has been assessed using a discounted cash flow model incorporating a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful life of the segment products using appropriate growth rates and discount rates as determined by Management. The present value of anticipated cash flows from the operating segment based on the assumptions made about future revenue growth, gross margins, operating expenses and tax rates is set out in the table below:

	31 March 2015 £'000	30 November 2013 £'000
Development, manufacture and commercialisation of medical robotic equipment	15,600	-

Growth and discount rates

The growth and discount rates assumed in the model are set out in the table below

	31 March 2015 £'000	30 November 2013 £'000
Terminal growth rate	0.0%	-
Discount rate	20%	-

The Directors believe that the key assumptions in the discounted model relate to sales growth, gross margin, the discount rate, and the warranty provision rate. They estimate that a decrease of the sales growth by 3-4% would result in the aggregate carrying amount of the cash generating unit exceeding the recoverable amount of the cash generating unit by approximately £0 - £700 thousand, and that a decrease in gross margin rate of 6-7% would result in the aggregate carrying amount of the cash generating unit exceeding the recoverable amount of the cash generating unit by approximately £350 -£700 thousand. They estimate that a increase in the discount rate of 1-2% would result in the aggregate carrying amount of the cash generating unit exceeding the recoverable amount of the cash generating unit by approximately £800 thousand - £1.8 million. They estimate that an increase in the warranty provision rate of 2-3% would result in the aggregate carrying amount of the cash generating unit exceeding the recoverable amount of the cash generating unit by approximately £0 - £330 thousand.

10 Other Intangible assets

Cost	Intellectual Property Rights £'000	Software intangibles £'000	Total £'000
At 1 December 2013	-	-	-
Acquired through business combinations	11,068	25	11,093
Additions	21	75	96
Impairments	-	-	-
Disposals	-	(5)	(5)
Net foreign exchange differences	(4)	-	(4)
At 31 March 2015	11,085	95	11,180
Amortisation			
At 1 December 2013	-	-	-
Acquired through business combinations	-	3	3
Charge for the period	635	29	664
Impairments	-	-	-
Disposals	-	-	-
Net foreign exchange differences	-	-	-
At 31 March 2015	635	32	667

10 Other Intangible assets (continued)

	Intellectual Property Rights £'000	Software intangibles £'000	Total £'000
Net book value			
At 31 March 2015	10,450	63	10,513
At 1 December 2013	-	-	-

Intellectual property rights represent granted and pending patents and trademarks relating to the technology introduced by the acquisition of Rex Bionics Ltd. At the date of acquisition the two key patent families covering the technology had an average remaining life of approximately 15 years, excluding any supplementary patent protection that may be available in due course.

Software intangibles represent applications software developed by third parties and licensed by the Group for use in different aspects of its business. Software intangibles are amortised over 2 to 2.5 years.

All amortisation and impairment charges are included within administrative expenses.

11 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying values are as follows:

	Leasehold Improvements £'000	Plant and Equipment £'000	Office & Computer Equipment £'000	Demonstration Inventory £,000	Total £'000
Gross carrying amount					
At 1 December 2013	-	-	-	-	-
Additions through business combinations	-	27	24	-	51
Additions	7	84	71	133	295
Disposals	-	(1)	(5)	-	(6)
Net foreign exchange differences	-	-	-	-	-
At 31 March 2015	7	110	90	133	340
Depreciation and impairment					
At 1 December 2013	-	-	-		-
Depreciation	-	22	23	42	87
Impairment	-	-	-	-	-
Disposals	-	(1)	(4)	-	(5)
Net foreign exchange differences		3	1	3	7
Disposals	-	-	-		-
At 31 March 2015	-	24	20	45	89
Net book value at 31 March 2015	7	86	70	88	251
Net book value at 1 December 2013	-	-	-	-	-

All depreciation and impairment charges are included in administrative expenses.

There are no contractual commitments of property, plant & equipment.

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

12 Deferred tax

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting period.

	Acquired intellectual property assets £'000	Total £'000
At 1 December 2012	-	-
Charge to income	-	-
Exchange adjustment	-	-
At 30 November 2013	-	-
Arising on additions through business combinations	3,033	3,033
Charge to income	(172)	(172)
At 31 March 2015	2,861	2,861

The charge to income in the period represents the reduction in the deferred tax liability on acquired intangible assets as a result of the amortisation of those assets between the date of acquisition and the end of the reporting period.

At the reporting date, the Group has unused tax losses of £5.7 million (30 November 2013: £0.5 million) available for offset against future profits. No deferred tax assets have been recognised in respect of such losses due to the unpredictability of future profit streams.

13 Investments

Company	Investment in subsidiary undertakings £'000	Total £'000
At 1 December 2013	-	-
Additions	17,410	17,410
Impairment charge	(1,810)	(1,810)
At 31 March 2015	15,600	15,600

At the end of the period the Directors reviewed the above investment in subsidiary for impairment and concluded that an impairment charge is required to be recognised to reduce the carrying amount down to the recoverable amount. The same value-in-use model and assumptions were used as for the impairment testing carried out in note 9.

14 Inventories

Inventories consist of the following:	As at 31 March 2015 £'000	As at 30 November 2013 £'000
Raw materials	90	-
Work-in-progress	404	-
Finished goods	-	-
	494	-

In 2015 a total of £140 thousand of inventories was included in profit and loss as expense. This includes an amount of £32 thousand resulting from the write down of inventory.

15 Trade and other receivables

Consolidated Trade and other receivables consist of the following:	As at 31 March 2015 £'000	As at 30 November 2013 £'000
Trade receivables, gross	18	-
Allowance for credit losses	-	-
Trade receivables, all current	18	-
Other receivables	86	-
Prepayments and accrued income	116	10
Other receivables	202	10
Total trade and other receivables	220	10

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Company Trade and other receivables consist of the following:	As at 31 March 2015 £'000	As at 30 November 2013 £'000
Other receivables	61	10
Prepayments and accrued income	61	-
Total trade and other receivables	122	10

16 Cash and cash equivalents

	As at 31 March 2015 £'000	As at 30 November 2013 £'000
Sterling fixed rate deposits of less than three month's maturity at inception	1,007	-
New Zealand Dollar fixed rate deposits of less than three month's maturity at inception	2,526	-
Cash available on demand	835	174
Total cash and cash equivalents	4,368	174

17 Financial instruments

	31 March 2015		30 November 2013	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial assets				
Loans and receivables				
Trade and other receivables	35	35	-	-
Other financial assets (less than one year)	-	-	-	-
Cash and cash equivalents (less than one year)	4,368	4,368	174	174
Total	4,403	4,403	174	174
Financial liabilities held at amortised cost				
Other financial liabilities				
Trade and other payables (less than one year)	590	590	390	390
Total	590	590	390	390

Risk management objectives and policies

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

The objective of holding financial instruments is to have access to finance for the Groups' operations and to manage related risks. The main risks arising from holding these instruments are interest rate risk, liquidity risk, credit risk and exchange rate risk.

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

17 Financial instruments (continued)

Interest rate risk
The Group follows a risk-averse policy of treasury management. Cash is held primarily in fixed interest, short-term deposits with approved UK and international financial institutions with maturity dates set according to the cash needs of the business. The Company's primary treasury objective is to optimise interest yields consistent with minimising exposure to potential capital losses.

Interest rate and currency profile of financial assets, excluding trade and other receivables:

Floating rate financial assets	As at 31 March 2015 £'000	As at 30 November 2013 £'000
Pounds Sterling	**1,432**	174
New Zealand Dollars	**2,936**	-
Total	**4,368**	174

Floating rate financial assets comprise cash on deposit and cash at bank. There is no difference between the carrying amount and the fair value of the financial assets.

Short-term deposits are placed with banks for periods of up to three months and are categorised as floating rate financial assets. Contracts in place at 31 March 2015 had a weighted average period to maturity of 45 days and a weighted average annualised rate of interest of 3.1%. There were no contracts in place at 30 November 2013.

Sensitivity analysis
It is estimated that a decrease of quarter of one percentage point in interest rates would have increased the Group's loss before taxation by approximately £7,000 (year ended 2913: £nil).

Liquidity risk
The Group's policy is to maintain adequate cash resources to meet liabilities as they fall due. This objective was achieved during the period under review. All Group payable balances as at 31 March 2015 and 30 November 2013 fall due for payment within one year.
Cash balances are placed on deposit for varying periods with reputable banking institutions to generate interest income whilst minimising the risk of capital loss. The Group does not maintain an overdraft facility.

Credit risk
The Group's credit risk is attributable to its cash and cash equivalents and other receivables. The Group places its deposits with reputable financial institutions to minimise credit risk.

The Group's maximum exposure to credit risk at the reporting date is represented by the carrying value of financial assets, as follows:

	Group		Company	
	2015 £'000	2013 £'000	2015 £'000	2013 £'000
Trade and other receivables (current assets)	**35**	-	**17**	-
Cash and cash equivalents	**4,368**	174	**1,431**	174
Total	**4,403**	174	**1,448**	174

Exchange rate risk
Foreign currency sensitivity
The Parent Company's functional currency is Pounds Sterling (GBP), which is also the Group's reporting currency. The Group's major foreign currency exposure is to the New Zealand Dollar, as operations of Rex Bionics Ltd, which include research & development and manufacturing for the Group, are based in Auckland and have been funded since the acquisition by NZD-denominated loans from the Parent Company. In the future it is anticipated that exposure to foreign currency exchange rates will also arise from the Group's overseas sales, which are expected to be denominated primarily in US dollars (USD), as well as GBP.

To mitigate its exposure to GBP-NZD exchange rate fluctuation risk, the Group maintains the majority of its cash reserves in New Zealand Dollars, and ensures that Rex Bionics Ltd has adequate NZD-denominated cash reserves to meet its working capital requirements for at least 2-3 months at any one time. Movements in the GBP-NZD exchange rate are monitored continuously and the timing of purchases of New Zealand Dollars on the spot market out of Sterling funds is actively managed to secure more favourable exchange rates.

The Group does not currently hedge against foreign exchange exposure in relation to other currencies because of the unpredictable nature of foreign currency cash flows, and does not expect to do so until they become more certain.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into GBP at the closing rate:

17 Financial instruments (continued)

	Short term exposure	
31 March 2015	NZD £'000	AUD £'000
Financial assets	**2,954**	-
Financial liabilities	**344**	13
Total exposure	**3,298**	13
30 November 2013		
Financial assets	-	-
Financial liabilities	-	-
Total exposure	-	-

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the NZD/GBP exchange rate 'all other things being equal'. It assumes a +/- 10% change of the NZD/GBP exchange rate for the period ended 31 March 2015 (year ended 30 November 2013: 10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the GBP had strengthened against the NZD by 10% (2013: 10%) this would have had the following impact:

	Loss for the year £'000
31 March 2015	Increased by £300k
30 November 2013	-

If the GBP had weakened against the NZD by 10% (2013: 10%) this would have had the following impact:

	Loss for the year £'000
31 March 2015	Reduced by £366k
30 November 2013	-

Exposures to foreign exchange rates vary according to the level of activity at the Group's overseas operations. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Capital risk
The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, to enable it to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

As a loss-making company the Company is reliant in the short-term on equity capital to fund its business. Within these constraints The Company seeks to manage its capital structure closely to optimise capital structure and equity shareholder holder returns, taking into consideration the future capital requirements of the Company and capital efficiency. Detailed short and long-term cash flow projections are maintained which are continuously updated, and which are reviewed by the Board at frequent intervals. Group expenditure is subject to rigorous internal controls and monitored continuously at a senior level.

The Directors consider the Group's capital to include share capital, share premium, translation reserve, share option reserve, other reserve and retained earnings. Net cash comprises borrowings less cash and cash equivalents.

	2015 £'000	2013 £'000
Total borrowings	**595**	390
Less cash or cash equivalents	**(4,368)**	(174)
Net cash	**3,773**	(216)
Total equity	**15,686**	(206)

Borrowings comprise trade and other payables, analysis of which is set out in Note 19.

Notes to the Consolidated and Company Financial Statements

For the sixteen months ended 31 March 2015

18 Share capital and share premium

Consolidated

Issued share capital

The share capital of Rex Bionics Plc consists only of fully paid ordinary shares with a nominal (par) value of £1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

Issued and fully paid:	Number of shares	Nominal value £	Share premium £
At 1 December 2012:			
Ordinary shares of £0.01p each	33,954,938	339,500	1,246,711
Shares issued for cash	-	-	
At 30 November 2013	33,954,938	339,550	1,246,711
Consolidation of 1 £1 share for 100 £0.01p shares on 29 April 2014	339,550	339,550	1,246,711
Issue of share capital:			
As consideration for acquisition of Rex Bionics Ltd	7,668,330	7,668,330	2,805,641
For cash to subscribers in IPO	5,555,556	5,555,556	4,444,444
On conversion of UMT Loan Notes at IPO	725,924	725,924	254,076
Share issuance costs	-	-	(663,174)
At 31 March 2015	14,289,360	14,289,360	8,087,698

In December 2013 and January 2014 the Company issued a total of £0.98 million in convertible loan notes of £1 each in two separate tranches of £0.75 million and £0.23 million respectively (the "UMT Loan Notes"). The £0.75 million tranche was subscribed by Philip Asset Management ("PAM") as Trustee for Asia Pacific Healthcare Fund II ("APH"), a fund administered by Bioscience Managers Pty Ltd, a company of which Jeremy Curnock Cook is a director. The £0.23 million tranche was subscribed by third party investors.

The UMT Loan Notes were automatically convertible into shares in the Company on successful completion of an IPO on AIM, at a 25% discount to the IPO price. If not converted, interest on the UMT Loan Notes accrued from 1 July 2014 at a rate of 7% per annum, and the principal of the UMT Loan Notes together with accrued interest was redeemable in full on 30 September 2015.

On receipt of the funds from the issue of UMT Loan Notes, the Company subscribed for convertible loan notes of NZD1 each issued by Rex Bionics Ltd (the "B Loan Notes") in two separate tranches amounting in aggregate to NZD1.903 million. The B Loan Notes were secured by a charge over the assets of Rex Bionics Ltd and were convertible into shares of Rex Bionics Ltd at the Company's discretion on successful completion of its acquisition of that company. As at the reporting date the Company has not yet exercised its conversion right.

If not converted the B Loan Notes were to accrue interest from 1 July 2014, although the Company has elected to waive its entitlement to interest, and they mature on 30 June 2015, at which point they will be repaid or converted at the Company's discretion.

Also in December 2013, PAM, as trustee for APH, subscribed for a total of NZD1.421 million in convertible loan notes of NZD1 each issued by Rex Bionics Ltd (the "A Loan Notes"). The A Loan Notes were automatically convertible into shares in Rex Bionics Ltd one day ahead of the completion of Rex Bionics Ltd's acquisition by the Company. In parallel the Company and PAM entered into a separate agreement, the "Share Sale and Purchase Agreement", the effect of which was that shares in Rex Bionics Ltd acquired by APH on conversion of the A Loan Notes would convert automatically into shares in the Company on completion of its IPO, at a 25% discount to the IPO price.

On 29 April 2014 the Company undertook a 1 for 100 consolidation of its ordinary shares under which 33,955,000 ordinary shares of £0.01p each were converted into 339,550 ordinary shares of £1.00 each.

On 7 May 2014, the A Loan Notes held by APH converted into shares in Rex Bionics Ltd.

On 8 May 2014 the Company completed an IPO on AIM in which it issued 5,555,556 ordinary £1 shares at a price of £1.80p per share, raising £10 million before expenses.

On the same day, the Company completed the acquisition of the entire issued share capital of Rex Bionics Limited in exchange for 7,668,330 new £1 ordinary shares in the Company, including 546,632 new £1 ordinary shares issued to APH in exchange for the shares in Rex Bionics Ltd acquired by APH on conversion of the A Loan Notes, and issued a further 725,924 new £1 ordinary shares as a result of the automatic conversion of the UMT Loan Notes.

Share options

At 31 March 2015 there were options outstanding over 1,024,029 un-issued ordinary shares of £1 granted under the Rex Bionics Plc Share Option Plan, equivalent to 7.17% of the issued share capital, as set out in the table below.

18 Share capital and share premium (continued)

The Plan is a discretionary scheme administered by the Remuneration Committee of the Board, which in consultation with the Chief Executive determines the frequency and level of awards to each employee. Options granted under the Plan vest in equal annual tranches over a three-year period from the date of grant subject to the achievement of performance conditions established by the Committee at the time of grant. The exercise price is set at the closing market price of the ordinary shares on the business day immediately preceding the date of grant. If not exercised, options expire ten years from the date of grant.

Date of Grant	Number of shares	Exercise price	Earliest exercise date	Latest exercise date
Approved section				
8 May 2014	33,332	1.800	8 May 2015	8 May 2024
5 August 2014	-	1.795	5 August 2015	5 August 2024
21 November 2014	20,126	1.655	21 November 2015	21 November 2024
Unapproved section				
8 May 2014	456,072	1.800	8 May 2015	8 May 2024
5 August 2014	32,500	1.795	5 August 2015	5 August 2024
21 November 2014	481,999	1.655	21 November 2015	21 November 2024
Total	1,024,029			

The Group has no legal or constructive obligation to repurchase or settle the options in cash. The movement in the number of share options is set out below:

	Number of shares	Weighted average exercise price 16 months ended 31 March 2015	Number of shares	Weighted average exercise price year ended November 2013
Outstanding at start of period	-	-	-	-
Granted during period	1,024,029	£1.729	-	-
Exercised during period	-	-	-	-
Lapsed during period	-	-	-	-
Number of options outstanding at period-end	1,024,029	-	-	-

The options vest over a three year period in equal annual tranches, subject to achievement of the relevant performance conditions. At 31 March 2015, no options were capable of being exercised (30 November 2013: Nil). The options outstanding at 31 March 2015 had a weighted average remaining contractual life of 9.4 years (30 November 2013: n/a). All options outstanding at 31 March 2015 were granted during the reporting period.

Warrants

At 31 March 2015 there were warrants outstanding over 142,014 ordinary £1 shares in the Company, equivalent to 0.99% of the issued share capital, as follows:

Date of Grant	Number of shares	Exercise price	Earliest exercise date	Latest exercise date
8 May 2014	**142,014**	**£1.80**	1 April 2016	31 March 2024

On 8 May 2014, 96,300 warrants were issued to shareholders who were on the Company's share register at 17 October 2013, on the basis of 1 warrant for every 4 ordinary shares held (as adjusted for the 1 for 100 consolidation of the Company's ordinary share capital that took effect on 8 May 2014).

Also on 8 May 2014, 45,714 warrants issued in January 2012 were cancelled and replaced by 45,714 warrants on the same terms as those issued on 8 May 2014.

At 31 March 2015, no warrants were capable of being exercised. All warrants outstanding at 31 March 2015 are exercisable at any time between the earliest and latest exercise date and none are subject to any vesting or service criteria. The weighted average remaining contractual life of warrants outstanding at 31 March 2015 was 9.0 years.

Warrants are valued at the date of grant using the Black-Scholes pricing model. The fair value per warrant of warrants granted during the period and the assumptions used in the calculation are shown below:

Date of grant	8 May 2014
Share price at grant (upon IPO)	£1.80
Expected volatility (%)	66
Warrant life (years)	10
Risk free rate (%)	1.5
Fair value per option	£1.301

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For the sixteen months ended 31 March 2015

19 Trade and other payables

Consolidated

Trade and other payables consist of the following:	As at 31 March 2015 £'000	As at 30 November 2013 £'000
Trade payables	134	211
Other Payables	5	1
Accrued payroll taxes and social security costs	87	-
Other accrued expenses and deferred income	369	178
	595	390

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs.

The average credit period taken for trade purchases is 24 days (year ended 30 November 2013: 42 days). No interest is charged on trade payables that are within pre-agreed credit terms. Thereafter, interest may be charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Company

Trade and other payables consist of the following:	As at 31 March 2015 £'000	As at 30 November 2013 £'000
Trade payables	16	211
Intercompany payables	254	-
Accrued payroll taxes and social security costs	29	1
Other	188	178
	487	390

20 Commitments under operating leases

	As at 31 March 2015		As at 30 November 2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Payable within one year	132	-	-	-
Payable in one to five years	-	-	-	-
Payable after five years	-	-	-	-
Total	132	-	-	-

Lease commitments relate to the Group's manufacturing facility in Auckland New Zealand and a smaller facility rented by the Company in Thame, Oxfordshire, UK. The current lease on the Auckland facility expires in January 2016 at which date the Group has an option to enter into a new lease on terms to be negotiated. The Thame facility has a minimum lease term that runs until 30 June 2015, and continues thereafter unless terminated by either party on one month's notice.

Lease expense during the period amounted to £137 thousand (representing the minimum lease payment).

21 Related party transactions and balances

Consolidated

During the sixteen-month period ended 31 March 2015, the Group incurred consultancy fees from JLCC Ltd, a company of which the Director Jeremy Curnock Cook is a director amounting to £38 thousand (year to 30 November 2013: £15 thousand). At the reporting date, the amount unpaid in respect of these charges was £38 thousand (2013: £19 thousand).

During the sixteen-month period ended 31 March 2015, the Group incurred consultancy fees with Bioscience Managers Pty Ltd, an Australian company of which Jeremy Curnock Cook is Managing Director, amounting to £50 thousand (year ended 30 November 2013: £120 thousand), for search, evaluation and due diligence services in relation to the acquisition of Rex Bionics Ltd and for the provision of the services of Mr Curnock Cook as Chief Executive Officer. At the reporting date, the amount unpaid in respect of these charges was £nil (2013: £120 thousand).

Details of key management personnel and their compensation are given in note 6 and in the Remuneration Report on pages 21 to 22.

21 Related party transactions and balances (continued)

Company

On 8 May 2015 the Company acquired Rex Bionics Ltd for an all share consideration. Details of the acquisition and the transactions related to it are provided in Note 4.

In the period prior to the acquisition the Company charged Rex Bionics Ltd a total of £176 thousand for the provision of sales & marketing and other support services to Rex Bionics Ltd. Subsequent to the acquisition the Company charged Rex Bionics Ltd a total of £232 thousand for the provision of management services. These amounts were outstanding at the reporting date.

The Company provided loans to Rex Bionics Ltd during the reporting period amounting to £6.94 million in aggregate at the reporting date to fund Rex Bionics Ltd's business and working capital. The Company does not charge interest on these loans and does not intend to call them in within the next twelve months. Accordingly they are classified under investments in subsidiary undertakings in the Company Statement of Financial Position. An impairment charge of £1.81 million has been made against these balances at the reporting date, further details of which are set out in Note 13.

During the period the Company purchased Rex products from Rex Bionics Ltd both for resale to third parties and for product demonstration purposes to potential customers by the Company's sales & marketing team. The total amount owing by the Company to Rex Bionics Ltd at the reporting date for the purchases of Rex products and ancillary equipment was £255 thousand.

22 Ultimate controlling party

No individual Shareholders acting in concert hold more than 50% of voting shares, and accordingly there is not considered to be an 'ultimate controlling party.'

23 Capital commitments

The company had no capital commitments at 31 March 2015 or 30 November 2013.

24 Contingent assets/liabilities

There were no contingent liabilities at 31 March 2015 or 30 November 2013.

25 Loss attributable to members of the Parent Company

As permitted by section 408 of the Companies Act 2006, the Parent Company's profit and loss account has not been included in these financial statements. The loss for the Parent Company for the sixteen months ended 31 March 2015 was £3.96 million (year ended 30 November 2013: loss £0.48 million).

The average number of employees in the period, including Executive Directors was 6 (year ended 30 November 2013: 3). The Directors' remuneration is detailed in the Remuneration Report on page 22.

26 Events after the reporting period

Consolidated

There were reportable events after the reporting period.

Company

There were no reportable events after the reporting period.

Authorisation of financial statements

The Consolidated Financial Statements for the sixteen-month period ended 31 March 2015 (including comparatives) were approved by the Board of Directors on 29 May 2015.

Crispin Simon
Director

Peter Worrall
Director

Notice of the Annual General Meeting is being sent separately to shareholders and will also be available on our website.

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