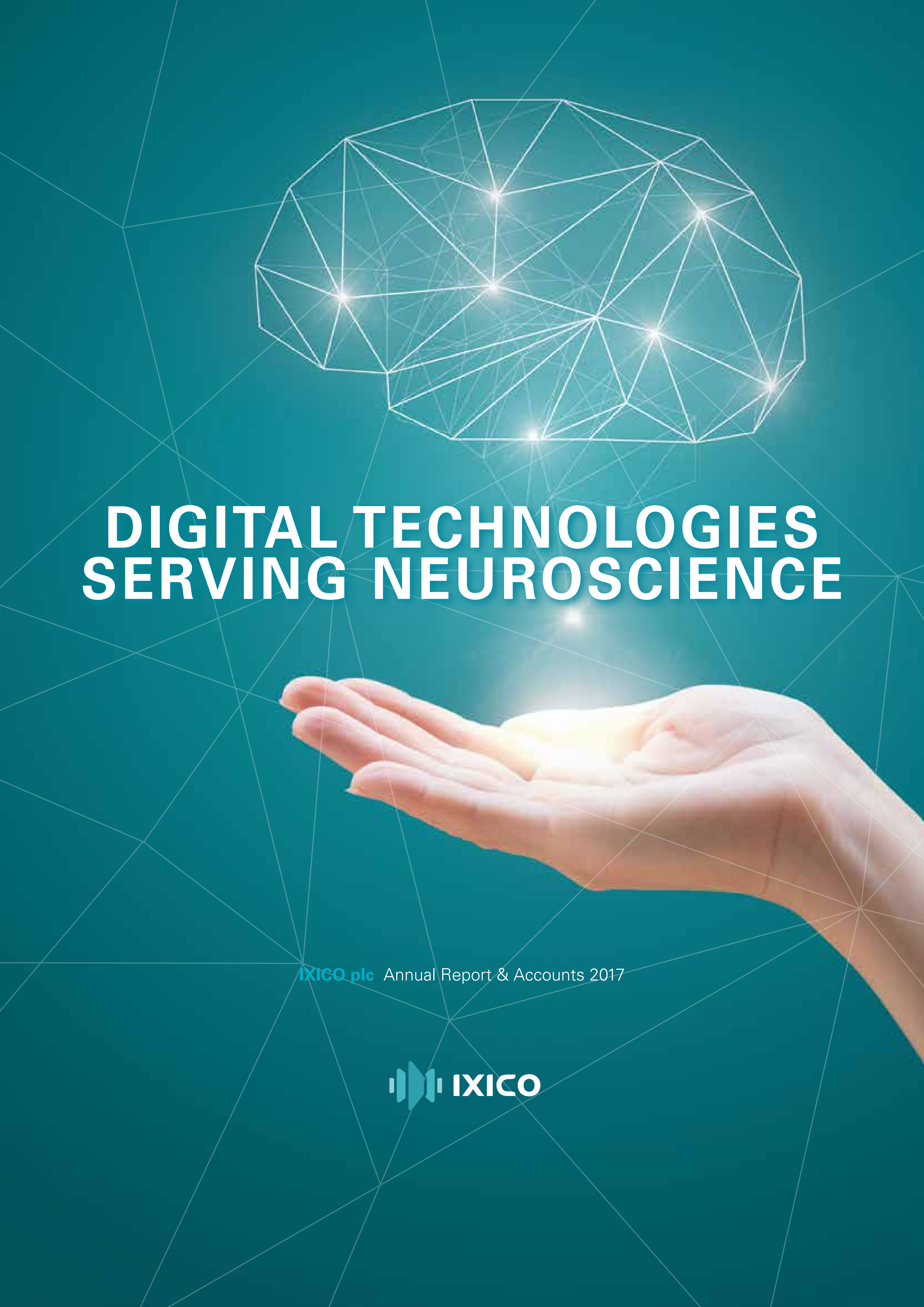
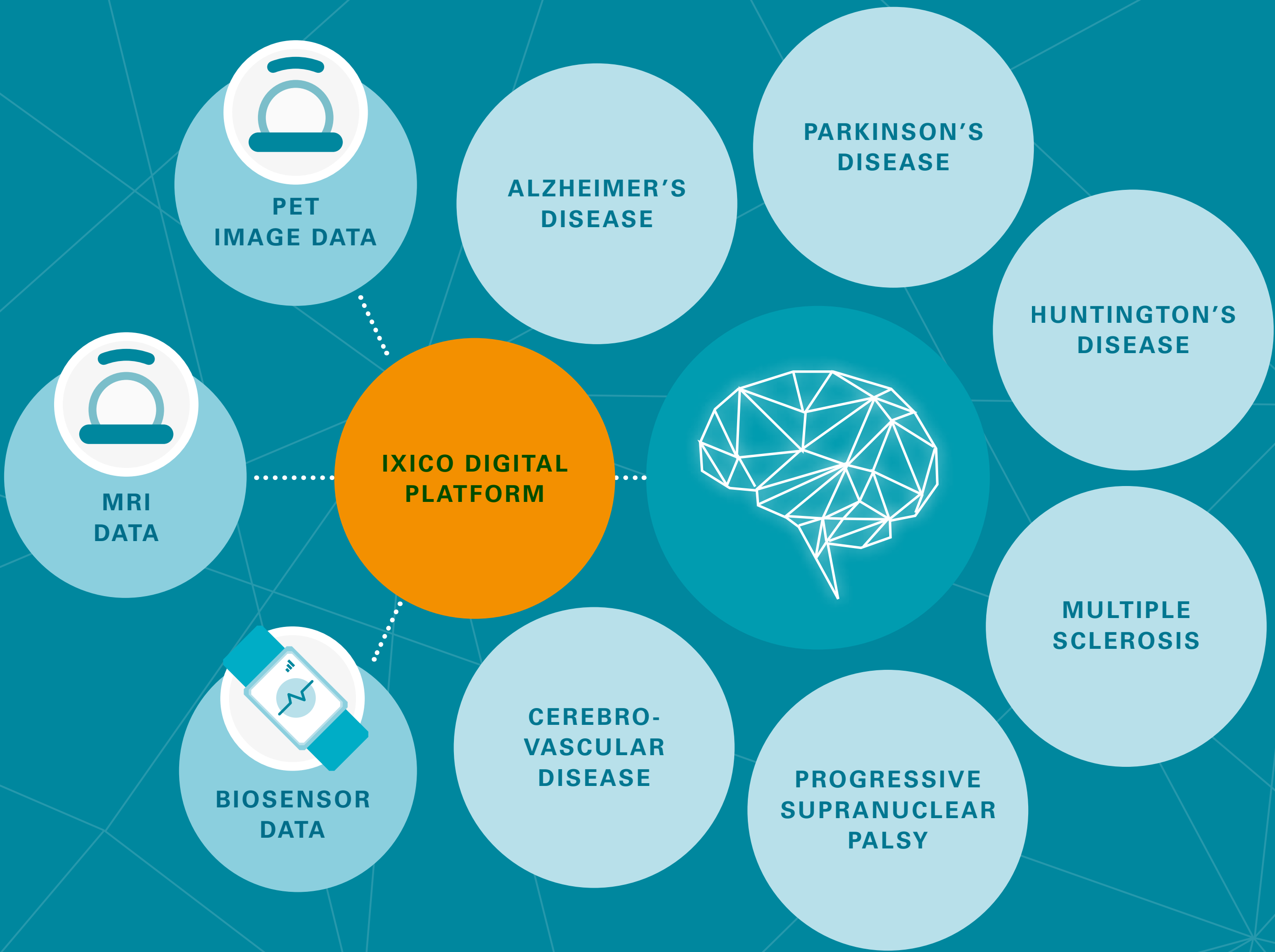


DIGITAL TECHNOLOGIES SERVING NEUROSCIENCE

IXICO plc Annual Report & Accounts 2017

IXICO

DIGITAL TECHNOLOGIES SERVING NEUROSCIENCE



TRUSTED PARTNER TO THE BIOPHARMA INDUSTRY

HIGHLIGHTS

Contents

Strategic Report

06 Chairman's Statement
08 Chief Executive's Statement
10 Principal Risks and Uncertainties

Governance

12 The Board of Directors
13 Directors' Report
16 Directors' Remuneration Report
18 Corporate Governance
19 Statement of Directors' Responsibilities

Financial Statements

20 Independent Auditors' Report to the Members of IXICO plc
24 Consolidated Statement of Comprehensive Income
25 Consolidated and Company Statements of Financial Position
26 Consolidated Statement of Changes in Equity
27 Company Statement of Changes in Equity
28 Consolidated and Company Statements of Cash flows
29 Notes to the Financial Statements

Revenue

£4.1m

+26% (2016: £3.3m)

Revenue at PER*

£3.7m

+20% (2016: £3.1m)

- Expansion of existing projects and new contract wins
- A broad range of neurological diseases
- Expansion of Assessa® PML pilot

* Project Exchange Rates

Improved gross profit %

57%

(2016: 49%)

EBITDA loss reduced

£1.4m

(2016: £1.9m)

Operating loss reduced

£1.9m

(2016: £2.9m)

Loss per share reduced

5.7p

(2016: 8.7p)

OUR MISSION-CRITICAL TECHNOLOGY LED SERVICES ARE USED IN:

SELECTING PATIENTS FOR CLINICAL TRIALS;

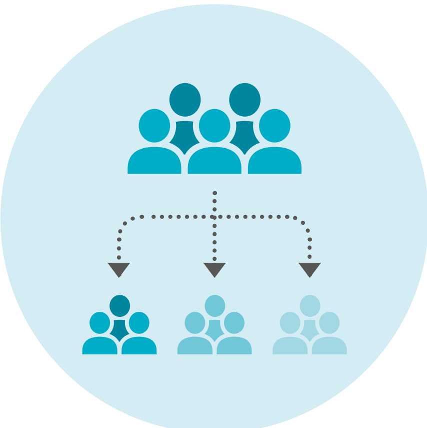
ASSESSING THE SAFETY AND EFFICACY OF NEW DRUGS IN DEVELOPMENT; AND

IN POST MARKETING SURVEILLANCE.

SERVING EVERY STAGE OF DRUG

PROVIDING ACTIONABLE, CLINICALLY RELEVANT INFORMATION

PATIENT SELECTION



DRUG DEVELOPMENT

POST MARKETING

DATA MANAGEMENT AND ANALYSIS WITH SCIENTIFIC EXPERTISE – AT SCALE

We apply our capability, scale and experience to provide clinical trial services across all trial phases. We partner with biopharma companies to develop and operationalise digital technologies in both drug development and clinical decision support to provide precise real-time monitoring of patients suffering from serious neurological diseases.

Our platform has been developed by our experts as a scalable and secure infrastructure for the standardisation, capture, analysis and reporting of regulatory compliant clinical data. This enables our customers to make rapid, better informed, clinically meaningful decisions.

THE VALUE OF REAL WORLD DATA AND DIGITAL TECHNOLOGIES

Analysing clinically meaningful real world data either from participants in a clinical trial or remote patient monitoring has the potential to revolutionise both the way new drugs are developed and provided to patients. Digital technologies such as wearable biosensors, big data, and artificial intelligence have the opportunity to improve the effectiveness and safety of pharmaceutical treatments and enable biopharmaceutical companies to provide outcome based healthcare solutions.

We are combining wearable technology together with our digital platform, scientific and regulatory expertise for the benefit of our biopharmaceutical customers.

DEVELOPMENT

$800bn

Healthcare costs for the most common neurological diseases globally in 2015[1]

$240bn

Dementia costs in the U.S. alone

46m

Alzheimer's Disease patients in 2015[2]

75m

Forecast Alzheimer's patients in 2030[2]

- An effective Alzheimer's disease treatment could become the biggest selling drug of all time
- Challenges in drug development
  - 10 – 15 years of R&D and clinical trials before commercialisation
  - Costs of $500 million to $2 billion with high failure rates, particularly in neurological diseases
- Increasing adoption of digital technologies to support and monitor the safety and efficacy of drug treatments

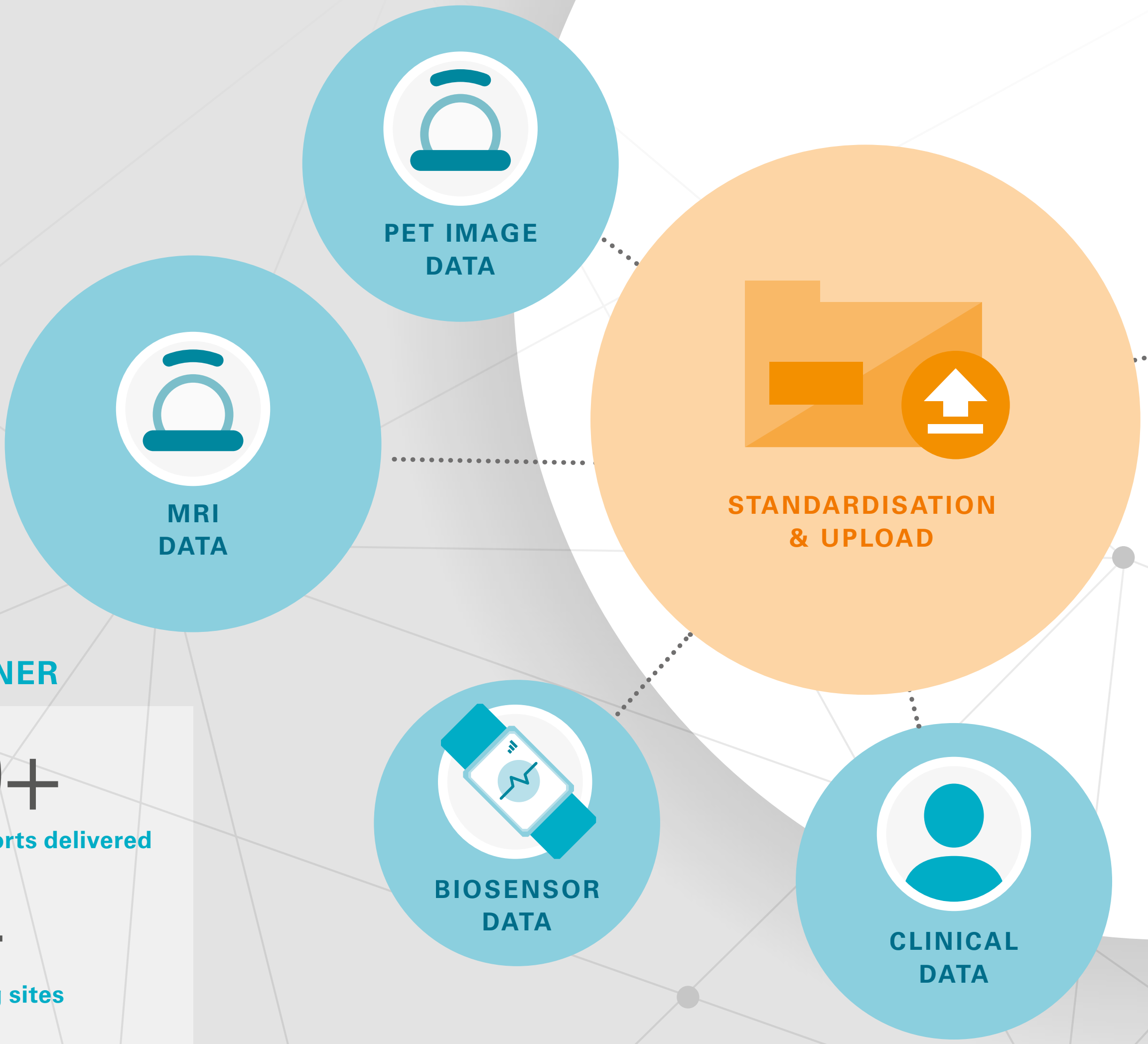
1 Borenstein et al (The burden of neurological diseases in the US, Annals of neurology, April 2017)
2 Alzheimer's Disease International

OUR FOCUS ON NEURODEGENERATIVE CONDITIONS

- Alzheimer's disease is a chronic neurodegenerative disease and is represented in 60-70% of cases of dementia
- Parkinson's disease is the second most common neurodegenerative disease, after Alzheimer's disease
- Huntington's disease is a rare genetic neurodegenerative disorder that affects the patient's normal movement, cognition and behaviour
- Progressive Supranuclear Palsy is caused by the premature loss of nerve cells in certain parts of the brain. It leads to difficulties with balance, movement, vision, speech and swallowing
- Multiple Sclerosis affects the brain and spinal cord. It is the most common autoimmune disorder affecting the central nervous system
- Cerebrovascular diseases are conditions caused by problems that affect the blood supply to the brain and can result in vascular dementia

OUR INNOVATIVE

DATA COLLECTION & ANALYSIS TO EXPERTLY INFORM DECISION MAKING



A TRUSTED PARTNER

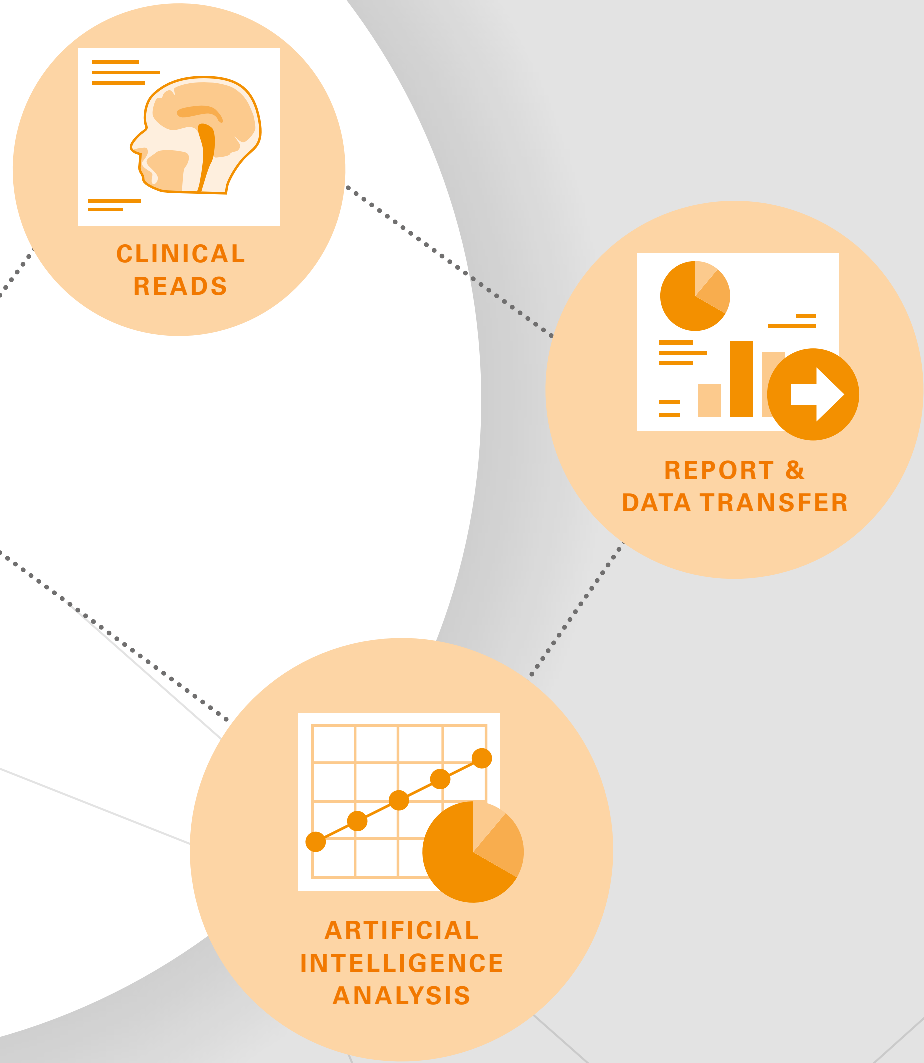
20,000+
Eligibility & Safety reports delivered

1,500+
IXICO qualified imaging sites

100,000+
Brain scans analysed

50+
Countries with trials deployed

TECHNOLOGIES



OUR DEEP UNDERSTANDING OF NEURO-IMAGING UNDERPINS EVERYTHING WE DO. OUR MULTI-DISCIPLINARY TEAM SUPPORT PROJECT DESIGN THROUGH TO CLOSE WITH OUR UNIQUE END-TO-END DATA MANAGEMENT AND IMAGE ANALYSIS PLATFORM.

CHAIRMAN'S STATEMENT

DELIVERING SHAREHOLDER RETURN

A STRONG PERFORMANCE WITH INCREASED REVENUE AND REDUCED OPERATING LOSSES.

DELIVERING SHAREHOLDER RETURN

I am pleased to report a strong performance with increased revenue and reduced operating losses. This has been a year of change and a renewed focus on our biopharmaceutical customers.

BOARD

We were delighted to welcome Giulio Cerroni as he joined the Board in the year. He has extensive experience in both scaling operations to build businesses and supplying sophisticated products and services to the pharmaceutical and research communities. In his first Chief Executive's report, Giulio has set out his strategy for accelerating commercially led growth.

PERFORMANCE

The results for the year represent a positive first step on our path to profitability.

Revenue growth to £4.1 million (2016: £3.3 million restated*) represents 26% growth at actual exchange rates and underlying 20% growth on a Project Exchange Rate (PER) basis. PER represents the fixed foreign exchange rate applied to each individual customer project.

The revenue performance reflected an increased number of projects and new contract wins. Furthermore, the Assessa® PML collaboration with Biogen expanded in the year as the project scope broadened to include pharmacovigilance reporting and the on-boarding of additional clinical sites to the pilot.

This momentum in top-line growth positively impacted gross profit which improved to £2.3m (2016: £1.6m restated*) which represents an improvement of £0.7m or 46%. The gross profit percentage increased by 8% to 57% (2016: 49% restated*). Importantly, the revenue growth was achieved without a commensurate growth in our cost base as the underlying operating expenditure (excluding non-recurring administrative expenses) reduced by £0.1m to £4.4m (2016: £4.5m restated*).

The operating loss reduced by £1.0m to £1.9m (2016: £2.9m) which reflects our objective of combining commercially led growth with appropriate cost control.

Net cash at 30 September 2017 was £2.4m (2016: £3.1m) reflecting careful cash management together with grant reimbursement and R&D tax credits received in the second half of the year.

Following the Group's change in its commercial focus and strategy, the value of the behavioural health technology, associated marketing know-how and commercialisation of the technology assets has been de-emphasised. Consequently, as at 30 September 2017, the foreseeable recoverable amount was estimated to be £nil (2016: £0.3m), resulting in an impairment loss of £0.3m for the year.

* *An element of the foreign exchange gain previously reported in general and administrative expenses has been reclassified to recognised revenue. More details are set out in note 2 of the consolidated financial statements.*

KEY PERFORMANCE INDICATORS (KPIS)

The KPIs used to monitor the business are financial revenue, operating losses and cash resources as shown below:

REVENUE AT PROJECT EXCHANGE RATE

£0.6m increase (20%)

Increased number of projects and a broadening biopharmaceutical customer base

OPERATING LOSS

£1.0m decrease

Improved gross profit performance, reduced underlying operating costs

OUR VALUES

EXPERTISE

We are neuroscience experts in image data management and analysis.

INNOVATION

Our greatest assets are our talented people developing and deploying innovative digital technologies.

QUALITY

Quality drives our operational excellence. We support our people to be the best they can be through continuous learning and development.

INTEGRITY

We conduct our business to the highest ethical standards and strive to be a trusted partner of choice.

CASH BALANCE

£0.7m decrease

Reduced operating loss, receipt of R&D tax credits and reimbursement of grant expenditure

Revenue KPIs at PER demonstrate the underlying performance of the business, excluding the impact of foreign exchange.

The Board monitor progress on a regular basis and it is planned to establish other key performance indicators, including operational and delivery KPIs, reflecting our four core values:

- Technological and scientific **Expertise** which has been developed over the last 13 years,
- **Innovative** and talented people,
- Driving **Quality** in business operations and practices,
- Conducting our business relationships with **Integrity** as a trusted partner of choice.

OUTLOOK

We made demonstrable progress executing our business strategy in the year. We announced two new contracts in September and two new contracts post year end, which together with existing projects, means that we look forward with enthusiasm and confidence.

Our partnerships with biopharmaceutical companies demonstrate their trust in us as a partner and their interest in our digital technologies and services. We are particularly pleased with the progress made in our new wearable biosensors offering and believe that we are at the forefront of remote data capture of real world data.

We will continue to work closely with our customers, collaborators and business partners to realise our vision and would like to thank them as well as all our staff, shareholders and advisers for their continued commitment, enthusiasm and support.

Charles Spicer
Chairman
8 December 2017

OUR GROWTH STRATEGY

I WAS DELIGHTED TO JOIN IXICO IN FEBRUARY 2017 AS CHIEF EXECUTIVE OFFICER, AND I AM PLEASED TO SHARE THE GOALS WE HAVE SET OURSELVES.

FIVE-POINT GROWTH PLAN

1. FOCUS ON DELIVERING SCALE AND OPERATIONAL EXCELLENCE
2. ACCELERATE PENETRATION OF CLINICAL TRIALS MARKET
3. TARGET LATER CLINICAL PHASES
4. INNOVATE: COMMERCIALISE IXICO'S PROPRIETARY DIGITAL TECHNOLOGIES
5. ENHANCE ORGANIC GROWTH THROUGH SELECTIVE M&A

...TO DELIVER DOUBLE-DIGIT REVENUE GROWTH TARGETING PROFITABILITY.

This has been a year of transition for the business. Having completed a strategic and operational review, we have defined our commercially led growth plan to deliver double-digit top-line growth. I am pleased to highlight that in 2017, the business delivered 20% organic revenue growth at Project Exchange Rate (PER), with currency gains resulting in reported revenue growth of 26%. PER represents the fixed foreign exchange rate applied to each individual customer project. This underpins our confidence in building further commercial momentum.

AN ATTRACTIVE GROWTH MARKET

Starting with the market that we operate in, there are a number of macro and micro market factors, which support and influence our strategy for sustained growth. The global trend of rising life expectancy and an ageing population is unprecedented. The growing awareness and impact of this demographic shift on the global healthcare system is driving the need for effective, safe new medicines for people whose lives are, unfortunately, increasingly impacted by neurological diseases.

Against this backdrop, there is the continuous impact of technological advances, which could improve the efficiency of the drug development process and the way that medical care is delivered. IXICO's digital technology platform has matured to a point where we have demonstrated our capability, scale and experience to provide new technology led specialist services across all phases of drug development and into post marketing surveillance. We understand the evolving needs of our customers and are committed to provide highly differentiated and valued digital technology solutions.

The combination of these demographic, scientific and technological drivers provide a runway of commercial opportunities and growth for IXICO.

TARGETING DOUBLE-DIGIT REVENUE GROWTH

We have established a five-point growth plan led by our objective of delivering double-digit revenue growth.

Our organic growth projections are based on our detailed analysis of how we can better leverage the commercial and scientific assets that IXICO has established as a trusted partner to the biopharmaceutical industry. Specifically, we have identified three key value segments where our technology platform and capabilities provide mission critical value:

- Selecting patients for clinical trials
- Assessing safety and efficacy in every phase of drug development
- Post marketing surveillance of marketed medicines

Our primary route to market will remain a direct contractual relationship with our biopharmaceutical customers. However, as a U.K. headquartered business, we will give further consideration to our partnering strategy to accelerate traction, with a particular focus on improving our commercial and operational reach in North America.

COMMERCIALISING NEW DIGITAL TECHNOLOGY TOOLS TO ACCELERATE GROWTH

In the last two years, as part of a commercial collaboration with Biogen and including European clinical centres as part of a multi-territory pilot, we have made excellent progress in development of our Assessa® PML companion technology platform in post marketing surveillance. The pilot was expanded during the year and since September 2017, we have been on-boarding sites in Germany, Netherlands and Spain, ahead of planning the roll out and deployment in 22 different countries.

I am also very pleased with our recent progress in expanding our services to include wearable biosensors as potential digital biomarkers to measure sleep disturbance. Here we are providing innovative new tools by combining our longstanding experience of compliant data collection and management with our new, proprietary artificial intelligence data analytics. Our approach is to be device neutral to ensure that our services utilise the most appropriate device for our customer's needs and build the value we derive from our proprietary algorithms. We recently announced our first commercial contracts for adoption in phase II clinical trials and have a healthy pipeline of identified opportunities. Our trusted partner position in providing specialist neuro-imaging services to both our current and new biopharmaceutical customers, means we are well placed to cross sell these highly valued new digital tools. I have identified this as an exciting new business area for IXICO to generate significant growth and further accelerate our commercially led growth plan on our path to profitability.

MANAGEMENT AND ORGANISATION

I would like to thank Derek Hill for his support in the first months of my new role.

Our Company values of **Expertise**, **Innovation**, **Quality** and **Integrity** are demonstrated in many ways every day by our staff. The success of the business is built upon our ability to understand our current and prospective customer's needs and be responsive to changes in the market and competitive environment. We do this through our highly talented colleagues who support our customers in their quest to develop and provide safe, effective treatments to improve brain health.

As such, we recognise that our greatest assets are our people.

MOVING FORWARD

Our mission is to transform the pursuit of improving brain health through the application of digital technologies. I am pleased with the momentum built in these early months and our five-point growth plan sets out how we will deliver on our commitment to our stakeholders.

Put simply, our growth strategy is based on building on our core strengths and growing our capabilities and technologies into every stage of the drug development process and into post marketing surveillance for neurological disorders. To support our commercially-led accelerated growth plan, we are investing in our operational delivery and innovation roadmap to commercialise new products and services to capitalise on the inflection point reached by digital health technology.

Along the path to profitability, my personal goal is to ensure that IXICO fully captures its entitlement to the value being created by disruptive digital health tools gaining adoption for remote patient monitoring in chronic health conditions.

Giulio Cerroni
Chief Executive Officer
8 December 2017

PRINCIPAL RISKS AND UNCERTAINTIES

We face a number of risks and uncertainties which reflect the business environment within which we operate. We also face risks as we look to scale up our operational and commercial footprint.

The following are the principal risks and uncertainties that the Board considers could have a material impact on the Group's operational results, financial condition and prospects.

FINANCIAL

The Group has a history of operating losses, due to investment in new product development. The Group has a stated objective of a path to profitability, which depends upon the success of our products and services together with the execution of our commercial strategy. The Group carefully monitors costs and cash flow to ensure that the losses are commensurate with the Group's strategic plans and ensuring that the Group continues to operate as a going concern. The Group has instigated financial risk management policies and procedures in respect of financial instruments which are set out in note 23 of the consolidated financial statements.

There can be no guarantee that the grant funding or the Research and Development Expenditure Credit ('RDEC') will continue to be available to the Group, which could affect the level of investment in new product development

MANAGEMENT AND EMPLOYEES

The Group's success reflects our stated values and the contribution of key management and employees. The loss of key employees could weaken the Group's scientific, technical and management capabilities and negatively impact our business. It could also slow down the pace at which we can grow. All employees are on permanent employment contracts and the remuneration includes salary, pension and a performance related bonus. The Business Development team receive performance related sales commission. The leadership team and key individuals are granted share options in accordance with the IXICO EMI Share Option Plan 2014.

INDUSTRY AND COMPETITION

A significant proportion of the Group's revenue is dependent on the biopharmaceutical industry and therefore there is a risk of reduced revenues resulting from the timing or reduction of expenditure by customers in this sector. Biopharmaceutical companies may change their strategic focus away from neurodegenerative diseases which could negatively impact our accessible market. Clinical trials can be stopped at any time if the drug is deemed not effective or unsafe which could negatively impact the revenue derived from customer projects.

We face competition in this sector from larger companies or from consolidation in the market. We face continuous pricing competition from commercial service providers and academic institutions. As a technology services provider there is always the risk of new disruptive technologies that could render IXICO's technology uncompetitive.

We aim to strengthen our market position and sustain our competitive advantage by building collaborative, commercial partnerships. We have been successful in broadening our customer base and have invested in innovative technology and product development to build upon a long-standing expertise in Alzheimer's disease by broadening our therapeutic focus in neurodegenerative diseases.

RELIANCE ON KEY CUSTOMERS

We value our customers and work closely with them to ensure that we meet their timelines, requirements and deliver a quality service. To maintain an equitable balance we continue to broaden our customer base to manage the risk of being overly dependent on any one customer. We have won new contracts with new biopharmaceutical customers, to mitigate this business risk.

REGULATORY AND COMPLIANCE

We operate in a highly regulated environment and any change in that environment could negatively impact our growth strategy, revenues and path to profitability. We maintain oversight of potential changes and participate in collaborative consortia and industry bodies so that we can anticipate and manage change accordingly.

We have a project team in place to address the requirements of the General Data Protection Regulation ('GDPR'). This team is responsible for reviewing and updating our standard operating policies and procedures, as required, before the enforcement date of 25 May 2018.

MACROECONOMIC CONDITIONS

Like many companies we continue to monitor the impact of the United Kingdom's relationship with the European Union, particularly in respect of patent protection and data protection regulations within which we operate.

This year we have reported revenue at actual exchange rates and also project exchange rates to reflect the impact of foreign exchange movement. Most of our customer projects are multi-year contracts and include individual project exchange rate mechanisms. Revenue reported at the fixed project exchange rates allows management to focus on the underlying performance excluding the impact of foreign exchange, which it cannot control.

We continue to closely monitor the impact of the movement of Sterling against other currencies in which we trade which include U.S. Dollar, Euro and Swiss Franc.

INTELLECTUAL PROPERTY AND PROPRIETARY TECHNOLOGY

We actively seek to manage, develop and protect our intellectual property portfolio. Our technologies are based on software and data analytics, which are considered to be less of a barrier to competitors than other patents related to hardware devices. Copyright in the software incorporated into our products is a further form of potential protection.

We maintain business know-how and knowledge in our quality management system and standard operating procedures.

The Strategic Report comprising the Chairman's statement, the Chief Executive's statements and Principal risks and uncertainties, was approved by the Board of Directors and was signed on its behalf by:

Giulio Cerroni
Chief Executive Officer
8 December 2017

THE BOARD OF DIRECTORS

A BROAD RANGE OF EXPERIENCE.

CHARLES SPICER
NON-EXECUTIVE CHAIRMAN

Charles is an experienced Director of, and adviser to, public and private companies primarily in the medtech and life science sectors. He is Non-Executive Chairman of Realm Therapeutics plc, Creo Medical Group plc and 11 Health & Technologies Limited. He also chairs a U.K. Department of Health Invention for Innovation Funding Panel.

GIULIO CERRONI
CHIEF EXECUTIVE OFFICER

Giulio joined IXICO as Chief Executive Officer in February 2017. He has over 33 years of experience in the life sciences sector and a track record of growing business operations in Europe, the U.S. and Asia. Prior to IXICO, Giulio held global leadership roles at ThermoFisher Scientific and the LGC Group, where he transformed the scale of LGC's Genomics division by growing revenues internationally and completing 3 acquisitions in under 18 months. Giulio was a member of the executive leadership responsible for the successful sale of the LGC Group to global investment firm, KKR.

SUSAN LOWTHER
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Susan is an experienced Executive Director with previous Board positions including Group Chief Financial Officer of Novacyt SA and Chief Financial Officer of Lab21 Limited prior to its acquisition by Novacyt SA. Susan was Chief Financial Officer of BioWisdom Limited until its acquisition by Instem plc and Finance Director of RiboTargets Limited until its acquisition by Vernalis plc.

DEREK HILL
EXECUTIVE DIRECTOR

Derek is a founder of IXICO and has worked in medical imaging science for over 25 years, authoring more than 80 journal papers in this field. He has served on the scientific advisory boards for several pharmaceutical companies and is a member of numerous public/private initiatives seeking to advance the scientific and regulatory agendas supporting the development of therapies to treat neurodegenerative diseases.

TIM SHARPINGTON
NON-EXECUTIVE DIRECTOR AND SENIOR INDEPENDENT DIRECTOR

Tim has more than 25 years' experience in the life sciences sector with various pharmaceutical, biotechnology and pharmaceutical service companies in Europe and the U.S. He has broad experience in drug development, product licensing, mergers, acquisitions and fundraisings. Previous positions include Chief Executive Officer at Phytopharm plc and Serentis Limited and Executive Vice President at Vectura plc.

Tim chairs the Remuneration Committee.

MARK WARNE
NON-EXECUTIVE DIRECTOR AND SENIOR INDEPENDENT DIRECTOR

Mark is Head of IP Group's Healthcare division and has extensive experience in building world-changing healthcare businesses as well as in managing transactions including portfolio company IPOs, financings and M&A. Mark is a Non-Executive Director of hVIVO plc, Genomics plc and Cronin Group plc.

JOHN BRADSHAW
NON-EXECUTIVE DIRECTOR

John is a chartered accountant with more than 25 years' post qualification experience including as senior audit manager at Arthur Andersen and as Chief Financial Officer in a number of U.K. public companies, venture capital backed private companies and partnerships including Gyrus Group plc. Current activities include Chief Financial Officer of Syncona Investment Management Limited and a Non-Executive Director of Creo Medical Group plc.

John chairs the Audit Committee.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The Directors of IXICO plc (registered in England and Wales: 03131723) present their report together with the audited consolidated and Company financial statements for the year ended 30 September 2017.

PRINCIPAL ACTIVITIES
The Group is an established provider of technology enabled speciality services to the global biopharmaceutical industry. The Group's services are used to select patients for clinical trials, assess the safety and efficacy of new drugs in development and in post marketing surveillance. Details of principal risks and uncertainties are included in the Strategic Report.

FINANCIAL REVIEW
The financial performance for the year ended 30 September 2017 was in line with expectations. The comparatives refer to the year ended 30 September 2016.

REVENUE
Revenue for the period of £4.1 million (2016: £3.3 million restated) was generated from clinical trials services, preliminary revenues related to Assessa® PML and licensing revenues from BioTelemetry Research (Cardicore & VirtualScopics).

The prior year restatement is due to a reclassification which is detailed in note 2 of the consolidated financial statements.

OTHER INCOME
Other income comprised income from grants of £0.5 million (2016: £0.6 million) and RDEC of £0.1 million (2016: £0.1 million). The £0.1 million reduction in grant income reflected the completion of a project which had been ongoing in the prior year.

OPERATING EXPENDITURE
Operating expenditure in the year reflected investment in people and product development.

- Research and development expenses of £1.3 million (2016: £1.6 million) were in line with Group's plans to innovate by improving existing products and investing in new product development.
- Sales and marketing expenses were unchanged at £0.8 million (2016: £0.8 million).
- General and administrative expenses of £2.3 million (2016: £2.2 million restated) were in line with expectations.

Non-recurring administrative expenses of £0.5 million (2016: £0.7 million) comprised intangible asset impairment charge, professional fees and reorganisation costs.

TAXATION
The Group has elected to take advantage of the RDEC, whereby a company may surrender corporation tax losses incurred on qualifying research and development expenditure for a corporation tax refund. In addition, the Group has claimed research and development tax credits under the small or medium enterprise research and development credit scheme.

The corporation tax refund due for the year of £0.4 million (2016: £0.6 million) has been recognised as a current tax receivable.

NON-CURRENT ASSETS
Non-current assets at 30 September 2017 included property, plant and equipment of £0.1 million (2016: £0.1 million) and intangible assets of £0.1 million (2016: £0.6 million). The net book value of the behavioural health technology and marketing know-how has been reviewed as part of the Group's commercial strategy and focus. As at 30 September 2017, the recoverable amount is estimated to be £nil, resulting in an impairment loss of £0.3 million (2016: £0.6 million) being recognised for the year ended 30 September 2017.

The Directors will continue to monitor the investment in IXICO Technologies Limited if the company's net liabilities continue to increase.

CURRENT ASSETS
Current assets at 30 September 2017 of £4.3 million (2016: £5.0 million) reflected a decrease in cash and cash equivalents to £2.4 million (2016: £3.1 million).

The Group holds all cash and cash equivalents in Sterling and U.S. Dollar accounts with institutions with a recognised high rating (typically AA or above) or with one of the major clearing banks.

CURRENT LIABILITIES
Total current liabilities at 30 September 2017 were £1.6 million (2016: £1.5 million).

EQUITY
Total equity of £2.9 million at 30 September 2017 (2016: £4.1 million) reflected additional accumulated losses of £1.5 million.

CASH FLOW
Operating cash outflows of £1.2 million in the year were offset by an inflow of £0.6 million from research and development tax credits. This resulted in a closing cash balance of £2.4 million (2016: £3.1 million).

RESULTS AND DIVIDENDS
The Group's net loss after tax for the year decreased to £1.5 million (2016: £2.2 million).

The Directors do not recommend the payment of a dividend.

FINANCIAL RISK MANAGEMENT
The financial risk management and objectives of the Group are set out in note 23 of the consolidated financial statements.

POLITICAL DONATIONS
The Group made no political donations during the period (2016: £nil).

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2017

DIRECTORS

The Directors of the Company, who served during the period and up to the date of this report, unless otherwise indicated, are as follows:

	Capacity	Appointed date
Giulio Cerroni	Chief Executive Officer	Appointed 6 February 2017
Derek Hill	Executive Director	Appointed 15 October 2013
Susan Lowther	Chief Financial Officer and Company Secretary	Appointed 1 October 2014
Charles Spicer(1)	Non-Executive Chairman	Appointed 15 October 2013
Tim Sharpington(2)	Non-Executive and Senior Independent Director	
John Bradshaw	Non-Executive Director	Appointed 15 October 2013
Mark Warne	Non-Executive Director	Appointed 16 September 2016

(1) Charles Spicer was Vice President of Corporate Development from 15 October 2013 to 29 January 2016. From 29 January 2016, he was appointed as Non-Executive Director until his appointment as Non-Executive Chairman on 16 September 2016.
(2) Tim Sharpington was Chief Executive Officer of the Company until completion of the acquisition of IXICO Technologies Limited on 15 October 2013.

Biographical details of IXICO plc's Directors are shown on page 12.

DIRECTORS' REMUNERATION AND SHARE OPTIONS

Details of the Directors' remuneration and share options is set out in the Directors' Remuneration Report section on page 16.

RE-ELECTION OF DIRECTORS

At the 2018 Annual General Meeting ('AGM'), in accordance with the Company's Articles of Association, Tim Sharpington, Susan Lowther and Giulio Cerroni will retire. Being eligible, and with the Board's recommendation, they will offer themselves for re-election.

In accordance with section 992 of the Companies Act 2006, the Directors disclose that the rules regarding the appointment and replacement of Directors are contained in the Company's Articles of Association, which may be amended with shareholder approval in accordance with relevant legislation. The powers of the Directors are contained in the Company's Articles of Association or in accordance with the provisions of the Companies Act 2006. The Companies Act 2006 provides that Directors may issue and buy back the Company's shares on behalf of the Company, subject to authority being given to the Directors by shareholders in a general meeting. No authority to buy back the Company's ordinary shares of 1 pence has been sought.

DIRECTORS' INTERESTS

At 30 November 2017, the table below sets out the interests in the Company's shares of Directors who served during the period and their connected persons:

	Ordinary shares of 1 pence 2017	Ordinary shares of 1 pence 2016
Derek Hill	**516,942**	571,253
Susan Lowther	**28,366**	28,366
Charles Spicer	**62,078**	62,078
Andrew Richards	**–**	30,200
Tim Sharpington	**15,150**	15,150
John Bradshaw	**35,517**	35,517
Mark Warne(1)	**5,709,089**	5,353,687
David Brister	**–**	36,277

(1) Interest in issued share capital due to 5,404 shares held by Mark Warne and his employment at IP Group plc who hold 5,704,585 shares.

The Directors' interests are beneficially held by each Director unless otherwise stated.

Apart from the interests and share options, no Director had any interest in the period in the share capital of the Company or other Group companies. There have been no changes in the Directors' interests in the share capital of the Group since the year end.

DIRECTORS' INDEMNITIES

The Group has in place for the whole of the period, and at the date of signing the consolidated financial statements, qualifying third-party indemnity insurance for all Directors and officers.

STRUCTURE OF THE COMPANY'S CAPITAL

The Company's share capital comprises a single class of ordinary shares of 1 pence each, each carrying 1 voting right and all ranking equally with each other. At 30 September 2017, 27,119,130 shares were allotted and fully paid. Note 20 of the consolidated financial statements provides full details of movements in the Company's share capital.

Holders of ordinary shares are entitled to receive all shareholder documents, to attend, speak and exercise voting rights; either in person or by proxy, on resolutions proposed at general meetings and participate in any distribution of income or capital. There are no restrictions on the transfer of shares in the Company or in respect of voting rights attached to the shares. None of the shares carry any special rights with regard to the control of the Company.

Participants in employee share option schemes have no voting or other rights in respect of the shares subject to their awards until the options are exercised, at which time the shares rank pari passu in all respects with shares already in issue. Details of employee share option schemes are set out in note 21 of the consolidated financial statements.

There are no restrictions on the transfer of securities in the Group.

AUTHORITY TO ISSUE SHARES

At the general meeting held on 30 January 2017, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £88,244, representing one-third of the issued share capital, and to further allot equity securities up to an additional aggregate nominal value of £176,488 in connection with a fully pre-emptive rights issue, in accordance with ABI guidance, and to allot for cash equity securities having a nominal value not exceeding in aggregate £33,092 (being 12.5% of the issued share capital).

These authorities expire at the conclusion of the next AGM or, if earlier, the close of business on 29 January 2018. At the 2018 AGM similar authorities will be sought from shareholders.

SUBSTANTIAL SHAREHOLDINGS

At 30 November 2017, the Company received notification from the following financial institutions of their and their clients' interest in the following disclosable holdings, which represent 3% or more of the voting rights of the issued share capital of the Company.

Shareholders having a major interest	Number of shares held	% of issued shares
Invesco Asset Management	6,205,222	22.88
IP Group plc	5,704,585	21.04
Touchstone Innovations plc	3,619,661	13.35
Hardsteel Limited	847,148	3.21

The shares held by Invesco Asset Management Limited ('Invesco') are held in Invesco's capacity as an institutional investor and an investment channel for others and not on its own behalf. A significant number of the shares are held by open-ended investment companies together with other shares held in investment portfolios managed by Invesco as nominee/bare Trustee.

On 18 October 2017 the IP Group plc offer for Touchstone Innovations plc was declared wholly unconditional in all respects.

On 13 November 2017 Touchstone Innovations plc gave notice of cancellation of admission to trading on AIM with effect from 11 December 2017.

AGM

The notice convening and giving details of the 2018 AGM will be posted to shareholders on 15 December 2017. The 2018 AGM of the Company will be held at the offices of FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD on 22 January 2018.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the Directors has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

GOING CONCERN

At 30 September 2017, the Group had cash and cash equivalents of £2.4 million. The Group's business activities, together with the factors likely to affect its future performance and position, are set out in the Strategic Report. The Directors have considered the expected future performance together with the Group's estimated future cash inflows from existing long-term contracts, sales pipeline and funded collaborations. Changes to the operating cost base are made in the normal course of business, so that expenditure and investment are in line with the Group's strategy and financial resources. After due consideration and taking into account management's estimate of future revenues and expenditure, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future.

On behalf of the Board

Giulio Cerroni
Chief Executive Officer
8 December 2017

DIRECTORS' REMUNERATION REPORT

IXICO has elected voluntarily to disclose a Directors' Remuneration Report.

REMUNERATION COMMITTEE

The remuneration policy is the responsibility of the Remuneration Committee, which is a sub-committee of the Board. Details of the members and responsibilities of the Committee is set out in the Corporate Governance section of this report.

The Committee met twice during the financial year and the Executive Directors attended part of each meeting by invitation.

No Director is involved in discussions related to their own remuneration.

OVERVIEW OF THE REMUNERATION POLICY

The remuneration policy set by the Remuneration Committee aims to align Executive Directors' remuneration with shareholders' interests to attract, retain and motivate individuals for the benefit of the Group. The policy seeks to strike an appropriate balance between fixed and variable, performance related remuneration to connect executive pay with performance.

The remuneration of the Executive Directors during the year ended 30 September 2017 comprised:

BASE SALARY

The Committee sets the annual salaries for Executive Directors, having regard to the personal performance and responsibilities of each Executive Director and their expected future contribution. The Committee also reviews the base pay structure for all other employees.

GROUP PERSONAL PENSION PLAN

All employees are invited to participate in a money purchase Group personal pension plan which has no defined benefits. The Group contributes to the scheme a maximum of 8% of base salary in respect of the Executive Directors.

PERFORMANCE-RELATED BONUS

The Group may make bonus payments depending on the overall performance of the Group against objectives set by the Committee at the beginning of each financial year. These objectives relate to progress of the Group's business plan together with operational and corporate effectiveness. The level of any bonus payments is based on the Group's overall performance against these objectives. Bonus payments are not pensionable.

LONG-TERM INCENTIVES

Share options granted to Executive Directors and key employees are in accordance with the rules of the IXICO EMI Share Option Plan 2014. During the year ended 30 September 2017 248,472 share options met all the vesting conditions, becoming exercisable. A further 158,120 share options were exercisable as at 1 October 2017.

All option grants, together with performance criteria, are subject to the approval of the Remuneration Committee.

Share options granted during the year ended 30 September 2017 have a 3 year vesting period with vesting triggered on the achievement of strategic corporate goals.

EXECUTIVE DIRECTORS SERVICE CONTRACTS AND TERMINATION PROVISIONS

The service contracts of Executive Directors are approved by the Remuneration Committee and then the Board. The service contracts may be terminated by either party giving notice to the other as set out below:

	Date of contract	Notice period
Derek Hill	15 October 2013	12 months
Giulio Cerroni	6 February 2017	12 months
Susan Lowther	13 August 2014	6 months

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors, have letters of appointment with the Group. Fees paid to the Non-Executive Directors are determined by the Board, giving due consideration to market rates and comparative businesses. The Non-Executive Directors do not receive any bonus or pension contributions and do not participate in the IXICO EMI Share Option Plan 2014. Details of current contracts together with notice periods are as set out below:

	Date of contract	Notice period
Charles Spicer	16 September 2016	3 months
John Bradshaw	15 October 2013	3 months
Tim Sharpington	15 October 2013	3 months
Mark Warne	16 September 2016	3 months

DIRECTORS' REMUNERATION

	Year ended 30 September 2017			Year ended 30 September 2016		
	Salary and fees £	Bonus £	Pension contributions £	Salary and fees £	Bonus £	Pension contributions £
Executive						
Derek Hill	**176,440**	**30,470**	**14,280**	171,369	60,600	14,257
Susan Lowther	**175,461**	**29,251**	**13,794**	171,080	63,976	13,686
Giulio Cerroni	**136,620**	**10,693**	**–**	–	–	–
	488,521	**70,414**	**28,074**	342,449	124,576	27,943
Non-Executive						
Charles Spicer(1)	**42,000**	**–**	**–**	33,801	17,922	2,060
Tim Sharpington	**22,500**	**–**	**–**	22,500	–	–
John Bradshaw	**22,500**	**–**	**–**	22,500	–	–
Andrew Richards	**–**	**–**	**–**	50,931	–	–
David Brister	**–**	**–**	**–**	31,063	–	–
Mark Warne(2)	**18,666**	**–**	**–**	–	–	–
	105,666	**–**	**–**	160,795	17,922	2,060
Aggregate emoluments	**594,187**	**70,414**	**28,074**	503,244	142,498	30,003

(1) In 2016, Charles Spicer received bonus and pension in respect of his services as Vice President of Corporate Development.
(2) IP Group plc are remunerated for services rendered by Mark Warne.

Charles Spicer was Vice President of Corporate Development from 15 October 2013 to 29 January 2016. He was appointed as a Non-Executive Director on 29 January 2016. On 16 September 2016, he was appointed Non-Executive Chairman.

No Directors waived emoluments in the year ended 30 September 2017 (2016: £nil).

DIRECTORS' OPTIONS

Details of options over shares of the Company held by Directors who served during the period all of which have been granted at no cost to the Directors are set out below:

	Number of options							
	At 30 September 2016	Granted during the year	Exercised during the year	Lapsed during the year	At 30 September 2017	Exercise price	Date of grant	Expiry date
Derek Hill	60,235	–	–	–	60,235	£0.490	28 October 2014	7 May 2024
	430,117	–	–	(230,117)	200,000	£0.305	29 March 2016	7 May 2024
	–	80,000	–	–	80,000	£0.365	7 February 2017	7 May 2024
	490,352	80,000	–	(230,117)	340,235			
Susan Lowther	50,196	–	–	–	50,196	£0.490	28 October 2014	7 May 2024
	385,098	–	–	(205,098)	180,000	£0.305	29 March 2016	7 May 2024
	–	80,000	–	–	80,000	£0.365	7 February 2017	7 May 2024
	–	235,000	–	–	235,000	£0.340	7 August 2017	7 May 2024
	435,294	315,000	–	(205,098)	545,196			
Giulio Cerroni	–	676,582	–	–	676,582	£0.365	7 February 2017	7 May 2024
	–	676,582	–	–	676,582			
Aggregate	**925,646**	**1,071,582**	**–**	**(435,215)**	**1,562,013**			

During the year ended 30 September 2017, the share price range was from £0.23 to £0.49.

No share options were exercised by Directors during the year ended 30 September 2017.

Further details of the share option schemes are set out in note 21 of the consolidated financial statements.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and acknowledge that although compliance with the U.K. Corporate Governance Code (the 'Code') is not compulsory for AIM listed companies, the Board draws upon best practice available and seeks to comply with those aspects of the Code that are considered to be relevant to the extent appropriate and practical given the Group's size and stage of development.

BOARD STRUCTURE

The Board is responsible to shareholders for the proper management of the Group. A statement of Directors responsibilities is set out on page 19.

The Board comprises 7 Directors, 4 of whom are non-executive. The Board is chaired by Charles Spicer who, together with John Bradshaw and Tim Sharpington, is considered to be independent of the Executive Directors and free from any relationship which could materially affect the exercise of their independent judgement.

Non-Executive Directors receive a fee for their services. Mark Warne's fees are paid to IP Group plc as his employer.

The Board has at least 6 scheduled meetings during the financial year and more if required. The Board has agreed items that are reserved for its consideration including the Group's strategy, budgets, financial reporting, Key Performance Indicators and internal controls which are monitored to reflect progress to achieve its goals.

BOARD COMMITTEES

The Board has established Audit and Remuneration Committees with agreed terms of reference which set out the delegated duties and responsibilities.

AUDIT COMMITTEE

The Audit Committee is chaired by John Bradshaw. Tim Sharpington and Mark Warne are members of the Committee. The terms of reference of the Audit Committee include the following responsibilities:

- monitoring the integrity of the Group's financial statements, application of accounting policies;
- reviewing the effectiveness of the Group's internal control and risk management systems; and
- oversight of the Group's external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Tim Sharpington. John Bradshaw and Mark Warne are members of the Committee. The terms of reference of the Remuneration Committee include the following responsibilities:

- determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and other such members of the executive management as it is designated to consider,
- approve the design of, and determine targets for, any performance-related pay schemes and approve the total annual payments made under such schemes,
- approve all long-term incentive scheme structures and option schemes,
- approve all option grants for ratification by the Board, and
- within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate bonuses, incentive payments and share options.

RISK MANAGEMENT AND CONTROL

The Board has responsibility for the oversight of the Group's operations ensuring:

- competent and prudent management;
- sound planning;
- adequate system of internal control;
- adequate and accurate accounting records; and
- compliance with statutory and regulatory obligations.

The Group's internal controls are designed to manage business risk and provide reasonable but absolute assurance against material misstatement or loss. The Board reviews the effectiveness of the Group's systems, policies and procedures through an awareness and consideration of the business risks that could affect the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). 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 the 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 IFRS as adopted by the EU 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 Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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

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.

By order of the Board

Susan Lowther
Company Secretary
8 December 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IXICO PLC

OPINION

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of IXICO plc (the Company) and its subsidiaries (the 'Group') for the year ended 30 September 2017 which comprise the Consolidated Statements of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

WHO WE ARE REPORTING TO

This report is made solely to the Group'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 Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OVERVIEW OF OUR AUDIT APPROACH

- Overall Group materiality:£83,000, which was determined at the planning stage based on 5% of the Group's estimate of expected loss before taxation;
- We performed full scope audit procedures in respect of IXICO plc, IXICO Technologies Limited and IXITech Limited. We performed targeted audit procedures in respect of Optimal Medicine Limited, Optimal Medicine France SARL and Optimal Medicine Inc; and
- The key audit matter identified was revenue recognition.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Revenue recognition Under International Standard on Auditing (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. The Group has two revenue streams: amounts chargeable under service contracts and licensing income. The accounting policy is to recognise service revenue over the period of the project as the relevant services are delivered to the client. There is a requirement for management to track the performance of the contractual obligations over the project contract period in order to support the recognition of this revenue. During this period, change orders may be agreed which amount to contract modifications which also impact on revenue recognition. We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Considering the stated accounting policies in respect of revenue recognition and whether these are consistent with International Accounting Standard (IAS) 18 'Revenue'; • Testing a statistical sample of amounts recognised in revenue to cash received or to the project tracker and contract; • Testing a sample of accrued and deferred income balances to supporting project details; • Completing analytical review of revenue recognised in the year including variance review compared to the prior year. The Group's accounting policy on revenue recognition is shown in note 2 of the financial statements and related disclosures are included in note 5. **Key observations** Our audit work did not identify any material misstatements in the occurrence of revenue recognised in the year or any material instances of revenue not being recognised in accordance with stated accounting policies. We note that the impact of foreign exchange movements on individual projects priced in currencies other than sterling has been tracked compared to the project exchange rate agreed. Revenue has been recognised based on the transaction rate and the prior year revenue has been reclassified on a consistent basis.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IXICO PLC CONTINUED

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Group	Parent
Financial statements as a whole	Financial statements materiality was £83,000, which was determined at the planning stage based on 5% of the Group's estimate of expected loss before taxation. This benchmark is considered the most appropriate because the net trading result is a key measure used by management and shareholders in assessing performance of the business and is a generally accepted audit benchmark. We chose not to revise our materiality threshold during the course of the audit once the final adjusted loss before tax, which was higher than the estimated results, was known. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2016 to reflect the reduction in loss before tax year on year.	Financial statements materiality was £39,000 which was determined at the planning stage based on 5% of the Company's estimate of expected loss before taxation. This benchmark is considered the most appropriate because the net trading result is a key measure used by management and shareholders in assessing performance of the business and is a generally accepted audit benchmark. We chose not to revise our materiality threshold during the course of the audit once the final adjusted loss before tax, which was higher than the estimated results, was known. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2016 to reflect the reduction in estimated loss before tax year on year before the impact of impairment charges.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.	We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£4,150 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£1,950 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit approach was based on a thorough understanding of the Group's business and is risk based. We take into account the size and risk profile of each entity, any changes in the business and other factors when determining the level of work to be performed at each entity, which in particular included the following considerations:

- IXICO plc has centralised processes and controls over the key areas of our audit focus. Group management are responsible for all judgemental processes and significant risk areas. All accounting is centralised and we have tailored our audit response accordingly. In assessing the risk of material misstatement to the Group financial statements we considered the transactions undertaken by each entity and therefore where the focus of our work was required;
- We performed full scope audits of the financial information of the Company and the principal trading entities IXICO Technologies Limited and IXITech Limited. For all the other entities in the Group, we have completed targeted procedures to support the Group audit opinion;
- The total percentage coverage of full-scope and targeted procedures over revenue was 100%;
- The total percentage coverage of full scope and targeted procedures over total assets was 98%;
- Our audit approach was fully substantive in nature and consistent with 2016.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 17, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing≈so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement set out on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES OF THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Alison Seekings
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountant, Cambridge
11 December 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017 AND 30 SEPTEMBER 2016

	Note	Year ended 30 September 2017 £'000	Year ended 30 September 2016 restated* £'000
Revenue	5	**4,110**	3,268
Cost of sales		**(1,786)**	(1,680)
Gross profit		**2,324**	1,588
Other income	6	**643**	752
Operating expenses			
Research and development expenses		**(1,256)**	(1,583)
Sales and marketing expenses		**(823)**	(759)
General and administrative expenses		**(2,309)**	(2,162)
Non-recurring administrative expenses	7	**(481)**	(706)
Total operating expenses	10	**(4,869)**	(5,210)
Operating loss		**(1,902)**	(2,870)
Finance income		**–**	1
Loss on ordinary activities before taxation		**(1,902)**	(2,869)
Taxation	11	**375**	750
Loss and total comprehensive expense attributable to equity holders for the period		**(1,527)**	(2,119)
Other comprehensive expense:			
Foreign exchange translation differences		**(13)**	(66)
Total other comprehensive expense		**(13)**	(66)
Total comprehensive expense attributable to equity holders for the period		**(1,540)**	(2,185)
Loss per share (pence)	12		
Basic loss per share		**(5.7)**	(8.7)
Diluted loss per share		**(5.7)**	(8.7)

* Revenue and general and administrative expenses reflect a reclassification which is set out in note 2 of the consolidated financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017 AND 30 SEPTEMBER 2016

	Note	Group		Company	
		As at 30 September 2017 £'000	As at 30 September 2016 £'000	**As at 30 September 2017 £'000**	As at 30 September 2016 £'000
Assets					
Non-current assets					
Property, plant and equipment	13	**60**	88	**–**	–
Intangible assets	14	**128**	559	**–**	–
Investments in Group undertakings	15	**–**	–	**5,320**	5,505
Amounts due from subsidiary undertakings	16	**–**	–	**3,553**	5,515
Total non-current assets		**188**	647	**8,873**	11,020
Current assets					
Trade and other receivables	16	**1,487**	1,353	**42**	22
Current tax receivables	11	**420**	562	**–**	–
Cash and cash equivalents		**2,414**	3,120	**396**	1,168
Total current assets		**4,321**	5,035	**438**	1,190
Total assets		**4,509**	5,682	**9,311**	12,210
Liabilities and equity					
Current liabilities					
Trade and other payables	18	**1,575**	1,311	**113**	73
Deferred consideration	3	**–**	174	**–**	174
Total current liabilities		**1,575**	1,485	**113**	247
Non-current liabilities					
Deferred tax liabilities	19	**19**	112	**–**	–
Amounts due to subsidiary undertakings	18	**–**	–	**–**	1,748
Total non-current liabilities		**19**	112	**–**	1,748
Equity					
Ordinary shares	20	**7,727**	7,720	**7,727**	7,720
Share premium	20	**79,421**	79,421	**79,421**	79,421
Merger relief reserve	20	**1,480**	1,312	**1,480**	1,312
Reverse acquisition reserve	20	**(75,308)**	(75,307)	**–**	–
Foreign exchange translation reserve		**(79)**	(66)	**–**	–
Accumulated losses		**(10,326)**	(8,995)	**(79,430)**	(78,238)
Total equity		**2,915**	4,085	**9,198**	10,215
Total liabilities and equity		**4,509**	5,682	**11,387**	12,210

PARENT COMPANY INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The Company's loss for the financial year was £1,388,000 (2016: £802,000).

The financial statements on pages 24 to 51 were approved by the Board of Directors and authorised for issue on 7 December 2017 and were signed on its behalf by:

Giulio Cerroni
Chief Executive Officer
8 December 2017

IXICO plc, Registered number: 03131723

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017 AND 30 SEPTEMBER 2016

	Ordinary shares £'000	Share premium £'000	Merger relief reserve £'000	Reverse acquisition reserve £'000	Foreign exchange translation reserve £'000	Accumulated losses £'000	Total £'000
Balance at 30 September 2015	7,529	76,804	641	(75,229)	–	(7,036)	2,709
Total comprehensive expense							
Loss for the period	–	–	–	–	–	(2,119)	(2,119)
Other comprehensive expense:							
Foreign exchange translation	–	–	–	–	(66)	–	(66)
Total comprehensive expense	–	–	–	–	(66)	(2,119)	(2,185)
Transactions with owners							
Charge in respect of share options	–	–	–	–	–	126	126
Exercise of share options	78	–	–	(78)	–	–	–
Proceeds from shares issued	89	2,617	–	–	–	–	2,706
Cost of acquisition	24	–	671	–	–	34	729
Total transactions with owners	191	2,617	671	(78)	–	160	3,561
Balance at 30 September 2016	7,720	79,421	1,312	(75,307)	(66)	(8,995)	4,085
Total comprehensive expense							
Loss for the period	–	–	–	–	–	(1,527)	(1,527)
Other comprehensive expense:							
Foreign exchange translation	–	–	–	–	(13)	–	(13)
Total comprehensive expense	–	–	–	–	(13)	(1,527)	(1,540)
Transactions with owners							
Charge in respect of share options	–	–	–	–	–	196	196
Exercise of share options	1	–	–	(1)	–	–	–
Issue of deferred consideration shares	6	–	168	–	–	–	174
Total transactions with owners	7	–	168	(1)	–	196	370
Balance at 30 September 2017	**7,727**	**79,421**	**1,480**	**(75,308)**	**(79)**	**(10,326)**	**2,915**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017 AND 30 SEPTEMBER 2016

	Ordinary shares £'000	Share premium £'000	Merger relief reserve £'000	Accumulated losses £'000	Total £'000
Balance at 30 September 2015	7,529	76,804	641	(77,572)	7,402
Total comprehensive expense for the period	–	–	–	(802)	(802)
Transactions with owners					
Charge in respect of share options	–	–	–	126	126
Exercise of share options	78	–	–	(24)	54
Proceeds from shares issued	89	2,617	–	–	2,706
Cost of acquisition	24	–	671	34	729
Total transactions with owners	191	2,617	671	136	3,615
Balance at 30 September 2016	7,720	79,421	1,312	(78,238)	10,215
Total comprehensive expense for the period	–	–	–	(1,388)	(1,388)
Transactions with owners					
Exercise of share options	1	–	–	–	1
Charge in respect of share options	–	–	–	196	196
Issue of deferred consideration shares	6	–	168	–	174
Total transactions with owners	7	–	168	196	371
Balance at 30 September 2017	**7,727**	**79,421**	**1,480**	**(79,430)**	**9,198**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 AND SEPTEMBER 2016

	Group		Company	
	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000	**Year ended 30 September 2017 £'000**	Year ended 30 September 2016 £'000
Cash flows from operating activities				
Loss for the period	**(1,527)**	(2,119)	**(1,388)**	(802)
Finance income	**–**	(1)	**–**	–
Taxation	**(375)**	(750)	**–**	–
Depreciation	**49**	55	**–**	–
Amortisation of acquired intangibles	**143**	292	**–**	–
Impairment of acquired intangibles	**316**	603	**–**	–
Impairment of investment in subsidiary undertakings	**–**	–	**360**	543
Research and development expenditure credit	**(137)**	(135)	**–**	–
Share option charge	**196**	126	**22**	14
	(1,335)	(1,929)	**(1,006)**	(245)
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(134)**	287	**1,942**	(1,968)
Increase/(decrease) in trade and other payables	**264**	(323)	**(1,708)**	124
Cash used in operations	**(1,205)**	(1,965)	**(772)**	(2,089)
Taxation received	**561**	430	**–**	–
Net cash used in operating activities	**(644)**	(1,535)	**(772)**	(2,089)
Cash flows from investing activities				
Cash and cash equivalents acquired	**–**	98	**–**	–
Purchase of property, plant and equipment and software	**(49)**	(24)	**–**	–
Finance income	**–**	1	**–**	–
Net cash (used in)/generated from investing activities	**(49)**	75	**–**	–
Cash flows from financing activities				
Issue of shares	**–**	2,706	**–**	2,706
Net cash generated from financing activities	**–**	2,706	**–**	2,706
Movements in cash and cash equivalents in the period	**(693)**	1,246	**(772)**	617
Cash and cash equivalents at start of period	**3,120**	1,934	**1,168**	551
Effect of exchange rate fluctuations on cash held	**(13)**	(60)	**–**	–
Cash and cash equivalents at end of period	**2,414**	3,120	**396**	1,168

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

IXICO plc (the 'Company') is a public limited company incorporated in England and Wales; and is admitted to trading on the AIM market of the London Stock Exchange under the symbol IXI. The address of its registered office is 4th Floor, Griffin Court, 15 Long Lane, London EC1A 9PN.

The Company is an established provider of technology enabled speciality services to the global biopharmaceutical industry. The Company's services are used to select patients for clinical trials, assess the safety and efficacy of new drugs in development and in post marketing surveillance.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS.

The consolidated financial statements have been prepared under the historical cost convention modified by the revaluation of certain financial instruments.

The consolidated financial statements are presented in Sterling (£). This is the predominant functional currency of the Company, and is the currency of the primary economic environment in which it operates. Foreign transactions are accounted in accordance with the policies set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the accounts of the Company and its subsidiary companies adjusted to eliminate intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the control, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The results of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Sterling at exchange rates ruling at the end of the reporting period. Income statements and cash flows of foreign operations are translated into Sterling at average monthly exchange rates which approximate foreign exchange rates at the date of the transaction. Foreign exchange differences arising on retranslation are recognised directly in a separate translation reserve.

The acquisition method is used to account for the acquisition of subsidiaries.

GOING CONCERN

At the time of approving the consolidated financial statements, the Directors have considered the expected future performance together with the Group's estimated future cash inflows from existing long-term contracts, sales pipeline and funded collaborations. Changes to the operating cost base are made in the normal course of business, so that expenditure and investment are in line with the Group's strategy and financial resources. After due consideration and taking into account management's estimate of future revenues and expenditure, the Directors have a reasonable expectation that the Company and the Group will have adequate financial resources to continue in operation for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the consolidated financial statements.

SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the consolidated financial statements, the Directors make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

SIGNIFICANT MANAGEMENT JUDGEMENTS

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

REVENUE RECOGNITION

The Group recognises revenue with regard to amounts chargeable to customers under service contracts and an agreed scope of work or work order. The service contracts are typically multi-year and may be amended through a change order process. As such, change orders represent a contract modification where deliverables are added or de-scoped from the original customer contract.

The Group provides technology enabled services and revenue is recognised upon achievement of deliverables set out in the service contract. The recognition is expected to approximate to the timing of the physical performance of the service activity on such contracts. Recognising revenue also requires the Group to track the performance of the contractual obligations to determine that actual work performed is in accordance with the contract and agreed change orders. The scope of the project and contract terms is also reviewed to determine whether the Group is acting as principal or agent in respect of the project, which depends on facts and circumstances and requires judgement.

The Group's revenue is recognised in two main categories: service revenue and licensing revenue.

Service revenue is mainly derived from activities related to technology services provided to biopharmaceutical customers engaged in clinical development. Service revenue also includes revenue arising from a commercial partnership where the Group acts as an agent. The Group identified one agency relationship in the year ended 30 September 2017 (2016: one).

Licensing revenue includes one agreement which grants a right to use the Group's TrialTracker software in their normal course of business.

Significant judgement is required in determining the period and terms and conditions under which revenue is recognised.

CAPITALISATION OF INTERNALLY DEVELOPED SOFTWARE

Distinguishing the research and development phases of a new software product and determining whether the requirements for the capitalisation of development costs are met requires judgement. Expenditure on research and development is recognised as an expense as incurred. No internal development costs have been recognised as meeting the criteria for capitalisation in the year.

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets have not been recognised for deductible temporary differences and tax losses as the Directors consider that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses.

ESTIMATION UNCERTAINTY

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

FAIR VALUE MEASUREMENTS ON BUSINESS COMBINATIONS

The measurement of fair values on a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows and the selection of a suitable discount rate.

IMPAIRMENT OF INTANGIBLE ASSETS

Amortised intangibles are tested for impairment where there are indications of impairment. These impairment tests require the Group to make an estimate of the expected cash flows and to select suitable discount rates. These require an estimation of the value in use of these assets.

Directors will continue to monitor the value of the investment in IXICO Technologies Limited.

SHARE-BASED PAYMENTS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted, detailed in note 21 of the consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

The Group has not applied any new accounting policies that have a material effect on the consolidated statement of financial position for the year ended 30 September 2017.

PRIOR PERIOD RECLASSIFICATION

In the year ended 30 September 2017, the Company performed a detailed review of the treatment of foreign exchange in its customer projects and the impact of foreign currency translation on recognised revenue.

The customer projects reflect work performed against multi-year service contracts, which include fixed exchange rate mechanisms. In the year ended 30 September 2017, revenue has been reported at transaction rates and project exchange rates to reflect the impact of foreign exchange movements. The project exchange rate represents the fixed foreign exchange rate applied to each individual customer project.

An element of the foreign exchange gain previously recorded in general and administrative expenses has been reclassified to recognised revenue as follows:

	Year ended 30 September 2016 £'000
Revenue	157
General and administrative expenses	(157)
Net impact on the operating loss	–

ACCOUNTING DEVELOPMENTS

At the date of approval of the consolidated financial statements, the following Standards and Interpretations which have not been applied in the consolidated financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 15 Revenue from contracts with customers (effective date 1 January 2018)
- IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 (effective date 1 January 2018)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective date 1 January 2018)
- Amended by Annual Improvements to IFRS Standards 2014–2016 Cycle (effective date 1 January 2018)
- IFRS 16 Leases (effective date 1 January 2019)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective date 1 January 2017)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective date 1 January 2017)
- Amendments to IAS 7: Disclosure Initiative (effective date 1 January 2017)

The Group is preparing for the introduction of IFRS 15 and IFRS 16. Apart from these, the Directors anticipate, based on the current business processes, that the future introduction of the standards, amendments and interpretations listed above will not have a material impact on the consolidated and Company financial statements.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue from short-term contracts, such as consultancy and training, is recognised as the service is performed.

Revenue on longer-term contracts for services is recognised according to the substance of the Group's obligations under a contract. Where the substance of a transaction is that the Group's contractual obligations are performed gradually over time, revenue is recognised as contract activity progresses, to reflect the Group's partial performance of its contractual obligations. Where the substance of a contract is that a right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until the event occurs.

Where longer-term contracts for services allow for the reimbursement of certain expenses incurred by the Group in the execution of the service contract, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. These reimbursements are included in revenue and are subject to a nil gross margin.

Where it has been assessed that the Group is acting as agent in respect of an agency relationship, revenues are recognised on a net basis after deducting revenue earned by the principal.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

Revenue relating to licence income is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Revenue recognised in the income statement but not yet invoiced is held on the consolidated statement of financial position within 'trade and other receivables'. Revenue invoiced but not yet recognised in the income statement is held on the consolidated statement of financial position within 'trade and other payables'.

OTHER INCOME

Government grants received relating to tangible fixed assets are treated as deferred income and released to the consolidated statement of comprehensive income over the expected useful lives of the assets concerned.

Other government or European grants received are recognised on a work performed and delivered basis.

The Group has elected to take advantage of the RDEC introduced in the Finance Act 2013. A company may surrender corporation tax losses on research and development expenditure incurred on or after 1 April 2013 for a corporation tax refund. Relief is given as a taxable credit on 11% of qualifying research and development expenditure. The Group recognises research and development expenditure credit as an item of other income, taking advantage of the 'above the line' presentation.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs are written off to the consolidated statement of comprehensive income in the year in which they are incurred. All research and development costs, whether funded by grant or not, are included within operating expenses and classified as research and development costs.

All ongoing development expenditure is expensed in the year in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

EXCEPTIONAL ITEMS

Exceptional items are disclosed separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. These amounts are of a non-recurring nature.

SHARE-BASED PAYMENTS

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21 of the consolidated financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

EMPLOYEE BENEFITS

All employee benefit costs, notably holiday pay and contributions to the Group or personal defined contribution plans, are recognised in the statement of comprehensive income as they are incurred.

As at 30 September 2017, all employees have been automatically enrolled into the Group's defined contribution plan and the Group is no longer contributing to individual personal plans. The assets of the Group scheme are held separately from those of the Group in independently administered funds. The Group does not offer any other post-retirement benefits.

EMPLOYEE SHARE TRUST

The Group recognises the assets and liabilities of the trust in its own accounts and shares held by the trust are recorded at cost as a deduction at arriving at total equity until such time as the shares vest unconditionally to employees. The trust is a separately administered trust, funded by contributions from employees and the Group.

The IXICO Share Incentive Plan 2007 was closed on 15 November 2013 and during the year ended 30 September 2017, there were no shares held by the employee trust.

OPERATING LEASES

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation.

The cost of property, plant and equipment is its purchase cost, together with any directly attributable expenses of acquisition. Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, on a straight-line basis over the expected useful economic lives of the assets concerned.

The principal rates used for this purpose are:

- Leasehold improvements: straight-line over the shorter of 5 years or the lease term
- Fixtures and fittings: 33% straight-line
- Equipment: 33% straight-line

The assets' residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated statement of comprehensive income.

INTANGIBLE ASSETS

Acquired intangible assets are recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised using the straight-line method over their estimated useful economic life of 5 years. Amortisation is disclosed under general and administrative expenses in the consolidated statement of comprehensive income.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes are treated as changes in accounting estimates.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

IMPAIRMENT OF ASSETS

Non-current assets are reviewed for impairment both annually and when there is an indication that an asset may be impaired (when events or changes in circumstances indicate that carrying value may not be recoverable). An impairment loss is recognised in the consolidated statement of comprehensive income for the amount by which the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Non-financial assets, other than goodwill, which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

INVESTMENTS IN GROUP UNDERTAKINGS

Investments in Group undertakings are carried at cost less any impairment provision. Such investments are subject to an annual impairment review.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (exceeding credit terms) are considered indicators that the trade receivable is impaired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within general and administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the consolidated statement of comprehensive income.

CURRENT TAX

Current tax represents United Kingdom tax recoverable and is provided at amounts expected to be recovered using the tax rates and laws that have been enacted at the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand with original maturities at inception of three months or less.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are translated into Sterling at actual rates of exchange ruling at the date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. All foreign currency exchange differences are taken to the consolidated statement of comprehensive income in the year in which they arise.

TRADE AND OTHER PAYABLES

Trade and other payables are non-interest bearing and are initially recognised at fair value and subsequently stated at amortised cost.

EQUITY INSTRUMENTS

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

DEFERRED TAXATION

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities; and their carrying amounts in the consolidated financial statements in accordance with IAS 12 'Income taxes'. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available in future years to utilise the temporary difference. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting, nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3. BUSINESS COMBINATION

On 8 December 2015, the Company acquired the entire issued share capital of Optimal Medicine Limited. The aggregate consideration for the acquisition was £1,498,000 in consideration shares at a consideration share price of 49 pence comprising;

- the initial issue of 2,355,295 new ordinary shares upon completion of the acquisition;
- the issue of 590,093 deferred consideration shares on 31 December 2016, subject to the satisfaction of any claims made against warranties given by the sellers; and
- call options over 111,401 shares which in substance reflect replacement awards issued by IXICO plc to satisfy outstanding share options under the Optimal Medicine Limited unapproved share option scheme.

On 4 January 2017, the Company issued 590,093 new ordinary shares in respect of the deferred consideration for the acquisition of Optimal Medicine Limited.

On 7 December 2016, 10,209 share option instruments which were not exercised by their expiry date duly lapsed.

On 29 March 2017, 55,846 new ordinary shares were issued and allotted in the Company pursuant to the put and call arrangement in respect of the Optimal Medicine Limited approved share option instruments. The options were exercised at a weighted average share price of £0.26.

On 7 June 2017, 45,346 share option instruments which were not exercised by their expiry date duly lapsed.

GROUP

The Group has identified that the value of the behavioural health technology and marketing know-how has diminished following the Group's change in its commercial focus and strategy. As at 30 September 2017, the recoverable amount was estimated to be £nil (2016: £359,000), resulting in an impairment loss of £316,000 (2016: £603,000) for the year ended 30 September 2017.

COMPANY

The Company has identified that the value of the investment in Optimal Medicine Limited has diminished following a change in commercial focus and strategy. As at 30 September 2017, the recoverable amount was estimated to be £nil (2016: £359,000), resulting in an impairment loss of £360,000 (2016: £543,000) for the year ended 30 September 2017.

4. INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements of the Group as at 30 September 2017 include:

Name of subsidiary	Class of share	Place of incorporation	Principal activities	Proportion of ownership interest	Proportion of voting rights held
IXICO Technologies Limited	Ordinary	United Kingdom	Data collection and analysis of neurological diseases	100%	100%
IXITech Limited	Ordinary	United Kingdom	Dormant	100%	100%
IXICO US LLC	Members interest	United States	Dormant	100%	100%
Optimal Medicine Limited	Ordinary	United Kingdom	Dormant	100%	100%
IXICO Technologies Inc.	Ordinary	United States	Dormant	100%	100%

As at 25 July 2017, Phytodevelopments Limited was dissolved.

As at 21 August 2017, Optimal Medicine SARL was dissolved.

As at 30 September 2017, the trade and assets of IXITech Limited and Optimal Medicine Limited were transferred to IXICO Technologies Limited.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. SEGMENTAL INFORMATION

The Group's development, commercial and operational delivery teams operate across all of the Company's activities. The Group's customer projects are managed by Project Managers with inputs to each project provided by other functional team members. The leadership team review the Group's management information reports to assess performance and allocate resources. The customer projects are reported as a single business unit and Executive management monitor the operating performance of the business based on these reports. The chief operating decision maker has been identified as the Chief Executive Officer.

Accordingly, the Directors consider that there is only one reporting segment.

The Group is domiciled in the United Kingdom with all sales originating in the United Kingdom.

In the year ended 30 September 2017, the Group had four customers that exceeded 10% of total revenue, being 14%, 13%, 11% and 10%. In the year ended 30 September 2016, the Group had three customers that exceeded 10% of total revenue, being 15%, 14% and 11%.

An analysis of the Group's revenue by type is as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 restated* £'000
Service revenue	**3,908**	3,081
Licencing revenue	**202**	187
Revenue	**4,110**	3,268

An analysis of the Group's revenue by geographic location of its customers is as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 restated* £'000
United States	**2,641**	1,856
United Kingdom	**708**	862
Europe	**676**	500
China	**85**	50
Revenue	**4,110**	3,268

An analysis of the Group's non-current assets by geographic location is as follows:

	As at 30 September 2017 £'000	As at 30 September 2016 £'000
United Kingdom	**188**	646
United States	**–**	1
Non-current assets	**188**	647

* Reflect a reclassification, which is set out in note 2 of the consolidated financial statements.

6. OTHER INCOME

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Grant income	**506**	617
RDEC	**137**	135
Other income	**643**	752

All grant income originates in the United Kingdom.

The Group recognised RDEC as an item of other income, taking advantage of the above the line presentation.

7. EXCEPTIONAL EXPENSES

During the year ended 30 September 2017, exceptional expenses included the impairment of an intangible asset, redundancy costs and professional fees incurred in the dissolution of Optimal Medicine SARL together with the transfer of trade and assets of IXITech Limited and Optimal Medicine Limited to IXICO Technologies Limited.

During the year ended 30 September 2016, exceptional expenses included the impairment of an intangible asset, professional fees incurred in the acquisition of Optimal Medicine Limited and post acquisition costs.

These expenses have been recognised in the consolidated statement of comprehensive income as exceptional expenses due to their non-recurring nature.

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Impairment of intangible asset	**316**	603
Professional fees	**44**	64
Redundancy costs	**121**	–
Restructuring costs	**–**	39
Non-recurring administrative expenses	**481**	706

8. AUDITORS' REMUNERATION

The analysis of the auditors' remuneration is as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Fees payable to the Group's auditors for the audit of the Company's annual accounts	**16**	15
Fees payable to the Group's auditors for other services:		
Audit of the subsidiaries' annual accounts	**24**	21
Audit related assurance services	**5**	5
Tax compliance services	**12**	9
Tax advisory services	**5**	7
Total auditors' remuneration	**62**	57

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. EMPLOYEES AND DIRECTORS

The average monthly number of persons (including Executive Directors) employed by the Group was:

	Year ended 30 September 2017 Number	Year ended 30 September 2016 Number
Administration	**12**	13
Operations, research and development	**49**	56
Average total persons employed	**61**	69

As at 30 September 2017 the Group had 59 employees (2016: 67).

Staff costs in respect of these employees were:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Wages and salaries	**3,530**	3,594
Social security costs	**398**	427
Other pension costs	**175**	186
Share-based payments	**196**	126
Total remuneration	**4,299**	4,333

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The amounts outstanding at 30 September 2017 in respect of pension costs were £21,000 (2016: £43,000).

Key management remuneration:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Short-term employee benefits	**1,819**	1,428
Post-employment benefits	**70**	71
Total remuneration	**1,889**	1,499

Key management includes Executive Directors, Non-Executive Directors and senior management who have the responsibility for managing directly or indirectly, the activities of the Group.

Directors' remuneration is disclosed in the Directors' Remuneration Report on page 17. The aggregate Directors' remuneration was £665,000 (2016: £646,000) and aggregate pension of £28,000 (2016: £30,000).

10. OPERATING LOSS

An analysis of the Group's operating loss has been arrived at after charging:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 restated* £'000
Research and development expenses	**1,256**	1,583
Sales and marketing expenses	**823**	759
Operating lease charges: land and building	**130**	131
Depreciation of property, plant and equipment	**49**	55
Amortisation of intangible assets	**143**	292
Impairment of intangible assets(1)	**316**	603
Foreign exchange loss/(gain)	**102**	(142)
Administrative expenses	**1,885**	1,826
Non-recurring administrative expenses excluding impairment of intangible assets(1)	**165**	103
Total operating expenses	**4,869**	5,210

(1) Impairment charge of £316,000 for the year ended 30 September 2017 (2016: £603,000) is disclosed under exceptional expenses. See note 7 of the consolidated financial statements for further information.

11. TAXATION

The tax charge for each period can be reconciled to the loss per consolidated statement of comprehensive income as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Loss on ordinary activities before taxation	**(1,902)**	(2,869)
Loss before tax at the effective rate of corporation tax in the United Kingdom of 19.50% (2016: 20%)	**(371)**	(574)
Effects of:		
Expenses not deductible for tax purposes	**(50)**	96
Temporary differences	**18**	(2)
Adjustment in respect of prior years	**–**	(2)
Adjustment in respect of prior years – Optimal Medicine Limited	**–**	(142)
Tax rates other than the United Kingdom standard rate	**–**	27
Research and development uplifts net of losses surrendered for tax credits	**28**	(153)
Tax credit for the period	**(375)**	(750)

The tax credit for each period can be reconciled as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Small or medium enterprise research and development credit	**(311)**	(455)
Deduction for corporation tax on RDEC	**27**	27
Adjustment in respect of prior years	**–**	(2)
Adjustment in respect of prior years – Optimal Medicine Limited	**–**	(142)
Tax due by foreign subsidiary undertakings	**2**	1
Deferred tax movement on amortisation	**(93)**	(179)
Tax credit for the period	**(375)**	(750)

The Group has elected to take advantage of the RDEC, introduced in the Finance Act 2013 whereby a company may surrender corporation tax losses on research and development expenditure incurred on or after 1 April 2013 for a corporation tax refund.

The following is a reconciliation between the tax charge and the tax receivable within the consolidated statement of financial position:

	As at 30 September 2017 £'000	As at 30 September 2016 £'000
Current tax receivable at start of period	**562**	286
Current period credit	**419**	706
Corporation tax repayment	**(561)**	(430)
Current tax receivable at end of period	**420**	562

The tax credit for each period can be reconciled to the current period credit recognised in tax receivable within the consolidated statement of financial position in each period as follows:

	As at 30 September 2017 £'000	As at 30 September 2016 £'000
Tax credit for the year	**375**	750
Deferred tax movement on amortisation	**(93)**	(179)
RDEC gross of corporation tax deduction	**137**	135
Current period credit	**419**	706

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period after the deduction of the weighted average number of the ordinary shares held by the employee benefit trust during the period. At 30 September 2017, there were no shares held by the employee benefit trust.

For diluted loss per share, the loss for the period attributable to equity holders and the weighted average number of ordinary shares outstanding during the period is adjusted to assume conversion of all dilutive potential ordinary shares. As the effect of the share options would be to reduce the loss per share, the diluted loss per share is the same as the basic loss per share.

At 30 September 2017 and 30 September 2016, the Group has no dilutive potential ordinary shares in issue.

The calculation of the Group's basic and diluted loss per share is based on the following data:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Loss for the period attributable to equity holders for basic loss and adjusted for the effects of dilution	**(1,527)**	(2,119)

	As at 30 September 2017 Number	As at 30 September 2016 Number
Weighted ordinary shares in issue	**26,929,554**	24,350,856
Shares held by Trustees in respect to the Company's Share Incentive Plan 2007	**–**	(1,740)
Weighted average number of ordinary shares for basic loss per share	**26,929,554**	24,349,116

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement £'000	Fixtures and fittings £'000	Equipment £'000	Total £'000
Cost				
At 1 October 2015	62	7	277	346
Additions – other	–	7	17	24
Additions – business combination	–	–	7	7
At 30 September 2016	62	14	301	377
Additions – other	–	–	21	21
Disposals	–	(7)	(115)	(122)
At 30 September 2017	**62**	**7**	**207**	**276**
Accumulated depreciation				
At 1 October 2015	17	7	206	230
Additions – business combinations	–	–	4	4
Charge for the period	12	3	40	55
At 30 September 2016	29	10	250	289
Charge for the period	12	2	35	49
Disposals	–	(7)	(115)	(122)
At 30 September 2017	**41**	**5**	**170**	**216**
Net book value				
At 30 September 2016	33	4	51	88
At 30 September 2017	**21**	**2**	**37**	**60**

At 30 September 2017 and 30 September 2016, the Company had no property, plant and equipment.

14. INTANGIBLE ASSETS

	Computer Software £'000	Registered intellectual property £'000	Neuro-degenerative disease technology and marketing know-how £'000	Behavioural health technology and marketing know-how £'000	Total £'000
Cost					
At 30 September 2015	–	150	500	–	650
Additions – business combination	–	–	–	1,154	1,154
At 30 September 2016	–	150	500	1,154	1,804
Additions	28	–	–	–	28
At 30 September 2017	**28**	**150**	**500**	**1,154**	**1,832**
Amortisation and impairment					
At 30 September 2015	–	150	200	–	350
Amortisation	–	–	100	192	292
Impairment	–	–	–	603	603
At 30 September 2016	–	150	300	795	1,245
Amortisation	–	–	100	43	143
Impairment	–	–	–	316	316
At 30 September 2017	**–**	**150**	**400**	**1,154**	**1,704**
Net book value					
At 30 September 2016	–	–	200	359	559
At 30 September 2017	**28**	**–**	**100**	**–**	**128**

COMPUTER SOFTWARE

Computer Software costs included the purchase of business software as part of the Group's investment in management information systems.

REGISTERED INTELLECTUAL PROPERTY, NEURODEGENERATIVE DISEASE TECHNOLOGY AND MARKETING KNOW-HOW

Intangible assets were acquired through the reverse acquisition on 14 October 2013 and recognised at their fair value at the date of acquisition. Intangible assets include registered intellectual property (royalty income from a third party), technology and marketing related intangibles associated with neurodegenerative disease conditions arising from IXICO plc's historic research and development activities.

REGISTERED INTELLECTUAL PROPERTY

The Group identified that the value of the registered intellectual property had diminished as the estimated future cash flows were £nil following the licensor's notification that the study was terminated. Following this termination there would be no further clinical development and therefore the intellectual property will not generate future cash flows from milestones or commercialisation.

NEURODEGENERATIVE DISEASE TECHNOLOGY AND MARKETING KNOW-HOW

During the reporting period, the Group identified no evidence that indicate the neurodegenerative disease technology and marketing know-how intangible asset may be impaired. The assumptions in respect of the future cash flows and discount rate have not changed since initial recognition.

BEHAVIOURAL HEALTH TECHNOLOGY AND MARKETING KNOW-HOW

Intangible assets were acquired through the business combination on 8 December 2015 and recognised at their fair value at the date of acquisition. Intangible assets represent technology and marketing related intangibles associated with behavioural health arising from Optimal Medicine Limited's research and development activities.

The Group has identified that the value of the behavioural health technology and marketing know-how has diminished in value following a change in commercial focus and strategy. As at 30 September 2017, the recoverable amount was estimated to be £nil (2016: £359,000), resulting in an impairment loss of £316,000 (2016: £603,000) being recognised for the year ended 30 September 2017.

At 30 September 2017 and 30 September 2016, the Company had no intangible assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. INVESTMENTS IN GROUP UNDERTAKINGS

	Company	
	As at 30 September 2017 £'000	As at 30 September 2016 £'000
IXITech Limited		
At 1 October	**2**	2
At 30 September	**2**	2
IXICO Technologies Limited		
At 1 October	**5,144**	4,977
Issue of 142,581 shares on 2 October 2015 for the exercise of share options at an average share price of £0.302	**–**	44
Issue of 14,101 shares on 12 October 2015 for the exercise of share options at an average share price of £0.306	**–**	4
Issue of 29,773 shares on 30 September 2016 for the exercise of share options at a share price of £0.24	**–**	7
Increase in capital contribution relating to share option charge	**174**	112
At 30 September	**5,318**	5,144
Optimal Medicine Limited		
At 1 October	**359**	–
Consideration shares: 2,355,295 new ordinary shares at £0.295 per share	**–**	695
Deferred consideration shares: 590,093 new ordinary shares at £0.295 per share	**–**	174
Replacement share option scheme: 111,401 new ordinary shares at £0.295 per share	**–**	33
Exercise of OM Replacement Scheme 55,846 shares at £0.01 per share	**1**	–
Impairment charge	**(360)**	(543)
At 30 September	**–**	359
Total investments in Group undertakings	**5,320**	5,505

IXITECH LIMITED

The investment in IXITech Limited amounts to the par value of the ordinary share capital of £2,000. As at 30 September 2017, the business, trade and assets of IXITech Limited were transferred to IXICO Technologies Limited.

IXICO TECHNOLOGIES LIMITED

The capital contribution relating to share-based payments relates to share options granted by the Company to employees of subsidiary undertakings in the Group in respect of the IXICO EMI Share Option Plan 2014.

OPTIMAL MEDICINE LIMITED

On 29 March 2017, 55,846 new ordinary shares were issued and allotted in the Company pursuant to the put and call arrangement in respect of the Optimal Medicine Limited share option instruments. The options were exercised at a weighted average share price of £0.26.

The Company has identified that the cost of investment in Optimal Medicine Limited has diminished in value following a change in commercial focus and strategy. As at 30 September 2017, the recoverable amount is estimated to be £nil (2016: £359,000), resulting in an impairment loss of £360,000 (2016: £543,000) being recognised for the year ended 30 September 2017.

At 30 September 2017, the business trade and assets of Optimal Medicine Limited was transferred to IXICO Technologies Limited.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	As at 30 September 2017 £'000	As at 30 September 2016 £'000	**As at 30 September 2017 £'000**	As at 30 September 2016 £'000
Amounts receivable within 1 year				
Trade receivables	**1,247**	1,014	**–**	–
Other receivables	**55**	151	**–**	–
Other taxation and social security	**–**	–	**2**	1
Prepayments	**185**	188	**40**	21
Trade and other receivables	**1,487**	1,353	**42**	22
Amounts receivable after more than 1 year				
Amounts due from subsidiary undertakings	**–**	–	**3,553**	5,515
Amounts due from subsidiary undertakings	**–**	–	**3,553**	5,515

The average credit period granted to customers ranges from 30 to 90 days (2016: 30 to 90 days).

As at 30 September 2017, the Group had not recognised an allowance for doubtful debts which are estimated to be irrecoverable amounts.

Trade receivables include amounts which are past due at the year end but against which the Group has not recognised an allowance for doubtful receivables based on previous experience of payment timings with these customers. There has not been a significant change in credit quality and the amounts (which include interest accrued on overdue receivable balances) are still considered recoverable. As at 30 September 2017, the average age of the receivables is 82 days (2016: 120 days).

As at the year end, the ageing of trade receivables which are past due but not impaired is as follows:

	Group		Company	
	As at 30 September 2017 £'000	As at 30 September 2016 £'000	**As at 30 September 2017 £'000**	As at 30 September 2016 £'000
Less than 30 days past due	**79**	25	**–**	–
31-60 days past due	**39**	–	**–**	–
61-90 days past due	**–**	–	**–**	–
More than 90 days past due	**–**	–	**–**	–
Total trade receivables past due but not impaired	**118**	25	**–**	–

The fair value of trade and other receivables approximate their current book values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 23 of the consolidated financial statements.

Amounts due from subsidiary undertakings are interest bearing (2016: interest bearing), unsecured and have no fixed date of repayment but are not anticipated to be receivable until after more than one year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. DEFERRED TAX ASSET (UNRECOGNISED)

	Group		Company	
	As at 30 September 2017 £'000	As at 30 September 2016 £'000	**As at 30 September 2017 £'000**	As at 30 September 2016 £'000
Tax effect of temporary differences:				
Depreciation in excess of tax allowances	**(84)**	(101)	**(2)**	(2)
Accumulated losses	**(12,422)**	(11,542)	**(1,680)**	(1,442)
Deductible temporary differences	**(4)**	(56)	**(4)**	(3)
Deferred tax asset (unrecognised)	**(12,510)**	(11,699)	**(1,686)**	(1,447)

The unrecognised deferred tax asset is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the latest balance date, currently 19% (2016: 20%).

The unrecognised deferred tax is based on material temporary differences that have originated but not reversed at the balance sheet date from transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	As at 30 September 2017 £'000	As at 30 September 2016 £'000	**As at 30 September 2017 £'000**	As at 30 September 2016 £'000
Amounts falling due within 1 year				
Trade payables	**270**	216	**40**	12
Other taxation and social security	**174**	130	**–**	–
Accrued expenses	**1,108**	922	**73**	61
Other payables	**23**	43	**–**	–
Trade and other payables	**1,575**	1,311	**113**	73
Amounts falling due after more than 1 year				
Amounts due to subsidiary undertakings	**–**	–	**–**	1,748
Amounts due to subsidiary undertakings	**–**	–	**–**	1,748

Trade payables and accrued expenses principally comprise amounts outstanding for trade purchases and ongoing costs. As at 30 September 2017, the average credit period taken for trade purchases is 58 days (2016: 47 days). No interest is charged on the trade payables. The Company's policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments.

The fair value of trade and other payables approximates their current book values.

Amounts due to subsidiary undertakings are interest bearing (2016: interest bearing), unsecured and have no fixed date of repayment but are not anticipated to be payable until after more than one year.

19. DEFERRED TAX LIABILITY

	Group		Company	
	As at 30 September 2017 £'000	As at 30 September 2016 £'000	**As at 30 September 2017 £'000**	As at 30 September 2016 £'000
Balance at start of period	**112**	60	**–**	–
Deferred tax liability resulting from the business combination	**–**	231	**–**	–
Amortisation	**(30)**	(58)	**–**	–
Reversal on impairment	**(63)**	(121)	**–**	–
Balance at end of period	**19**	112	**–**	–

The deferred tax liability was recognised due to the temporary difference arising from the recognition of the intangible assets acquired through the reverse acquisition on 14 October 2013 and business combination on 8 December 2015. The deferred tax liability was initially measured at 20% and subsequently measured at 19% the current effective rate of corporation tax in the United Kingdom. The deferred tax liability is being amortised using the straight-line method over five years, reflecting the estimated useful economic life of the intangible asset. Amortisation is disclosed under general and administrative expenses in the consolidated statement of comprehensive income.

BEHAVIOURAL HEALTH TECHNOLOGY AND MARKETING KNOW-HOW

As at 30 September 2017, the Group recognised an impairment loss of £316,000 in the year ended 30 September 2017 (2016: £603,000). This results in a £63,000 (2016: £121,000) reduction in the associated deferred tax liability.

Further information of the Group's intangible asset can be found in note 14 of the consolidated financial statements.

20. ISSUED CAPITAL AND RESERVES

ORDINARY SHARES AND SHARE PREMIUM

	Group and Company		
	Ordinary shares of 1 pence Number	Share Capital £'000	Share premium £'000
At 30 September 2015	15,058,982	7,529	76,804
Issued on 2 October 2015 for the exercise of share options	142,581	71	–
Issued on 12 October 2015 for the exercise of share options	14,101	7	–
Issued on 8 December 2015 for placement	8,872,459	89	2,617
Issued on 8 December 2015 for the cost of acquisition	2,355,295	24	–
Issued on 30 September 2016 for the exercise of share options	29,773	–	–
At 30 September 2016	26,473,191	7,720	79,421
Issued on 4 January 2017 for the issue of deferred consideration shares	590,093	1	–
Issued on 29 March 2017 for the exercise of share options	55,846	6	–
At 30 September 2017	**27,119,130**	**7,727**	**79,421**

SHARE CAPITAL

On 8 December 2015, the Company effected a restructuring of the share capital of the Company whereby each existing ordinary share was sub-divided and re-designated each into 1 ordinary share of 1 pence and 1 deferred share of 49 pence.

The ordinary shares retain all the rights currently attaching to the existing ordinary shares in respect of dividends, voting and any return on capital. Other than the change in nominal value therefore, the ordinary shares are identical to the existing ordinary shares.

The deferred shares carry minimal rights thereby rendering them effectively valueless. The rights attaching to the deferred shares can be summarised as follows:

- the holders thereof do not have any right to participate in the profits or income or reserves of the Company;
- on a return of capital on a winding up the holders thereof will only be entitled to an amount equal to the nominal value of the deferred shares but only after the holders of ordinary shares have received £10,000,000 in respect of each ordinary share;
- the holders thereof have no right to receive notice of or attend or vote at any general meeting of the Company; and
- the Company may acquire the deferred shares for a nominal consideration at any time.

No application has been made to the London Stock Exchange for the deferred shares to be admitted to trading on the AIM market or any other stock exchange.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. ISSUED CAPITAL AND RESERVES CONTINUED

ISSUE OF DEFERRED CONSIDERATION SHARES

On the 4 January 2017, the Company issued 590,093 new ordinary shares in respect of the deferred consideration for the acquisition of Optimal Medicine Limited.

EXERCISE OF SHARE OPTIONS

On 29 March 2017, 55,846 new ordinary shares were issued and allotted in the Company pursuant to the put and call arrangement in respect of the Optimal Medicine Limited unapproved share option instruments. The options were exercised at a weighted average share price of £0.26.

The Group and Company does not have an authorised share capital as provided by the Companies Act 2006.

MERGER RELIEF RESERVE

In accordance with Section 612 of the Companies Act 2006 'Merger Relief', the Company issuing shares as consideration for a business combination, accounted at fair value, is obliged, once the necessary conditions are satisfied, to record the share premium to the merger relief reserve.

REVERSE ACQUISITION RESERVE

Reverse accounting under IFRS 3 'Business Combinations' requires the difference between the equity of the legal parent and the issued equity instruments of the legal subsidiary pre-combination is recognised as a separate component of equity.

IXICO SHARE INCENTIVE PLAN 2007

The IXICO Share Incentive Plan 2007 was closed on 15 November 2013 and at 30 September 2017, there were no shares held by the employee trust.

21. SHARE-BASED PAYMENTS

Certain Directors and employees of the Group hold options to subscribe for shares in the Group under share option schemes. The number of shares subject to options, the periods in which they were granted and the period in which they may be exercised are given below.

The Group operates 2 share option schemes (2016: 3), all of which are equity settled. The change in the number of share options outstanding at end of period and the number weighted average exercise prices during the year were as follows:

Grant date	Outstanding at start of period	Granted	Exercised	Lapsed	Outstanding at end of period
IXICO EMI Share Option Plan 2014					
1 October 2014	441,725	–	–	(283,605)	158,120
29 March 2016	1,740,627	–	–	(773,687)	966,940
7 February 2017	–	1,044,698	–	(47,686)	997,012
7 August 2017	–	713,940	–	–	713,940
	2,182,352	1,758,638	–	(1,104,978)	2,836,012
IXICO plc replacement share option scheme: Optimal Medicine Limited					
8 December 2015	111,401	–	(55,846)	(55,555)	–
	111,401	–	(55,846)	(55,555)	–
Total	**2,293,753**	**1,758,638**	**(55,846)**	**(1,160,533)**	**2,836,012**

IXICO EMI SHARE OPTION PLAN 2014

This scheme is open, by invitation, to Executive Directors and key management personnel. Participants are granted share options in the Group which contain standard and enhanced vesting conditions. These are subject to the achievement of individual employee and Group performance criteria as determined by the Board. Vesting period varies by award and the conditions approved by the Board.

If the options remain unexercised by 7 May 2024 from the date of grant, the options expire. The options lapse if an employee leaves the Company before the options vest.

IXICO PLC REPLACEMENT SHARE OPTION SCHEME: OPTIMAL MEDICINE LIMITED

IXICO plc established a put and call arrangement to satisfy the exercise of outstanding Optimal Medicine Limited unapproved share option instruments, granting 111,401 restated ordinary shares (2,948 shares). The exercise of these options is at the option of the holder with a fixed conversion rate of 37.79 for the effective issue of new IXICO plc shares.

On 29 March 2017, 55,846 restated new ordinary shares (1,475 shares) were issued and allotted in the Company pursuant to the put and call arrangement in respect of the Optimal Medicine Limited unapproved share option instruments. The options were exercised at a weighted average share price of £0.26.

	As at 30 September 2017		As at 30 September 2016	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of period	**2,293,753**	**£0.33**	1,473,159	£0.94
Granted	**1,758,638**	**£0.35**	1,889,675	£0.29
Exercised	**(55,846)**	**£0.26**	(186,454)	£0.01
Lapsed	**(1,160,533)**	**£0.34**	(882,627)	£1.33
Outstanding at end of period	**2,836,012**	**£0.35**	2,293,753	£0.33
Exercisable at end of period	**248,470**	**£0.31**	111,401	£0.00

The number of share options outstanding at the end of the period was 2,836,012 or 84% of the total share option pool. The total share option pool represents 12.5% of the total ordinary shares in issue.

During the year ended 30 September 2017, 1,758,638 options were granted under the IXICO EMI Share Option Plan 2014 (2016: 1,778,274). The estimated fair value of the options granted is £207,484 (2016: £244,000). The inputs used in the measurement of fair value at grant date of the share options issued are as follows:

	IXICO plc 7 August 2017 grant	IXICO plc 7 February 2017 grant	IXICO plc 29 March 2016 grant
Weighted average share price	£0.34	£0.37	£0.39
Weighted average exercise price	£0.34	£0.37	£0.31
Expected volatility	29.7%	58%	42.8%
Expected life	7 years	7 years	8 years
Expected dividends	0%	0%	0%
Risk free interest rate	0.78%	0.86%	1.5%
Model used	Monte Carlo followed by 'Hull White' trinomial lattice	Monte Carlo followed by 'Hull White' trinomial lattice	Monte Carlo followed by 'Hull White' trinomial lattice

Note to assumptions:

EXPECTED VOLATILITY

Expected volatility is based on historical performance of the share price using exponentially weighted moving average ("EWMA") function. This model uses exponential smoothing to give more weight to recent closing share prices than to more historic share prices. The share price period incorporated into the model spans from the reverse acquisition date on 14 October 2013 to the grant date.

The movement in expected volatility between the 7 February 2017 and 7 August 2017 share option grant was a result of the EWMA model applying different weighting to the 2 December 2016 share price peak of £0.44 in the year ended 30 September 2017 (average: £0.31). This share price peak was given more weighting under the 7 February 2017 share option grant, resulting in an expected volatility of 58%, as the share price peak was closer to the 7 February 2017 share option grant, than to the 7 August 2017 share option grant which had an expected volatility of 29.7%.

EXPECTED LIFE

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

EXPECTED DIVIDENDS

The historical dividend yield is 0.0%.

RISK FREE INTEREST RATE

The risk free rate has been taken from the United Kingdom gilts over the expected life of the share options.

Share options granted during the year ended 30 September 2017 have a 3 year existing period with vesting triggered on the achievement of strategic corporate goals.

Total share options outstanding have a range of exercise prices from £0.23 to £0.49 per option and the weighted average contractual life is 6.6 years (2016: 5.8 years). The total charge for each period relating to employee share-based payments plans for continuing operations is disclosed in note 9 of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. OPERATING LEASE ARRANGEMENTS

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Minimum lease payments under operating leases recognised as an expense in the period	**130**	131

As at the year end, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	As at 30 September 2017 £'000	As at 30 September 2016 £'000	As at 30 September 2017 £'000	As at 30 September 2016 £'000
Within 1 year	**145**	143	**–**	–
In the 2 to 5 years inclusive	**73**	212	**–**	–
After 5 years	**–**	–	**–**	–

Operating lease payments represent rental payable by the Group for its registered office and printers. As at 30 September 2017, the building lease has 1.5 years to run and the printer lease has 3 years to run.

23. FINANCIAL RISK MANAGEMENT

In common with all other areas of the business, the Group is exposed to risks that arise from the use of financial instruments. The note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

The main risks arising from the Group's financial instruments are liquidity, interest rate, foreign currency and credit risk. The Group's financial instruments comprise cash and various items such as trade receivables and trade payables, which arise directly from its operations.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will not be able to meet its obligations without incurring excessive losses. The Group monitors its levels of working capital to ensure that it can meet its repayments as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The table below analyses the Group's financial assets and liabilities:

	Group		Company	
	As at 30 September 2017	As at 30 September 2016	As at 30 September 2017	As at 30 September 2016
	Loans and receivables £'000	Loans and receivables £'000	Loans and Receivables £'000	Loans and receivables £'000
Assets as per statement of financial position				
Trade and other receivables excluding prepayments	**1,302**	1,165	**3,553**	5,515
Cash and cash equivalents	**2,414**	3,120	**396**	1,168
	3,716	4,285	**3,949**	6,683

	Group		Company	
	As at 30 September 2017	As at 30 September 2016	As at 30 September 2017	As at 30 September 2016
	Financial liabilities at amortised cost £'000	Financial liabilities at amortised cost £'000	Financial liabilities at amortised cost £'000	Financial liabilities at amortised cost £'000
Liabilities as per statement of financial position				
Trade and other payables excluding statutory liabilities	**1,401**	1,181	**113**	1,821
Deferred consideration	**–**	174	**–**	174
	1,401	1,355	**113**	1,995

The Group's financial liabilities are all due within three months of the balance sheet date and it does not have any borrowings or payables on demand which would increase the risk of Group not holding sufficient reserves for repayment.

The principal current asset of the business is cash and cash equivalents, therefore it is the principal financial instrument employed by the Group. The Directors ensure that the business maintains surplus cash reserves to minimise any liquidity risk.

Financial instruments are measured at amortised cost.

MARKET RISK

INTEREST RATE RISK MANAGEMENT

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group operates an interest rate policy designed to optimise interest costs and reduce volatility in reported earnings.

The Group does not have any committed interest bearing borrowing facilities. Consequently, there is no material exposure to interest rate risk in respect of financial liabilities.

The Group holds all cash and cash equivalents with institutions with a recognised high rating. Interest rates on current accounts are floating. Changes in interest rates may increase or decrease the Group's finance income.

FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's overseas operating activities, primarily denominated in U.S. Dollars, Euro and Swiss Franc and the Group's net investments in foreign subsidiaries. The Group's exposure to foreign currency changes for all other currencies is not material.

At present, the Group does not make use of financial instruments to minimise any foreign exchange gains or losses so any fluctuations in foreign exchange movements may have a material adverse impact on the results from operating activities. However the Group does seek to minimise the exposure to such risk by matching local currency income with local currency costs where possible. The Group will also use financial instruments to minimise foreign exchange fluctuations where it is appropriate to do so.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 30 September are as follows:

	Group		Company	
US Dollar exposure	**As at 30 September 2017 USD'000**	As at 30 September 2016 USD'000	**As at 30 September 2017 USD'000**	As at 30 September 2016 USD'000
Balance at end of period				
Monetary assets	**894**	1,124	**–**	–
Monetary liabilities	**(28)**	(53)	**–**	–
Total exposure	**866**	1,071	**–**	–

	Group		Company	
Euro exposure	**As at 30 September 2017 EUR'000**	As at 30 September 2016 EUR'000	**As at 30 September 2017 EUR'000**	As at 30 September 2016 EUR'000
Balance at end of period				
Monetary assets	**565**	353	**–**	–
Monetary liabilities	**(126)**	(7)	**–**	–
Total exposure	**439**	346	**–**	–

	Group		Company	
Swiss Franc exposure	**As at 30 September 2017 CHF'000**	As at 30 September 2016 CHF'000	**As at 30 September 2017 CHF'000**	As at 30 September 2016 CHF'000
Balance at end of period				
Monetary assets	**146**	79	**–**	–
Monetary liabilities	**(124)**	(47)	**–**	–
Total exposure	**22**	32	**–**	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT CONTINUED

FOREIGN CURRENCY SENSITIVITY ANALYSIS

As at 30 September 2017, the sensitivity analysis assumes a +/-10% change of the USD/GBP, EUR/GBP and CHF/GBP exchange rates which represents management's assessment of a reasonably possible change in foreign exchange rates (2016: 10%). The sensitivity analysis was applied on the fair value of financial assets and liabilities.

If Sterling had been 10% (2016: 10%) weaker in relation to the U.S. Dollar, Euro and Swiss Franc then the impact would have been as follows:

	Group			
	£'000 USD	£'000 EUR	£'000 CHF	£'000 Total
Year ended 30 September 2017	**(59)**	**(35)**	**(2)**	**(96)**
Year ended 30 September 2016	(75)	(27)	(2)	(104)

If Sterling had been 10% (30 September 2016: 10%) stronger in relation to the U.S. Dollar, Euro and Swiss Franc then the impact would have been as follows:

	Group			
	£'000 USD	£'000 EUR	£'000 CHF	£'000 Total
Year ended 30 September 2017	**72**	**43**	**2**	**117**
Year ended 30 September 2016	92	33	4	227

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

There is no material difference between the fair value and the carrying values of the financial instruments because of the short maturity period of these financial instruments or their intrinsic size and risk.

CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's financial assets are cash and cash equivalents and trade and other receivables. The carrying value of these assets represents the Group's maximum exposure to credit risk in relation to financial assets. The Group makes appropriate enquiries of the counterparty and independent third parties to determine credit worthiness. The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

The Group's policy is to minimise the risks associated with cash and cash equivalents by placing these deposits with institutions with a recognised high rating.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group continually reviews customer credit limits based on market conditions and historical experience. Note 16 in the consolidated financial statements sets out the impairment provision for credit losses on trade receivables and the ageing analysis of overdue trade receivables.

CAPITAL RISK MANAGEMENT

The Group considers capital to be shareholders' equity as shown in the consolidated statement of financial position, as the Group is primarily funded by equity finance and is not yet in a position to pay a dividend. The Group had no borrowings at 30 September 2017.

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and for other stakeholders. In order to maintain or adjust the capital structure the Group may return capital to shareholders and issue new shares.

24. RELATED PARTY TRANSACTIONS

GROUP

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management compensation is disclosed in note 9 of the consolidated financial statements. Director emoluments are disclosed in the Directors' Remuneration Report.

During the year ended 30 September 2017, the Group sold project management services totalling £nil (2016: £39,000) to University College London Business plc, a shareholder. The amount owed by University College London Business plc at 30 September 2017 was £nil (2016: £5,700).

During the year ended 30 September 2017, the Group purchased services totalling £30,000 (2016: £34,000) from University College London Business Plc, a shareholder. The amount owed to University College London Business Plc at 30 September 2017 was £6,000 (2016: £2,000).

During the year ended 30 September 2017, the Group purchased services totalling £1,000 (2016: £nil) from King's College London, a shareholder. The amount owed to King's College London at 30 September 2017 was £nil (2016: £nil).

During the year ended 30 September 2017, the Group was charged £7,000 (2016: £10,000) from Imperial Innovations Businesses LLP, a shareholder in respect of a joint intellectual property licence agreement. The amount owed to Imperial Innovations Businesses LLP at 30 September 2017 was £nil (2016: £nil).

During the year ended 30 September 2017, the Group was charged monitoring fees totalling £16,000 (2016: £1,000) from IP Group plc, a shareholder. The amount owed to IP Group plc at 30 September 2017 was £nil (2016: £nil).

COMPANY

The Company is responsible for financing and setting Group strategy. The Company's subsidiaries carried out the Group's research and development strategy, employed all the staff including the Executive Directors and managed the Group's intellectual property. The Company provides interest bearing and unsecured funding to its subsidiaries with no fixed date of repayment. The Company manages the Group's funds and makes payments, including managing the payments of the Company.

During the year ended 30 September 2017, the Company has been charged £335,000 (2016: £260,000) for corporate services provided by subsidiary undertakings. Details of the inter-company balances can be found on the face of the Company statement of financial position.

NOTES

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