DXS International plc

Company No 6311313

ANNUAL REPORT 2016

YEAR ENDED APRIL

CONTENTS

CHAIRMAN'S REPORT

We are pleased to report that the year ending April 2016 has again seen a number of significant achievements.

- Revenue grew by 20% compared with 2015.
- Three of DXS's R&D projects have now reached Pilot phase. These are the Personal Care Record, the Interactive Patient Care Pathway and the DXS Referral Management solution.
- New partnerships and collaborations are being formed with providers of additional healthcare functionality. These include the provider of the Personal Care Record, the provider of the Patient Care Pathway, the provider of Medical Devices that integrate into the Personal Care Record, and Kinesis, a solution that enables Consultants to provide virtual opinions on patients on behalf of GPs.
- DXS Point of Care, our generic solution, delivers considerable ROI for its clients: one study showed a £2.7 million reduction in referral costs achieved over a twelve month period.

Revenue grew from £2,723,762 at 30 April 2015 to £3,255,081 at 30 April 2016, a year on year increase of 20%. Currently, we have 40 CCG clients representing 1250 practices. While CCG numbers have increased, practice numbers are declining. This is due to an NHS initiative to encourage smaller practices to merge. In addition, our planned growth has been hampered by the NHS cutting allocated budgets for GPSoC subsidiary solutions and our expectations of future growth from this area are therefore reduced.

To mitigate the NHS budget cuts, DXS is focusing on accessing new revenue sources coupled with new and innovative solutions. These are:

- Personal Care Record – The personal care record enables a patient to enrol via DXS Point of Care in a GP Practice which will provide the patient with full access to their medical records via an app on their mobile device. The system will automatically detect, for example, that a patient is a diabetic and then send the patient reminders for requisite tests such as blood pressure checks, foot health checks etc that become due. This is in line with NHS priorities and a new budget of £40 million has been made available to CCG's beginning in 2017 to fund a Diabetes initiative.
- Personal Care Pathway – DXS has been working on this solution for approximately three years. This is a complex algorithmic engine that will assess a patient in relation to a recommended treatment protocol and alert clinicians of actions to implement to ensure treatment compliance.
- DXS Referral Management solution – This is an enhancement to the existing DXS Point of Care referring functionality. This area is high on the NHS agenda and DXS are about to pilot our new referring workflow solution. As noted above, the existing payback for users is exceptional and the enhancement will reduce unnecessary referrals to an even greater extent.
- DXS Innovation – This is an initiative where various medical devices are integrated with the Patient's personal care record providing valuable data, such as blood pressure, seamlessly into the patient's personal care record.
- DXS has during the past year ensured that it meets the required levels of conformance which include customer support, content management, clinical safety and disaster backup and management.

Our cash position remains positive and at the year end, cash at bank stood at £315,000

The audited profit for the year ending 30 April 2016 is £219,089 including the remaining once only write off of £54,000 due to a management share option issue (see Directors Report for more information on this item).

While NHS cuts have seen the company's revenue growth slowed, to an estimated 10% for the year ending April 2017, the Company is actively seeking new sources of revenue for continued growth. An example is our recent submission of a tender for the LPP (London Partnership Program) which should be complete by November 2016.

I particularly want to thank all DXS staff for their ongoing effort and contribution to ensuring that DXS has achieved FRA and in parallel grown the revenue by a significant margin.

Yours sincerely,

Bob Sutcliffe
Chairman

DIRECTORS

Dr Robert Sutcliffe (65) – Non-Executive Chairman

Bob Sutcliffe is a Chartered Accountant who has strong financial and leadership skills, developed in both public and private sectors. His roles have included Finance Director, Commercial Director, Managing Director, Chief Executive and Chairman. More recently he has used his experience as an interim executive, managing change processes and turnaround.

David Immelman (60) - Founder & CEO

David is the founder of DXS. An entrepreneur by nature, David has initiated a number of businesses in the information, technology and communication sectors. He was a founding member of a diverse South African communication group with a range of media subsidiaries and holdings. For the past 11 years, David has dedicated himself to building DXS.

Steven Bauer (44) - Sales Director

Following his various Sales Management roles, Steven joined DXS at its inception. Steven trained in the life sciences, is a holder of the CIM Professional Postgraduate Diploma in Marketing and Pharma Mini-MBA, and manages the UK business. Steven has built DXS UK from inception to its position today, including managing relationships with clinical system suppliers, content providers and all UK customers. Steven brings significant experience in pharmaceutical promotion and electronic media to the DXS group.

ADVISORS AND BANKERS

Secretary and Registered Office

Colin Morgan
119 St Mary's Road
Market Harborough
Leicestershire
LE16 7DT

Auditors

LDP Luckmans
1110 Elliot Court
Coventry Business Park
Herald Avenue
Coventry
CV5 6UB

Business and Trading Address

Wrecclesham House
Wrecclesham Road
Farnham
Surrey
GU10 4PS

Solicitors

Kidd Rapinet
Walsingham House
35 Seething Lane
London
EC3N 4AH

Corporate Advisors

City and Merchant
Salisbury House
29 Finsbury Circus
London
EC2M 5QQ

Bankers

National Westminster Bank plc
1 Princes Street
London
EC2R 5PA

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30 April 2016. The Chairman's statement which is included in this report includes a review of the achievements of the Company, the trading performance, financial position and trading prospects.

Directors

The directors for the year were:

D Immelman – CEO
S Bauer – MD
B Sutcliffe – Chair

Principal Activities

The group's principal activities during the period were the development and distribution of clinical decision support to General Practitioners, Nurses and Retail Pharmacies in the United Kingdom and South Africa. The commercial side included the licensing of DXS to various CCG's, the sale of e-detailing opportunities to the pharmaceutical industry, the UK Primary Care sector and the licensing of DXS technology to healthcare publishers.

Principal Risks

Failure to achieve predicted quantities of DXS contracts, particularly due to NHS budget cuts, and slower development of additional revenue streams may result in revenues growing more slowly than anticipated.

Financial Instruments

At this stage the Group is not faced with risk relating to interest rates on loans, credit and liquidity.

Dividend

The Directors do not recommend a dividend.

Research and Development

The Company continues to invest into research and development both local and internationally. With the rapid emergence of CCGs in the UK healthcare sector and their requirement to achieve billions of pounds of savings, the demands of CCG's for DXS to design and create new solutions to achieve this is on-going. Each newly developed product represents additional revenue streams for the Company.

Directors' Responsibilities

The directors are responsible for preparing the financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether UK accounting principles have been followed subject to any material departures disclosed and explained in the financial statements and,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in the business.

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

The directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board and signed on its behalf by:

DA Immelman

Director

28 September 2016

STRATEGIC REPORT

Review of the Company's Business

The Company has managed to grow revenues from £2,723,762 at April 2015 to £3,255,081 in April 2016, a significant rise of 20% over a two-year period. This was attributed to increasing our CCG customers combined with our Pharmaceutical revenue.

The Company managed a profit of £219,089 even after the write off of £54,000 for a "share option valuation". This charge has been provided in terms of current Accounting Standards.

After significant investment of our limited resources it has been frustrating to have the NHS cut budgets for the GPSOC initiative. However the company has been seeking alternate funding sources for its offering to the UK healthcare market.

While the foregoing has resulted in slower than expected revenue growth, management are optimistic about new opportunities going forward.

Description of Principle Risks and Uncertainties

The principle risk is that a competitor provides the market with a superior Clinical Decision Support Solution and takes market share from DXS. To mitigate this risk DXS continually meets the dynamic needs of its customers through a program of R&D.

A second risk is that of CCG budgets drying up.

Analysis of Business during Year Ending April 2016

Sales growth of 20% was as projected. Prospects for the year ending April 2017 are looking to be less than anticipated due to NHS budget cuts. The company is still waiting for GPSOC to provide DXS with access to a compliant API which will add in excess of £100,000 to our bottom line! The reason is that we still are but not meant to be paying Clinical Systems royalties for access to the patient records.

The staff headcount continues to be maintained at approximately 80. The only expected additional staff will be directly linked to new sales and product lines.

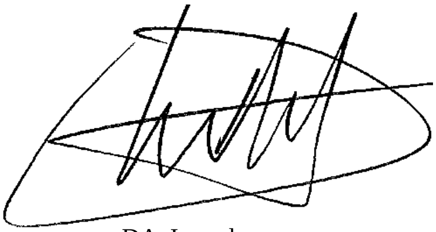
During the past year the Company continues to meet its obligations in terms of its systems and robustness, dictated by NHS requirements. This should continue to offer any customer, whether in the UK or globally, the confidence that DXS is able to deliver a high quality of service and solution and thus provide complete peace of mind.

Financial KPI

- Group Revenue £2,723,762 an increase of 20%. Definition: Total Group sales including distribution of clinical decision support to General Practitioners and the licensing of DXS to CCGs and healthcare publishers.
- Underlying Group Profit After Tax £219,089 on a par with the previous year. A required write off of £54,000 for a management share option valuation has been deducted at arriving at the profit- Definition: Underlying profit provides information on the underlying performance of the business adjusting for either income or charges which are both one off or significant.
- Earnings Per Share 2016 0.7p, 2015 0.9p. Definition: Earnings per share is the underlying profit divided by the average number of ordinary shares in issue.

- ROCE 2016 13%, 2015 18%. Definition: Return on capital employed (ROCE) is the ratio of net operating profit of a company to its capital employed. It measures the profitability of a company by expressing its operating profit as a percentage of its capital employed.

Approved by the board and signed on its behalf by:



DA Immelman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DXS INTERNATIONAL PLC

We have audited the financial statements of DXS International PLC for the year ended 30 April 2016 on pages eleven to twenty-nine. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of director and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Steven Twigger FCCA ACA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
1110 Elliott Court
Coventry Business Park
Herald Avenue
Coventry
West Midlands
CV5 6UB

Date: 28 September 2016

FINANCIAL STATEMENTS

Income Statement for the Year Ended 30 April 2016

	Note	2016 Continuing Operations £	2015 Continuing Operations £
Turnover	2	3,255,081	2,723,762
Cost of sales		(517,991)	(461,608)
Gross Profit		2,737,090	2,262,154
Administration costs		(2,612,286)	(2,092,782)
Provision for share option costs	6	(54,000)	(108,580)
Operating profit	3-5	70,804	60,792
Interest received and similar income		2,403	2,170
		73,207	62,962
Interest payable and similar expenses	7	(27,271)	(35,477)
Profit on ordinary activities before taxation		45,936	27,485
Tax on profit on ordinary activities	8	173,153	272,290
Profit for the year		219,089	299,775
Profit per share-	21		
- basic		.7p	.9p
- fully diluted		.6p	.7p

Statement of Other Comprehensive income for the Year Ended 30 April 2016

	2016	2015
	£	£
Profit for the year	219,089	299,775
Tax on components of other comprehensive income	-	-
	---------------	---------------
Total comprehensive income for the year	219,089	299,775
	=========	=========

Statement of Financial Position for the Year Ended 30 April 2016

	Notes	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Fixed assets					
Intangible assets	9	2,111,147	1,868,510		
Tangible assets	10	11,650	22,132		
Investments	11	-	-	1,310,696	1,077,528
		2,122,797	1,890,642	1,310,696	1,077,528
Current assets					
Debtors: amounts falling due within one year	12	1,592,310	1,153,954	60,948	47,650
Cash at bank and in hand		315,049	480,928	82,517	287,897
		1,907,359	1,634,882	143,465	335,547
Creditors: amounts falling due within one year	13	(1,197,623)	(1,273,960)	(17,856)	(21,778)
Net current assets		709,736	360,922	125,609	313,769
Total assets less current liabilities		2,832,533	2,251,564	1,436,305	1,391,297
Creditors					
Amounts falling due after more than one year	14	(94,849)	(242,128)	-	-
Accruals and Deferred income	15	(1,070,844)	(665,081)	-	-
		1,666,840	1,344,355	1,436,305	1,391,297
Capital and reserves					
Called up share capital	16	110,174	108,592	110,174	108,592
Share premium	17	1,639,523	1,591,709	1,639,523	1,591,709
Provision for costs of share option awards		162,580	108,580	162,580	108,580
Retained earnings	18	(245,437)	(464,526)	(475,972)	(417,584)
Shareholders' funds		1,666,840	1,344,355	1,436,305	1,391,297

The financial statements were approved and authorised for issue by the Board on

Signed on behalf of the board of directors

DA Immelman
Director
28th September 2016

S Bauer
Director
28th September 2016

Statement of Changes in Equity for the Year Ended 30 April 2016

Group

	Called- up share capital £	Retained earnings £	Share premium £	Provision for costs of share options £	Total £
At 1 May 2014	108,518	(764,301)	1,584,047	-	928,264
Share issue	74	-	7,662	-	7,736
Cost of share options				108,580	108,580
Profit for the year	-	299,775	-	-	299,775
At 30 April 2015	108,592	(464,526)	1,591,709	108,580	1,344,355
Share issue	1,582	-	47,814	-	49,396
Cost of share options				54,000	54,000
Profit for the year	-	219,089	-	-	219,089
At 30 April 2016	110,174	(245,437)	1,639,523	162,580	1,666,840

Company

	Called- up share capital £	Retained earnings £	Share premium £	Provision for costs of share options £	Total £
At 1 May 2014	108,518	(383,245)	1,584,047	-	1,309,320
Share issue	74	-	7,662	-	7,736
Cost of share options	-	-	-	108,580	108,580
Profit for the year	-	(34,339)	-	-	(34,339)
At 30 April 2015	108,592	(417,584)	1,591,709	108,580	1,391,297
Share issue	1,582	-	47,814	-	49,396
Cost of share options	-	-	-	54,000	54,000
Profit for the year	-	(58,388)	-	-	(58,388)
At 30 April 2016	110,174	(475,972)	1,639,523	162,580	1,436,305

Statement of Cash Flows for the Year Ended 30 April 2016

	Note	Group 2016 £	Group 2015 £
Cash flow from operating activities	19	310,929	179,461
Interest paid		(27,271)	(35,477)
Interest received		2,403	2,170
Taxation received		247,003	86,585
		---------------	---------------
Net cash flow from operating activities		533,064	232,739
Cash flow from investing activities			
Payments to acquire intangible fixed assets		(557,311)	(577,378)
Payments to acquire tangible fixed assets		(1,502)	(13,220)
		---------------	---------------
		(558,813)	(590,598)
		--------------	--------------
Cash flow from investing activities			
Proceeds from issue of shares		49,396	7,736
Receipts from short term loans		-	417,018
Repayment of short term loans		(18,117)	-
Repayment of long term loans		(171,409)	(150,985)
		---------------	---------------
		(140,130)	273,769
		---------------	---------------
Net (decrease)/ increase in cash and cash equivalents		(165,879)	(84,090)
Cash and cash equivalents at 1 May 2015		480,928	565,018
		---------------	---------------
Cash and cash equivalents at 1 May 2016		315,049	480,928
		=========	=========
Cash and cash equivalents consists of:			
Cash at bank and in hand		315,049	480,928
		=========	=========

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

1. Summary of significant accounting policies

a) General information and basis of preparation.

DXS International PLC is a public company limited by shares incorporated in England and Wales. The address of the registered office is given in the company information on Page 1 of these financial statements.

The group's principal activities during the year were the development and distribution of clinical decision support to General Practitioners, Nurses and Retail Pharmacies in the United Kingdom and South Africa. The commercial side includes the licensing of DXS products to various CCGs , the sale of e-detailing opportunities to the pharmaceutical industry, the UK Primary Care sector and the licencing of DXS technology to healthcare publishers.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The company adopted FRS 102 in the current year and an explanation of how transition to FRS 102 has affected the reported finance position and performance is given in note 25

b) Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

Research and development expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Goodwill arising on business combinations is capitalised, classed as an asset on the balance sheet and amortised over its useful life. The period chosen for writing off goodwill is 20 years. The reason for choosing this period is because the directors believe that this is the period of time for the benefit to be received.
Intangible assets are amortised over a straight line basis over their useful lives. The useful lives of intangible assets are as follows:

Intangible type	**Useful life**	**Reasons**
Development expenditure	5 years from the date that the specific product is completed and available for distribution	Period of time for benefit to be received
Goodwill	20 years from acquisition of goodwill	Period of time for benefit to be received

c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and equipment 3-4 years straight line

d) Debtors and creditors receivable/ payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administration expenses

e) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently they are measured at amortised cost using an effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

f) Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event. It is probable that an outflow of economic benefit will be required in settlement and the amount can be reliably estimated.

g) Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

h) Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policy adopted for the recognition of turnover is as follows:

i) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

The company's principal activities during the year were the development and distribution of clinical decision support to General Practitioners, Nurses and Retail Pharmacies in the United Kingdom and South Africa. The commercial side includes the licensing of DXS products to various CCGs, the sale of e-detailing opportunities to the pharmaceutical industry, the UK Primary Care sector and the licencing of DXS technology to healthcare publishers.

j) Employee benefits

When employees have rendered service to the company, short term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

FRS 102 requires that a provision for holiday pay is provided in the annual accounts. This provision, not previously made, was included as an adjustment in the 2015 accounts as provided in terms of the transitional rules of FRS 102.

k) Leases

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

2. Turnover

The analysis of turnover by activity and geographical area is as follows:

	Group 2016 £	Group 2015 £
Sale of goods	3,255,081	2,723,762
	=========	=========
United Kingdom	3,236,205	2,710,368
Republic of South Africa	18,876	13,394
	=========	=========

3. Profit before taxation

Profit before taxation is stated after charging:

	Group 2016 £	Group 2015 £
Auditors remuneration for the audit of the company's		
- parent and consolidated audit	1,000	1,000
- subsidiary companies	19,231	20,196
Other auditors remuneration fees for audit of		
overseas subsidiary company	1,443	1,600
Depreciation of fixed tangible assets	11,984	11,001
Amortisation of intangible fixed assets		
- deferred development expenditure	286,169	171,667
- other intangible fixed assets	28,505	28,505
Research and development	400,000	330,000
Payments made under operating leases	71,677	70,100
Loss/ (gain) on foreign exchange	(7,225)	8,412
	=========	=========

4. Directors' remuneration

	Group 2016 £	Group 2015 £
Remuneration	148,660	129,362
	=========	=========

Consultancy fees amounting to £69,700 (2015 - £85,160) were paid to service companies owned by Directors.

5. Staff costs

The average monthly number of employees, including directors, during the year was:

	Group 2016 Number	Group 2015 Number
Management and administration	24	16
Development	41	30
Sales	6	3
	=========	=========

The aggregate remuneration of such employees was as follows:

	Group 2016 £	Group 2015 £
Wages and salaries	1,254,727	1,014,147
Social security	96,481	65,227
Other pension costs	1,907	-
	---------------	---------------
	1,353,115	1,079,374
	=========	=========

Of this amount £103,750 (2015- 3101,885) was attributable to development expenditure

6. Provision for costs of Share option awards

	Group 2016 £	Group 2015 £
Costs calculated to be attributable to the share option awards during the year	54,000	108,580
	=========	=========

7. Interest and other finance income and expenses

Interest payable and similar expenses

	Group 2016 £	Group 2015 £
On bank overdrafts and loans	6,647	8,877
On other loans	20,624	26,600
	---------------	---------------
	27,271	35,477
	=========	=========

8. Tax

Tax on profit

	Group 2016 £	Group 2015 £
Current tax		
Prior year	-	304
Research and Development Tax credit		
Current tax	160,000	170,628
Adjustment in respect of previous period	13,153	101,444
Overseas tax on profits for the year	-	(86)
Tax on profit	173,153	272,290

Reconciliation of tax charge

The difference between the tax on profit and the profit before tax multiplied by the applicable rate of corporation tax in the UK is reconciled below:

	Group 2016 £	Group 2015 £
Profit before tax	45,936	27,485
Profit multiplied by standard rate of corporation tax		
in the UK of 20% (2015 - 22%)	9,188	6,047
Expenses not deductible for tax purposes at standard	-	-
rate of corporation tax	5,801	5,664
Tax on timing differences at standard rate of corporation tax		18,870
Depreciation in excess of capital allowances	38,315	
Research and development tax credit	(218,609)	(188,625)
Research and development tax credit -Prior year	(13,153)	(101,444)
Prior year adjustment	-	(304)
Overseas tax	(32)	86
Transition to FRS 102	(6,240)	(12,584)
Losses carried forward	11,577	--
Tax on profit on ordinary activities	(173,153)	(272,290)

Company

No tax was provided by the company as it had a tax loss of £4,388 for the year

9. Intangible fixed assets – group

	Goodwill	Deferred development expenditure	Total
	£	£	£
Cost			
At 1 May 2015	570,104	1,940,841	2,510,945
Additions	-	557,311	557,311
At 30 April 2016	570,104	2,498,152	3,068,256
Depreciation			
At 1 May 2015	219,726	422,709	642,435
Charge for the year	28,505	286,169	314,674
At 30 April 2016	248,231	708,878	957,109
Net book value			
30 April 2016	321,873	1,789,274	2,111,147
30 April 2015	350,378	1,518,132	1,868,510

10. Tangible fixed assets - group

	Plant and Equipment
	£
Cost	
At 30 April 2015	98,981
Additions	1,502
At 30 April 2016	100,483
Depreciation	
At 30 April 2015	76,849
Charge for the year	11,984
At 30 April 2016	88,833
Net book value	
30 April 2016	11,650
30 April 2015	22,132

11. Investments

Subsidiary undertakings

	Company 2016	Company 2015
	£	£
Cost		
At 30 April 2015	1,077,528	1,001,281
Loans from subsidiaries	233,168	76,247
At 30 April 2016	1,310,696	1,077,528

The subsidiary companies are –

	Class of Share	Percentage held and voting rights	Activities
DXS (UK) Limited	Ordinary	100%	Distribution, integration and maintenance of computer software
DXS Services Limited	Ordinary	100%	Dormant
DXS (SA) Proprietary Limited (Incorporated in the Republic of South Africa)	Ordinary	100%	Development, maintenance and distribution of computer software
DXS Solutions Limited	Ordinary	100%	Distribution, integration and maintenance of computer software

The subsidiary undertakings were acquired during 2008 other than the investment in DXS (SA) which was acquired in 2010 and DXS Solutions in 2012

12. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade Debtors: amounts falling due within one year	1,210,536	703,447	-	-
Amounts falling due within one year by group	111,036	85,842		
Research and development tax credit	160,000	233,850	-	
Prepayments and accrued income	110,738	130,815	58,093	44,653
VAT	-	-	2,855	2,997
	1,592,310	1,153,954	60,948	47,650

Included within trade debtors are balances totalling £1,209,362 (2015 - £692,949) that are subject to factoring arrangements. The trade debtor balances have been transferred to the counterparty, though the transaction does not qualify for derecognition on the basis that the reward is retained by the company. The associated liability recognised in creditors amounts to £398,901 (2015 - £417,018)

13. Creditors: amounts falling due within one year.

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loan secured over trade debtors	398,901	417,018	-	-
Loans payable within one year	149,870	174,000	-	-
Trade creditors	218,865	222,182	15,155	19,077
Other tax and Social security	38,434	29,045	-	-
Other creditors	246,714	130,302	-	-
Accruals	144,839	301,413	2,701	2,701
	1,197,623	1,273,960	17,856	21,778

14. Creditors: amounts falling due after more than one year.

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loan	21,560	33,060	-	-
Loan	-	135,779	-	-
Other creditors	73,289	73,289	-	-
	94,849	242,128	-	-

The loan is repayable at £17,000, including interest, per month. Interest is payable at 4% pa.

The Other loan bears interest at 2.0% pa above base rate and is repayable at £500 per month.

15. Accruals and deferred income

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Receivable in respect of future periods	1,070,844	665,081	-	-

16. Share capital

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Allotted, called up and fully paid 33,396,416 (2015 - 32,916,416) ordinary shares of £0.0033 each	110,174	108,592	110,174	108,592

The company issued 480,000 ordinary shares on 30 April 2016. 400,000 of these shares were issued at a price of 10p per share and 80,000 were issued at a price of 15p per share

City and Merchant have warrants of 592,902 ordinary shares at an exercise price of £0.26p. per share. The warrant was granted on 31 July 2008 and was exercisable at their discretion within five years from the date of issue and has been extended for a further five years.

Messrs D Immelman & S Bauer have each been granted an option to purchase 923,077 shares at an exercise price of £0.13p subject to performance targets being achieved.

Messrs D Immelman & S Bauer were each granted an option on 1 May 2013 to purchase 1,000,000 shares at an exercise price of £0.20p subject to performance targets being achieved. 704,615 of these options were surrendered by each director on 27 June 2014.

Mr R K Sutcliffe was granted an option on 27 June 2014 to purchase 900,000 shares at an exercise price of 25p per share.

Messrs D Immelman & S Bauer were each granted an option on 27 June 2014 to purchase 704,615 shares at an exercise price of 20p per share.

Messrs D Immelman & S Bauer were each granted an option on 4 September 2014 to purchase 250,000 shares at an exercise price of 25p per share.

Messrs D Immelman & S Bauer were each granted an option on 4 September 2014 to purchase 250,000 shares at an exercise price of 55p per share.

There were 6,339,856 (2015 – 6,339,856) options remaining outstanding at 30 April 2016.

The directors consider, that in respect of the share options granted during the period, that

- that the average fair value of the options has been calculated at a value of 20p per share at June and September 2014
- the Black Scholes calculator was used as the option pricing model. The weighted average share price was 24.75p, the exercise price is between 20p, and 55p, the expected volatility rate used is 30%, the risk free interest rate used is 2.0%. It is not expected that any dividends will be paid during the period. In calculating the fair value, the directors based their calculations on an option life of 2 years.
- The Volatility was calculated using the Adam Greene Volatility method. The weekly share price was used over an historic 104 weeks which period the directors consider reasonable.
- In order to provide fair value, even though market conditions have improved, the directors were comfortable to increase the volatility to the 30% above.

17. Share premium

	Company and Group 2016 £	**Company and Group 2015 £**
At 1 May 2015	1,591,709	1584047
Arising from share issue	47,814	7,662
	---------------	---------------
At 30 April 2016	1,639,523	1,591,709
	=========	=========

18. Retained earnings

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments

	Group 2016 £	**Group 2015 £**	**Company 2016 £**	**Company 2015 £**
At 1 May 2015	(464,526)	(764,301)	(417,584)	(383,245)
Profit after tax	219,089	299,775	(58,388)	(34,339)
At 30 April 2016	(245,437)	(464,526)	(475,972)	(417,584)

19. Reconciliation of profit to cash flow from operating activities

	Group 2016 £	**Group 2015 £**
Profit for the year	219,089	299,775
Tax on profit on ordinary activities	(173,153)	(272,290)
Interest paid	27,271	35,477
Interest received	(2,403)	(2,170)
Operating profit	70,804	60,792
Depreciation of tangible fixed assets	11,984	11,001
Amortisation of intangible fixed assets	314,674	200,172
Provision for share options	54,000	108,580
(Increase)/ Decrease in debtors	(512,206)	(126,740)
Increase/ (Decrease) in creditors	(34,090)	42,720
Increase in deferred income and accruals	405,763	(117,064)
Cash flow from operating activities	310,929	179,461

20. Related party transactions

The company has taken advantage from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared

Consultancy fees amounting to £69,700 (2015 - £85,160) were paid to service companies owned by Directors.

A subsidiary company had advanced £2,300 to a director at 30 April 2016 (2015 - £Nil)

21. Profit per share

Basic

The Basic profit per share in the period ended 30 April 2016 is calculated by dividing the consolidated profit of £219,809 attributable to equity holders in the company by the weighted average number of ordinary shares in issue during the period of 32,916,418 £0.0033 shares

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive shares in issue for the period. There were 6,339,856 (2015 - 6,339,856) potential dilutive ordinary shares in issue during the period

22. Financial commitments

Leasing arrangements

	Non- cancellable operating leases 2016 £	**Non- cancellable operating leases 2015 £**
Within one year	55,956	71,677
Between one and five years	52,959	92,430
	108,915	164,107

23. Control

The directors consider that there is no ultimate controlling party

These group accounts are available to the public from City and Merchant, Salisbury House, 29 Finsbury Circus, London EC2M 5QQ.

24. Reconciliation of Equity

1 May 2014 (date of transition to FRS 102)

	UK GAAP	Effect of transition to FRS 102	FRS 102
	£	£	£
Fixed assets			
Intangible assets	2,492,104	(1,000,800)	1,491,304
Tangible assets	19,913		19,913
	2,512,017	(1,000,800)	1,511,217
Current assets			
Debtors	841,509		841,509
Cash at bank and in hand	565,018		565,018
	1,406,527	0	1,406,527
Creditors: amounts falling due within one year	(1,328,682)	(31,200)	(1,359,882)
Net current assets	77,845	(31,200)	46,645
Total assets less current liabilities	2,589,862	(1,032,000)	1,557,862
Creditors: amounts falling due after more than one year	(393,113)		(393,113)
Accruals and Deferred income	(236,485)		(236,485)
	1,960,264	(1,032,000)	928,264
Capital and reserves			
Called up share capital	108,518		108,518
Share premium	1,584,047		1,584,047
Retained earnings	267,699	(1,032,000)	(764,301)
Shareholders' funds	1,960,264	(1,032,000)	928,264

There has been a change in the basis of the amortisation of the Computer software owned by the company. The Board considers that the software has no tangible value and has taken advantage of the transitional rules under the terms of FRS 102 to reduce the carrying value to £Nil.

Reconciliation of Equity 30 April 2015	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Fixed assets			
Intangible assets	2,812,110	(943,600)	1,868,510
Tangible assets	22,132		22,132
	2,834,242	(943,600)	1,890,642
Current assets			
Debtors	1,153,954	---	1,153,954
Cash at bank and in hand	480,928	---	480,928
	1,634,882	0	1,634,882
Creditors: amounts falling due within one year	(1,242,760)	(31,200)	(1,273,960)
Net current assets	392,122	(31,200)	360,922
Total assets less current liabilities	3,226,364	(974,800)	2,251,564
Creditors: amounts falling due after more than one year	(242,128)	___	(242,128)
Accruals and Deferred income	(665,081)	___	(665,081)
	2,319,155	(974,800)	1,344,355
Capital and reserves			
Called up share capital	108,592	____	108,592
Share premium	1,591,709	____	1,591,709
Provision for costs of share option award	108,580	____	108,580
Retained earnings	510,274	(974,800)	(464,526)
Shareholders' funds	2,319,155	(974,800)	1,344,355

Reconciliation of Profit for the year ended 30 April 2015

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Turnover	2,723,762	-	2,723,762
Cost of sales	(461,608)	-	(461,608)
Gross Profit	2,262,154	-	2,262,154
Administration costs	(2,149,982)	57,200	(2,092,782)
Provision for costs of share option awards	(108,580)		(108,580)
Operating profit	3,592	57,200	60,792
Interest received and similar income	2,170	-	2,170
Interest payable and similar expenses	(35,477)	-	(35,477)
Profit on ordinary activities before taxation	(29,715)	57,200	27,485
Tax on profit on ordinary activities	272,290	-	272,290
Profit for the year	242,575	57,200	299,775