DX International plc

ANNUAL REPORT 2017

YEAR ENDED APRIL

COMPANY NO 6311313

CONTENTS

CHAIRMAN'S REPORT

The year 2016-2017 has been a challenging year with continuing uncertainty and changes within the NHS resulting in frustration for its solution providers both large and small alike. Funding restrictions caused the NHS to change the direction of the GPSoc programme, which the company was pursuing. However, the tide is changing once again.

Nevertheless, we did manage to achieve continued growth of 5% in turnover and a profit of £224,122 including investment of £704,336 on R&D. Our tendering team, a result of lessons learned during GPSoC, are aggressively monitoring tenders and as a result we have just been awarded a tender to supply three of our solutions. These include DXS PoC, MyVytalCare (our new app) and DXS Devices. During the year we also were awarded membership of the London Procurement Partnership (LPP) which has an anticipated spend of approximately £1.3 billion over three years. On 16 May 2017 DXS was notified that it had won a four-year procurement framework tender award issued by NHS Shared Services. NHS Shared Business Services is a major procurer of goods and services for and on behalf of NHS England and other public-sector organisations. DXS scored 85.75 per cent in the Lot 3 category (Technology Enabled Care) coming fourth out of 11 finalists which included multinationals such as Philips Electronics UK Ltd and iHealthLabs EUROPE SARL.

In addition our New Triage Plus solution has been running at pilot sites at one of our CCG clients and results are good. We are now receiving significant interest from additional clients to implement this exciting product

All of the foregoing is clear evidence that our vision some years ago of the direction of travel of healthcare was correct and that the considerable investment we have made in R&D has been fully justified. We are aligned and ready to capitalise on the NHS's mission of focusing on patients with Long Term Conditions and its endeavour to keep these patients compliant with best treatment evidence and protocols. Focusing on people with Long Term Conditions (LTC's) is seen as one of the key strategies for the NHS to achieve its required savings of more than £20 billion. It is these 15 million people that consume 70% of the NHS's £120 billion annual budget.

In summary, DXS is entering this market by leveraging of our existing product, DXS Point of Care and offering the following suite to help the NHS achieve their goal.

DXS have four new products aimed at reducing hospital admissions, that we have begun taking to market:

- **DXS Best Triage Plus** – We now have our first two clients that have purchased this Referral Management Solution. It is aimed at reducing unwarranted referrals and is currently running at a RMC (Referral Management Centre). Feedback is good and interest has been shown by a number of new potential customers.
- **DXS MyVytalCare** - The personal care record enables a patient to enrol via DXS Point of Care in a GP Practice which then provides the patient with full access to their medical records via an app on their mobile device. The system automatically detects, for example, that a patient is a diabetic and then sends the patient reminders for requisite tests such as blood pressure checks, foot health checks etc that become due.
- **DXS MedXPe**rt – This product places a patient onto a NICE (National Institute of Clinical Excellence) Pathway for a particular condition, eg Hypertension. Using our proprietary

algorithm, we assess a patient in relation to a recommended treatment protocol and alerts clinicians of actions to implement to ensure treatment compliance.

- **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.

To market and sell these solutions we are using a combination of digital marketing and our knowledgeable and effective sales team. To provide you with more insight into these products please go to the following links:

- http://www.dxs-systems.co.uk/in-touch-july2017.pdf
- (http://myvytalcare.com/MyVytalCare%20Intro.mp4);

While NHS cuts and changes have slowed our growth for the year ending April 2017, the Company is confident, based on the positive reception we are receiving for the above initiatives, that these new revenue streams will begin to gain traction in the coming months and years.

We are committed to providing you our loyal shareholders with improved communication and will be sending you invites to webinars from time to time where you can speak with our CEO.

I commend the DXS staff for tenaciously riding out the past storms and have faith that the next three years will be the most exciting in the company's history.

Yours sincerely,

Bob Sutcliffe
Chairman

DIRECTORS

Dr Robert Sutcliffe (66) – 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 (61) - 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 (45) - 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

Luckmans Ducket Parker Limited

1110 Elliot Court

Coventry Business Park

Herald Avenue

West Midlands

Coventry

CV5 6UB

Business and Trading Address

Wrecclesham House

Wrecclesham Road

Farnham

Surrey

GU10 4PS

Solicitors

Kidd Rapinet

29 Harbour Exchange Square

London

E14 9GE

Corporate Advisors

City & Merchant

Level 17, Dashwood House

69 Old Broad Street

London

EC2M 1QS

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 2017. 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 recent 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 locally and internationally and during this financial year have invested £704,336. With the consolidation of CCGs in the UK healthcare sector and the emergence of GP Federations and their requirement to achieve billions of pounds of savings, the need for DXS to design and create new solutions to achieve this is on-going. Each newly developed product represents additional potential 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

13th September 2017

STRATEGIC REPORT

Review of the Company's Business

The Company has managed to grow revenues from £3,255,081 at April 2016 to £3,428,632 in April 2017, a rise of 5%.

The Company managed a profit of £224,122 even after significant increased investment of £704,336 in R&D for our new product lines.

NHS budget cuts at a national level have proved frustrating, however, we are targeting alternative budgets that exist across many different levels and healthcare sectors.

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 NHS budgets drying up.

Analysis of Business during Year Ending April 2017

Sales growth of 5% was below expectations due to NHS budget cuts. The company continues to wait for GPSOC to provide DXS with access to a compliant API which will add in excess of £100,000 to our bottom line. In the interim we continue to pay the Clinical System Suppliers unnecessary royalties for access to patient records.

The staff headcount, including freelancers, is approximately 90 and this is considered sufficient for current requirements.

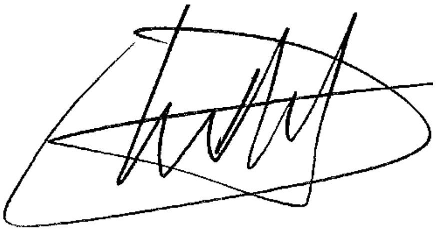
During the past year the Company continues to meet its obligations in terms of its systems and robustness, dictated by NHS requirements. This should continue to offer any customer, whether in the UK or globally, the confidence that DXS is able to deliver a high quality of service and solution and thus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

Financial KPI

- Group Revenue £3,428,632 an increase of 5%. 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 has declined slightly. 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.
- Amortisation of deferred Research and Development expenditure in 2017 was £326,895 and in 2016 £286,169.

- Earnings Per Share 2017 0.7p, 2016 0.7p. Definition: Earnings per share is the underlying profit divided by the average number of ordinary shares in issue.
- ROCE 2017 13%, 2016 13%. 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:



D 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 2017 on pages 16 to 26. 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 page 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 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 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 company's affairs as at 30 April 2017 and of its loss 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, based on the work undertaken in the course of our audit, the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Report of the Director.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

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: 13th September 2017

FINANCIAL STATEMENTS

Income Statement
Year Ended 30 April 2017

	Note	2017 Continuing Operations £	2016 Continuing Operations £
Turnover	2	3,428,632	3,255,081
Cost of sales		(468,092)	(517,991)
Gross Profit		2,960,540	2,737,090
Administration costs		(2,945,032)	(2,612,286)
Provision for share option costs	6	-	(54,000)
Operating profit	3-5	15,508	70,804
Interest received and similar income		2,642	2,403
		18,150	73,207
Interest payable and similar expenses	7	20,682	(27,271)
Profit on ordinary activities before taxation		38,832	45,936
Tax on profit on ordinary activities	8	185,290	173,153
Profit for the year		224,122	219,089
Profit per share-	21		
- basic		.7p	.7p
- fully diluted		.6p	.6p

The notes on Page 16 to Page 26 form part of these accounts

Statement of Other Comprehensive Income
Year Ended 30 April 2017

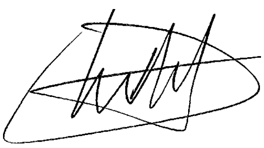
	2017	2016
	£	£
Profit for the year	224,122	219,089
Other comprehensive income	-	-
Tax on components of other comprehensive income	-	-
	---------------	---------------
Total comprehensive income for the year	224,122	219,089
	=========	=========

The notes on Page 16 to Page 26 form part of these accounts

Statement of Financial Position
Year Ended 30 April 2017

	Notes	Group 2017	Group 2016	Company 2017	Company 2016
		£	£	£	£
Fixed assets					
Intangible assets	10	2,460,085	2,111,147	-	-
Tangible assets	11	3,253	11,650	-	-
Investments	12	-	-	1,364,818	1,310,696
		--------------	--------------	--------------	--------------
		2,463,338	2,122,797	1,364,818	1,310,696
Current assets		--------------	--------------	--------------	--------------
Debtors: amounts falling due within one year	13	1,298,045	1,481,274	71,717	60,948
Debtors: amounts falling due after one year	14	96,550	111,036	-	-
Cash at bank and in hand		165,736	315,049	2091	82,517
		--------------	--------------	--------------	--------------
		1,560,331	1,907,359	73,808	143,465
Creditors: amounts falling due within one year	15	(1,044,809)	(1,197,623)	(17,872)	(17,856)
		--------------	--------------	--------------	--------------
Net current assets		515,522	709,736	55,936	125,609
		--------------	--------------	--------------	--------------
Total assets less current liabilities		2,978,860	2,832,533	1,420,754	1,436,305
Creditors					
Amounts falling due after more than one year	16	(97,849)	(94,849)	-	-
Accruals and Deferred income	17	(990,049)	(1,070,844)	-	-
		--------------	--------------	--------------	--------------
		1,890,962	1,666,840	1,420,754	1,436,305
		=========	=========	=========	=========
Capital and reserves					
Called up share capital	18	110,174	110,174	110,174	110,174
Share premium		1,639,523	1,639,523	1,639,523	1,639,523
Provision for costs of share option awards		162,580	162,580	162,580	162,580
Retained earnings		(21,315)	(245,437)	(491,523)	(475,972)
		--------------	--------------	--------------	--------------
Shareholders' funds		1,890,962	1,666,840	1,420,754	1,436,305
		=========	=========	=========	=========

The financial statements were approved and authorised for issue by the Board on
Signed on behalf of the board of directors



D Immelman
Director

S Bauer
Director

Date 13th September 2017

Company registration number: 04047663

The notes on Page 16 to Page 26 form part of these accounts

Statement of Changes in Equity
Year Ended 30 April 2017

Group

	Called- up share capital £	Retained earnings £	Share premium £	Provision for costs of share options £	Total £
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
Share issue	-	-	-	-	-
Cost of share options	-	-	-	-	-
Profit for the year	-	224,122	-	-	224,122
At 30 April 2017	110,174	(21,315)	1,639,523	162,580	1,890,962

Company

	Called- up share capital £	Retained earnings £	Share premium £	Provision for costs of share options £	Total £
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
Share issue	-	-	-	-	-
Cost of share options	-	-	-	-	-
Profit for the year	-	(15,551)	-	-	(15,551)
At 30 April 2017	110,174	(491,523)	1,639,523	162,580	1,420,754

The notes on Page 16 to Page 26 form part of these accounts

Statement of Cash Flows
Year Ended 30 April 2017

	Note	Group 2017 £	Group 2016 £
Cash flow from operating activities	18	619,399	310,929
Interest paid		(5,789)	(27,271)
Interest received		2,642	2,403
Taxation received		225,290	247,003
Net cash flow from operating activities		841,542	533,064
Cash flow from investing activities			
Payments to acquire intangible fixed assets		(704,336)	(557,311)
Payments to acquire tangible fixed assets		(631)	(1,502)
		(704,967)	(558,813)
Cash flow from investing activities			
Proceeds from issue of shares		-	49,396
Repayment of short term loans		(288,888)	(18,117)
Repayment of long term loans		-	(171,409)
Advance of long term loans		3,000	-
		(285,888)	(140,130)
Net (decrease) in cash and cash equivalents		(149,313)	(165,879)
Cash and cash equivalents at 1 May 2016		315,049	480,928
Cash and cash equivalents at 30 April 2017		165,736	315,049
Cash and cash equivalents consists of:			
Cash at bank and in hand		165,736	315,049

The notes on Page 16 to Page 26 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2017

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.

(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 specified product is completed and available for distribution	Period of time for benefit to be received

Provision is made for any impairment.

(c) Tangible fixed assets

The company capitalises items purchased as Tangible Fixed Assets which have a cost in excess of £500.

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 -

Sale of services

Turnover is from the sale of opportunities to the pharmaceutical industry and the UK Primary Care sector and is recognised over the term of service contract and is apportioned on a time basis representing the delivery of the service.

(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

(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.

(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

(l) Share option Scheme Accounting Policy

The company recognised as an expense, the fair value of share options granted over their vesting period. The fair value is calculated by applying an option pricing model

Factors affecting the model are : expected volatility, exercise price, weighted average share price, option life and risk free interest rate. In respect of options granted by the company -

- uses the Black Scholes calculator as the option pricing model,
- calculates volatility using the Adam Greene Volatility method using an average share price over the previous 104 weeks,
- the directors base their calculations on an option life of 2 years

(m) Key judgements and Key accounting estimates

There are no Key judgements or Key Accounting estimates with a material effect on the carrying value of assets and liabilities.

2 Turnover

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

	Group 2017 £	Group 2016 £
Sale of services	3,428,632	3,255,081
	=========	=========
United Kingdom	3,413,615	3,236,205
Republic of South Africa	15,017	18,876
	=========	=========

3 Profit before taxation

Profit before taxation is stated after charging:

	Group 2017 £	Group 2016 £
Auditors remuneration for the audit of the company's		
-parent and consolidated audit	1,000	1,000
-subsidiary companies	16,484	19,231
Other auditors remuneration fees for audit of overseas subsidiary company	1,500	1,443
Depreciation of fixed tangible assets	9,028	11,984
Amortisation of intangible fixed assets		
-deferred development expenditure	326,896	286,169
-other intangible fixed assets	28,502	28,505
Research and development	475,000	400,000
Payments made under operating leases	126,732	71,677
Loss (gain) on foreign exchange	(15,939)	(7,225)
	=========	=========

4 Directors' remuneration

	Group 2017 £	Group 2016 £
Directors' Remuneration	228,244	144,552
Directors' pension contributions in respect of money purchase schemes	2,349	1,907
	=========	=========
The number of directors to whom retirement benefits were accruing under money purchase pension schemes.	2	2
	=========	=========
Remuneration disclosed above includes the following amounts paid to the highest paid director:		
Remuneration for qualifying services	140,699	94,000
Company pension contributions	2,131	1,907
	=========	=========

The Directors have share options as set out in Note 17.

5 Staff costs

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

	Group 2017 Number	Group 2016 Number
Management and administration	34	22
Development	50	41
Sales	3	6
	=========	=========

5 Staff costs (continued)

The aggregate remuneration of such employees was as follows:

	Group 2017 £	Group 2016 £
Wages and salaries	1,755,766	1,254,727
Social security	135,543	96,481
Other pension costs	6,280	1,907
	1,897,589	1,353,115

Of this amount £289,759 (2016- £103,750) was attributable to development expenditure

6 Provision for costs of Share option awards

	Group 2017 £	Group 2016 £
Costs calculated to be attributable to the share option awards during the year	-	54,000

7 Interest and other finance income and expenses

Interest payable and similar expenses	Group 2017 £	Group 2016 £
On bank overdrafts and loans	5,789	6,647
(Reversal) / accrual for interest on unsecured loans	(26,471)	20,624
	(20,682)	27,271

8 Tax

Tax on profit	Group 2017 £	Group 2016 £
Current tax	-	-
Research and Development Tax credit		
Current tax	120,000	160,000
Adjustment in respect of previous period	65,258	13,153
Overseas tax on profits for the year	32	-
Tax on profit	185,290	173,153

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 2017 £	Group 2016 £
Profit before tax	38,832	45,936
	---------------	---------------
Profit multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	7,766	9,188
Expenses not deductible for tax purposes at standard rate of corporation tax	100	5,801
Depreciation in excess of capital allowances	67,051	38,315
Research and development tax credit	(198,017)	(218,609)
Research and development tax credit - Prior year	(65,258)	(13,153)
Overseas tax	(32)	(32)
Transition to FRS 102	-	(6,240)
Losses carried forward	3,100	11,577
	---------------	---------------
Tax on profit on ordinary activities	(185,290)	(173,153)
	=========	=========

Company

No tax was provided by the company as it had a tax loss of £15,500 for the year

9 Individual Income Statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements

10 Intangible fixed assets – group

	Goodwill £	Deferred development expenditure £	Total £
Cost			
At 30 April 2016	570,104	2,498,152	3,068,256
Additions	-	704,336	704,336
	----------------	----------------	----------------
At 30 April 2017	570,104	3,202,488	3,772,592
	----------------	----------------	----------------
Depreciation			
At 30 April 2016	248,231	708,878	957,109
Charge for the year	28,502	326,896	355,398
	----------------	----------------	----------------
At 30 April 2017	276,733	1,035,774	1,312,507
	----------------	----------------	----------------
Net book value			
30 April 2017	293,371	2,166,714	2,460,085
	=========	=========	=========
30 April 2016	321,873	1,789,274	2,111,147
	=========	=========	=========

11 Tangible fixed assets – group

	Plant and Equipment £
Cost	
At 30 April 2016	100,483
Additions	631

At 30 April 2017	101,114

Depreciation	
At 30 April 2016	88,833
Charge for the year	9,028

At 30 April 2017	97,861

Net book value	
30 April 2017	3,253
	=========
30 April 2016	11,650
	=========

12 Investments

Subsidiary undertakings	**Company 2017 £**	**Company 2016 £**
Cost		
At 1 May 2016	1,310,696	1,077,528
Loans from subsidiaries	54,122	233,168
	---------------	---------------
At 30 April 2017	1,364,818	1,310,696
	----------------	----------------

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
DXS Innovations Limited	Ordinary	100%	Dormant

The subsidiary undertakings were acquired during 2008 other than the investment in DXS (SA) which was acquired in 2010, DXS Solutions in 2012 and DXS Innovations in 2017

13 Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	1,071,290	1,210,536	-	-
Research and development tax credit	120,000	160,000	-	-
Prepayments and accrued income	106,755	110,738	67,981	58,093
VAT	-	-	3,736	2,855
	1,298,045	1,481,274	71,717	60,948

Included within trade debtors are balances totalling £1,068,433 (2016 - £1,209,362) 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 £259,883 (2016 - £398,901)

14 Debtors: Amounts falling due in more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other debtors	96,550	111,036	-	-

15 Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loan secured over trade debtors	259,883	398,901	-	-
Loans payable within one year	-	149,870	-	-
Trade creditors	180,613	218,865	15,171	15,155
Other tax and Social security	50,474	38,434	-	-
Other creditors	294,531	246,714	-	-
Accruals	259,308	144,839	2,701	2,701
	1,044,809	1,197,623	17,872	17,856

16 Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other loan	24,560	21,560	-	-
Other creditors	73,289	73,289	-	-
	97,849	94,849	-	-

The Other loan bears no interest and has no fixed date for repayment.

17 Accruals and deferred income

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Deferred Income				
Balance bought forward	1,070,844	643,153	-	-
Released during year	(1,070,844)	(643,153)	-	-
Deferred during the year	990,049	1,070,844	-	-
Balance carried forward	990,049	1,070,844	-	-

18 Share capital

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Allotted, called up and fully paid 33,396,416 (2016 - 33,396,416) ordinary shares of £0.0033 each	110,174	110,174	110,174	110,174

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 (2016 - 6,339,856) potential dilutive ordinary shares in issue during the period

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

19 Reconciliation of profit to cash flow from operating activities

	Group 2017 £	Group 2016 £
Operating profit	15,508	70,804
Depreciation of tangible fixed assets	9,028	11,984
Amortisation of intangible fixed assets	355,398	314,674
Provision for share options	-	54,000
(Increase)/ Decrease in debtors	157,715	(512,206)
Increase/ (Decrease) in creditors	162,545	(34,090)
Increase/ (Decrease) in deferred income and accruals	(80,795)	405,763
	---------------	---------------
Cash flow from operating activities	619,399	310,929
	=========	=========

20 Related party transactions

The company has taken advantage from the requirement not to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

Other transactions during the year were –

	2017 £	2016 £
Advance to a director by a subsidiary company	-	2,300
Consultancy fees paid to service companies owned by a relative of a director and by a director	8,000	69,700
	=========	=========

21 Profit per share

Basic

The Basic profit per share in the period ended 30 April 2017 is calculated by dividing the consolidated profit of £224,122 attributable to equity holders in the company by the weighted average number of ordinary shares in issue during the period of 33,396,416 £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 2017 £**	**Non- cancellable operating leases 2016 £**
Within one year	58,329	55,956
Between one and five years	8,400	52,959
	---------------	---------------
	66,729	108,915
	=========	=========

23 Control

The directors consider that there is no ultimate controlling party

These group accounts are available to the public from City and Merchant, Level 17, Dashwood House, 69 Old Broad Street, London EC2M 1QS