

This announcement contains inside information as stipulated under the Market Abuse Regulation (EU) No 596/2014 (MAR).

20 February 2017

**Feedback plc
("Feedback", the "Company" or the "Group")**

Interim Report for the six months ended 30 November 2016

Chairman's Statement

We are pleased to present the interim results for the six months ended 30 November 2016. Revenue for the six months period was £203,000 (2015: £225,000) and the loss after tax was £126,000 (2015: Loss £143,000). The loss before interest, tax and amortisation was £115,000 (2015: Loss £132,000). The cash balance at 30 November 2016 was £63,000 (30 November 2015: £164,000).

As previously announced, we received a significant number of purchase orders for TexRAD research versions during the period, the majority of which were installed shortly before the period end. Accordingly, these sales only made a modest contribution to revenue in the period. We are continuing to install the remaining orders and have received additional new orders from customers in Singapore and Korea. We therefore expect there to be a substantial increase in TexRAD-related revenue in the second half of the current financial year and growth in our revenue for the year as a whole. Cambridge Computed Imaging ("CCI") again performed steadily during the period.

In November 2015 the Company announced that it had signed a Memorandum of Understanding with Alliance Medical Group ("Alliance") with the intention of integrating Feedback's TexRAD texture analysis software into Alliance's PET-CT lung cancer imaging service. The Company has made good progress on a technical solution that would allow the integration of TexRAD into Alliance's network of PET/CT scanners in UK hospitals and a prototype version has been demonstrated to potential users. An abstract was accepted by the Radiological Society of North America (RSNA) for presentation at its annual conference in November 2016 which highlighted the results from the technical and clinical evaluation. The next steps include applying for a CE mark for a medical device which provides analysis of lung PET/CT images with added prognostication through TexRAD. We hope to gain the CE mark before the end of the current financial year. Thereafter the plan is to expand our customer base significantly by developing relationships with imaging hardware companies as well as Alliance to ensure wide market access. This will be linked to a changed business model from a one-off access fee to one of pay-per-use.

During the period Feedback announced a large-scale collaboration with Future Processing Sp. z o.o. ("Future Processing"), a software development service provider based in Gliwice, Poland to develop medical imaging software. Feedback's assistance has resulted in another successful EU grant application made by Future Processing. The directors of Feedback consider that by CCI working jointly with the Future Processing healthcare team, CCI's product portfolio can be updated and improved and new products developed more rapidly including further applications for TexRAD. The intention is for the Company to agree formal licences for new software products to be brought to market in 2017/18 under a shared revenue arrangement. Under this collaboration with Future Processing, the Company is currently making substantial savings in software development costs although there could be some strategic advantage in re-establishing some UK-based software development capability.

We are encouraged by the continued strong interest shown in TexRAD and the number of research papers being published which highlight its numerous potential applications, particularly in areas such as liver, prostate and adrenal cancers. We are seeing new opportunities in Asia to make further sales of TexRAD research versions by partnering with companies with a strong local presence. In addition to the TexRAD sales, Feedback is well placed to grow its revenues through the collaboration with Future Processing and the development of a CE marked product for analysis of lung PET/CT images. After several years of relying on very limited resources we have plans to invest in product development, regulatory and marketing resource to step up our activity and take full advantage of our very positive growth prospects. We are excited by the developments in our marketplace in machine learning and artificial intelligence applied to medical images. We have extensive experience in machine learning and the prospects of combining TexRAD with other companies' proprietary technologies could lead to exciting opportunities.

Dr AJ Riddell
Chairman

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UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

	6 months to 30 November 2016 (unaudited) £'000	6 months to 30 November 2015 (unaudited) £'000	Year to 31 May 2016 (audited) £'000	
Revenue	204	225	431	
Cost of sales	(5)	(2)	(7)	
Gross profit	199	223	424	
Other operating expenses	(329)	(378)	(677)	
Total operating expenses	(329)	(378)	(677)	
Operating loss	(130)	(155)	(253)	
Net finance income	-	-	1	
Loss before tax	(130)	(155)	(252)	
Tax credit	4	12	23	
Loss for the period attributable to the equity shareholders of the parent	(126)	(143)	(229)	
Loss on ordinary activities after tax	(126)	(143)	(229)	
Profit on disposal of investments	-	-	45	
Other comprehensive expense				
Translation differences on overseas operations	-	-	-	
Total comprehensive expense for the period	(126)	(143)	(184)	
Basic and diluted earnings per share	2	(0.06p)	(0.07p)	(0.09p)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Retained Earnings £'000	Translation Reserve £'000	Convertible Debt Option Reserve £'000	Total £'000
Balance at 31 May 2015	477	1,409	300	(2,076)	(210)	189	89
New shares issued	32	190	-	-	-	-	222
Costs associated with the raising of funds	-	(7)	-	-	-	-	(7)
Share option and warrant costs	-	-	-	4	-	-	4
Total comprehensive expense for the period	-	-	-	(143)	-	-	(143)
Balance at 30 November 2015	509	1,592	300	(2,215)	(210)	189	165

Total comprehensive expense for the period	-	-	-	(36)	-	-	-
Balance at 31 May 2016	509	1,592	300	(2,251)	(210)	189	129
New shares issued	38	151	-	-	-	(189)	-
Total comprehensive expense for the period	-	-	-	(126)	-	-	(126)
Balance at 30 November 2016	547	1,743	300	(2,377)	(210)	-	3

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 November 2016 (unaudited) £'000	30 November 2015 (unaudited) £'000	31 May 2016 (audited) £'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	5	4
Intangible assets	97	125	111
Investments	1	5	1
	<u>102</u>	<u>135</u>	<u>116</u>
Current assets			
Trade receivables	121	70	41
Other receivables	50	83	64
Cash and cash equivalents	63	164	106
	<u>234</u>	<u>317</u>	<u>211</u>
Total assets	<u><u>336</u></u>	<u><u>452</u></u>	<u><u>327</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	547	509	509
Share premium account	1,743	1,592	1,592
Capital reserve	300	300	300
Translation reserve	(210)	(210)	(210)
Retained earnings	(2,377)	(2,215)	(2,251)
	<u>3</u>	<u>(24)</u>	<u>(60)</u>
Convertible debt option reserve	-	189	189
Total equity	<u>3</u>	<u>165</u>	<u>129</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	10	24	20
Current liabilities			
Trade payables	67	43	22
Other payables	256	220	156
	<u>323</u>	<u>263</u>	<u>178</u>
Total liabilities	<u>333</u>	<u>287</u>	<u>198</u>
Total equity and liabilities	<u><u>336</u></u>	<u><u>452</u></u>	<u><u>327</u></u>

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months to 30 November 2016 (unaudited) £'000	6 months to 30 November 2015 (unaudited) £'000	Year to 31 May 2016 (audited) £'000
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Cash flows from operating activities

Loss before tax	(130)	(155)	(251)
<i>Adjustments for:</i>			
Share option and warrant costs	-	4	8
Net finance income	-	-	(1)
Depreciation and amortisation	23	23	46
(Increase)/Decrease in trade receivables	(80)	41	70
Decrease in other receivables	14	26	43
Increase/(Decrease) in trade payables	46	3	(19)
Increase/(Decrease) in other payables	98	(45)	(110)
Corporation tax	(5)	-	10
	<u>96</u>	<u>52</u>	<u>47</u>

Net cash used in operating activities (34) (103) (204)

Cash flows from investing activities

Purchase of tangible fixed assets	(1)	-	-
Purchase of intangible assets	(8)	(6)	(14)
Proceeds from sale of assets held for resale	-	-	1
Purchase of share in joint venture	-	(5)	(2)
Proceed from sale of joint venture	-	-	46

Net cash used in investing activities (9) (11) 31

Cash flows from financing activities

Net proceeds from share issues - 215 216

Net cash generated from financing activities - 215 216

Net (Decrease)/Increase in cash and cash equivalents (43) 101 43

Cash and cash equivalents at beginning of period 106 63 63

Cash and cash equivalents at end of period 63 164 106

FEEDBACK PLC

NOTES TO THE UNAUDITED INTERIM REPORT

1 BASIS OF PREPARATION

The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as endorsed by the European Union ("IFRS") and expected to be effective for the year ending 31 May 2017. The accounting policies are unchanged from the financial statements for the year ended 31 May 2016.

The information set out in this interim report for the six months ended 30 November 2016 does not comprise statutory accounts within the meaning of section 434 of The Companies Act 2006. The auditors' report on the full statutory accounts for the period ended 31 May 2016 included an Emphasis of Matter paragraph in regard to Going Concern. The accounts for the period ended 31 May 2016 have been filed with the Registrar of Companies.

This interim report was approved by the directors on 17 February 2017.

2 LOSS PER SHARE

Basic earnings per share are calculated by reference to the loss on ordinary activities after and on the weighted average number of shares in issue.

	6 months to 30 November 2016	6 months to 30 November 2015	Year ended 31 May 2016
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Net loss attributable to ordinary equity holders	(126)	(143)	(184)
Weighted average number of ordinary shares for basic earnings per share	203,733,005	203,355,562	203,514,709
Effect of dilution:			
Share Options	-	-	-
Warrants	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	203,733,005	203,355,562	203,514,709
Loss per share (pence) Basic and Diluted	(0.06)	(0.07)	(0.09)

3 INTANGIBLE ASSETS

	Software	Customer relationships	Patents	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 May 2015	563	100	74	272	1,009
Additions	-	-	6	-	6
At 30 November 2015	563	100	80	272	1,015
Additions	-	-	8	-	8
At 31 May 2016	563	100	88	272	1,023
Additions	-	-	8	-	-
At 30 November 2016	563	100	96	272	1,031
Amortisation					
At 31 May 2015	563	25	10	272	870
Charge for the period	-	13	7	-	20
As at 30 November 2015	563	38	17	272	890
Charge for the period	-	12	10	-	22
At 31 May 2016	563	50	27	272	912
Charge for the period	-	13	9	-	22
At 30 November 2016	563	63	36	272	934
Net Book Value					
At 30 November 2016	-	37	60	-	97
At 31 May 2016	-	50	61	-	111
At 30 November 2015	-	62	63	-	125

4 AVAILABILITY OF THE INTERIM REPORT

Copies of the report will be available from the Company's office and also from the Company's website www.fbk.com