

Feedback PLC

Half Yearly Report

RNS Number :

Feedback PLC

22 February 2016

FEEDBACK PLC

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

Interim Results for the six months ended 30 November 2015

Chairman's Statement

We are pleased to present the interim results for the six months ended 30 November 2015. Revenue for the six month period was £225,000 (2014: £229,000) and the loss after tax was £143,000. (2014: loss of £219,000). The loss before interest, tax and amortisation was £132,000 (2014: Loss £138,000). The cash balance as at 30 November 2015 was £164,000, (2014: £268,000).

The interim results show a small reduction in the loss for the period on similar levels of turnover to 2014. Cambridge Computed Imaging Limited ('CCI') again performed steadily as it continued to serve its established customer base. Revenue recognised from TexRAD research version sales in the six months was higher than in the comparable period in 2014, reflecting the contract wins that took place shortly before the end of the previous financial year. Revenue for the second half of the current financial year from TexRAD is also expected to be higher than in the comparable period. In line with management's expectations, we have sold fewer research versions of TexRAD in recent months although there remains a good deal of customer interest from research institutions who are currently seeking grant funding. The Company has recently signed collaborative agreements with companies in Japan and South Korea to explore further selling opportunities in these markets for TexRAD research versions. The Company has also been looking to provide more support to research customers to assist them in analysing and interpreting the results of their studies. We have recently started work on one such project and this could prove to be a useful additional source of revenue in the future. Dr Balaji Ganeshan has been continuing his work supporting research into new potential applications of TexRAD. This has led to the publication of twelve peer-reviewed papers over the last year as well as a number of presentations at scientific conferences, including the Society of Cardiac MR Annual Scientific Sessions in Los Angeles last month.

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 technical discussions have made good progress. A pilot implementation is currently underway and a retrospective study on a sample of studies with known clinical outcomes has shown promising preliminary results. The next stage will be to integrate with Alliance's internal systems and evaluate our solution with multiple sites across the Alliance network. It is also anticipated that an abstract will be submitted to the Radiological Society of North America (RSNA) for intended publication at its annual conference in November 2016 which will highlight the results from the technical and clinical evaluation. Our development work with Alliance is considered to offer great potential as regards the future commercialisation of TexRAD software. Alliance and Feedback plan to undertake a multi-centre imaging research study to assess the use of TexRAD in lung cancer, with the eventual aim of gaining inclusion of texture analysis in the National Institute for Health and Care Excellence ("NICE") Lung Cancer pathway.

In 2015 the Company formed two joint venture companies, Stone Checker Software Ltd and Prostate Checker Ltd. These companies are at the stage of testing prototype versions of software containing TexRAD plug-ins, firstly on sample data sets and then on larger data sets. Both companies offer the prospect of developing innovative solutions where routine medical images can provide useful additional information for clinicians.

The Board believes the future for Feedback is hugely promising and we look forward to working closely with Alliance and developing our other collaborative ventures. We expect revenue in the second half of the current financial year to be broadly similar to the first half result. Operating expenses have been significantly reduced so when compared to the last financial year, the results for the current financial year are expected to show higher revenue and a reduced operating loss.

Tom Charlton
Chairman

Enquiries:

Feedback plc

Tom Charlton
Trevor Brown
Mike Hayball
Balaji Ganeshan

Tel: 01954 718072

Sanlam Securities UK Limited (Nominated advisor)

Simon Clements / James Thomas

Tel: 020 7628 2200

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

	unaudited 6 months to 30 November 2015 £'000	unaudited 6 months to 30 November 2014 £'000	audited Year to 31 May 2015 £'000
Revenue	225	229	382
Cost of sales	(2)	(42)	(1)
Gross profit	223	187	381
Other operating expenses	(378)	(416)	(889)
Impairment of intangible assets	-	-	(689)
Total operating expenses	(378)	(416)	(1,578)
Operating loss	(155)	(229)	(1,197)
Net finance income	-	-	1
Loss before tax	(155)	(229)	(1,196)
Tax credit	12	10	85
Loss for the period attributable to the equity shareholders of the parent	(143)	(219)	(1,111)
Loss on ordinary activities after tax	(143)	(219)	(1,111)
Other comprehensive expense			
Translation differences on overseas operations	-	-	-
Total comprehensive expense for the period	(143)	(219)	(1,111)
Basic and diluted earnings per share	2 (0.07p)	(0.11p)	(0.58p)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Capital Reserve	Retained Earnings	Translation Reserve	Convertible Debt Option Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 May 2014	477	1,409	300	(967)	(210)	189	1,198
Share option and warrant costs	-	-	-	3	-	-	3
Total comprehensive income for the period	-	-	-	(219)	-	-	(219)
Balance at 30 November 2014	477	1,409	300	(1,183)	(210)	189	982
Share option and warrant costs	-	-	-	(1)	-	-	(1)
Total comprehensive expense for the period	-	-	-	(892)	-	-	(892)
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 income for the period	-	-	-	(143)	-	-	(143)
Balance at 30 November 2015	509	1,592	300	(2,215)	(210)	189	165

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	unaudited 30 November 2015 £'000	unaudited 30 November 2014 £'000	audited 31 May 2015 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	6	7
Intangible assets	125	839	140
Investments	5	-	-
	<u>135</u>	<u>845</u>	<u>147</u>
Current assets			
Trade receivables	70	160	111
Other receivables	83	73	101
Cash and cash equivalents	164	268	63
	<u>317</u>	<u>501</u>	<u>275</u>
Total assets	<u><u>452</u></u>	<u><u>1,346</u></u>	<u><u>422</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	509	477	477
Share premium account	1,592	1,409	1,409
Capital reserve	300	300	300
Translation reserve	(210)	(210)	(210)
Retained earnings	(2,215)	(1,183)	(2,076)
	<u>(24)</u>	<u>798</u>	<u>(100)</u>
Convertible debt option reserve	189	189	189
Total equity	<u>165</u>	<u>982</u>	<u>89</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	24	70	28
Current liabilities			
Trade payables	43	81	40
Other payables	220	213	265
	<u>263</u>	<u>294</u>	<u>305</u>
Total liabilities	<u>287</u>	<u>364</u>	<u>333</u>
Net assets	<u><u>452</u></u>	<u><u>1,346</u></u>	<u><u>422</u></u>

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	unaudited 6 months to 30 November 2015 £'000	unaudited 6 months to 30 November 2014 £'000	audited Year to 31 May 2015 £'000
Cash flows from operating activities			
Loss before tax	(155)	(229)	(1,196)
<i>Adjustments for:</i>			
Share option and warrant costs	4	3	1

Net finance income	-	-	(1)
Depreciation and amortisation	23	91	184
Impairment of intangible assets	-	-	689
Decrease/(increase) in trade receivables	41	(72)	(23)
Decrease in other receivables	26	49	52
Increase/(decrease) in trade payables	3	(145)	(185)
Decrease in other payables	(45)	(217)	(164)
	<u>52</u>	<u>(291)</u>	<u>555</u>
Net cash used in operating activities	(103)	(520)	(642)
Cash flows from investing activities			
Purchase of tangible fixed assets	-	(6)	(9)
Purchase of intangible assets	(6)	(80)	(161)
Proceeds from sale of assets held for resale	-	-	1
Purchase of share in joint venture	(5)	-	-
	<u>(11)</u>	<u>(86)</u>	<u>(169)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Net proceeds from share issues	215	-	-
	<u>215</u>	<u>-</u>	<u>-</u>
Net cash generated from financing activities			
	<u>215</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	101	(606)	(811)
Cash and cash equivalents at beginning of period	63	874	874
Cash and cash equivalents at end of period	<u>164</u>	<u>268</u>	<u>63</u>

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 at the year end of 31 May 2016. The accounting policies are unchanged from the financial statements for the year ended 31 May 2015.

The information set out in this interim report for the six months ended 30 November 2015 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 2015 included an Emphasis of Matter paragraph in regard to Going Concern. The accounts for the period ended 31 May 2015 have been filed with the Registrar of Companies.

This interim report was approved by the directors on 19 February 2016.

2 LOSS PER SHARE

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

	unaudited As at 30 November 2015 £'000	unaudited As at 30 November 2014 £'000	audited As at 31 May 2015 £'000
Net loss attributable to ordinary equity holders	(143)	(219)	(1,111)
<hr/>			
	As at 30 November 2015	As at 30 November 2014	As at 31 May 2015
Weighted average number of ordinary shares for basic earnings per share	203,355,562	190,746,746	190,746,746
Effect of dilution:			
Share Options	-	-	-
Warrants	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	203,355,562	190,746,746	190,746,746
Loss per share (pence)			
Basic and Diluted	(0.07)	(0.11)	(0.58)

3 INTANGIBLE ASSETS

	Software	Customer relationships	Patents	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 May 2014	435	100	41	272	848
Additions	64	-	16	-	80
At 30 November 2014	499	100	57	272	928
Additions	64	-	17	-	81
At 31 May 2015	563	100	74	272	1,009
Additions	-	-	6	-	6
At 30 November 2015	563	100	80	272	1,015
Amortisation					
At 31 May 2014	-	-	-	-	-
Charge for the period	73	13	4	-	90
As at 31 November 2014	73	13	4	-	90
Charge for the period	72	12	6	-	90
Impairment charge in the year	418	-	-	272	689
At 31 May 2015	563	25	10	272	869
Charge for the period	-	13	7	-	20
At 30 November 2015	563	38	17	272	890
Net Book Value					
At 30 November 2015	-	62	63	-	125
At 31 May 2015	-	75	65	-	140
At 30 November 2014	426	87	53	272	838

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