Premaitha Health Plc

Formerly ViaLogy Plc

Report and Financial Statements
Year Ended 31 March 2014

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Information for Shareholders

DIRECTORS

Adam Reynolds	(Chairman)
Nicholas Mustoe	(Non-Executive Director)
Mark Collingbourne	(Finance Director)

SECRETARY AND REGISTERED OFFICE

Mark Collingbourne, St James' House, St James Square, Cheltenham, Gloucestershire, England, GL50 3PR.

NOMINATED ADVISOR

Cairn Financial Advisers LLP, 61 Cheapside, London EC2V 6AX.

BROKER

Panmure Gordon (UK) Limited, One New Change, London EC4M 9AF.

AUDITORS

Jeffreys Henry LLP, Finsgate, 5 – 7 Cranwood Street, London EC1V 9EE.

SOLICITORS

BPE Solicitors LLP St James' House, St James Square, Cheltenham, Gloucestershire, England, GL50 3PR

BANKERS

Barclays Bank PLC, 27 Soho Square, London W1D 3QR.

REGISTRARS

Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA.

COMPANY NUMBER

971582

COUNTRY OF INCORPORATION OF PARENT COMPANY

England

The Board of Directors of ViaLogy Plc

EXECUTIVE DIRECTORS

Adam Reynolds, (51), Executive Chairman

Adam began his career in the City in 1980 with stockbrokers Rowe Rudd.

In 1998 he joined corporate Public Relations business Basham & Coyle heading their Investor Relations Division. In 2000 he established his own PR/IR and Corporate Finance firm, which listed on AIM in November 2000. In 2004 the company was sold making shareholders 15X their investment.

Adam was approached in 2005 by the largest shareholder in International Brand Licensing Plc, the owner of the Admiral sports brand, to become Executive Chairman. Adam alongside the major shareholder refinanced the business. In 2009 Adam brought into the company David Evans and Julian Baines – the two leading diabetes specialists in the UK and the business changed direction. Today it is known as EKF Diagnostics Plc. Adam is a non-executive director and a substantial shareholder.

In 2009 Adam rescued and refinanced Medavinci Plc and turned it into a successful gold exploration company quoted on AIM. Adam is Chairman and a major shareholder.

In 2012 Adam through an institutional fund manager was introduced to Autoclenz Plc. In November 2012, Adam, with the management launched a successful agreed bid for the business to take private. Adam is Chairman and major shareholder of this business.

Adam has been named as one of the fifty most influential people in the City by Growth Company Investor and has the most in depth institutional following and backing.

Mark Collingbourne, (48), Finance Director

Mark Collingbourne is a fully qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of PLC development from bringing small companies to flotation to supervising the on-going accountancy and ensuring the good governance of international businesses.

During his eight-year tenure with ViaLogy, Mark was a key member of the team that arranged its transformation from a private US organisation to an AIM company, via a merger with Original Investments PLC. He also played a major part in arranging the financial details of the recent ViaLogy restructuring.

Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies,in 1996, where he managed the financial implications of the management buyout in 2001.

Mark continues to act as Chief Finance Officer and Company Secretary for a number of other small private companies.

NON-EXECUTIVE DIRECTOR

Nicholas Mustoe, (52), Non-Executive Director

Nick started his career in 1981 working in London advertising agency Foote Cone and Belding followed by nine years at Lowe Howard Spink. In that time Nick worked across many clients including Tesco, Heineken, Whitbread, Vauxhall, Wicks, Weetabix, Bauer Publishing and Hanson Group Companies.

Nick started his own agency, Mustoes Merriman Levy ("Mustoes"), in 1993, which he ran as an independent agency for 15 years, with a brief period under the ownership of Japanese multi-national Hakuhodo. During this time the agency managed clients including Kia Cars, Lloydspharmacy, Doctor Marten, Bauer Publishing,Coca Cola, and Unilever.

In 2008 Mustoes merged with a leading PR agency Geronimo to form Kindred, the first fully integrated PR & Advertising agency. Nick subsequently led an MBO of Kindred in 2010.

Nick has always had a keen interest in business, backing start-up companies ranging from Hall & Partners (research), ABC Connection (on-line publishing) to Caravell (industrial refrigeration MBO). He also is Chairman of Kempton Park Racecourse, a trustee of charity Starlight Children's Foundation and a non-executive director of Hub Capital (corporate finance).

Strategic Report

Our strategy and business review

The last 18 months have been dominated by a major step change in the strategy and direction of your company. In the Spring and Summer of 2013 it became increasingly obvious to the then Board of Directors that the company's lack of commercial progress, due in the main to prolonged difficulties in gaining acceptance by major oil and gas companies for its core technologies, was a cause for serious concern. The incumbent board therefore decided that it was necessary, and in the best interests of shareholders, to restructure and refocus the operational organisation of the business.

At a General Meeting of the company in December 2013 I accepted the position of Chairman of ViaLogy with a remit to spearhead a completely new direction for the organisation. In a letter to shareholders I made it clear that the future Investing Policy would involve the acquisition of, or merger with, companies unrelated to ViaLogy's previous activities and chosen for their abilities to add strong shareholder value to the overall business. I am therefore delighted to inform you that, together with the accounts we are today publishing a proposal which is subject to shareholder approval, for a full merger with a truly excellent bio-technology company, Premaitha Health.

Premaitha Health employs next generation sequencing technology to develop, manufacture and sell molecular diagnostic products intended to have a major beneficial impact on human health. Its first product – the IONA® test – is designed to take advantage of a very significant change in the field of prenatal medicine which is creating a multi-billion pound market for improved prenatal screening tests. Subsequent products are expected to address other important health challenges such as cancer screening and monitoring and personalised healthcare. Further information about Premaitha Health can be found at www.premaitha.com.

To facilitate the merger the ViaLogy board is now seeking shareholder approval for the following actions:

- The issue of 95,454,545 new shares to purchase the complete Premaitha business.
- The placing of 59,090,909 new shares at a price of 11p to raise £6.5m.
- An Open Offer of 6,723,651 new shares to existing shareholders at a price of 11p to raise £0.74 million.
- Consolidation of existing ViaLogy shares in the ratio 1:100.

Following the consolidation and the creation of additional shares there will be a total of 188 million shares in issue, valuing the company at £20.7 million.

Upon completion of the merger the trading name of the company will be changed to Premaitha Health and additions to the main board will reflect the new emphasis of our future activities. Mr. David Evans, who has been Executive Chairman of Premaithia since its formation, will continue in that role while I will remain on the board as a non-executive director.

Full details of the proposal and actions to be taken by shareholders can be found in the admission document.

As far as our oil and gas services business is concerned I have to report that it is taking longer than anticipated to secure a suitable partner for ViaLogy Energy Company (VEC), where we have a 75% holding. To this end the board have decided to provide against the assets of VEC to reflect the fact that as at the balance sheet date no suitable partner had been found. The founder of the company, Dr. Sandeep Gulati, continues to pursue various avenues on our behalf and to enable him to concentrate on our US activities he has agreed to resign from the main Board of the company.

Financials

For the year ending 31 March 2014 the consolidated financial statements accounts show a net loss of £4.9 million (2013: loss £4.7 million) The loss after tax and after adding back the non-cash items, depreciation and amortisation charge, share based payment expense and impairment of assets was £1.4 million (2013: loss £1.9 million)

In January 2014 2012 ViaLogy raised a total of £1,620,000 (before expenses) through the placing of 1,619,820,122 ordinary shares at a price of 0.1p each with existing and new investors.

Our key objectives and key performance indicators ("KPIs")

Our key performance indicator during the fiscal year was to successfully set up the ViaLogy Energy Group subsidiary and grant the license from ViaLogy PLC in order for it to operate The formal establishment of VEC has been achieved, however it is taking longer than anticipated to find a suitable partner for the American based company.

Moving forward our key objectives, assuming shareholder approval for the merger with Premaitha, will be to:

- Successfully launch the IONA® pre natal test during the year; and
- Grow the business by selling the IONA® test into laboratories into the UK and Europe.

Our KPIs include, but are not limited to, measures such as:

- the size and quality of our client base; and
- various key risk indicators, including recruitment of staff and cash.

Principal risks and uncertainties of the enlarged group

Dependence on key personnel

The success of the enlarged Group, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of the Proposed Directors and the inventors. However, the retention of such key personnel cannot be guaranteed. Should key personnel leave, the enlarged Group's business, prospects, financial condition or results of operations may be materially adversely affected.

Early stage of operations

Premaitha's operations are at an early stage of development and there can be no guarantee that the Enlarged Group will be able to, or that it will be commercially advantageous for the enlarged Group to, develop its proprietary technology. Further, the enlarged Group has no positive operating cash flow and its ultimate success will depend on the New Board's ability to implement the enlarged Group's strategy, generate cash flow and access equity markets. Whilst the Directors and proposed directors are optimistic about the enlarged Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The enlarged Group will not generate any material income until commercialisation of its proprietary technology has successfully commenced and in the meantime the Company will continue to expend its cash reserves. There can be no assurance that the enlarged Group's proposed operations will be profitable or produce a reasonable return, if any, on investment.

Strategic Report

Technology Risks

Technologies used within the diagnostics market place are constantly evolving and improving. Therefore there is a risk that the Company's products may become outdated as improvements in technology are made. To mitigate this risk the Company has a research and development department which seeks to keep up with the latest developments in the diagnostic devices industry.

Future funding requirements

In the longer term, the enlarged Group will need to raise additional funding to undertake work beyond that being funded by the net proceeds of the placing and the open offer. There is no certainty that this will be possible at all or on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, shareholders.

Outlook

The recent months have seen dramatic and far-reaching developments at ViaLogy. The changes were necessary if we are to achieve success for the company and value for the shareholders. I trust you will agree with me that we have laid the foundations of a new and exciting future for your company.

Adam Reynolds
Chairman

13 June 2014

Corporate Governance Statement

Introduction

The Company, whose shares are admitted to trading on AIM, is not required to comply with the UK Corporate Governance Code. The Directors fully support high standards of corporate governance and have chosen to make the following disclosures which are deemed to be the most relevant, given the nature, size and scope of the Company's activities. The information in this Corporate Governance Report is not subject to audit.

The role of the Board

The Directors collectively bring a broad range of business experience to the Board which is considered essential for the effective management of the Company. The Board is responsible for strategic and major operational issues affecting the Company. It reviews financial performance, regulatory compliance, monitors key performance indicators and will consider any matters of significance to the Company, including corporate activity. Certain matters can only be decided by the Board and these are contained in the schedule of matters reserved to the Board. The day-to-day management of the Company's business is delegated to the Chief Executive Officer and executive Directors of the Company.

The composition of the Board and division of responsibilities

The Board currently consists of two executive and one Non-executive Director. The composition of the Board ensures that no single individual or group of individuals is able to dominate the decision-making process. Details of the individual Directors and their biographies are set out on page 2 to 3.

Roles of Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer have for most of the year been separated to ensure a clear division of authority and responsibility at the most senior level within the Company.

Chairman

Terry Bond served as Chairman until 4 December 2013 when Adam Reynolds was appointed. The Chairman is responsible for the leadership of the Board and ensuring the effective running and management of the Board. He is also responsible for the Board's oversight of the Company's affairs, which includes ensuring that the Directors receive accurate, timely and clear information, ensuring the effective contribution of the Non-executive Directors and implementing effective communication with shareholders.

Chief Executive Officer

Robert Dean served as the Chief Executive Officer until 21 March 2014 after which Adam Reynolds temporarily took over the role. The Chief Executive Officer is responsible for the day-to-day management and the executive leadership of the business. His other responsibilities include the progress and development of objectives for the Company, managing the Company's risk exposure, implementing the decisions of the Board and ensuring effective communication with shareholders and regulatory bodies.

Non-executive Directors and independence

Throughout the year the board has had one Non-executive Director. Non-executive Directors bring independent judgement, knowledge and experience to the board. The Non executive Director has confirmed that he is able to allocate sufficient time to the company to discharge his responsibilities effectively.

Corporate Governance Statement

Board Composition post General meeting on 3 July 2014

If shareholders approve the resolutions at the General meeting on 3 July 2014 the board will consist of a Non executive Chairman, a Chief Executive Officer, two Executive directors and three Non-executive Directors.

Re-election of Directors

In accordance with the Company's Articles of Association all serving directors are subject to re-election every three years.

Board Meetings and information to the board

Before each board meeting the Directors receive, on a timely basis, comprehensive papers and reports on the issues to be discussed at the meeting. In addition to board papers, Directors are provided with relevant information between meetings.

The board has regular scheduled meetings. During the year there were twenty scheduled meetings.

Board Committees

The Board has two committees, namely the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee comprises of all Non-executive directors and is chaired by Nicholas Mustoe. The committee is responsible for:

- reviewing the Company's financial reporting process, including the financial statements, reports and announcements and the accounting policies and judgments that underline them, and making recommendations to the Board before release;
- monitoring the statutory audit of the annual accounts;
- monitoring of the independence of the external auditors and the establishment of a policy for their use for non-audit work.

The Committee's activities were reported to the Board throughout the year.

Remuneration Committee

The Remuneration Committee has delegated responsibility from the Board for developing the remuneration policy of the Company and for setting the remuneration of its executive Directors and senior managers.

The Committee's activities were reported to the Board throughout the year.

Investor relations

The Company places a great deal of importance on communicating with its shareholders. All shareholders are given at least twenty one days notice of the Annual General Meeting and are encouraged to attend. An opportunity is provided for them to ask questions at the meeting. The Chief Executive Officer is in regular contact with the Company's major institutional investors throughout the year and he is responsible for ensuring that shareholders' views are communicated to the Board as a whole.

This report was approved by the Board of Directors on 13 June 2014 and signed on its behalf by:

Mark Collingbourne
Finance Director

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 March 2014.

Results and dividends

The statement of comprehensive loss is set out on page 16 and shows the loss for the year.

The Directors do not recommend a final ordinary dividend for the year (2013 – £Nil).

Directors

Terry Bond (Resigned 4 December 2013)
Dr. Robert Dean (Resigned 21 March 2014)
Dr. Sandeep Gulati (Resigned 13 June 2014)
Peter Reynolds (Resigned 4 December 2013)
Mark Collingbourne (Appointed 27 January 2014)
Nicholas Mustoe (Appointed 27 January 2014)
Adam Reynolds (Appointed 4 December 2013)

Principal activities, trading review and future developments

A detailed review of the business, post reporting date events and likely future developments is given in the Strategic Report on pages 4 to 6.

Key performance indicators

The key performance indicators are discussed in the strategic report on pages 4 to 6.

Related party transactions

During the year there were no related party transactions, other than those with key management personnel. Key management personnel are considered to be the directors; their emoluments are disclosed in note 6.

Financial instruments

Details and required disclosure of the financial instruments used by the Group are contained in note 16 of the financial statements.

Payments to suppliers

The Group agrees terms and conditions under which business transactions with suppliers are conducted. It is Group policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made within a reasonable period of the invoice being received and in any case within the agreed payment period. The number of days purchases remained outstanding at 31 March 2014 for the Group was 1 day (2013: 9 days).

Events after reporting date

Significant events that have occurred since the reporting date are detailed in the Strategic report on page 2 and within note 23 of these financial statements.

Risks and uncertainties

The main business risks facing the group are discussed in the Strategic report on pages 4 to 6.

Note 15 details further risks and uncertainties faced by the Group.

Donations and political contributions

The Group made no donations or political contributions in the current or prior year.

Qualifying third party indemnity provisions

The Group has arranged qualifying third party indemnity for Directors and Officers Liability insurance for the sum of £3 million.

Going concern

Following its review of the Group's financial plans, the board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly the financial statements set out on pages 16 to 43 have been prepared on a going concern basis.

Report of the Directors

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and elected to prepare the company 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 group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current directors have taken all the steps necessary to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Jeffreys Henry LLP we appointed as auditors in the year and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

Adam Reynolds
Chairman

13 June 2014

Report of the Independent Auditors

Independent Auditor's Report to the Members of ViaLogy Plc

We have audited the financial statements of ViaLogy Plc for the year ended 31 March 2014 which comprise the consolidated income statement, consolidated statement of comprehensive loss, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are 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 directors; and the overall presentation of the financial statements. In addition we read all financial and non-financial information in the Strategic Report, Group Directors' Report and Statement of Corporate Governance to identify material inconsistencies with the audited financial statements. 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 the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdoms Generally Accepted Accounting practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Group Directors report 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Sudhir Rawal
SENIOR STATUTORY AUDITOR
For and on behalf of Jeffreys Henry LLP, Statutory Auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom

Date: 13 June 2014

Consolidated income statement
for the year ended 31 March 2014

	Notes	2014 £	2013 £
Revenue		**62,106**	257,681
Cost of sales		**(194,383)**	(555,156)
Gross loss		**(132,277)**	(297,475)
Share based payments	19	**51,319**	528,182
Depreciation and amortisation	9, 10	**243,180**	2,203,657
Impairment of tangible fixed assets	3	**192,108**	–
Impairment of intangible fixed assets	3	**828,264**	–
Impairment of goodwill	12	**2,252,731**	–
Other administrative expenses		**1,234,833**	1,931,708
Total administrative expenses		**(4,802,435)**	(4,663,547)
Loss from operations		**(4,934,712)**	(4,961,022)
Finance income		**1,269**	2,014
Loss for the year before taxation	3	**(4,933,443)**	(4,959,008)
Taxation	7	–	294,822
Loss for the year after taxation		**(4,933,443)**	(4,664,186)
Attributable to:			
Owners of the parent		**(4,933,443)**	(4,664,186)
Non-controlling interests		–	–
		(4,933,443)	(4,664,186)
Loss per share			
Basic and diluted (pence)	8	**(0.245)**	(0.506)

The notes on pages 21 to 43 form part of these financial statements.

Consolidated income statement for the year ended 31 March 2014

	2014 £	2013 £
Loss after taxation	(4,933,443)	(4,664,186)
Other comprehensive income		
Exchange differences on translating foreign operations	(35,829)	22,677
Total other comprehensive income for the year	(4,969,272)	22,677
Total comprehensive loss for the year	(4,969,272)	(4,641,509)
Attributable to:		
Owners of the parent	(4,969,272)	(4,641,509)
Non-controlling interests	–	–
	(4,969,272)	(4,641,509)

The notes on pages 21 to 43 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 March 2014

	Share capital £	Shares premium account £	Warrant reserve account £	Foreign exchange translation reserve £	Non controlling interest £	Retained deficit £	Total £
At 1 April 2013	**10,391,069**	**22,733,906**	**225,000**	**1,637,611**	**–**	**(32,354,126)**	**2,633,460**
Total loss for the year	–	–	–	–	–	(4,933,443)	(4,933,443)
Lapse of warrants		225,000	(225,000)				
Other comprehensive income	–	–	–	(35,829)	–	–	(35,829)
Issue of shares	1,655,154	1,333	–	–	–		1,656,487
Share issue expenses	–	(146,474)	–	–	–		(146,474)
Acquisition of subsidiary	–	–	–	–	2,253,596		2,253,596
Write-off NCI	–	–	–	–	(2,253,596)	2,253,596	–
Share options expense	–	–	–	–	–	49,589	49,589
Balance at 31 March 2014	**12,046,223**	**22,813,765**	**–**	**1,601,782**	**–**	**(34,984,384)**	**1,477,386**

	Share capital £	Shares premium account £	Warrant reserve account £	Foreign exchange translation reserve £	Retained deficit £	Total £
At 1 April 2012	8,519,551	21,475,505	–	1,614,934	(28,218,122)	3,391,868
Total loss for the year	–	–	–	–	(4,664,186)	(4,664,186)
Other comprehensive income	–	–	–	22,677	–	22,677
Issue of shares	1,871,518	1,363,151	–	–	–	3,234,669
Share issue expenses	–	(104,750)	–	–	–	(104,750)
Share options expense	–		–	–	528,182	528,182
Issue of warrants	–	–	225,000	–	–	225,000
Balance at 31 March 2013	10,391,069	22,733,906	225,000	1,637,611	(32,354,126)	2,633,460

The notes on pages 21 to 43 form part of these financial statements.

Consolidated statement of financial position
for the year ended 31 March 2014

Company number 3971582	Notes	2014 £	2013 £
Assets			
Non-current assets			
Intangible assets	10	–	1,022,054
Property, plant and equipment	9	**103,763**	359,165
		103,763	1,381,219
Current assets			
Trade and other receivables	13	**89,656**	153,876
Cash and cash equivalents		**1,363,973**	1,304,729
		1,453,629	1,458,605
Total assets		**1,557,392**	2,839,824
Equity and liabilities attributable to equity holders of the parent company			
Share capital	17	**12,046,223**	10,391,069
Share premium	18	**22,813,765**	22,733,906
Warrant reserve	18	–	225,000
Foreign exchange translation reserve	18	**1,601,782**	1,637,611
Retained deficit	18	**(34,984,384)**	(32,354,126)
Total equity		**1,477,386**	2,633,460
Liabilities			
Current liabilities			
Trade and other payables	14	**80,006**	206,364
		80,006	206,364
Total equity and liabilities		**1,557,392**	2,839,824

The financial statements on pages 16 to 43 were approved by the Board of Directors and authorised for issue on 13 June 2014 and were signed on its behalf by:

Adam Reynolds
Chairman

The notes on pages 21 to 43 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 March 2014

	Notes	2014 £	2013 £
Cash flow from operating activities			
Loss before tax		**(4,933,443)**	(4,959,008)
Adjustments for:			
Finance income		**(1,269)**	(2,014)
Depreciation	3	**49,390**	77,273
Amortisation	3	**193,790**	2,126,384
Share option expense	3	**51,319**	528,183
Foreign exchange movements	3	**3,758**	22,677
Impairment of tangible fixed assets	3	**192,108**	–
Impairment of intangible fixed assets	3	**828,264**	–
Impairment of goodwill	3	**2,252,731**	–
Director's fees prepaid		**–**	27,656
Cash flow from operating activities before changes in working capital		**(1,363,352)**	(2,178,849)
Decrease in trade and other receivables		**64,220**	3,255
Increase in trade and other payables		**(144,858)**	1,856
Net cash flows from operating activities		**(1,443,990)**	(2,173,738)
Investing activities			
Internally generated intangible asset	10	**–**	(341,222)
Purchase of property, plant and equipment	9	**(3,421)**	(25,361)
Interest received		**1,269**	2,0142
Net cash used in investing activities		**(2,152)**	(364,569)
Financing Activities			
Cash inflow from issue of new shares	17	**1,656,486**	3,459,669
Share issue costs		**(146,474)**	(104,750)
Net cash from financing activities		**1,510,012**	3,354,919
Increase/(Decrease) in cash and cash equivalents		**63,870**	816,612
Foreign exchange differences on translation of cash and cash equivalents		**(4,626)**	(67,250)
Cash and cash equivalents at beginning of year		**1,304,729**	555,367
Cash and cash equivalents at end of year		**1,363,973**	1,304,729

The notes on pages 21 to 43 form part of these financial statements.

Notes forming part of the consolidated financial statements for the year ended 31 March 2014

1. Principal accounting policies

ViaLogy PLC ('the Company') is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is St James' House, St James Square, Cheltenham, Gloucestershire, England, GL50 3PR. The consolidated financial statements of the Company as at and for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as 'the Group'). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements for the year ended 31 March 2014 have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The consolidated financial statements have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 March 2013.

(a) New and amended standards adopted by Vialogy

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2014 that would be expected to have a material impact on Vialogy.

(b) Standards, interpretations and amendments to published standards that are not yet effective

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on Vialogy.

Going concern

Following its review of the Group's financial plans, the board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Revenue

Service fees arising from analytical surveys using ViaLogy's patented computational software products are recognised once the report is delivered to the customer.

Service fees arising from government contracts are billed at the end of each month based on man hours worked on the project.

Revenue arising from sales of ViaLogy's direct entitlement of oil and gas production is recognised by reference to the quantity and price of oil sold by the customer into the market at the date of transfer of the risk and reward.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Notes forming part of the consolidated financial statements for the year ended 31 March 2014

1. Principal accounting policies continued

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ('the Group') as if they form a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Non-controlling interests are accounted as a proportionate share of the acquiree's net assets which are at fair value.

Critical accounting estimates and judgments

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and judgments that effect the application of policies and reported amounts. In applying these policies the directors are required to make estimates and subjective judgements that may affect the reported amounts of assets and liabilities at the reporting date and reported profit or loss for the year. Although the directors base these on combination of past experience and any other evidence that is relevant to the particular circumstance, the actual results could ultimately differ from those estimates.

Included in the note are accounting policies which cover areas that the directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. These policies together with references to the related notes to the financial statements can be found below:

Intangible assets and amortisation Note 10

The group capitalises development costs based on the recognition criteria identified in IAS 38. Internally generated intangible assets are amortised over a period of six years on a straight line basis. The key judgement relates to the demonstrability of the capitalisation criteria for these costs which are dependent upon the belief of management in the feasibility of the product.

Share based payments and warrants Note 19

The fair value is measured by use of a Black-Scholes model which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Management are also required to apply their judgement in assessing a reasonable volatility figure to be applied in the model.

Property, plant and equipment, intangible assets and impairment of goodwill

Intangible assets excluding goodwill and plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to the estimates used can result in significant variations in the carrying value.

The Group assesses the impairment of property, plant and equipment and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

1. Principal accounting policies continued

Additionally, goodwill arising on acquisitions is subject to impairment review. The Group's management undertakes an impairment review of goodwill annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to property, plant and equipment and intangible assets affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that material different amounts could be reported in the Group's statements.

The Directors have carried out a detailed impairment review in respect of goodwill. The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cashflows forecasts which have been discounted at 10%. The cash flow projections are based on the assumption that the Group can realise project sales. A prudent approach has been applied with no residual value being factored. At the year end, based on these assumptions there was an indication of impairment of the value of goodwill for VEC. See note 12 for details.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts are arrived at by using appropriate valuation techniques.

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development costs above are not met.

The significant intangible asset recognised by the Group and its useful economic life is shown in the table below:

Intangible assets	Useful economic life
Intellectual Property	6 years

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Notes forming part of the consolidated financial statements for the year ended 31 March 2014

1. Principal accounting policies continued

Capitalised development costs are amortised on a straight line basis over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within administrative expenses in the income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

Intangible assets	Useful economic life
Development	6 years

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful lives. Depreciation is applied at the following rates:

Office equipment	20% per annum reducing balance
Computer equipment	33.3% per annum reducing balance
Motor vehicles	33.3% per annum reducing balance
Furniture	20% per annum reducing balance

Oil and gas assets

ViaLogy follows a successful efforts based accounting policy for oil and gas assets.

Interests acquired in successful production wells are initially recognised at cost within property, plant and equipment. Where interests in such wells are acquired as the success fee element of the revenue from an analytical contract, no cost is initially recognised.

Subsequent expenditure is capitalised only where it enhances the economic benefits of the producing asset.

Depletion

ViaLogy depletes oil and gas assets on a unit of production basis, based on proved and probable reserves on a field by field basis.

Impairment

Impairment reviews on Oil and Gas assets are carried out on each cash generating unit. ViaLogy's cash generating units are those assets which generate largely independent cash flows and are normally, but not always, single development areas.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

1. Principal accounting policies continued

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Tax

The major components of income tax on the profit or loss from ordinary activities include current and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Income tax is charged or credited to the income statement, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that the taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Foreign currency

The functional currency of the parent entity is pounds sterling. The functional currency of the subsidiary is US dollars. Transactions entered into by Group entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of the unsettled monetary assets and liabilities are similarly recognised in the income statement.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date.

Notes forming part of the consolidated financial statements for the year ended 31 March 2014

1. Principal accounting policies continued

Presentation currency

These accounts have been presented in Sterling as the directors consider this to be most useful form of presentation to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are carried at cost less any provision for impairment.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. A financial liability is a contractual obligation to either deliver cash or another financial asset to another entity or to exchange a financial asset or financial liability with another entity, including obligations which may be settled by the Group using its equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities

At initial recognition, financial liabilities (trade and other payables), are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost.

Equity instruments

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

2. Segmental analysis

The Group has two reportable segments:

- Head office – this segment is the head office of the Group.
- Operations – this segment is involved in sales technology development in the USA.

The operating results of these segments are regularly reviewed by the Group's chief operating decision maker in order to make decisions about the allocation of resources and assess their performance.

2. Segmental analysis continued

2014 Reportable segment analysis

	Operations £	Head office £	Consolidated £
Revenue from external customers	62,106	–	62,106
Gross loss	(132,277)	–	(132,277)
Finance income	12	1,257	1,269
Loss for the year after taxation	(4,339,687)	(593,756)	(4,933,443)
Segment assets	153,689	1,403,704	1,557,393
Segment liabilities	22,980	57,026	80,006
Costs to acquire plant, property and equipment	1,627	1,794	3,421
Depreciation and amortisation	242,588	592	243,180
Share based payments charged	–	51,319	51,319

2013 Reportable segment analysis

	Operations £	Head office £	Consolidated £
Revenue from external customers	257,681	–	257,681
Gross loss	(297,475)	–	(297,475)
Finance income	–	2,014	2,014
Tax credit	294,822	–	294,822
Loss for the year after taxation	(4,028,262)	(635,924)	(4,664,186)
Segment assets	1,559,043	1,280,781	2,839,824
Segment liabilities	128,012	78,352	206,364
Costs to acquire plant, property and equipment	42,309	(16,948)	25,361
Costs to acquire intangible assets	341,222	–	341,222
Depreciation and amortisation	2,211,213	(7,556)	2,203,657
Share based payments charged	451,056	77,126	528,182

All material non-current assets are owned by the USA subsidiary and are located in the USA.

Revenues by product/service	2014 £	2013 £
Revenues from analytical surveys	56,608	248,590
Oil and gas revenues	5,498	9,091
	62,106	257,681

All sales in the current and previous year were to external customers.

£62,106 of total external revenues arose from three customers (2013: four customers attributed £257,681).

Notes forming part of the consolidated financial statements for the year ended 31 March 2014

3. Loss for the year before taxation

Costs by nature	2014 £	2013 £
Staff costs (note 5)	**747,481**	1,215,409
Other cost of sales	**-**	16,097
Share option expense (note 18)	**51,319**	528,183
Depreciation of property, plant and equipment (note 9)	**49,390**	77,273
Amortisation of intangible fixed assets (note 10)	**193,790**	2,126,384
Impairment of intangible fixed assets	**828,264**	–
Impairment of tangible fixed assets	**192,108**	–
Impairment of goodwill	**2,252,731**	–
Foreign exchange differences	**3,758**	22,677
Plant, property and equipment operating lease expense	**75,333**	85,200
Auditors remuneration for:		
Audit of financial statements of the Group	**20,000**	27,000
Audit of the financial statements of the parent	**3,500**	3,000
Taxation services	**–**	10,000
Travel expenses	**138,645**	231,433
Legal and professional fees	**163,416**	335,567
Other expenses	**277,083**	540,480
	4,996,818	5,218,703

4. Company profit and loss account

ViaLogy PLC has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these accounts. The Company's loss after tax was £10,944,146 (2013 – loss £21,098,814) which is dealt with in the financial statements of the parent company.

5. Staff costs

The average number of employees during the year, including executive directors were:

	2014 Number	2013 Number
Directors	**4**	4
Research and development	**3**	5
Sales and marketing	**1**	1
Administration	**2**	3
	10	13

Staff costs (including directors) comprise:

	2014 £	2013 £
Wages and salaries	**706,230**	1,455,450
Share based payment charge	**51,319**	528,182
Pension Contributions	**4,000**	5,340
Employers national insurance contributions and Similar taxes	**41,251**	101,181
	802,800	2,090,153

Of the amounts in the disclosure above, wages and salaries of £194,383 (2013: £539,059) was disclosed within cost of sales.

5. Staff costs continued

Of the amounts in the disclosure above, an amount of £nil (2013: £341,222) was capitalised as R&D rather than expensed to the income statement:

	2014 £	2013 £
Wages, salaries and benefits capitalised	–	317,337
Employers national insurance contributions and similar taxes capitalised	–	23,885
	–	341,222

6 Directors

	2014 £	2013 £
Directors emoluments	**355,303**	620,143
Share based payment charge	**25,720**	403,546
Total emoluments	**381,023**	1,023,689

The remuneration of the directors during the year was as follows:

	Salaries £	Share Based Payment £	Fees £	Total 2014 £	Total 2013 £
Terry Bond	44,330	–	–	**44,330**	181,261
Mark Collingbourne	–	6,341	25,665	**32,006**	–
Robert Dean	106,659	2,572	–	**109,231**	271,022
Sandeep Gulati	116,982	4,125	–	**121,107**	531,406
Peter Reynolds	–	–	16,667	**16,667**	40,000
Adam Reynolds	–	6,341	36,667	**43,008**	–
Nicholas Mustoe	–	6,341	8,333	**14,674**	–
	267,971	25,720	87,332	**381,023**	1,023,689

The directors listed above are deemed to be the key management personnel of the Group.

Emoluments of the highest paid director were £121,107 (2013: £531,406).

7. Taxation on profits from ordinary activities

	2014 £	2013 £
Current tax		
UK corporation tax and income tax of overseas operations on profits for the year	–	–
	–	–
Deferred tax credit		
Release of provision	–	(294,822)
Total tax credit	–	(294,822)

The reason for the difference between the actual tax credit for the year and the standard rate of corporation tax in the UK applied to losses for the year are as follows:

	2014 £	2013 £
Loss before tax	**(4,933,443)**	(4,959,008)
Expected tax (recovery)/charge based on the standard rate of corporation tax in the UK of 23% (2013 – 24%)	**(1,134,692)**	(1,289,342)
Depreciation and amortisation not deductible for tax purposes	**56,391**	552,806
Disposal of fixed assets	**265**	–
Expenses not deductible for tax purposes	**13,133**	88,935
Increase in carried-forward losses	**1,064,903**	647,601
Temporary differences (see note 14)	–	(294,822)
Total tax credit for the year	–	(294,822)

The Group is required to estimate the income tax in each of the jurisdictions in which it operates. This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included within the statement of financial position. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply when the temporary differences reverse. Management judgement is required to determine the total provision for income tax. Amounts accrued are based on management's interpretation of country specific tax law and the likelihood of settlement.

Factors that may affect future tax charges

Deferred tax assets relating to UK revenue losses and UK capital losses of £4,099,914 and £1,934,399 respectively (2013: £4,363,392 and £1,934,399) have not been recognised as these losses can only be offset against future taxable profits and at present there is insufficient evidence to justify recognition.

Deferred tax assets relating to US revenue losses of £9,573,177 (2013: £7,486,221) have not been recognised as these losses can only be offset against future taxable profits and at present there is insufficient evidence to justify recognition. In addition ViaLogy LLC may be entitled to further tax losses. The maximum amount of losses available is $6,000,000, however this is subject to an annual limitation which is estimated at $250,000 per year. At the reporting date the accrued potential losses claimable are estimated at $2,000,000 (2013 – $1, 750,000). The losses disclosed in relation to the US have not been agreed with the US taxation authorities and thus are the best estimate of management as at 31 March 2014.

8. Loss per share

Basic

Basic loss per share is calculated by dividing the loss after tax attributable to the equity holders of the parent company for the year of £4,933,443 (2013: loss £4,664,186) by the weighted average number of ordinary shares in issue during the year 2,014,231,609 (2013: 921,224,058).

Diluted

Diluted earnings per share dilute the basic earnings per share to take into account share options and warrants. The calculation includes the weighted average number of ordinary shares that would have been issued on the conversion of all the dilutive share operations and warrants into ordinary shares. 261,916,546 options (2013: 125,535,913) and nil (2013: 38,693,654) warrants have been excluded from this calculation as the effect would be anti-dilutive.

9. Plant, property and equipment

	Office equipment £	Furniture £	Computer equipment £	Motor vehicles £	Oil and gas assets £	Total £
Cost						
At 1 April 2012	13,119	31,995	555,771	17,578	203,568	822,031
Additions	–	–	38,177	6,894	–	45,071
Disposals	–	(63)	–	(20,277)	–	(20,340)
Foreign exchange movements	342	1,614	29,819	212	–	31,987
At 1 April 2013	13,461	33,546	623,767	4,407	203,568	878,749
Additions	–	–	3,421	–	–	3,421
Disposals	(6,349)	–	(4,125)	(4,407)	–	(14,881)
Impairment	–	–	–	–	(203,568)	(203,568)
Foreign exchange movements	(611)	(2,883)	(53,401)	–	–	(56,896)
At 31 March 2014	**6,501**	**30,663**	**569,662**	–	–	**606,826**
Depreciation						
At 1 April 2012	9,656	18,381	380,945	9,614	9,816	428,412
Charge for the year	512	3,151	70,583	1,384	1,644	77,274
Disposals	–	–	–	(9,614)	–	(9,614)
Foreign exchange movements	221	1,065	22,157	69	–	23,512
At 1 April 2013	10,389	22,597	473,685	1,453	11,460	519,584
Charge for the year	280	2,521	46,589	–	–	49,390
Disposals	(5,707)	–	(3,612)	(1,453)	–	(10,772)
Impairment	–	–	–	–	(11,460)	(11,460)
Foreign exchange movements	(398)	(2,010)	(41,271)	–	–	(43,679)
At 31 March 2014	**4,564**	**23,108**	**475,391**	–	–	**503,063**
Net book value						
At 31 March 2014	**1,937**	**7,555**	**94,271**	–	–	**103,763**
At 31 March 2013	3,072	10,949	150,082	2,954	192,108	359,165
At 31 March 2012	3,463	13,614	174,826	7,964	193,752	393,619

The oil and gas assets have been fully impaired in the year. The decision as to when oil is pumped from the wells is taken by the well operator independent of other interest owners. During the year one of the wells has been turned off for operational reasons. The Board does not believe that both wells will generate significant revenue in the foreseeable future.

Notes forming part of the consolidated financial statements for the year ended 31 March 2014

10. Intangible assets

	Intellectual property £	Research and development £	Total £
Cost			
At 1 April 2012	13,247,879	3,851,132	17,099,011
Additions			
– Internally developed	–	341,222	341,222
Foreign exchange movements	–	1,640	1,640
At 1 April 2013	13,247,879	4,193,994	17,441,873
Additions			
- Internally developed	–	–	–
Foreign exchange movements	–	–	–
Impairment	(13,247,879)	(4,193,994)	(17,441,873)
At 31 March 2014	–	–	–
Amortisation			
At 1 April 2012	11,814,681	2,508,829	14,323,510
Charge for the year	1,433,198	693,186	2,126,384
Foreign exchange movements	–	(30,075)	(30,075)
At 1 April 2013	13,247,879	3,171,940	16,419,819
Charge for the year	–	193,790	193,790
Foreign exchange movements	–	–	–
Impairment	(13,247,879)	(3,365,730)	(16,613,609)
At 31 March 2014	–	–	–
Net book value			
At 31 March 2014	–	–	–
At 31 March 2013	–	1,022,054	1,022,054
At 31 March 2012	1,433,198	1,342,303	2,775,501

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets.

11. Subsidiaries

ViaLogy PLC has two subsidiaries, ViaLogy LLC and Vialogy Energy Corp. ("VEC"), which have been included in these consolidated financial statements: ViaLogy LLC is a company whose principal activity is developing applications for its patented Quantum Resonance Interferometry (QRI) technology. QRI is a technology which separates the background 'noise' that envelopes weak signals. On 12 February 2014, Vialogy LLC sold to VEC its licence to use QRI together with some fixed assets and contracts.

Name	Country of incorporation	Country of operation	Holding	Proportion of ownership interest and share capital held
ViaLogy LLC USA	USA	Direct	100%	
Vialogy Energy Corp.	USA	USA	Indirect	75%

12. Business combinations, goodwill and non-controlling interests

Acquisition of Vialogy Energy Corp.

On 12 February 2014, the Group sold the licence to its intangibles, the fixed assets in Vialogy LLC and two of its contracts to VEC in exchange for 75% of the shares of VEC. The remaining 25% interest is held by VEC's directors and senior staff. At the date of acquisition non-controlling interests have been measured at their proportionate interest in the book values of VEC's net assets.

Assets acquired and liabilities assumed:

	At date of acquisition £
Assets	
Intangibles	8,908,189
Property, plant and equipment	105,331
Trade and other receivables	865
Total assets	9,014,385
Liabilities	
Trade and other payables	–
Total liabilities	–
Total net assets	9,014,385
Goodwill:	
Purchase consideration	9,013,520
Net assets of non-controlling interest at date of acquisition	2,253,596
Net assets of VEC at date of acquisition	(9,014,385)
Goodwill acquired	2,252,731
Goodwill impairment	(2,252,731)
Carrying value	–

The goodwill acquired has been fully impaired at the year end as the board believe it will take significant further time to raise the necessary funds to continue to develop the QRI technology. As a result, the non-controlling interest has been transferred to the accumulated deficit.

13. Trade and other receivables

	2014 £	2013 £
Trade receivables	**48,071**	72,806
Other receivables	**35,239**	12,886
Prepayments and accrued income	**6,346**	68,184
	89,656	153,876
Aged trade receivables summary		
30-60 days	–	28,002
Over 60 days	**48,071**	44,804
	48,071	72,806

There has been no provision made for doubtful receivables, as the Board consider all receivables to be recoverable.

The book values of trade and other receivables approximate to the fair values.

14. Trade and other payables

	2014 £	2013 £
Trade payables	**3,693**	73,283
Accruals and deferred income	**76,313**	133,081
	80,006	206,364

The book value of trade and other payables approximate to the fair values. See note 16 for maturity analysis.

15. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 35% as the deferred tax is expected to be offset against profits in the US.

The movement on the deferred tax account is as shown below:

	2014 £	2013 £
At 1 April	–	285,242
Exchange rate adjustment	–	9,580
Release for the year	–	(294,822)
At 31 March	–	–

On 26 October 2006 the Group acquired the remaining 56.74% of the share capital in ViaLogy Corp, a company whose principal activity is developing applications for its patented Quantum Resonance Interferometry (QRI) technology.

The accounting policy of the acquired entity was not to recognise internally generated intangibles; however, it is the policy of the Group to recognise such an intangible.

A deferred tax liability was recognised in respect of the increase in the intangible asset on acquisition. The deferred tax liability is released over a period of 6 years in accordance with the amortisation period of the acquired intangible assets.

16. Financial instruments

Principal financial instruments

The principal instruments used by the group, from which the financial instrument risk arises, include cash and cash equivalents, trade receivables and trade payables.

A summary of the financial instruments held by category is shown below:

Categories of financial assets

	2014 £	2013 £
Current financial assets		
Loans and receivables	48,071	72,806
Cash and other equivalents	1,363,973	1,304,729
Total current financial assets	1,412,044	1,377,535

Categories of financial liabilities

	2014 £	2013 £
Current financial liabilities		
Trade and other payables	3,693	73,283
Total other financial liabilities	3,693	73,283

Risk and sensitivity analysis

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group and Company are exposed through their operations to one or more of the following financial risks: foreign currency risk, liquidity risk, credit risk and investment risk. The policy for managing these risks is set by the Board and all such risks are managed at a Group level within the organisation. There have been no changes in the way the Group and Company manages risks from previous years. The policies for these risks are described further below:

Notes forming part of the consolidated financial statements for the year ended 31 March 2014

16. Financial instruments continued

Foreign currency risk

Foreign currency risk arises because the Group has operations located in the USA whose functional currency is not the same as the parent company's functional currency (sterling). The net assets from such overseas operations are exposed to currency risk giving rise to gains or losses on retranslation to sterling for the purposes of the consolidated financial statements. In the future it is planned that the foreign exchange risk will be mitigated by sales in US dollars.

A US$0.25 increase in the value of the US dollar against sterling will result in a fall in pre-tax losses by £620,477 (2013: decrease in loss of £554,973).

The table below shows the split between currencies that balances are denominated in:

2014	US$	GBP	Total GBP
Trade and other receivables	**48,071**	**–**	**48,071**
Cash and cash equivalents	**3,057**	**1,360,916**	**1,363,973**
Trade and other payables	**3,693**	**–**	**3,693**

2013	US$	GBP	Total GBP
Trade and other receivables	72806	–	72,806
Cash and cash equivalents	110,280	1,194,449	1,304,729
Trade and other payables	59,051	14,242	73,283

Liquidity risk

Liquidity risk is the risk that the company fails to have sufficient funds to meet its debts as they become due. The liquidity risk of the Group is managed centrally. The Group holds funds in short-term bank deposits so that they are available when required.

Maturity analysis of financial liabilities

All financial liabilities (trade and other payables) are due for payment within one year as follows:

	2013 £	2013 £
Due:		
Current	**3,693**	73,283
	3,693	73,283

The Board believe the current level of financial liabilities to be in line with expectations. The level of cash balances and trade and other receivables is sufficient to discharge the Group's financial liabilities.

16. Financial instruments continued

Credit Risk

During the year, the Group's credit risk was primarily attributable to its cash balances, and its trade receivables. Credit risk, is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is low due to the size and stature of the customers the company now trades with. There were no allowances for debt recovery as at 31 March 2014 or 31 March 2013.

The Group's maximum exposure to credit risk by class of financial instruments amounts to their carrying value of £1,373,623 (2013 £1,390,421). The Group deems that entities from whom credit exposure arises are of adequately strong credit quality and will therefore be able to pay the amounts due when they arise.

Investment risk

Investment risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

The Group is exposed to interest rate risk from its interest earning financial assets. The floating rate assets are held in a money market account earning interest at Bank of England base rate less 0.3%. The interest rate risk is mitigated by the fact cash is held in short-term deposits allowing rapid transfer of funds to alternative commercial banks to obtain improved interest rates. There are no financial assets earning interest at fixed rates.

Capital

As described in note 16 the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained deficit as its capital reserves. In managing its capital the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

17. Share capital

	Allotted, called up and fully paid			
	2014 Number	2013 Number	2014 £	2013 £
Ordinary shares of 0.1p each				
At 1 April	**1,039,106,911**	851,955,130	**1,039,640**	8,519,551
Shares issued	**1,650,353,455**	187,151,781	**1,649,821**	1,871,518
At 31 March	**2,689,460,366**	1,039,106,911	**2,689,461**	10,391,069

	Allotted, called up and fully paid			
	2014 Number	2013 Number	2014 £	2013 £
Deferred shares of 0.9p each				
At 1 April	–	–	–	–
Share reorganisation	**1,039,640,244**	–	**9,356,762**	–
At 31 March	**1,039,640,244**	–	**9,356,762**	–

On the 26 June 2013, 533,333 warrants were converted into 0.01 pence shares at 1.25 pence per share.

On the 24 January 2014, the Company subdivided its shares into 1,039,640,244 ordinary shares of 0.1 pence each and 1,039,640,244 deferred shares of 0.9 pence each. The brought forward balance of the share capital for the Company for 2014 has been restated to reflect the subdivision at the beginning of the year.

On the 24 January 2014, the Company issued 1,100,000,000 ordinary shares at 0.1 pence each by way of placing 519,820,122 ordinary shares at 0.1 pence each by way of an open offer and 30,000,000 ordinary shares at 0.1p each in lieu of fees.

All ordinary shares in issue have equal voting rights.

Share Options

At 31 March 2014, the following share options were outstanding in respect of Ordinary shares:

Number of options	Exercise Period	Exercise Price (pence)
248,199,893	March 2014 to March 2024	1p
3,902,307	August 2005 to January 2023	1p
500,000	February 2012 to February 2019	1.83p
1,368,111	January 2013 to January 2023	2.25p
2,555,809	December 2012 to December 2022	2.42p
2,050,000	October 2011 to October 2018	2.8p
618,449	November 2011 to November 2018	3p
2,571,977	June 2010 to June 2020	3.75p
77,000	June 2007 to August 2016	4.5p
73,000	August 2010 to August 2017	7.38p

17. Share capital continued

Share options vest over differing periods from date of issue to three years.

	2014 Weighted average exercise price	2014 Number	2013 Weighted average exercise price	2013 Number
Outstanding at start of year	**£0.028**	**125,535,913**	£0.024	96,162,368
Granted during the year	**£0.001**	**248,119,893**	£0.014	31,479,449
Forfeited during the year	**£0.028**	**(111,739,260)**	£0.052	(1,817,760)
Exercised during the year	–	–	**£0.029**	(288,144)
Outstanding at end of year	**£0.015**	**261,916,546**	£0.028	125,535,913

The options held by the directors at the beginning and end of the year are as detailed below:

	At 1 April 2013	Awarded	Lapsed	At 31 March 2014	Exercise price	Earliest date of exercise	Latest date of exercise
Terry Bond							
– Unapproved scheme	6,000,000	–	(6,000,000)	–	4p	02/12/09	02/12/16
– Unapproved scheme	4,475,408	–	(4,475,408)	–	1p	22/06/13	22/06/20
– Unapproved scheme	4,475,408	–	(4,475,408)	–	3.75p	22/06/13	22/06/20
Robert Dean							
– Unapproved scheme	403,500	–	(403,500)	–	4p	31/10/09	31/10/16
– Unapproved scheme	77,000	–	(77,000)	–	4.5p	26/10/09	26/10/16
– Unapproved scheme	21,133,168	–	(21,133,168)	–	4p	24/10/10	24/10/17
– Unapproved scheme	3,032,422	–	(3,032,422)	–	1p	22/06/12	22/06/20
– Unapproved scheme	3,032,421	–	(3,032,421)	–	3.75p	22/06/12	22/06/20
– Unapproved scheme	5,538,264	–	(5,538,264)	–	1.63p	08/02/15	08/02/23
– Unapproved scheme	–	23,996,368	–	23,996,368	0.1p	19/03/2014	27/01/19
Sandeep Gulati							
– Unapproved scheme	9,004,898	–	(9,004,898)	–	4.5p	01/03/10	01/03/16
– Unapproved scheme	7,230,000	–	(7,230,000)	–	4p	31/10/09	31/10/16
– Unapproved scheme	4,000,000	–	(4,000,000)	–	8.38p	24/10/10	24/10/17
– Unapproved scheme	2,704,000	–	(2,704,000)	–	5p	24/10/10	24/10/17
– Unapproved scheme	12,343,819	–	(12,343,819)	–	1p	26/10/10	25/01/21
– Unapproved scheme	18,003,005	–	(18,003,005)	–	1p	25/01/12	08/02/23
– Unapproved scheme	–	38,503,632	–	38,503,632	0.1p	19/03/14	19/03/19
Adam Reynolds							
– Unapproved scheme	–	59,166,666	–	59,166,666	0.1p	19/03/14	19/03/19
Nick Mustoe							
– Unapproved scheme	–	59,166,666	–	59,166,666	0.1p	19/03/14	19/03/19
Mark Collingbourne							
– Unapproved scheme	1,464,480	60,166,666	(2,464,480)	59,166,666	0.1p	19/03/14	19/03/19

No directors have exercised share options during the year.

17. Share capital continued

The options held by the directors at the beginning and end of the previous year are as detailed below

	At 1 April 2012	Awarded	Lapsed	At 31 March 2013	Exercise price	Earliest date of exercise	Latest date of exercise
Terry Bond							
– Unapproved scheme	6,000,000	–	–	6,000,000	4p	02/12/09	02/12/16
– Unapproved scheme	4,475,408	–	–	4,475,408	1p	22/06/13	22/06/20
– Unapproved scheme	4,475,408	–	–	4,475,408	3.75p	22/06/13	22/06/20
Robert Dean							
– Unapproved scheme	403,500	–	–	403,500	4p	31/10/09	31/10/16
– Unapproved scheme	77,000	–	–	77,000	4.5p	26/10/09	26/10/16
– Unapproved scheme	21,133,168	–	–	21,133,168	4p	24/10/10	24/10/17
– Unapproved scheme	3,032,422	–	–	3,032,422	1p	22/06/12	22/06/20
– Unapproved scheme	3,032,421	–	–	3,032,421	3.75p	22/06/12	22/06/20
– Unapproved scheme	–	5,538,264	–	5,538,264	1.63p	08/02/15	08/02/23
Sandeep Gulati							
– Unapproved scheme	9,004,898	–	–	9,004,898	4.5p	01/03/10	01/03/16
– Unapproved scheme	7,230,000	–	–	7,230,000	4p	31/10/09	31/10/16
– Unapproved scheme	4,000,000	–	–	4,000,000	8.38p	24/10/10	24/10/17
– Unapproved scheme	2,704,000	–	–	2,704,000	5p	24/10/10	24/10/17
– Unapproved scheme	12,343,819	–	–	12,343,819	1p	26/10/10	25/01/21
– Unapproved scheme	–	18,003,005	–	18,003,005	1p	25/01/12	08/02/23
Peter Reynolds							
– Unapproved scheme	403,500	–	403,500	–	8.38p	24/10/10	24/10/17

The terms, conditions and vesting requirements for these share based payments can be found within note 19 to these financial statements.

Warrants

The company issued 37,500,000 warrants as part of a share placing on 8 February 2013. The warrants have a conversion price of 1.25p per share and expired on 23 February 2014. Warrants issued in connection with the share issues are measured at the fair value on recognition using the Black-Scholes model and are accounted for as a deduction from equity.

At 31 March 2014, there were no warrants outstanding in respect of Ordinary shares:

The Black-Scholes method was used to calculate the fair value of warrants at the date of grant for *those warrants issued during the year*. The volatility assumption, measured as the standard deviation of expected share price returns is based on analysis of daily share prices over a three year period. The table below lists the inputs to the model used for warrants granted during the year.

	2014	2013
Share price	–	1.6p
Volatility	–	70%
Dividend Yield	–	0%
Risk-free interest rate	–	0.25%
Expected warrant life	–	1 year

17. Share capital continued

At 31 March 2013, the following warrants were outstanding in respect of Ordinary shares:

Number	Exercise Period	Exercise Price
1,193,654	March 2010 to March 2016	4.50p
37,500,000	February 2013 to February 2014	1.25p

There are no conditions attached to the warrants. The warrants have been valued on a consistent basis to the share options as detailed above.

18. Reserves

The following describes the nature and purpose of each reserve within shareholders equity:

Reserve	Description and purposes
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained deficit	Cumulative net gains and losses recognised in the consolidated income statement. The share option expense is recognised directly through the retained deficit reserve.
Foreign exchange translation reserve	Exchange difference arising on translation of foreign operations.
Warrant reserve	Amounts issued to share subscribers as an incentive for subscription representing an additional cost to the Company associated with the fundraising.
Non-controlling interests	Non-controlling interests represent the share of ownership of subsidiary companies outside the Group.

19. Share-based payment

The Group operates two equity settled share based remuneration schemes for employees: an inland revenue approved scheme and an unapproved scheme, jointly known as the "option scheme". Under the scheme employees may be granted options to purchase shares, which vest over varying periods up to three years and must be exercised within 10 years from the date of grant.

Under the terms of their employment contracts entered into on 22 June, 2010 the company's executive directors, Dr. Sandeep Gulati, Dr. Robert W. Dean and Terry Bond are entitled to additional options awards in order to retain their interests in the ordinary share capital of ViaLogy. Any such option awards for Dr Sandeep Gulati would have an exercise price of 1p per share and would be exercisable within 10 years of grant. Half of any such option awards for Dr Robert Dean and Terry Bond, would have an exercise price of 1p per share, the remaining options would have an exercise price equivalent to the market price at the date of grant. All options for Dr Robert Dean and Terry Bond would be exercisable within 10 years of grant.

19. Share-based payment continued

On 19 March 2014, the directors were granted share options at an exercise price of 0.1 pence per share. The options will only vest if the company's share price reaches or exceeds 0.5p for a continuous period of 30 days at any time during the period of 5 years from date of grant. As per the agreement, the options previously granted to the directors shall forthwith lapse and cease to exist.

The exercise price of options outstanding at the end of the year ranged between 0.1p and 8.38p and their weighted average contractual life was 5.7 years (2013: 6.5 years).

Of the total number of options outstanding at the end of the year 8,119,895 (2013: 114,212,959) had vested and were exercisable at the end of the year at a weighted average exercise price of 0.1p. (2013: 3.8p).

The weighted average fair value of each option granted during the year was 1.45p (2013: 1.5p).

The Black-Scholes method was used to calculate the fair value of options at the date of grant. The volatility assumption, measured as the standard deviation of expected share price returns is based on analysis of daily share prices over a three year period. The table below lists the inputs to the model used for options granted during the year.

	2014	2013
Weighted average share price	**1.57p**	1.48p
Volatility	**70%**	70%
Dividend Yield	**0%**	0%
Risk- free interest rate	**0.25%**	0.25%
Weighted average exercise Price	**0.1p**	1.43p
Expected option life	**5 years**	5 years

Share based payment expense for the year	2014 £	2013 £
Issued to employees of parent	**21,594**	77,126
Issued to employees of subsidiary	**29,725**	451,056
	51,319	528,182

20. Leases

Operating leases

ViaLogy LLC leases its premises on three year basis. Non-cancellable operating lease commitments are analysed as:

	2014 £	2013 £
Not later than one year	–	16,447

21. Related party transactions

During the year there were no related party transactions, other than those with key management personnel. Key management personnel are considered to be the directors; their emoluments are disclosed in note 6.

22. Ultimate controlling party

The Company does not have an ultimate controlling party.

23. Events after the reporting period

On 13 June 2014 the Group published proposals to merge with Premaitha Health Limited. The resolutions will be put to a General Meeting of shareholders on 3 July 2014.

Parent Company balance sheet as at 31 March 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible fixed assets	3		**1,202**		1,153
Investments	4		**–**		9,517,986
			1,202		9,519,139
Current assets					
Debtors due within one year	5	**41,586**		99,100	
Cash at bank and in hand		**1,360,916**		1,194,449	
		1,402,502		1,293,549	
Creditors: amounts falling due within one year	6	**53,333**		79,503	
Net current assets			**1,349,169**		1,214,046
Total assets less current liabilities			**1,350,371**		10,733,185
Capital and reserves					
Share capital	7,8		**12,046,223**		10,391,069
Warrant reserve	8		**–**		225,000
Share premium	8		**22,813,765**		22,733,906
Profit and loss account	8		**(33,509,617)**		(22,616,790)
Shareholders' funds			**1,350,371**		10,733,185

The financial statements on pages 44 to 50 were approved by the Board of Directors and authorised for issue on 13 June 2014 and were signed on its behalf by:

Adam Reynolds
Chairman

Parent Company statement of changes in equity as at 31 March 2014

	Share capital £	Share premium account £	Warrant reserve account £	Retained deficit £	Total £
At 1 April 2013	10,391,069	22,733,906	225,000	(22,616,790)	10,733,185
Total loss for the year	–	–	–	(10,944,146)	(10,944,146)
Lapse of warrants	–	225,000	(225,000)	–	–
Issue of shares	1,655,154	1,333	–	–	1,656,487
Share issue expenses	–	(146,474)	–	–	(146,474)
Share options expense	–	–	–	51,319	51,319
Balance at 31 March 2014	**12,046,223**	**22,813,765**	**–**	**(33,509,617)**	**1,350,371**

	Share capital £	Share premium account £	Warrant reserve account £	Retained deficit £	Total £
At 1 April 2012	8,519,551	21,475,505	–	(2,046,158)	27,948,897
Total loss for the year	–	–	–	(21,098,814)	(21,098,813)
Other comprehensive income	–	–	–	–	–
Issue of shares	1,871,518	1,363,151	–	–	3,234,669
Share issue expenses	–	(104,750)	–	–	(104,750)
Share options expense	–	–	–	528,182	528,182
Issue of warrants	–	–	225,000	–	225,000
Balance at 31 March 2013	**10,391,069**	**22,733,906**	**225,000**	**(22,616,790)**	**10,733,185**

Parent Company statement of cash flows as at 31 March 2014

	Note	2014 £	2013 £
Cash flow from operating activities			
Loss before tax		**(10,944,146)**	(21,098,814)
Adjustments for :			
Finance income		**(1,257)**	(2,014)
Depreciation	3	**592**	413
Share option expense	9	**51,319**	528,183
Director's fees prepaid		**–**	27,656
Provision of investments and intercompany loans		**9,519,140**	18,178,403
Cash flow from operating activities before changes in working capital		**(1,374,352)**	(2,366,174)
Decrease in trade and other receivables		**57,514**	72,583
(Decrease)/Increase in trade and other payables		**(26,170)**	6,559
Net cash flows from operating activities		**(1,343,007)**	(2,287,032)
Investing activities			
Purchase of property, plant and equipment	3	**(1,794)**	(4,966)
Interest received		**1,257**	2,014
Net cash used in investing activities		**(537)**	(2,952)
Financing Activities			
Cash inflow from issue of new shares	7, 8	**1,656,486**	3,234,669
Share issue costs		**(146,474)**	(104,750)
Net cash from financing activities		**1,510,012**	3,129,919
Increase/(Decrease) in cash and cash equivalents		**166,468**	839,935
Cash and cash equivalents at beginning of year		**1,194,449**	453,614
Cash and cash equivalents at end of year		**1,360,916**	1,293,549

Notes forming part of the parent company financial statements for the year ended 31 March 2014

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and UK Generally Accepted Accounting Principles (UKGAAP). The following accounting policies have been applied:

The following accounting policies have been applied:

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Office equipment	–	20% per annum, reducing balance
Motor vehicles	–	33.3% per annum, reducing balance

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment at the balance sheet date in addition to whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected discounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset’s fair value or discounted cash flows.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. The investments are reviewed for impairment at the balance sheet date in addition to whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected discounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where share based options are awarded to employees of subsidiaries the charge in respect to the share based payments is treated as a capital contribution and forms part of the investment in that subsidiary.

Warrants

The Black-Scholes method was used to calculate the fair value of warrants year at the date of grant for those warrants issued during the year. The volatility assumption, measured as the standard deviation of expected share price returns is based on analysis of daily share prices over a three year period. The table below lists the inputs to the model used for options granted during the year.

	2014	2013
Share price	–	1.6p
Volatility	–	70%
Dividend Yield	–	0%
Risk-free interest rate	–	0.25%
Expected warrant life	–	1 year

Foreign currency

The functional currency of the Company is Pounds Sterling. Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Critical accounting estimates and judgments

The preparation of the company's financial statements under UK GAAP requires the Company to make estimates and judgments that effect the application of policies and reported amounts. In applying these policies the directors are required to make estimates and subjective judgements that may affect the reported amounts of assets and liabilities at the reporting date and reported profit or loss for the year. Although the directors base these on combination of past experience and any other evidence that is relevant to the particular circumstance, the actual results could ultimately differ from those estimates.

Included in the note are accounting policies which cover areas that the directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. These policies together with references to the related notes to the financial statements can be found below:

Share based payments and warrants Note 9

The fair value is measured by use of a Black-Scholes model which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Management are also required to apply their judgement in assessing a reasonable volatility figure to be applied in the model.

Impairment of Property, plant and equipment and investments

The Group assesses the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments are held subject to impairment review. The Group's management undertakes an impairment review annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

The Directors have carried out a detailed impairment review in respect of investments. The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cash flow forecasts which have been discounted. The cash flow projections are based on the assumption that the Group can realise projected sales. A prudent approach has been applied with no residual value being factored.

2. Staff costs

The average number of employees during the year, including executive directors were:

	2014 Number	2013 Number
Administration	**2**	2

Staff costs (including directors) comprise

	2014 £	2013 £
Wages and salaries	**170,546**	158,399
Share based payment expense	**21,594**	77,127
Pension Contributions	**4,000**	5,840
Employers national insurance contributions and similar taxes	**9,735**	20,592
	205,875	261,958

Emoluments of the highest paid director were £121,107 (2013: £531,406).

3. Tangible fixed assets

	Office equipment £	Total £
Cost		
At 1 April 2013	**10,474**	10,474
Additions	**1,794**	1,794
Disposals	**(10,474)**	(10,474)
At 31 March 2014	**1,794**	1,794
Depreciation		
At 1 April 2013	**9,321**	9,321
Charge for the year	**592**	592
Disposals	**(9,321)**	(9,321)
At 31 March 2014	**592**	592
Net book value		
At 31 March 2014	**1,202**	1,202
At 31 March 2013	**1,153**	1,153

Notes forming part of the parent company financial statements for the year ended 31 March 2014

4. Investments

	Investment in subsidiary £
Cost	
At 1 April 2013	12,503,793
At 31 March 2014	12,503,793
Provision	
At 1 April 2013	2,985,807
Impairment	9,517,986
At 31 March 2014	12,503,793
Net book value	
At 31 March 2014	–
At 31 March 2013	9,517,986

5. Debtors

	2014 £	2013 £
Debtors due within one year		
Other debtors, prepayments and accrued income	**41,586**	99,100
	41,586	99,100

6. Creditors: amounts falling due within one year

	2014 £	2013 £
Accounts payable	–	14,243
Accruals and deferred income	**53,333**	64,086
Other creditors	–	1,174
	53,333	79,503

7. Called up share capital

For detail of share capital see note 17 of the consolidated financial statements.

8. Reserves

	Share capital £	Share premium £	Warrant reserve £	Retained deficit £
At 1 April 2013	10,391,069	22,733,906	225,000	(22,616,790)
Arising on issue of shares	1,655,154	1,333		–
Share issue expenses	–	(146,474)	–	–
Lapse of warrants		225,000	(225,000)	–
Loss for the year	–	–	–	(10,944,146)
Share based payments and warrant expense (see note 10)	–	–	–	51,319
At 31 March 2014	**12,046,223**	**22,813,765**	**–**	**(33,509,617)**

9. Share-based payments

As detailed in note 19 to the consolidated financial statements the company issues share options and warrants to both its own employees and employees of its subsidiary.

10. Related party transactions

During the year there were no related party transactions, other than those with key management personnel. Key management personnel are considered to be the directors; their emoluments are disclosed in note 6.

11. Ultimate controlling party

The Company does not have an ultimate controlling party.

12. Events after the reporting period

On 13 June 2014 the Group published proposals to merge with Premaitha Health Limited. The resolutions will be put to a general meeting of shareholders on 3 July 2014.

PREMAITHA HEALTH PLC

Notice is hereby given that the Annual General Meeting of Premaitha Health PLC (the "Company") will be held at the offices of The Royal Institution of Great Britain, 21 Albermarle Street, London W1S 4BS at 11.00 a.m. on 04 November 2014 for the following purposes:

1. To receive the Company's Report and Accounts for the year ended 31 March 2014.

2. To re-elect David Evans as a Director.

3. To re-elect Stephen Little as a Director.

4. To re-elect Peter Collins as a Director.

5. To re-elect Charles Roberts as a Director

6. To re-elect Nicholas Mustoe as a Director.

7. To re-elect Adam Reynolds as a Director.

8. To re-elect Mark Collingbourne as a Director

9. To re-appoint Jeffrey's Henry LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions as to the resolution numbered 10 as an Ordinary Resolution and as to the resolution numbered 11 as a Special Resolution:

10. THAT the Directors be and they are hereby authorised generally and unconditionally for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and/or rights being "Relevant Securities") up to an aggregate nominal amount of £6,209,402.10 being one third of the current issued share capital, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date being the earlier of the date 15 months after the passing of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2015, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

    This authority shall be in substitution for and shall replace any existing authority pursuant to Section 551 of the Act to the extent not utilised at the date this resolution is passed.

11. THAT, subject to and conditional upon the passing of Resolution 10, the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred under Resolution 10 above as if sub-section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:-

    (a) the allotment of equity securities in connection with a rights issue or any pre-emptive offer in favour of holders of ordinary shares in the Company where the equity securities attributable to the respective interests of such holders are proportionate (as nearly as maybe) to the respective numbers of ordinary shares held by them on the record date for such allotment subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or any legal or practical difficulties under the laws of, or the requirements of, any regulatory body or stock exchange of any overseas territory or otherwise;

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £5,644,911 being 30% of the current issued share capital;

and shall expire on the date being the earlier of the date 15 months after the passing of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2015, provided that the Company may before such expiry make an offer or agreement which would require equity securities to be allotted in pursuance of such offer or agreement as if the power conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier power given to directors.

By Order of the Board
Mark Collingbourne

Registered Office:
St James' House,
St James' Square,
Cheltenham,
GL50 3PR

29 September 2014

Notes:

1. A member of the Company is entitled to appoint a proxy or proxies to attend, speak and vote at the meeting in his stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy does not need to be a member of the Company.
2. The appointment of a proxy does not preclude you from attending the meeting and voting in person. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A Form of Proxy is enclosed for use at the meeting. Please read carefully the instructions on how to complete the form. To be effective Forms of Proxy must be duly completed and returned so as to reach the Company's Registrars, Capita Registrars Limited, at Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0JQ no later than 11.00 a.m. on 2 November 2014.
4. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered in the Register of members at 11.00 a.m. on 2 November 2014 ("the specified time"). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's Register of Members at the time which is not less than 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Resolution 1

The Directors are required by law to present to the meeting the Audited Accounts and Directors' Report for the year ended 31 March 2014.

Resolutions 2 to 8 (inclusive)

Each of the Company's Directors was appointed by the Board after the last Annual General Meeting of the Company. Under the terms of the Company's Articles of Association any Director appointed as an additional director after the last Annual General Meeting must resign at the next Annual General Meeting and may offer himself or herself for re-appointment. Each of the Directors of the Company is offering himself for re-appointment.

Resolution 9

The Auditors are required to be re-appointed at each Annual General Meeting at which the Company's Audited Accounts are presented.

Resolution 10

Under the Act, the Directors may only allot shares if authorised to do so. Whilst the current authority has not yet expired, it is customary to grant a new authority at each Annual General Meeting. Accordingly, this resolution will be proposed as an ordinary resolution to grant a new authority to allot or grant rights over up to £6,209,402.10 in nominal value of the Company's unissued share capital. If given, this authority will expire at the Company's next annual general meeting following the date of the resolution. Although the Directors currently have no present intention of exercising this authority, passing this resolution will allow the Directors flexibility to act in the best interests of the Company's shareholders when opportunities arise.

Resolution 11

The Directors require additional authority from the Company's shareholders to allot shares where they propose to do so for cash and otherwise than to the Company's shareholders pro rata to their holdings. This resolution will give the Directors power to issue new ordinary shares for cash other than to the Company's shareholders on a pro rata basis (i) by way of a rights or similar issue or (ii) with a nominal value of up to £5,644,911. This resolution will be proposed as a special resolution.

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Premaitha Health Plc
Rutherford House
Manchester Science Park
40 Pencroft Way
Manchester
M15 6SZ

Tel +44 (0)161 667 6865
investors@premaitha.com
www.premaitha.com