



Annual Report and Accounts 2018



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**Registered office**

27/28 Eastcastle Street  
London  
W1W 8DH

**Directors**

David Macfarlane  
Susan Fraser

**Company Secretary**

Cargil Management Services Limited

**Company Website**

[www.rexbionicsuk.com](http://www.rexbionicsuk.com)

**Registrar**

Share Registrars Limited  
The Courtyard  
17 West Street  
Farnham  
Surrey GU9 7DR

**Legal Advisors**

Simmons & Simmons LLP  
CityPoint  
One Ropemaker Street  
London EC2Y 9SS

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
30 Finsbury Square  
London EC2A 1AG

Company registration number 06425793

## STRATEGIC REPORT

## Review of the business

On 25 May 2017, the Company completed a major restructuring, in which substantially all of the Rex business and assets, including ownership of the issued share capital of Rex Bionics Ltd and Rex Bionics Inc., were sold to Rex Bionics Pty Ltd in exchange for shares in Rex Bionics Pty Ltd simultaneously with an investment of AU\$7.5 million in Rex Bionics Pty Ltd by funds managed by BioScience Managers Ltd, an Australian fund management company, also in exchange for shares. On completion of the transaction, responsibility for the strategic direction and the day to day management of the Rex business passed to the management of that company, and the Company became an investment company holding 36% of the issued share capital of Rex Bionics Pty Ltd.

The restructuring has been reflected in the Rex Bionics Plc Consolidated and Company Financial Statements for the year ended 31 March 2017 in accordance with IFRS, such that all assets and liabilities were held for resale and written down to their net realisable value. As Rex Bionics Plc has no subsidiaries as at 31 March 2018, the Company has prepared single entity only financial statements for the year then ended, as no consolidation is required.

As a result of the Restructuring, Rex Bionics Plc has become an investment company with an initial 36% holding in Rex Pty, although this holding would be diluted if the BML funds make the further investment described above and the company does not exercise its right to co-invest. Responsibility for the strategic direction and day to day management of the Rex business has now been assumed by the Board and management of Rex Pty. The BML funds have invested in Rex Pty a further AUS \$ 2.5 million on the terms of a loan note convertible into ordinary shares of Rex Pty such that on conversion the holding of Rex Bionics Plc in Rex Pty will be diluted to 29.7%. The Company is entitled to have one representative on the Rex Pty board through whom it will be able to continue to provide strategic input, and David Macfarlane agreed to take on that role. This will also enable the Rex Bionics Plc Board the opportunity to provide periodic updates to our shareholders on the progress of their investment in Rex Pty and that company's financial position. The Company has also retained the right to participate in future financings by Rex Pty, although this would require the support of Rex Bionics Plc shareholders.

The completion of the Restructuring also had implications for Rex Bionics Plc's ability to continue as an AIM-listed company. Because the Company subsequently had no other business streams apart from its minority investment in Rex Pty, with the

effect that it ceased to own or control substantially all of its trading business and assets, it was deemed to become an AIM Rule 15 cash shell under the AIM Rules. As announced at the time of the Restructuring the Board conducted an accelerated evaluation of the structural options available to the Company, the outcome of which was that the Board concluded that the most sensible course of action was for the Company to seek to de-list its shares from trading on AIM at the earliest opportunity.

Stifel Nicolaus Europe Limited resigned as the Company's Nominated Advisor on 26 May 2017 and was not replaced. In accordance with the AIM rules, trading in the Company's shares was suspended from 30 May 2017, and the shares were automatically de-listed one month later, on 3 July 2017.

Under the terms of the Restructuring the Company has agreed to a three-year period (the "Standstill Period") during which, subject to certain permitted transfers, it will be unable to distribute its shares in Rex Bionics Pty. In return for our agreement to the Standstill Period, the BML Funds have committed to providing ongoing base cost funding to the Company that is intended to enable it to continue in operation as a going concern for the duration of the Standstill Period, including an initial payment of approximately £420,000 immediately following completion, including settlement of

the outstanding net intercompany balance due by Rex Pty to the Company, which was duly received.

During the Standstill Period there are likely to be very limited opportunities for shareholders to trade their shares in the Company. At the end of the Standstill Period the Board's current expectation is that it will put the Company into liquidation, at which point it will be able to distribute its shares in Rex Pty to the then shareholders in the Company pro rata to their shareholding in the Company.

Further details of the background and terms of the May 2017 restructuring and investment are set out in the circular to shareholders dated 3 May 2017, which can be found on the Company's website.

#### **Principal risks and uncertainties**

Set out below are the principal risks and uncertainties that the Board considers the Company to face. The key risk to the Company itself is that of liquidity risk, which is explained more within the going concern disclosures.

#### **Liquidity risk**

The company has very little activity and the cash inflows from Rex Pty are consistent and sufficient to cover all cash outflows as the Rex Pty income is received in advance.

#### **Funding risk**

Following the Restructuring the Company is largely reliant on funding from Rex Pty to enable it to continue as a going concern, and is therefore dependent on the ability of Rex Pty itself to raise further funding as necessary to sustain the ongoing Rex business and provide further funding to the Company in line with its commitments under the Restructuring.

The Company seeks to mitigate this risk by actively monitoring the progress of Rex Pty and providing strategic input to the Rex business, primarily through its seat on the Rex Pty board.

On behalf of the Board



David Macfarlane  
Director

20 September 2018

## CORPORATE GOVERNANCE

## Report of the Directors

The directors present their report and the audited financial statements for Rex Bionics (the "Company") for the year ended 31 March 2018.

Items required to be included in the Directors' Report that are covered elsewhere in this Annual Report are as follows:

- The use of financial instruments and financial risk management policies – Note 12 to the Financial Statements.

**Results for the year**

The Company made a loss after tax of £2,306,455 for the year ended 31 March 2018 (2017: £12,730,000).

**Dividends**

The directors do not propose the payment of a dividend (2017: £nil).

**Going concern**

At 31 March 2018, the Company had available cash reserves of £0.27 million. The Directors are confident that these cash reserves at 31 March 2018, will cover the Company's operating costs for a period of more than twelve months beyond the date of signing the Financial Statements. Under the terms of the Restructuring, further payments will be received from Rex Pty in the second and third years post-completion.

After taking into account current cash resources, their expectation of further funds being received from Rex Pty, their financial forecasts for the Company and the measures that they have taken to reduce expenditure following the Restructuring so as to ensure that the Company will have adequate resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report), and after making due and careful enquiries and considering all uncertainties, the Directors believe that it is reasonable to continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**Directors**

The Directors of the Company who served during the period were:

**Executive Directors**

Crispin Simon (resigned 21 September 2017)  
Richard Little (resigned 25 May 2017)  
Susan Fraser (appointed 21 September 2017)

**Non-Executive Directors**

David Macfarlane  
Jeremy Curnock Cook (resigned 25 May 2017)  
Joseph Cucolo (resigned 25 May 2017)  
Dr William Hunter (resigned 25 May 2017)  
John Plimmer (resigned 25 May 2017)  
Victoria Provis (resigned 25 May 2017)

As described in the Strategic Report, a Restructuring of the Rex Bionics business was completed on 25 May 2017. With the exception of David Macfarlane, all of the Non-Executive Directors resigned from the Board immediately following completion of the Restructuring. Crispin Simon, Chief Executive Officer, and Richard Little, Chief Technology Officer, also resigned their executive positions immediately following completion, with Mr Little also stepping down from the Board immediately but Mr Simon remaining on the Board as a Non-Executive Director for a short transitional period, resigning on 21 September 2017. On 21 September 2017 Susan Fraser was appointed as a Director of the Company.

## CORPORATE GOVERNANCE

**Report of the Directors** continued**Directors' interests in ordinary shares**

The Directors who held office at 31 March 2018 had the following interests in the ordinary shares of the Company at that date, which are beneficially held unless otherwise disclosed:

|                  | Ordinary shares of £1 each<br>31 March 2018 |         |          | Share  | Ordinary shares of £1 each<br>31 March 2017 |          |  |
|------------------|---|---------|----------|--------|---|----------|--|
|                  | Shares                                      | Options | Warrants |        | Options                                     | Warrants |  |
| David Macfarlane | 37,777                                      | 8,334   | -        | 37,777 | 8,334                                       | -        |  |
| Susan Fraser     | 4,671                                       | 28,425  | -        | n/a    | n/a   | n/a      |  |

Between 31 March 2018 and the date of this report there has been no change in the interests of Directors in shares, warrants or share options other than as disclosed in this report.

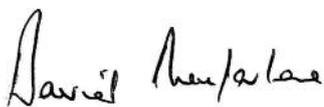
**Directors' and officers' liability insurance**

Qualifying indemnity insurance cover has been arranged in respect of the personal liabilities which may be incurred by Directors and Officers of the Company during the course of their service with the Company. This insurance was in place throughout the period and remains in place at the date of this report.

**Auditors**

A resolution proposing the re-appointment of Grant Thornton UK LLP as auditor to the Company will be put to the forthcoming Annual General Meeting.

On behalf of the Board



David Macfarlane  
Director

20 September 2018

## Statement of Directors' Responsibilities

### in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in 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.

The Directors confirm that:

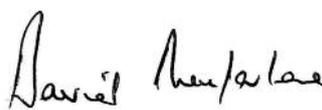
- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of the Directors' knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and;
- the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



David Macfarlane  
*Director*

20 September 2018

# Independent Auditor's Report

TO THE MEMBERS OF REX BIONICS PLC

## Opinion

We have audited the financial statements of Rex Bionics Plc (the 'company') for the year ended 31 March 2018 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Who we are reporting to

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.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

## Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

## Independent Auditor's Report *continued*

TO THE MEMBERS OF REX BIONICS PLC

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Christopher Raab  
*Senior Statutory Auditor*  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

20 September 2018

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## Statement of Comprehensive Income

For the year ended 31 March 2018

Company registration no: 06425793

|  |      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--|------|-----------------------------|-----------------------------|
|  | Note | £'000                       | £'000                       |
| <b>Revenue</b>   |      | <b>126</b>                  | -                           |
| Cost of sales  |      | (1)                         | -                           |
| <b>Gross profit (loss)</b>   |      | <b>125</b>                  | -                           |
| Impairment charge  | 9    | (1,992)                     |                             |
| Administrative expenses  |      | (425)                       | (1,529)                     |
| <b>Loss from operations</b>  | 6    | <b>(2,292)</b>              | (1,529)                     |
| Finance income   |      | -                           | -                           |
| Finance costs  |      | -                           | -                           |
| Gain/(loss) on foreign currency translation                          |      | (14)                        | -                           |
| <b>Loss on ordinary activities before tax</b>                        |      | <b>(2,306)</b>              | (1,529)                     |
| <b>Taxation credit</b>   | 7    | -                           | 111                         |
| <b>Loss for the year from continuing operations</b>                  |      | <b>(2,306)</b>              | (1,418)                     |
| <b>Loss for the year from discontinued operations</b>                | 5    | -                           | (11,312)                    |
| <b>Loss for the year and total comprehensive loss for the period</b> |      | <b>(2,306)</b>              | (12,730)                    |

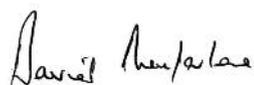
The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Financial Position

For the year ended 31 March 2018

|  |      | 31 March 2018   | 31 March 2017   |
|--|------|-----------------|-----------------|
|  | Note | £'000           | £'000           |
| <b>Assets</b>                                      |      |                 |                 |
| <b>Non-current assets</b>                          |      |                 |                 |
| Investments  | 4&8  | -               | 2,431           |
| Investment in associate                            | 4&9  | 439             | -               |
|  |      | 439             | 2,431           |
| <b>Current assets</b>                              |      |                 |                 |
| Trade and other receivables                        | 10   | 35              | 549             |
| Cash and cash equivalents                          | 11   | 270             | 211             |
|  |      | 305             | 760             |
| <b>Total assets</b>                                |      | <b>744</b>      | <b>3,191</b>    |
| <b>Equity and liabilities</b>                      |      |                 |                 |
| <b>Equity attributable to owners of the parent</b> |      |                 |                 |
| Share capital                                      | 13   | 15,411          | 15,411          |
| Share premium                                      | 13   | 10,864          | 10,864          |
| Share option reserve                               |      | 655             | 565             |
| <b>Retained losses</b>                             |      | <b>(26,377)</b> | <b>(24,071)</b> |
|  |      | 553             | 2,769           |
| <b>Liabilities</b>                                 |      |                 |                 |
| <b>Current liabilities</b>                         |      |                 |                 |
| Trade and other payables                           | 14   | 191             | 422             |
|  |      | 191             | 422             |
| <b>Total equity and liabilities</b>                |      | <b>744</b>      | <b>3,191</b>    |

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2018.  
They were signed on its behalf by



David Macfarlane  
Director



Susan Fraser  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 March 2018

|                                       | Ordinary<br>Share<br>capital<br>£'000 | Deferred<br>Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Share<br>Option<br>reserve<br>£'000 | Retained<br>losses<br>£'000 | Total<br>£'000 |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------|-------------------------------------|-----------------------------|----------------|
| <b>Balance at 31 March 2016</b>       | 1,783                                 | 12,860                                | 9,630                     | 327                                 | (11,341)                    | 13,259         |
| <b>Comprehensive income</b>           |                                       |                                       |                           |                                     |                             |                |
| Loss for the period                   | -                                     | -                                     | -                         | -                                   | (12,730)                    | (12,730)       |
| Employee share-based compensation     | -                                     | -                                     | -                         | 238                                 | -                           | 238            |
| <b>Total comprehensive loss</b>       | -                                     | -                                     | -                         | 238                                 | (12,730)                    | (12,492)       |
| <b>Transactions with owners</b>       |                                       |                                       |                           |                                     |                             |                |
| Issue of share capital:               |                                       |                                       |                           |                                     |                             |                |
| To subscribers in August 2016 placing | 768                                   | -                                     | 1,537                     | -                                   | -                           | 2,305          |
| Share issuance costs                  | -                                     | -                                     | (303)                     | -                                   | -                           | (303)          |
| <b>Total transactions with owners</b> | 768                                   | -                                     | 1,234                     | -                                   | -                           | 2,002          |
| <b>Balance at 31 March 2017</b>       | 2,551                                 | 12,860                                | 10,864                    | 565                                 | (24,071)                    | 2,769          |
| <b>Comprehensive income</b>           |                                       |                                       |                           |                                     |                             |                |
| Loss for the period                   | -                                     | -                                     | -                         | -                                   | (2,306)                     | (2,306)        |
| Employee share-based compensation     | -                                     | -                                     | -                         | 90                                  | -                           | 90             |
| <b>Total comprehensive loss</b>       | -                                     | -                                     | -                         | 90                                  | (2,306)                     | (2,216)        |
| <b>Balance at 31 March 2018</b>       | 2,551                                 | 12,860                                | 10,864                    | 655                                 | (26,377)                    | 553            |

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Cash Flows

For the year ended 31 March 2018

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>                             |                                      |                                      |
| Loss from operations  | (2,292)                              | (12,730)                             |
| Adjustments for:  |                                      |                                      |
| Share based payments  | 90                                   | 238                                  |
| Impairment charge on investments in subsidiary / associate undertakings | 1,992                                | 10,269                               |
| Impairment charge on intercompany balances                              | -                                    | 1,025                                |
| Effect of foreign exchange rate change                                  | (14)                                 | (19)                                 |
| Finance charge  | -                                    | -                                    |
| <b>Cash flows from operations before changes in working capital</b>     | <b>(224)</b>                         | <b>(1,217)</b>                       |
| Decrease in inventories   | -                                    | 37                                   |
| Decrease in receivables   | 514                                  | 67                                   |
| Decrease in payables  | (231)                                | (1,106)                              |
| Net cash inflows / (outflows) from continuing operations                | 59                                   | (2,219)                              |
| Net cash outflows from discontinued operations                          | -                                    | (787)                                |
| <b>Net cash inflows / (outflows) from operating activities</b>          | <b>59</b>                            | <b>(3,006)</b>                       |
| <b>Cash flows from investing activities</b>                             |                                      |                                      |
| Finance income  | -                                    | -                                    |
| <b>Net cash outflows from investing activities</b>                      | <b>-</b>                             | <b>-</b>                             |
| <b>Cash flows from financing activities</b>                             |                                      |                                      |
| Proceeds of share issues  | -                                    | 2,305                                |
| Share issuance costs  | -                                    | (303)                                |
| <b>Net cash inflows from financing activities</b>                       | <b>-</b>                             | <b>2,002</b>                         |
| <b>Net increase / (decrease) in cash and cash equivalents</b>           | <b>59</b>                            | <b>(1,004)</b>                       |
| <b>Cash and cash equivalents at the beginning of the period</b>         | <b>211</b>                           | <b>1,215</b>                         |
| <b>Cash and cash equivalents at the end of the period</b>               | <b>270</b>                           | <b>211</b>                           |

The accompanying accounting policies and notes form an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2018

## 1 General information

Rex Bionics Plc (the "Company") is a public limited company incorporated and domiciled in England and Wales (registration number 06425793). Its registered office address and principal place of business is 27/28 Eastcastle Street London W1W 8DH. Until 3 July 2017 the Company's Ordinary Shares were traded on the Alternative Investment Market of the London Stock Exchange Plc ("AIM") under the ticker "RXB".

Prior to 25 May 2017, the principal activities of the Group of companies owned by the Company were the research & development, manufacture and commercialisation of advanced robotic devices designed to provide physiotherapy to and improve the physical and psychological well-being of people with major mobility impairment as a result of spinal cord injury or other neurological damage. On 25 May 2017, as a result of a major restructuring of its business (the "Restructuring"), the Company ceased to be the parent company of the Rex Bionics Group and became an investment company with a continuing interest in the Rex business through a 36% holding in the issue share capital of Rex Bionics Pty Ltd, the new parent company of the Rex Bionics Group. Further details of the Restructuring are given in the prior year accounts.

## 2 Basis of preparation and statement of compliance with IFRSs

The Financial Statements of the Company cover the year ended 31 March 2018. Prior year comparatives, where shown, are for the year ended 31 March 2017.

The Financial Statements present information about the Company as a separate entity and not about its group, as the Company became an investment company with a 36% holding in the share capital of Rex Bionics Pty Limited on 25 May 2017. The Company did not have any subsidiaries as at 31 March 2018.

The Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements were approved and authorised for issue by the Board of Directors on 20 September 2018.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed later in these accounting policies.

The financial statements are presented in Thousand Pound Sterling (£'000). All amounts are rounded to the nearest thousand Pounds unless otherwise indicated.

### Going concern

At 31 March 2018, the Company had available cash reserves of £0.27 million. The Directors are confident that these cash reserves at 31 March 2018, will cover the Company's operating costs for a period of more than twelve months beyond the date of signing the Financial Statements. Under the terms of the Restructuring, further payments will be received from Rex Pty in the second and third years post-completion.

After taking into account current cash resources, their expectation of further funds being received from Rex Pty, their financial forecasts for the Company and the measures that they have taken to reduce expenditure following the Restructuring so as to ensure that the Company will have adequate resources to continue in operational existence for the foreseeable future (being a period of at least twelve months from the date of this report), and after making due and careful enquiries and considering all uncertainties, the Directors believe that it is reasonable to continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## 3 Accounting policies

### Basis of accounting

The Financial Statements have been prepared using the significant accounting policies and measurement bases summarised below.

### New accounting policies

(i) New and amended standards adopted by the Group:

The following new standards and amendments to standards are mandatory for the first time for the Company for financial periods beginning 1 April 2017. The implementation of these standards does not have a material effect on the Company.

- Disclosure Initiative: Amendments to IAS 7: Statement of Cash Flows (effective: 1 January 2017)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective: 1 January 2017).

(ii) Standards, amendments and interpretations which have not been applied in these financial statements, were in issue but not yet effective:

| Standard | Description           | Effective date |
|----------|-----------------------|----------------|
| IFRS 9   | Financial Instruments | 1 January 2018 |
| IFRS 15  | Revenue               | 1 January 2018 |
| IFRS 16  | Leases                | 1 January 2019 |

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company.

### Significant estimates

In the application of the Company's accounting policies in conformity with IFRS the Directors are required to make estimates and assumptions about the carrying value of assets and liabilities and the reported amounts of revenue and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key areas are summarised below:

**Estimation uncertainty**

Information about estimates and assumptions that have significant risk of material adjustment to carrying values in the next financial year is provided below. Actual results may be substantially different.

**Recoverability of investment in associate**

The only uncertainty within the financial statements is whether the investment in associate will be recoverable. The Directors have considered the position and available evidence at the year end and an impairment of £1,991,802 has been recognised in order to write the investment value down to the recoverable amount.

**Judgements in applying the Company's accounting policies**

In the process of applying the Company's accounting policies, management make various judgements that can significantly affect the amounts recognised in the financial statements. The critical judgements are considered to be the following:

**Classification of the investment in Rex Bionics Pty Ltd.**

Management exercises judgement in establishing the correct treatment for the investment in Rex Bionics Pty Ltd., to determine whether the Company has significant influence in the running of Rex Bionics Pty Ltd. from the date of the restructuring. Management consider there to be significant influence, due to the 36% shareholding and Board representation, and that the investment meets the definition of an associate and that it is therefore classified as such within the financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently by the Company to all periods presented in these financial statements.

**Revenue recognition**

Revenue represents the management charge received from Rex Bionic Pty Ltd.

**Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

**Investments in subsidiaries**

Fixed asset investments in subsidiaries are stated at cost less provision for impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, fair value is measured by reference to the fair value of the shares issued.

**Investments in associates and joint ventures**

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Company.

**Financial instruments****Recognition, initial measurement and de-recognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition depending on the purpose for which the asset was acquired:

- loans and receivables

The Company has not classified any of its financial assets as held to maturity, held for trading or fair value through profit and loss.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group. The amount of the write down is determined as the difference between the assets carrying amount and the present value of the future cash flows.

**Classification and subsequent measurement of financial liabilities**

The Company's financial liabilities include trade and other payables. It has no short-term borrowings or derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement.

**Cash and cash equivalents**

Cash and cash equivalents comprise available cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**Short-term employee benefits**

Short-term employee benefits outstanding at the reporting date, including holiday entitlement, are current liabilities included in pension and other employee obligations, and are measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

## Notes to the Financial Statements

For the year ended 31 March 2018

### **Share-based employee remuneration**

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Share based payments are ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. All options are equity settled.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within profit or loss.

### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be realised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **Equity**

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The called up share capital account represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share option reserve represents the fair value, calculated at the date of grant, of options and warrants unexercised at the reporting date.

Retained losses include all current and prior period results as disclosed in the statement of comprehensive income.

#### 4 Interest in subsidiaries and associates

Set out below are details of subsidiaries held directly by the Company as at 31 March 2017 and the remaining shareholdings as at 31 March 2018:

| Name of subsidiary                           | Country of incorporation and principal place of business | Principal activity   | Percentage of ownership held by the Group at Year-End |            |
|--|--|--|---|------------|
|  |  |  | March 2018  | March 2017 |
| Rex Bionics Ltd, incorporated 19 March 2007  | New Zealand  | Developer and manufacturer of the REX robot                | -   | 100%       |
| Rex Bionics Pty Ltd, incorporated 6 May 2014 | Australia  | Sales & marketing of REX products in Australia/New Zealand | 36%   | 100%       |
| Rex Bionics Inc, incorporated 23 March 2015  | United States of America                                 | Sales & marketing of REX products in North America         | -   | 100%       |

Rex Bionics Europe Ltd, a dormant, wholly-owned subsidiary of the Company, was dissolved on 15 November 2016.

On 25 May 2017 ownership of the entire issued share capital of Rex Bionics Ltd and Rex Bionics Inc was transferred to Rex Bionics Pty Ltd and the Company's ownership of the issued share capital of Rex Bionics Pty Ltd was reduced to 36% as a result of the Restructuring.

#### 5 Discontinued operations

As further described in the prior year financial statements, the Company completed a major restructuring (the "Restructuring") on 25 May 2017 in which it transferred substantially all of the Rex business and assets (other than cash) (the "Rex Business"), including ownership of two of its operating subsidiaries, Rex Bionics Limited (New Zealand) and Rex Bionics Inc. (USA) to its wholly-owned Australian subsidiary Rex Bionics Pty Limited ("Rex Pty") in exchange for shares in Rex Bionics Pty Ltd. Simultaneously, two funds managed by Bioscience Managers Pty Ltd ("BML"), an Australian fund management company, invested AUD7.5 million in aggregate in Rex Pty, also in exchange for shares.

Accordingly, revenue and expenses relating to the Rex Business have been eliminated from profit or loss from the Company's continuing operations and are shown as a single line item on the face of the Statement of Comprehensive Income, (see loss for the year from discontinued operations).

The operating loss of the Rex Business for the year ended 31 March 2018 and the profit or loss from re-measurement and disposal of assets and liabilities can be summarised as follows:

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Revenue   | -                                    | 184                                  |
| Cost of sales   | -                                    | (136)                                |
| Gross profit  | -                                    | 48                                   |
| Administrative expenses   | -                                    | (11,360)                             |
| Operating loss  | -                                    | (11,312)                             |
| Finance income  | -                                    | -                                    |
| Loss before tax   | -                                    | (11,312)                             |
| Taxation  | -                                    | -                                    |
| Loss for the year   | -                                    | (11,312)                             |
| Loss before tax on re-measurement of fair value of assets held for sale | -                                    | -                                    |
| Tax recovery  | -                                    | -                                    |
| Total loss on re-measurement of fair value of assets held for sale      | -                                    | -                                    |
| Loss for the year from discontinued operations                          | -                                    | (11,312)                             |

## Notes to the Financial Statements

For the year ended 31 March 2018

### 5 Discontinued operations (continued)

Net cash outflows attributable to the discontinued operations during the year under review are as follows:

|  | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| Operating activities                           | -                                    | (787)                                |
| Investing activities                           | -                                    | -                                    |
| Net cash outflows from discontinued operations | -                                    | (787)                                |

### 6 Loss from operations

|  | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| The loss from operations is arrived at after charging (crediting): |                                      |                                      |
| Depreciation of property, plant and equipment                      | -                                    | 152                                  |
| Operating lease rentals:   |                                      |                                      |
| Land and buildings   | 2                                    | 10                                   |
| Commercial vehicles  | 4                                    | 9                                    |
| Share based compensation   | -                                    | 238                                  |
| Foreign exchange   | 14                                   | 19                                   |

#### Auditor's remuneration

Amounts payable to auditors of the Company in respect of both audit and non-audit services are as follows:

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 15                                   | 47                                   |
| <b>Total audit fees</b>   | <b>15</b>                            | <b>47</b>                            |
| Fees payable to the Company's auditor and its associates for other services                             |                                      |                                      |
| Other services  | 4                                    | -                                    |
| <b>Total non-audit fees</b>   | <b>4</b>                             | <b>-</b>                             |

#### Employees

The average monthly number of employees of the Company during the year, including Executive Directors, was as follows:

|                          | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|--------------------------|--------------------------------------|--------------------------------------|
| Production               | -                                    | -                                    |
| Research and development | -                                    | -                                    |
| Sales and marketing      | -                                    | 4                                    |
| Administration           | 1                                    | 2                                    |
| <b>Total</b>             | <b>1</b>                             | <b>6</b>                             |

Their aggregate remuneration comprised:

|                                 | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Wages and salaries              | 56                                   | 245                                  |
| Social security costs           | 2                                    | 26                                   |
| Total cash-settled remuneration | 58                                   | 271                                  |
| Accrued holiday pay             | -                                    | (19)                                 |
| Share based payment             | -                                    | 238                                  |
| <b>Total remuneration</b>       | <b>58</b>                            | <b>490</b>                           |

**6 Loss from operations** (continued)**Key management**

The key management of the Company comprises the directors of the Company, their remuneration is outlined below.

**Directors' Remuneration**

The aggregate remuneration received by directors who served during the year ended 31 March 2018 and the year ended 31 March 2017 was as follows:

|                                | Year ended 31 March 2018 |                |                | Year ended 31 March 2017 |                 |                |
|--------------------------------|--------------------------|----------------|----------------|--------------------------|-----------------|----------------|
|                                | Salary/fee<br>£'000      | Bonus<br>£'000 | Total<br>£'000 | Salary/fee<br>£'000      | Bonus<br>£'000  | Total<br>£'000 |
| <b>Executive Directors</b>     |                          |                |                |                          |                 |                |
| Crispin Simon                  | 26                       | -              | 26             | 113                      | 31 <sup>1</sup> | 144            |
| Richard Little                 | 22                       | -              | 22             | 142                      | 30 <sup>1</sup> | 172            |
| Sue Fraser                     | 13                       | -              | 13             | -                        | -               | -              |
| <b>Non-Executive Directors</b> |                          |                |                |                          |                 |                |
| David Macfarlane               | 21                       | -              | 21             | 25                       | -               | 25             |
| Jeremy Curnock Cook            | -                        | -              | -              | -                        | -               | -              |
| Joseph Cucolo                  | 2                        | -              | 2              | 13                       | -               | 13             |
| William Hunter                 | 2                        | -              | 2              | 13                       | -               | 13             |
| John Plimmer                   | 2                        | -              | 2              | 15                       | -               | 15             |
| Victoria Provis                | 2                        | -              | 2              | 15                       | -               | 15             |
| <b>Total</b>                   | <b>90</b>                | <b>-</b>       | <b>90</b>      | <b>336</b>               | <b>61</b>       | <b>397</b>     |

<sup>1</sup> Paid in the form of nominal value share options under the Company's Deferred Bonus Share Plan

Mr Simon was the highest paid director in the year.

**7 Tax credit**

The major components of tax credit and the reconciliation of the expected tax credit based on the domestic effective tax rate of Rex Bionics Plc at 19% (year ended 31 March 2017: 20%) and the reported tax credit in profit or loss are as follows:

|  | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| Loss before tax  | (2,306)                              | (1,529)                              |
| Corporation tax rate in United Kingdom                       | 19%                                  | 20%                                  |
| Expected unutilised tax losses                               | (438)                                | (306)                                |
| Adjustment for tax-rate differences in foreign jurisdictions | -                                    | -                                    |
| Effects of:  |                                      |                                      |
| Income/expenses not deductible for tax purposes              | (17)                                 | 57                                   |
| Unrecognised deferred tax                                    | 455                                  | 138                                  |
| <b>Actual tax credit</b>                                     | <b>-</b>                             | <b>(111)</b>                         |
| Tax credit comprises:  |                                      |                                      |
| Current tax credit   | -                                    | -                                    |
| Tax credit in respect of prior year                          | -                                    | (111)                                |
| Deferred tax credit:   | -                                    | -                                    |
| <b>Tax credit</b>  | <b>-</b>                             | <b>(111)</b>                         |

## Notes to the Financial Statements

For the year ended 31 March 2018

### 8 Investments in subsidiaries

|  | Investment in<br>subsidiary undertakings<br>£'000 |
|--|---|
| At 31 March 2016                             | 12,700  |
| Impairment charge                            | (10,269)  |
| At 31 March 2017                             | 2,431   |
| Transfer to investment in associate (note 9) | (2,431)   |
| <b>At 31 March 2018</b>                      | <b>-</b>  |

The impairment charge in the prior year reflects the provision required to reduce the carrying value of the Company's shareholding in Rex Bionics Pty Ltd following the Restructuring to the notional consideration for the transfer of the Rex business. On 25 May 2017 ownership of the entire issued share capital of Rex Bionics Ltd and Rex Bionics Inc was transferred to Rex Bionics Pty Ltd and the Company's ownership of the issued share capital of Rex Bionics Pty Ltd was reduced from 100% to 36% as a result of the Restructuring, with the investment changing from a subsidiary to an available for sale financial asset.

### 9 Investment in associate

|  | Total<br>£'000 |
|--|----------------|
| <b>Gross carrying amount</b>                       |                |
| At 1 April 2017                                    | -              |
| Transfer from investments in subsidiaries (note 8) | 2,431          |
| <b>At 31 March 2018</b>                            | <b>2,431</b>   |
| <b>Provision for impairment</b>                    |                |
| At 1 April 2017                                    | -              |
| Provided in the year                               | 1,992          |
| <b>At 31 March 2018</b>                            | <b>1,992</b>   |
| <b>Net book value at 31 March 2018</b>             | <b>439</b>     |
| Net book value at 1 April 2017                     | -              |

The impairment charge recognised reflects the provision required to reduce the investment to the recoverable amount of the investment at year-end based on the Company's share of net assets of the associate.

### 10 Trade and other receivables

Trade and other receivables consist of the following:

|  | As at<br>31 March 2018<br>£'000 | As at<br>31 March 2017<br>£'000 |
|--|---------------------------------|---------------------------------|
| Trade receivables from third parties     | -                               | 10                              |
| Trade receivables from associate         | 17                              | 390                             |
| <b>Trade receivables, all current</b>    | <b>17</b>                       | <b>400</b>                      |
| Other receivables                        | 1                               | 120                             |
| Prepayments and accrued income           | 17                              | 29                              |
| Other receivables                        | 18                              | 149                             |
| <b>Total trade and other receivables</b> | <b>35</b>                       | <b>549</b>                      |

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

## 11 Cash and cash equivalents

|  | As at<br>31 March 2018<br>£'000 | As at<br>31 March 2017<br>£'000 |
|--|---------------------------------|---------------------------------|
| Cash available on demand               | 270                             | 211                             |
| <b>Total cash and cash equivalents</b> | <b>270</b>                      | <b>211</b>                      |

## 12 Financial instruments

|                             | 31 March 2018       |                     | 31 March 2017       |                     |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
|                             | Book value<br>£'000 | Fair value<br>£'000 | Book value<br>£'000 | Fair value<br>£'000 |
| <b>Financial assets</b>     |                     |                     |                     |                     |
| Loans and receivables       |                     |                     |                     |                     |
| Trade and other receivables | 18                  | 18                  | 520                 | 520                 |
| <b>Total</b>                | <b>18</b>           | <b>18</b>           | <b>520</b>          | <b>520</b>          |

Prepayments are excluded, as this analysis is required only for financial instruments.

### Financial liabilities held at amortised cost

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Other financial liabilities                   |            |            |            |            |
| Trade and other payables (less than one year) | 191        | 191        | 406        | 406        |
| <b>Total</b>                                  | <b>191</b> | <b>191</b> | <b>406</b> | <b>406</b> |

Statutory liabilities and deferred income are excluded from the trade payables balance, as this analysis is required only for financial instruments.

### Risk management objectives and policies

The objective of holding financial instruments is to have access to finance for the Company's operations and to manage related risks. The main risks arising from holding these instruments are interest rate risk, liquidity risk and credit risk.

#### Interest rate risk

The Company has no interest bearing asset or liabilities.

#### Liquidity risk

The Company's policy is to maintain adequate cash resources to meet liabilities as they fall due. This objective was achieved during the period under review. All Company payable balances as at 31 March 2018 and 31 March 2017 fall due for payment within one year.

Cash balances comprise solely of a current account. The Company does not maintain an overdraft facility.

#### Credit risk

The Company's credit risk is attributable to its cash and cash equivalents and other receivables. The Company places its deposits with reputable financial institutions to minimise credit risk.

The Company's maximum exposure to credit risk at the reporting date is represented by the carrying value of financial assets, as follows:

|                             | 2018<br>£'000 | 2017<br>£'000 |
|-----------------------------|---------------|---------------|
| Trade and other receivables | 18            | 130           |
| Cash and cash equivalents   | 270           | 211           |
| <b>Total</b>                | <b>288</b>    | <b>341</b>    |

#### Capital risk

The Company has sufficient cash and income to support its activities. No additional capital is required as no growth is planned. Capital risk is considered low.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 13 Share capital and share premium

#### Issued share capital

At 31 March 2018 the share capital of Rex Bionics Plc consisted of fully paid Ordinary Shares with a nominal (par) value of £0.10p per share and Deferred Shares with a nominal value of £0.90p per share. The Deferred Shares were created on 30 June 2015 as a result of a share restructuring in which each £1 Ordinary Share in issue at that date was sub-divided and re-denominated into one £0.10p Ordinary Share and one £0.90p Deferred Share. All Ordinary Shares rank pari passu in respect of the receipt of dividends, the repayment of capital and voting rights at Shareholders' meetings. The Deferred Shares have no dividend or voting rights and rank behind the Ordinary Shares in any repayment of capital.

|  | Ordinary Shares   |                    | Deferred Shares   |                    | Share premium<br>£ |
|--|-------------------|--------------------|-------------------|--------------------|--------------------|
|  | Number of shares  | Nominal value<br>£ | Number of shares  | Nominal value<br>£ |                    |
| <b>Issued and fully paid at 1 April 2016</b> | 17,830,526        | 1,783,053          | 14,289,360        | 12,860,424         | 9,630,399          |
| Issue of share capital:                      |                   |                    |                   |                    |                    |
| To subscribers in Placing 10 August 2016     | 7,683,333         | 768,333            | -                 | -                  | 1,536,667          |
| Share issuance costs                         | -                 | -                  | -                 | -                  | (303,351)          |
| <b>At 31 March 2017</b>                      | <b>25,513,859</b> | <b>2,551,386</b>   | <b>14,289,360</b> | <b>12,860,424</b>  | <b>10,863,715</b>  |
| Issued and fully paid at 31 March 2018       | 25,513,859        | 2,551,386          | 14,289,360        | 12,860,424         | 10,863,715         |

#### Share options

The Company currently operates two separate share option schemes, the Rex Bionics Plc Share Option Plan and the Rex Bionics Plc Deferred Bonus Share Plan. Both of these are discretionary schemes administered by the directors, who determines the frequency and level of awards. Options granted under the Share Option Plan vest in equal annual tranches over a three-year period from the date of grant subject to the achievement of performance conditions established by the Committee at the time of grant. The exercise price is set at the closing market price of the ordinary shares on the business day immediately preceding the date of grant. If not exercised, options expire ten years from the date of grant. Options granted under the Deferred Bonus Share Plan vest on grant and are not subject to the achievement of performance conditions. The exercise price is set at the nominal value of the Ordinary Shares over which the option is granted. If not exercised, options expire three years from the date of grant.

At 31 March 2018 there were options outstanding over 1,199,436 un-issued ordinary shares of £0.10p granted under the Share Option Plan (31 March 2017: 1,199,436) and 882,328 un-issued ordinary shares of £0.10p granted under the Deferred Bonus Share Plan (31 March 2017: 882,328), equivalent in aggregate to 8.16% of the issued share capital (31 March 2017: 8.16%), as set out in the tables below.

#### Share Option Plan

| Date of Grant             | Number of shares | Exercise price | Earliest exercise date | Latest exercise date |
|---------------------------|------------------|----------------|------------------------|----------------------|
| <b>Approved section</b>   |                  |                |                        |                      |
| 30 June 2015              | 225,000          | £0.600         | 30 June 2016           | 30 June 2025         |
| <b>Unapproved section</b> |                  |                |                        |                      |
| 8 May 2014                | 96,448           | £1.800         | 8 May 2015             | 8 May 2024           |
| 30 June 2015              | 855,000          | £0.600         | 30 June 2016           | 30 June 2025         |
| 19 January 2016           | 22,988           | £0.435         | 19 January 2017        | 19 January 2026      |
| <b>Total</b>              | <b>1,199,436</b> |                |                        |                      |

#### Deferred Bonus Share Plan

| Date of Grant   | Number of shares | Exercise price | Earliest exercise date | Latest exercise date |
|-----------------|------------------|----------------|------------------------|----------------------|
| 9 December 2015 | 141,163          | £0.100         | 9 December 2015        | 8 December 2018      |
| 30 August 2016  | 741,165          | £0.100         | 30 August 2016         | 29 August 2019       |
| <b>Total</b>    | <b>882,328</b>   |                |                        |                      |

**13 Share capital and share premium** (continued)

The Group has no legal or constructive obligation to repurchase or settle options in cash. The movement in the number of share options is set out below:

**Share Option Plan**

|   | Year ended 31 March 2018 |                                 | Year ended 31 March 2017 |                                 |
|---|--------------------------|---------------------------------|--------------------------|---------------------------------|
|   | Number of shares         | Weighted average exercise price | Number of shares         | Weighted average exercise price |
| Outstanding at start of period              | <b>1,199,436</b>         | <b>£0.693</b>                   | 1,199,436                | £0.693                          |
| Granted during period                       | -                        | -                               | -                        | -                               |
| Exercised during period                     | -                        | -                               | -                        | -                               |
| Lapsed/cancelled during period              | -                        | -                               | -                        | -                               |
| Number of options outstanding at period-end | <b>1,199,436</b>         | <b>£0.693</b>                   | 1,199,436                | £0.693                          |

Options under the Share Option Plan vest over a three-year period in equal annual tranches. With the exception of options granted to Non-Executive Directors, all options under this scheme are subject to the achievement of performance conditions set by the Remuneration Committee. At 31 March 2018, 1,199,436 options were capable of being exercised (31 March 2017: 72,206). The options outstanding at 31 March 2018 had a weighted average remaining contractual life of 7.2 years (31 March 2017: 8.2 years).

**Deferred Bonus Share Plan**

|   | Year ended 31 March 2018 |                                 | Year ended 31 March 2017 |                                 |
|---|--------------------------|---------------------------------|--------------------------|---------------------------------|
|   | Number of shares         | Weighted average exercise price | Number of shares         | Weighted average exercise price |
| Outstanding at start of period              | <b>882,328</b>           | <b>£0.100</b>                   | 141,163                  | £0.100                          |
| Granted during period                       | -                        | -                               | 741,165                  | £0.100                          |
| Exercised during period                     | -                        | -                               | -                        | -                               |
| Lapsed/cancelled during period              | -                        | -                               | -                        | -                               |
| Number of options outstanding at period-end | <b>882,328</b>           | <b>£0.100</b>                   | 882,328                  | £0.100                          |

Options under the Deferred Bonus Share Plan vest immediately on grant and are not subject to the achievement of performance conditions. At 31 March 2018, 882,328 options were capable of being exercised (31 March 2017: 882,328). The options outstanding at 31 March 2018 had a weighted average remaining contractual life of 1.3 years (31 March 2017: 2.3 years).

**14 Trade and other payables**

Trade and other payables consist of the following:

|   | As at<br>31 March 2018<br>£'000 | As at<br>31 March 2017<br>£'000 |
|---|---------------------------------|---------------------------------|
| Trade payables                                  | <b>3</b>                        | 86                              |
| Intercompany payables                           | -                               | 109                             |
| Accrued payroll taxes and social security costs | -                               | 16                              |
| Other accrued expenses and deferred income      | <b>188</b>                      | 211                             |
|   | <b>191</b>                      | 422                             |

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs.

No interest is charged on trade payables that are within pre-agreed credit terms. Thereafter, interest may be charged on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 15 Related party transactions and balances

In the year ended 31 March 2018 the Company charged Rex Bionics Ltd a total of £125,000 (year ended 31 March 2017: £Nil) for the provision of corporate, management, sales & marketing and other support services to Rex Bionics Ltd.

### 16 Ultimate controlling party

No individual Shareholders acting in concert hold more than 50% of voting shares, and accordingly there is not considered to be an 'ultimate controlling party.'

### 17 Capital commitments

The company had no capital commitments at 31 March 2018 or 31 March 2017.

### 18 Contingent assets/liabilities

There were no contingent liabilities at 31 March 2018 or 31 March 2017.

### 19 Events after the reporting period

There were no event after the reporting period requiring disclosure.

### Authorisation of Financial Statements

The Financial Statements for the year ended 31 March 2018 (including comparatives) were approved by the Board of Directors on 20 September 2018.



**David Macfarlane**  
Director



**Susan Fraser**  
Director





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