

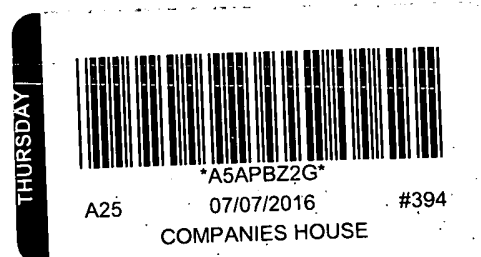
Remote Diagnostic Technologies Limited

Report and Financial Statements

Year Ended

29 February 2016

Company Number 3321782



Remote Diagnostic Technologies Limited

Company Information

Directors	G F Murphy D A Murphy C Murphy N H de Coninck-Smith P J Mitchell (appointed 20 April 2015)
Company secretary	P J Mitchell
Registered number	3321782
Registered office	Pavilion C2 Ashwood Park Ashwood Way Basingstoke Hampshire RG23 8BG
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

Remote Diagnostic Technologies Limited

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Remote Diagnostic Technologies Limited

Group Strategic Report For the Year Ended 29 February 2016

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 29 February 2016.

Business model

Founded in 1997 RDT are recognised as leaders in the design and manufacture of pre-hospital care vital signs monitors.

Specialist technologies include compact and highly integrated vital signs monitors for medical professional, intermittent and non-medically trained users that are widely used in aviation, maritime, exploration and military environments. The award-winning Tempus systems provide innovative, easy to use and reliable monitoring solutions to help manage medical incidents in remote and challenging locations.

RDT's robust communications technology enables the simultaneous transmission of medical data, voice and video from these remote and otherwise isolated locations – including in-flight and at sea – to land-based medical experts.

Operating for almost 20 years in remote medicine with a proven track record, RDT has established a reputation for reliability and excellent customer service whilst continuing to push boundaries with its state of the art engineering and design capabilities. We constantly work with our customers to both improve the capabilities of the current products as well as to ensure that we remain leaders in the fields in which we operate.

RDT's impressive international customer base includes leading airlines, Fortune 500 companies, commercial shipping, luxury yachts, EMS Providers and various large militaries around the world.

Business review and outlook

Significant progress was made during the year ended 29 February 2016, driven by increasing sales and a strong pipeline within both the Tempus IC and Pro business. In addition, the Company invested in a number of areas including Sales, R&D, Operations and Internal Systems to build on the increasing demand for the Company's products.

Sales

During the year we increased sales in both our main product areas: Tempus IC (for the non-medically trained user) and Tempus Pro (for the medically trained user).

Overall revenue increased by 18% to £10,306,578 (2015: £8,760,295). Sales of the Tempus Pro unit continues to be underpinned by Military and other Government business. Progress in these areas has been encouraging and we expect to build on this pipeline in the coming years.

Research and development

During the year, the Company invested heavily in Research and Development. One of the Tempus system's unique selling points is the ability to upgrade the monitor's capabilities after purchase. This investment continues to maintain RDT's lead in the field as the Company continues to develop functionality in order to meet customers' increasing demands. In addition, investment is being carried out on further enhancing our telemedicine capabilities as the Company enters important new markets in the coming years.

Remote Diagnostic Technologies Limited

Group Strategic Report (continued) For the Year Ended 29 February 2016

Operations

The Company completed its move into the new Ashwood Park premises in early 2016, with all UK employees now being housed within the new state of the art premises. These new premises have allowed the Company and its workforce to operate much more effectively and provide good expansion space.

RDT also completed outsourcing a proportion of its manufacturing operations. Whilst maintaining the ability to manufacture in house, this outsourcing enables the Company to quickly and easily scale up production in order to meet expected demand far more efficiently than otherwise.

Financial

Revenue increased by 18% to £10,306,578 (2015: £8,760,295) . This was underpinned by growth in both our Tempus IC and Tempus Pro business. Although Gross Profit increased by £959,722 to £7,242,424 (2015: £6,282,702), Gross Margin decreased to 70% from the previous year of 72%. This is as a result of a change in the product mix from the higher margin Tempus IC units to Tempus Pro units. Costs remain tightly managed across the business.

For accounting purposes, due to the continuing growth of the Company, for the year ended 29 February 2016, RDT is now classified as a medium sized business. This coincided with new accounting rules for medium businesses, which require that the Company's accounts must now be presented under accounting standard FRS 102.

The main accounting impact on RDT has been the need to account for share options awarded to employees. The accounting for share options is described in note 26, but essentially there is no charge to the profit and loss because the length of the vesting period is at present uncertain. When there is probability of the vesting conditions being met, the charge will be calculated on the estimate of the value of the award, as calculated under Black-Scholes methodology. This charge will then be spread over the vesting period of the option.

RDT's trading for the year and its financial position at the end of the year is considered very satisfactory and 2016 trading has been strong to date.

Principal risks and uncertainties

Risk is present in all businesses and the board regularly reviews the risks faced by the Company.

The directors consider the following to be the risks and uncertainties faced by the Company at this point in time:

Market risk

The pre-hospital care vital signs monitoring business is by its nature competitive. As noted above, the Company mitigates competitive risk by differentiating itself by being the leader in its field by offering world leading design through constant development and discussion with customers, both potential and existing.

Exchange rate risk

The Company reports in Sterling and purchases an increasingly significant proportion of its revenue and costs are in US dollars. Currently, the Company offsets much of the exchange risk through hedging its purchases against its US dollar sales. The Company will continue to monitor this exposure and discuss as needed with its financial advisors to put in appropriate instruments as this risk increases.

Remote Diagnostic Technologies Limited

Group Strategic Report (continued) For the Year Ended 29 February 2016

Liquidity risk

This risk is an issue in all businesses. The Company manages risk by closely monitoring cash flow and working capital, through regular forecasting and review. The Company has prepared financial forecasts for the foreseeable future and these indicate that the Company should be able to operate and continue to grow within the level of its current working capital availability.

Key performance indicators

The Company measures its performance through establishing targets at the beginning of each financial year against a broad range of financial and non-financial indicators. These key performance indicators (KPIs) are reviewed quarterly by the management and are used to assess whether the business is performing in accordance with plan throughout the year.

The KPIs used by the Company are as follows:

- Revenue in total and by market
- Sales orders in total and by market
- Gross margins in total and by market
- Operating cash generation i.e. Gross Margin less all cash costs
- Earning before Interest, Tax, Depreciation and Amortisation
- Working Capital and Cash balances

Outlook

The outlook for the Company is currently very positive. RDT is continuing to win good business, develop innovative disruptive technologies and invest further in sales and operations, whilst carefully managing its working capital. This continues to drive growth within the business.

This report was approved by the board on 17 June 2016

and signed on its behalf.



P J Mitchell
Director

Remote Diagnostic Technologies Limited

Directors' Report For the Year Ended 29 February 2016

The directors present their report and the financial statements for the year ended 29 February 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,461,043 (2015 - £2,111,055).

No dividends were paid during the current or prior year.

Directors

The directors who served during the year were:

G F Murphy
D A Murphy
C Murphy
N H de Coninck-Smith
P J Mitchell (appointed 20 April 2015)
P Blagbrough (resigned 29 February 2016)

Future developments

As described within the Group Strategic Report, progress in the military markets has been encouraging and we would expect to build on this pipeline in the coming years. Product development will also continue as we prepare to enter new strategic markets in the coming years.

Remote Diagnostic Technologies Limited

Directors' Report For the Year Ended 29 February 2016

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 June 2016

and signed on its behalf.



P J Mitchell
Director

Remote Diagnostic Technologies Limited

Independent Auditor's report to the members of Remote Diagnostic Technologies Limited

We have audited the financial statements of Remote Diagnostic Technologies Limited for the year ended 29 February 2016 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Balance Sheets, the consolidated and company Statement of Changes in Equity, the consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 29 February 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Remote Diagnostic Technologies Limited

Independent Auditor's report to the members of Remote Diagnostic Technologies Limited

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.

BDO LLP

Nick Poulter (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Guildford
United Kingdom

Date: 17 June 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Remote Diagnostic Technologies Limited

Consolidated Statement of Comprehensive Income For the Year Ended 29 February 2016

	Note	2016 £	2015 £
Turnover	3	10,306,578	8,760,295
Cost of sales		(3,064,154)	(2,477,593)
Gross profit		7,242,424	6,282,702
Administrative expenses		(4,565,422)	(3,831,199)
Other operating income	4	154,436	434,948
Research and development		(1,435,946)	(991,230)
Operating profit	5	1,395,492	1,895,221
Interest receivable and similar income	9	638	30,949
Interest payable and expenses	10	(77,476)	(6,168)
Profit before taxation		1,318,654	1,920,002
Tax on profit	11	142,389	191,053
Profit for the year		1,461,043	2,111,055
Foreign exchange difference on translation of subsidiary		37,455	21,695
Other comprehensive income for the year		37,455	21,695
Total comprehensive income for the year		1,498,498	2,132,750
Attributable to:			
Owners of the parent Company		1,498,498	2,132,750
		1,498,498	2,132,750

The notes on pages 16 to 36 form part of these financial statements.

Remote Diagnostic Technologies Limited

Registered number:3321782

Consolidated Balance Sheet As at 29 February 2016

	Note	29 February 2016 £	28 February 2015 £
Fixed assets			
Intangible assets	12	11,235,400	10,084,237
Tangible assets	14	494,432	311,902
		<u>11,729,832</u>	<u>10,396,139</u>
Current assets			
Stocks	16	2,226,740	1,018,900
Debtors: amounts falling due within one year	17	4,175,878	3,400,043
Cash and cash equivalents	18	1,453,890	1,570,179
		<u>7,856,508</u>	<u>5,989,122</u>
Creditors: amounts falling due within one year	19	(1,745,916)	(1,059,073)
Net current assets		<u>6,110,592</u>	<u>4,930,049</u>
Total assets less current liabilities		<u>17,840,424</u>	<u>15,326,188</u>
Creditors: amounts falling due after more than one year	20	(2,237,745)	(1,078,257)
Provisions for liabilities			
Deferred taxation	24	-	(143,750)
		<u>-</u>	<u>(143,750)</u>
Net assets		<u><u>15,602,679</u></u>	<u><u>14,104,181</u></u>
Capital and reserves			
Called up share capital	25	206,247	206,247
Share premium account		8,161,712	8,161,712
Foreign exchange reserve		59,150	21,695
Profit and loss account		7,175,570	5,714,527
		<u><u>15,602,679</u></u>	<u><u>14,104,181</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 June 2016.



P J Mitchell
Director

The notes on pages 16 to 36 form part of these financial statements.

Remote Diagnostic Technologies Limited

Registered number:3321782

Company Balance Sheet As at 29 February 2016

	Note	29 February 2016 £	28 February 2015 £
Fixed assets			
Intangible assets	12	11,235,400	10,084,237
Tangible assets	14	494,432	311,902
Investments	15	100	100
		<u>11,729,932</u>	<u>10,396,239</u>
Current assets			
Stocks	16	2,226,740	1,018,900
Debtors: amounts falling due within one year	17	4,175,013	3,397,589
Cash and cash equivalents	18	1,212,080	1,559,023
		<u>7,613,833</u>	<u>5,975,512</u>
Creditors: amounts falling due within one year	19	(2,051,245)	(1,454,014)
Net current assets		<u>5,562,588</u>	<u>4,521,498</u>
Total assets less current liabilities		<u>17,292,520</u>	<u>14,917,737</u>
Creditors: amounts falling due after more than one year	20	(2,237,745)	(1,078,257)
Provisions for liabilities			
Deferred taxation	24	-	(143,750)
		<u>-</u>	<u>(143,750)</u>
Net assets		<u>15,054,775</u>	<u>13,695,730</u>
Capital and reserves			
Called up share capital	25	206,247	206,247
Share premium account		8,161,712	8,161,712
Profit and loss account		6,686,816	5,327,771
		<u>15,054,775</u>	<u>13,695,730</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 June 2016.



P J Mitchell
Director

The notes on pages 16 to 36 form part of these financial statements.

Remote Diagnostic Technologies Limited

Consolidated Statement of Changes in Equity For the Year Ended 29 February 2016

	Share capital £	Share premium £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 March 2015	206,247	8,161,712	21,695	5,714,527	14,104,181
Comprehensive income for the year					
Profit for the year	-	-	-	1,461,043	1,461,043
Foreign exchange arising on translation of subsidiary	-	-	37,455	-	37,455
Other comprehensive income for the year	-	-	37,455	-	37,455
Total comprehensive income for the year	-	-	37,455	1,461,043	1,498,498
At 29 February 2016	206,247	8,161,712	59,150	7,175,570	15,602,679

Remote Diagnostic Technologies Limited

Consolidated Statement of Changes in Equity For the Year Ended 28 February 2015

	Share capital £	Share premium £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 March 2014	206,205	8,011,753	-	3,603,472	11,821,430
Comprehensive income for the year					
Profit for the year	-	-	-	2,111,055	2,111,055
Foreign exchange arising on translation of subsidiary	-	-	21,695	-	21,695
Other comprehensive income for the year	-	-	21,695	-	21,695
Total comprehensive income for the year	-	-	21,695	2,111,055	2,132,750
Shares issued during the year	42	149,959	-	-	150,001
Total transactions with owners	42	149,959	-	-	150,001
At 28 February 2015	206,247	8,161,712	21,695	5,714,527	14,104,181

The notes on pages 16 to 36 form part of these financial statements.

Remote Diagnostic Technologies Limited

Company Statement of Changes in Equity For the Year Ended 29 February 2016

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 March 2015	206,247	8,161,712	5,327,771	13,695,730
Comprehensive income for the year				
Profit for the year	-	-	1,359,045	1,359,045
Total comprehensive income for the year	-	-	1,359,045	1,359,045
At 29 February 2016	206,247	8,161,712	6,686,816	15,054,775

Company Statement of Changes in Equity For the Year Ended 28 February 2015

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 March 2014	206,205	8,011,753	3,300,334	11,518,292
Comprehensive income for the year				
Profit for the year	-	-	2,027,437	2,027,437
Total comprehensive income for the year	-	-	2,027,437	2,027,437
Contributions by and distributions to owners				
Shares issued during the year	42	149,959	-	150,001
Total transactions with owners	42	149,959	-	150,001
At 28 February 2015	206,247	8,161,712	5,327,771	13,695,730

The notes on pages 16 to 36 form part of these financial statements.

Remote Diagnostic Technologies Limited

Consolidated Statement of Cash Flows For the Year Ended 29 February 2016

	29 February 2016 £	28 February 2015 £
Cash flows from operating activities		
Profit for the financial year	1,461,043	2,111,055
Adjustments for:		
Amortisation of intangible assets	1,287,993	991,229
Depreciation of tangible assets	154,892	76,125
Impairments of fixed assets	4,688	-
Increase in stocks	(1,207,840)	(22,281)
Interest paid	77,476	6,168
Interest received	(638)	(30,949)
Taxation credited to statement of comprehensive income	(142,389)	(191,053)
Increase in debtors	(715,866)	(858,204)
Increase in creditors	153,769	496,362
Net corp tax received	-	258,497
Net cash generated from operating activities	1,073,128	2,836,949
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,439,156)	(2,649,803)
Purchase of tangible fixed assets	(337,422)	(186,486)
Sale of tangible fixed assets	-	2,411
Interest received	638	30,949
HP interest paid	(41,015)	(6,168)
Net cash from investing activities	(2,816,955)	(2,809,097)
Cash flows from financing activities		
Issue of ordinary shares	-	150,001
New secured loans	1,500,000	-
Repayment of debenture loans	(18,750)	-
Repayment of/new finance leases	182,749	(2,568)
Interest paid	(36,461)	-
Net cash used in financing activities	1,627,538	147,433
Net increase / (decrease) in cash and cash equivalents	(116,289)	175,285
Cash and cash equivalents at beginning of year	1,570,179	1,394,894
Cash and cash equivalents at the end of year	1,453,890	1,570,179

Remote Diagnostic Technologies Limited

Consolidated Statement of cash flows (continued)

Cash and cash equivalents at the end of year comprise:

Cash at bank and in hand	1,453,890	1,570,179
	<u>1,453,890</u>	<u>1,570,179</u>

The notes on pages 16 to 36 form part of these financial statements.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 31.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised on fulfilment of a customer's order.

1.4 Research and development

Research expenditure is written off to the Consolidated Statement of Comprehensive Income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial, and financial viability of the individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

The estimated useful lives are as follows:

Development expenditure	-	5 - 10 years
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1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	20% straight line
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During the year the directors amended the depreciation rate from 25% reducing balance to the above in order to better reflect the useful lives of the assets included. The change was implemented at the start of the year.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.6 Operating leases: Lessee

Rentals under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

1.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.11 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Foreign currency translation

Functional and presentational currency

The company's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income.

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. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.14 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.15 Leased assets: Lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income on a straight line basis.

1.16 Pensions

The Group contributes to personal pension plans of certain employees as agreed in their contract of employment.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

1.17 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

1.18 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.20 Grants received

Government grants relating to tangible fixed assets are treated as deferred income and released to the Consolidated Statement of Comprehensive Income over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated Statement of Comprehensive Income as the related expenditure is incurred.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether research and development costs should be capitalised as intangible fixed assets. Factors taken into consideration include the technical feasibility of the project and the level of future economic benefits the project is expected to generate.
- Determine whether the probability of a listing or exit is high enough to result in a share based payment charge being recognised. Factors taken into consideration include the directors' intentions and the steps taken to date for exit/listing.

Other key sources of estimation uncertainty:

- Tangible & Intangible fixed assets (see note 12 & 14)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. Analysis of turnover

The whole of the turnover is attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	605,122	367,243
Rest of Europe	1,061,675	1,645,166
Rest of the world	8,639,781	6,747,886
	10,306,578	8,760,295

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

4. Other operating income

	2016 £	2015 £
Grant income	154,436	434,948
	<u>154,436</u>	<u>434,948</u>

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	154,892	76,126
Amortisation of intangible assets	1,287,993	991,229
Exchange differences	(249,697)	(7,312)
Contributions to personal pension plans	12,378	18,865
	<u>12,378</u>	<u>18,865</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	18,500	11,200
	<u>18,500</u>	<u>11,200</u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,238,888	2,664,371
Social security costs	313,125	267,569
Cost of pension contributions	12,378	18,865
	<u>3,564,391</u>	<u>2,950,805</u>

The wages and salaries figure detailed above includes £837,995 (2015: £784,578) that has been capitalised as part of Research and Development costs in the year. Included in social security costs is 99,310 (2015: 89,694) capitalised as part of Research and Development costs in the year.

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

	2016 No.	2015 No.
Directors	2	1
Senior Management	4	4
Sales & Marketing	11	10
Administrative	7	6
Research & Development	12	11
Production	11	11
	<u>47</u>	<u>43</u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	412,832	233,209
Company contributions to personal pension schemes	5,000	-
	<u>417,832</u>	<u>233,209</u>

The highest paid director received remuneration of £301,369 (2015 - £233,209).

During the year retirement benefits were accruing to 1 director (2015 - nil) in respect of a personal pension plan.

The value of the company's contributions paid to a personal pension scheme in respect of the highest paid director amount to £nil (2015 - £nil).

The emoluments figure detailed above includes £105,608 (2015: £105,823) that has been capitalised as part of Research and Development costs in the year.

During the year 1 director received shares under the long term incentive scheme (2015 - 1).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	638	30,949
	<u>638</u>	<u>30,949</u>

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	36,461	-
Finance leases and hire purchase contracts	41,015	6,168
	<u>77,476</u>	<u>6,168</u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

11. Taxation

	2016 £	2015 £
Foreign tax		
Foreign tax on income for the year	61,329	55,700
	<u>61,329</u>	<u>55,700</u>
Total current tax	<u>61,329</u>	<u>55,700</u>
Deferred tax		
Origination and reversal of timing differences	(259,632)	(246,753)
Prior year underprovision	55,914	-
Total deferred tax	<u>(203,718)</u>	<u>(246,753)</u>
Taxation on loss on ordinary activities	<u>(142,389)</u>	<u>(191,053)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.08% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,318,654</u>	<u>1,920,002</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.08% (2015 - 21%)	264,786	403,200
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	827	2,412
Adjustments to tax charge in respect of prior periods	55,914	-
Short term timing difference leading to an increase in taxation	-	278
Non-taxable income	(209)	-
Adjustment in research and development tax credit leading to an decrease in the tax charge	(500,085)	(676,711)
Other differences leading to an increase in the tax charge	36,378	79,768
Total tax charge for the year	<u>(142,389)</u>	<u>(191,053)</u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Intangible assets

Group

	Capitalised development costs £
Cost	
At 1 March 2015	13,252,744
Additions	2,439,156
At 29 February 2016	15,691,900
Amortisation	
At 1 March 2015	3,168,507
Charge for the year	1,287,993
At 29 February 2016	4,456,500
Net book value	
At 29 February 2016	11,235,400
At 28 February 2015	10,084,237

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

12. Intangible assets (continued)

Company

	Capitalised development costs £
Cost	
At 1 March 2015	13,252,744
Additions	2,439,156
At 29 February 2016	<u>15,691,900</u>
Amortisation	
At 1 March 2015	3,168,507
Charge for the year	1,287,993
At 29 February 2016	<u>4,456,500</u>
Net book value	
At 29 February 2016	<u>11,235,400</u>
At 28 February 2015	<u>10,084,237</u>

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,359,045 (2015 - £2,027,437).

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

14. Tangible fixed assets

Group

	Plant and machinery £
Cost	
At 1 March 2015	738,044
Additions	337,422
Disposals	(288,964)
At 29 February 2016	<u>786,502</u>
Depreciation	
At 1 March 2015	426,142
Charge for the year	154,892
Disposals	(288,964)
At 29 February 2016	<u>292,070</u>
Net book value	
At 29 February 2016	<u><u>494,432</u></u>
At 28 February 2015	<u><u>311,902</u></u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	29 February 2016 £	28 February 2015 £
Plant and machinery	222,772	85,965
	<u>222,772</u>	<u>85,965</u>
Company		
		Plant and machinery £
Cost		
At 1 March 2015		738,044
Additions		337,422
Disposals		(288,964)
At 29 February 2016		<u>786,502</u>
Depreciation		
At 1 March 2015		426,142
Charge for the year		154,892
Disposals		(288,964)
At 29 February 2016		<u>292,070</u>
Net book value		
At 29 February 2016		<u>494,432</u>
At 28 February 2015		<u>311,902</u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Remote Diagnostic Technologies LLC	America	Ordinary	100 %	Development, marketing and selling of remote diagnostic equipment
RDT PTY LTD	Australia	Ordinary	100 %	Dormant

Company

	Investments in subsidiary companies £
Cost	
At 29 February 2016	100
	<hr/>
	100
At 28 February 2015	<hr/>

16. Stocks

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Finished goods and goods for resale	2,226,740	1,018,900	2,226,740	1,018,900
	<hr/>	<hr/>	<hr/>	<hr/>
	2,226,740	1,018,900	2,226,740	1,018,900
	<hr/>	<hr/>	<hr/>	<hr/>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

17. Debtors

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Trade debtors	3,513,636	2,955,909	3,513,636	2,955,909
Other debtors	260,851	233,200	260,851	233,200
Prepayments and accrued income	341,423	210,934	340,558	208,480
Deferred taxation	59,968	-	59,968	-
	<u>4,175,878</u>	<u>3,400,043</u>	<u>4,175,013</u>	<u>3,397,589</u>

18. Cash and cash equivalents

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Cash at bank and in hand	1,453,890	1,570,179	1,212,080	1,559,023
	<u>1,453,890</u>	<u>1,570,179</u>	<u>1,212,080</u>	<u>1,559,023</u>

19. Creditors: Amounts falling due within one year

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Bank loans	360,938	-	360,938	-
Trade creditors	858,270	556,498	858,458	553,653
Amounts owed to group undertakings	-	-	305,142	399,679
Taxation and social security	82,091	73,887	82,091	71,994
Obligations under finance lease and hire purchase contracts	96,318	17,634	96,318	17,634
Other creditors	193,974	169,654	193,973	169,654
Accruals and deferred income	154,325	241,400	154,325	241,400
	<u>1,745,916</u>	<u>1,059,073</u>	<u>2,051,245</u>	<u>1,454,014</u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

20. Creditors: Amounts falling due after more than one year

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Bank loans	1,125,000	-	1,125,000	-
Net obligations under finance leases and hire purchase contracts	121,863	17,798	121,863	17,798
Grants received	990,882	1,060,459	990,882	1,060,459
	<u>2,237,745</u>	<u>1,078,257</u>	<u>2,237,745</u>	<u>1,078,257</u>

Grants received include amounts to be released after more than 5 years totalling £288,328 (2015: £381,843).

21. Loans

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Amounts falling due within one year				
Bank loans	360,938	-	360,938	-
Amounts falling due after more than one year				
Bank loans	<u>1,125,000</u>	<u>-</u>	<u>1,125,000</u>	<u>-</u>

During the year a credit facility of £1,500,000 was received for which the final repayment is due on 18 May 2019. The facility is due for review in October 2016.

There is a fixed charge over all present freehold and leasehold property, a first fixed charge over both present and future book and other debts, chattels, goodwill and uncalled capital and a first floating charge over all present and future assets.

There is a composite company limited multilateral guarantee given by Remote Diagnostic Technologies LLC.

The bank hold a group set off right over all accounts held.

Contained within bank loans falling due within one year are capitalised loan arrangement fees of £14,062. Amortisation is charged to the statement of comprehensive income over the length of the agreement.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Within one year	96,318	17,634	96,318	17,634
Between 1-2 years	53,302	17,798	53,302	17,798
Between 2-5 years	68,561	-	68,561	-
	<u>218,181</u>	<u>35,432</u>	<u>218,181</u>	<u>35,432</u>

23. Financial instruments

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Financial assets measured at amortised cost	<u>4,452,439</u>	<u>4,569,727</u>	<u>4,728,356</u>	<u>4,518,571</u>
Financial liabilities measured at amortised cost	<u>(2,503,200)</u>	<u>(722,579)</u>	<u>(2,829,063)</u>	<u>(1,119,529)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, accruals and amounts due to group undertakings.

24. Deferred taxation

Group

	Deferred tax £
At 1 March 2015	(143,750)
Charged to the profit or loss	203,718
At 29 February 2016	<u><u>59,968</u></u>

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

24. Deferred taxation (continued)

Company

Deferred tax
£

At 1 March 2015 (143,750)
Charged to the profit or loss 203,718

At 29 February 2016 59,968

The deferred taxation balance is made up as follows:

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Accelerated capital allowances	(2,056,969)	(1,985,088)	(2,056,969)	(1,985,088)
Tax losses carried forward	2,106,707	1,840,438	2,106,707	1,840,438
Short term timing differences	10,230	900	10,230	900
	<u>59,968</u>	<u>(143,750)</u>	<u>59,968</u>	<u>(143,750)</u>

25. Share capital

	29 February 2016 £	28 February 2015 £
Allotted, called up and fully paid		
246,659 (2015 - 246,660) Ordinary shares of £0.001 each	247	247
205,998,000 Deferred shares of £0.001 each	205,998	205,998
1,875 Growth shares of £0.001 each	2	2
	<u>206,247</u>	<u>206,247</u>

The terms attached to each class of shares are as follows;

Ordinary shares - full voting, dividend and capital distribution rights.

Deferred shares - no voting rights, no dividend rights, no capital distribution rights but have the right to receive £1 for every £100bn of capital.

Growth shares - no voting rights, no dividend rights, rights on a capital distribution to surplus assets in excess of the growth share threshold and no redemption rights.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

26. Share based payments

Equity-settled share option plan

Remote Diagnostic Technologies Limited have granted options under an Enterprise Management Incentive Scheme. Share options are granted from time to time, and the options so granted are placed in the employee's hands until exercise or expiry. Options remaining unexercised after a period of 10 years from the date of grant expire, unless replacement options are issued. Furthermore, options are forfeited if the employee leaves the company before the exercise conditions are met.

The exercise conditions are based on the entity listing or being sold. Because the directors feel that it is not yet probable that the entity will be sold or listed, the exercise and hence vesting conditions have not been met. Therefore, in line with FRS 102, no share option charge has been recognised.

Potential issues of ordinary shares

The total number of shares issueable to 16 employees under outstanding options in the Approved Enterprise Management Incentive Scheme and the periods in which they may be exercised are as follows:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	389	13,908	345	11,228
Granted during the year	750	2,500	750	2,680
Outstanding at the end of the year	423	16,408	389	13,908

27. Pension commitments

The Group contributes to personal pension plans of certain employees as agreed in their contract of employment. The pension cost charge represents contributions payable by the Group in respect of these pensions and amounted to £87,378 (2015: £18,865). No contributions were payable at the balance sheet date for the current or prior year.

Remote Diagnostic Technologies Limited

Notes to the Financial Statements For the Year Ended 29 February 2016

28. Commitments under operating leases

At 29 February 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Not later than 1 year	90,835	85,251	90,835	85,251
Later than 1 year and not later than 5 years	298,142	367,933	298,142	367,933
Total	388,977	453,184	388,977	453,184

29. Related party transactions

The company has taken advantage of the exemption allowed under FRS102 s.33.1A not to disclose transactions with other wholly owned members of the group.

During the year, fees of £7,500 (2015: £7,500) were paid to each of the non-executive directors D A Murphy, C Murphy and P H Blagbrough, in respect of consultancy services performed for the company.

During 2015 1,875 £0.001 Ordinary Shares were issued to N H de Coninck-Smith, a director, at a premium of £80 per share. In addition, a further 1,875 Growth Shares were also awarded to N H de Coninck-Smith at a nominal value of £0.001 per share.

30. Controlling party

There is no overall controlling party.

31. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.