

# Unaudited Preliminary Report 31 March 2011

## AVIA HEALTH INFORMATICS PLC Unaudited Preliminary Report 31st March 2011

24 October 2011

### Chairman's Report

#### Introduction

Avia Health Informatics Plc ("Avia" or the "Company") announces its unaudited preliminary results for the year ended 31st March 2011. By their nature unaudited preliminary financial statements may be subject to material change and the reader's attention is drawn to the Going Concern paragraph at the end of this report.

As previously indicated in the announcement dated 30 September 2011, the Board anticipated being able to release audited financial information at this time. However, certain analyses in relation to the audit are ongoing and it is now likely that the audit will be completed in parallel with the Board's review of its strategic options, including a fundraising and/or sale of its principal operating subsidiary, having received expressions of interest from various parties. The Directors are issuing this unaudited information in order to facilitate the review of the commercial opportunity by such interested parties and to update its shareholders.

The Company anticipates issuing its unaudited interim financial statements for the six months ended 30 September 2011 within the next few weeks.

During this period, the principal activity of the Company changed from being a holding company to a trading company, engaged in developing, building and maintaining the Odyssey clinical decision support systems. Avia is now selling these products directly and through international partners around the world.

During the year Avia has had to meet the challenges of the uncertain world economic situation and its impact upon the UK healthcare market. While this presented a challenge in the short term, the Company also feels this is an opportunity as the entire Odyssey range supports the delivery of effective healthcare with the potential to achieve considerable cost savings when compared to existing practices.

#### Financial Performance

The unaudited consolidated results for the year ended 31 March 2011 show turnover for the year of £2.10 million (year ended 31 March 2010: £1.75 million) which resulted in an operating loss of £0.54 million (2010: operating loss £0.32 million). The gross profit margin in the year reduced slightly to 41 per cent (2010: 44 per cent) due to the establishment of the US subsidiary in the second half of the year. However we were able, whilst developing our UK and international operating bases, to maintain control over our administrative costs. Product development costs of £0.19 million have been capitalised in the year (2010: £0.37). The loss per share for the year was 12.25 pence (2010: loss of 6.11 pence per year).

The Group's cash balance as at 31 March 2011 was £0.37 million (2010: £0.5 million).

#### Corporate Activity

In June 2010, the Company announced it had raised £200k by way of a subscription of 333,334 new ordinary shares at a price of 60p per share. This was followed in March 2011 by a further £558k by way of a subscription of 1,115,440 new ordinary shares at a price of 50p per share. The net proceeds of both these subscriptions, amounting to approximately £740k, has been applied in completing further enhancements of the technology platform and to funding initiatives for international growth. This includes the internationalisation of the Odyssey product software, localisation of clinical content and development of e-learning tools whilst also developing new routes to market, including channel partners.

The Company now has a total of 6,399,023 ordinary shares in issue.

#### Group Strategy

Avia continues to seek to grow its business through a combination of different strategies as follows:

- Organic growth in the sale of the Odyssey clinical decision support software product range, working with UK and international partners and resellers to increase penetration of the Company's products;

## Unaudited Preliminary Report 31 March 2011

- Marketing and selling other third party vendor products and services to its UK and international customer base;
- Acquisition of related health informatics IPR, businesses and/or companies.

The Group's primary focus continues to be in achieving Global Market Penetration for the Odyssey product range by delivering clinical content, training and other services in the UK and international markets via web-deployed, cloud-enabled, mobile and PC technologies. Sales growth is being targeted through a direct sales force and the engagement of resellers and added value partners, the latter particularly being pursued to increase penetration in new international markets.

### Board Appointments

Professor Jeremy Dale PhD, MA, MB, BS, FRCGP was previously a Non-executive Director of the Company and became an Executive Director being appointed on 6th September 2010. He also continues as a director of Plain Healthcare Ltd ("Plain"). Paul Preece ACCA was appointed Company Secretary of the Company in July 2011.

Nigel Leavy FCA relinquished his role as part time Finance Director on 26th July 2011 and became a Non-executive Director at that date. The Board wishes to thank Nigel for his services since the inception of the Company and are pleased he will continue as a valued member of the Board.

### UK

Whilst the market conditions remain difficult, Avia made inroads into both its traditional and targeted new markets of GP practices, walk-in centres and prisons/detention centres with year on year growth. Technical and clinical innovation has delivered a range of products that enabled the UK sales team to diversify from its traditional base into new areas. The Company secured a number of key UK 3-year customer contracts with both new and long-term customers, including sales of Odyssey Reception, Odyssey TeleAssess, and Odyssey FaceToFace, so consolidating its position within the UK. It also secured its first sale of Odyssey FirstAssess within the prison service.

In February 2011 the Company announced the signing of a reseller agreement between its wholly-owned subsidiary, Plain and the Advanced Health and Care division ("AHC") of Advanced Computer Software plc ("ACS"), for the sale of its Odyssey CareAssess product in the UK care home market. AHC is a supplier of health and care software solutions and already has an existing customer base in the UK care home sector. Their contacts and experience within the care home sector is expected to help promote the adoption of Odyssey CareAssess in this new environment. Odyssey CareAssess has been designed specifically to meet the needs of nursing and residential care homes and draws on the Company's years of experience within the healthcare industry. It enables both clinical and non-clinically trained staff to offer care home residents high levels of care and support in the event of illness or injury. Avia will sell Odyssey CareAssess globally to the care home market through Avia's expanding international reseller network.

Amicus ITS, the IT services division of leading independent primary care provider Harmoni HS Limited ("Harmoni") signed a major three-year contract for the delivery of Odyssey TeleAssess for use at all Harmoni sites. Harmoni has been delivering clinical support services for the last 15 years using Odyssey TeleAssess, and currently provides out of hours cover to over 7 million patients across the UK.

Odyssey customer, SSAFA Forces Help and British Forces Germany, was awarded the prestigious Innovation and Service Development Award at the Military and Civilian Health Partnership Awards 2010 for its delivery of out of hours care using Odyssey TeleAssess.

### International

Despite global recession, we see positive signs that the providers of healthcare services will continue to invest in new technologies to enable improved service delivery at lower costs. Our strategy for international expansion is to identify and work with partners, in the form of distribution partners, technical partners who provide interoperability with other health IT systems, and strategic partners that can provide access to global markets.

Major steps have been taken during the year with the establishment of our own subsidiary in the USA, Avia Health Informatics Inc incorporated on 1<sup>st</sup> November 2010 and based in Florida with a full-time seasoned

## Unaudited Preliminary Report 31 March 2011

director. We see the Americas as a major growth area for our range of products and are now actively seeking direct sales and the appointment of resellers in the USA, Latin America and Canada.

In Australia, Avia has appointed Clarity Business and IT Solutions ("Clarity") as its first Australian reseller. Clarity consultants are noted for their healthcare expertise and track record of working with public sector IT projects. With Avia's Australian reference site in New South Wales we believe we have a strong partner in the region to develop this market.

In the global market, Avia's wholly owned subsidiary, ("Plain") signed an agreement with European-based shipping management group, Intresco Limited ("Intresco") to trial Odyssey MarineAssess, on a touchscreen tablet, aboard its cargo ships.

In Europe and other economies with mature health infrastructures, telehealth is growing in importance as a means to provide efficiency in healthcare provision and continues to attract funding; clinical decision support is at the heart of this. Avia has secured two new international contracts in Europe which, while not significant in terms of total group turnover for the current financial year, illustrate the positive steps being taken to enhance its international business. The first was an order from a new client for Odyssey TeleAssess in the German language to support call centre telephone triage services over the next three years. The second was for bespoke learning and development services for an existing international client, which the Group was able to devise and deliver with less than two weeks' notice.

Further afield we are seeing less developed economies now focusing on improving access to healthcare. During the year Avia announced the appointment of two new resellers within this market sector. AB Informatics and DeMiTAG HealthConcepts, will sell the Odyssey range in Nigeria: AB Informatics a United Kingdom registered company set up to service the healthcare sector in Africa is committed to the supply and maintenance of functional and accessible clinical care. DeMiTAG HealthConcepts Limited has branches in Abuja, Lagos and London with sales outlets in 36 of the state capitals of Nigeria. Its vision is to transform the Nigerian healthcare sector by supporting government, non-governmental organisations, corporate bodies and individuals in the acquisition of health information management tools.

Development within the Odyssey product range is being focused on designing appropriate decision support tools to enable all types of clinicians, non-clinicians and even patients themselves to safely and quickly assess clinical needs, whether based in a clinic, a call centre or at a remote location. With the right partners on board, we continue to see vast potential for our products to be sold in diverse markets around the world.

### Management Organisation

To achieve the Company's global objectives, it has continued to recruit and develop key personnel to meet these challenges. The Company has moved its main Head Office from North Wales and is consolidating its operations based in St Mary's Court, Old Amersham, Buckinghamshire. These offices now house all head office functions manned by its senior management together with support staff. The offices are strategically placed to allow the Company to more effectively meet the challenges from the UK and international markets.

During the year Avia reorganised operational management for the Company's sales into four sales regions (the Americas, Far East, UK and the rest of the world). In addition, to support the expanding group and development of financial governance a new Financial Controller was appointed on the 20th September 2010.

Since the year end, the Company has continued to strengthen its management structure further by the appointment of a Director of Product Development, Director of Product Delivery and a Director of UK Marketing and Sales.

### Product Range

The group's product range has continued to expand as new applications emerge developed on the Odyssey clinical decision support service orientated architect (SOA). The Company has completed the development and launch of a .NET platform, which allows global delivery of its clinical content in any language and in any setting. The milestone use of SOA allows expansion of revenues both from Odyssey and third party applications in all target sectors.

## Unaudited Preliminary Report 31 March 2011

Building on our secure and robust SOA platform, the Company has added 'occasionally-connected' functionality allowing assessments to be completed irrespective of internet connectivity, whilst at the same time providing a centralised monitoring service.

The Company has re-designed the Odyssey user-interface for use with touchscreen technology to enhance the mobility of the application. Additionally it has re-structured the clinical content so that multiple languages and character sets are better supported.

The Odyssey clinical content and business logic is now available via the Microsoft Azure Cloud platform, enabling customers and users in countries and regions with connectivity through the internet to enjoy the benefits of Odyssey clinical content with a significant reduction in the cost of deployment.

Delivering the clinical content via the Cloud supported by the Odyssey web services will enable our strategic partners, resellers and end users to access the clinical content and business logic from any internet connected location in the world. This will increase our partner opportunities and reduce the time taken to deploy updates to the end user.

These developments will further open up the international markets for Avia's clinical decision support solutions and create new opportunities for Avia's various Odyssey products. Odyssey is now available on CD and via the internet, 3G and the Cloud, for both static and mobile touchscreen and keyboard devices for use by clinicians and non-clinicians.

### **Odyssey Mobile**

The Odyssey Mobile product range was launch during the year. This is an advanced system of clinical decision support that has been developed to assist the assessment and care of patients in a broad range of healthcare and urgent care settings. It allows the Company to further increase its product range for use by non-clinicians in areas where clinical care is often difficult to obtain or not easily available. The Company is now working with clinicians across the world to add further clinical content relevant to the different settings in which the products will be used.

### **Odyssey MarineAssess**

This was the first product from this new range. It is designed to be used by the ship's captain or master in the event of a crew illness or injury when the ship is located many miles off shore with limited or no communication. In addition to providing the ship's crew with access to appropriate care advice, Odyssey MarineAssess provides actionable clinical summaries for health professionals on-shore, thus reducing the potential need for the ship's captain to divert from his original course in order to seek additional clinical assessments or in certain cases organise the patient's evacuation from the ship. By avoiding diversions or evacuations shipping companies can save the considerable costs associated with such measures.

### **Odyssey CareAssess**

Another software product in our mobile range was also launched towards the end of the year. This offers clinical decision support designed specifically for care homes, ensuring the best possible care is available to residents at all times. It ensures that care homes can support the health and safety needs of their residents, and summon help from GP and emergency care services in a timely and appropriate manner when this is required, so leading to more effective use of care home and health service resources.

### **Odyssey SelfAssess**

Successful in reducing clinician time by 25% Odyssey SelfAssess provides the robust clinical content in natural language that non clinicians can understand and follow. Providing the platform for a series of assessment tools, development is on-going to adjust the product to specific markets on different touch screen platforms.

### **Odyssey ParaMedic**

This development is on-going with ambulance services and is the product that will be sold to other emergency services in the field such as the MOD/air ambulances and other global paramedic applications.

## Unaudited Preliminary Report 31 March 2011

### **Odyssey PatientAssess**

Has all the advantages of the long established Odyssey TeleAssess product, Odyssey PatientAssess provides definitive clinical assessment by telephone; but developed specifically for General Practice supporting practice nurse telephone triage and receptionist prioritisation.

### **Odyssey FirstAssess**

Designed for use in prisons and detention centres, both in the UK and overseas, Odyssey FirstAssess provides initial assessment of new offenders on arrival and allows the continuous assessment of complex physical and mental health conditions, so enabling reduction in the costs of onward referral by avoiding unnecessary transfers.

### **Odyssey TeleAssess**

Definitive clinical assessment by telephone, helping clients to meet patients' needs safely and effectively, and so make significant savings in time, effort and money. This product can now be delivered cost effectively to similar operations on an international basis.

### **Classic Odyssey Range (TeleAssess, FaceToFace, Reception, and Gold)**

Selling into UK out of hours services, walk-in centres, minor injury units, GP surgeries, the Classic range offers definitive clinical assessment for telephone assessment and face to face consultations embedded in and delivered with leading health information systems in the UK.

### **Pathfinder RF**

This is a new product which the Board believes has considerable potential in the UK. It is an innovative on-line referral facilitation and clinical communication system that enables Commissioning Groups and other Primary Care Organisations to manage referrals and the communication of clinical information from general practice to specialist and community services. It is based on a product developed by Dr James Findlay for Nene Commissioning CIC and which has been used throughout Northamptonshire for the last two years.

It has been reported as delivering substantial cost savings together with improvements in the quality of care. During 2010 Plain entered into discussions with Nene Commissioning CIC to re-develop and commercialise PathFinder. Nene Commissioning appointed Plain as the exclusive authorised developer, reseller and provider of support and maintenance services to Nene Commissioning CIC and new customers within general practitioner, commissioning groups, secondary care, private and international suppliers of primary and secondary healthcare sector globally. The new version developed by Plain called **PathFinderRF** (RF stands for referral facilitation) will be released in September 2011. During the initial 5 year period Nene Commissioning CIC will receive a percentage royalty fee on each PathFinderRF sold.

### **Clinical Excellence**

The Company's Clinical Knowledge Unit continues to develop new clinical content suited to new regions and markets. This has included specific content for the USA, Australian and tropical environments, together with content for the shipping and care home industries. The clinical department continues to rigorously test and maintain all current clinical content, to ensure that it remains current, reflecting the very best clinical evidence and practice. The unit has increased its clinical team resource during the year.

The programmes and processes have been further developed to undertake localisation and translation along with a major clinical database management tool, to allow efficient management of multiple versions of the clinical content. This will be more cost effective and above all better protects the Company's Intellectual Property Rights.

This year has also seen the launch of the Company's eLearning programme which allows remote learning to international markets thus expanding our reach and reducing implementation time and cost for the Company, its partners and customers alike. This makes Odyssey products much more attractive and accessible internationally. Learning and professional development of healthcare professionals is essential to the effective use of Odyssey. The Company's emphasis is now on creating high quality e-learning, accessed from the internet, enabling users to gain knowledge and skills without having to leave their workplace. This will support the worldwide use of Odyssey products.

## Unaudited Preliminary Report 31 March 2011

### Principal Risks and Risk Management

As stated above there are risks attached to the business in a number of areas which the Board has attempted to mitigate.

The Board continues to seek the best possible professional advice and believes that by so doing mitigates some aspects of commercial risk. The appointment of new professional advisers to the Group during the period reflects the Board's commitment to this strategy.

As already stated above the Group has focused on the development of new products that can be deployed cost effectively into a number of new market sectors within the UK outside of the group's traditional markets. The management restructuring and recruitment undertaken within the UK sales force is aimed at addressing these new market opportunities and the Group now feels it has a stable and effective structure in place to meet its future growth objectives.

Increased resources continue to be focused on new international market sectors in the new emerging markets, much less affected by the global recession, so reducing the Group's dependence on the traditional home market. The establishment of our American operation has spearheaded this move internationally whilst the Odyssey Mobile range is being developed so as to meet the varied global market opportunities. As a result, we see the Group being much less dependent in the future on the UK market.

Retention and recruitment of top quality key staff in a competitive environment continues to be a challenge and is seen as a risk to the successful development of new products and to their rapid deployment on a global basis. The Board believes that the setting up of the new Head Office facility together with its strengthened professional management team can be more responsive to the needs of its employees and to its customers worldwide. The Board continually reviews its employee terms and conditions including the phasing in of incentive schemes including on target cash bonus schemes, EMI Option schemes and other related benefits.

### Current Trading and Outlook

The anticipated improvement in the first half of the current year did not materialise. Expectations of strong growth in the UK, especially in the Prison and GP sectors, was well below expectations. This has been mainly due to cost constraints within the UK healthcare market. It became clear in August 2011 that, due to lack of growth in the Company's performance the Company's cash reserves were compromised. This had resulted in a shortfall in cash of £200k in the near term and the directors took the decision to ask for a suspension of Avia's shares from trading on AIM on 5 August, 2011. Subsequently the Company issued a further update on 26 August 2011 (repeated on 30 August 2011), confirming receipt of short term funding support from the directors and staff but with the acknowledgement that the Company needed, and the directors would be seeking, to attract longer term funding of £1m net of costs.

Since 4 August, 2011, the directors have been meeting on a weekly basis for a Trading update and the cash position has been monitored closely.

Operationally the Company has been temporarily restructured so as to focus on short term sales success with all the support staff focusing on sales, with weekly updates of sales activity being provided to the Board. The directors have also reviewed the cost base assumptions and have made significant savings in expenditure planned for the future.

The Company has undertaken a root and branch review starting with a full revised sales forecast by product, including Pathfinder RF.

Together with the September 2011 management accounts a reforecast based on median assumptions has been produced through to September 2012. This now forms the main platform for the directors to make their decision on the going concern statement below.

To fully secure and underpin the development of the business the directors do believe that at least £1m net will be required in the near future. This investment may come by way of a number of financial instruments or third party partnerships. The directors are actively pursuing all possible routes that may be available to it.

The challenging market conditions experienced in our core UK markets over the period are continuing

## Unaudited Preliminary Report 31 March 2011

through into the current year, restraining UK growth. However, we anticipate growth from new emerging markets both in the GP and Care Home sector within the UK during the second half of the current year.

The major investment that the Company has continued to make, both in clinical and software development, is targeted at innovative cost-effective product solutions. This means that we are well-placed to capitalise on new opportunities as they present themselves in the future.

The Board is encouraged by the initial level of non-UK sales and from the strength of interest shown from international markets in our core technology software which can now be deployed on touch-screen PCs, laptops and mobile tablet devices operated in many instances by lay personnel. It is anticipated that as new applications for our base clinical technology continue to emerge it will also be capable of being delivered on new generations of mobile platforms (smartphones on the 3G platform).

Whilst the Board sees positive signs of growth from our new UK markets it continues to believe that a move will occur in the current financial year from the Company's dependence on the UK market towards major international growth markets, specifically the emerging markets in the Far East, the Americas and elsewhere. Our product development resource continues to be focused on meeting the customer needs in these markets. The major effort during the year ahead will be in developing a cost-effective "route to market" strategy of working with value-added partners, resellers and distributors into these new developing market areas.

The Board continues to believe in the undoubted potential for the Company in overseas markets whilst at the same time remaining cautiously optimistic about seeing slow but continued recovery in its customer base in the UK market during the second half of the current financial year.

The Group's cash balance as at 30 September 2011 was £0.11 million

### Going Concern

The unaudited preliminary reports are prepared on the going concern basis which assumes the Group will have sufficient resources to enable it to continue trading for the foreseeable future. In the event that the Group secures less than the £1m net of additional funding, it is highly likely that the Group's audited financial statements for the year ended 31 March 2011 would have a material qualification in relation to going concern.

The directors have prepared forecast information for the period to September 2012. The forecasts indicate that the Group's forecast revenues are expected to exceed costs, due mainly to 1) a reduction in development costs, and 2) the introduction and sale of new products into existing and new markets.

The achievement of forecasts is largely dependent upon 1) development costs not exceeding budget, and 2) the successful launch of new products. If new products are not as successful as forecast, the directors believe that development and operational costs could be saved, so as to enable the Group to continue as a going concern. However, just in case the forecast growth is not achieved the directors have written down development costs and other assets to their recoverable amounts, which has had a significant impact upon the Group's net asset position. In the event that further funding is not obtained for the Group, an additional impairment charges may be applied for the audited financial statements when finalised. The Company will provide an update, as previously indicated, on its expectations of performance for the financial year ending 31 March 2012, at or shortly before confirmation of audited financial results for the prior financial year.

Barry Giddings  
Chairman  
24<sup>th</sup> October 2011

## Unaudited Preliminary Report 31 March 2011

AVIA HEALTH INFORMATICS PLC  
(REGISTERED NUMBER: 6470277)

### CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

|   | Notes | 2011<br>£               | 2010<br>£               |
|---|-------|-------------------------|-------------------------|
| Revenue   |       | 2,097,504               | 1,750,572               |
| Cost of `sales  |       | <u>(1,230,315)</u>      | <u>(983,934)</u>        |
| <b>GROSS PROFIT</b>   |       | 867,189                 | 766,638                 |
| Administrative expenses                                     |       | <u>(1,407,408)</u>      | <u>(1,084,328)</u>      |
| <b>OPERATING LOSS</b>                                       |       | (540,219)               | (317,690)               |
| Finance income  |       | <u>241</u>              | <u>1,156</u>            |
| <b>LOSS BEFORE INCOME TAX</b>                               |       | <u>(539,978)</u>        | <u>(316,534)</u>        |
| Income tax  |       | <u>(107,622)</u>        | <u>107,622</u>          |
| <b>LOSS FOR THE YEAR AND TOTAL<br/>COMPREHENSIVE INCOME</b> |       | <u><u>(647,600)</u></u> | <u><u>(208,912)</u></u> |
| Loss per share expressed<br>in pence per share:             |       |                         |                         |
| Basic and diluted   |       | <u>(12.25)</u>          | <u>(6.11)</u>           |

# Unaudited Preliminary Report 31 March 2011

AVIA HEALTH INFORMATICS PLC  
(REGISTERED NUMBER: 6470277)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 MARCH 2011

|                               | 2011<br>£          | 2010<br>£        |
|-------------------------------|--------------------|------------------|
| <b>ASSETS</b>                 |                    |                  |
| <b>NON-CURRENT ASSETS</b>     |                    |                  |
| Intangible assets             | 539,124            | 402,942          |
| Property, plant and equipment | 43,787             | 38,100           |
| Deferred tax                  | -                  | 107,622          |
|                               | <u>582,911</u>     | <u>548,664</u>   |
| <b>CURRENT ASSETS</b>         |                    |                  |
| Trade and other receivables   | 642,532            | 573,730          |
| Cash and cash equivalents     | <u>366,423</u>     | <u>475,163</u>   |
|                               | <u>1,008,955</u>   | <u>1,048,893</u> |
| <b>LIABILITIES</b>            |                    |                  |
| <b>CURRENT LIABILITIES</b>    |                    |                  |
| Trade and other payables      | 348,378            | 399,592          |
| Deferred income               | 466,846            | 472,209          |
|                               | <u>815,224</u>     | <u>871,801</u>   |
| <b>NET CURRENT ASSETS</b>     | <u>193,731</u>     | <u>177,092</u>   |
| <b>NET ASSETS</b>             | <u>776,642</u>     | <u>725,756</u>   |
| <b>SHAREHOLDERS' EQUITY</b>   |                    |                  |
| Called up share capital       | 124,185            | 116,941          |
| Share premium                 | 2,069,837          | 1,378,595        |
| Reverse acquisition reserve   | (1,795,277)        | (1,795,277)      |
| Merger reserve                | 1,488,489          | 1,488,489        |
| Retained earnings             | <u>(1,110,592)</u> | <u>(462,992)</u> |
| <b>TOTAL EQUITY</b>           | <u>776,642</u>     | <u>725,756</u>   |

## Unaudited Preliminary Report 31 March 2011

AVIA HEALTH INFORMATICS PLC  
(REGISTERED NUMBER: 6470277)

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

|                            | Called up<br>share<br>capital<br>£    | Profit<br>and loss<br>account<br>£ | Share<br>premium<br>£ | Other<br>reserves<br>£ | Total<br>equity<br>£ |
|----------------------------|---------------------------------------|------------------------------------|-----------------------|------------------------|----------------------|
| Balance at 31 March 2009   | <u>1,641</u>                          | <u>(254,080)</u>                   | <u>219,731</u>        | <u>-</u>               | <u>(32,708)</u>      |
| Changes in equity          |                                       |                                    |                       |                        |                      |
| Issue of share capital     | 115,300                               | -                                  | 1,158,864             | -                      | 1,274,164            |
| Reverse acquisition        | -                                     | -                                  | -                     | (306,788)              | (306,788)            |
| Total comprehensive income | <u>-</u>                              | <u>(208,912)</u>                   | <u>-</u>              | <u>-</u>               | <u>(208,912)</u>     |
| Balance at 31 March 2010   | <u>116,941</u>                        | <u>(462,992)</u>                   | <u>1,378,595</u>      | <u>(306,788)</u>       | <u>725,756</u>       |
|                            | Called<br>up<br>share<br>capital<br>£ | Profit and<br>loss<br>account<br>£ | Share<br>Premium<br>£ | Other<br>reserves<br>£ | Total<br>Equity<br>£ |
| Balance at 1 April 2010    | 116,941                               | (462,992)                          | 1,378,595             | (306,788)              | 725,756              |
| Changes in equity          |                                       |                                    |                       |                        |                      |
| Shares issued for cash     | 7,244                                 | -                                  | 750,476               | -                      | 757,720              |
| Share issue expenses       | -                                     | -                                  | (59,234)              | -                      | (59,234)             |
| Total comprehensive loss   | <u>-</u>                              | <u>(647,600)</u>                   | <u>-</u>              | <u>-</u>               | <u>(491,496)</u>     |
| Balance at 31 March 2011   | <u>124,185</u>                        | <u>(1,110,592)</u>                 | <u>2,069,837</u>      | <u>(306,788)</u>       | <u>776,642</u>       |

## Unaudited Preliminary Report 31 March 2011

AVIA HEALTH INFORMATICS PLC  
(REGISTERED NUMBER: 6470277)

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

|   | Notes | 2011<br>£        | 2010<br>£        |
|---|-------|------------------|------------------|
| <b>Cash flows from operating activities</b>             |       |                  |                  |
| Cash absorbed by operations                             |       | (599,819)        | (446,294)        |
| Corporation tax received / (paid)                       |       | -                | 22,358           |
| Net cash absorbed by operating activities               |       | <u>(599,819)</u> | <u>(423,936)</u> |
| <b>Cash flows from investing activities</b>             |       |                  |                  |
| Purchase of intangible assets                           |       | (184,664)        | (371,801)        |
| Purchase of property, plant and equipment               |       | (22,984)         | (15,984)         |
| Purchase of non-controlling interest in subsidiary      |       | -                | (105,000)        |
| Cash acquired on reverse acquisition                    |       | -                | 199,615          |
| Interest received                                       |       | 241              | 1,156            |
| Net cash absorbed by investing activities               |       | <u>(207,407)</u> | <u>(292,014)</u> |
| <b>Cash flows from financing activities</b>             |       |                  |                  |
| Proceeds from issue of share capital                    |       | 698,486          | 992,528          |
| Net cash generated from financing activities            |       | <u>698,486</u>   | <u>992,528</u>   |
| <b>Decrease/(increase) in cash and cash equivalents</b> |       | (108,740)        | 276,578          |
| <b>Cash and cash equivalents at beginning of year</b>   |       | 475,163          | 198,585          |
| <b>Cash and cash equivalents at end of year</b>         |       | <u>366,423</u>   | <u>475,163</u>   |

## Unaudited Preliminary Report 31 March 2011

AVIA HEALTH INFORMATICS PLC  
(REGISTERED NUMBER: 6470277)

### LOSS PER SHARE FOR THE YEAR ENDED 31 MARCH 2011

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for the period ended 31 March 2011 is based on the number of shares of Avia Health Informatics plc in issue during the period.

The weighted average number of shares for the period ended 31 March 2010 is based on the number of shares of Plain Healthcare Limited outstanding during the period multiplied by the exchange ratio used in the business combination and the weighted average number of shares in issue for the period since the acquisition.

As there are no dilutive factors earnings per share is equivalent to the basis loss per share.

|  | Earnings<br>£    | 2011<br>Weighted<br>average<br>number<br>of<br>shares | Loss<br>per-share<br>pence |
|--|------------------|---|----------------------------|
| <b>Basic EPS</b>                               |                  |   |                            |
| Earnings attributable to ordinary shareholders | (647,600)        | 5,285,226   | (12.24)                    |
| Effect of dilutive securities                  | -                | -   | -                          |
| <b>Diluted EPS</b>                             |                  |   |                            |
| Adjusted earnings                              | <u>(647,600)</u> | <u>5,285,226</u>                                      | <u>(12.24)</u>             |

|  | Earnings<br>£    | 2010<br>Weighted<br>average<br>number<br>of<br>shares | Loss<br>per-share<br>pence |
|--|------------------|---|----------------------------|
| <b>Basic EPS</b>                               |                  |   |                            |
| Earnings attributable to ordinary shareholders | (208,912)        | 3,420,422   | (6.11)                     |
| Effect of dilutive securities                  | -                | -   | -                          |
| <b>Diluted EPS</b>                             |                  |   |                            |
| Adjusted earnings                              | <u>(208,912)</u> | <u>3,420,422</u>                                      | <u>(6.11)</u>              |

## **Unaudited Preliminary Report 31 March 2011**

### **Notes**

#### 1. Statement of compliance

The financial information set out above does not constitute the Company's statutory report and accounts for the year ended 31 March 2011 or the year ended 31 March 2010. Statutory Accounts for 2010 have been delivered to the registrar of companies. The auditor's report in respect of the 2010 accounts was unqualified and did not include any reference to matters to which the auditor drew attention by way of emphasis of matter or contain a statement under section 489(2) or 498(3) of the Companies Act 2006. The results for the year ended 31 March 2011 are unaudited.

The information contained in this preliminary announcement has been approved by the Board of Directors.

#### 2. Basis of preparation

The financial statements have been prepared on a historical cost basis.