VENTURE LIFE GROUP PLC
ANNUAL REPORT & ACCOUNTS 2016

Venture Life
Emerge anew

Jerry Randall
Chief Executive Officer

2016 was another year of positive developments for the Group. Revenues grew by 57% and we generated our first EBITDA profit in a year of challenging markets and economic instability in many areas of the world.

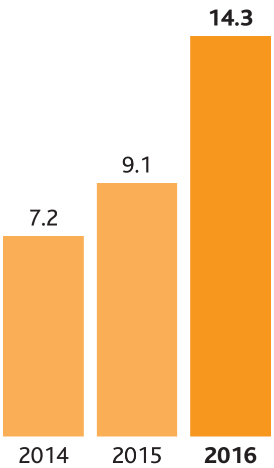
Contents

HIGHLIGHTS

We develop, manufacture and market self-care products globally

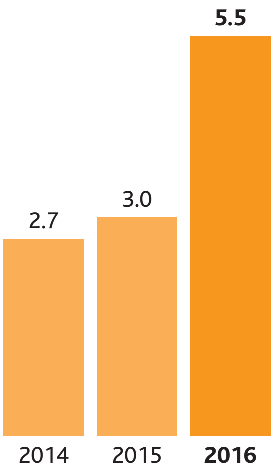
£14.3m

Revenue increased **57%** to £14.3 million (2015: £9.1 million).



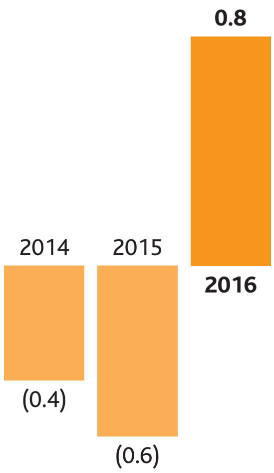
£5.5m

Gross profit increased **83%** to £5.5 million (2015: £3.0 million).



£0.8m

EBITDA profit of £0.8 million (2015 loss: £0.6 million).



UltraDEX®

Acquisition of the UltraDEX oral care products brand in March 2016 for £5.8 million.

New partners

New long-term distribution partnerships in Spain, Malaysia, China, Turkey, Jordan, Greece and Taiwan.

China deal

Full Lubatti skincare range now stocked and on sale through Gialen Group, Venture Life's partner in China. Post-period end, re-orders have started to flow through.

MARKET OPPORTUNITY

Supporting a growing awareness of ageing healthcare needs

We create value for shareholders through developing, manufacturing and selling self-care products to deal with the conditions associated with ageing. The ageing population is growing and our products are targeted at the ever increasing demand for self-care and preventative wellness.

Creating value

We create value by developing innovative products and brands for the ageing population. We sell into the rapidly growing self-care market, utilising our significant operating leverage to drive incremental gross margin through to the bottom line, to deliver our strategy to become sustainably profitable.

Range of products

Our portfolio is targeted towards the ageing population, to promote healthy ageing, and we focus on products sold through the pharmacy channel around the world. We have products that address a significant proportion of ailments affecting the ageing population.

Growing market

Better education, diet and lifestyle are resulting in people living longer. This is putting pressure on healthcare systems and requiring consumers to take more responsibility for their own healthcare, especially financially. This coupled with the increasing focus on preventative wellness is growing the market for our products worldwide.

Increased efficiency

The business has good operational leverage, in that we are able to put much more revenue through the business without significantly increasing the cost base. This will improve gross margins across all products, and this incremental gross margin will substantially drop through to operating profit.

Our business

The process of innovating, developing, manufacturing and commercialising our products is essentially the same, whether we sell under our own brands or our customers' brands. We look to develop our own brands to grow brand equity, but will also look to generate long-term revenues and profits from products sold under customers' brands which may bring quicker sales velocity once launched.

Innovate

Develop

Register

Manufacture

Partner

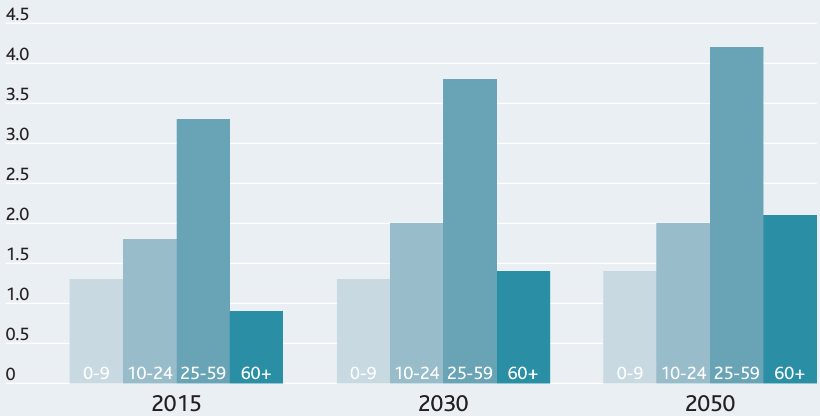
Our Brand

Customer Brand

Population

The ageing population and increased awareness amongst consumers of the consequences of ageing and maintaining good health, sees the target market for Venture Life products increasing in future years.

Global population by age group (billion)



Source: United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Ageing: 2015 (ST/ESA/SER.A/390)

MARKET OPPORTUNITY CONTINUED

Commercial expertise
The management of Venture Life have decades of experience between them in partnering healthcare products around the globe. Long-term partnerships with strong local market partners is key to sustainable, profitable revenue growth.

Technical expertise
Venture Life has the proven ability to develop and register products all over the world. We produce and sell products registered in Europe, North America, MENA and the Far East. Control of our own manufacturing ensures quality and customer service are paramount.

Innovation
Innovation is a key driver of growth as consumers demand this to sustain brands. Venture Life possesses a dedicated team of five people in Italy focused on innovation and development of new products for ourselves and our partners.

Partnerships
Selecting the right partner is key to sustainably profitable revenue growth. We have long-term exclusive agreements with our global partners outside the UK, which allows them to invest in the growth of the products. Products are made to order, without sale or return, and the partner pays all costs of the sales team, marketing and distribution in market. In the UK we support the marketing of our brands.

Outcome
This strategy delivers a network of partners with long-term motivation and expertise in their local market. With all in-market costs covered by the partner outside the UK, Venture Life is not exposed to funding local sales and marketing costs. We use local partner expertise and experience to build the brands of Venture Life, which in turn builds shareholder value through growing profitable revenue streams, with a diverse risk profile where we are not dependent on one product, partner or market.

Objectives and strategy
We aim to become a leading self-care branded products business. With our own development, manufacturing, international distribution and direct UK sales capabilities we are able to generate long-term and sustainable profits to benefit all stakeholders.

Revenue growth
Growth in revenue comes from both existing and new distribution partners as they launch and grow our products in their market.

Develop products
The Group has an established, proven system for rapidly developing new products and bringing them promptly to market, at a relatively low cost. This includes in-house development, manufacturing and regulatory capabilities.

Improve margins
Our operational leverage means that increasing revenues will improve both our gross and operating margins. As well as improving the gross margin percentage, the significant proportion of this incremental gross margin will drop through to operating profit.

A growing portfolio

Key brands

Once Venture Life has identified which market segments to enter, our new product development strategy is to either develop in-house or acquire. We have a number of brands within our portfolio that we commercialise globally through a network of partners selling into the pharmacy channel.

ultraDEX®

Oral healthcare

UltraDEX fits into an emerging trend for research-led, high performance oral healthcare products developed for a specific need. Clinically proven to deliver 12-hour fresh breath, the range eliminates bad breath instantly whilst protecting teeth and gums at the same time.

Good oral hygiene is becoming increasingly important to the discerning customer across the world. Evidence shows customers are willing to pay a higher price for effective products when compared with mass market products.

NeuroAge™

Neurology

Developed as a range of food supplements and indicated for improving brain function in a healthy brain, NeuroAge is a range of products specifically for cognitive function, improved alertness and improved sleep. All products contain a combination of key ingredients that provides its mode of action.

Benecol®

Cardiovascular

Initially developed as a functional food (e.g. yoghurt or margarine) for lowering LDL cholesterol more than 20 years ago, Venture Life's strategic partnership with Raisio has led to the development of two food supplements branded Benecol. Available either as a capsule or a 'once-a-day' liquid sachet, it offers advantages such as a two-year shelf life, does not need to be refrigerated and is available through the pharmacy channel with the recommendation of a healthcare specialist.

lubatti

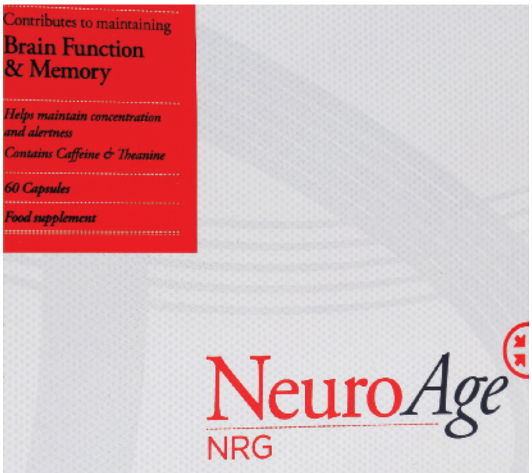
Skincare

Lubatti is a luxury skincare range with a strong history and heritage that dates back to the 1920s and back to its original founder – Madame Lubatti. The products contain a combination of fruit, plant and flower extracts that were based on the original formulations. The range was launched in China in early 2016 through our distributor and is available in 1,300+ retail stores across mainland China.

vonalei™ Women's healthcare

Women's intimate health

Our recently developed range of women's intimate healthcare products address the most common vaginal conditions and infections. As some of these infections are commonplace, recurrent and in most cases easy to identify, our range of products will be sold in pharmacies without the need for a doctor's visit or prescription.



HEALTHY AGEING

80+
PARTNERS

15
BRANDS WITHIN THE VENTURE LIFE PORTFOLIO SOLD TO PARTNERS AROUND THE WORLD

9
NEW PRODUCT LAUNCHES IN 2016

PHARMACY CHANNEL

40+
COUNTRIES

ENTRY INTO KEY MARKETS IN 2016

GLOBAL BRANDS PARTNERS

An international business

International business

Our international business model is to partner our brands with reputable pharmaceutical or healthcare partners across the globe, focusing on key markets.

Chosen partners will have the appropriate sales and marketing infrastructure in their territory and will have access to the pharmacy channel as well as relevant specialists. Our partners are also responsible (under our guidance) for the sales, marketing, distribution and promotion of our products in their territory during the life of the long-term distribution agreement.

With the acquisition of the UltraDEX brand, Venture Life has now started an international roll out of the brand through its partnering model, with recent launches in Spain in late 2016 and Malaysia in early 2017.

UK business

With the recent acquisition of the UltraDEX brand in 2016, we now have direct relationships in the UK market with the pharmacy and grocery channels. UltraDEX has been in key retailers such as Boots the Chemist for almost 20 years; this clearly shows the strength of our brand and loyalty of our customers. This new channel-to-market will allow us to exploit some of our other brands with these key retailers in due course.

Key partners

Waitrose
Sainsbury's
Superdrug
TESCO
娇兰佳人 GIALEN
amazon
ocado
ALLIANCE Breathing life into medicines
GIULIANI
HELSINN
SUNSTAR
Almirall
UNICHEM LABORATORIES LTD.
HIKMA QUALITY
VALEANT Pharmaceuticals International, Inc.
the MENARINI group

GLOBAL BRANDS PARTNERS CONTINUED

SMS
Jordan
Headquartered in Jordan, SMS is our exclusive partner for Benecol food supplements in Jordan and is targeting both pharmacies and healthcare professionals with Benecol capsules initially and later with Benecol 'once-a-day' liquid sachets, registration dependent.

Ilko Pharmaceuticals
Turkey
Ilko Pharmaceuticals is one of Turkey's leading pharmaceutical companies with its headquarters in Istanbul. With more than 50 years of experience, Ilko is our exclusive partner for Benecol 'once-a-day' liquid sachets in Turkey.

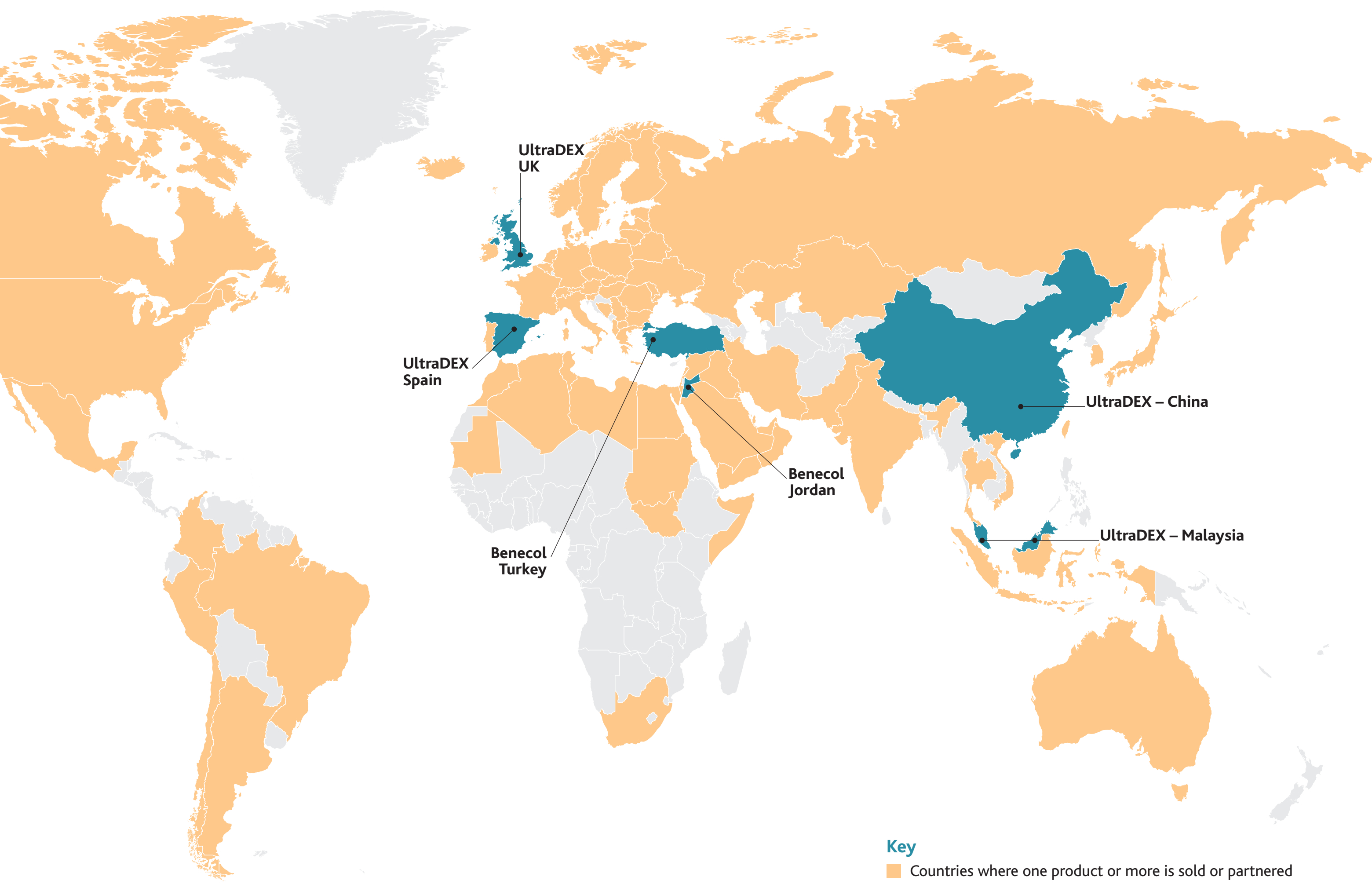
Boots
UK
Boots is the UK's leading pharmacy-led health and beauty retailer with over 2,500 stores operating across the UK and Eire. Selling a wide range of health and beauty products, their stores are primarily located on the high street. The UltraDEX range has been sold in Boots for almost 20 years.

Serra Pamies
Spain
Founded in 1885, Serra Pamies's self-care division promotes its products to pharmacies and specialists. With a wealth of experience within the oral healthcare sector, Serra Pamies is Venture Life's exclusive distributor for UltraDEX in the Spanish market.

Rigel Pharma
Malaysia
Rigel Pharma sells imported ethical healthcare products to hospitals and clinics, in both private and government sectors as well as pharmacies. Rigel Pharma is the exclusive distributor for UltraDEX throughout Malaysia.

2016 – entry into some key markets

Venture Life's reach extends to over 40 countries and more than 80 partners globally – significant opportunities remain.



Key
- Countries where one product or more is sold or partnered
- Countries where key deals signed/products launched in 2016
- Countries where no products sold or partnered

DEVELOPMENT AND MANUFACTURING

Unrivalled expertise in medical devices

We have invested in the manufacturing facility to support the Group's overall revenue growth, including specific additions to our existing filling and warehousing capabilities. We will deliver improved profitability as we reduce the cost of manufacture and achieve greater scale. There continues to be considerable unutilised capacity at our facility.

Manufacturing

- 5,500m² facility north of Milan, Italy
- 100,000 unit per day capacity
- 6 turbo mixers, 10 filling and packaging lines
- International certification USA, EU, Far East, Middle East
- Produced 11 million finished goods plus 7 million sachets in 2016
- Significant unutilised capacity and hence operating leverage

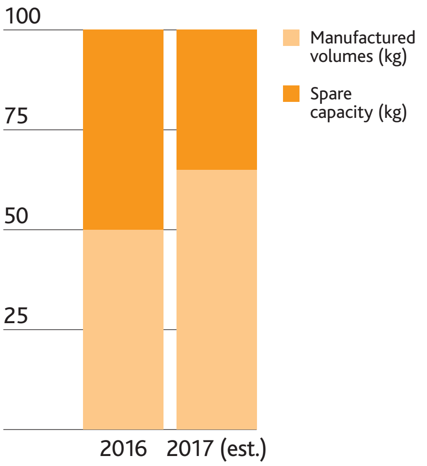
Customer brands

- Strong track record of developing new products and line extensions for customers
- Uses same development team as used for our brands
- Brings incremental revenues and margin to the business
- Utilises operating leverage

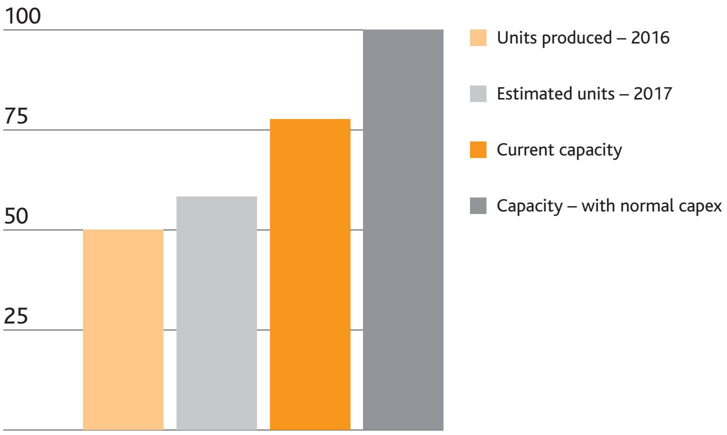
Expansion

- Good existing operating leverage to deliver incremental gross margin
- Still significant headroom in the current facility
- Able to double factory footprint on current site
- Gives significant capacity for growth plans

Bulk manufacturing capacity %



Finished units capacity %



DEVELOPMENT AND MANUFACTURING CONTINUED

Research

- Market-led innovation around existing and new brands
- Focus on ingredients with well-known safety profiles
- Use of effective regulatory strategies to minimise cost and time to market

Development

- Dedicated team of five experts in medical device, cosmetic and food supplement areas
- From pilot batch to full manufacturing scale up
- Development for Venture Life brands and customer brands
- Library of over 1,200 base formulations
- Particular expertise in medical devices
- ISO 13485 and ISO 9002 certification held by the development and manufacturing facility

A dedicated team of five experienced personnel develop new products each year for ourselves and our customers. In 2016, this unit developed many new formulations, three of which are new branded products to be launched in 2017.

Photo-ALL™

- Topical medical device for drug-related photo-sensitivity.
- Patent granted in Europe.
- 3-8% of patients using many drug treatments suffer photo-sensitivity from the interaction of the drug with UVA rays.

Myco-Clear™

- Topical medical device for fungal nail infections.
- Substantial market in both Europe and US.
- Improves the appearance of the nail and treats the condition.
- Proprietary IP.

Rosacalma™

- Topical treatment for rosacea.
- Affects 30-50 year olds mostly and up to 10% of the general population.
- Provides a long-term solution to a long-term problem.

Making good progress

2016 has been a dynamic year for Venture Life, with the Group and team beginning to demonstrate its true potential.

2016 was a seminal year for Venture Life, delivering significant revenue growth and our first EBITDA profit as a Group. The investment of the last three years in products, team, structure and resource is now beginning to generate the expected operational leverage, and the business is now well placed to exploit this and achieve its key strategic objective of becoming sustainably profitable. The EBITDA profit of £0.8 million is a key demonstrable step in this process.

This year the team at Venture Life has again demonstrated its ability to successfully acquire and integrate a business into the Venture Life Group, and to drive through the expected operational and financial synergies. The acquisition of Periproducts Limited ("Periproducts"), which includes the UltraDEX brand, in March 2016 marked the successful conclusion of a transaction started in late 2015, meeting the key criteria for acquisition targets set out by the Board. We are delighted by the early successes achieved in terms of self-generated international deals and manufacturing transfer, as well as the integration of the office based functions into the Group structure. We are confident this investment will generate significant and growing returns for Venture Life, and recognise that acquisitive growth will continue to be a strategic target of the Group, to augment and complement the underlying organic growth of our business.

The record year we have seen in 2016 has been a result not only of the addition of the UltraDEX brand, but also from the whole team driving organic growth through all parts of our business, with both new long-term partnering deals and existing partners growing in country sales. We have a broad range of customers across many geographies and products. This gives the Group a stable multi-leg platform for delivering future growth but does not rely heavily on either one product, one customer or one territory for success. This portfolio approach enables the Group to develop repeatable revenue growth in a lower risk environment.

We continue to develop our portfolio, with active development programmes through our expertise based both in the UK and Italy, and 2017 will see the launch of our three latest innovative products: Myco-Clear for fungal nail infections, Rosacalma for the long-term treatment of the skin condition rosacea and Photo-ALL for drug-related UVA sensitivity. These programmes again demonstrate the ability of the Group to rapidly develop innovative and clinically-proven medical products for treating trending areas in the pharmacy channel. The deep development capability of the business, particularly in the medical device area, enables the Group to move quickly into areas of high consumer interest at low cost and in short timeframes, with products that have intellectual property protection and proven clinical efficacy.

CHAIR'S STATEMENT CONTINUED

For Venture Life, Brexit has caused limited impact to our business. We are quite naturally hedged as a business, as our level of euro revenues approximately match our euro cost base in Italy, and likewise our sterling revenues and cost base in the UK. As our UltraDEX products are now made in our Italian facility, the appreciation in value of the euro will increase these costs, albeit modestly. However the internalisation of the UltraDEX production in Italy, combined with the procurement efficiencies we have been able to introduce, mitigate the impact of the stronger euro.

This year saw the departure of James Hunter as Chief Financial Officer of the Group. James has moved onto a new opportunity and the Board want to express thanks for his services to the Group and wish him every success in his new venture. As announced on 1 March, we are delighted to welcome Adrian Crockett as the new Chief Financial Officer and he joined the Group on 6 March 2017. Adrian joins Venture Life from Abbott Diabetes Care Ltd, a division of Abbott Laboratories with an annual turnover of approximately $1 billion, where he had been Finance Director since October 2011. We look forward to Adrian bringing his extensive experience to the Group.

The capital markets continue to be difficult for micro-cap AIM-listed companies, where the risk appetite for such companies is tested by increasing levels of regulation and protections for investors. The Board is cogniscent of the need to generate liquidity in its shares on the AIM market, and has undertaken a number of initiatives to improve this, including the appointment of Turner Pope Investments as joint broker, to focus on the retail/high net worth investor market.

2016 has been a dynamic year for Venture Life, with the Group and team beginning to demonstrate its true potential as a lower risk, vertically integrated clinically-backed self-care business. The Board is very pleased with the developments and success of the Group in 2016 and looks forward to 2017 and beyond with confidence. We would like to thank all of our employees for their hard work and dedication this year, and our shareholders for their continued support of our business.

Lynn Drummond

Dr Lynn Drummond
Non-Executive Chair
22 March 2017

CHIEF EXECUTIVE OFFICER'S STATEMENT

Our first year of EBITDA profit

We have invested in the operational capacity of the Group over the last three years, and now have good operational leverage through which to exploit profitable revenue growth.

This year has marked a significant milestone for the Group, achieving record revenues of £14.3 million and its first EBITDA profit of £0.8 million, driving the Group closer towards its near term objective of becoming sustainably profitable. The successful acquisition of the UltraDEX brand in March 2016 was a significant factor in this step up, and demonstrated the strength of our business strategy to leverage the operating structure we have developed over the last three years. With capacity available within our operations, we were able to fully integrate the Periproducts business and its UltraDEX brand into the Group in six months, and begin to realise the integration benefits we had targeted. We have already validated the manufacture of the liquid UltraDEX products in our Italian manufacturing facility, Biokosmes, and have already manufactured and shipped products for customers.

The Group finished 2016 with revenues of £14.3 million, an increase of 57% over 2015 of which 26% was driven by the acquisition of UltraDEX. The addition of the UltraDEX revenues, along with organic growth across our business, brought additional revenues into the Group. We benefited from a strengthening euro, as the larger part of the Group's revenues are denominated in that currency, although the same is true for costs, meaning the operating profit impact of this strengthening was limited.

We have invested in the operational capacity of the Group over the last three years, and now have good operational leverage through which to exploit profitable revenue growth. This has been seen in 2016 as the additional revenues have increased our operating profit by £1.2 million over that generated in 2015. With capacity in our operations across the board, this means that further revenue growth in 2017 will drive more profitability to the bottom line. Our strategy is to continue to drive increasing organic revenue growth through our operations to generate increased profitability. This revenue growth will come from:

- Increasing the distribution of our current products globally, and our partners increasing in-market sales through their own marketing strategy;
- Developing and partnering innovative new products; and
- Making selective acquisitions of products suitable for integration into our business, such as UltraDEX.

Our results through 2016 have shown that we are on the trajectory to achieve our strategic objective of becoming sustainably profitable.

UltraDEX

Well established in the UK, but with limited international exposure, UltraDEX provides an excellent opportunity to leverage our distribution expertise and bring additional profitable growth into the Group. The product range is for the treatment of halitosis (bad breath), and is presented as a rinse or toothpaste, as well as accessories including interdental brushes and tapes. There is also a patented line extension for sensitive teeth. The product is covered by good clinical data and has been on the UK market for nearly 20 years.

The rationale for the acquisition was simple, and in a very short time has already delivered benefits to the bottom line:

- Overheads in the acquired business have been substantially reduced as the majority of the business functions were already present in our existing infrastructure, e.g. regulatory, procurement, marketing etc.
- Product manufacturing has begun in Biokosmes, our manufacturing subsidiary, delivering not only better margins (through internalisation of manufacturing profit and more efficient procurement) but also operational efficiencies due to higher volumes in the factory.

In addition to tangible integration benefits, the acquisition of the UltraDEX brand brings significant opportunity for growth of the stable UK business from:

- More focused above and below the line marketing campaigns.
- Targeted promotional activities, both with key existing retailers such as Boots as well as prospective new retailer and retail channels.
- Recruitment of experienced retail sales professionals.

There are also tremendous opportunities for international exploitation through partnering the products across the world

In the financial year prior to the acquisition, the UltraDEX brand had only £60,000 of international sales. Within the first six months we signed three international long-term partnering deals (Spain, Malaysia, China) which will deliver many times this level of revenue, even with just the first orders, and many discussions are ongoing for other territories. As the products are already registered in the EU, Spain has been the first to launch the product in November 2016.

In the UK, the UltraDEX range is sold directly through the retail pharmacy and grocer channel, including retailers such as Boots, Tesco, Sainsbury's, Waitrose, and in addition, through online retailers such as Amazon and Ocado. Utilising our extensive

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

network, we see significant potential to penetrate the UK retail channel further and will be focusing on this growth in 2017.

We are delighted to announce Dr Mervyn Druian of the London Centre for Cosmetic Dentistry as our new Brand Ambassador for UltraDEX. An internationally renowned dentist, Dr Druian has been a huge advocate of the UltraDEX brand for over 20 years; we look forward to working with Dr Druian over the coming months and years as we develop UltraDEX into a global brand.

Tim Scott

Tim Scott joined Venture Life in November 2016 as the Group's new UK Sales Director. Tim has extensive experience of the health and beauty sector, having previously worked within the oral care division at GSK as well as for Sleek Cosmetics, acquired in 2015 by the Walgreens Boots Alliance Group. Tim will be responsible for developing our key account strategy and sales of our branded products into the UK market. Initially this will be focused on the UltraDEX range but we expect the scope to be widened to include bringing more of the Group's branded products to the UK market.

Brands Business

The Brands business has continued to grow during 2016, growing 253% over 2015, of which 224% was due to the addition of the UltraDEX range. Early international deals with this new product have vindicated our assessment of the appetite for the product by potential partners.

During 2016 our team signed 13 new long-term partnering deals with new customers, covering seven products in ten countries. Some of these deals require registration as they are outside of the EU, so first orders will be shipped in 2017 when registration has been achieved. Notable deals that have been completed in 2016 include:

- UltraDEX in Spain and the Far East; and
- Benecol 'once-a-day' liquid sachets in Turkey and Jordan.

In the first half of 2016, we shipped the remaining Lubatti products to China to complete the range of 14 products to be sold in their stores. After clearing customs, the full range was rolled out into stores from August, and we saw sales growing through the autumn and into 2017. We are beginning to see re-ordering from our partner, Gialen, confirming the encouraging growth in sell out through late 2016.

2016 also saw our first long-term deals on the newly developed Benecol 'once-a-day' liquid sachet. This is currently going through registration in Turkey, which we expect to be completed in the first half of 2017, and then proceeding to launch. The Benecol capsules have been on sale now for two years through our partner Alf Mizzi in Malta where they were first launched, and we are seeing re-orders for these. Additionally, the Benecol capsules have recently been launched in Jordan and early feedback is positive.

During 2016, in addition to Tim Scott, we have appointed two additional experienced executives to the Group, focused on sales:

Catherine Mason

Catherine is an experienced international partner manager, who has worked in the industry for 30 years. Catherine has previously worked for Abbott Laboratories and EKF Diagnostics, and both roles were within international partner management; she thus brings a wealth of experience to Venture Life.

Catherine will be responsible for heading up our team that looks after all of our Brand customers, to ensure our Brands are managed and grown in each of the territories.

Federico Bianchi

Federico joined on 1 February 2017, and has a degree in pharmaceutical chemistry. He is an experienced Business Development Director, who has worked in the industry for over 15 years. Previously Federico was with Polichem SA (which was recently acquired by Almiral) for seven years, where he was responsible for all out-licensing activities.

His knowledge and experience, particularly of the European markets, will help the Group expand its partner base and take our products into new markets.

I am delighted to welcome these three experienced members into our team and am sure they will have a positive impact on our development.

The manufacturing business produced 11 million finished goods plus 7 million sachets in 2016.

Development and Manufacturing Business

Based in Bosisio Parini, north of Milan, Italy, our 5,500m^2 facility is the centre for our development and manufacture of new products. 98% of the products that the Group sold in 2016 were made at the facility, with the exception of NeuroAge and Benecol capsules. The facility produced 11 million finished goods plus 7 million sachets during 2016, a record year. During 2016, as in every year, we invested in the maintenance and upgrade of the facilities to grow capacity and improve margins with more efficient manufacturing operations.

The facility in Bosisio has significant operational leverage capacity, and this is integral to our pathway to become sustainably profitable, with increasing economies of scale as a high proportion of gross profit flows down to the bottom line.

With significant operational capacity in both the bulk manufacture and filling equipment, the Group is focused on generating more volume to put through the facility. This will come not only from growth of the Group's branded products: Biokosmes has been very successful itself in generating new business from existing customers and expanding its customer base, delivering 32% revenue growth in 2016.

Important new customers in 2016 included Menarini Industrie Farmaceutiche Riunite Srl, the leading Italian pharmaceutical group, with a direct presence in 70 countries. The agreement with Menarini is for the paid development of a suite of dermatology products, registered as medical devices, and the subsequent manufacture for supply into the markets as they launch.

Our in-house development team has particular expertise in the area of medical devices and cosmetics, and this team also spends significant time on the development of our own products. In 2016, the team produced three new brands for the business:

- Myco-Clear™ – a topical medical device for the treatment of fungal nail infections. With data proving the efficacy, this product will be registered as a medical device Class II. This is an interesting market to enter where existing drug treatments have many side effects and the non-drug treatments suffer with issues of patient compliance and efficacy.
- Photo-ALL™ – a topical medical device for the treatment of drug induced photo-sensitivity. Up to 5% of patients using a wide range of drug treatments (including antibiotics, chemotherapy treatments among others) suffer from inflammation of the skin as a result of the interaction of UVA rays with the drug. A patent in the EU has been granted on this product and it is registered as a Class II medical device, with clinical data supporting efficacy.
- Rosacalma™ – a topical medical device for the treatment of the inflammatory skin condition called rosacea. Current treatments for this condition are typically strong topical drug products, meaning they can only be applied over short timeframes. This novel Class II medical device is backed by clinical data showing efficacy and can be used long-term for the treatment of this condition.

These three products are again examples of the innovative and effective output from our development division and will be launched to partners during late 2017, earliest.

Outlook

2016 was a landmark year for Venture Life which saw 57% revenue growth, further brand development and product launches, and the successful integration of another acquisition. The year demonstrated the ability of our operational leverage to drive profitable revenues to the bottom line, moving us to our first year of EBITDA profitability. We moved into January 2017 with a significantly higher order book for that month than January 2016, and with many discussions ongoing for new business across all of the Group. Post period end, we have seen re-orders come through from our partner in China as our differentiated Lubatti brand begins to get sales traction, and for Benecol capsules where they were first launched. The new senior staff who joined us in late 2016 and early 2017, all sales focused, are now bedded in and driving more business for us. I am also delighted that Adrian Crockett, our new CFO, is on board as Adrian brings a wealth of experience from the healthcare industry, most recently from his time at Abbott Laboratories, including extensive experience of manufacturing and licensing.

I am delighted with the progress that we made in 2016, and look forward to 2017 with excitement and confidence.

Jerry Randall
Chief Executive Officer
22 March 2017

ULTRADEX

Premium oral care

UltraDEX is a premium oral care brand, primarily targeted at the prevention and elimination of bad breath, for 12-hour fresh breath confidence. Developed, used and recommended by dental professionals, UltraDEX technology is backed by extensive scientific research.

Clinically proven, products are alcohol free and include an Original and Sensitive range, along with interdental accessories.

UltraDEX is sold primarily through a number of UK retailers including Boots, Tesco, Sainsbury's, Waitrose and Amazon. Since acquiring the brand in March 2016, UltraDEX has since launched in Spain and other countries are set to launch in 2017.

Autumn 2016 saw the launch of a new UltraDEX advertising campaign. This revealed the branding refresh and clearer 12-hour fresh breath messaging. Advertising featured on the London Underground and a radio advert appeared on Heart FM, as well as product sampling in key London train stations.

A strong year of growth

Additional revenues led to the Group's first EBITDA profit of £0.8 million in the year.

The year saw the successful acquisition and integration of the UltraDEX brand business into the Group. The acquisition brought additional revenues at a strong gross profit margin, synergy savings of administrative costs and the internalisation of the manufacture of the acquired UltraDEX product lines, which is expected to yield further savings to the ongoing business. The existing Brands, and Development and Manufacturing businesses also generated higher revenues during the year through a mixture of existing and new partnerships. The additional revenues led to the Group's first EBITDA profit of £0.8 million in the year.

Statement of Comprehensive Income

The Group reported 2016 revenues of £14.3 million, an increase of 57% over the £9.1 million reported in 2015. The increase includes the acquisition of the UltraDEX brand, which we acquired in March 2016 and for which we consolidated revenue for nine months in 2016. On a like-for-like basis revenue increased by 23%, which was helped by a stronger euro. The Brands segment, which includes the UltraDEX brand, increased revenues by 253% to £3.8 million (2015: £1.1 million). Of the total Brands revenue in 2016, £2.4 million was generated by UltraDEX sales with UK retailers, and new UltraDEX deals signed in Spain, Malaysia and China added a further £0.3 million. Our Development and Manufacturing segment reported revenues (including intercompany sales) of £11.3 million, an increase of 32%, again helped by a stronger euro. The euro strengthened significantly against sterling in 2016 – the average exchange rate during 2016 was EUR:GBP 1.23 compared to EUR:GBP 1.38 during 2015. This has increased reported revenue and administrative costs where a large element of these are in euros. The overall impact of the changes in foreign currency rates had a minimal impact on the reported profit after tax of the Group. The change in foreign exchange in the year gave a slightly higher revenue offset by higher costs and a foreign exchange charge resulting from the revaluation of the Group's euro loan notes. So far in 2017 the euro has remained relatively constant at the closing rate of 2016.

Gross profit of £5.5 million was achieved in 2016 (2015: £3.0 million), representing a gross margin of 38% (2015: 33%). The improved gross margin in 2016 compared with 2015 is driven by the increased margins and proportion of the higher margin Brands business of the overall Group. The Brands business was enhanced in the current year with the addition of the UltraDEX brand. The addition of the UK UltraDEX business and new UltraDEX deals signed by the Venture Life international sales team increased the Brands gross margin to 50% (2015: 26%). The Development and Manufacturing (including intercompany) business generated a consistent 32% gross margin in 2016 (2015: 32%) which reflects contracts held with existing and new customers. The increased revenue and gross profit of the Development and Manufacturing business was generated with minimal increase in administrative expenses in the year.

Administrative costs (pre-exceptional items) increased in 2016 to £5.8 million (2015: £4.5 million). The increase of £1.3 million was predominantly the inclusion of the UltraDEX brand business for nine months of the current year (£0.8 million). Going forwards the administration element of this cost will reduce as a result of synergy savings, whilst the marketing costs for UltraDEX UK are expected to increase in 2017, as we invest further behind the brand. Other administrative cost increases reflect increases in support costs for the higher activities of the Development and Manufacturing business.

Loss before tax, amortisation and exceptional items in 2016 was broadly break-even at £0.07 million (2015: loss of £0.73 million). We use loss before tax, amortisation and exceptional items as one of our key performance indicators as the Group currently recognises a charge each year of £0.7 million within amortisation of intangibles in relation to the amortisation of the intangible assets acquired with the Biokosmes and Periproducts acquisitions. These intangible assets are predominantly being amortised over five years from the respective acquisition dates of March 2014 and March 2016.

Operating losses totalled £0.5 million (2015: loss of £1.7 million) with losses after tax of £1.4 million (2015: loss of £1.8 million). These translated into an adjusted loss per share of 1.3p (2015: adjusted loss per share of 3.1p), with the improvement in business performance generating enhanced shareholder value. The number of shares in issue at 31 December 2016 was 36,837,106 (31 December 2015: 34,403,534).

Statement of Financial Position

Property, plant and equipment increased as a result of investment of £0.2 million (2015: £0.2 million) in new equipment in the Development and Manufacturing business

FINANCIAL REVIEW CONTINUED

during the year. The net working capital balance at 31 December 2016 increased from 31 December 2015 due to the increased activity in the year as well as the addition of the UltraDEX brand business. Total assets of £27.3 million at 31 December 2016 were £5.4 million higher than at 31 December 2015, largely owing to goodwill and intangible assets generated by the Periproducts acquisition and the related working capital balances of this business.

Cash and debt

Cash and cash equivalents at year end totalled £2.0 million (2015: £2.9 million). Net cash outflow during 2016 amounted to £0.9 million with the reduction in cash balances accounted for as follows:

- Operating cash flow before movements in working capital – inflow of £0.4 million;
- Tax paid – outflow of £0.2 million;
- Net movement in working capital – outflow of £0.6 million;
- Acquisition of Periproducts – outflow of £4.3 million (£5.2 million paid net of cash acquired);
- Proceeds from share capital and debt issuance – net inflows of £1.5 million and £1.7 million respectively;
- Investment in manufacturing facility – outflow of £0.2 million;
- Investment in intangible assets – outflow of £0.3 million;
- Net movement in interest bearing borrowings – inflow of £1.1 million.

Net debt levels increased from £3.3 million at 31 December 2015 to £7.1 million at 31 December 2016. This was a result of cash spent on the Periproducts acquisition of £5.2 million, and increased debt, again mainly for the acquisition. A convertible bond was issued during the year (£1.7 million net) and deferred consideration of £0.4 million agreed with the Periproducts vendors to fund in part the acquisition of the Periproducts business. An extension of an existing Italian term loan with Banca Intesa from 2020 to 2024 was taken in the year, together with an additional loan drawdown of £0.5 million to fund planned investment in the manufacturing business. Short-term funding was also drawn in the year with the Italian RiBa loan facility of £0.6 million to meet short-term working capital requirements, which was repaid in full in January 2017. The remainder of the increase in net debt was due to the impact of foreign exchange on the debt positions held in euros at the balance sheet date.

The vendors of Biokosmes have agreed to extend the Repayment Date of the Biokosmes Vendor Loan Note to 31 July 2020, and in return for extending the maturity of the Biokosmes Vendor Loan Note, the Company has agreed to increase the nominal interest rate from 3% p.a. to 4% p.a., with effect from 1 August 2017. All further terms of the Biokosmes Vendor Loan Note remain as described in the Admission Document.

Dividend

The Group paid a dividend in 2016 of 0.04p per share (2015: 0.04p per share) and is recommending a dividend of 0.04p per share be paid to shareholders in 2017.

Exceptional items

The Group incurred exceptional costs of £0.2 million in 2016 (2015: £0.2 million). Costs incurred relate to acquisition of Periproducts which completed during the year.

Acquisition of Periproducts

The acquisition of Periproducts completed on 4 March 2016. Consideration payable for the entire issued share capital and the net current assets of Periproducts totalled £5.8 million. The acquisition was funded in part with existing cash, and also through the issue of 2,428,572 new ordinary shares which raised £1.7 million (gross), and by the issue of three year 9% convertible bonds, raising £1.9 million (gross).

Peter Shepherd
Group Financial Controller and Company Secretary
22 March 2017

Venture Life Group plc is a business that relies on revenues generated by its distribution partners for international product sales, and from providing development and manufacturing services to third parties. With the recent acquisition of Periproducts, the Group will also be relying on its own UK-based sales and marketing operations to generate product sales.

There are a number of risks and uncertainties which, if they were to materialise, could have an effect on the Group's trading performance and future prospects. The risks that the Group believe could materially and negatively affect the Group's ability to achieve its commercial objectives are summarised below:

1. Reduction in demand for products

The Group's product distribution agreements generally give market exclusivity to its distribution partners for a period of five or ten years. Whilst such agreements impose minimum annual purchase obligations, if any of the Group's partners fails to meet its minimum purchase obligations, the Group's expected revenues and profits could be negatively affected. Such negative impact would continue until either the partner is able to meet its minimum purchase obligations or until the Group is able to find an alternative commercial partner for that market.

2. Customer-specific risk

A significant proportion of revenue from our Development and Manufacturing segment is derived from a relatively small number of customers. The percentage of this segment's total revenue generated by its top five customers in the years ended 31 December 2014, 2015 and 2016 was 54%, 59% and 56%, respectively. The loss of any customer or group of customers which represents a significant proportion of revenue could have a negative impact on the Group's operating results and cash flow.

3. Delay in regulatory approval

The Group's products are primarily approved for use as food supplements and Class I and Class IIa medical devices, and functional cosmetics that, in certain regions including Europe, require pre-market notification but not pre-market authorisation or approval by the relevant authorities.

In other regions of the world where the Group either has distribution agreements in place or is actively seeking to establish them, the procedure for registering and having products authorised may differ from that in Europe. Other jurisdictions may require more lengthy registration and authorisation processes and the Group will be relying on its distribution partners to carry out this work in a timely manner. This in turn may lead to delays in product launches in certain territories but the Group works closely with its partners to support them through the process.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

4. Supply chain risk

The Group relies extensively on third parties for many of its activities, including raw material supply, logistics, distribution and sales of its products. The Group is therefore at risk of under-performance by third parties, exploitation by third parties of the Group's commercial dependence and by unforeseen interruptions to third parties' businesses. To mitigate this risk, the Group works with a variety of vendors and aims not to be over-reliant on any one particular vendor.

The Group is very reliant on its own Development and Manufacturing business for supply of products and there is a risk of supply chain interruption as a consequence of events such as fire or flooding. The Group mitigates this risk by observing its own Health and Safety policies, as well as by taking practical measures such as the installation and maintenance of a fire alert and fire prevention system in its factory.

5. Adverse foreign exchange movements affecting profitability

Prior to the acquisition of Periproducts in March 2016, the Group's revenues were primarily denominated in euros and, in the case of Gialen in China, in Chinese renminbi. Following the acquisition of Periproducts, the Group's revenues are now denominated in euros, Chinese renminbi and sterling. However, the Group's presentational currency is sterling and therefore the reported revenues will depend on exchange rates prevailing during the relevant financial period.

The majority of the Group's cost of sales are denominated in euros and with 83% of the Group's revenues denominated in euros, thus the Group is currently not unduly exposed to adverse movements in the euro/sterling exchange rate in relation to its gross profit. The Group's administrative expenses arising in Italy represent a material component of overall Group administrative expenses. These expenses are denominated in euros and when reported on a consolidated basis, they will be reported in the Group's presentational currency of sterling. Consequently, there may be variability in the presented expenses caused by variability in the sterling/euro exchange rate.

The Group actively monitors the principal foreign exchange rates and will adopt hedging strategies when it is felt to be appropriate. The Group also anticipates presenting its financial results on a constant currency basis to enable shareholders to compare the performance of the Group between reporting periods with the impact on reported results of strengthening or weakening sterling eliminated.

6. Financial Risk

6.1 Financial risk management

The Group seeks to minimise its exposure to financial risk through issue of its own equity instruments and debt to fund operating and investing activities. Where it is necessary to utilise debt funding, the terms of the financing is reviewed against future cash flow expectations to ensure that there are sufficient resources for the Group to meet its obligations under the financing arrangements. Further details relating to the Group's exposure to financial instrument risks are provided in note 31.

6.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk Management is carried out by management under policies approved by the Directors. Management identifies and evaluates financial risks in close co-operation with the Group's operating segments. The Directors provide principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, non-derivative financial instruments and investment of excess liquidity.

6.2.1 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

6.2.2 Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.

6.2.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash reserves. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow.

6.2.4 Capital risk management

The Group's capital structure is comprised of shareholders' equity, debt in the form of loan notes issued to the vendors of Biokosmes, a three year convertible bond issued to part-fund the acquisition of Periproducts, invoice financing and unsecured commercial debt.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders equity and loan arrangements, some of which are linked to equity. There are no externally imposed capital requirements.

Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

KEY PERFORMANCE INDICATORS

Measuring our progress

The Group uses a number of different key performance indicators (KPIs) across the business to facilitate performance management. The Group uses a combination of financial and operational KPIs and the principal financial KPIs used to manage the Group's performance during the year are set out below:

KPI	Description	2016	2015	Comment
Like-for-like revenue growth	Revenue growth excluding revenue growth from acquisitions and disposals, any milestone or one-off licence fee payments	**+23%**	+2%	Revenue growth driven by additional Manufacturing revenues with existing and new customers
Revenue growth	Growth in revenue between reporting periods	**+57%**	+26%	This increase is led by the inclusion of the acquired Periproducts Limited revenues in 2016
Gross margin	Revenue less the cost of sale, expressed as a % of revenue	**38%**	33%	Higher margins in the Periproducts Limited business account for much of the higher margin of the Group in 2016
EBITDA	Earnings before interest, tax, depreciation, amortisation and share-based payment charges and exceptional costs	**£0.8m**	(£0.6m)	An increase in business activity in the year at higher margins leveraged the existing cost base which increased at a much lower rate
Adjusted LBTA	Total losses before tax charges and credits, amortisation charges for intangibles and exceptional costs	**Broadly break-even (Loss of £0.07m)**	(£0.73m)	An increase in operating profit offset by higher finance cost, foreign exchange charges and one-off exceptional items
EPS	Earnings ("LAT" – loss after tax) per share (pence)	**(3.76)**	(5.12)	Improved business performance and a move toward profitability have driven an improved EPS and adjusted EPS
Adjusted EPS	LAT adjusted for amortisation and share-based payments (pence)	**(1.28)**	(3.06)	

Other financial KPIs will be employed as the business evolves and will be reported upon accordingly.

The Strategic Report is approved by the Board of Directors and signed on its behalf by:

Jerry Randall
Chief Executive Officer
22 March 2017

An experienced team

Left to right: John Sylvester *Non-Executive Director*, Peter Bream *Non-Executive Director*, Dr Lynn Drummond *Non-Executive Chair*, Jerry Randall *Chief Executive Officer*, Sharon Collins *Commercial Director*, Peter Shepherd *Group Financial Controller and Company Secretary*, Gianluca Braguti *Manufacturing Director*.

Dr Lynn Drummond
Non-Executive Chair

Lynn joined Venture Life as Non-Executive Chair in November 2013. Lynn has been non-executive chairman of Infirst Healthcare Limited since early 2013 and is also a non-executive director of RPC Group plc. Previously Lynn spent 16 years at Rothschild in London, most recently as a Managing Director within the investment banking division, with a particular focus on transactions within the healthcare sector. Prior to Rothschild, Lynn worked in the Cabinet Office in London as Private Secretary to the Chief Scientific Adviser.

Lynn holds a Bachelor of Science Degree in Chemistry from the University of Glasgow and a PhD in Biochemistry from the University of London. She is also a Fellow of the Royal Society of Chemistry and a Fellow of the Royal Society of Edinburgh.

Lynn chairs the Group's Nomination Committee and is a member of the Audit and Risk and Remuneration Committees.

Jerry Randall
Chief Executive Officer

Jerry co-founded Venture Life in 2010. From 2000 to 2009, Jerry was CFO and co-founder of Sinclair Pharma plc, an international specialty pharma business, now listed on the AIM market in London. Sinclair was founded in August 2000 when Jerry completed the management buy-in with Dr Michael Flynn.

Jerry was also on the Board of Silence Therapeutics plc, a biotech development business, from 2005 to 2013. Initially a non-executive director, Jerry became a non-executive chairman in 2010 and moved to executive chairman in 2012.

Jerry enjoyed a career initially in corporate finance and was involved in buy-ins and acted as adviser to both private and quoted companies between 1993 and 2000, in capacities as nominated adviser and in practice with KPMG. Jerry has been involved in a number of flotations and transactions on the Official List, Unlisted Securities Market and AIM, as well as raising private equity. He qualified as a chartered accountant with KPMG in 1990.

Sharon Collins
Commercial Director

Sharon co-founded Venture Life in 2010 with Jerry Randall. Sharon has almost 20 years experience within the healthcare industry, predominantly in marketing, international sales and business development roles. She worked for a leading dental manufacturer for eight years and launched many products during this time.

Sharon worked for Sinclair Pharmaceuticals for five years within the International Business Development field. She qualified from Lancaster University in 1996 with a degree in Marketing and gained her MBA (with Distinction) in 2003.

Gianluca Braguti
Manufacturing Director

Gianluca joined the Board in March 2014 following the acquisition by Venture Life of Biokosmes, the company he founded. Gianluca began this career working in his father's pharmacy and then, after he graduated as a pharmacist, continued working for several years in the Milano University cosmetic Research and Development department researching cosmetic applications for raw materials used in different fields.

In 1990 he started developing formulations for Italian cosmetic brands mainly in the perfumery and pharmacy area and started his experience in contract manufacturing business,

DIRECTORS AND ADVISERS CONTINUED

Biokosmes. In 1999 Biokosmes started developing and manufacturing medical devices, selling predominantly in Europe. In 2002 Biokosmes passed its first FDA inspection, and started exporting its products to the US.

Peter Shepherd
Group Financial Controller and Company Secretary

Peter joined the Venture Life Group in December 2014 and manages the operational finances of the Group. Peter has been assisting the board with finance matters in the interim between James Hunter leaving at the end of 2016 and Adrian Crockett joining in early March 2017.

Peter started his career with the actuarial team of PwC in 1999 as an already ACCA qualified accountant. In 2005 he moved to work with Vodafone PLC in the corporate treasury team and subsequently for Expro International Group, a $1 billion revenue oil services company, initially within the Group finance function and latterly heading up the finance team of the Norway division, representing 10% of the Expro International Group.

John Sylvester
Non-Executive Director

John Sylvester joined the Venture Life Board in November 2013. John is currently the corporate development officer at BTG plc, following the £177 million acquisition of Biocompatibles by BTG. John joined Biocompatibles in 2005, taking responsibility for marketing, sales and business development, and was appointed to the Board as an executive director in the same year. His career covers a series of senior commercial roles for Rio Tinto Zinc plc, ICI plc and English China Clays plc where he was Managing Director prior to the acquisition by Imetal for £756 million.

Immediately before Biocompatibles John was with Baxter Healthcare working out of their European HQ in Zurich where he was VP Marketing for their European Medication delivery business, a $750 million portfolio spanning both drugs and medical devices.

John chairs the Group's Remuneration Committee and is a member of the Audit and Risk and Nomination Committees.

Peter Bream
Non-Executive Director

Peter Bream joined Venture Life in February 2016. Currently the Group Finance Director of Alcontrol Laboratories, Peter has over 20 years in international business including as a CFO of public companies in the pharmaceuticals, engineering and chemical sectors.

Peter has a degree in Engineering and Management from Cambridge University and is a Chartered Accountant.
Peter chairs the Group's Audit and Risk Committee and is a member of the Remuneration and Nomination Committees.

Directors
Dr Lynn Drummond *Non-Executive Chair*
Jerry Randall *Chief Executive Officer*
Sharon Collins *Commercial Director*
Adrian Crockett *Chief Financial Officer*
Gianluca Braguti *Manufacturing Director*
John Sylvester *Non-Executive Director*
Peter Bream *Non-Executive Director*

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Company Secretary
Peter Shepherd

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One New Change, London EC4M 9AF

Joint Broker – Retail
Turner Pope Investments Limited
1st Floor, 5 Old Bailey, London EC4M 7BA

Auditor
Grant Thornton UK LLP
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Solicitors
Simmons & Simmons LLP
CityPoint, One Ropemaker Street, London EC2Y 9SS

Registrars
Capita Registrars Limited
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Principal Bankers
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30 Market Place, Newbury, Berkshire RG14 5AG

HSBC Bank plc
Home Counties Business Banking Centre
1st Floor, Sunningdale, The Belfry Business Park, Colonial Way, Watford WD24 4WH

Introduction
The Board is accountable to the Group's shareholders for good corporate governance and it is the objective of the Board to attain a high standard of corporate governance. As an AIM-quoted company, full compliance with The UK Corporate Governance Code (the "Code") is not a formal obligation. The Company has not sought to comply with the full provisions of the Code, however it has sought to adopt the provisions that are appropriate to its size and organisation and establish frameworks for the achievement of this objective. This statement sets out the corporate governance procedures that are in place.

The Board
The Board of Venture Life Group plc comprises of three Non-Executive Directors, one of whom chairs the Board, and four Executive Directors. The roles of Chairman and Chief Executive Officer are distinct and are held by different people to ensure a clear division of responsibility. The role of the Non-Executive Directors is to bring valuable judgment and insight to Board deliberations and decisions. The Non-Executive Directors are experienced and influential individuals whose blend of skills and business experience contributes to the proper functioning of the Board and its Committees, ensuring that matters are fully debated and that no individual or group dominates the Board's decision-making processes.

All Directors have access to the advice and services of the Company Secretary and are able in the course of their duties, if necessary, to take independent professional advice at the Company's expense. Committees have access to such resources as are required to fulfil their duties.

The Board receives regular reports detailing the progress of the Group's business, the Group's financial position and projections, as well as business development activities and operational issues, together with any other material deemed necessary for the Board to discharge its duties. The Chairman is primarily responsible for the effective operation and chairing of the Board and for ensuring that it receives appropriate information to make informed judgements.

The Board has a formal schedule of matters reserved to it for decision but otherwise delegates specific responsibilities to Committees, as described below. The terms of reference of the Committees are available on request from the Company Secretary. The Board is responsible for decisions, and the review and approval of key policies and decisions in respect of business strategy and operations, Board appointments, budgets, items of substantial investment and acquisitions.

Board Committees
The Board has established an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee with written terms of delegated responsibilities for each.

The Audit and Risk Committee
The Audit and Risk Committee was chaired by Ian Mackinnon until his resignation in February 2016, when Peter Bream took over as Committee chairman. The other members of the Committee are John Sylvester and Lynn Drummond.

The Committee has responsibility for considering all matters relating to financial controls and reporting, internal and external audits, the scope and results of the audits, the independence and objectivity of the auditors and keeping under review the effectiveness of the Company's internal controls and risk management.

The Audit and Risk Committee is expected to meet at least twice a year.

The Remuneration Committee
The Remuneration Committee is chaired by John Sylvester. Lynn Drummond and Peter Bream are the other members of the Committee, after Peter Bream succeeded Ian Mackinnon to the Committee in February 2016.

The Committee has responsibility for making recommendations to the Board on the Company's policy for remuneration of senior executives, for reviewing the performance of Executive Directors and senior management and for determining, within agreed terms of reference, specific remuneration packages for each of the Executive Directors and members of senior management, including pensions rights, any compensation payments and the implementation of executive incentive schemes.

The Remuneration Committee meets at least once a year. Further details of Directors' remuneration are disclosed in the Directors' Remuneration Report.

The Nomination Committee
The Nomination Committee is chaired by Lynn Drummond with John Sylvester and Peter Bream as the other members of the Committee. Ian Mackinnon served on the committee until his resignation in February 2016 and was replaced by Peter Bream.

The Committee has responsibility for considering the size, structure and composition of the Board, and the retirement and appointment of Directors, and will make appropriate recommendations to the Board about these matters. The Nomination Committee is expected to meet at least once a year.

Attendance at Board meetings and committees
The Directors attended the following Board meetings and Committee meetings during the year:

Director	Board	Audit	Remuneration
Dr L Drummond	7/7	3/3	2/2
Mr J Sylvester	6/7	3/3	2/2
Mr I Mackinnon*	2/7	–	–
Mr P Bream†	5/7	3/3	2/2
Mr J Randall	7/7	–	2/2+
Ms S Collins	7/7	–	–
Mr J Hunter‡	7/7	3/3	–
Mr G Braguti	7/7	–	–
Total meetings held in the year	**7**	**3**	**2**

* resigned 17 February 2016
† appointed 17 February 2016
‡ resigned 30 November 2016
+ by invitation

CORPORATE GOVERNANCE CONTINUED

Under the Articles of Association all Directors must offer themselves for re-election at least once every three years. One-third of the Directors shall retire by rotation at every Annual General Meeting. All Directors who retire by rotation are eligible for re-appointment.

Internal control and risk management

The Board has ultimate responsibility for the systems of risk management and internal control maintained by the Group and for reviewing its effectiveness.

The Board's approach is designed to manage rather than eliminate risk and can provide only reasonable and not absolute assurance against material misstatement or loss. It operates with principles and procedures designed to achieve the accountability and control appropriate to the business.

The Group does not consider it necessary to have an internal audit function due to the small size of the administrative function. Instead there is a detailed Director review and authorisation of agreements and transactions. A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board on a regular basis and discussed in detail.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The principal features of the Group's internal control system are as follows:

> an organisational structure is in place with clearly drawn lines of accountability and delegation of authority;

> Group employees are required to adhere to specified codes of conduct, policies and procedures;

> financial results and key operational and financial performance indicators are reported regularly throughout the year and variances from plans and budgets are investigated and reported;

> financial control protocols are in place to safeguard the assets and maintain proper accounting records; and

> risk management is monitored on an ongoing basis to identify, quantify and manage risks facing the Group.

Shareholder relations

Venture Life aims to ensure a timely, open, comprehensive and consistent flow of information to investors and the financial community as a whole. By this approach we aim to help investors understand the Group's strategic objectives, its activities and the progress it makes.

Shareholders are welcome to attend the Group's Annual General Meeting ("AGM"), where they have the opportunity to meet the Board. All shareholders will have at least 21 days' notice of the AGM at which the Directors will be available to discuss aspects of the Group's performance and answer questions from shareholders. The Company also meets with its institutional shareholders and analysts as appropriate and uses the AGM to further encourage communication with shareholders. In addition, the Company uses the Annual Report and Accounts, Interim Statement and website to disseminate information to shareholders.

The 2017 AGM will be held at 10.30am on 23 May 2017 and a Notice of Annual General Meeting can be found enclosed with this report.

Lynn Drummond

Dr Lynn Drummond
Non-Executive Chair
22 March 2017

General matters

The Directors submit their report and the financial statements of Venture Life plc for the year ended 31 December 2016. Venture Life Group plc is a public limited company quoted on AIM, incorporated and domiciled in the United Kingdom. It has subsidiary companies in the United Kingdom and Italy.

Results

The loss before tax for the year ended 31 December 2016 was £1.1 million (2015: £1.6 million). The detailed results for the year and the financial position at 31 December 2016 are shown in the Consolidated Statement of Comprehensive Income on page 34 and the Consolidated Statement of Financial Position on page 35.

Principal activities

The principal activities of Venture Life Group plc and its subsidiaries are the development and commercialisation of healthcare products, including oral care products, food supplements, medical devices and dermo-cosmetics for the ageing population, the development and commercialisation of cosmetic products, and the manufacturing of a range of topical products for the healthcare and cosmetic sectors.

Business review and future developments

There are a number of items required to be included in the Directors' Report, which are covered elsewhere in this report. The following are covered in the Strategic Report:

> financial risk and management objectives and policies.

Going concern

The Directors recognise that the Group has reported a loss for the year ended 31 December 2016, as it did in the year ended 31 December 2015. The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these financial statements, as they did immediately prior to the acquisition of Periproducts. With the acquisition of Periproducts and evidence of growth in the Group's Brands business and continued growth in the Development and Manufacturing business, the Directors expect the Group to move to overall profitability in the foreseeable future. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period, together with the current performance and prospects of the Group's operating segments.

On the basis of the above projections, the Directors are confident that the Company and its Group have sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

New product development

Details of the Group's new product development programmes can be found on page 14. The accounting treatment in respect of costs incurred in carrying out the new product development programmes can be found in note 3.8 to the financial statements.

Political donations

The Group made no political donations in the year under review (2015: £nil).

Dividends

The Directors recommend the payment of a dividend of 0.04p per share (2016: 0.04p per share) payable 23 June 2017.

Directors

The following directors held office during the year and up to the date of this report:

Dr Lynn Drummond *Chair*
Jerry Randall *Chief Executive*
Sharon Collins *Commercial Director*
Gianluca Braguti *Manufacturing Director*
James Hunter *Chief Financial Officer*
(resigned 30 November 2016)
John Sylvester *Non-Executive Director*
Ian Mackinnon *Non-Executive Director*
(resigned 17 February 2016)
Peter Bream *Non-Executive Director*
(appointed 17 February 2016)

Information on Directors' remuneration, share options, long-term executive plans, pension contributions and benefits is set out in the Remuneration Report on pages 28 to 31.

Qualifying third-party indemnity provision is in place for the benefit of all directors of the Company.

External directorships

It is the Group's policy that its Directors may take up other directorships provided that such appointments do not conflict with their employment with the Group. Individuals may retain any remuneration received from such services. External directorships held by the Directors who are in office as at the date of this report are detailed below:

Dr Lynn Drummond is a director of RPC Group plc and Infirst Healthcare Limited.

John Sylvester is a director of Biocompatibles International Limited, Biocompatibles UK Limited, and Provensis Limited.

Peter Bream is a director of Alcontrol Group Laboratories Limited and various Alcontrol subsidiaries.

Jerry Randall is a director of Avantis UK Limited.

Gianluca Braguti is a director of Immobiliare Cremasca di Parati Lucia e C. S.a.s. ("socio accomandante"), Farmacia S. Francesco dei dott. Braguti A. – L.G. S.n.c. ("socio amministratore"), Biogenico Worldwide S.r.l, Biokosmes Immobiliare Srl, and Grafco2 Srl.

DIRECTORS' REPORT CONTINUED

Directors share interests

The Directors in office at 31 December 2016 and their interests in the shares of the Company were as follows:

Director	Title	Number of 0.3p Ordinary Shares held at 31 December 2016	% of issued share capital	Number of 0.3p Ordinary Shares held at 31 December 2015	% of issued share capital
Jerry Randall*	Chief Executive Officer	**3,931,129**	**10.7%**	3,781,129	11.0%
Gianluca Braguti	Manufacturing Director	**7,085,459**	**19.2%**	6,942,602	20.2%
Sharon Collins	Commercial Director	**1,582,417**	**4.3%**	1,384,166	4.0%
Lynn Drummond	Non-Executive Chair	**18,365**	**0.03%**	11,222	0.03%
John Sylvester	Non-Executive Director	**10,000**	**0.03%**	10,000	0.03%

* Includes indirect holdings

Share capital

As at 31 December 2016, the authorised and issued share capital of the Company was:

	Number of Ordinary 0.3p shares	Amount £
Issued and fully paid up	36,837,106	110,511

The average market price of the Company's ordinary shares at close of business on 30 December 2016 was 52p.

The maximum share price during the period was 78p (1 January 2016) and the minimum price was 44p per share (8 September 2016).

Substantial share interests

At 22 March 2017, the Company had been advised or is aware of the following interests, held directly or indirectly, of 3% or more in the Company's issued share capital:

	Number of shares	% holding
Mr Gianluca Braguti	7,085,459	19.2%
J O Hambro	4,400,892	12.0%
Mr Jerry Randall and associated holdings	3,931,129	10.7%
Aviva plc and its subsidiaries	3,523,143	9.6%
Dr Michael Flynn and associated holdings	2,927,077	8.0%
Quilter Cheviot Limited	2,574,200	7.0%
Mrs Sharon Collins	1,582,417	4.3%
Mr Anthony Ahearne and associated holdings	1,531,369	4.2%

Employees

The Group is committed to providing equal opportunities in employment. All job applicants and employees receive equal treatment regardless of sex, race, colour, age, and nationality or ethnic origin.

The motivation of staff and the maintenance of an environment where innovation and team working is encouraged are seen as key objectives by the Board and all employees are given the opportunity to participate in the Company's share option scheme. We promote internal communication of the Group's progress by means of regular meetings held with staff where issues are discussed in an open manner.

The Board also recognises that a safe, secure and healthy working environment contributes to productivity and improved performance.

Environment

The Group is conscious of its responsibilities in respect of the environment and follows a Group-wide environmental policy. The Group disposes of its waste products through regulated channels using reputable agents.

Principal risks and uncertainties

A summary of the principal risks and uncertainties and financial risk management objectives and policies are set out on pages 18 to 20.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with section 489 (4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the forthcoming AGM.

2017 Annual General Meeting

The 2017 AGM will be held at 10.30am on 23 May 2017, the business of which is set out in the Notice of Annual General Meeting enclosed with this report.

On behalf of the Board,

Jerry Randall
Director
22 March 2017

Remuneration Committee

The Company's Remuneration Committee consists of the Chairman and the two Non-Executive Directors. The Chief Executive Officer is invited to attend meetings of the Committee but no Director is involved in any decisions relating to their own remuneration.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross directorships, or day-to-day involvement in running the business.

The Committee is responsible for the consideration and approval of the terms of service, remuneration, bonuses, share options and other benefits of the other Directors. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management. The Committee will meet at least once a year and at other times as appropriate.

The Committee keeps itself informed of all relevant developments and best practice in the field of remuneration and seeks advice from external advisers when it considers it is appropriate. New Bridge Street were engaged during the financial year to provide independent advice to the Committee in respect of the new Long-Term Incentive Plan.

Remuneration Policy

The Group's remuneration policy is designed to ensure that the remuneration packages attract, motivate and retain Directors and senior managers of high calibre and to reward them for enhancing value to shareholders. The Company's policy is that a substantial proportion of the total potential remuneration of the Executive Directors should be performance-related and aligned to performance measures that benefit all shareholders and promote the long-term success of the Company. The performance measurement of the Executive Directors and the determination of their annual remuneration package, including performance targets, are undertaken by the Remuneration Committee.

There are four main elements of the remuneration package for Executive Directors and other senior management:

> basic annual salary and benefits;
> annual bonus payments;
> long-term incentives; and
> pension arrangements.

The remuneration of the Non-executive Directors comprises only Directors' fees.

1. Salary

Basic salaries are reviewed annually and if revised, the change in salary takes effect from the start of the financial year.

2. Annual bonuses

The Board believes that bonuses are an important incentive for executives to achieve the Group's objectives, and as such should represent a significant element of the total compensation awards for the executives.

All the Executive Directors currently participate in the same bonus scheme and achievement of bonuses is aligned to the achievement of the Group's financial targets. The bonus scheme enables executives to earn a bonus of up to 100% of salary for achieving stretching financial targets and, where appropriate, stretching operational targets, which have been set at a level perceived appropriate to provide the necessary incentives. In the event of over- or under-achievement of the Group financial performance against those targets, appropriate adjustments may be made to the bonus payable.

REMUNERATION REPORT CONTINUED

3. Long-Term Incentive Plan

Prior to 2016, the Company used market value share options as its primary senior executive incentive arrangement to motivate and retain selected senior executives within the Group. Under that arrangement the Directors were granted the following share options:

	Share option scheme	Options as at 31 December 2015	Options granted during the year	Options lapsed during the year	Options as at 31 December 2016	Date from which first exercisable	Expiry date	Exercise price	Performance conditions
Jerry Randall	EMI	705,700	–	–	705,700	31 Dec 2012	31 Aug 2022	45p	Non-market
Jerry Randall	EMI	162,187	–	–	162,187	1 Jul 2014	4 Nov 2023	41p	Non-market
Jerry Randall	Unapproved	483,333	–	–	483,333	1 Jul 2014	4 Nov 2023	41p	Non-market
Sharon Collins	EMI	705,700	–	–	705,700	31 Dec 2012	31 Aug 2022	45p	Non-market
Sharon Collins	EMI	162,187	–	–	162,187	1 Jul 2014	4 Nov 2023	41p	Non-market
Sharon Collins	Unapproved	483,333	–	–	483,333	1 Jul 2014	4 Nov 2023	41p	Non-market
James Hunter	EMI	300,000	–	–	300,000	9 Sep 2014	4 Nov 2023	82p	Non-market
James Hunter	EMI	300,000	–	100,000	200,000	1 Nov 2015	4 Nov 2023	82p	Non-market

No directors exercised any options during the year.

During 2016 the Company introduced the Venture Life Group plc Long-Term Incentive Plan ("LTIP" or the "Plan") as its primary senior executive incentive arrangement to replace market value share options. The key terms of the LTIP are as follows:

- awards will normally be granted annually and will vest after three years;
- awards will normally be structured as nil cost options or conditional awards;
- awards will normally be granted annually immediately following the release of the Group's financial results each year;
- the maximum annual value of nominal cost options that can be made to an individual is equivalent to 200% of basic salary at the date of grant;
- awards will only normally vest subject to continued service and to the extent that relevant performance targets are met; and
- performance targets will normally be based on Earnings Per Share and/or Total Shareholder Return targets.

The Remuneration Committee administers the LTIP and the grant of nominal cost options under the LTIP.

Whilst the LTIP was originally intended to be introduced during 2015, the acquisition of Periproducts resulted in the postponement of the Plan's introduction and grant of awards until 2016. Consequently, the Remuneration Committee made two awards of nominal cost share options in 2016.

A summary of the awards made during 2016 are set out below:

Name	Award One (date of grant: 28 September 2016)	Award Two (date of grant: 28 September 2016)
Jerry Randall	203,390	340,183
Gianluca Braguti	153,971	264,237
Sharon Collins	135,593	226,789
	492,954	**831,209**

James Hunter, the Group's former Chief Financial Officer was awarded 118,644 nominal cost share options under Award One and 198,440 nominal cost share options under Award Two. These nominal cost share options have now lapsed following the resignation of James Hunter on 30 November 2016.

A full summary of the performance conditions attaching to outstanding awards can be found in note 25.2 on page 58. To the extent that these performance conditions are not met at the end of the vesting period, the options will lapse.

4. Pensions

The Group contributes to the personal pension plans of certain Executive Directors and employees. Under the scheme, the Group and employee will make contributions or the Group will make direct contributions under a 'salary sacrifice' arrangement. The Group recently reached its 'auto-enrolment staging date' and is complying with its auto-enrolment obligations in respect of eligible employees.

Directors' letters of appointment and contracts

All Executive Directors (with the exception of Gianluca Braguti who has a five year fixed term contract) have rolling service contracts with six months' notice. The Non-Executive Directors do not have service contracts but have letters of appointment.

Executive Directors	Date of contract	Notice period
Jerry Randall Sharon Collins	12 December 2013	Six months' notice to be given by the executive and thirty days by the Company. In the event that the Company terminates the executive's employment without Cause, then an amount equal to 50% of the employee's salary is payable by the Company.
Gianluca Braguti	27 March 2014	No notice period. Under the terms of the acquisition agreement signed between the Company and the vendors of Biokosmes, Gianluca Braguti has a contract as Managing Director of Biokosmes for a fixed five year term until 28 March 2019. In the event that Gianluca Braguti is asked to leave the Group as a Good Leaver he would be entitled to receive his annual salary until 28 March 2019.

Non-Executive Directors	Date of letter	Notice period
Lynn Drummond	22 November 2013	Three months
John Sylvester	11 November 2013	Three months
Peter Bream	17 February 2016	Three months

Directors' remuneration 2016

	Salary/fees £	Bonus £	Benefits £	Total £	Pension contributions £	Social security contributions £	Total £
Executive Directors							
Jerry Randall	185,400	55,620	17,294	258,314	55,620	36,642	350,576
Sharon Collins	164,800	49,440	912	215,152	24,720	28,859	268,731
James Hunter[1]	135,788	–	2,149	137,937	19,828	17,931	175,696
Gianluca Braguti[2]	202,510	60,767	3,412	266,689	38,898	17,137	322,724
Non-Executive Directors							
Lynn Drummond	55,000	–	–	55,000	–	6,750	61,750
John Sylvester	27,000	–	–	27,000	–	2,886	29,886
Ian Mackinnon[3]	3,600	–	–	3,600	–	497	4,097
Peter Bream[4]	23,435	–	–	23,435	–	2,244	25,679
Total	**797,533**	**165,827**	**23,767**	**987,127**	**139,066**	**112,946**	**1,239,139**

1 Resigned on 30 November 2016.
2 Gianluca Braguti's salary and fees equates to €240,000 in respect of his role as managing director of Biokosmes and €10,000 in respect of his role as a director of Venture Life Group plc (2015: €240,000 and €10,000 respectively), translated at average exchange rate over the period.
3 Resigned 17 February 2016.
4 Appointed 17 February 2016.

The Executive Directors listed above at the reporting date are considered to be key management of the Group.

REMUNERATION REPORT CONTINUED

Directors' remuneration 2015

	Salary/fees £	Bonus £	Benefits £	Total £	Pension contributions £	Social security contributions £	Total £
Executive Directors							
Jerry Randall	180,000	50,000[1]	19,169	249,169	54,000	33,244	336,413
Sharon Collins	160,000	15,000[1]	1,029	176,029	24,000	22,827	222,856
James Hunter	136,750	–	2,166	138,916	24,699	17,742	181,357
Gianluca Braguti	181,686[2]	–	3,258	184,944	34,884	14,932	234,760
Non-Executive Directors							
Lynn Drummond	55,000	–	–	55,000	–	6,364	61,364
John Sylvester	27,000	–	–	27,000	–	2,334	29,334
Ian Mackinnon	27,000	–	–	27,000	–	2,334	29,334
Total	767,436	65,000	25,622	858,058	137,583	99,777	1,095,418

1 The bonus amounts were paid in accordance with the bonus scheme in operation for 2014 under which bonus payments were related to Venture Life's share price performance between IPO in March 2014 and the date of publication of the 2014 audited financial results relative to the AIM All Share index over the same period. This bonus scheme has since been discontinued and replaced with the scheme detailed on page 29. No bonuses were payable to any Directors in respect of performance in 2015.

2 Gianluca Braguti's salary and fees equates to €240,000 in respect of his role as managing director of Biokosmes and €10,000 in respect of his role as a director of Venture Life Group plc (2014: €240,000 and €10,000 respectively), translated at average exchange rate over the period.

Share options

The Company currently issues share options to staff to reward performance, to encourage loyalty and to enable valued employees to share in the success of the Company.

In setting up the share option schemes, the Remuneration Committee took into account the recommendations of shareholder bodies on the number of options to issue, the criteria for vesting and the desirability of granting share options to Executive and Non-Executive Directors.

All employees are generally eligible to receive share options under the Company's EMI or Unapproved share option scheme after three months' service. Option awards for employees are recommended by the Executive Directors and approved by the Remuneration Committee.

Other benefits

Some benefits, such as private medical insurance, are available to all Executive Directors and certain other employees. Death in service benefit is provided to all Executive Directors and employees.

Non-executive directors

The Non-Executive Directors have entered into letters of engagement with the Company, with the Board determining the fees paid to the Non-Executive Directors. Non-Executive Directors do not participate in the Group's pension or bonus schemes in their capacity as Non-Executive Directors. The appointments can be terminated upon three months' notice being given by either party.

On behalf of the Board,

John Sylvester

John Sylvester
Chairman of the Remuneration Committee
22 March 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and have elected to prepare Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed with respect the Group financial statements and whether applicable UK accounting standards have been followed with respect the Company financial statements; 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT

to the members of Venture Life Group plc

We have audited the financial statements of Venture Life Group plc for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Position and Parent Company Balance Sheet, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity, and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council'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 of the parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;

> the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

> 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.

> the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

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.

Norman Armstrong
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton

22 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Company number 05651130
for the year ended 31 December 2016

	Notes	**Year ended 31 December 2016 £'000**	Year ended 31 December 2015 £'000
Revenue	5	**14,280**	9,077
Cost of sales		**(8,789)**	(6,073)
Gross profit		**5,491**	3,004
Administrative expenses			
Operating expenses		**(4,979)**	(3,853)
Amortisation of intangible assets		**(862)**	(658)
Total administrative expenses		**(5,841)**	(4,511)
Other income		**65**	59
Operating loss before exceptional items		**(285)**	(1,448)
Exceptional costs	6	**(180)**	(246)
Operating loss	7	**(465)**	(1,694)
Finance income		**–**	152
Finance costs		**(644)**	(95)
Loss before tax		**(1,109)**	(1,637)
Tax	10	**(260)**	(124)
Loss for the year		**(1,369)**	(1,761)
Other comprehensive income which will not be subsequently reclassified to the income statement		**–**	–
Other comprehensive income/(expense) which will be subsequently reclassified to the income statement		**317**	(119)
Total comprehensive loss for the year attributable to equity holders of the parent		**(1,052)**	(1,880)

All of the loss and the total comprehensive income for the year is attributable to equity holders of the parent.

		Year ended 31 December 2016	Year ended 31 December 2015
Loss per share			
Basic and diluted loss per share (pence)	12	**(3.76)**	(5.12)
Adjusted loss per share (pence)	12	**(1.28)**	(3.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company number 05651130
at 31 December 2016

	Note	At 31 December 2016 £'000	At 31 December 2015 £'000
Assets			
Non-current assets			
Intangible assets	15	**16,272**	12,527
Property, plant and equipment	16	**1,279**	1,120
		17,551	13,647
Current assets			
Inventories	17	**3,141**	2,235
Trade and other receivables	18	**4,656**	3,173
Taxation		**–**	5
Cash and cash equivalents	19	**1,998**	2,857
		9,795	8,270
Total assets		**27,346**	21,917
Equity and liabilities			
Capital and reserves			
Share capital	20	**111**	103
Share premium account	20	**13,289**	11,826
Merger reserve	21	**7,656**	7,656
Convertible bond reserve	22	**109**	–
Foreign currency translation reserve	24	**113**	(204)
Share-based payments reserve	25	**409**	367
Retained earnings	26	**(7,329)**	(5,946)
Total equity attributable to equity holders of the parent		**14,358**	13,802
Liabilities			
Current liabilities			
Trade and other payables	27	**4,347**	3,718
Taxation		**195**	–
Interest bearing borrowings	28	**687**	38
Convertible bond	22	**171**	–
Vendor loan notes	23	**54**	43
		5,454	3,799
Non-current liabilities			
Interest bearing borrowings	28	**2,986**	1,806
Convertible bond	22	**1,546**	–
Vendor loan notes	23	**1,700**	1,373
Statutory employment provision	29	**795**	586
Deferred tax liability	11	**507**	551
		7,534	4,316
Total liabilities		**12,988**	8,115
Total equity and liabilities		**27,346**	21,917

The financial statements on pages 34 to 65 were approved and authorised for issue by the Board on 22 March 2017 and signed on its behalf by:

Jerry Randall
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Convertible bond reserve £'000	Foreign currency translation reserve £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015	103	11,826	7,656	–	(85)	318	(4,171)	15,647
Loss for the year	–	–	–	–	–	–	(1,761)	(1,761)
Foreign exchange on translation	–	–	–	–	(119)	–	–	(119)
Total comprehensive expense	–	–	–	–	(119)	–	(1,761)	(1,880)
Share options charge	–	–	–	–	–	49	–	49
Dividends	–	–	–	–	–	–	(14)	(14)
Transactions with shareholders	–	–	–	–	–	49	(14)	35
Balance at 1 January 2016	103	11,826	7,656	–	(204)	367	(5,946)	13,802
Loss for the year	–	–	–	–	–	–	(1,369)	(1,369)
Foreign exchange on translation	–	–	–	–	317	–	–	317
Total comprehensive expense	–	–	–	–	317	–	(1,369)	(1,052)
Issue of share capital	8	1,463	–	–	–	–	–	1,471
Share options charge	–	–	–	–	–	42	–	42
Issue of convertible bond	–	–	–	109	–	–	–	109
Dividends	–	–	–	–	–	–	(14)	(14)
Transactions with shareholders	8	1,463	–	109	–	42	(14)	1,608
Balance at 31 December 2016	**111**	**13,289**	**7,656**	**109**	**113**	**409**	**(7,329)**	**14,358**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Cash flow from operating activities		
Loss before tax	**(1,109)**	(1,637)
Finance income	**–**	(152)
Finance expense	**644**	95
Operating loss	**(465)**	(1,694)
Adjustments for:		
– Depreciation of property, plant and equipment	**176**	171
– Amortisation of intangible assets	**862**	658
– Finance cost	**(212)**	(80)
– Share-based payment expense	**42**	49
Operating cash flow before movements in working capital	**403**	(896)
Tax paid	**(251)**	(231)
Increase in inventories	**(263)**	(492)
Increase in trade and other receivables	**(251)**	(125)
(Decrease)/increase in trade and other payables	**(95)**	635
Net cash used in operating activities	**(457)**	(1,109)
Cash flow from investing activities:		
Interest received	**–**	5
Acquisition of subsidiary – net cash payment	**(4,258)**	–
Purchases of property, plant and equipment	**(185)**	(303)
Expenditure in respect of intangible assets	**(355)**	(289)
Proceeds on disposal of tangible asset	**7**	16
Net cash used in investing activities	**(4,791)**	(571)
Cash flow from financing activities:		
Net proceeds from issuance of ordinary shares	**1,471**	–
Net proceeds from issuance of convertible bond	**1,750**	–
Drawdown of new interest-bearing borrowings	**1,140**	–
Repayment of existing interest-bearing borrowings	**(41)**	(313)
Dividends paid	**(14)**	(14)
Net cash from financing activities	**4,306**	(327)
Net decrease in cash and cash equivalents	**(942)**	(2,007)
Net foreign exchange difference	**83**	(69)
Cash and cash equivalents at beginning of period	**2,857**	4,933
Cash and cash equivalents at end of period	**1,998**	2,857

1. General information

Venture Life Group plc ('the Company") was incorporated on 12 December 2005 and is domiciled in the UK, with its registered office located at 2 Arlington Square, Downshire Way, Bracknell RG12 1WA. The Company is the holding company for four wholly-owned UK subsidiaries, one wholly-owned Italian subsidiary, Biokosmes Srl, and one wholly-owned Swiss subsidiary PermaPharm AG (together with the Company "the Group").

2. Basis of preparation

The principal activity of Venture Life Group plc and its subsidiaries is the development and commercialisation of healthcare products, including food supplements, medical devices and dermo-cosmetics for the ageing population, and the manufacture of a range of topical products for the healthcare and cosmetics sectors.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU, the International Financial Reporting Interpretations Committee ("IFRIC"), interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and early adopted as at the time of preparing these financial statements, and in accordance with the provisions of the Companies Act 2006 that are relevant to companies that report under IFRSs.

The preparation of the Group's financial statements requires management to exercise its judgements in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.22.

3. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

3.1. Going concern

The Directors recognise that the Group has reported a loss and cash outflow for the year ended 31 December 2016, as it did in the year ended 31 December 2015. The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these financial statements with the recent acquisition of Periproducts and the growth of the Group's Brands business expected to enable the Group to move to profitability in the foreseeable future. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period, together with the current performance and prospects of the Group's operating segments.

On the basis of the above projections, the Directors are confident that the Company and its Group have sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

3.2. Basis of consolidation

The Group financial statements consolidate those of the parent Company and its subsidiaries as of 31 December 2016. All subsidiaries have a reporting date of 31 December. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses between Group companies. Where unrealised losses on intra-group asset sales are realised on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between owners of the parent and the controlling interest based on their respective ownership interests.

3.3. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed including contingent liabilities, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All subsequent changes in the fair value of contingent consideration classed as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

3.4. Foreign currencies

(a) Functional and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information is presented in UK sterling (£), which is the

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

3. Summary of significant accounting policies continued
Group's presentational currency. The functional currency of the Company is also UK sterling (£), which is the currency of the Company's funding arrangements and operating expenditure.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the average exchange rate of the month. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses resulting from such transactions are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than sterling are translated into sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the period.

On consolidation, assets and liabilities have been translated into sterling at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are held at historic cost less accumulated impairment losses. Income and expenses have been translated into sterling at the average rate each month over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

The sterling/euro exchange rates used in the Interim Financial Statements and the prior reporting period are as follows:

Sterling/euro exchange rates	**Year ended 31 December 2016**	Year ended 31 December 2015
Average exchange rate for the period	**1.234**	1.376
Exchange rate at the period end	**1.167**	1.357

3.5. Revenue recognition
(a) Product sales
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer or to the buyer's agent the significant risks and rewards of ownership of the goods. The transfer of risk and reward is typically at the point of customer collection of goods or, delivery of the goods by the Group to the customer. Both the Brands segment and Manufacturing segment currently recognise revenue from product sales.

(b) Services rendered
Revenue represents the value of services provided to third parties. Revenue is derived from services related to the development of new topical formulations for customers. Services are generally provided through specific agreements, each with a typical duration of two to four weeks. Revenue is shown net of value added tax, rebates and discounts and after eliminating sales within the Group.

Revenue from these services is recognised on a percentage to completion basis. Percentage to completion is based on the proportion of activity completed on a project as a proportion of the entire project. Revenue is recognised so as to reflect the right to consideration as contract activity progresses by reference to the value of work performed. The amount by which revenue exceeds payments on account is included in trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included as deferred income. Provisions for estimated losses, if any, on uncompleted contracts are recognised in the period in which the likelihood of such losses is determined.

The Development and Manufacturing segment currently recognises revenue from formulation and development services rendered.

(c) Grant income
Grant income is recognised on a gross basis when received or where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. A grant relating to research and development is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Grant income arising from the generation of electricity by the Development and Manufacturing segment through photo-voltaic panels installed on the manufacturing facility roof is recognised as 'Other Income'.

The Development and Manufacturing segment currently recognises revenue from Grant income.

3.6. Exceptional items
Items that are material because of their size or nature, and which are non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. The separate reporting of exceptional items helps to provide an understanding of the Group's underlying performance.

3. Summary of significant accounting policies continued

3.7. Property, plant and equipment

Equipment is stated at cost less accumulated depreciation and any provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Office equipment over £500	25%-50% per annum, straight-line
Fixtures and fittings over £500	20%-50% per annum, straight-line
Manufacturing plant equipment	4%-50% per annum, straight-line

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The assets' residual values, useful lives and methods of depreciation are all reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation for the year has been charged to administrative expenses in the Statement of Comprehensive Income.

3.8. Internally-generated development intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated development intangible asset arising from the Group's product development is recognised if, and only if, the Group can demonstrate all of the following:

> the technical feasibility of completing the intangible asset so that it will be available for use or sale;
> its intention to complete the intangible asset and use or sell it;
> its ability to use or sell the intangible asset;
> how the intangible asset will generate probable future economic benefits;
> the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
> its ability to measure reliably, the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Internally-generated development intangible assets are recognised at cost less accumulated amortisation and provisions for impairment. Amortisation is provided on a straight-line basis over the useful lives of the assets, commencing from the point where the final marketable product is completed, at the following rates:

Development costs	20% per annum, straight-line

3.9. Licences and trademarks intangible assets

Patents, trademarks and licences are measured at purchase cost less accumulated amortisation and provision for impairment. Amortisation is provided on a straight-line basis over the estimated useful lives of the assets ranging from 5-10 years.

Amortisation for the year has been charged to administrative expenses in the Statement of Comprehensive Income.

3.10. Acquired intangible assets

The effective life of each new class of intangible asset acquired is determined as follows:
Customer relationships – expected cash generating life of underlying manufacturing contracts.
Product formulations – expected cash generating life of the particular product formulation.

The following useful economic lives are applied:

Customer relationships:	5 years
Product formulations:	5 years
Trademarks:	5 years
Patents:	10 years

3.11. Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 3.12 for a description of impairment testing.

3.12. Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its assets, including those acquired in Business Combinations, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset, such as goodwill, with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

3. Summary of significant accounting policies continued

The Directors have carried out an impairment review of the Group's tangible and intangible assets as at the reporting date, as is its normal practice. They have assessed the likely cash flows to be generated by those assets and determined that they are stated at fair value and that consequently no impairment is necessary. See note 15 on intangible assets for further details.

3.13. Inventories
Inventories are stated at the lower of historical cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the average cost method. Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.14. Financial Instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets
(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the assets are impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Trade and other receivables are classified in the financial instruments note 31 as 'loans and receivables'.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified in the financial instruments note 31 as 'loans and receivables'.

Financial liabilities and equity
(a) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability. Trade and other payables are classified in the financial instruments note 31 as 'other financial liabilities'.

(b) Vendor loan notes

The carrying value of the vendor loan notes is determined with reference to the present value of the principal amount of the loan note to be settled in the future, together with the present value of the future interest payments to be made under the terms of the loan note. The equity element of the Group's vendor loan notes issued in the 2014 was not considered material.

(c) Statutory employment provision

Statutory employment provision includes the liability for severance indemnities related to employees of the Group's Italian subsidiary. The severance indemnity liability arises under Italian law and is calculated with reference to each employee's length of service, employment category and remuneration. There is no vesting period or funding requirement associated with the liability. The liability recorded at the reporting date is based on the aggregate amount that the employees of the Group's Italian subsidiary would be entitled to on termination of employment for whatever reason.

(d) Convertible bond

The carrying value of the convertible bond is determined with reference to the present value of the principal amount of the bond to be settled in the future, together with the present value of the future interest payments to be made under the terms of the loan note. The equity element of the convertible bond has been recognised within shareholders' funds as a convertible loan note reserve.

3.15. Leases
Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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

(a) Current tax

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

3. Summary of significant accounting policies continued

(b) Deferred tax

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

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

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

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

3.17. Employee benefits

All employee benefit costs, notably holiday pay, bonuses and contributions to personal pension plans are charged to the Consolidated Statement of Comprehensive Income on an accruals basis.

3.18. Pension contributions

The Group contributes to the Group stakeholder pension arrangement or personal pension plans of certain employees. Contributions are charged to the Consolidated Statement of Comprehensive Income as they become payable.

3.19. Share-based payments

The Company issues equity-settled share-based payments to certain employees and others under which the Group receives services as consideration for those equity instruments in the Company. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense in the Group's Statement of Comprehensive Income over the vesting period on a straight-line basis, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the awards at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of share options expected to vest at each reporting date.

Options over the Company's shares granted to employees of subsidiaries are recognised as a capital contribution by the Company to the subsidiaries.

When the share options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

When an agreement is reached for the settlement of a fixed liability for a fixed number of the Company's shares ("Fixed for Fixed") the value of the liability is de-recognised and is recognised in the share-based payments reserve at the date of the agreement.

3.20. Fair value estimation of financial assets and liabilities

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values because of the short-term nature of such assets.

3.21. Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following reserves:

> merger reserve comprising the non-statutory premium arising on shares issued as consideration for acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies less subsequent realised losses relating to those acquisitions.

> convertible bond reserve arising on the initial valuation of the convertible bond.

> share-based payments reserve comprising cumulative amounts charged in respect of employee share-based payment arrangements which have not been settled by means of an award of shares to the employee.

> foreign currency translation reserve comprising all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

Retained earnings includes all current and prior period retained profits and losses. All transactions with owners of the parent are recorded separately within equity. Dividend

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

for the year ended 31 December 2016

3. Summary of significant accounting policies continued
distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.22. Critical accounting estimates and judgements

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of asset or liabilities within the next accounting period are outlined below:

(a) Capitalisation of internally generated development costs

Expenditure on Group product development is reviewed throughout each of the years represented in these financial statements to assess whether it meets the six accounting criteria referenced in note 3.8. Where the Group can demonstrate that the expenditure meets each of the criteria it is capitalised, with the balance of expenditure expensed to the income statement. Costs are amortised over five years once the projects are recorded as complete.

(b) Recoverability of internally-generated intangible assets

In each of the years represented in these financial statements, there is a considerable balance relating to non-current assets, including development costs, patents and trademarks. The Group's accounting policy covering the potential impairment of intangible assets is covered in note 3.12 to these financial statements.

An impairment review of the Group's patent and trademark balances is undertaken at each year end. This review involves the use of judgement to consider the future projected income streams that will result from the ownership of the development costs, patents and trademarks. The expected future cash flows are modelled over the remaining useful life of the respective assets and discounted present value in order to test for impairment. In each of the years ended 31 December 2015 and 2016, no impairment charge was recognised as a result of these reviews.

(c) Impairment of other non-financial assets

The Group conducts annual impairment reviews of assets, such as goodwill, when events or changes in circumstances indicate that their carrying amounts may not be recoverable, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. These assumptions relate to future events and circumstances. The actual results may vary and may cause adjustments to the Group's assets in future financial years. Details of the estimates and assumptions made in respect of the potential impairment of goodwill are detailed in note 15 to the financial statements.

The Directors considered that no impairment was necessary in respect of goodwill recognised in the year ended 31 December 2016.

(d) Share-based payments charge

During 2016, the Group issued share options to 67 employees. There are certain non-market performance conditions attached to the vesting of these options, with vesting taking place over the three year period to 31 December 2018. The Black-Scholes model was used to calculate the appropriate expense.

During 2016 the Company introduced the Venture Life Group plc Long-Term Incentive Plan as its primary senior executive incentive arrangement to replace market value share options. There are certain market and non-market performance conditions attached to the vesting of these options, with vesting taking place over the three year period to 31 December 2018. The Monte-Carlo stochastic model was used to calculate the appropriate expense.

Both the Black-Scholes and Monte-Carlo stochastic models used to calculate an annual charge involve the use of a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions, share price volatility, comparator company performance and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

(e) Provisions

Where intangible assets are acquired on a deferred consideration basis, the Directors analyse the terms of each agreement and model the expected consideration payable in the future. This involves the use of judgements by the Directors on expected future product revenue streams and the timing of those revenue streams, and the use of an appropriate discount rate.

Statutory employment provisions are calculated with reference to each employee's length of service, employment category and remuneration. The Directors have to make judgements on the expected date of employment termination (for whatever reason) in calculating a provision to represent the aggregate amount that the employees of the Group's Italian subsidiary would be entitled to on termination of employment.

(f) Fair values on acquisition

When acquiring a business, the Directors have to make judgements and best estimates about the fair value of the assets, liabilities and contingent liabilities acquired. These are estimated regardless of whether or not they were recognised

3. Summary of significant accounting policies continued

in the financial statements of the subsidiary prior to acquisition. The valuation of externally acquired assets such as products, data or technologies requires judgements regarding the estimated future cash outflows required to commercialise the asset(s) and the cash inflows expected to arise from such commercialisation, discounted at a suitable rate reflecting the time value of money and the risks inherent in such activities.

The valuation of other acquired intangible assets such as customer relationships and product formulations also requires judgements regarding estimated future cash flows arising from those established assets, discounted to reflect the time value of money.

3.23. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Directors.

4. Accounting developments

a) New standards, amendments and interpretations issued and adopted

No amendments to these financial statements have been made as a result of adopting new and revised standards and interpretations.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and not early adopted

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 9, Financial Instruments	The IASB released IFRS 9 'Financial Instruments', representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Group's management has yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.
IFRS 15, Revenue from Contracts with Customers	IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. The Group's management has not yet assessed the impact of IFRS 15 on these consolidated financial statements.
IFRS 16, Leases	IFRS 16 has recently been published by the IASB which covers accounting for leases. The new standard will require leases to be account for 'on-balance sheet' by recognising the 'right or use' asset and lease liability. The standard will have a greater impact for the accounts of lessees of property and high value properties, with all leases being accounted for on balance sheet, other than short-term or low value leases. IFRS 16 is effective for accounting periods beginning on or after 1 January 2019. We acknowledge that IFRS 16 will have an impact on the assets and liabilities presented, however the Group's management has not yet quantified the impact of this.

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

The impact of the above interpretations have not been quantified for the periods to which they will apply.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

for the year ended 31 December 2016

5. Segmental Information

IFRS 8, Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the CODM to allocate resources to the segments and to assess their performance.

Management has determined the operating segments based on the reports reviewed by the Group Board of Directors (Chief Operating Decision Maker) that are used to make strategic decisions. The Board considers the business from a line-of-service perspective and uses operating profit/(loss) as its profit measure. The operating profit/(loss) of operating segments is prepared on the same basis as the Group's accounting operating profit.

In the 2015 Consolidated Financial Statements, the operations of the Group were segmented as Brands, which includes sales of healthcare and skin care products under distribution agreements and direct to UK retailers, and Manufacturing. In the 2016 Consolidated Financial Statements, the Manufacturing segment has been renamed as Development and Manufacturing to reflect more accurately the nature of operations at the Group's facility in Italy (Biokosmes). The Periproducts business which was acquired during the period is included within the Brands reporting segment.

In summary, the operations of the Group are segmented as:

> Brands, which includes sales of branded healthcare and cosmetics products direct to retailers and under distribution agreement, and

> Development and Manufacturing, which includes sales of products and services under contract development and manufacturing agreements.

5.1 Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Brands £'000	Development and Manufacturing £'000	Consolidated Group £'000
Year ended 31 December 2016			
Revenue			
Sale of goods	**3,764**	**11,099**	**14,863**
Sale of services	**–**	**243**	**243**
Intercompany sales elimination	**–**	**(826)**	**(826)**
Total external revenue	**3,764**	**10,516**	**14,280**
Results			
Operating (loss)/profit before exceptional items and excluding central administrative costs	**(139)**	**1,665**	**1,526**
Year ended 31 December 2015			
Revenue			
Sale of goods	1,067	8,371	9,438
Sale of services	–	242	242
Intercompany sales elimination	–	(603)	(603)
Total external revenue	1,067	8,010	9,077
Results			
Operating (loss)/profit before exceptional items and excluding central administrative costs	(826)	1,090	264

5. Segmental Information continued

5.1 Segment revenue and results continued

The reconciliation of segmental operating loss to the Group's loss before tax is as follows:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Operating profit before exceptional items and excluding central administrative costs	**1,526**	264
Exceptional items	**(180)**	(246)
Central administrative costs	**(1,811)**	(1,712)
Finance income	**–**	152
Finance costs	**(644)**	(95)
Loss before tax	**(1,109)**	(1,637)

One customer generated revenue of £3,388,000 which accounted for 10% or more of total revenue (2015: one customer generated revenue of £2,854,000 which accounted for 10% or more of total revenue).

5.2 Segmental assets and liabilities

	At 31 December 2016 £'000	At 31 December 2015 £'000
Assets		
Brands	**2,431**	2,743
Development and Manufacturing	**9,820**	7,276
Group consolidated assets	**15,095**	11,898
Consolidated total assets	**27,346**	21,917
Liabilities		
Brands	**1,059**	321
Development and Manufacturing	**7,336**	5,268
Group consolidated liabilities	**4,593**	2,526
Consolidated total liabilities	**12,988**	8,115

5.3 Other segmental information

	Depreciation and amortisation £'000	Additions to non-current assets £'000
Year ended 31 December 2016		
Brands	**79**	**81**
Development and Manufacturing	**258**	**463**
Central administration	**701**	**4,189**
	1,038	**4,733**
Year ended 31 December 2015		
Brands	72	24
Development and Manufacturing	189	639
Central administration	568	–
	829	663

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

5. Segmental Information continued

5.4 Geographical information

The Group's revenue from external customers by geographical location of customer is detailed below:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Revenue		
UK	**4,762**	1,970
Europe	**8,574**	6,270
Rest of the World	**944**	837
Total revenue	**14,280**	9,077

6. Exceptional items

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Costs incurred in the acquisition of Periproducts	**(180)**	(246)
Total exceptional items	**(180)**	(246)

During the period the Group incurred legal and professional fees in relation to the Periproducts acquisition, as well as certain restructuring costs.

7. Operating loss

Operating loss for the year has been arrived at after charging:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Depreciation of property, plant and equipment included in operating expenses	**176**	171
Amortisation of intangible assets included in administrative expenses	**862**	658
Research and development costs included in operating expenses	**426**	326
Operating lease rentals	**493**	473
Share-based payments charge	**42**	49
Staff costs (note 8)	**4,262**	3,555
Auditor's remuneration		
– Fees for the audit of the Company's annual accounts	**20**	20
Fees payable to the Company's auditor and its associated for other services:		
– Audit of the accounts of the Company's subsidiaries	**44**	24
– Tax compliance services	**12**	10
– Tax advisory services	**–**	10
– Other assurance services	**4**	6
– Corporate finance services	**5**	14

8. Employee information

The average numbers of staff, including Executive Directors, employed by the Group during the year are as shown below:

	Year ended 31 December 2016 Number	Year ended 31 December 2015 Number
Product development and manufacturing	**55**	51
Sales and marketing	**13**	11
Directors	**7**	7
Administration	**15**	13
	90	82

Their aggregate remuneration comprises:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Wages and salaries	**3,443**	2,630
Social security costs	**632**	514
Other pension costs	**282**	239
Other	**28**	22
Equity settled share-based payments	**42**	49
	4,427	3,454

9. Pension costs and other post-retirement benefits

The Group operates a stakeholder pension scheme to which it makes contributions. As an alternative, the Group also makes contributions into the personal pension schemes of certain employees. The pension charge represents contributions payable by the Group and amounted to £282,000 (2015: £239,000). At year end an amount of £1,194 (2015: £nil) was payable in respect of pension contributions charged during the year.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

10. Income tax expense

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Current tax:		
Current tax on profits for the year	**455**	266
Adjustments in respect of earlier years	**(21)**	11
Total current tax expense	**434**	277
Deferred tax:		
Origination and reversal of temporary differences	**(174)**	(153)
Total deferred tax expense	**(174)**	(153)
Total income tax expense	**260**	124

Tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses of the consolidated entities as follows:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss before tax	**(1,109)**	(1,637)
Loss before taxation multiplied by the local tax rate of 20% (2015: 20.25%)	**(222)**	(331)
Expenses not deductible for tax purposes	**248**	155
Research and development tax credit from earlier years	**–**	11
Research and development tax credit for current year	**(21)**	–
Change in recognised deferred tax liability	**(174)**	(153)
Change in unrecognised deferred tax asset	**342**	359
Higher rate on foreign taxes	**87**	83
Income tax charge	**260**	124

There are no enacted or substantively enacted changes to the small profits tax rate.

As at the reporting date, the Group has unused tax losses of £7,195,000 (2015: £5,328,000) available for offset against future profits generated in the UK. No deferred tax asset has been recognised in respect of these losses due to the uncertainty of its recoverability.

11. Deferred tax

Deferred taxes arising from temporary differences are summarised as follows:

Deferred tax liabilities/(assets)	At 1 January 2016 £'000	Generated on acquisition of Periproducts Limited £'000	Recognised in profit and loss £'000	Movements attributed to foreign exchange £'000	At 31 December 2016 £'000
Purchased goodwill	87	–	(9)	13	91
Other intangibles	(580)	(141)	175	–	(546)
Inventories	(68)	–	17	(2)	(53)
Trade and other receivables	10	–	(9)	–	1
Deferred tax liability	**(551)**	**(141)**	**174**	**11**	**(507)**

12. Earnings per share

A reconciliation of the weighted average number of ordinary shares used in the measures is given below:

	Year ended 31 December 2016 Number	Year ended 31 December 2015 Number
For basic and diluted EPS calculation	**36,409,340**	34,403,534

A reconciliation of the earnings used in the different measures is given below:

	£'000	£'000
For basic and diluted EPS calculation	**(1,369)**	(1,761)
For adjusted EPS calculation*	**(465)**	(1,054)

* Adjusted EPS is loss after tax excluding amortisation and share-based payments.

The resulting EPS measures are:

	Pence	Pence
Basic and diluted EPS calculation	**(3.76)**	(5.12)
Adjusted EPS calculation	**(1.28)**	(3.06)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted loss per ordinary share are identical to those used for basic loss per share. This is because the exercise of share options and conversion of the vendor loan notes would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33.

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Final dividend	**14**	14

The Directors recommend the payment of a dividend of 0.04p per share (2016: 0.04p per share) in 2017 and a resolution will be put to shareholders at the 2017 Annual General Meeting.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

14. Business combinations
On 4 March 2016 the Company completed the acquisition of 100% of the share capital of Periproducts, a UK-based oral healthcare products company. The acquisition consideration paid was £5.8 million, comprising £4 million plus the value at the date of completion of current net assets of Periproducts of some £1.8 million. The acquisition was funded through the Company's own resources and by way of a Placing of new ordinary shares raising £1.7 million (gross) and the issue of a 3 year 9% Convertible Bond raising £1.9 million.

The Group acquired Periproducts because it expands its existing product portfolio into an attractive area of the consumer healthcare market. The Group also expects to generate a number of synergies from the acquisition to improve the profitability of the acquired entity and the Group as a whole. The acquisition has been accounted for using the acquisition method. The Consolidated Financial Statements include the results of Periproducts for the period from 4 March 2016 to 31 December 2016.

The fair values of the identifiable assets and liabilities of Periproducts as at the date of acquisition were:

	Fair value £m
Assets	
Non-current assets:	
Customer relationships*	0.6
Patents and trademarks*	0.3
Current assets:	
Inventories	0.3
Trade and other receivables	0.8
Cash and cash equivalents	0.9
Total assets	**2.9**
Liabilities	
Current liabilities:	
Trade and other payables	(0.3)
Non-current liabilities:	
Deferred tax liabilities†	(0.1)
Total liabilities	**(0.4)**
Net assets acquired	**2.5**
Goodwill	3.3
Total consideration	**5.8**
Satisfied by:	
Cash paid on completion	5.2
Deferred consideration in the form of a loan from the vendors	0.4
Cash payment due on finalisation of completion accounts	0.2
Total consideration	**5.8**
Cash flows from business combination during the period	
Cash and cash equivalents included in undertaking acquired	0.9
Cash paid on completion	(5.2)
Net cash outflow arising on acquisition and in cash flow statement	**(4.3)**

* Intangible assets identified as part of the Periproducts acquisition. See note 3.10 for further details.
† Deferred tax liability identified as part of the Periproducts acquisition.

Unless otherwise stated the book value of the assets and liabilities of Periproducts are the same as their fair value.

Revenue and profit impact of the acquisition
Periproducts contributed revenues of £2.3 million and operating profit before exceptional expenses and management charges of £0.6 million in the period from 4 March 2016 (the date of acquisition) to 31 December 2016.

If the acquisition had taken place on 1 January 2016, the first day of the reporting period under review, total Group revenue and operational profit before exceptional items and management charges for the period would have been £2.9 million and £0.7 million respectively.

15. Intangible assets

	Development costs £'000	Patents and trademarks £'000	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost or valuation:					
At 1 January 2015	1,322	544	9,796	1,995	13,657
Additions	267	22	–	–	289
Disposals	(10)	(110)	–	–	(120)
Foreign exchange	(41)	–	–	–	(41)
At 1 January 2016	**1,538**	**456**	**9,796**	**1,995**	**13,785**
Additions	231	424	3,337	546	4,538
Disposals	(34)	(46)	–	–	(80)
Foreign exchange	139	–	–	–	139
At 31 December 2016	**1,874**	**834**	**13,133**	**2,541**	**18,382**
Amortisation:					
At 1 January 2015	141	235	–	299	675
Charge for the year	194	65	–	399	658
Disposals	–	(45)	–	–	(45)
Foreign exchange	(30)	–	–	–	(30)
At 1 January 2016	**305**	**255**	**–**	**698**	**1,258**
Charge for the year	248	124	–	490	862
Disposals	–	(48)	–	–	(48)
Foreign exchange	38	–	–	–	38
At 31 December 2016	**591**	**331**	**–**	**1,188**	**2,110**
Carrying amount:					
At 31 December 2015	1,233	201	9,796	1,297	12,527
At 31 December 2016	**1,283**	**503**	**13,133**	**1,353**	**16,272**

All trademarks, licences and patents are amortised over their estimated useful lives, which is between five and ten years.

All amortisation has been charged to administrative expenses in the Statement of Comprehensive Income.

Other intangible assets currently comprise customer relationships and product formulations acquired through the acquisition of Biokosmes Srl. These assets were recognised at their fair value at the date of acquisition and are being amortised over a period of five years. Also included in the intangible assets balance are patents and trademarks and customer relationships acquired through the acquisition of Periproducts.

Goodwill represents the future economic benefits arising from the acquisitions of Biokosmes and Periproducts that are not individually identified and separately recognised. To determine the value in use of the goodwill, the Directors have produced detailed monthly profit and loss and cash flow forecasts for the three years ended December 2019 and produced annual estimates of profit after tax for the seven year period from 1 January 2020 to 31 December 2026 given the long-term and stable nature of the expected cash flows.

The key judgements used in relation to the Biokosmes (Development and Manufacturing CGU) impairment review are as follows:

> The estimates of profit after tax for Biokosmes for the three year period from 1 January 2017 to 31 December 2019 are based on the expectation that Biokosmes will grow its revenues and profitability more quickly than in previous years in the three year period to 31 December 2019 and at 5% for the final years. The above average growth is expected to be achieved in part through increasing volumes and value of manufacturing orders being fulfilled for other Group companies, in part through excess manufacturing capacity being utilised to generate improved gross margins, and in part through investment in new business development resource and manufacturing capacity enabled through funding made available by the Group to Biokosmes. This growth assumption is a key driver of the impairment review. In undertaking the impairment review at 31 December 2016, sensitivity analysis was carried out on the assumptions underpinning the growth forecasts and if growth of the profit after tax for Biokosmes between 1 January 2017 and 31 December 2019 was reduced from 67% to 45%, this would result in there being no difference between the discounted value of profit before tax cash flows and intangibles asset value held on the balance sheet.

> The estimates of profit after tax from 1 January 2020 onwards assume that Biokosmes is capable of achieving 5% per annum growth in profit after tax, which the Directors estimate to be a conservative growth rate but appropriate given the nature of the contract manufacturing industry in which of which Biokosmes operates.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

15. Intangible assets continued

> The Group has applied a discount rate to the future cash flows of Biokosmes using a pre-tax weighted average cost of capital of 15%. This assumption is a key driver of the impairment review. In undertaking the impairment review at 31 December 2016, sensitivity analysis was carried out on assumptions underpinning the pre-tax weighted average cost of capital and if the discount rate is increased from 15% to 19%, there would be no difference between the discounted value of profit before tax cash flows and intangibles asset value held on the balance sheet.

The impairment review of the Periproducts (part of the Brands CGU) intangible assets completed by management yielded significant headroom and as such the key assumptions are not covered in detail here.

These estimates and judgments are subjective and relate to future events and circumstances. The actual results may vary, and accordingly may cause adjustments to the Group's valuation in future financial years.

16. Property, plant and equipment

	Plant and equipment £'000	Other equipment £'000	Total £'000
Cost or valuation:			
At 1 January 2015	1,038	79	1,117
Additions	374	–	374
Disposals	(6)	–	(6)
Foreign exchange movements	(45)	(4)	(49)
At 1 January 2016	**1,361**	**75**	**1,436**
Additions	185	–	185
Disposals	(21)	–	(21)
Foreign exchange movements	204	11	215
At 31 December 2016	**1,729**	**86**	**1,815**
Depreciation:			
At 1 January 2015	113	29	142
Charge for the year	136	35	171
Foreign exchange movements	3	–	3
At 1 January 2016	**252**	**64**	**316**
Charge for the year	164	12	176
Disposals	(5)	–	(5)
Foreign exchange movements	39	10	49
At 31 December 2016	**450**	**86**	**536**
Carrying amount:			
At 31 December 2015	1,109	11	1,120
At 31 December 2016	**1,279**	**–**	**1,279**

All depreciation has been charged to administrative expenses in the Statement of Comprehensive Income.

17. Inventories

	At 31 December 2016 £'000	At 31 December 2015 £'000
Raw materials	**2,051**	1,538
Finished goods	**1,090**	697
	3,141	2,235

An amount of £5,695,000 (2015: £3,685,404) was recognised in respect of expenditure on inventory in the Statement of Comprehensive Income.

18. Trade and other receivables

	At 31 December 2016 £'000	At 31 December 2015 £'000
Trade receivables	**4,264**	2,534
Prepayments and accrued income	**92**	250
Other taxation recoverable	**25**	97
Other receivables	**275**	292
	4,656	3,173

Contractual payment terms with the Group's customers are typically 60-90 days.

The following is an analysis of trade receivables that are past due, but not impaired. These relate to a number of customers for whom there is no recent history of defaults. The ageing analysis of these trade receivables is as follows:

	At 31 December 2016 £'000	At 31 December 2015 £'000
31 to 60 days past due	**70**	4
60 to 90 days past due	**4**	7
90 to 120 days past due	**4**	19
> 120 days past due	**72**	161
Overdue trade receivables gross	**150**	191
Provision for overdue receivables	**(7)**	(39)
Trade receivables – net	**143**	152

The Directors consider that the carrying value of trade and other receivables represents their fair value. As at the reporting date, a provision of £7,000 for overdue receivables has been made and is included in the carrying value of trade and other receivables (2015: £39,000). In determining the recoverability of trade receivables the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on the Group's credit risk management policies, refer to note 31(d). No allowance has been made against the overdue receivables based on historic default experience. The Group does not hold any collateral as security for its trade and other receivables. The amounts of trade and other receivables denominated in currencies other than pounds sterling are shown in note 31(c).

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

for the year ended 31 December 2016

19. Cash and cash equivalents

	At 31 December 2016 £'000	At 31 December 2015 £'000
Cash and cash equivalents	**1,998**	2,857

The Group holds sterling, Chinese renminbi and euro denominated balances in the UK. The Group's subsidiaries hold US dollar, yen and euro accounts in Italy and a Swiss franc account in Switzerland.

The Directors consider that the carrying value of cash and cash equivalents approximates their fair value. For details on the Group's credit risk management policies, refer to note 31(d).

The amounts of cash and cash equivalents denominated in currencies other than pounds sterling are shown in note 31(c).

20. Share capital and share premium

Share capital

All shares are authorised, issued and fully paid. The Group has one class of ordinary shares which carry no fixed income.

	Ordinary shares of 0.3p each Number	£	Share premium £'000	Merger reserve £'000
At 1 January 2016	34,403,534	103,210	11,826	7,656
New shares issued for cash	2,428,572	7,286	1,463	–
New shares issued to settle a liability	5,000	15	–	–
At 31 December 2016	**36,837,106**	**110,511**	**13,289**	**7,656**

The Company issued shares for cash in March 2016 as part of the financing for the Periproducts acquisition and shares to settle a liability in September 2016 in connection with revenues generated form the contract with Gialen Group Co. Ltd in China.

The Group operates a Long-Term Incentive Plan. Up to the balance sheet date, there have been two awards under this plan, in which Executive Directors and senior management of the Group participate. Further details are included in the Directors' Remuneration Report set out on pages 28 to 31.

21. Merger reserve

In 2010 the Company acquired 100% of the issued share capital of Venture Life Limited from shareholders of the company. This combination gave rise to a merger reserve in the consolidated statement of financial position, being the difference between the nominal value of new shares issued by the Company for the acquisition of the shares of the subsidiary and the subsidiary's own share capital and share premium account.

The merger reserve is also used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006. The balance on the reserve of £7,656,000 (2015: £7,656,000) has arisen through the acquisition of Venture Life Limited in 2010 (£50,000), and Biokosmes in March 2014 (£7,606,000).

22. Convertible bond

During the period a convertible bond with a principal value of £1.9 million was issued as part of the funding for the Periproducts acquisition. The bond carries a 9% coupon with interest payable quarterly over a three year term with full repayment of the convertible bond due on 3 March 2019. Bondholders have the right to convert their bonds to shares in the Group at a conversion price of 87.5p per Venture Life share (87.5p representing a 25% premium to the 70 pence placing price of the new equity at the time of the acquisition) which can be exercised at any point before 3 March 2019.

Under IAS 32, this convertible bond is accounted for as a compound financial instrument. The fair value of the convertible bond is determined using a discounted cash flow method. The difference between the £1.9 million principal value of the bond and the present value of the future fixed interest payments and capital repayment is recorded in equity as a convertible bond reserve, representing the value of the convertible element of the bond.

Bond issue fees incurred have been allocated between liabilities and equity as a proportion of the value of each element. The fees held against the liability element are released to the Income Statement over the three year life of the bond.

The value of the liability and associated costs are held on the balance sheet at amortised cost. The initial amortised cost valuation gave a carrying value, net of fees, of £1.6 million which was recorded as a liability at 4 March 2016. This will increase to its principal value of £1.9 million over the life of the bond to 3 March 2019, with interest costs being taken to the Income Statement on a monthly basis. The resulting equity value is £0.1 million which is recorded as a convertible bond reserve.

23. Vendor loan notes

Vendor loan notes totalling €2 million which pay an annual coupon of 3% were issued by the Group in March 2014 in connection with the acquisition of Biokosmes. Interest amounting to £12,000 accrued during the period is still payable on these vendor loan notes at the period end. Interest is payable on these vendor loan notes in October and April. The agreements covering these vendor loan notes were amended following the balance sheet date such that the latest repayment date of the loan notes was extended from July 2016 to July 2020 and the annual coupon increase to 4% effective 1 August 2017.

24. Foreign currency translation reserve

The Foreign currency reserve represents unrealised cumulative net gains and losses arising on the translation and consolidation of the Group's Italian subsidiary.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

25. Share-based payments and share-based payments reserve

25.1 Share options

Share options are held by option holders in either the Venture Life Group plc Enterprise Management Incentive Share Option Plan ("EMI Plan") or under the Venture Life Group plc Unapproved Share Option Plan ("Unapproved Plan"). All options in both plans are settled in equity when the options are exercised.

Options under both Plans vest according to time employed at Venture Life. Additionally some options granted under the EMI Plan vest according to achievement of certain non-market performance targets.

The maximum term of options granted under both Plans is ten years.

The IFRS 2 share option charge for the year was £42,000 (2015: £49,000) and is included in administrative expenditure in the Statement of Comprehensive Income.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year.

	2016 Number	2016 WAEP (p)	2015 Number	2015 WAEP (p)
Total outstanding at beginning of the year	**3,653,770**	**54**	3,629,412	53
Granted during the year	**455,660**	**56**	244,541	109
Exercised	**–**	**–**	–	–
Forfeited	**(228,760)**	**80**	(220,183)	109
Total outstanding at 31 December	**3,880,670**	**53**	3,653,770	54
Exercisable at 31 December	**3,367,440**	**51**	2,753,762	49

The following table summarises information about the range of exercise prices for share options outstanding at 31 December:

	2016 Number	2015 Number
Range of exercise prices		
0p-49p	**2,827,440**	2,852,440
50p-99p	**956,900**	660,000
100p-149p	**96,330**	141,330
Total	**3,880,670**	3,653,770

At 31 December 2016, the weighted average remaining contractual life of options exercisable is 6.31 years (2015: 7.61 years).

The weighted average fair value of options granted in the year is 56p (2015: 109p).

The non-market performance conditions for all share options outstanding at 31 December 2016 and which are exercisable at 31 December 2016 or before have been achieved.

The share-based payment charge has been calculated using the Black-Scholes model to calculate the fair value of the share options that vest according to non-market performance conditions. An appropriate valuation model has been used to calculate the fair value of share options with market performance-related vesting. Disclosure of those valuation assumptions is not made on the basis that the related charge is immaterial.

The inputs into the Black-Scholes model are as follows:	2016	2015
Weighted average share price (p)	**59.3**	87.5
Weighted average exercise price (p)	**59.6**	109
Weighted average expected volatility (%)	**18.5**	17.5
Weighted average expected life (years)	**4**	4
Weighted average risk free rate (%)	**1.19**	1.19
Expected dividends (%)	**0.004**	0.004

a. The risk-free rate is based on the UK Gilt rate as at the grant date with a period to maturity commensurate with the expected term of the relevant option tranche.
b. The fair value charge is spread evenly over the period between the grant of the option and the earliest exercise date.
c. The expected volatility is based on the historical volatility of similar companies share prices over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The range of comparable companies has been reviewed for grants in the current year resulting in the decrease in expected volatility.

25. Share-based payments and share-based payments reserve continued

25.2 Long-Term Incentive Plan

The Group operates a Long-Term Incentive Plan. Up to the balance sheet date, there have been two awards under this plan, in which Executive Directors and senior management of the Group participate.

Awards under the Plan are granted in the form of nominal cost share options, and are to be satisfied either using market-purchased shares or by the issuing of new shares. The awards vest in full or in part dependent on the satisfaction of specified performance targets at the end of the vesting period applying to each plan. The number of awards that vest is dependent upon either the Earnings Per Share ("EPS") achieved for the relevant year and the Group's Total Shareholder Return ("TSR") during the vesting period within a comparator group. Details are set out below:

	Award One	Award Two
Grant date of awards	28 September 2016	28 September 2016
Grant date fair value of award (pence per award)	54.5	54.5
Vesting date of awards	25 March 2018	28 September 2019
Maximum number of awards	492,954	831,209
Vesting conditions based on	EPS and TSR	EPS and TSR
Relevant date for determination of vesting conditions	31 December 2017 for EPS and 25 March 2018 for TSR	31 December 2018 for EPS and 28 September 2019 for TSR

Further details of vesting conditions are set out in the Directors' Remuneration Report on pages 28 to 31. The fair value at grant date of Award One was estimated based on the share price of the Group at grant date. Award Two includes vesting conditions that are market based, and allowance for these are included within the fair value at grant date. The weighted average fair value of options granted during the period determined using the Monte-Carlo valuation model was £0.53 per option. The significant inputs into the model were:

> weighted average share price of £0.55 at the grant date.
> exercise price shown above.
> dividend yield assumed nil for the basis of the calculation.
> options are assumed to be exercised at point of vesting.
> an annual risk-free interest rate of 0.021%.

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years. See note 7 for the total expense recognised in the income statement for share options granted to Directors and employees.

Movements in the number of awards outstanding, assuming maximum achievement of vesting conditions, are as follows:

	2016 Number	2015 Number
At 1 January	**–**	–
Granted	**1,641,247**	–
Forfeited	**(317,084)**	–
At 31 December	**1,324,163**	–

The 317,084 nominal cost share options granted to James Hunter on 28 September 2016 were forfeited by James Hunter on his resignation from the Group in 2016.

Please refer to note 7 for disclosure of the charge to the Consolidated Income Statement arising from share-based payments.

The share-based payment reserve represents charges made to the Income Statement in respect of share-based payments under the Group's share option schemes.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

for the year ended 31 December 2016

26. Retained earnings

Retained earnings represents all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

27. Trade and other payables

	At 31 December 2016 £'000	At 31 December 2015 £'000
Trade payables	**2,528**	2,030
Accruals and deferred income	**1,360**	1,288
Social security and other taxes	**90**	105
Other payables	**369**	295
	4,347	3,718

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 60-day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

The amounts of trade and other payables denominated in currencies other than pounds sterling are shown in note 31(c).

28. Interest bearing borrowings

	At 31 December 2016 £'000	At 31 December 2015 £'000
Current		
RiBa financing	**629**	–
Finance lease	**–**	1
Unsecured bank loans due within one year	**58**	37
	687	38
Non-current		
Deferred consideration	**416**	–
Unsecured bank loans due after one year	**2,570**	1,806
	2,986	1,806

All bank loans are held by the Group's Italian wholly-owned subsidiary, Biokosmes. During the year, an existing bank loan held with Banca Intesa for €1.4 million, due to expire in November 2020, was extended. The loan principal value was increased to €2.0 million and the expiry date extended to November 2024. RiBa (or "Ricevuta Bancaria") is a means of payment settlement used on occasions by Biokosmes by which it entrusts one of its banks with responsibility for sending an instruction to a participating Italian customer authorising the customer's bank to settle an invoiced debt by an agreed due date. The balance shown above of £629,000 (2015: £nil) reflects the amount that had been settled in Biokosmes's account under RiBa as at the reporting date.

Deferred consideration reflects the fair value of a loan held by the Company with the vendors of Periproducts. The loan principal of £400,000 is repayable in March 2019 and has an annual interest charge of 10% from September 2017.

28. Interest bearing borrowings continued

A summary showing the contractual repayment of interest bearing borrowings is shown below:

	At 31 December 2016 £'000	At 31 December 2015 £'000
Amounts and timing of non-current debt repayable		
Between 1 January 2017 and 31 December 2017	**–**	196
Between 1 January 2018 and 31 December 2018	**742**	934
Between 1 January 2019 and 31 December 2019	**473**	344
Between 1 January 2020 and 31 December 2020	**400**	332
Between 1 January 2021 and 31 December 2024	**1,371**	–
	2,986	1,806

	At 31 December 2016 £'000	At 31 December 2015 £'000
Analysis of net debt		
Cash at bank and in hand	**1,998**	2,857
Balance on RiBa (invoice discounting with recourse)	**(629)**	–
Finance lease	**–**	(1)
Unsecured bank loans due within one year	**(58)**	(37)
Unsecured bank loans due after one year	**(2,986)**	(1,806)
Convertible bond	**(1,717)**	–
Vendor loan notes	**(1,754)**	(1,416)
Net debt	**(5,146)**	(403)

29. Statutory employment provision

The statutory employment provision includes the liability for severance indemnities related to employees of the Group's Italian subsidiary. The severance indemnity liability arises under Italian law and is calculated with reference to each employee's length of service, employment category and remuneration. There is no vesting period or funding requirement associated with the liability. The liability recorded at the reporting date is based on the aggregate amount that the employees of the Group's Italian subsidiary would be entitled to on termination of employment for whatever reason.

30. Operating lease arrangements

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	At 31 December 2016 £'000	At 31 December 2015 £'000
Within one year	**506**	441
After one year and within five years	**876**	1,146
	1,382	1,587

The operating lease payments are in respect of:

> The Group's UK head office in Bracknell which is renewable on an annual basis in November each year and does not have any contingent lease payments or restriction

> The company car provided to the Group's Chief Executive Officer. This lease has a three year term whereupon the leased asset is required to be returned to the lessor.

> The Group Italian's subsidiary has one operating location and storage location in Lecco, near to Milan. The operating location has a long-term rental agreement until November 2019. Rental obligations on the storage location continue until September 2020.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

31. Financial instruments
The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them.

a. Principal financial instruments
The principal financial instruments used by the Group from which financial instrument risk arises are as follows:
- Trade and other receivables (excluding prepayments).
- Cash and cash equivalents.
- Trade and other payables (excluding accruals and deferred revenue).
- Convertible bond.
- Vendor loan notes.
- Interest bearing debt.
- RiBa.

Set out below are details of financial instruments held by the Group as at:

	31 December 2016		31 December 2015	
	Loans and receivables £'000	**Total financial assets £'000**	Loans and receivables £'000	Total financial assets £'000
Financial assets:				
Trade and other receivables (a)	**4,564**	**4,564**	3,030	3,030
Cash and cash equivalents	**1,998**	**1,998**	2,857	2,857
Total	**6,562**	**6,562**	5,887	5,887

	31 December 2016		31 December 2015	
	Liabilities (amortised cost) £'000	**Total financial liabilities £'000**	Liabilities (amortised cost) £'000	Total financial liabilities £'000
Financial liabilities:				
Trade and other payables (b)	**2,987**	**2,987**	2,430	2,430
Convertible bond	**1,717**	**1,717**	-	-
Vendor loan note	**1,754**	**1,754**	1,416	1,416
Interest bearing debt	**3,673**	**3,672**	1,844	1,844
Total	**10,131**	**10,131**	5,690	5,690

(a) Trade and other receivables excludes prepayments.
(b) Trade and other payables excludes accruals and deferred revenue.

During the period, the treatment of the vendor loan notes was reviewed and as a result the classification has been revised to reflect it as a financial instrument at amortised cost rather than fair value through profit or loss.

Disclosures in respect of the Group's financial risks are set out below:

b. Financial risk management
The Group's activities expose it to a variety of financial risks: market risk of foreign exchange fluctuations, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's policies for financial risk management are outlined in the section on Principal Risks and Uncertainties in the Strategic Report on pages 18 to 20.

31. Financial instruments continued

c. Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk on sales, purchases, and translation of assets and liabilities that are in a currency other than the functional currency of its operating units.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities in euros, US dollars, Chinese renminbi and Swiss francs are shown below in the Group's presentational currency, (£).

	US$ £'000	RMB £'000	SFr £'000	Euro £'000	Yen £'000	**Total £'000**
At 31 December 2016						
Assets						
Trade and other receivables	–	23	–	3,227	–	**3,250**
Cash and cash equivalents	41	5	1	1,490	–	**1,537**
	41	28	1	4,717	–	**4,787**
Liabilities						
Trade and other payables	–	–	–	3,052	46	**3,098**
Vendor loan notes, convertible bond and interest bearing debt	–	–	–	5,011	–	**5,011**
	–	–	–	8,063	46	**8,109**
Net position	**41**	**28**	**1**	**(3,346)**	**(46)**	**(3,322)**
At 31 December 2015						
Assets						
Trade and other receivables	–	–	–	3,091	–	3,091
Cash and cash equivalents	91	150	1	957	–	1,199
	91	150	1	4,048	–	4,290
Liabilities						
Trade and other payables	90	–	1	1,911	–	2,002
Vendor loan notes and interest bearing debt	–	–	–	3,260	–	3,260
	90	–	1	5,171	–	5,262
Net position	1	150	–	(1,123)	–	(972)

The following table details the Group's sensitivity to a 10% increase and decrease in the foreign currencies used by the Group against sterling. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% weakening or strengthening of the foreign currencies against sterling.

	£ currency impact strengthening £'000	£ currency impact weakening £'000
At 31 December 2016		
Assets	**435**	**(435)**
Liabilities	**(737)**	**737**
At 31 December 2015		
Assets	368	(368)
Liabilities	(470)	470

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

for the year ended 31 December 2016

31. Financial instruments continued

d. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, and in some cases bank references.

An allowance for impairment is made when there is an identified loss event, which based on previous experience, is evidenced in the recoverability of the cash flows. Management considers the above measures to be sufficient to control the credit risk exposure.

The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. At the previous reporting date, the Group had a significant concentration of cash held on deposit with certain banks in the United Kingdom of £2,191,218. This deposit was used in part to fund the Periproducts acquisition during the year and so the cash concentration is no longer held.

The Group considers its credit risk by counterparty and geography.

At 31 December 2016, the Group was also owed £1,351,542 (2015: £1,239,283) from 1 (2015: 2) of its major customers, the balance being shown under trade receivables.

No impairment was made against any of the above amounts at any of the Statement of Financial Position dates.

The carrying amount of financial assets recorded represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained. In the Director's opinion there have been no impairments of financial assets in the periods in this financial information.

No collateral is held by the Group in relation to any of its financial assets.

Interest rate risk

The Group's principal interest-bearing assets are its cash balances.

The main principles governing the Group's investment criteria are the security and liquidity of its investments before yield, although the yield (or return) is also a consideration. The Group will also ensure:

i) that it has sufficient liquidity in its investments. For this purpose it will use its cash flow forecasts for determining the maximum periods for which funds may prudently be committed; and
ii) that it maintains a policy covering both the categories of investment types in which it will invest, and the criteria for choosing investment counterparties.

The interest rate risk profile of the Group's financial assets, excluding trade and other receivables, as at 31 December 2016 was:

	Fixed rate		Floating rate		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Sterling	**–**	–	**461**	1,658	**461**	1,658
Euro	**–**	–	**1,490**	957	**1,490**	957
RMB	**–**	–	**5**	150	**5**	150
USD	**–**	–	**41**	91	**41**	91
Swiss franc	**–**	–	**1**	1	**1**	1
Total	**–**	–	**1,998**	2,857	**1,998**	2,857

Floating rate deposits in all currencies earn interest at prevailing bank rates.

e. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management.

31. Financial instruments continued

f. Maturity of financial assets and liabilities

All of the Group's financial assets and financial liabilities at each reporting date are either payable or receivable within one year, with the exception of the non-current interest-bearing borrowings as detailed in note 28.

g. Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Group is funded by interest bearing borrowings, loan notes and equity comprising issued capital and retained profits. The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued capital and retained profits. The Group has no externally imposed capital requirements, but maintains an efficient overall financing structure while avoiding excessive leverage.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	At 31 December 2016 £'000	At 31 December 2015 £'000
Total equity	**14,358**	13,802
Cash and cash equivalents	**(1,998)**	(2,857)
Capital	**12,360**	10,945
Total equity	**14,358**	13,802
Borrowings	**7,144**	3,260
Overall financing	**21,502**	17,062
Capital to overall financing ratio	**0.57**	0.64

32. Related party transactions

The following transactions were carried out with related parties:

(a) Transactions with Directors

Total dividends paid to Directors in the year ending 31 December 2016 were £5,051 (2015: £4,872).

In March 2016 the Company issued a 9% convertible bond for £1.9 million. The bond was issued to a number of bondholders including Jerry Randall and Gianluca Braguti, both Directors of the Company. Both Directors subscribed to £200,000 of the issued bond. Interest is accrued on the bond at 9% and is paid in March, June, September and December each year (which are the same terms as the other bondholders).

Gianluca Braguti, a Director and shareholder of the Group, was provided with services by the Group totalling £2,977 (2015: £2,669). At 31 December 2016, Gianluca Braguti owed the Group £3,839 (2015: £3,304).

Gianluca Braguti, a director and shareholder of the Group, was issued a vendor loan note by the Group for €2 million as part of the Biokosmes acquisition in March 2014. The agreements covering these vendor loan notes were amended following the balance sheet date such that the latest repayment date of the loan notes was extended from July 2017 to July 2020. The interest rate on the loan was also increased from 3% in the initial loan agreement to 4%, effective from 1 August 2017 and for the remainder of the loan notes term. Interest totalling €60,000 (2015: €60,000) was charged on the vendor loan note during the year. See note 23 for further details.

Under the terms of the Share Purchase Agreement dated 28 November 2013 and signed between the Company and the vendors of Biokosmes, one of whom was Gianluca Braguti, the vendors agreed to indemnify the Company in full for any net liability arising from certain litigation cases which had not settled at the time of completion of the acquisition on 27 March 2014. At the year end the amount due to the Company under the indemnity totalled €250,935 (2015: €250,935), of which Gianluca Braguti's liability is €248,426 (2015: €248,426). There is still one litigation case outstanding, upon settlement of which, Gianluca Braguti will clear any outstanding liability with the Group.

(b) Transactions with subsidiaries:

Venture Life Limited:

During the year the Company charged Venture Life Limited £565,000 (2015: £855,000) for corporate services provided and Venture Life Limited repaid funding totalling £2,345,000 (2015: provided funding to Venture Life of £1,226,000). The Company charged Venture Life Limited interest on long-term intercompany positions of £255,262 (2015: £284,409). At year end an amount of £5,418,531 (2015: £8,138,153) was due from Venture Life Limited.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED
for the year ended 31 December 2016

32. Related party transactions continued

Lubatti Limited:
During the year the Company charged Lubatti Limited £3,000 (2015: £95,000) for corporate services provided. The Company charged Lubatti Limited interest on long-term intercompany positions of £31,265 (2015: £29,517). At year end an amount of £660,173 (2015: £626,907) was due from Lubatti Limited.

Periproducts Limited:
During the year the Company charged Periproducts Limited £982,215 (2015: £Nil) for corporate services provided. The Company charged Periproducts Limited interest on long-term intercompany positions of £39,616 (2015: £nil). At year end an amount of £1,021,831 (2015: £Nil) was due from Periproducts Limited.

Biokosmes Srl:
During the year the Company received a dividend from Biokosmes Srl of €325,000 (2015: €208,000). At year end an amount of £nil (2015: £nil) was due from Biokosmes Srl.

(c) Transactions between subsidiaries

Venture Life Limited and Lubatti Limited:
During the year Venture Life Limited provided funding to Lubatti Limited totalling £2,000 (2015: £10,000). Lubatti Limited charged royalties during the year under a licensing agreement with Venture Life for £79,000 (2015: £108,000). At year end an amount of £5,863 (2015: £75,529 due to Venture Life Limited) was due from Venture Life Limited

Venture Life Limited and Biokosmes Srl:
During the year Biokosmes provided products and services to Venture life Limited totalling £719,574 (2015: £603,479). Venture Life Limited provided services to Biokosmes Srl during the year totalling £28,275 (2015: £25,547). At year end an amount of £801,143 (2015: £330,549) was due to Biokosmes Srl.

Venture Life Limited and Periproducts Limited:
During the year Periproducts provided funding to Venture life Limited totalling £1,687,947 (2015: £nil). Periproducts Limited charged Venture Life Limited interest on long-term intercompany positions of £84,229 (2015: £nil). At year end an amount of £1,768,799 (2015: £Nil) was due to Periproducts Limited from Venture Life Limited.

Periproducts Limited and Biokosmes Srl:
During the year Biokosmes provided products and services to Periproducts Limited totalling £107,109 (2015: £nil). At year end an amount of £67,118 (2015: £nil) was due to Biokosmes Srl from Periproducts Limited.

Lubatti Limited and Tracey Malone Originals Limited:
During 2015 and 2016 there were no transactions. At year end an amount of £5,951 (2015: £5,951) was due to Lubatti Limited.

(d) Transactions with other related parties

Biokosmes Immobiliare Srl, a company 100% owned by Gianluca Braguti, a director and shareholder of the Group provided property lease services to Biokosmes Srl, the Group's Italian subsidiary, totalling €460,000 in the year to 31 December 2016 (2015: €492,000). At 31 December 2016, the Group owed Biokosmes Immobiliare Srl €692,000 (€870,000 at 31 December 2015).

Services purchased from Biogenico Srl, a company 47% owned by Gianluca Braguti, a director and shareholder of the Group, totalled £4,016 (2015: £13,185). At 31 December 2016, the Group owed Biogenico Srl £8,189 (2015: £17,786). Services provided to Biogenico Srl totalled £17,466 (2015: £26,151). At 31 December 2016, Biogenico Srl owed the Group £14,318 (2015: £7,331).

Services purchased from A. Erre, a company 10% owned by Gianluca Braguti, a director and shareholder of the Group, totalled £71,784 (2015: £7,331). At 31 December 2016, the Group owed A. Erre £4,682 (2015: £8,402).

Services purchased from Farmacia San Francesco, a company 10% owned by Gianluca Braguti, a director and shareholder of the Group, who is also a director, totalled £381 (2015: £372 provided to Farmacia San Francesco). At 31 December 2016, Farmacia San Francesco owed the Group £nil (2015: £nil).

33. Post balance sheet events

There were no material events after the balance sheet date.

PARENT COMPANY BALANCE SHEET

Company number 05651130
at 31 December 2016

	Note	At 31 December 2016 £'000	At 31 December 2015 £'000
Fixed assets			
Investments	5	**19,033**	13,265
		19,033	13,265
Current assets			
Debtors	6	**7,219**	8,881
Cash at bank		**210**	19
		7,429	8,900
Creditors			
Amounts falling due within one year	7	**(739)**	(438)
Net current assets		**6,690**	8,462
Total assets less current liabilities		**25,723**	21,727
Creditors			
Amounts falling due after one year	8	**(3,662)**	(1,373)
		(3,662)	(1,373)
Net assets		**22,061**	20,354
Capital and reserves			
Called up share capital	9	**111**	103
Share premium account		**13,289**	11,826
Convertible bond reserve		**109**	–
Merger reserve		**7,656**	7,656
Share-based payments reserve		**409**	368
Profit and loss account		**487**	401
Shareholders' funds		**22,061**	20,354

The financial statements on pages 66 to 72 were approved and authorised for issue by the Board on 22 March 2017 and signed on its behalf by:

Jerry Randall
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Convertible bond reserve £'000	Share–based payments reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2014	**51**	**2,668**	**50**	**39**	**338**	**41**	**3,187**
Restated profit for the year	–	–	–	–	–	293	293
Comprehensive income	**–**	**–**	**–**	**–**	**–**	**293**	**293**
Share-based payments charge	–	–	–	–	130	–	130
Issue of share capital	52	10,137	7,606	(39)	(150)	–	17,606
IPO and other fund raising costs recognised through equity	–	(979)	–	–	–	–	(979)
Dividends	–	–	–	–	–	(12)	(12)
Transactions with shareholders	**52**	**9,158**	**7,606**	**(39)**	**(20)**	**(12)**	**16,745**
Balance at 1 January 2015	**103**	**11,826**	**7,656**	**–**	**318**	**322**	**20,225**
Profit for the year	–	–	–	–	–	93	93
Total comprehensive income	–	–	–	–	–	93	93
Share-based payments charge	–	–	–	–	50	–	50
Dividends	–	–	–	–	–	(14)	(14)
Transactions with shareholders	**–**	**–**	**–**	**–**	**50**	**(14)**	**36**
Balance at 1 January 2016	103	11,826	7,656	–	368	401	20,354
Profit for the year	–	–	–	–	–	100	100
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**100**	**100**
Share-based payments charge	–	–	–	–	41	–	41
Convertible bond reserve	–	–	–	109	–	–	109
Issue of share capital	8	1,463	–	–	–	–	1,471
Dividends	–	–	–	–	–	(14)	(14)
Transactions with shareholders	**8**	**1,463**	**–**	**109**	**41**	**(14)**	**1,607**
Balance at 31 December 2016	**111**	**13,289**	**7,656**	**109**	**409**	**487**	**22,061**

1. Company Information

Venture Life Group Plc is a publicly traded company on the UK alternative investments market ("AIM"), incorporated in the United Kingdom whose registered office, and principal place of business, is at:

Venture House, 2 Arlington Square, Downshire Way
Bracknell, Berkshire RG12 1WA

The principal activity of the company is the holding of the Group's share capital and provision of management services to the Group.

2. Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

> the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
> the requirements of Section 7 Statement of Cash Flows;
> the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
> the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
> the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
> the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
> the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Investment in subsidiary undertakings and impairment review

Investments in subsidiary undertakings where the Company has control are stated at cost less any provision for impairment. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

Share-based payments

The Company issues equity-settled share-based payments to certain employees and others under which the Group receives services as consideration for those equity instruments in the Company. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense in the Group's Statement of Comprehensive Income over the vesting period on a straight-line basis, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the awards at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of share options expected to vest at each reporting date.

When the share options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

When an agreement is reached for the settlement of a fixed liability for a fixed number of the Company's shares ("Fixed for Fixed") the value of the liability is de-recognised and is recognised in the share-based payments reserve at the date of the agreement.

When the Company grants options over equity instruments directly to the employees of a subsidiary undertaking, the effect of the share-based payment, as calculated, is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

for the year ended 31 December 2016

2. Accounting convention continued

Deferred tax is measured at the rates that are expected to apply in the period when the timing differences are expected to reverse, based on the tax rates and law enacted or substantively enacted at the balance sheet date.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are charged/credited to the profit and loss account.

3. Profit attributable to members of the parent Company

As permitted by s408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The profit dealt with in the financial statements of the parent Company was £100,000 (2015: profit of £93,000).

The current auditors' remuneration in respect of audit services provided to the Company is disclosed in note 7.

4. Directors' remuneration

Details of Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 28 to 31.

5. Investments

	Investments in subsidiary undertakings Shares £'000	Capital contributions from share-based payments £'000	Other investments £'000	Total £'000
Cost				
At 1 January 2015	12,993	268	31	13,292
Additions	–	4	–	4
At 1 January 2016	12,993	272	31	13,296
Additions	5,763	5	–	5,768
At 31 December 2016	**18,756**	**277**	**31**	**19,064**
Accumulated Impairment				
At 1 January 2015	–	–	(31)	(31)
Charge for the year	–	–	–	–
At 1 January 2016	–	–	(31)	(31)
At 31 December 2016	**–**	**–**	**–**	**–**
Net book value				
At 31 December 2015	12,993	272	–	13,265
At 31 December 2016	**18,756**	**277**	**–**	**19,033**

5. Investments continued

Venture Life Group plc has four UK subsidiary undertakings, Venture Life Limited (Company number 07186207), Lubatti Limited (Company number 06704099), Tracey Malone Originals Limited (Company number 06703243) and Periproducts Limited (Company number 02864374) which are all incorporated in England. It also has one Italian subsidiary and one Swiss subsidiary.

Name of subsidiary	Class of holding	Proportion held directly	Location
Venture Life Limited	Ordinary	100%	UK
Lubatti Limited	Ordinary	100%	UK
Tracey Malone Originals Limited	Ordinary	100%	UK
Periproducts Limited*	Ordinary	100%	UK
PermaPharm AG	Ordinary	100%	Switzerland
Biokosmes SRL	Ordinary	100%	Italy

* Periproducts Limited was acquired on 4 March 2016. See note 14 for further information.

6. Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Other debtors	**48**	67
Other taxation	**47**	–
Prepayments and accrued income	**18**	44
Amounts owed by Group undertakings	**252**	2,171
	365	2,282
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	**6,854**	6,599
Aggregate amounts	**7,219**	8,881

7. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**88**	76
Other taxation and social security costs	**23**	25
Accruals and deferred income	**356**	249
Vendor loan notes	**54**	43
Convertible bond	**171**	–
Other payables	**47**	45
	739	438

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

for the year ended 31 December 2016

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

Vendor loan notes

Pursuant to the acquisition of Biokosmes Srl in March 2014, the Company issued to the vendors of Biokosmes vendor loan notes with a face value of €2.0 million and which paid an annual coupon of 3%. Under the terms of the loan notes, the loan notes were due to be repaid in full at the latest by the Company in July 2016. The repayment date of these loan notes has been extended to July 2020 following the period end. The interest due on the loan notes was also increased from 3% to 4% effective 1 August 2017.

	£'000
Fair value of loan vendor notes at 31 December 2015	1,416
Foreign exchange movements	237
Accrued interest not paid	12
Change in fair value of vendor loan notes	89
Fair value of vendor loan notes at 31 December 2016	**1,754**
Current element of vendor loan note liability	54
Non-current element of vendor loan notes liability	1,700
	1,754

The interest expensed for the year is calculated by applying an effective interest rate of 3% from the date the loan notes were issued (subsequently updated to 4%, effective 1 August 2017). The carrying value of the vendor loan notes is determined with reference to the present value of the principal amount of the loan note to be settled in the future, together with the present value of the future interest payments to be made under the terms of the loan note. The equity element of the Group's vendor loan notes included in 2015 and 2016 was not considered material.

Convertible bonds

During the period a convertible bond with a principal value of £1.9 million was issued as part of the funding for the Periproducts acquisition. The bond carries a 9% coupon with interest payable quarterly over a three year term with full repayment of the convertible bond due on 3 March 2019. Bondholders have the right to convert their bonds to shares in the Group at a conversion price of 87.5p per Venture Life share (87.5p representing a 25% premium to the 70 pence placing price of the new equity at the time of the acquisition) which can be exercised at any point before 3 March 2019.

Under IAS 32, this convertible bond is accounted for as a compound financial instrument. The fair value of the convertible bond is determined using a discounted cash flow method. The difference between the £1.9 million principal value of the bond and the present value of the future fixed interest payments and capital repayment is recorded in equity as a convertible bond reserve, representing the value of the convertible element of the bond.

Bond issue fees incurred have been allocated between liabilities and equity as a proportion of the value of each element. The fees held against the liability element are released to the Income Statement over the three year life of the bond.

The value of the liability and associated costs are held on the balance sheet at amortised cost. The initial amortised cost valuation gave a carrying value, net of fees, of £1.6 million which was recorded as a liability at 4 March 2016. This will increase to its principal value of £1.9 million over the life of the bond to 3 March 2019, with interest costs being taken to the Income Statement on a monthly basis. The resulting equity value is £0.1 million which is recorded as a convertible bond reserve.

	£'000
Fair value of convertible bond at inception (4 March 2016)	1,640
Accrued interest not paid	14
Change in fair value of convertible bonds	63
Fair value of convertible bonds at 31 December 2016	**1,717**
Current element of convertible bonds liability	171
Non-current element of convertible bonds liability	1,546
	1,717

Deferred consideration

Deferred consideration reflects the fair value of a loan held by the Company with the vendors of Periproducts. The loan principal of £400,000 is repayable in March 2019 and has an annual interest charge of 10% from September 2017.

The fair value of deferred consideration included in non-current liabilities at the balance sheet date was £416,000 (2015: £nil).

9. Share capital

	2016 £'000	2015 £'000
Allotted, issued and fully paid:		
36,837,106 (2015: 34,403,534) Ordinary shares of 0.3p each	**111**	103

The Company has removed the Authorised Share capital from its Memorandum and Articles of Association as allowed by Companies Act 2006.

10. Post balance sheet events

There were no material events after the balance sheet date.

SHAREHOLDER INFORMATION

Company contact details and registered office

Venture House
2 Arlington Square
Bracknell
Berkshire
RG12 1WA

Incorporated and registered in England and Wales with No. 05651130

Company Secretary

Peter Shepherd

Website

Further information on the Group can be found on our website at www.venture-life.com

Share price information

The latest Venture Life share price can be obtained via a number of financial information websites.
Venture Life's London stock exchange code is VLG.

Shareholder enquiries

Enquiries concerning shareholdings, change of address or other particulars, should be directed in the first instance to the Company's registrars:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Telephone: 0870 162 3100
(Calls cost 10p/minute plus network extras. Lines are open 8.30am-5.30pm Mon-Fri. If calling from outside the UK please dial: +44 (0)20 8639 3399)

Investor relations

Any shareholders with enquiries regarding the Group are welcome to contact Jerry Randall on +44 (0)1344 742 870. Alternatively, they can e-mail their enquiry to ir@venture-life.com.

Copies of this report are being sent to all shareholders. Copies are also available at the registered office of the Company, Venture House, Arlington Square, Bracknell, Berkshire RG12 1WA.

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