Benchmark
Holdings plc

ANNUAL REPORT
2014


FAI Ardtoe Marine Research Facility

Benchmark Holdings plc

Benchmark's core focus is driving sustainability throughout the food chain and establishing the highest possible standards of animal health and welfare. All the markets in which the Group operates are growing rapidly, driven by a global need to find more sustainable food sources. Aquaculture is a particular focus for the Group, as it now provides more animal protein to the global market than beef.

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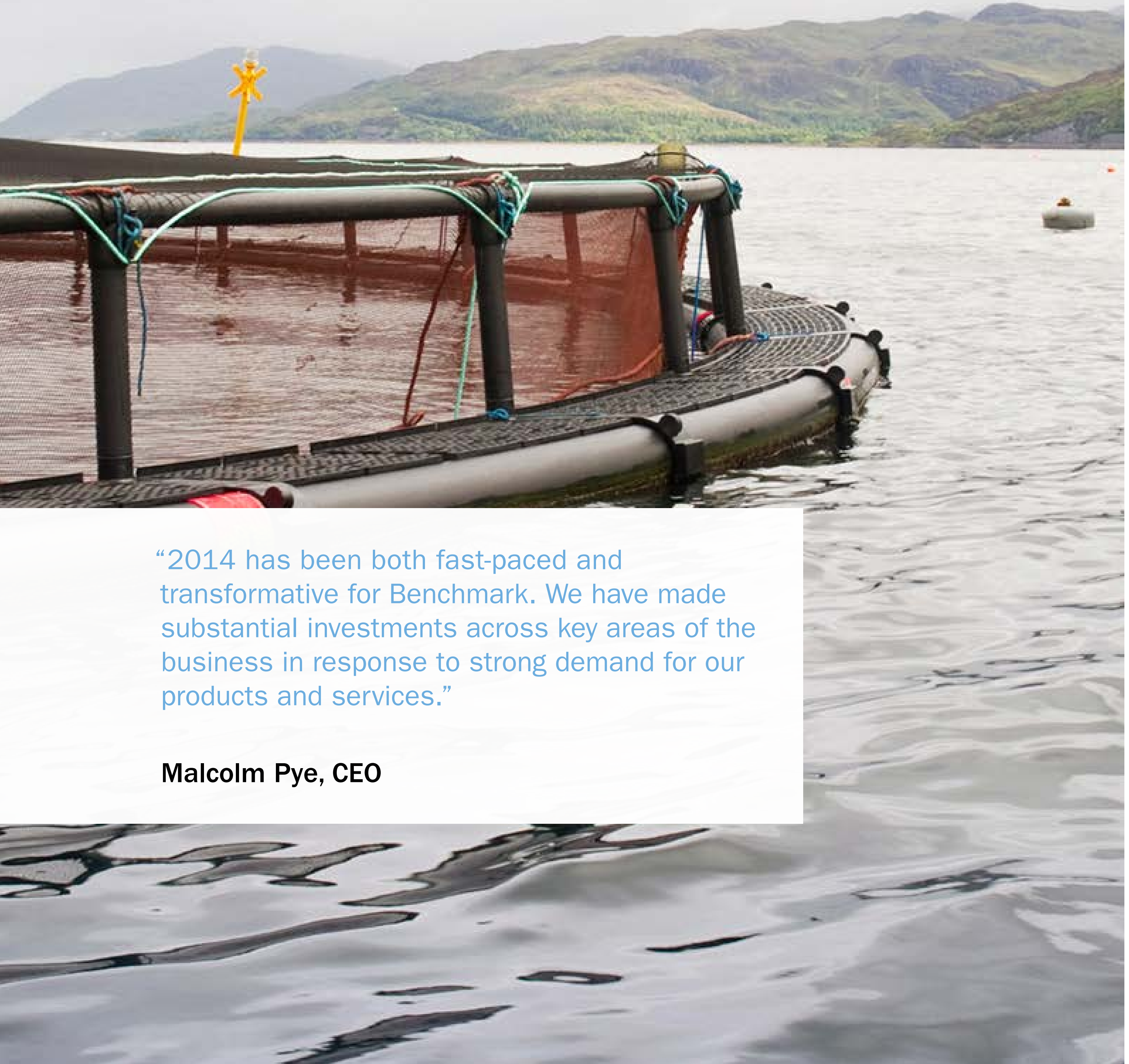
Sheffield
S35 1QN
Registered number: 04115910

Our 2014 Annual Report is an integrated report which presents our financial and sustainability performance, underlining the existing connections between competitive environment, Group strategy, business model, risk management and corporate governance.



Loch Carron, Scotland

“2014 has been both fast-paced and transformative for Benchmark. We have made substantial investments across key areas of the business in response to strong demand for our products and services.”

Malcolm Pye, CEO

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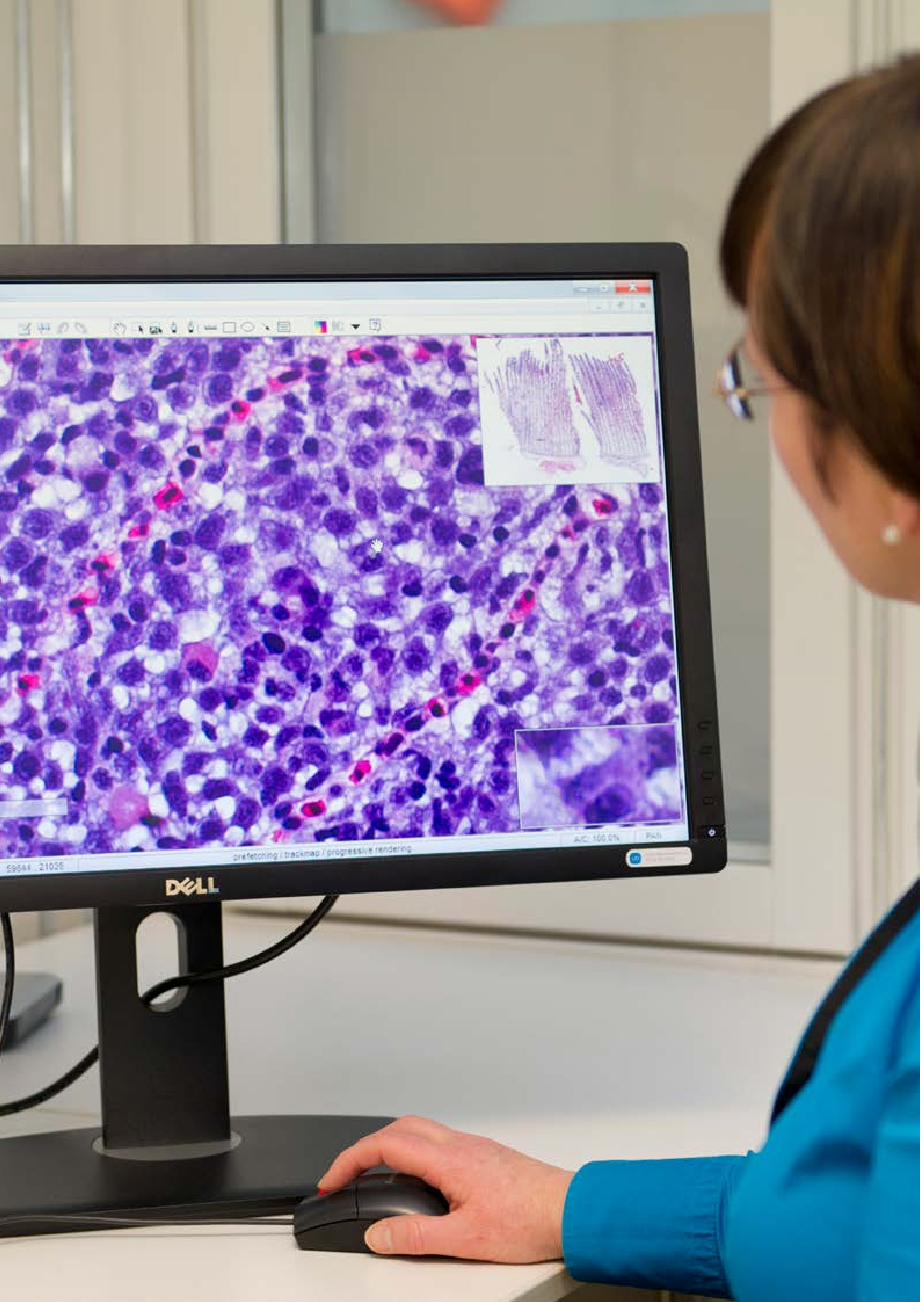
FAI Oxford



FVG Norge

WHY WE DO WHAT WE DO

Since Benchmark's inception in 2000, there have been some profound and unprecedented shifts in the production of food globally. As we move towards a predicted global population of 9.6bn by 2050, and a swelling middle class of 4.8bn by 2030, on a planet of finite resources, the need for sustainable supply chains has never been more pressing.

Growing population
9.6bn people by 2050
(from 7.28bn in 2014)

Source: UN World Population Prospects, 2012 Revision

Rising incomes
4.8bn middle class by 2030
(from circa 1.8bn in 2009)

Source: The Brooklings Institution (global middle class defined as households with daily expenditure of \$10–\$100 per person)

Increased urbanisation
66 per cent urban by 2050
(from 54 per cent in 2014)

Source: UN World Population Prospects, 2012 Revision

The global food system has accomplished a great deal to meet the needs of feeding a world that is more urban, affluent and populous. However, it must continue to advance in order to deliver more calories and better nutrition at even higher levels of efficiency while also conserving land, water and energy resources and adapting to a changing climate.

Benchmark's unique ability to innovate to make food more plentiful, accessible and sustainable through more responsible and ethical practice sits at the core of our business model.

With four divisions and bases in 11 countries around the world, we engage with the world's major industries at every stage of food production to help repair and build a global food chain that is more efficient, economical, ethical and environmentally friendly, and that can serve the future of humanity.

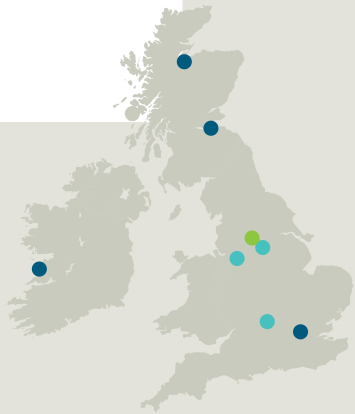
Through our international client base — which ranges from food producers, processors, retailers and industry bodies through to pharmaceutical companies, veterinarians, governments and centres of excellence — we are able to access and develop improvements in efficiency at every stage of the food chain, driving forward innovation across green technologies, manufacturing, packaging and distribution, and fostering greater sustainability in food harvesting.

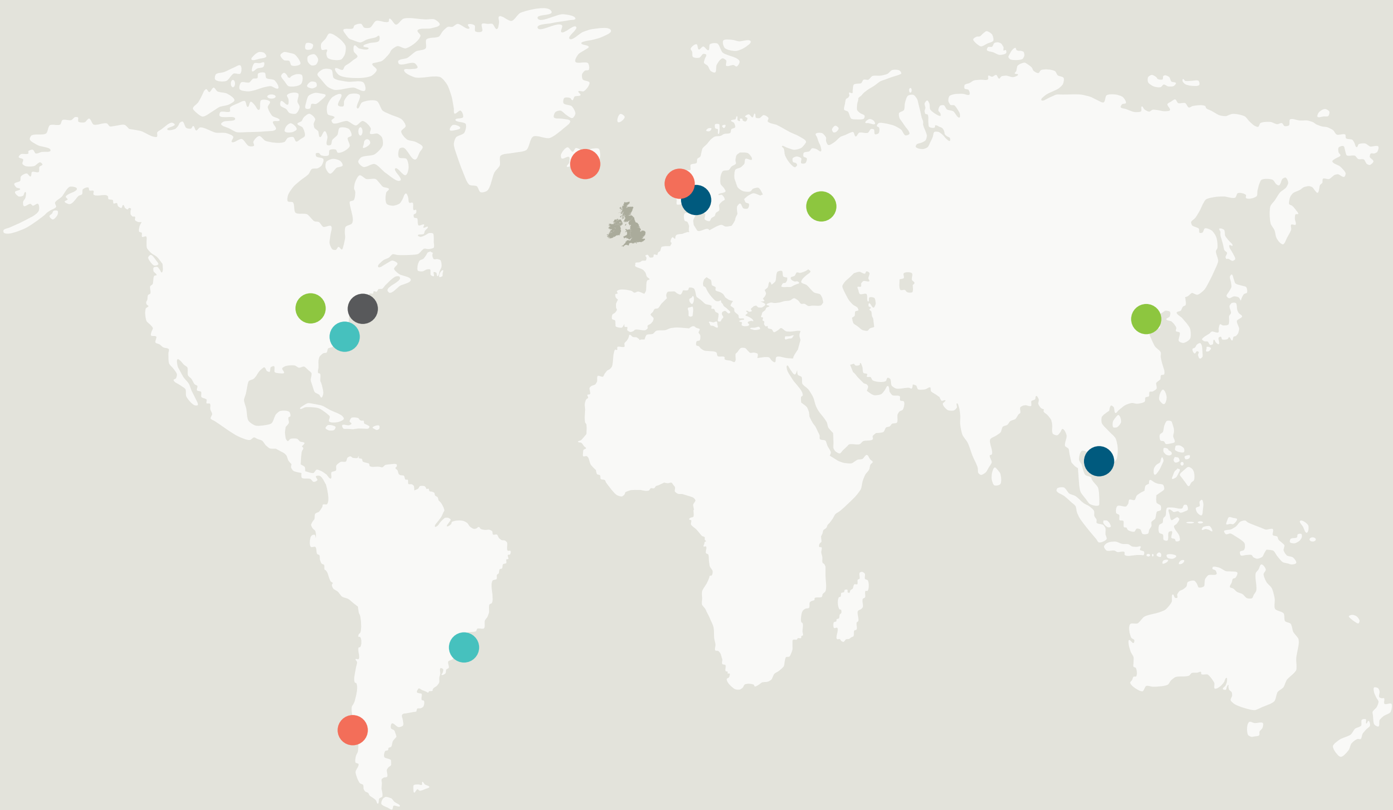
Our partnerships with universities, think tanks, non-governmental organisations and thought leaders drive research, innovations and solutions which inform our day-to-day business practices which we are able to communicate directly to our market via our world-leading news websites and publications that have a growing global readership of over six million.

BENCHMARK AT A GLANCE

First-class team with expert knowledge and practical experience

280 people* in 11 countries across 4 continents

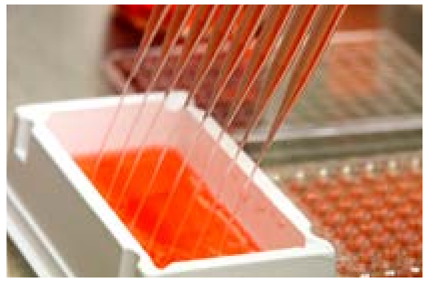




28 per cent growth in Benchmark's revenue from 2013

Active in markets worth $180bn worldwide

* As of January 2015, following the acquisitions of Stofnfiskur and SalmoBreed



Provider of products and services to the agriculture and aquaculture industries

State-of-the-art aquatic health clinical and diagnostic laboratories in North America, Europe and Asia

Sustainable research farms in England, Scotland and Brazil

Over £20m set aside for expansion and improvement of vaccine manufacturing facilities

£6.5m investment in research and development (R&D) including acquired intangibles in FY14

Long-term partnerships with scientific centres of excellence including Oxford University, University of Reading, St Andrew's University, Moredun Research Institute, Norwegian Veterinary Institute and University of Maine

STRATEGIC REPORT

02

Benchmark's aim is to become the world-leading aquaculture health specialist and a leading global player in each of its markets

Benchmark Vaccines, Braintree

WHAT'S IN THIS SECTION?

OUR MARKETS

Aquaculture
$119bn global market

- Aquaculture fastest-growing food-producing sector
- $119bn global market, now larger than beef (Source: Food and Agriculture Organisation, FAO)
- Provides almost half of all fish for human food, projected to rise to 62 per cent by 2030 (FAO)
- Employment in the fisheries and aquaculture sector has grown faster than the world's population (in percentage terms) (FAO)
- Between 2000–2012, fish aquaculture production increased by 103 per cent (FAO)
- FAO estimates 40 per cent of shrimp production is lost due to disease; this is the equivalent of more than $3bn

Animal Health
$22bn global market

- Animal medicines and vaccines sector estimated at $22bn within the estimated $92–102bn animal health industry (includes diagnostics, medicated feed, veterinary services) (Source: Vetnosis)
- Animal medicines and vaccines sector projected to grow at a CAGR of 5.7 per cent per year (2011–2016) (Source: Vetnosis)

Global Sustainability Consulting
$13.8bn global market

- Verdantix estimates global sustainability consulting market at $13.8bn. Of this, $1.2bn categorised as strategic and management consulting services and $12.6bn technical sustainability consulting
- Overall sustainability consulting market estimated to be growing at 4–5 per cent, per annum. Growth projected to continue accelerating as developed economies emerge from global recession

Science, Technical & Medical Publishing
$26bn global market

- The Group's technical publishing division sits primarily within the agriculture segment of the STM (science, technical and medical) publishing market. STM market estimated in 2011 as a $26bn market with a projected growth from 2013–2014 estimated at 5.3 per cent, and CAGR from 2009–2014 of 5.0 per cent (Source: Outsell 2011)

OUR STRUCTURE

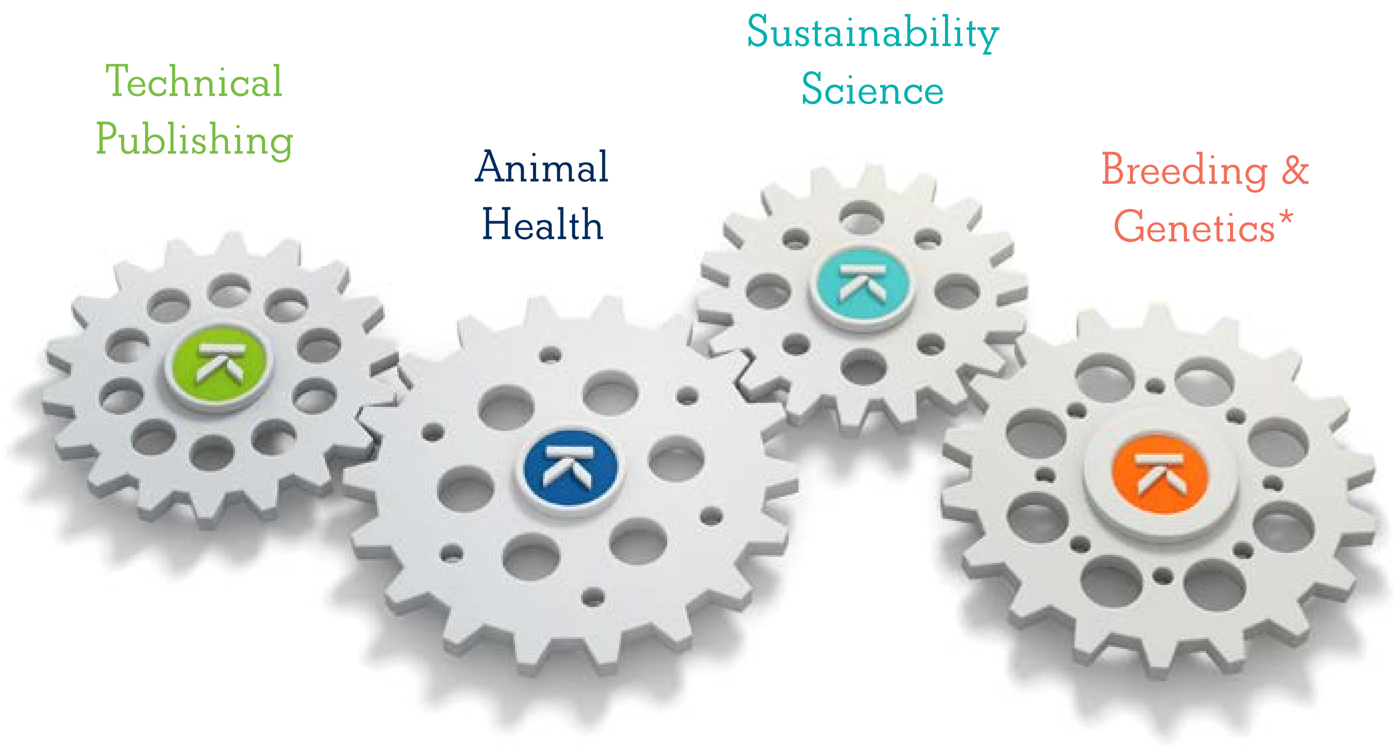
Our goal is to become a leading global player in each of our markets. Benchmark's divisions all support and influence one another, providing added insight and expertise across the breadth of the food chain and driving efficiency. Our intention is to build a diversified and balanced food sustainability group through investment in four key areas:

- High-quality scientific R&D
- Growing a strong business development team
- Attracting the highest calibre of people
- Expanding into existing and new business sectors through targeted acquisitions

During FY14 the Group operated 3 divisions;

- Animal Health
- Sustainability Science
- Technical Publishing

Since the year-end the Group has added a fourth division, Breeding and Genetics, following the acquisition of SalmoBreed AS and Stofnfiskur HS.



* New division added post year-end, December 2014

RESULTS IN BRIEF

	2014	2013
Revenue (£m)	**35.4**	27.5
EBITDA from Trading Activities[1] (£m)	**6.6**	7.4
(Loss) profit before tax (£m)	**(1.4)**	4.9
Basic earnings per share from Trading Activities[2] (p)	**3.29**	5.59
Basic (loss) earnings per share (p)	**(1.04)**	4.72
Investment in scientific R&D (including acquired intangibles) (£m)	**6.5**	0.9
Net cash balance at period end (£m)	**16.5**	1.7

Successful flotation on AIM raising **£24.7m (net)** of new equity

28% increase in revenue to **£35.4m**

Increase in headcount of 63 in the year to **222**

Increase in product pipeline from **30 to 47**

Successful completion of secondary fundraise of **£70m** post year-end to fund acquisition of SalmoBreed and Stofnfiskur to create a world leading salmon and aquaculture business

Over **£20m** set aside to expand vaccine manufacturing capabilities at UK sites in response to growth seen across vaccines business

[1] EBITDA from Trading Activities excludes costs relating to Investing Activities from reported IFRS numbers. Investing Activities comprise exceptional IPO related costs of £1.6m (2013: £0.2m), exceptional lease termination costs of £0.1m (2013: £nil), acquisition costs of £0.4m (2013: £0.1m), pre-operational expenses for new ventures of £1.6m (2013: £0.2m) and research and development expenditure of £2.7m (2013: £0.8m).

[2] Earnings per Share from Trading Activities excludes costs relating to Investing Activities from reported IFRS numbers. Investing Activities comprise exceptional IPO related costs of £1.6m (2013: £0.2m), exceptional lease termination costs of £0.1m (2013: £nil), acquisition costs of £0.4m (2013: £0.1m), pre-operational expenses for new ventures of £1.6m (2013: £0.2m) research and development expenditure of £2.7m (2013: £0.8m), and related tax credit on the above adjustments of £0.9m (2013: £0.4m).

HIGHLIGHTS OF 2014

Successful IPO and secondary fundraise

- £27.5m raised at IPO in December 2013 to fund the development of our product pipeline, expansion of our vaccine production facilities, and to harness acquisition opportunities
- Since year-end, an additional £70m, raised to fund the dual acquisition of SalmoBreed AS and Stofnfiskur HF and increase the vaccine manufacturing capacity

Launch of three pipeline products

- Mydiavac® — Launched in July 2014, giving Benchmark immediate presence in a new sector with this unique, inactivated Enzootic abortion vaccine for sheep
- PondDtox® — Developed with partner company Novozymes and launched in North America, this new product is a world-leading microbial solution that can both prevent and remedy hydrogen sulphide toxicity in the water used for fin-fish aquaculture
- Vaccine for a skin disease in cattle, toll manufactured by Benchmark Vaccines

Increase of pipeline from 30 to 47 products including:

- Acquisition of next-generation aquaculture vaccine technology platform
- £1.9m acquisition of Zoetis aquaculture vaccine assets
- Development agreement signed with HypoPet AG (‘HypoPet’) to bring to market a breakthrough cat allergy vaccine by 2018
- HypoCat™ development brings into Benchmark VLP (virus like particle) vaccine technology and opens up a new, large scale (c.£250m) high-margin market for the Group
- Total pipeline addressable market of £397m per annum

Increased merger and acquisitions activity

- Increasing number of acquisition opportunities being developed and progressed
- Acquisition of Old Pond Publishing, bringing 120 new authors and contributors, and 450 new titles, books, e-books and programmes
- Since year-end, acquisition of two leading salmon breeding and genetics companies, SalmoBreed and Stofnfiskur, creating a world-class salmon and aquaculture business

Expansion of vaccine production capacity

- Braintree development — Phase 1: new office and marketing suite is complete. Phase 2: antigen-manufacturing facility is underway
- Edinburgh BioCampus — Development of existing building and new factory is underway in order to significantly increase the projected vaccine manufacturing capacity at the site
- Integrated marine research facility rebuild underway on the west coast of Scotland

Increased global outreach

- Purpose-built laboratories opened in Norway and Thailand to provide rapid-response clinical services and veterinary diagnostics to these prominent markets
- First Russian publication — AgriTimes.ru, and Latin American publication — Elporcino.com
- New website for global sheep industry — TheSheepSite.com

CHAIRMAN'S STATEMENT

"Following the successful IPO in December 2013, which raised net proceeds of £25m, I am delighted to inform you that the Company has made notable progress in deploying those funds through significant investment in expanding manufacturing capacity, securing bolt-on acquisitions and new product development. All these initiatives were flagged at IPO as being central to our growth strategy.

The largest acquisition in the period was that of aquaculture vaccine assets from Zoetis, which has expanded the Company's new product portfolio and accelerated its development. Acquisitions form a key part of the Group's growth strategy and I am pleased to report that our activity in this area has increased significantly over the last few months, culminating in the dual acquisition of leading salmon breeding and genetics companies, SalmoBreed and Stofnfiskur in December 2014, creating a world-leading salmon and aquaculture business. We are continuing to evaluate a number of further opportunities."

The Hon. Alexander Hambro
Chairman

General overview

Your company has had a busy and productive year and I am pleased to be able to present this inaugural report and accounts as a public entity. Benchmark has exacting but achievable strategic ambitions within a substantial global market for animal health products and services. Whilst there is a long way to go for the business, major steps have been taken since the IPO in December 2013 to deliver these objectives both in terms of the products and services that Benchmark is bringing to market but also in the judicious acquisition of businesses and technologies that complement the Company's existing operations.

The various Executive Director's reports contained further in this document will provide you with detailed explanations of the strategic, operating and financial performance of your company during the year under review and so I will confine myself to reporting on the significant highlights and provide shareholders with an insight into the Company's tactical rationale.

An important component in understanding Benchmark's long term objectives is to note how the Income Statement is divided into Investing Activities and Trading Activities. The Investing Activites category reflects how the Group's financial resources are devoted to developing and expanding the pipeline of proprietary animal health products and services. The Trading Activities category reflects how these products and services, once fully developed, are performing in their various markets. We are committed to investing significant resources to secure the long term trading prospects for the business and, as mentioned later in this report, our pipeline of products currently in development has an estimated revenue potential in excess of £350m. We will continue to invest significantly in this pipeline over the next few years whilst ensuring that the revenue producing divisions are prudently managed so as to achieve their growth-oriented targets.

Financial overview

Revenue for the period was £35.4m (2013: £27.5m), an increase of 28 per cent.

The principal driver of this growth was sales of the Group's proprietary animal health products which rose by 22 per cent. The majority of this increase arose from the inclusion of Salmosan® sales in Chile for a full year (2013: 7 months). Salmosan® is the Group's market-leading sea lice treatment. The Group's development of sea lice products, to improve on Salmosan's effectiveness, has continued to make progress and should be in a position to impact revenues in the forthcoming financial year.

The Group's earnings are set out in the Consolidated Income Statement. The Group made an operating loss of £1.2m (2013: operating profit £5.1m) due to an increase in operating costs year on year reflecting the increased scale of Group operations, and a significant increase in spend on Investing Activities as outlined below. Loss per share, both basic and diluted, was 1.04p (2013: basic earnings per share of 4.72p and diluted earnings per share of 4.56p).

EBITDA from Trading Activities (the full reported numbers excluding the costs relating to Investing Activities) fell by 11 per cent to £6.6m (2013: £7.4m), as the increased contribution from Salmosan® in Chile was offset by investment in production infrastructure as the Group gears up for further growth.

Operating costs relating to Trading Activities (excluding amortisation and depreciation) increased by £2.8m to £8.3m (2013: £5.5m), reflecting the Group's organic and acquisitive growth with five acquisitions completed since March 2013. Group headcount has increased from 159 at the start of the period to 222, primarily in order to deliver the acceleration of our new products pipeline and other planned growth. Our ability to attract the highest calibre and most talented people from within our sector demonstrates our commitment to investing in the development of our team.

Costs relating to Investing Activities have increased by £5.2m year on year to £6.4m (2013: £1.2m) demonstrating the Group's strategy to invest in the growth of future revenue. These costs include R&D expenditure of £2.7m (2013: £0.8m), pre-operational expenses for new ventures of £1.6m (2013: £0.2m), acquisition related costs of £0.4m (2013: £0.1m), the exceptional costs of £1.6m relating to the IPO (2013: £0.2m) and exceptional lease termination costs of £0.1m (2013: £nil). R&D expenditure is classified as an Investing Activity as it is one of the Group's key investment objectives.

On 18 December 2013 the Company was admitted to AIM. The IPO raised gross proceeds of £27.5m through the issue of 43m new ordinary shares. Total IPO related costs (including share-based payment schemes) incurred in the period under review amounted to £3.1m. Of this, £1.6m has been treated as exceptional costs and charged to income with the balance of £1.5m being offset against share premium.

FAI Oxford

Strategic overview

As outlined in the Company's Admission Document, your company's goal is to become the world-leading aquaculture health specialist and a leading global player in each of our markets. Our intention is to build a diversified and balanced food sustainability group through investment in four key areas: high-quality scientific R&D; growing a strong business development team; attracting the highest calibre people; and expansion into existing and new business sectors through targeted M&A.

Benchmark has made progress in all these areas across all its divisions since flotation, ranging from an increase in the global workforce of 40 per cent to investment in the establishment of our state-of-the-art vaccine production facilities at the BioCampus near Edinburgh and at our existing vaccine facility in Braintree.

Most importantly, as Malcolm explains in the CEO review starting on page 20, Benchmark's focused approach to synergistic M&A opportunities resulted both in the acquisition of aquaculture assets from Zoetis during the accounting period, an important step in not only improving the Company's Intellectual Property ('IP') portfolio but also accelerating the R&D pipeline. Furthermore, with the acquisition, post year-end, of SalmoBreed and Stofnfiskur, two leading salmon breeding and genetics companies, a new Breeding and Genetics division for the Group was created.

Governance and the Board

In preparation for its listing on AIM during the year, the Company made a number of changes in its corporate governance. Three new Non-executive Directors were appointed (Susan Searle, Basil Brookes and myself as Chairman) joining the three Executive Directors on the Board (Malcolm Pye — CEO, Roland Bonney — COO and Mark Plampin — CFO). The Board established an Audit Committee, a Remuneration Committee and a Nominations Committee which have responsibilities as described in the Corporate Governance section of this report starting on page 80.

As Chairman, it has been my primary responsibility to lead the Board and ensure its effectiveness. The Board has had a full schedule of meetings, presentations, training sessions, papers and time spent one-to-one between the Executive Directors and the Non-executive Directors to ensure that the Board functions effectively, stays informed, and knows the business and its people in depth. The breadth of issues addressed by the Board is illustrated on page 83. In addition, my fellow Non-executive Directors and I have conducted site visits around the businesses since our appointment in December 2013. Board meetings have been held at different sites throughout the year to give the Board familiarity with the Group's geographically dispersed operations.

Both Susan Searle and Basil Brookes have worked hard to ensure the Audit and Remuneration functions have been robustly conducted and established and you will find their respective detailed statements on these important areas later in this report.

Employees and sustainability

I have been very impressed with the calibre and commitment of the Company's employees that I have met since taking on my role as Chairman earlier in the year. I would like to thank all our employees for their continued efforts as they focus on executing the Company's strategy and on putting our values into action for the benefit of all our stakeholders.

We are proud to be a leader in running our business in accordance with the three 'E's: Environment, Ethics and Economics. We describe how we do this on page 37 within the Sustainability section of this Report.

Outlook

Your Board is pleased that the Company is successfully executing the growth strategy set out at the time of the IPO and is optimistic about the opportunities ahead. We are enthusiastic about the continued development of the new product pipeline and progress with corporate acquisitions where the Company is evaluating a number of targets. We have been successful in diversifying our revenues away from Salmosan and this, together with the relative resilience that the product has shown to the introduction of generics, puts us in a solid position. The integration of Stofnfiskur and SalmoBreed is progressing well with early indications of synergies and growth opportunities materialising as expected.

The Hon. Alexander Hambro
Chairman
26 January 2015

CHIEF EXECUTIVE'S STATEMENT

"2014 was an outstanding year for Benchmark, beginning with the delivery of a highly successful IPO that is enabling us to unlock the immense potential in the dynamically growing markets in aquaculture, animal health and sustainable food production where we are becoming leading technology providers.

Our overall results for the year demonstrated solid performance in line with market expectations, with growth across the Group driving revenue up 28 per cent on 2013. Notwithstanding the commitment of senior management resource that went into the IPO, the management team has, throughout the year, also made strong progress with the implementation of the Group's overall strategy. This has been a year of significant progress on building the foundations for long-term success."

Malcolm Pye
Chief Executive Officer

The Group's core business is in areas where there is a clear and immediate need for rapid development on a global scale. Examples of this are the increase of aquaculture production to replace declining marine and freshwater wild catch, the development of sustainable food production methods to reduce the food industry's considerable impact on the environment, the world wide need for technical knowledge, and the need to replace drugs with preventative medicines like vaccines. These are urgent concerns for humanity which are driving the long-term growth and development of our business and which we believe will continue to be key factors in these major markets.

In summary

The highlights of 2014, set out on page 15 demonstrate that the Group is well positioned to deliver long-term growth in revenues and EBITDA.

Our maiden year as a public company has seen the continuation of the fast-paced transformative development for the Group that we anticipated over the last decade. This environment presents the Group with many significant business opportunities. We continued to take advantage of this throughout the year and have made substantial investments in key areas to support our long-term strategy for sustainable growth.

Delivering Group strategy

The Benchmark group works as a 'gear box' to the 'engines of production' that are our core customers in the aquaculture, agriculture and food industries, whereby we provide the mechanisms for improvement through technical development. Our business divisions all support and influence one another, providing added insight and expertise across the breadth of the food chain, and driving efficiency.

Our core areas of focus within this are:

- Innovating products and technologies driving improved efficiency of production
- Development of the science and methodologies needed for advancing sustainable production
- Providing the technology and systems to drive product quality improvement programmes
- Delivering knowledge, training and education to our industries

Benchmark's overall strategy is to continue to grow the existing business whilst at the same time expanding into areas where the same fundamental biology can be exploited to drive innovation, development and synergies across the Benchmark companies.

At this point in our development, the key components required to ensure that we continue delivering this long-term growth strategy are:

1. Our people — We have to continue to attract and retain the highest calibre people to drive forward our development. We have grown the Benchmark team through the year with strong new recruits.
2. Investing strongly to build leadership capability in scientific research — This has been a very important year as we set out to sharply step up our research capability. We have made some very substantial progress and are pleased with the rapid increase in output that is being achieved.
3. The investment in our people and R&D programmes needs to be matched with investment in the high-quality production facilities and infrastructure needed to support our business development through this period of dynamic growth — this work is now well underway with major projects progressing across the business.

Group performance

Growth in sales has been positive and our leading products have performed well. The entry of a generic to the market in Norway did not impact sales of our sea lice treatment Salmosan® as negatively as predicted, with total sales remaining strong and trading ahead of management forecasts.

We have also seen volume growth across our vaccine business and have commenced significant investment at our UK sites in Edinburgh and Braintree to expand capacity in order to progress contract-manufacturing opportunities and provide the capability to manufacture new products coming out of our own development pipeline in the future.

Overall sales in the animal health business were up 27 per cent and towards the end of the year we had three product launches: Mydiavac® , the first of our own vaccines against Chlamydia in sheep, PondDTox® , an innovative water treatment launched together with Novozymes in the USA for fin-fish aquaculture, and a new contract-manufactured cattle vaccine. These are predicted to contribute to further revenue growth in 2015 and demonstrate our ability to bring vaccines and new products to market; an increasing feature of our business going forward.

Our vision for the Technical Publishing business is to be a leading provider of news and commentary in order to create the platform to facilitate knowledge transfer and specialist education to those engaged in the agriculture, aquaculture and food chain industries. Part of our drive to grow this area of the business has been through expansion into new markets including Russia, Latin America and the companion animal sector. There is growing demand for these services. Revenues have grown in our technical publishing business by 23 per cent as advertising revenues have increased, the distance learning business has grown and technical book sales have also increased partly as a result of the acquisition of Old Pond Publishing in the second half of the year.

Revenues also increased by 46 per cent in the Sustainability Science division, as investment in vaccine trials facilities and new research facilities started to come into operation towards the end of the year. We are seeing growth in demand for our services as a result of increasing recognition by business managers across the globe of the importance of addressing the sustainable production challenges and doing business in a more responsible, socially and environmentally-acceptable way. The 2013 UN Global Compact-Accenture CEO Study on Sustainability reported that 80 per cent of global CEOs see sustainability as the primary route to growth in innovation and leading to competitive advantage in their industries and 93 per cent see it as important to the future of their business.

Transformative acquisitions strategy

Benchmark's strategy is based on long-term investment in high-value, research biology based business in the agri-food sector. This, coupled with a high level of reinvestment and our management team's ability to move quickly to access opportunities in these fast evolving markets, has allowed us to progressively position ourselves as a leader in each of our sectors.

Benchmark recognises that in some situations there is a stronger rationale for acquiring a business or technology than there is for developing that capacity in-house, and we continue to evaluate targeted acquisitions as part of our overall business development strategy. We have built a strong business development team to manage this work and where it is to our advantage we also work with external M&A advisors (Equity Strategies) to support and add additional strength to this strategic development work. In 2014 we successfully integrated five complementary businesses into the Group, adding capacity, expertise, know-how and additional revenue streams across each of our business divisions.

Our most recent acquisitions, completed post the year-end, are transformative and so have been included here for clarity. In December 2014, we successfully secured the purchase of two of the world's leading salmon breeding and genetics companies — Norway-based SalmoBreed and Iceland-based Stofnfiskur, giving Benchmark a unique platform in the genetics and breeding arena from which we can play a key role in shaping the future of the salmon and aquaculture industries.

The acquisitions of SalmoBreed and Stofnfiskur created a fourth business division within the Group, Benchmark Breeding & Genetics, which is expected to become the second largest supplier of salmon eggs and genetic expertise in the world. We believe the new business has great potential and that we can grow it very substantially in the future. This move reflects our continued commitment to the rapidly developing and growing global aquaculture industry and creates the opportunity for further integrated approaches to drive sustainable development together with many new synergies across the Group.

Looking forward

The rising global demand for sustainably produced animal protein will continue to drive growth in the aquaculture, animal health, and sustainable production technology sectors. The outlook for global aquaculture in particular is extremely positive with consumption from farmed stocks overtaking that of wild-caught fish, and fish from farmed stocks now providing more of the world's protein than beef (FAO). The aquaculture industry is ambitious, technology hungry and fast moving and its accelerated growth brings many challenges, the most serious of which is the management of disease. This is an area where we will continue to build our support for the global industry through the provision of integrated solutions, rapid-response on-farm diagnostic and clinical services, the development of new vaccines and medicines and the development of stock with improved genetics selected for greater efficiency and resistance to disease.

We continue to see increased recognition for our focus on the generation of animal vaccines and biologicals as alternatives to antibiotics. In 2014, the correlation between antibiotic use and the rise of increased resistance in humans received widespread attention from international governments and inter-governmental bodies. This was further supported when the UK Government's Longitude Prize 2014 awarded £10m to help solve the problem of global antibiotic resistance. We have set aside substantial funds for investment in developing our product pipeline, infrastructure and capabilities to support this important area and continue to see this as a key focus for the business.

Each of our business divisions is focused on an important area for the future development of our industry sectors and each can be characterised by the strong demand for scientific knowledge and progress. The Group will continue to move rapidly where necessary to access exciting opportunities that both develop and bring to market new innovations, and this will continue to drive the long term dynamic growth and success of the Group.

The Group is at an exciting stage of its development and is very well placed to deliver its ambitious long-term growth plans.

CHIEF FINANCIAL OFFICER'S REVIEW

"Our maiden year as a public company has delivered a solid financial performance during a period of significant change. Key factors driving this are the success of our branded animal health products and the strength in depth of our people."

Mark Plampin
Chief Financial Officer

Key Financials

£000	2014	2013
Total revenue	**35,354**	27,543
EBITDA from Trading Activities	**6,623**	7,403
Profit before tax from Trading Activities	**5,031**	6,021
(Loss)/profit before tax	**(1,375)**	4,853
EPS from Trading Activities (pence)	**3.29**	5.59
Basic EPS (pence)	**-1.04**	4.72

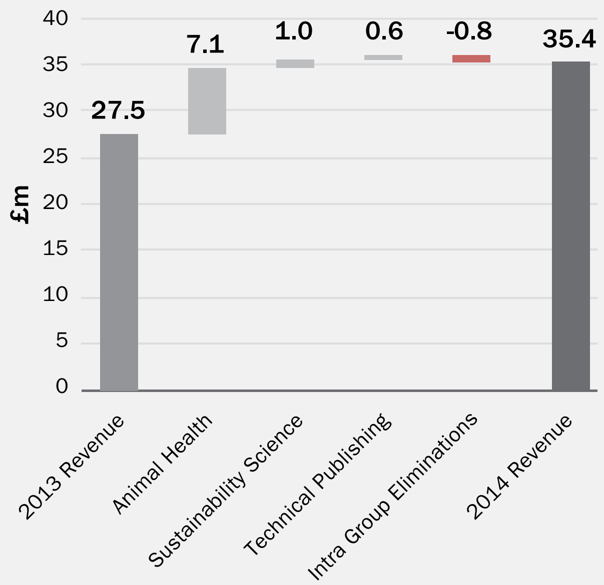
Divisional Analysis	Revenue		EBITDA from Trading Activities		Operating costs from Investing Activities		Operating profit/(loss)	
£000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Animal Health	**32,981**	25,878	**10,462**	10,243	**(4,622)**	(1,006)	**4,924**	8,368
Sustainability Science	**3,073**	2,099	**(1,028)**	(285)	**(140)**	-	**(1,439)**	(418)
Technical Publishing	**2,873**	2,343	**(272)**	107	**(52)**	-	**(515)**	(3)
Corporate	**833**	783	**(2,539)**	(2,662)	**(1,592)**	(162)	**(4,157)**	(2,843)
Inter-segment sales	**(4,406)**	(3,560)	**-**	-	**-**	-	**-**	-
Total Group	**35,354**	27,543	**6,623**	7,403	**(6,406)**	(1,168)	**(1,187)**	5,104

For commentary on — Animal Health see page 40
Sustainability Science see page 46 Technical Publishing see page 52

Group Results

Group Revenue
2014: £35.4m (+28%)

Group Revenue by Division



Group turnover increased by 28% to £35.4m in the year (2013: £27.5m). The principal driver of this growth was sales of the Group's own animal health products ("own-products"), which rose by 22%. The majority of this increase arises from the inclusion of Salmosan® sales in Chile for a full year (2013: 7 months). Sales of own-products in the final two months of the year were strong with September seeing the highest monthly sales ever for the Group. Revenue growth in Animal Health was driven by vaccine toll manufacturing, up 10%, and distribution of animal health products ("Factored Products"), up 35%.

Gross profit increased by 16% to £14.8m. Gross profit percentage was 41.8% (2013: 46.4%). The reduction was principally due to a changing sales mix as the Group delivers its strategy to diversify revenue streams within its chosen markets. Own-product gross profit percentages were maintained at 2013 levels despite competition from a generic sea lice product in both Norway and the UK.

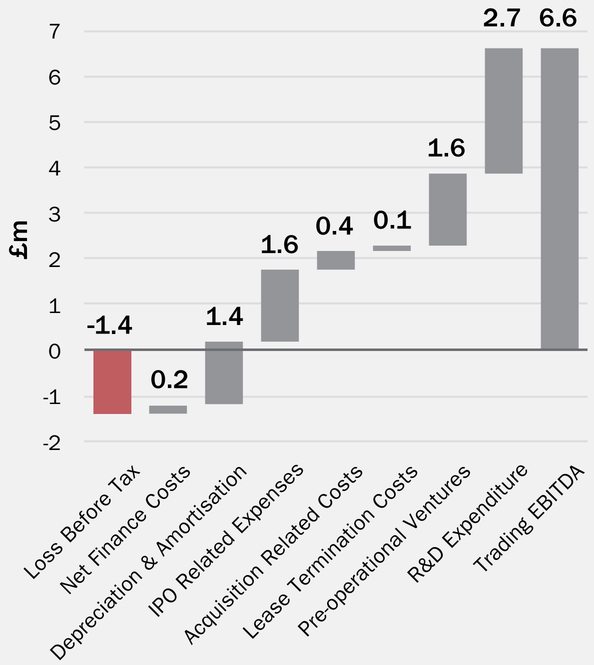
The Group made an operating loss of £1.2m (2013: operating profit £5.1m) due to an increase in operating costs year on year reflecting increased scale of Group operations and a significant increase in spend on Investment Activities as outlined below.

The Group has chosen to sub-divide its reported figures in the financial statements into 'Trading Activities' and 'Investing Activities' in order to better present the performance of its business. Trading Activities are those operations which generate earnings in the current period, and Investing Activities are those activities which have no associated income stream in the current period, but which are intended to provide the Group with income generating operations in the future. Both activities are vital to the continued and future success of the Group.

Trading Activities

Group EBITDA from Trading Activities
2014: £6.6m (-11%)

Reconciliation of Group Loss Before Tax to Group EBITDA from Trading Activities



EBITDA from Trading Activities of £6.6m was 11% down on the previous year (2013: £7.4m), despite growth in total gross profit arising from the higher turnover. This is due to an increase in operating costs relating to Trading Activities (excluding amortisation and depreciation) of £2.8m to £8.3m (2013: £5.5m), reflecting the increased size of the Group and its strategy to invest in the people and infrastructure required to deliver continued revenue growth. The Group's strategy to support organic growth with acquisitive growth has seen five acquisitions completed since March 2013. Group headcount increased from 159 at the start of the period to 222, primarily in order to deliver the acceleration of our new product pipeline and other planned growth. The Group's ability to attract the highest calibre and most talented people from its sector shows our commitment to investing in the development of our senior management.

The increase in operating costs also includes higher spend on strategic marketing and legal and professional advice to provide enhanced protection for the intellectual property in the Group's products and services. In addition, ongoing operating costs specifically related to being a public company amount to c. £0.25m.

Depreciation and amortisation at £1.4m in the year (2013: £1.1m) was higher than in previous years due to the higher tangible and intangible fixed assets balances following the increased investment in the year.

Investing Activities

Investing Activities comprise the following:

	2014 £000	2013 £000
R&D expenditure	2,690	752
Pre-operational expenses	1,585	154
Acquisition related costs	440	100
Exceptional items:		
IPO costs	1,298	162
Share based payment expense arising from IPO	292	-
Lease termination costs	101	-
	6,406	1,168

R&D expenditure, one of the Group's key investment objectives, is classed as an Investing Activity as it is undertaken to provide growth in future income streams. Expenditure has increased significantly in the year as the Group embarked on its strategy of high quality scientific research and development as outlined in the Admission Document published in December 2013. This included significant expansion of the new product development team and the recruitment of a Benchmark Vaccines R&D team.

We expect the trend for increased investment in research and development to continue into the future with expansion into marine aquaculture R&D through the acquisition of Viking Fish Farms Limited, the acquisition of intellectual property from Zoetis, the signing of an agreement with HypoPet to bring to market a breakthrough cat allergy vaccine and agreement for a license to use a next-generation aquaculture vaccine technology platform all taking place in the year.

Pre-operational expenses relate to the costs of setting up laboratory facilities in Norway and Thailand. Neither facility was operational in 2014, but significant operating costs were incurred as we demonstrate to regulatory authorities that both facilities meet local requirements. Both facilities will become fully operational during 2015.

Acquisition related costs were incurred in the period in respect of the acquisition of Viking Fish Farms Limited, Aquatic Veterinary Services, Atlantic Veterinary Services Limited, the Zoetis aquaculture assets and the trade and assets of Old Pond Publishing, again reflecting the focus on growth since the IPO. Costs in the previous year related to the acquisition of Benchmark Vaccines.

Significant non-recurring costs were incurred in relation to the IPO. Total IPO costs amounted to £2.8m, of which £1.3m was treated as exceptional IPO costs and charged to income during the year, with the balance of £1.5m being offset against share premium.

A number of one-off share based payment transactions arose as part of the IPO. The expense for 2014 in relation to these schemes amounted to £0.3m.

Lease termination costs relate to the relocation of Fish Vet Group Norge AS to larger premises in Oslo, Norway.

Finance costs

Net finance costs have fallen in the year due to repayment of term loans and cash balances held on deposit following the IPO. Finance costs include a one-off write off of £0.1m unamortised arrangement fees arising from the early settlement of the term loan.

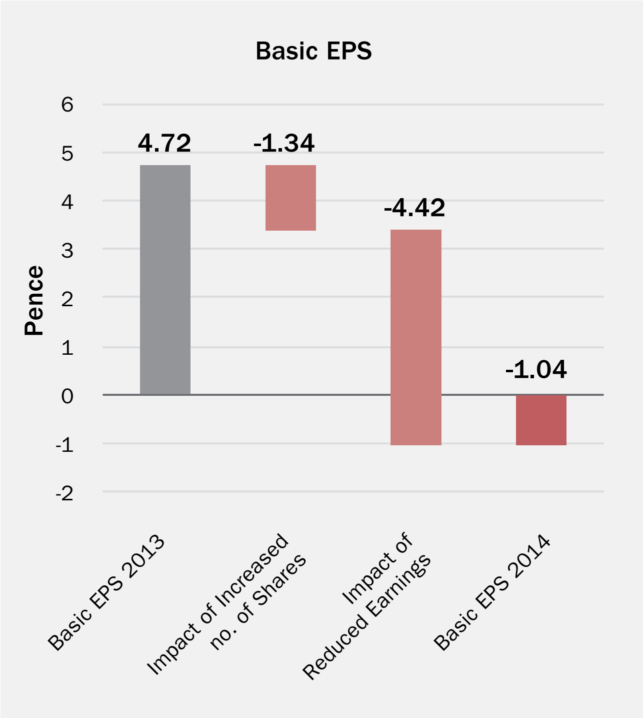
Taxation

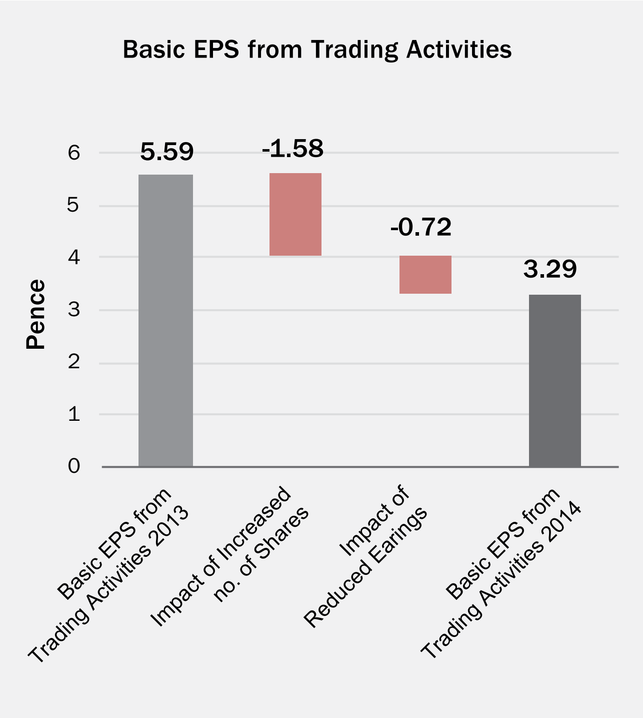
The Group benefited from a tax credit for its UK and overseas operations of £0.1m in the period (2013: tax charge of £0.6m). This is principally as a result of the loss in the year, the tax deduction generated by the exercise of EMI share options at the time of the IPO and a tax credit from expenditure on R&D.

Earnings per share

Basic loss per share was -1.04p (2013: earnings per share 4.72p) and diluted loss per share was -1.04p (2013: diluted earnings per share 4.56p). The movement year on year has been impacted by reduced earnings in the year as noted above, together with the issue of 43m new shares as part of the IPO exercise.

Earnings per Share from Trading Activities was 3.29p (2013: 5.59p). Again, the reduction is a result of the impact of lower earnings and the dilutive effect of the higher number of shares in issue.

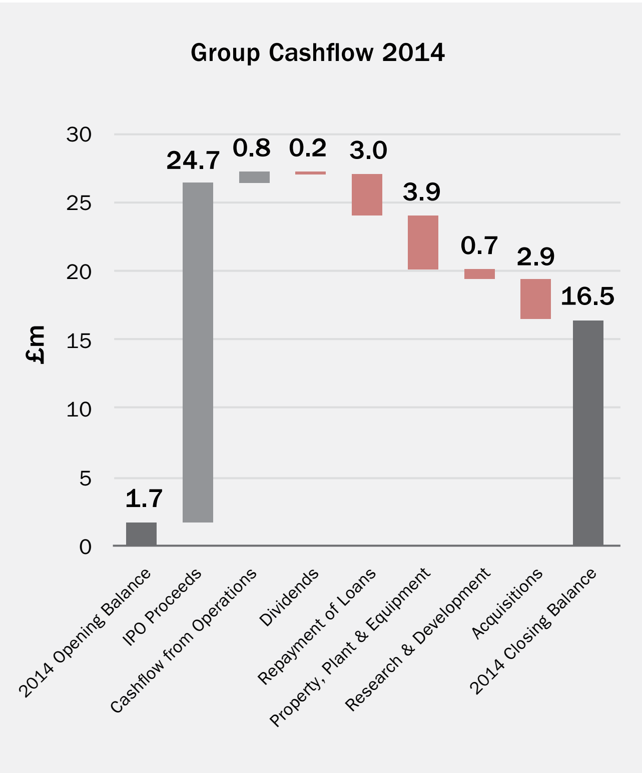


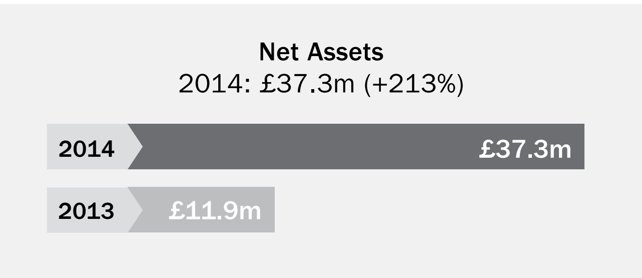


Dividend

The Company paid a dividend of 0.2p per share (rebased) prior to the IPO (2013: 0.4p per share (rebased)). As stated in the Admission Document, the Company intends in the future to implement a dividend policy taking into consideration the Company's cash flow generation and capital investment opportunities from time to time. The Board does not recommend payment of a final dividend in respect of the year ended 30 September 2014.

Cash flow and balance sheet





Total cash inflow in the year was £14.8m, primarily from the net proceeds of the IPO (£24.7m), giving closing net cash balances of £16.5m. Net cash outflow from operating activities was £0.5m. After adding back the £1.3m IPO related costs, operating activities generated £0.8m of cash.

Net assets have increased by £25.4m to £37.3m (2013: £11.9m), primarily as a result of the net £24.7m raised in the IPO.

Some of the funds raised in the IPO have been used to invest in new businesses, tangible and intangible fixed assets across all of our operating divisions. The balance sheet includes identifiable intangible assets of £2.0m arising on the acquisitions of intellectual property from Zoetis (£1.7m) and contractual relationships acquired in Vet-Aqua International and Aquatic Veterinary Services (£0.3m), and goodwill of £1.0m arising from the acquisitions of Old Pond Publishing, Viking Fish Farms Limited and Atlantic Veterinary Services Limited. In addition, a technology licence agreement which was entered into with a third party for a cost of £2m, has been included in intangible assets, with £1.3m of the cost deferred into future periods. Additions to tangible fixed assets include post acquisition investment in research facilities at Viking Fish Farms Limited, the construction of the new animal health centre at FAI Farms Limited and the development of the new customer suite and offices at Benchmark Vaccines Limited.

Treasury

The Group has established procedures to mitigate financial risk to ensure sufficient liquidity is available to meet foreseeable requirements. These ensure that finance is secured at minimum cost where required and that cash assets are invested securely and profitably. The finance function manages the Group's foreign exchange, liquidity and funding, interest rate and credit risks within a framework of policies and guidelines authorised by the Board.

The Group uses simple derivative financial instruments for risk management purposes only. Group policy prohibits speculative arrangements. Transactions in financial instruments are always matched to an underlying business requirement, such as expected foreign currency revenues and payments. The Group uses derivatives only to manage its foreign currency and interest rate risks arising from underlying business activities. No such derivatives were outstanding at the year-end.

Treasury activities are reported to the Board on a monthly basis within the Group management accounts.

Foreign exchange risk

The Group's reporting currency is pounds Sterling. Where Group entities operate with a different functional currency, the Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Where significant transactions are conducted in currencies other than the functional currencies of the individual entities, exposure to movements in exchange rate is mitigated by the use of simple financial derivative instruments as appropriate.

Liquidity and funding

The Group's finance function is responsible for sourcing and structuring borrowing requirements. All bank borrowings have been repaid in the year and the Group has sufficient funding facilities to meet its normal funding requirements in the medium term.

Interest rate management

Controls over interest rate exposures are in place and dealings are restricted to those banks with the necessary combination of geographic presence and suitable credit rating. The Group currently has no bank loans.

Credit risk

The policy followed in managing credit risk permits only minimal exposures, with any surplus funds invested mainly in short term deposits with financial institutions that meet credit criteria approved by the Board. Specifically, counterparty creditworthiness is determined by reference to credit ratings as defined by the global rating agencies, Fitch, Standard & Poors and Moodys.

GROUP OPERATIONAL OVERVIEW

"Benchmark's ability to innovate, develop and successfully deliver our strategy is defined by the skill, experience and commitment of our people and by our world-leading research, operational and manufacturing capabilities. We have made significant progress on all these fronts in 2014.

Through our international client base, we are engaged with the world's major industries at every stage of food production to help repair and build a global food chain that is more efficient, economical, ethical and environmentally friendly, and that serves the future of humanity."

Roland Bonney
Chief Operating Officer

Investment in research and innovation

A key strategy for Benchmark has always been to invest strongly in building leadership capability in scientific research. This is necessary to achieve the rate of innovation required to drive long-term successful new product development programmes. We continue to have a multipronged approach to this: working in collaboration with academic research institutions and commercial partners; driving our own in-house R&D programmes; and through the strategic acquisition of intellectual property, technology and new products.

This approach has continued to yield results for us throughout the year, with our new product pipeline increasing from 30 to 47 products, which have an addressable market of £397m per annum. We have acquired or licensed-in some exciting new vaccine technologies and have expanded our development programmes into a number of new areas. These programmes are positioning us well to accelerate our new product launches over the coming years to continue to contribute strongly to driving Benchmark's rate of organic growth.

In September 2014 we entered into an agreement with HypoPet, a Swiss research company based at the University of Zurich, to deliver the final commercialisation, manufacture and distribution of a breakthrough vaccine for cats, HypoCat™, which neutralises the Fel d 1 protein, the primary cause of human allergic reaction to cats. With an estimated 10 per cent of the global population suffering from cat allergies, the agreement opens up a new market for Benchmark within the animal health sector with an estimated global value of £250m. We expect the vaccine to be commercialised within 3–4 years. The agreement with HypoPet advances our strategy, as articulated at our IPO in December 2013, to invest in selected new technologies and opportunities to grow our product offering in related markets at the same time as exploiting our core vaccine production expertise and facilities.

Investment in state of the art facilities for future growth

Throughout 2014, we have been investing in high-quality production facilities and infrastructure needed to support our business development and production capability. Work began on building a significant expansion of our vaccine manufacturing sites in the UK, which will enhance our product type capability and double our production capacity by mid-2016.

We have set aside over £20m for investment to expand our vaccine manufacturing capabilities at our UK sites in Edinburgh and Braintree in response to the growth we have seen across our vaccine business. The investment will also allow us to progress contract-manufacturing opportunities and support our increased product pipeline.

We are well advanced on the building of an industry-leading antigen production line at Braintree with anticipated completion in autumn 2015. Detailed planning of the development of the existing building at the Edinburgh BioCampus is underway with projected completion by summer 2016. These two investments will significantly increase the Group's vaccine manufacturing capacity.

Up to £10m of this investment is to be funded by proceeds from the recent Placing, which was completed post year-end in December 2014. This will be used to satisfy the increased requirements of our product pipeline and the additional specialist capacity required to manufacture the HypoCat™ vaccine.

During the year, a dedicated R&D team has been established at Benchmark Vaccines to work alongside the manufacturing and product development teams.

The Animal Health Centre at our research farm in Oxford was completed ahead of target in the summer 2014 with the first terrestrial animal trials now underway.

We have established two ultra-modern diagnostic laboratories in Oslo, Norway and in Bangkok, Thailand, to provide the local aquaculture industries with technically-expert and commercially-responsive fish health analytical services. This expansion programme carries on with projects to establish similar service bases to clients in Chile and Brazil. Understanding the ever-evolving disease and environmental challenge to animal health is critical both for our success and that of our clients.

We are developing our sustainability science facilities and species capabilities on our FAI farms' units at Jaboticabal, Sao Paulo State, Brazil, and in Oxford, UK, where we continue to grow the sustainable food chain work in partnership with some of the world's leading food brands. These facilities allow us to test new developments in a true farming environment to assess and demonstrate their true operational and commercial value.

A £1.6m upgrade and expansion of capacity at our marine research facility in Ardtoe, Scotland is underway and will provide us with a state of the art facility for the development of aquaculture health strategies, products and management technologies. We have also expanded the research teams working within our primary research partners at the Moredun Research Institute in Edinburgh and at the University of Maine in the USA, alongside an enlarged, dedicated in-house product development and technical support team.

Investment in our people

The Benchmark team has been put together with people who have a passionate interest in driving sustainable progress in their area of expertise by working as part of a group dedicated to addressing issues of real importance to humanity.

The team is focused on delivering outcomes, through harnessing new technologies and techniques, to help our customers to address real issues and deliver tangible opportunities within their businesses.

To support this we continue to invest in a range of personal, professional and team development initiatives under our 'Off The Bench' programme. This programme is designed to ensure that we deliver the best possible environment for personal development, and that our teams can develop efficient and constructive ways of working.

The ability, drive and passion of the Benchmark team is fundamental to our success and we are determined to maintain this even though we are growing rapidly. This year, following the IPO which brought with it an increase in central overhead, one particular challenge we faced was the need to grow the Benchmark core functions to support our planned enhanced rate of growth. In doing this we have set out to manage the timing of recruitment to control the rate of growth of overheads.

As we move rapidly towards 300 people, maintaining the culture and values of Benchmark is a key priority. Throughout 2014 we have launched a number of training and workplace initiatives, including Investors in People and Axialent Conscious Business, to support this process. The aim is to ensure our employees remain informed about our strategy, how we operate as a business, and our vision for the future, in order to understand where we are doing well as an organisation and where we need to focus our efforts in the future.

Investment in new sectors

The Group continues to invest in new sectors offering clear synergies with the existing business, as demonstrated by the post year-end establishment of Benchmark Breeding & Genetics.

GROUP OPERATIONAL FRAMEWORK

Animal Health

Health solutions for terrestrial and aquatic animals

- Veterinary services
- Disease diagnostics
- Manufacture of licensed vaccines and antigens for farm, aquatic and companion animals
- Contract-manufacture of veterinary vaccines and medicines to EU GMP (Good Manufacturing Practice) requirements

Sustainability Science

Research, practice and direction for aquaculture, agriculture and food chain companies

- Supply chain leadership programmes
- Codes of practice and auditing
- Environmental consultancy
- Sustainable farming research
- Business re-engineering
- Communication, design and brand development

Technical Publishing

Technical insight, e-learning and market analysis for the global food chain

- Digital news
- Knowledge transfer
- Technical publishing
- E-learning and technical training
- Market analysis

Breeding & Genetics*

Good animal health and welfare through robust breeding and genetics programmes

- Identification and development of genetic material to improve growth, disease resistance and product quality
- Expected to be the second largest supplier of salmon eggs and genetic expertise in the world
- Leading supplier of salmon eggs with QTL (qualitative trait loci) for resistance to two of the key diseases in salmon
- Sites in Iceland and Norway

* from December 2014

OUR RESPONSIBILITY

SM

ENVIRONMENT
ETHICS
ECONOMICS

Our '3 Es' approach to business is the cornerstone of Benchmark. Our reputation is built on being honest, transparent and fair.

We take a long-term view, operating in a way that safeguards society and the world in which we work both now and in the future. The overriding principle of driving sustainable business is based on the '3 Es' paradigm, which places equal value on Environment, Ethics and Economics. When these are made part of any organisation, the core structure of sustainability is built in.

BENCHMARK'S STRATEGY DRIVES…

good health and welfare of animals

growing sustainable business

knowledge transfer for the food chain

robust animal breeding and genetics

BY BUILDING:

a world-class team

next-generation scientific research and state-of-the-art production capacity

ANIMAL HEALTH DIVISION

GOOD HEALTH AND WELFARE OF ANIMALS

IN-HOUSE HEALTH RESEARCH UNITS

Benchmark has set aside substantial funds for investment in developing animal health solutions that reduce humanity's reliance on antibiotics

EXTENSIVE PRODUCT PIPELINE

FIRST-CLASS DIAGNOSTICS TOOLS

"Controlling sea lice is still the number one challenge facing the global salmon industry. Benchmark is the only company working on a total control package through the development of new products, new vaccines and biological controls. No one else can offer this service."

John Marshall
Technical Director, Benchmark Animal Health

Good health and welfare of animals

Improving and promoting the health and welfare of animals is core to our work. We take a comprehensive and science-based approach, employing teams of veterinarians, research scientists and diagnosticians. The team work alongside commercial agriculturists and aquaculturists to identify the priority disease challenges facing our partners and clients in the livestock, aquatic and companion animal sectors in order to develop targeted health solutions.

Our in-house trials capacity, vaccine manufacturing bases and network of fully operational commercial farms are key to this, allowing us to develop, trial and progress products and solutions rapidly through to market.

Our activity has changed how global business engages with and incorporates animal health and welfare into their supply chains. Benchmark has become a recognised and trusted partner to both small and large clients in Europe, North and South America, Asia and Africa.

Greater efficiency through improved animal health

Poor health caused by disease is not only a major animal welfare challenge to the animal, it is also a significant economic burden for the producers and industries concerned, acting as a barrier to sustainable production.

Our team has wide-ranging experience in the development of health solutions for terrestrial and aquatic animals. Within the Animal Health division, the Group's primary focus is on the use of applied biotechnology and the healthcare sciences in aquaculture. Benchmark has become an international player in aquaculture by providing a comprehensive offering extending from veterinary health management and diagnostic services through to vaccine and medicine development, manufacture and distribution. Product areas include:

- Clinical veterinary services to the international aquaculture sector
- Fish health diagnostic services, technologies and laboratory network
- Aquatic environment assessment and analysis
- Supply of parasiticides and biocides to the aquaculture sector
- Fish vaccine research and discovery
- EU GMP (Good Manufacturing Practice) animal vaccine manufacture to terrestrial and aquaculture markets

Our aquaculture veterinary and diagnostic business has expanded to become the world's largest dedicated aquaculture health provider, with a footprint on three continents and a global team of over 50 veterinary surgeons, diagnosticians, biologists and environmental scientists.

Responsible health solutions

Globally, livestock and aquaculture production uses more antibiotics than human medicine. Concern is growing about the increasing rate of resistant bacteria passing into humans via the food supply chain. For over a decade, Benchmark has been working to develop alternative health solutions to reduce humanity's reliance on antibiotics, which we support through training to ensure best-management practices and correct usage.

Global production of fish and shellfish

Between 2000–2011, global production of fish and shellfish increased by 81 per cent (FAO). This accelerated growth brings with it many challenges, the most serious of which is the rise in disease.

Through our aquatic health veterinary and diagnostic business, the Fish Vet Group, Benchmark is positioning veterinary health teams in primary aquaculture regions in order to match the industry's pace of growth, by the provision of rapid-response clinical services and aquatic veterinary diagnostics.

In 2014, we added to our existing bases in Scotland, Ireland and the US by opening two state-of-the-art diagnostic facilities in Oslo, Norway, and Bangkok, Thailand. These purpose-built laboratories are equipped with advanced diagnostic tools, including qPCR and digital histopathology capabilities to ensure the highest level of service for our clients.

We continue to attract and retain high-calibre candidates, which has allowed us to build a world-class aquatic health team with extensive experience of the species and disease challenges in the regions in which they work.

Benchmark has extensive experience in the manufacture of licensed vaccines and antigens for farm and companion animals, and over two decades' of experience in the manufacture of fish vaccines. We specialise in the contract-manufacture of veterinary vaccines to EU GMP requirements, covering all stages of production, from antigen manufacture through to the finished product. We also provide bespoke vaccine technology transfer and process development services.

Case study: Technical research and industry collaboration

Lameness is a major economic and animal welfare challenge across the sheep sector. Production losses due to lameness are estimated to cost as much as £10–15 for every breeding ewe, costing the UK industry £24m per annum as a result of lost performance and treatment costs.

A framework to reduce lameness, most commonly caused by the infectious bacterial diseases footrot and scald, was formulated by Ruth Clements, Benchmark Animal Health's Head of Veterinary Programmes.

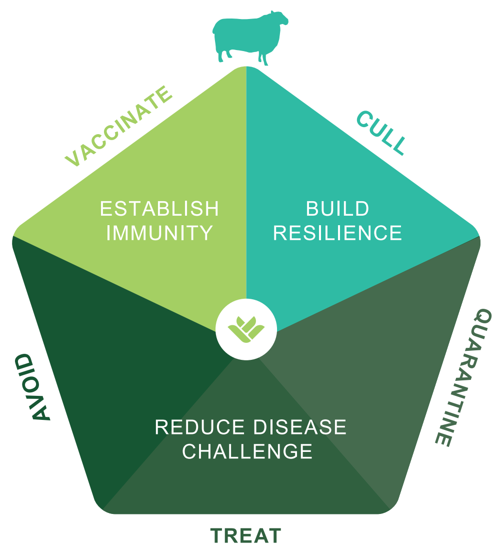
The 5 Point Plan was developed by drawing together existing science and practical experience from farmers who had achieved and sustained low levels of lameness in their flock. The plan provides the industry with a practical and effective strategy to help meet lameness reduction targets (5 per cent or less by March 2016; 2 per cent or less by March 2021) set by the Farm Animal Welfare Committee (FAWC). The five action points support the animal in three different ways: building resilience, reducing disease challenge, and establishing immunity via vaccination.

The Five-Point Plan has been implemented over four years on 3,000 ewes at three farms. At Benchmark's farm in Oxford, lameness levels were reduced from a national average of 18 per cent to less than 2 per cent within the first year. Levels have been maintained at less than 1 per cent for over three years.

As well as improving animal welfare and having an economic benefit to the farmer, wide implementation of the Five-Point Plan has the potential to substantially reduce the number of doses of antibiotics used. This is particularly relevant as antibiotic resistance is an extremely important issue for all livestock species and any opportunity to reduce it should be taken.

Our Five-Point Plan has received widespread support and recognition. We continue to work with partners throughout the sector including the Organisation for the English Beef and Sheep Industry (EBLEX), MSD Animal Health, TheSheepSite.com and Farmers' Weekly to ensure the Plan is taken up on as many farms as possible. The Plan has also been featured on BBC Countryfile, in the Veterinary Record, the UN Food & Agriculture Organization's Gateway for Animal Welfare and a number of other industry-focused publications and outlets.

The Five-Point Plan



Our responsibility: Correct use

To improve the health and welfare of animals by creating robust solutions to the key challenges our partners face. Our approach aims to reduce disease challenge, build resilience and establish immunity by developing appropriate products and to provide actionable advice and training to ensure best-management practices and correct use.

Benchmark Vaccines, Braintree

Animal Health Division Financial Performance

Animal Health Division Revenue
2014: £33.0m (+27%)

Own Products Revenue
2014: £20.8m (+27%)

Factored Products Revenue
2014: £5.8m (+35%)

Manufacturing Revenue
2014: £3.3m (+10%)

Fish Vet Group Services Revenue
2014: £0.74m (+3%)

Animal Health Division EBITDA from Trading Activities
2014: £10.46m (+2%)

	2014 £000	2013 £000
Revenue	**32,981**	25,878
Cost of sales	**(18,548)**	(13,605)
Gross profit	**14,433**	12,273
Operating costs relating to Trading Activities	**(3,971)**	(2,030)
EBITDA from Trading Activities	**10,462**	10,243
Operating costs relating to Investing Activities	**(4,622)**	(1,006)
Depreciation and amortisation	**(916)**	(869)
Operating profit	**4,924**	8,368

Sales in the Animal Health Division of £33.0m were up £7.1m (27%) on the prior year. There has been growth across all revenue streams with the main reasons for the increase being:

- Own product revenue resulting from a full year of Salmosan® sales in Chile
- Increase in vaccine manufacturing sales following the successful launch of a new toll-manufacturing contract
- Factored Product sales were up considerably due to client demand

Divisional gross profit increased by 18% to £14.4m (2013: £12.3m). Gross profit percentage declined from 47% to 44% as a result of the changing sales mix. The gross profit percentages for all revenue streams were maintained at 2013 levels or better.

Operating costs relating to Trading Activities increased by 96% as a result of investment in the people and infrastructure to deliver continued growth in own-product sales, vaccine manufacturing, and clinical and diagnostic services.

The combination of increased sales volumes, changing sales mix and increased investment in operating costs resulted in a £0.2m increase in EBITDA from Trading Activities for the Division to £10.5m.

Operating costs relating to Investing Activities comprise: R&D expenditure of £2.7m (2013: £0.8m) which reflects the significant expansion and acceleration of the new product pipeline post IPO; Pre-operational expenses of new ventures of £1.6m (2013: £0.2m), which relates principally to the geographic expansion of veterinary and diagnostic services to the global aquaculture industry; acquisition and integration costs amounting to £0.2m (2013: £0.1m) reflecting the increased M&A activity of the division post IPO and exceptional costs of £0.1m (2013: £nil) in respect of IPO related items.

GROWING SUSTAINABLE BUSINESS

£1.6m
investment commenced to develop a UK sustainable aquaculture and shellfish research facility

Benchmark operates a broiler trials unit using protocols approved by the RSPCA. The unit has been used by three of the world's major breeding companies

Benchmark research has resulted in 5 per cent tree-cover becoming the industry standard for laying hens in the UK

"We are seeing an increased demand for sustainability services from global businesses, not just because it makes sense from an ethical standpoint but because it supports them to manage risk and reputation. Recent studies demonstrate this can increase competitive advantage."

Ruth Layton, Veterinary Development Director, Group Sustainability Science

Benchmark Sustainability Science is recognised in aquaculture, agriculture and the food chain for our innovative work and development of sustainable systems and practices. Through our network of research farms and facilities, and a highly skilled team made up of farmers, veterinarians, research scientists, geneticists, business strategists and producers, we understand the issues up and down the supply chain. We are able to mobilise a unique combination of science and design to help solve immediate and emerging problems in the food chain and equip and prepare our partners for a world that is more urban, affluent and populous. We offer our partners a suite of sustainability science services from the strategic, tactical and technical level, through to design and communications.

Strategic

We help establish long-lasting partnerships and industry leadership programmes for retailers, producers, governmental and non-governmental organisations. Our 3Es — Ethics, Environment and Economics — sustainability framework provides insight and direction for international businesses and brands looking to make a difference. We offer world-class strategic environmental advice to drive sound sustainable business management and operations for our clients, including waste and resource assessments, ISO and regulatory standard compliance, and renewable energy planning.

Tactical

In the seafood sector we helped Espersen, a world leader in the processing of high-quality frozen fish products, tackle the major challenge facing the marine fishing industry of ensuring viable fish stocks today and in the future. In close partnership with Espersen we developed 'CatchIT' — a database system that connects available scientific fisheries data to the everyday decisions of the purchasing team. Through robust criteria 'CatchIT' assesses whether a target fishery is healthy, requires an action plan, or is to be declined by Espersen's buyers.

Technical

We work within the commercial constraints of our partners while using the latest in animal behaviour science to develop management practices that meet consumers' increased demand for transparency and higher animal welfare, while also ensuring scalability. Applying this approach to the swine industry, we have shown that routine tail-docking of pigs on commercial farms is avoidable by addressing the root causes of why pigs engage in tail biting. By keeping pigs in stable family groups, and giving them a constant supply of manipulative material which allows them to exhibit their natural behaviours of rooting and foraging with their snouts, their stress level drops and tail biting stops.

Design & communications

We offer a full-service creative practice providing communications, design and development for brand, print and digital media to the food, arts and culture sectors. We work with good people to make good things happen. We believe that good design should do more than look good. Good design should influence behaviour and change minds.

Expansion of research farming facilities

The aquaculture industry is the fastest growing food production sector working to meet the ever-growing demand for seafood worldwide. It is a crucial part of a future sustainable food chain, but it faces considerable pressure to stay ahead of disease challenges, develop best-practice standards of animal and worker welfare, and limit its environmental footprint, while continuing its high-growth trajectory. To meet this complex set of demands, Benchmark Sustainability Science is deeply invested in this industry.

We are in the process of investing £1.6m in state-of-the-art facilities at the Ardtoe Marine Research facility, including a new trials facility, fin-fish unit, micro-algae production unit and a shellfish research centre.

The existing facility is internationally recognised as a world leader in the development of marine aquaculture, science and technology. The continuing pioneering spirit and an ethos of innovation makes the facility one of the most dynamic and diverse organisations within the marine aquaculture and biosciences sector.

FAI Ardtoe Marine Research Facility

Case study: Practical solutions to industry challenges

Trees — they are easy to overlook

When designing any kind of system or service it is important to see it from the user's point of view. We believe the same is true for animal agriculture. When McDonald's UK tasked us with improving their egg supply chain we started our process by understanding the chicken. What we found was that our ordinary chicken's ancestor was a South East Asian jungle fowl. It lived and flourished under the canopy of trees. This varied environment allowed the chicken to have and do what it wanted — some shade and protection from predators, elevation and opportunities to perch, the covered ground to scratch and peck for food, and dust bathe to keep its feathers clean.

The environment in the South East Asian forest is a far cry from how chickens live in most of today's conventional and free-range egg production systems. In principle, the free-range system is closest to the natural environment by allowing chickens access to the outdoors. But what we found was that most free-range farmers reported that their chickens hardly used the range. It turned out they spent most of their time inside, or hovering right outside the door, rather than wander out into the open field.

By looking at the origin of chickens, understanding their innate behaviours, reviewing the currently available science, and conducting our own on-farm trials with chickens, our hypothesis was that the open field was also unattractive to the laying hen as it represented threats of the unknown, as well as fear of aerial predators and harsh weather.

Introducing the tree

McDonald's planted trees on all the farms that supply free-range eggs to their restaurants and we monitored the subsequent improvements. We found that simply planting trees outside hen houses improved the welfare and production of the flocks. When laying hens in free-range systems are provided with trees, they range more. We found that being out more and venturing further afield reduces pecking at each other, which in turn improves the welfare of the flock. For the first time, we also showed that this improves the productivity of the flock. We found that the provision of trees on the range reduces the mortality in the flock. We also found that planting trees on a minimum of 5 per cent of the range lowered the numbers of 'egg seconds' — which due to their lower eggshell quality are worth 30 per cent less than grade A eggs — boosting the farmers income. Trees also boost the soil and the wider environment through reduced nutrient leaching and carbon sequestration, as well as providing opportunities for multiple incomes off the land through agroforestry or combining egg production with growing nut trees or fruit orchards.

Economic savings

2 per cent reduction in egg seconds is worth £3,720 in savings (31p per bird); 1 per cent reduction in mortality is worth £1,428 in savings (11.9p per bird) – on a typical 12,000 bird flock [1]

As of October 1st 2014 all "Freedom Foods" free-range eggs require that the hens are raised on ranges with a minimum of 5 per cent tree cover, benefiting both farmers and chickens.

After years of implementing and documenting this practice across their supply chain this year McDonald's featured the story of laying hens' love for trees in one of their advertising campaigns.

[1] A. Bright, A. D. Joret (2012). Laying hens go undercover to improve production, Veterinary Record.

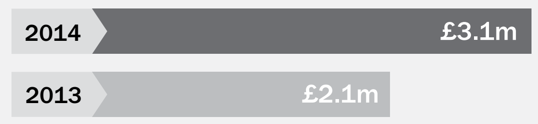
Our responsibility: Recognised as a trusted partner

To grow value for our shareholders and stakeholders by mobilising a unique combination of science and design to find solutions to our immediate and emerging food chain challenges.

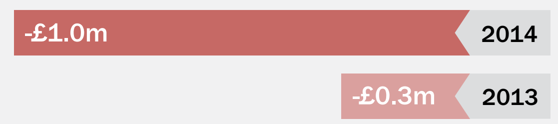
FAI Oxford

Sustainability Science Division Financial Performance

Sustainability Science Division Revenue
2014: £3.1m (+46%)



Sustainability Science Division EBITDA from Trading Activities
2014: (£1.0m) (-261%)



	2014 £000	2013 £000
Revenue	**3,073**	2,099
Cost of sales	**(2,339)**	(1,808)
Gross profit	**734**	291
Other income	**101**	111
Operating costs relating to Trading Activities	**(1,863)**	(687)
EBITDA from Trading Activities	**(1,028)**	(285)
Operating costs relating to Investing Activities	**(140)**	-
Depreciation and amortisation	**(271)**	(133)
Operating loss	**(1,439)**	(418)

Sales in the Sustainability Science Division of £3.1m were up £1.0m on the prior year. The main driver of this increase was the revenue of acquired businesses.

EBITDA from Trading Activities was supressed by significant investment in increased operating costs at the acquired businesses and by an increase in consultancy & research headcount. This investment is part of the division's strategy to drive significant future revenue growth.

Operating costs relating to Investing Activities comprise acquisition and integration costs and the increase reflects the increased M&A activity of the division post IPO.

TECHNICAL PUBLISHING DIVISION

KNOWLEDGE TRANSFER FOR THE FOOD CHAIN

"5m Publishing's vision is not just to be a leading provider of news and commentary across agriculture and aquaculture communities; our raison d'être is to deliver knowledge transfer and specialist education across our markets."

James Banfield
Managing Director, 5m Publishing

The division has built a global readership of over 6 million users across its online portfolio and it is via this community that the company continues to grow its sales of specialist products and services into the agri-food sector:

- Online news and technical information to the global agri-food sectors
- 400 books, DVDs and CDs on agriculture, aquaculture, education and knowledge transfer
- Distance learning for industry professionals from CPD to MSc
- Industry data analysis and editorial coverage of the latest peer reviewed scientific papers
- E-commerce sales of specialist products and technical equipment

As part of our drive to grow our business, increase the opportunities we offer and retain customers for longer, we have developed new products for markets including Russia, Latin America and the companion animal sectors. We have also delivered a highly successful conference on cow longevity and developed geo-location capability: determining the location of an online visitor in order to deliver tailored content based on their location.

Revenue growth at 5m during 2014 has come from new regional and tactical products, such as new language sites and digital magazines with industry focused topics.

Distance learning

Benchmark's Technical Publishing division currently offers 15 distance learning courses to develop core industry skills. In 2008, the company launched a Certificate in Sustainable Aquaculture, which was developed by technical experts from the Fish Vet Group and St Andrews University.

The collaboration with 5m and the University of St Andrews has developed with the introduction of both a Postgraduate Diploma and a Postgraduate MSc.

New courses for 2015 will cover key industry issues including sea lice control, sustainability and cattle lameness.

FAI Oxford

Demand for technical information continues unabated

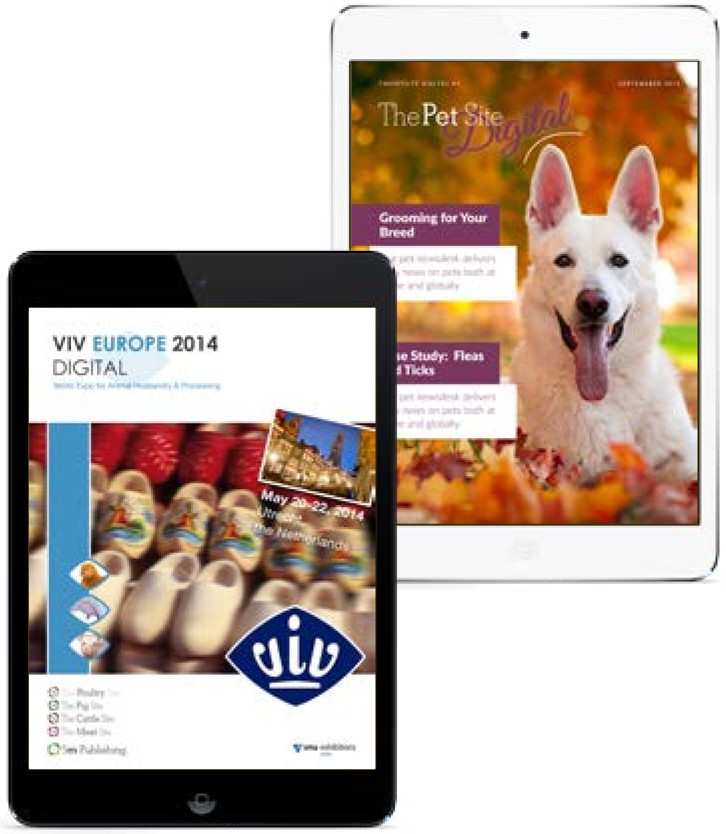
Since Google started counting in 2006, over 30 million people have read, referenced and relied upon our global portfolio worldwide. We create and deliver media from a global industry to a global audience of over 6 million visitors per year.

Our portfolio continues to expand with exclusive digital titles, three e-commerce platforms and a growing frontlist of new books and DVDs.

Case study: Digital magazines

5m has published 17 digital magazines in the past 12 months. They offer a unique opportunity to engage with the audience in many different ways, with over half a million page views across these publications. Our diagnostic platform enables advertisers to seamlessly deliver content, including video to desktops and mobile devices.

In partnership with the organisers of ViV Europe, the multi-species event for animal husbandry and processing, we produced an official digital show guide — ViV Digital. This special edition examined many of the issues facing the sector as well as looking at the latest developments that were on show. The organisers were able to deliver last-minute information about the event and conference schedule, promote future events, and our advertisers showcased their products and services. It was co-written by editors from our species sites, promoted by us and the organisers to all participants at the show and was the most successful Digital edition to date; with 39 per cent more page views than any previous publication.



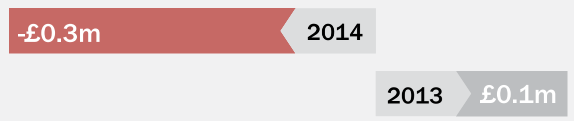
Our responsibility: Knowledge transfer for people and business

To serve people and businesses working in agriculture, aquaculture and the food chain with industry news, technical information, e-learning and market analysis. In a rapidly changing food industry we want to be a provider of knowledge and insight to help our partners understand how these changes affect their business and to develop their expertise.

Technical Publishing Division Financial Performance

Technical Publishing Division Revenue
2014: £2.9m (+23%)

Technical Publishing Division EBITDA from Trading Activities
2014: (£0.3m) (-354%)



	2014 £000	2013 £000
Revenue	2,873	2,343
Cost of sales	(2,438)	(1,546)
Gross profit	435	797
Operating costs relating to Trading Activities	(707)	(690)
EBITDA from Trading Activities	(272)	107
Operating costs relating to Investing Activities	(52)	-
Depreciation and amortisation	(191)	(110)
Operating loss	(515)	(3)

Sales in the Technical Publishing Division of £2.9m were up £0.5m on the prior year. The main reason for the increase was the strong organic growth at 5m Publishing (up 25%) plus the acquisition of Old Pond Publishing during the year.

EBITDA from Trading Activities was impacted by significant increased investment in operating costs resulting from expansion of headcount towards the end of 2013. This investment was part of the planned strategy to drive revenue growth, and run-rate sales are increasing as a result.

Operating costs relating to Investing Activities comprise acquisition and integration costs and the increase reflects the increased M&A activity of the division post-IPO.

Stofnfiskur, Iceland

ROBUST ANIMAL BREEDING & GENETICS

- World-leading salmon and aquaculture breeding
- Expected to be the world's second largest salmon egg producer
- Global market for salmon egg production estimated at £160m
- Demand for salmon is growing at 7 per cent per year, whilst production is only growing at 3 per cent

Post year-end, Benchmark acquired two salmon breeding companies: Stofnfiskur HF and SalmoBreed AS. By combining the two companies, Benchmark has brought together the strengths of SalmoBreed in genetics with Stofnfiskur's unique capability to supply fertile ova 52 weeks of the year to create a world-leading salmon and aquaculture breeding business – expected to be the world's second largest salmon egg producer.

The acquisitions have created a fourth business division for Benchmark: Benchmark Breeding & Genetics. The new division has diversified target markets and genetically advanced strains, reflecting Benchmark's continued commitment to the aquaculture industry.

Group synergies

Breeding technology is one of the primary drivers of efficient production, disease management and sustainability, meaning that the acquisitions are a complementary fit for the Benchmark Group. The technology used in genetics and breeding also function within the same fundamental biology currently being exploited in the Company's Animal Health and Sustainability Science divisions, thus creating numerous opportunities for synergistic development and combined approaches to solving key industry problems, including disease, metabolic disorders and nutritional efficiency.

New markets

The technology held within the two companies provides an excellent platform from which to move into new and emerging markets for aquaculture breeding such as tilapia, catfish, grouper, sea bass, sea bream and shrimp.

The Food and Agriculture Organisation estimates that 40 per cent of tropical shrimp production is lost annually to disease, which equates to more than US $3bn, emphasing the need to find real solutions to these growing challenges.

Services

The main activities of the two businesses are:

- Salmon ova production
- Fingerling production
- Selective breeding of Atlantic salmon
- Research & Development
- Domestic and international consultancy

Our responsibility: Robust genetics

To supply the food chain industry with robust genetics that are developed to make step-wise improvements on the ethical, environmental and economic credentials of the sector. Improving efficiency and profitability and reducing loss.

Stofnfiskur, Iceland

Case study: Breeding for pancreas disease resistance

Disease is one of the most challenging issues facing fish farming industries today. Infectious diseases caused by bacteria, viruses or parasites impair fish welfare and lead to financial losses. Pancreas Disease (PD) is an important economic disease of European farmed Atlantic salmon. It can cause significant losses due to morbidity, mortality and reduced production. PD was first recognised in Scotland in 1976 and while the name suggests that the primary organ damaged is the pancreas, severe cardiac and skeletal myopathies are also key features of this disease. Chronic PD has also been known as ‘sudden death syndrome’ (SDS).

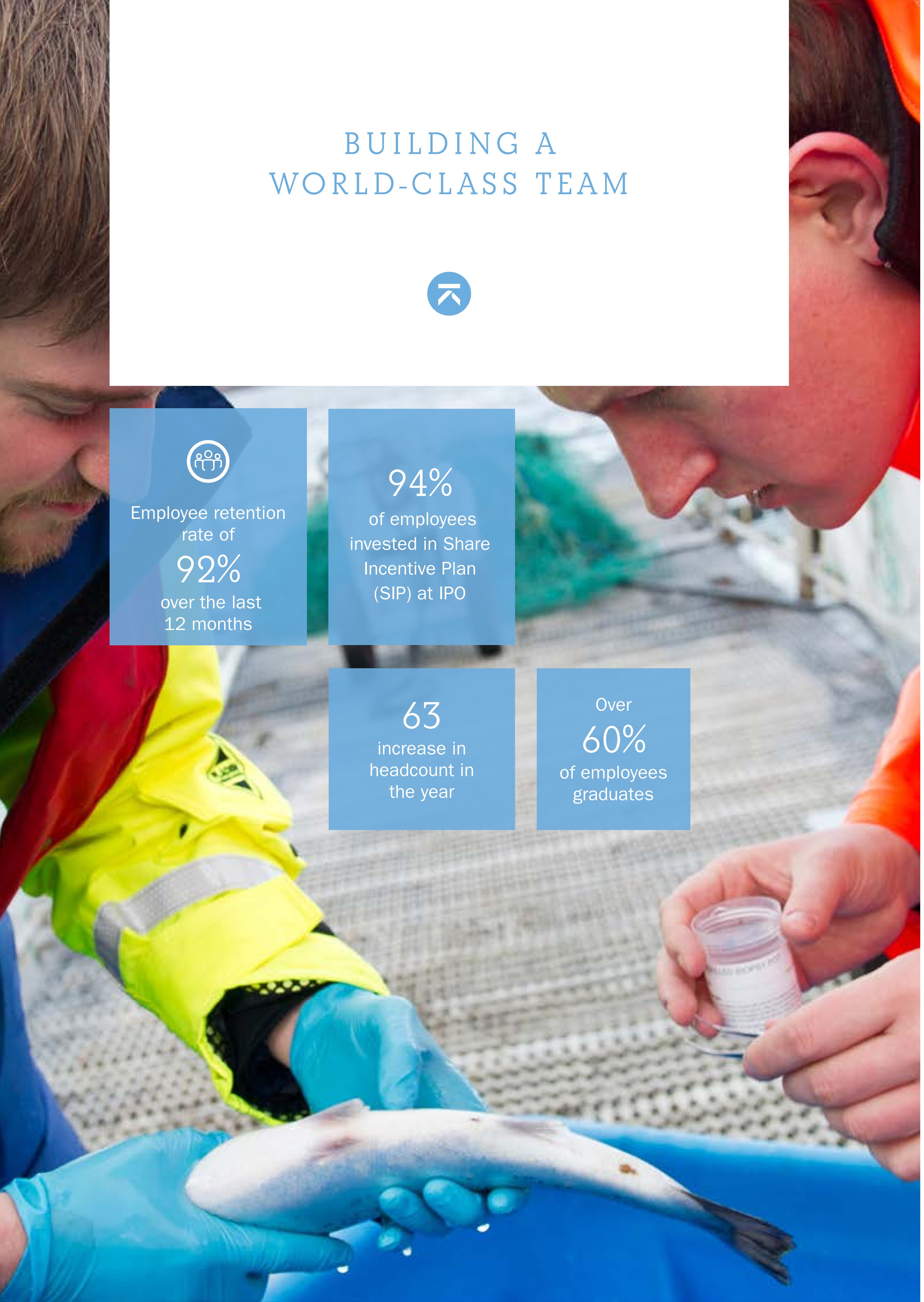
Working with researchers in the field, Norwegian salmon breeding and genetics company, SalmoBreed AS, was able to identify gene markers for PD. The QTL’s (quantitative trait loci) are a potential game-changer for the industry by significantly enhancing resistance to the disease in salmon. From an extensive bank of material from controlled challenge tests with PD performed on SalmoBreed broodstock lines, DNA samples were analysed and markers were identified on the genome that is strongly associated with the salmon’s ability to resist the disease.

There were previously no tools to tackle this disease problem which caused the Norwegian aquaculture industry losses of hundreds of millions of NOK.

All year round ova

Benchmark Breeding & Genetics is the only company in the world able to deliver commerical volumes of Atlantic salmon eggs every week of the year.

This ability to supply eggs outside the natural salmon breeding season allows us to help optimise the salmon industry’s efficiency. All broodstock is reared in-house, on land, in large broodstock farms which ensures outstanding biosecurity, enabling us to provide our customers with disease-free salmon ova.



BUILDING A WORLD-CLASS TEAM

Employee retention rate of
92%
over the last 12 months

94%
of employees invested in Share Incentive Plan (SIP) at IPO

63
increase in headcount in the year

Over
60%
of employees graduates

"Our people come to work because they believe in what we are doing and in the role they play in delivering this."

Anna Winton
Head of People

Building a first-class team has always been a core part of our strategy. Our founding vision for Benchmark was to build a profitable, thriving and ethical company where employees feel inspired, valued and motivated to come to work.

Attracting the highest calibre people

Over 60 per cent of our team are graduates and we are proud of the highly technical global team we have built. We have been adept in recruiting the highest calibre people, adding vital expertise and experience to the Group in order to support our clients and advance key areas of the business.

In the year ended September 2014, we successfully recruited several world-renowned fish health specialists into our aquatic health business, the Fish Vet Group, each bringing to the business invaluable knowledge and experience of prominent species-specific disease challenges relevant to the regions in which they work.

Strong management team

We continue to add to our strong management team who are delivering the substantial level of investment being made throughout the business. In addition to their daily roles, they have also ensured the smooth day-to-day running of the company through several key developments this year including the IPO, mergers and acquisitions, and the subsequent £70m fundraise which was completed post year-end.

Preparation for the next phase of Benchmark's growth has included the recruitment of a group of professional business managers to both secure succession and enhance the Group's capabilities and corporate governance systems. The key members of the management team have an average of over 20 years' experience in their relevant business sectors, with wide-ranging and long-held relationships at a senior level across the Group's industries.

Talent and succession planning

To ensure we have the future capability we need, we have begun a process of strategic talent planning to identify and address the gaps between our current resources and the resources we will need to achieve our future strategic goals. This integrated and continuous process will determine our future talent requirements, in terms of both skill set and location. It will then inform the need for talent acquisition and development programmes. Succession planning is also integral to our talent strategy, ensuring we have the leadership resources to achieve our strategic objectives now and in the future.

Investing in the future

For the year ended 2014, employee retention was 92 per cent and participation in our Share Incentive Plan (SIP) during the IPO was 94 per cent. The Directors view both of these as being indicative of the strong investment, commitment and value employees place on themselves and the roles they play in delivering Benchmark's vision.

As we move rapidly towards 300 people, maintaining this culture and our values is a key priority. We continue to place high importance on how we can develop our culture, improve our working environment and deliver on the aspirations of our people as we continue to grow as an organisation.

Throughout 2014 we launched a number of workplace initiatives, including Investors in People (IiP) and Axialent Conscious Business, to support this process. The aim is to support and develop our employees to ensure they remain informed about our strategy, understand how we operate as a business, and our vision for the future. This process will allow us to ascertain where we are doing well as a business and where we need to focus our efforts to make improvements.

Off the Bench, Edinburgh

OUR RESPONSIBLITY: INVESTING IN OUR PEOPLE

To invest in our people and communities by building long-term relationships based on mutual respect, trust and benefit because the success of our business relies on the actions and attitudes of our team. We are committed to continuously attracting and retaining people of the highest calibre and creating a working environment where they feel inspired to drive our growth and impact.

INVESTING IN NEXT-GENERATION SCIENTIFIC RESEARCH & PRODUCTION CAPACITY

NEW ANTIGEN-MANUFACTURING FACILITY UNDERWAY AT BRAINTREE UK SITE

£1.9m
acquisition of Zoetis aquaculture vaccine assets and next-generation aquaculture vaccine technology platform

Purpose-built laboratories opened in Norway and Thailand to provide rapid-response clinical services and veterinary diagnostics to these prominent markets

Development agreement signed with HypoPet to bring to market a breakthrough cat allergy vaccine by 2018, this brings into Benchmark expertise of VLP (virus like particle) vaccine technology

ESTABLISHING VACCINE MANUFACTURING FACILITY AT EDINBURGH BIOCAMPUS SITE

Increase of product pipeline from
30 to 47
products with an addressable market of
£397m pa

FVG Norge

"Our focus is on exploiting the most powerful and effective vaccine science and technology, developing our production capacity in order to grow our product pipeline, and building on our vaccine manufacturing expertise and facilities."

Bob Long
Managing Director, Benchmark Vaccines

Following our successful IPO in December 2013, we have been making significant investment across targeted areas of the business in order to support our growing product pipeline. We have set aside over £20m to establish vaccine manufacturing capacity at our Edinburgh site and to increase manufacturing capacity at our Braintree site in response to the growth we have seen across our vaccine business. The investment will also allow us to progress contract-manufacturing opportunities and support our increased product pipeline.

We are well advanced on the building of an industry-leading antigen production line at Braintree with anticipated completion in autumn 2015. Detailed planning of the development of the existing building at the Edinburgh BioCampus is underway with projected completion by summer 2016. These two investments will significantly increase the Group's vaccine manufacturing capacity.

Up to £10m of this investment is to be funded by proceeds from the recent Placing, which was completed post year-end in December 2014. This will be used to satisfy the increased requirements of our product pipeline and the additional specialist capacity required to manufacture the HypoCat™ vaccine.

Our newly constructed vaccine trials unit in Oxford was completed ahead of target in the summer 2014, receiving full authorisation in July 2014 from the Veterinary Medicines Directorate, Defra. The first terrestrial animal trials are now underway.

In September 2014, we entered into an agreement with HypoPet, a Swiss research company based at the University of Zurich, to deliver the final commercialisation, manufacture and distribution of a breakthrough vaccine for cats, HypoCat™, which neutralises the Fel d 1 protein, the primary cause of human allergic reaction to cats. With an estimated 10 per cent of the global population suffering from cat allergies, the agreement opens up a new market for Benchmark within the animal health sector with an estimated global value of £250m. We expect the vaccine to be commercialised within 3–4 years. The agreement with HypoPet advances our strategy, as articulated at our IPO in December 2013, to invest in selected new technologies and opportunities to grow our product, offering in related markets at the same time as exploiting our core vaccine production expertise and facilities.

Through our aquatic health veterinary and diagnostic business, the Fish Vet Group, we are positioning highly experienced teams in primary aquaculture regions to support the pace of growth of global aquaculture through the provision of rapid-response clinical services and aquatic veterinary diagnostics. In 2014 we added to our existing bases in Scotland, Ireland and the US with the opening of two state-of-the-art diagnostic facilities in Oslo, Norway, and Bangkok, Thailand. These purpose-built laboratories are equipped with advanced diagnostic tools, including qPCR and digital histopathology capabilities to ensure the highest level of service for our clients. Our team of histopathologists and diagnosticians are connected around the globe via specialist digital technology.

BioCampus

Benchmark has investment planned to fund the first stage of the development of our Edinburgh BioCampus manufacturing facilities.

The facility forms a key site from which we will develop and accommodate the growth of our Animal Health Division's biotechnology and vaccine manufacturing business and capabilities. Through Benchmark Animal Health, we expect to create 35 jobs at the plant in the short-term, eventually rising to 70 jobs in the medium-term.

Laboratories and facilities

Fish Vet Group, Asia

Our team in Bangkok use digital histopathology, qPCR and other diagnostic tools to provide rapid, actionable advice for aquaculture producers throughout the region. Their experienced histopathologists are connected to the Fish Vet Group global team of diagnosticians via digital pathology technology.

Fish Vet Group, Norway

Our laboratory in Oslo offers detection of virus and bacteria by PCR, as well as histopathological examination of salmonids. With state-of-the-art automated equipment and a specialist team, the laboratory delivers high-throughput screening. Through the use of our digital histopathology system, our experienced in-house team is able to collaborate closely with the global Fish Vet Group team.

Animal Health Centre

Vaccines for food production animals are playing an increasingly important role in managing health and reducing disease at farm level, while decreasing our reliance on antibiotics.

Our Animal Health Centre in Oxford is a dedicated, Defra-approved facility to enable animal health companies to comply with marketing authorisation requirements and complete the required potency and safety testing prior to the batch release of vaccine products.

Our on-site vets, animal health and quality control staff ensure the animals receive the best level of care and that all of the trials are conducted to the highest standards.

Environmental footprint: Moving towards a "net positive"

FAI Oxford

All businesses have an impact on the environment in which they operate. Recognising this, Benchmark has embarked on an ambitious agenda not only to reduce our carbon footprint and environmental impact, but also to become a "net positive" Group. Through driving forward environmentally sound sustainable business management and operations within the Group and with our clients we will strive to make our environmental footprint a positive one.

This agenda begins with ensuring adherence to relevant environmental legislations and standards by implementing best practices within waste minimisation and management, energy use and water use. Through internal stakeholder engagement and education we will empower our Directors and site managers to conduct environmental site impact assessments and put in place environmental management strategies. Wherever we are building new sites we will ensure the design incorporates green building techniques, which examine both the materials used and the efficiency of the buildings when in use.

The goal is to maximise the energy generated, minimise our own use, and realise environmental and financial benefits by selling the surplus energy to adjacent entities or back to the grid.

What we've done

In 2013 we installed new solar panel electricity generation at our Head Office in Sheffield, our new Animal Health Centre in Oxford and at our offices in Braintree; since the installation we have used 17–20 per cent less energy and generated additional income of circa £25,000 per annum.

To address our carbon footprint by reducing the number of flights we take, we have invested in video conferencing units at seven Benchmark sites: Sheffield, Inverness, Oxford, Braintree, Edinburgh, Portland and Oslo. This will not only reduce our carbon footprint but also enable our employees to spend less of their time travelling.

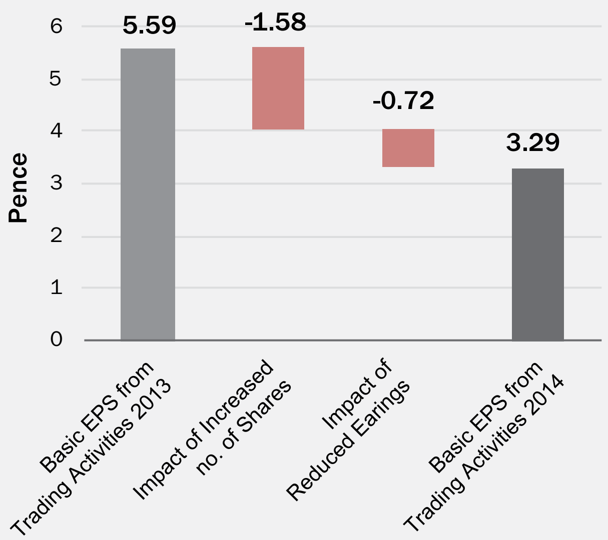
KEY PERFORMANCE INDICATORS

The Group's key performance indicators are set by reference to its strategic objectives.

- Mid to long-term growth in revenue and earnings per share from Trading Activities;

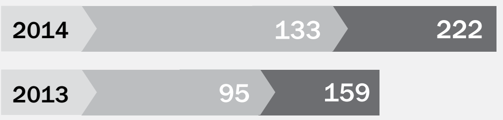
Group Revenue
2014: £35.4m (+28%)

Basic EPS from Trading Activities



- Building on the Group's track record of recruiting the highest calibre and most appropriate people, in terms of skills and experience;

Headcount (Including Number of Graduates)
2014: 222 (+40%)



- Successful and secure investment of the Group's available capital in long term revenue and generation of EBITDA from Trading Activities;

Group EBITDA from Trading Activities
2014: £6.6m (-11%)

Products in Pipeline
2014: 47 (+57%)

Investment in R&D (including acquired intangibles)
2014: £6.5m (+622%)

Net Assets
2014: £37.3m (+213%)

RISK MANAGEMENT

The principal risks and uncertainties facing the Group are summarised on the following pages. The opportunities that arise from those risks and uncertainties have also been identified.

The principal risks are formally reviewed periodically by the Board. Updates in terms of emerging risks or significant actions undertaken are addressed as and when required at Board meetings. The principal risks are determined through an evaluation of likelihood of occurrence and potential impact, with company Directors continually assessing risk and uncertainty in their respective businesses.

PRINCIPAL RISKS SUMMARY

Risks and uncertainties	Mitigating factors	Opportunities
Generic products may be viewed as more effective than the Group's products.	Salmosan® is a branded product which is manufactured to a high specification and is trusted by the Salmon industry. The Group has invested heavily in field-based technical support and other disease management services to ensure customers have a total aqua-solution available to them. An improved version of Salmosan® (Salmosan Vet®) has recently been launched in order to provide product differentiation. Sea lice treatments represent a very small proportion of the costs of salmon farming whereas the costs of stock damage or loss can be prohibitively expensive.	The provision of total aqua-solutions presents opportunities for pull-through of services and new products.
Under utilisation of animal health vaccine manufacturing facilities would result in a shortfall in revenue.	There is a shortage of animal health vaccine manufacturing capacity in Europe and hence toll-manufacturing opportunities are available. The Group's new product pipeline includes a number of vaccines that will provide significant utilisation of Group manufacturing capacity in the future.	Having in-house manufacturing provides security of supply of the Group's own-products. The shortage of manufacturing capacity in Europe presents opportunities to win new toll-manufacturing contracts with Animal Health companies, thereby increasing the Group's profile with potential collaborative partners.
The Group is reliant on the continued success of its research and development programmes for aquaculture and the commercial success of its pipeline products. An unexpectedly high new product development failure rate or delay in reaching market would delay revenue growth.	The Group has built a high calibre team of animal health product development specialists covering all stages of the process to market. Many new products in development involve collaboration with industry partners and often present a lower risk as the Group can leverage the partner's existing development work. Rigorous proof of concept studies are undertaken at an early stage in order to seek to minimise the possibility of failure.	This approach to product development tends to enable the Group to access a wider portfolio of potential solutions to identified market needs and often allows accelerated progress to market launch.
The Group's revenue and profitability are currently largely derived from a single product.	The recent establishment of Benchmark Breeding and Genetics provides significant diversification of Group revenues. The new division is predicted to deliver the largest proportion of Group revenues in 2015. The new product pipeline of 47 products will diversify this risk significantly. Two new own-products were launched in 2014. Already in 2015 an improved version of Salmosan® has been launched — Salmosan Vet® . The Group is targeting several more new product launches in 2015.	The Group is fast building a strong position as a key player in the global aquaculture industry and this brings new opportunities at an increasing pace.
The Group is reliant on third parties to provide it with some raw materials and manufacturing services.	Wherever possible dual suppliers of key raw materials, components and manufacturing services are engaged. In addition the Group continually evaluates the security of the supply chain for each of its products and will consider establishing in-house manufacturing where there is a high risk. The Group will also increase stock holding where appropriate in order to mitigate the risk of product shortages.	Where dual supply is achieved this presents opportunities for cots saving and also to encourage collaboration. Where in-house manufacturing is the preferred approach this can present opportunities to generate revenues from providing manufacturing services to third parties.
Damage to Group assets could result in loss of principal animal health vaccine manufacturing facility coupled with long-lasting consequential losses including loss of customers.	Work is underway to construct and fit out a second manufacturing site at BioCampus Edinburgh. This will help the Group to significantly reduce disaster recovery time scales and hence losses.	The launch of a second manufacturing facility will provide substantial additional capacity.
Failure of critical new plant or new facilities coming on-line within anticipated time scales would lead to a delay in recouping generating cash flows. There could be potential contractual penalties for failure to supply.	Each new capital project undergoes detailed planning under the supervision of an experienced project manager who works with a designated in-house project team including Finance, Legal, IT, People, Regulatory, etc. These teams are supplemented by retained specialist consultants and advisors. Close attention is paid to drafting of supplier contracts in order to reduce the risk of delays or where appropriate pass the cost on to the contractor.	
Development of resistance to some existing products would lead to reduced efficacy.	The Group has deployed a technical support team to provide customers with regular advice and training on proper use of its products. There is a particular focus on good stock management and avoiding over-use.	Helping customers to avoid over-use ensures the long term sales of a product and allows time for the launch of new generation treatments from the Group's new product pipeline.
Disease outbreaks in salmon breeding programmes would lead to reduced revenues, reputational damage and the potential for product liability claims.	Group breeding facilities operate high standards of bio-security, quality control and quality assurance. In particular Stofnfiskur's location in Iceland provides some of the best resources for disease free production.	Consistent disease free production results in increased customer confidence and the potential to expand sales.
Failure to obtain necessary regulatory approvals for movement of salmon eggs or milt between countries would lead to delay in delivering synergies between Benchmark Breeding and Genetics companies.	The Benchmark Breeding and Genetics division has one of the most experienced technical teams in the industry with in depth knowledge of regulatory requirements for movement of salmon eggs and milt.	

The Strategic Report was approved by the Board on 26 January 2015 and signed on its behalf by

Malcolm Pye
Chief Executive Officer

STRATEGIC REPORT

FAI Ardtoe Marine Research Facility

WHAT'S IN THIS SECTION?

BOARD OF DIRECTORS

Board Committees	Nominations Committee	Audit Committee	Remuneration Committee
	Alex Hambro (Chair)	Basil Brookes (Chair)	Susan Searle (Chair)
	Susan Searle	Alex Hambro	Basil Brookes

Malcolm Pye, Chief Executive Officer

Malcolm works across the Group on strategic business development, marketing, acquisitions and commercial matters. His role includes the development of important synergies between the Group's companies and ensuring that opportunities are resourced and exploited.

Malcolm is a graduate of Zoology / Applied Zoology from the University of Wales (Bangor). He has over 30 years' experience in international agribusiness including at board level within the Hillsdown Holding / HMTF animal breeding, feed milling, veterinary and poultry companies. During his time at Hillsdown, Malcolm also worked extensively on M&A projects, both leading and advising on acquisitions and disposals.

Roland Bonney, Chief Operating Officer

Roland works across the Group companies leading on strategic business development, marketing, acquisitions and the development of Group synergies. His role also includes communications and people development across the Group.

Roland is an experienced agriculturalist having set up businesses in large-scale extensive farming and food chain development consultancy to global food retailers. He also has wide international experience working on business development in the USA and in the emerging Latin American and Chinese markets.

Mark Plampin, Chief Financial Officer

Mark is responsible for financial controls and management information working with Group company boards to develop and deliver the Group's strategy. Mark is a qualified Chartered Certified Accountant with over 20 years' experience.

A large part of Mark's career has been spent as a lead advisor in corporate finance, working on M&A and the strategic development of high growth, small and mid-market businesses. Mark joined Benchmark in his current role in 2010 from PKF (UK) LLP (now BDO LLP), where he was a Partner and National Chairman of the Food Sector Group.

The Hon. Alex Hambro, Non-executive Chairman

Alex has been in the private equity industry both in the UK and USA for 27 years during which time he has acted as a principal investor; manager and sponsor of private equity and venture capital management teams; and adviser to high net worth families on their private equity investment strategies and targets. Alex managed the venture capital and private equity fund investment portfolio for Hambros plc, prior to its sale to Société Générale in 1998.

Alex is a founding director of Crescent Capital, a venture capital fund management team based in Belfast, and Judges Scientific plc, a scientific instrumentation manufacturing group. In addition to his Chairmanship responsibilities at these two companies, Alex is a Non-executive Director of Bapco Closures Ltd, Izon Science Ltd, Octopus Eclipse VCT plc and Hazel Renewable Energy VCT 2 plc.

Susan Searle, Non-executive Director

Susan has over 20 years' experience working with entrepreneurs and academic inventors in the commercialisation of university research and holds an MA in Chemistry from Exeter College, Oxford. She co-founded Imperial Innovations Group plc, now one of the world's leading technology venture investment businesses, leading as CEO from 2002 to 2013.

Susan currently holds non-executive directorships at Horizon Discovery™ Group plc, an international life science company, and QinetiQ Group plc, an engineering and technology services FTSE 250 company. Susan is the Chairman of the remuneration committee for Horizon Discovery Group and sits on the Remuneration, Audit, Nominations and Risk committees at QinetiQ. She is deputy chair of Mercia Technologies plc and chairs its audit committee. Susan is also a Trustee of charity, Fight for Sight.

Basil Brookes, Non-executive Director

Basil was one of the founders and the Finance Director of Wilmington Group plc, a listed media company which floated in 1995. He held that position until November 2012. Basil has over 20 years' experience as a finance director in the media industry, 18 of which were on the boards of fully listed companies. In his early career Basil gained extensive corporate finance experience at Maxwell Communication Corporation plc where he went on to be appointed Finance Director in 1990.

Prior to working in the media industry, Basil worked at Coopers & Lybrand where he qualified as a Chartered Accountant and went on to become a senior manager gaining experience in audit and financial investigations. Basil holds an MA in Mathematics from Magdalen College, Oxford, and is a Member of the Association of Corporate Treasurers.

Athene Blakeman, Company Secretary and Group Legal Counsel

Athene is responsible for providing legal support to the Group and the Board, including advising on and managing acquisitions, commercial contracts and product pipeline opportunities, developing the Group's IP strategy and coordinating the company secretarial function.

Athene spent nine years as a corporate lawyer at Slaughter and May, and Travers Smith LLP, working with Benchmark on its IPO in 2013, before joining the Company in summer 2014.

CORPORATE GOVERNANCE REPORT

This report describes our governance principles and structures and reflects our commitment to good corporate governance across the Group.

Chairman's overview

The Chairman's views on corporate governance at Benchmark Holdings and our compliance with the Corporate Governance Code for Small and Mid-Size Quoted Companies issued by the Quoted Companies Alliance ('the QCA Code') are included in the Chairman's statement set out on pages 16 to 19.

Compliance with the QCA Code

This report describes how, during the period since the IPO in December 2013, we complied with the main principles of the QCA Code. Benchmark Holdings is committed to good corporate governance across the Group, for which the Board is accountable. The Company's description of its strategy is set out in the Strategic Report starting at page 10. A copy of the QCA Code can be purchased from the Quoted Companies Alliance website at www.theqca.com

Corporate governance framework

Benchmark Holdings operates within a clear governance framework, which is outlined in the diagram opposite and set out in this report. The Group's risk management framework is outlined in the Strategic Report commencing on page 10.

BENCHMARK HOLDINGS plc

Chairman
Alex Hambro

Principal objective
Leading the Board to ensure effectiveness in all aspects of its role

BOARD OF BENCHMARK HOLDINGS plc

Six Directors
Three Executive Directors, a Non-executive Chairman and two further Non-executive Directors

Principal objective
Collectively to ensure the long term success of the Company

AUDIT COMMITTEE

Basil Brookes (Chairman)
Alex Hambro

Principal objective: to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal controls

Audit Committee Report page 87

NOMINATIONS COMMITTEE

Alex Hambro (Chairman)
Susan Searle

Principal objective: to lead a formal, rigorous and transparent process for the appointment of new directors to the Board and its committees

Nominations Committee Report page 86

REMUNERATION COMMITTEE

Susan Searle (Chairman)
Basil Brookes

Principal objective: to develop policy on Executive remuneration and set the remuneration of the Chairman of the Board, individual Executive Directors and senior managers immediately below Board level

Remuneration Committee Report page 91

Board size and composition

Since the IPO, the Board has comprised six Directors: the Chairman, two further Non-executive Directors and three Executive Directors. The size and composition of the Board and its Committees are reviewed by the Board and, in future years, will be reviewed by the Nominations Committee to ensure that there is an appropriate balance and diverse mix of skills, experience, independence and knowledge of the Group.

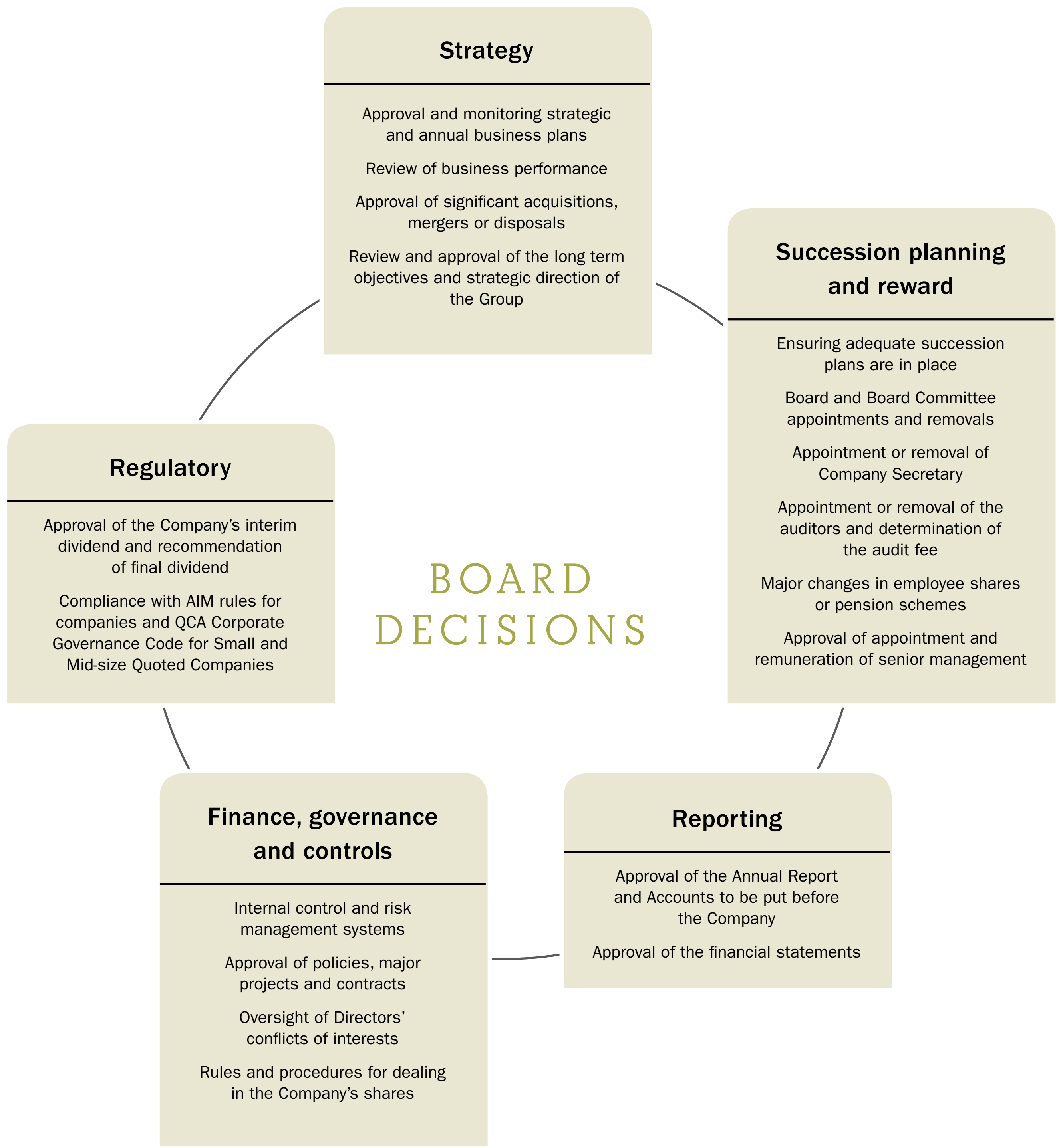
As part of the IPO process, the following Directors resigned their positions on 21 November 2013: David Cox, Jim Muirhead, Kevin Lawless, Paul Cook, Peter Southgate and Ruth Layton. On 18 December 2013 Alex Hambro, Susan Searle and Basil Brookes were appointed to the Board.

The Board is collectively responsible for the long-term success of the Group. The Executive Directors are responsible for running the business operations and ensuring that the necessary financial and human resources are in place in order to achieve the Company's strategic aims. The Non-executive Directors are responsible for:

- Constructively challenging and helping develop proposals on strategy;
- Scrutinising the performance of management;
- Satisfying themselves that financial controls and systems of risk management are robust;
- Determining levels of remuneration;
- Satisfying themselves on the integrity of financial information; and
- Succession planning for the Executive Directors.

The Board reviews strategic issues on a regular basis and exercises control over the performance of the Company by agreeing budgetary targets and monitoring performance against those targets.

Certain matters are reserved for approval by the Board and the Board has overall responsibility for the Group's system of internal controls and risk management, as described on pages 81 and 83. Following presentation by executive management and a disciplined process of review and challenge by the Board, clear decisions on policy and strategy are adopted and the executive management are empowered to implement those decisions. A formal schedule of matters reserved for Board approval is maintained which covers items that are significant to the Group as a whole due to their strategic, financial or reputational implications. A summary of these matters is shown on the next page.



Board roles and responsibilities

Full biographical details for all Board members can be found on pages 78 and 79 of this report.

Chairman — Alex Hambro

The role of the Chairman (or Chair) is to:

- Lead the Board to ensure effectiveness in all aspects of its role;
- Set the agenda for Board meetings;
- Ensure the membership of the Board is appropriate to meet the needs of the business;
- Oversee Board Committees as they carry out their duties including reporting to the Board;
- Establish appropriate personal objectives for the Chief Executive Officer;
- Ensure Directors are up to date with training and development;
- Provide the information necessary for Directors to take a full and constructive part in Board discussions;
- Promote an open culture of debate; and
- Develop and maintain effective communication with shareholders.

Chief Executive Officer — Malcolm Pye

The role of the Chief Executive Officer is to:

- Run the day-to-day business and operations of the Group;
- Lead the development and delivery of strategy to enable the Group to meet the requirements of its shareholders;
- Lead and oversee the executive management of the Group;
- Deliver the Group's budget and strategic plans; and
- Provide the appropriate environment to recruit, engage, retain and develop the personnel needed to deliver the strategy.

Conflicts of interest

Any Director is obliged to seek authorisation before taking up any position that conflicts, or may conflict, with the interests of the Company. The Board is empowered to authorise situations of potential conflict of interest, where it sees fit, so that a Director is not in breach of his or her duty. All existing external appointments and other such 'situational conflicts' of each Director have been reviewed and authorised by the Board. All Directors must ensure that their external appointments do not involve a time commitment that would adversely affect their responsibilities to the Company. If a conflict were to arise in relation to a transaction or other arrangement proposed between the Company and a party in which any Director had an interest, that Director would be obliged to declare the interest. Where the interest is material, the relevant Director will not be permitted to vote on decisions relating to the matters in which he or she has an interest.

Re-election of Directors

The appointment of all Directors was approved at the Annual General Meeting held on 11 March 2014. The Articles of Association require directors to retire by rotation at the third AGM after the AGM when they were elected.

Non-executive Director independence and length of service

- The Board considered each Non-executive Director's independence on appointment and concluded that they were independent. The Board will review independence on an annual basis.

Non-executive Directors are appointed for specified terms, subject to re-election, and terms beyond six years are subject to rigorous review. Accordingly, Non-executive Directors are appointed for a maximum of two terms of three years and, thereafter, may serve for an additional period only at the invitation of the Board. The respective periods of service of our Non-executive Directors (including the Chairman) are:

Name	Date of Appointment	Term
Alex Hambro	18 December 2013	3 years
Susan Searle	18 December 2013	3 years
Basil Brookes	18 December 2013	3 years

Induction, business awareness and development

The Chairman is responsible for ensuring that Directors receive a full formal and comprehensive induction. This includes but is not limited to:

- An overview of the Group, its functions and governance
- Briefings on Directors' regulatory and compliance responsibilities
- Site visits to Group locations
- Detailed reviews of the strategic projects and initiatives underway
- One-to-one meetings with senior managers

In order that Directors continue to further their understanding of the issues facing the Group and are able to challenge constructively and help develop proposals on strategy, the Non-executive Directors are encouraged to visit Group locations. During the year under review, visits have taken place to our facilities in Inverness, Ardtoe, Edinburgh, Sheffield, Oxford and Braintree. These site visits, which include business presentations and updates, are in addition to the frequent reviews on current issues made at the scheduled board meetings by Executive Directors and other senior managers and the presentation on his or her business that each company managing director or functional head makes to the Board at one of its scheduled meetings at least annually.

Board meetings

During the financial year ended 30 September 2014, the Board held 12 scheduled board meetings. In 2013/14, all Directors committed an appropriate amount of time to fulfil their duties and responsibilities to the Board.

Board and committee attendance during 2013/14

Name	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Chairman:			
Alex Hambro	9	3	-
Non-executive Directors:			
Basil Brookes	9	3	2
Susan Searle	9	-	2
Executive Directors:			
Malcolm Pye	12		
Roland Bonney	12		
Mark Plampin	12		
Paul Cook	1		
David Cox	-		
Kevin Lawless	-		
Ruth Layton	1		
Jim Muirhead	-		
Peter Southgate	-		

Relations with shareholders

Engagement with our shareholders is essential to ensure that Benchmark Holdings' medium- and long-term objectives are understood and to receive feedback on our strategy, performance and governance. It is also crucial that shareholders have the confidence in the Board's ability to oversee the implementation of the strategy and that, if they have concerns, they know to whom these should be addressed. The Chairman is primarily responsible for ensuring that the Board is accessible to major shareholders and that channels for communication are open. He also has principal responsibility for ensuring that all of the Board members and in particular the Non-executive Directors are aware of any concerns raised by major shareholders and that their views are taken into account. The Chief Executive Officer, Chief Operating Officer and Chief Financial Officer all have regular dialogue with institutional shareholders.

Shareholder engagement activities during the financial year included:

- A number of face-to-face meetings with investors during the year; and
- Directors attending the AGM, where they were available to answer questions and undertake constructive dialogue with shareholders.

Going concern

The Strategic Report reviews, in relation to the Group as a whole:

- Its business activities
- Its financial position
- The factors likely to affect its future development and performance
- The objectives and policies in managing the financial risks to which it is exposed

The Directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern, including its solvency and liquidity. The Directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts.

Share capital and control

Details are included on pages 102 and 103 of the Directors' Report.

NOMINATIONS COMMITTEE REPORT

The composition of the Nominations Committee during the year was:

- Alex Hambro (Chair)
- Susan Searle

While only members of the Committee have the right to attend meetings, the Head of People and external advisers may also be invited to contribute on specified agenda items.

Key objective

To lead a formal, rigorous and transparent process for the appointment of new Directors to the Board and its Committees.

Responsibilities

- To review the composition of the Board including its balance of skills and experience;
- To lead the process for Board appointments and recommend the appointment of new Directors;
- To review the re-appointment of Non-executive Directors;
- To make recommendations on the composition of the Board's Committees;
- To consider succession for senior and Executive positions.

The Committee's terms of reference are reviewed annually and a summary of these are available on the Governance section of our website at www.bmkholdings.com

The Nominations Committee did not meet during the period under review.

AUDIT COMMITTEE REPORT

The composition of the Audit Committee during the year was:

- Basil Brookes (Chair)
- Alex Hambro

The Committee members are both independent Non-executive Directors. There is more information on Basil's relevant experience on page 79.

In addition to Committee members, there are a number of regular attendees at each meeting. The Chief Financial Officer and lead external audit partner normally attend all scheduled Audit Committee meetings. The Audit Committee members regularly take time before or after a meeting, without any Executive Directors or senior management present, to raise any questions and discuss issues with the external auditor. The Chairman of the Audit Committee meets the CFO and the external auditor separately to review current issues and developments prior to each meeting of the Audit Committee, such meetings often taking place by telephone.

Key objective

To ensure that the interests of shareholders are properly protected in relation to financial reporting and internal controls.

Responsibilities

As 2014 was Benchmark's first year as an AIM listed company, the audit of the financial statements to 30 September 2014 represented the first audit as an AIM listed company. Additionally, the Audit Committee was not constituted until listing, after the preparation and signature of the 2013 financial statements. During the year the main responsibilities were:

- To review accounting policies and the integrity and content of the financial statements;
- To monitor disclosure controls and procedures and the Group's internal controls;
- To consider the adequacy and scope of external audits;
- To oversee the appointment and ongoing relationship with the external auditor;
- At the Board's request, to provide advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- To monitor the objectivity, independence and effectiveness of the external auditor, including the scope and expenditure on non-audit work;
- To review and approve the statements to be included in the Annual Report on internal control and risk management;
- To review and report on the significant issues considered in relation to the financial statements and how they are addressed.

The Committee's terms of reference are reviewed annually and a summary of these are available on the Governance section of our website at www.benchmarkplc.com

Actions undertaken during the year

The key activities for the Committee in 2013/14 are set out below.

At the request of the Board, the Committee reviewed the presentation of the Company's unaudited results for the six months to 31 March 2014 to ensure that they were presented in a fair, balanced and understandable way. Particular attention was paid to the results of investing activities, for which much of the cash raised in the IPO was to be used, as well as Trading Activities which the Board regards as 'core earnings'.

Given that the 2014 audit was the first undertaken under the oversight of the Audit Committee, the review of the annual audit process along with the performance of the lead audit partner was undertaken after the financial year-end. The robustness of the audit process, quality of delivery and service levels provided was rigorously assessed and input sought from senior management and those involved in the audit process across the business.

The Committee recognises the importance of safeguarding auditor objectivity. The following safeguards are in place to ensure that auditor independence is not compromised:

- The Audit Committee carries out an annual review of the external auditor as to its independence from the Group in all material respects and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the Audit Committee recommends to the Board the continuation, or removal and replacement, of the external auditor;
- The external auditor may provide audit-related services such as regulatory and statutory reporting as well as formalities relating to shareholder and other circulars;
- The external auditor may undertake due diligence reviews and provide assistance on tax matters given its knowledge of the Group's business. Such provision will be assessed on a case-by-case basis so that the best adviser is retained. The Audit Committee monitors the application of policy in this regard and keeps the policy under review;
- The Audit Committee reviews on a regular basis all fees paid for audit and consultancy services with a view to assessing the reasonableness of fees, value of delivery and any independence issues that may have arisen or may potentially arise in the future;
- The external auditor reports to the Directors and the Audit Committee regarding their independence in accordance with Auditing Standards. BDO LLP's policy is that audit partners are required to be rotated every fifth year, and audit senior management every seventh year;
- Different teams are used on all other assignments undertaken by the auditor;
- Non-audit services carried out by the external auditor are generally limited to work that is closely related to the annual audit or where the work is of such a nature that a detailed understanding of the business is beneficial;
- The Audit Committee monitors these costs in the context of the audit fee for the year, in order to ensure that the potential to affect auditor independence and objectivity does not arise. The split between audit and non-audit fees for 2014 and information on the nature of the non-audit fees incurred is detailed in Note 7 accompanying the consolidated financial statements.

The Audit Committee monitors the effectiveness of the external audit functions. To comply with this requirement, the Committee reviews and comments on the external audit plans before it approves them. It then considers progress during the year by assessing the major findings of their work, the perceptiveness of observations, the implementation of recommendations and management feedback. At the request of the Board, the Committee also monitors the integrity of all financial statements in the Annual Report and half year results statements, and the significant financial reporting judgements contained in them. Further details of the Committee's procedures to review the effectiveness of the Group's systems of internal control during the year can be found in the section on effective risk management and internal control below. The Committee recognises that all financial statements include estimates and judgements by management. The key audit areas are agreed with management and the external auditors as part of the year-end audit planning process. This includes an assessment by management at both a business unit and Group level of the significant areas requiring management judgement. These areas are reviewed with the auditors to ensure that appropriate levels of audit work are completed and the results of this work are reviewed by the Committee.

Effective risk management and internal control

One of the Board's key responsibilities is to ensure that management maintains a system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. The Group's systems are designed to identify key financial and other risks to the Group's business and reputation, and to ensure that appropriate controls are in place. Consideration is given to the relative costs and benefits of implementing specific controls.

Assurance

On behalf of the Board, the Audit Committee examines the effectiveness of:

- The systems of internal control, primarily through reviews of the financial controls for financial reporting of the annual, preliminary and half yearly financial statements and a review of the nature, scope and reports of external audit;
- The management of risk by reviewing evidence of risk assessment and management; and
- Any action taken to manage critical risks or to remedy any control failings or weaknesses identified, ensuring these are managed through to closure.

The Audit Committee has completed its review of the effectiveness of the Group's systems of internal control during the year. It confirms that the necessary action plans to remedy identified weaknesses in internal control are in place and have been throughout the year. Where appropriate, the Audit Committee ensures that necessary actions have been, or are being, taken to remedy or mitigate significant failings or weaknesses identified from the review of effectiveness of internal controls. The Group's internal controls over the financial reporting and consolidation processes are designed under the supervision of the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes in accordance with IFRS.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance and may not prevent or detect all misstatements whether caused by error or fraud. The Group's internal controls over financial reporting and the preparation of consolidated financial information include policies and procedures that provide reasonable assurance that transactions have been recorded and presented accurately.

Management regularly conducts reviews of the internal controls in place in respect of the processes of preparing consolidated financial information and financial reporting. During the year ended 30 September 2014, there were no changes to the internal controls over these processes that have or are reasonably likely to materially affect the level of assurance provided over the reliability of the financial statements.

Risk management and internal control system features

Risk management control system

As well as the risks that management identify through the ongoing processes of reporting and performance analysis, the Audit Committee has additional risk identification processes, which include:

- Risk and control process for identifying, evaluating and managing major business risks. During the year, the Chief Financial Officer oversaw an exercise to evaluate the risks faced by the business and to identify suitable mitigating actions;
- External audit reports, which comment on controls to manage identified risks and identify new ones;
- A confidential whistle-blowing helpline and an email address available for employees to contact the Non-executive Directors in confidence.

Internal control system

The internal controls which provide assurance to the Committee of effective and efficient operations, internal financial controls and compliance with law and regulation include:

- A formal authorisation process for investments;
- An organisational structure where authorities and responsibilities for financial management and maintenance of financial controls are clearly defined;
- Anti-bribery and corruption policies and procedures and a dedicated email hotline, designed to address the specific areas of risk of corruption faced by the Group;
- Our comprehensive financial review cycle where the annual budget is approved by the Board and monthly variances are reviewed against detailed financial and operating plans.

REMUNERATION REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

Statement from Susan Searle, Chairman of the Remuneration Committee

Dear Shareholder,

2014 was Benchmark's first year as a plc. The Company underwent a major transition from private company to traded public company, and a decision was taken not to make any major adjustments to the Executive Directors' salaries at the time of the IPO, nor to issue options under the new share incentive schemes during the first financial year. The Executive Directors were keen to demonstrate that, together with the senior team, they could deliver and execute the strategy in the public company environment, before making any major changes.

The Company enjoys a culture of cooperation with strong team values and a sense of shared participation in the Group's achievements and vision for the future. A significant amount of the Company's success can be attributed to these values, together with the strong leadership and united vision of the Executive Directors. This philosophy has been enhanced by a remuneration policy which is non-hierarchical and encourages share ownership throughout the workforce. Future remuneration policy is being developed in a way that maintains these cultural values.

During the year, the Remuneration Committee commissioned a review by MM&K of all aspects of the Executive Directors' remuneration, which included a benchmarking exercise against the Company's peers. MM&K also reviewed and advised the Remuneration Committee on the Company's remuneration policy and the use of its share schemes.

Following the review of the Executive Directors' remuneration, it is clear that the Executive Directors' salaries are substantially below those of their peer group. The Committee decided, over the coming two to three years, to move these salaries to a level which is reasonably competitive, whilst recognizing that the Executive Directors' long-term involvement with the business is a key motivating factor. Malcolm Pye and Roland Bonney are founders of the business, and Mark Plampin has been with the Company for over four years.

Performance of the Executive Directors is assessed against metrics which are relevant to Benchmark's business and have regard to the Company's stage of development. In determining bonus payments, the Committee assessed performance against four key indicators which focus on the delivery of sustainable mid-to long-term growth through execution of the Company's strategy (see page 92). During the year excellent progress was made in all areas, and this is reflected in the awards made to the Executive Directors.

The Company is traded on the AIM Market of the London Stock Exchange and is not required to produce a Remuneration Report. We have elected to prepare this report to explain to shareholders the Company's remuneration policy and its approach to the remuneration of the Executive Directors. An advisory resolution inviting shareholders to approve the Remuneration Report will be put to shareholders at the Company's Annual General Meeting to be held on 5 March 2015. We look forward to receiving your support.

Susan Searle
Chairman of the Remuneration Committee
26 January 2015

Remuneration Committee composition and responsibilities

The composition of the Remuneration Committee during the year was:

- Susan Searle (Chair)
- Basil Brookes

The committee members are both independent Non-executive Directors. The Company Secretary acts as secretary to the committee and the Head of People also attends committee meetings to provide advice on remuneration policies and practices. At appropriate times, the Remuneration Committee invites the views of the Chief Executive and Chairman of the Board, and seeks advice from independent remuneration consultants. No Director or employee is present when his or her own remuneration or fees are discussed.

Key objectives

The key objectives of the Remuneration Committee are to develop the Company's policy on executive remuneration and to fix the remuneration of the executive directors, chairman of the board and senior managers.

Responsibilities

Following its IPO on AIM in December 2013, this was Benchmark's first year as a traded public company. During the year, the Remuneration Committee reviewed its scope of work and agreed with the Board a more detailed mode of operation for the committee. The main responsibilities of the Remuneration Committee are:

- To monitor and develop the Company's remuneration policy
- To determine the remuneration of the executive directors in line with the Company's remuneration policy
- To approve the service agreements of the executive directors
- To approve the remuneration of senior managers in line with the Company's remuneration policy
- To determine the fees of the Chairman
- To review the Company's annual bonus proposals and to approve bonuses for the executive directors and senior managers
- To approve the design of and oversee awards under the Company's share incentive plans, including approving awards to the executive directors and senior managers
- To consider risks to the Group in light of its remuneration policies

An overview of the Remuneration Committee's terms of reference is available on the Governance section of our website at www.benchmarkplc.com

Directors' Remuneration Policy

The transition from private company to traded public company was made in December 2013. The Group's historic remuneration policy has operated successfully to create a motivated workforce with shared values and a culture of mutual support, and will be continued.

The Company's remuneration policy balances three key objectives:

- To pay reasonably competitively in the relevant talent markets to sustain motivation and commitment, recognising that Benchmark has a unique culture and staff join and remain with Benchmark in order to share in the company's vision for sustainability and to participate in the important work it does;
- To remunerate in a way that makes economic sense for the Company, ensuring there is a fair balance of return to the executive team, management, staff and shareholders for their contributions to the Company's success;
- To encourage the cooperative behaviours which promote business priorities and lead to high performance.

The Company's remuneration policy supports a climate of team involvement and generates a shared enthusiasm for the growth and success of the Group as a whole. It encourages cooperation, sharing of ideas and mutual support between people in different business units. The policy reflects and supports the sense that the Group is involved in creating and delivering services which benefit mankind and the natural environment. The policy also recognises that the non-monetary rewards of team membership, intellectual stimulation, freedom, creativity and producing something worthwhile, have equal or higher place in maintaining personal commitment and in attracting and retaining the best people.

Future remuneration policy

The Executive Directors' remuneration comprises fixed elements in the form of a base salary, benefits and pension contributions, and a variable discretionary element in the form of a bonus, which may be satisfied in cash, deferred shares (or nominal cost share options), or a combination of both. The company has long-term share plans in place but does not intend to make awards to the Executive Directors at this stage.

Fixed elements of remuneration

The fixed elements of the Executive Directors' remuneration are designed to attract and retain directors of the appropriate calibre, with the requisite knowledge, skills and experience, and to sustain motivation and commitment.

Historically, the salaries of the Executive Directors have been increased annually by reference to the retail price index, in line with the policy applied across the Group. Following a review of the Executive Directors' remuneration commissioned by the Remuneration Committee, that the Executive Directors' salaries were found to be substantially below those of their peer group, and action will be taken to move towards market over the coming three years, as detailed on page 99.

The Executive Directors all participate in defined contribution pension schemes. The terms on which the Company contributes to the Executive Directors' pensions are the same as the terms applicable to other employees. The Company contributes up to 10 per cent of the employee's salary, starting at 5 per cent and increasing by 1 per cent for every three years of service.

The Executive Directors also receive private medical insurance for themselves and their families, and death-in-service benefits.

Variable elements of remuneration

Executive Directors are eligible for an annual performance bonus, part of which may be deferred for three years and paid in shares or nominal cost share options. From January 2014, the maximum award, including any deferred element, is 100 per cent of salary. The bonus is designed to reward and incentivise success leading to sustainable long-term growth and to recognise the Directors' commitment to the business. The Executive Directors' performance is measured by reference to four key metrics, set out below:

- Progress towards the Group's objectives of mid to long-term growth in revenue and earnings per share from Trading Activities;
- Successful and secure investment of the Group's available capital in long term revenue and generation of EBITDA from Trading Activities;
- Building on the Group's track record of recruiting the highest calibre and most appropriate people, in terms of skills and experience; and
- Establishing a strong and long-lasting leadership position in the development of sustainable food and farming internationally.

The Remuneration Committee exercises judgment in assessing performance against these metrics. In setting bonus levels the Remuneration Committee also considers the amount of bonuses paid by the Company's peer group with reference to Group members' performance. No elements of the bonus are guaranteed.

The variable element of Executive Directors' remuneration may, in the future, be supplemented with awards under share-based long-term incentive plans. The Company believes that awards to the Executive Directors under these plans is not necessary at the present time, in light of the fact that Roland Bonney and Malcolm Pye are founder shareholders and have substantial holdings in the Company, and action is being taken to increase Mark Plampin's interest in shares by weighting his bonus towards deferred share options.

Statement of consideration of employment conditions elsewhere in the Group

The Remuneration Committee approves the salary increases and bonuses of all senior employees. The Committee also reviews and agrees all awards made under the Company's employee share plans.

In 2014, the average salary increase across the Group was 3.9 per cent. The average salary increase across the Executive Directors was 10.8 per cent; the increase will be higher in 2015 as a result of the recent benchmarking review. The entitlements of the Executive Directors to pension contributions are the same as those of employees. Bonuses for employees are determined on a discretionary basis, by reference to a combination of Group and individual performance. Senior managers' bonuses for 2014 will be paid part in cash, and part will be deferred and satisfied in nominal cost share options (other than where the individual is already a substantial shareholder in the Company).

The Company enjoys a strong cooperative culture and the remuneration policy supports a sense of shared participation in the Group's achievements. Everyone in the team is expected and encouraged to have an interest in the Company's shares at a level that reflects the strategic contribution of their role. At the time of the IPO, the Company offered all of its employees an opportunity to acquire ordinary shares through a SIP, up to a maximum amount of £1,500, with an equal number of matching shares being issued to each employee. 94 per cent of employees elected to participate in this offering. The Group had a successful and eventful year, during which the Company became a traded public company, three new products were launched, significant further investment was made in the product pipeline, infrastructure and a new breeding and genetics division, and a £70m fundraising was completed. In 2015, the Company intends to issue nominal cost share options over not more than 0.65 per cent of issued share capital to its staff, including employees of the newly acquired companies within the breeding and genetics division. This grant will not be extended to the Executive Directors or senior management, who received share options as part of their 2014 bonus (where appropriate). The grant is in line with the Company's historic remuneration policy, which has seen options granted across the workforce at times of significant achievement in the Company's development.

Executive Directors' service contracts and remuneration on termination

All service contracts for Executive Directors are approved by the Remuneration Committee. The date of commencement of the service contract of each of the Executive Directors is 18 December 2013. All contracts are terminable by either party on 12 months' notice at any time, and by the Company at any time and without compensation in case of serious misconduct, breach of duty or in similar circumstances.

In the event of termination by the Company without cause, the Executive Director is entitled to receive payment of salary for any unexpired notice period and any accrued holiday entitlement. In the event of termination for cause, the Director is not entitled to compensation in respect of salary.

The Executive Directors' bonuses are fully discretionary. In the event of termination during a bonus period, the Remuneration Committee will consider payment of a bonus on a pro rata basis for the relevant portion of the year worked, having regard to the circumstances. Deferred bonuses which have been satisfied in share options remain exercisable where the Executive Director is a good leaver, including in case of death, incapacity, redundancy, retirement, and where the Remuneration Committee so determines. In all other circumstances, deferred bonuses satisfied in share options cease to be exercisable on termination of employment and lapse.

Non-executive Directors' terms of appointment

The Non-executive Directors hold office under letters of appointment. Each appointment is for a term of three years commencing on 18 December 2013. All directors will stand for re-election at least every three years; two Directors will stand for re-election at the Annual General Meeting to be held on 5 March 2015. Non-executive Directors are typically invited to serve for two three-year terms.

Either the Company or the Non-executive Director may terminate the appointment on three months' notice, and the appointments are subject to the Company's articles of association and to the Director being re-elected by shareholders upon retirement by rotation. On termination as a result of the Non-executive Director not being re-elected by shareholders or under the articles of association for reasons connected with outside interests or independence, the appointment terminates immediately and the Non-executive Director is not entitled to compensation. On termination in other circumstances, including on 3 months' notice, a Non-executive Director is entitled to accrued but unpaid directors' fees to the date of termination but no other compensation.

The dates of appointment of, and length of service for each Non-executive Director are shown in the table below.

Director	Date of appointment	Length of service as at 2015 AGM
Basil Brookes	18 December 2013	1 year 2 months
Alex Hambro	18 December 2013	1 year 2 months
Susan Searle	18 December 2013	1 year 2 months

Shareholder dilution

The total number of ordinary shares issued and issuable in respect of options granted in any ten year period under the Company's discretionary share option schemes (excluding pre-IPO options under the Enterprise Management Incentive (EMI) scheme) is restricted to 10 per cent of the Company's issued ordinary shares from time to time.

In the financial year ended 30 September 2014, no such shares or options were issued. In the coming year, the Company expects to allocate nominal cost share options over no more than 0.30 per cent of issued share capital in respect of 2014 bonuses payable to the Executive Directors and senior management, and over no more than a further 0.65 per cent of issued share capital to other staff as mentioned on page 93. No further shares or options under discretionary share option schemes are expected to be granted in the financial year ending 30 September 2015.

Annual Report on remuneration for 2014

Single total figure of remuneration for the financial year ended 30 September 2014

The remuneration in respect of qualifying services of the directors who served during the financial year ended 30 September 2014 is as set out below.

Executive Directors

A number of the Company's former Executive Directors stepped down from the Board in anticipation of the Company's IPO in December 2013, remaining part of the senior management team.

						Total	
	Salary	Bonus (c)	Taxable benefits	Long-term incentives	Pension	2014	2013
Post IPO Executive Directors							
Roland Bonney	112,255	116,000	1,952	-	10,020	240,227	114,015
Mark Plampin	112,084	155,032 (d)	3,016	95,850	6,725	372,707	203,637
Malcolm Pye	112,255	116,000	4,096	-	10,020	242,371	114,959
Total remuneration of post-IPO Executive Directors	336,594	387,032	9,064	95,850	26,765	855,305	432,611
Pre-IPO Executive Directors (a)							
Paul Cook	12,895	-	342	-	1,159	14,396	107,579
David Cox	12,895	-	272	-	1,335	14,502	110,572
Ruth Layton	12,895	-	129	-	1,159	14,183	99,815
Kevin Lawless	12,895	-	349	-	774	14,018	151,581
Jim Muirhead	8,288	-	328	-	663	9,279	70,499
Peter Southgate	12,895	-	228	-	1,335	14,458	99,753
Total remuneration of all Directors	409,357	387,032	10,712	95,850	33,190	936,141	1,072,410

(a) Stepped down from the Board on 21 November 2013, in anticipation of the Company's IPO in December 2013. Amounts shown above relate to the period for which these individuals served as directors, and are pro rated for this period from the total annual amounts.

(b) Benefits provided for all Executive Directors are medical insurance coverage for the Directors and their families, and death in service benefits.

(c) Each Executive Director received a bonus of £1,000 linked to participation in the company SIP, which was paid in December 2013.

(d) Mark Plampin received a bonus of £8,032 on the IPO in relation to the exercise of options under the EMI scheme, which was paid in February 2014, and an exceptional bonus of £31,000 in December 2013 for work relating to the IPO. On the balance of £115,000, 60 per cent is deferred and will be satisfied in nominal cost share options.

Executive Directors' salaries were reviewed with effect from 1 January 2015 following a benchmarking exercise undertaken by the Remuneration Committee and having regard to the Group's performance in 2014, and the increases awarded are shown on page 99.

Non-executive Directors

Director	Annual fee	Fees paid (£)	
		2014 (a)	2013
Basil Brookes	35,000	29,596	-
Alex Hambro	45,000	41,480	-
Susan Searle	35,000	39,596	-

(a) Comprising annual fees for the period, plus additional fee for pre-iPO time commitments

Executive Directors' bonuses for the financial year ended 30 September 2014

The Remuneration Committee considers that the performance of the Executive Directors should be assessed against the delivery of long-term sustainable growth through execution of the business strategy. The Executive Directors' bonuses were determined in light of their performance against four KPIs, which are set out on page 93.

Excellent progress has been made against these metrics. Details of the Group's financial performance can be found in the Chief Financial Officer's review on page 25. The Group continued to invest in its product pipeline through research and the acquisition of new products, in infrastructure at its Ardtoe site and vaccine manufacturing facilities, and in a new breeding and genetics division through the successful acquisition of two complementary Nordic companies in conjunction with a £70m fundraising. Group headcount grew by 43 per cent in 2014 with graduates representing 69 per cent of new employees. The Group strengthened its relationships with key players in the food industry and the acquisitions of SalmoBreed and Stofnfiskur enhanced the Group's position and profile as a leading supplier to the aquaculture industry.

The Remuneration Committee determined the Executive Directors' bonuses in light of this performance, having regard to the requirement to fairly balance the needs of shareholders and executive rewards within its bonus culture. The Remuneration Committee also took account of the benchmarking exercised conducted by it in consultation with remuneration consultants. Accordingly, the Executive Directors received bonuses in respect of the financial year ended 30 September 2014 as set out below.

		Bonus (£) (a)
	2014	2013
Roland Bonney	116,000	-
Mark Plampin	155,032 (b)	11,850
Malcolm Pye	116,000	-

(a) Each Executive Director received a bonus of £1000 in December 2013 as part of the company's SIP initiative.

(b) Mark Plampin received a bonus of £8,032 on the IPO in relation to the exercise of options under the EMI scheme, which was paid in February 2014 and an exceptional bonus of £31,000 in December 2013 for work relating to the IPO. On the balance of £115,000, 60 per cent is deferred and will be satisfied in nominal cost share options.

In light of Malcolm Pye and Roland Bonney's substantial holdings of ordinary shares in the Company (each owns 6.91 per cent of the issued share capital), their bonuses were paid in cash. Mark Plampin wishes to increase his interest in ordinary shares in the Company and, in consultation with the Remuneration Committee, elected to receive 60 per cent of his bonus in the form of deferred share options under the CSOP and the balance in cash.

The deferred bonus payable to Mark Plampin will be satisfied in the form of options granted under the CSOP. The options will be exercisable from the third anniversary of grant and will have an exercise price equal to the nominal value of the ordinary shares (0.1p). The number of ordinary shares over which options will be granted to satisfy the deferred bonus has not yet been determined as the award has not yet been made.

Defined contribution pension scheme

The Executive Directors all participate in defined contribution pension schemes. Roland Bonney and Malcolm Pye participate in the Benchmark Holdings Executive Pension Scheme and Mark Plampin participates in a self-invested personal pension (SIPP).

In accordance with the policy set out on page 93, the Company contributes 9 per cent of salary for each of Roland Bonney and Malcolm Pye, and 6 per cent of salary for Mark Plampin.

LTIP awards

No awards under the Company's share plans were made to the directors in the financial year ended 30 September 2014.

Executive Directors' external appointments

None of the Executive Directors held Non-executive Directorships or external appointments with organisations other than the Company in the financial year ended 30 September 2014.

Non-executive Directors' fees for the financial year ended 30 September 2014

No changes were made to the Non-executive Directors' fees in the financial year ended 30 September 2014.

Statement of implementation of Remuneration Policy in 2015

Executive Directors' salaries

The three Executive Directors work together very closely, sharing the leadership of the business, and developing and executing its strategy. During 2014, the Remuneration Committee engaged MMK to undertake a review the Executive Directors' remuneration, which found that base salaries were significantly out of line with its peer group. The Company intends to take action over a two to three year period to move towards market, whilst taking account of management's philosophy that the team should be led by example with a shared sense of participation. Accordingly, from 1 January 2015, the Executive Directors' base pay was increased as set out below.

	Salary (£)		Increase in salary 2014 to 2015 (%)
	2015	**2014**	**2013**
Roland Bonney	145,000	115,000	26%
Mark Plampin	140,000	115,000	22%
Malcolm Pye	150,000	115,000	30%

Bonus

The 2015 bonus will be implemented in line with the future policy described above, including the possible deferral of part into shares or nominal price options.

LTIP

The Company does not intend to make awards to the Executive Directors under its long-term share incentive plans in 2015.

Non-executive Directors' fees

The fees payable to Non-executive Directors are due to be reviewed after the second anniversary of the Company's IPO. Accordingly, no review of fees is expected in the coming year. The Company continues to have regard to the generous time commitments made by the Non-executive Directors to the Company during a very active period for the Group.

Additional information on Directors' interests

Directors' interests under the Company's employee share plans.

Details of the Executive Directors' interests in outstanding share awards under the employee share plans during the financial year ended 30 September 2014 are set out below.

No share awards under the employee share plans were granted to the directors during the financial year ended 30 September 2014.

	Share option scheme	Options held at 30 September 2013	Options exercised in year	Options granted in year	At 30 September 2014	Exercise price	Grant date	Date from which exercisable
Mark Plampin	EMI scheme (a)	150,000 (b)	150,000	-	-	0.1p	25th August 2010	25th August 2013
	EMI scheme	150,000 (b)	150,000	-	-	0.1p	29th June 2012	18 December 2013 (c)
	EMI scheme	135,000 (b)		-	135,000	0.1p	29 August 2013	29 August 2016

The deferred element of the 2014 bonus as described on page 97 is not included in this table as the awards have not yet been made.

(a) Prior to its IPO, the Company operated an Enterprise Management Incentive (EMI) share option scheme. At 30 September 2014, options over 1,282,000 ordinary shares remained outstanding under the EMI scheme, including options over 135,000 ordinary shares held by Mark Plampin as detailed above. No further grants may be made under the EMI scheme.

(b) Adjusted to reflect share division undertaken on IPO.

(c) Early vesting as a result of the Company's IPO on 18 December 2013.

Directors' interests in ordinary shares

At 30 September 2014, the interests of the Directors and their connected persons in ordinary shares were as follows:

	Interests in ordinary shares at 30 September 2014	% of Company's issued share capital (d)	Interests in ordinary shares at 30 September 2013 (a)
Roland Bonney	15,145,686	11.06%	21,630,000
Basil Brookes	39,062 (b)	0.03%	-
Alex Hambro	46,875 (b)	0.03%	-
Malcolm Pye	15,145,686	11.06%	21,630,000
Mark Plampin	401,686 (c)	0.29%	
Susan Searle	98,125 (b)	0.07%	-

(a) Adjusted to reflect share division undertaken on IPO.

(b) Held through self-invested personal pension (SIPP).

(c) Comprising 130,000 ordinary shares registered in own name, 267,000 ordinary shares held through self-invested personal pension (SIPP), and 4,686 ordinary shares held through the Benchmark employee share incentive plan.

(d) As at 30 September 2014. On 19 December 2014, an additional 82,353,000 ordinary shares were issued pursuant to a placing.

There were no changes in the Directors' interests in ordinary shares between 30 September 2014 and the date of this report.

Susan Searle
Chairman of the Remuneration Committee
26 January 2015

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements of the Company and of the Group for the year ended 30 September 2014.

Benchmark Holdings plc is a public limited company, incorporated and domiciled in England and its shares are admitted to trading on AIM on the London Stock Exchange.

Principal activities and business review

The information that fulfils the requirements of the business review, including details of the 2014 results, key performance indicators, principal risks and uncertainties and the outlook for future years are set out in the Chairman's Statement (page 16) and the Strategic Report (pages 10 to 75) (including key performance indicators and principal risks and uncertainties) (pages 72 to 75).

Results and dividend

The Group's loss for the year attributable to owners of the parent was £1.3m (2013: profit of £4.3m). An interim dividend of £0.2m equivalent to 1.82 pence per share (rebased) was paid prior to listing (2013: £0.4m equivalent to 4.44 pence per share (rebased)) and the Directors do not recommend a final dividend in relation to the 2014 financial year (2013: £nil).

Research & development

The Group's research and development activities are outlined in the Strategic Report on pages 66 to 69.

Directors

The Directors who served the Company during the year were as follows:

- Malcolm Pye
- Roland Bonney
- Mark Plampin
- Alex Hambro (appointed 18 December 2013)
- Basil Brookes (appointed 18 December 2013)
- Susan Searle (appointed 18 December 2013)
- Paul Cook (resigned 21 November 2013)
- David Cox (resigned 21 November 2013)
- Kevin Lawless (resigned 21 November 2013)
- Ruth Layton (resigned 21 November 2013)
- Jim Muirhead (resigned 21 November 2013)
- Peter Southgate (resigned 21 November 2013)

All Directors served throughout the year, unless otherwise indicated.

Re-election of Directors

The Articles of Association require Directors to retire by rotation at or prior to the third Annual General Meeting (AGM) after the AGM or General Meeting at which they were elected.

Non-executive Directors are appointed for specified terms, subject to re-election, and terms beyond six years are subject to rigorous review. Accordingly, Non-executive Directors are appointed for a maximum of two terms of three years and thereafter may serve for an additional period only at the invitation of the Board.

Directors remuneration and interests

The Remuneration Report set out on pages 91 to 101 will be presented to shareholders for approval at the AGM. It includes details of Directors' remuneration, interests in the shares of the Company, share options and pension arrangements.

Directors' indemnity

All of the Directors benefited from qualifying third-party indemnity provisions during the year and at the date of this report.

Share capital and substantial shareholdings

Details of the issued share capital, together with detail of movements during the year, are shown in note 26 accompanying the financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company.

At 26 January 2015 the Company has been notified of the following substantial shareholdings comprising 3% or more of the issued ordinary share capital of the Company:

	% of issued share capital
Woodford Investment Management LLP	14.50
Lansdowne Partners	13.51
Invesco Asset Management Ltd	13.22
Roland Bonney	6.91
Ruth Layton	6.91
Malcolm Pye	6.91
Slater Investments Ltd	3.47
Hargreave Hale Ltd	3.29

Financial instruments

Details of the Group's financial risk management objectives and policies are included in note 3 to the financial statements.

Political and charitable donations

No political donations were made by any Group company in the year.

Benchmark encourages employee involvement in charitable causes, and provides manpower and office facilities to Farmability, a farming related charity set up for the benefit of adults with autism and learning difficulties.

Disabled employees

The Group aims to be an equal opportunities employer with a commitment to help people develop their potential. In relation to disabled people or minority Groups, the Group has a policy of giving them full and fair consideration for all vacancies for which they are suitably qualified. Employees who become disabled during employment will be retained wherever possible and retrained if necessary.

Employee involvement

The Directors recognise that communication with the Group's employees is essential and the Group places importance on the contributions and views of its employees.

Employees are kept informed on matters affecting them as employees and on various issues affecting the performance of the Group through announcements on the Group's intranet and formal and informal meetings at local level. The Group operates an all employee share incentive plan (SIP) in which all employees are eligible to participate. 94% of employees elected to participate in the SIP grant made at the time of the IPO, and the Company intends during 2015 to establish an arrangement by which regular investments in the SIP can be made by all employees.

Length of notice of general meetings

The Companies Act 2006 requires listed companies to call general meetings on at least 21 clear days' notice unless shareholders have approved the calling of general meetings at shorter notice. A resolution to approve 14 days as a minimum period of notice for all general meetings of the Company other than AGMs will be proposed at the AGM to be held on 5 March 2015. The 14-day notice period would only be used where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The Company offers the facility for all shareholders to vote by electronic means. This facility is accessible to all shareholders and would be available if the Company was to call a meeting on 14 clear days' notice.

Power to allot shares

Each year at the AGM, the directors seek authority to allot shares for the following year. At the last AGM held on 11 March 2014, shareholders authorised the directors to allot relevant securities up to an aggregate nominal value of £45,202.44, representing one-third of the issued share capital, and to further allot equity securities up to an additional aggregate nominal value of £45,202.44 in connection with a fully pre-emptive rights issue, in accordance with ABI guidance, and to allot for cash equity securities having a nominal value not exceeding in aggregate £13,697.71 (being 10% of the issued share capital). The authority expires at the conclusion of the next AGM. At the forthcoming AGM, similar authorities will be sought from shareholders.

Authority for the Company to purchase its own shares

At the Company's 2014 AGM, shareholders renewed the Company's authorities to make market purchases of up to 13,697,710 ordinary shares, representing 10% of the issued share capital. These authorities were not used during the year or up to the date of this Report. At the 2015 AGM, shareholders will be asked to renew these authorities for another year and the resolution will once again propose a maximum aggregate number of ordinary shares which the Company can purchase of 10% of the issued ordinary share capital. Details are contained in the Notice of AGM. The Company held no treasury shares during the year or at the date of this Report.

Statement of disclosure of information to auditor

In the case of each director in office at the date the directors' report is approved, the following applies:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 Companies Act 2006.

Auditor

A resolution to re-appoint BDO LLP as auditor to the Company will be put to the AGM.

This report was approved by the Board on 26 January 2015 and signed on its behalf.

Athene Blakeman
Company Secretary

DIRECTORS' RESPONSIBLITIES

Statement of Directors' responsibilities in relation to the Group financial statements and Annual Report

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

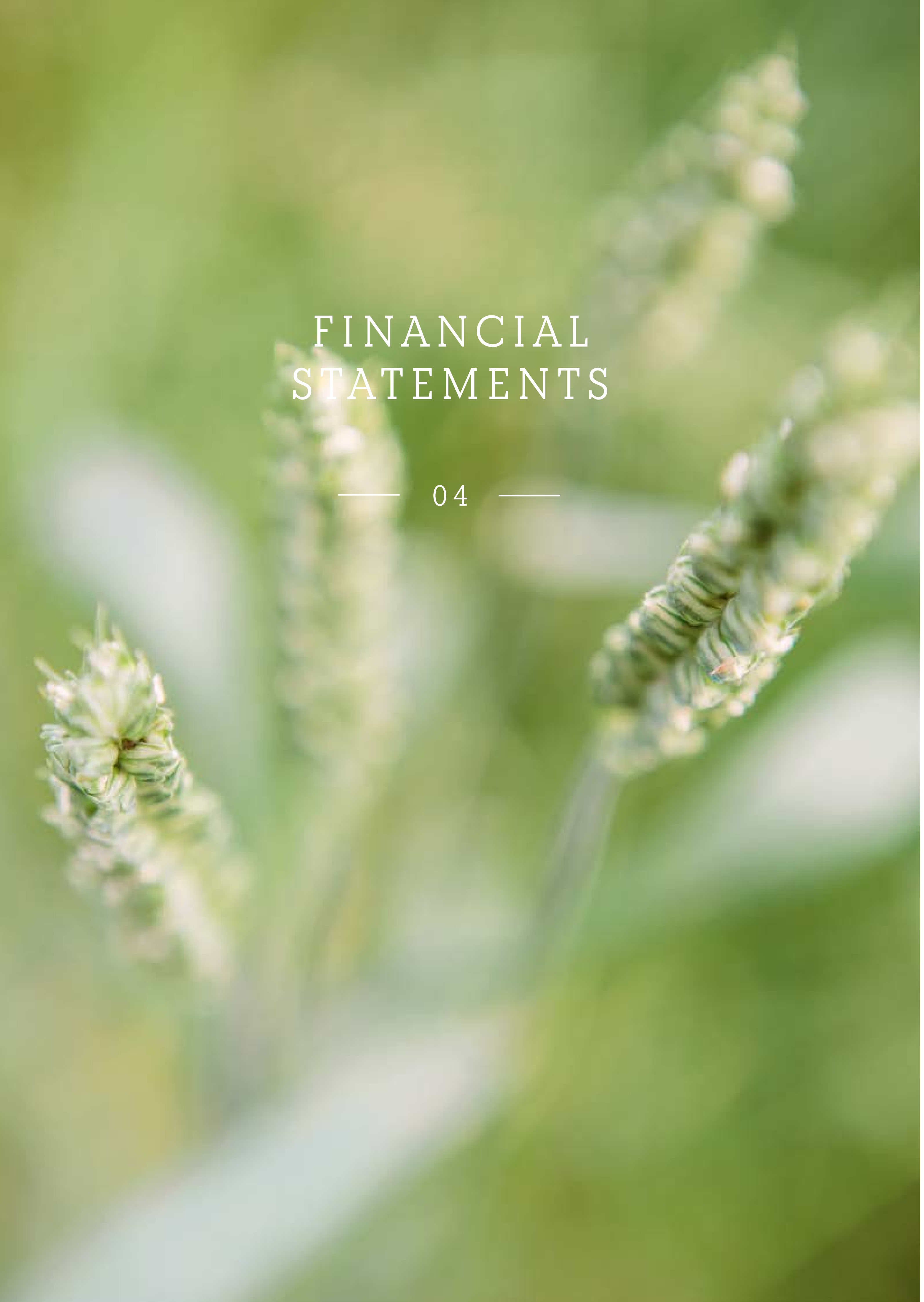
In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 requirements of 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.

Website publication

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



WHAT'S IN THIS SECTION?

Independent Auditor's report to the members of Benchmark Holdings plc

for the year ended 30 September 2014

We have audited the financial statements of Benchmark Holdings plc for the year ended 30 September 2014 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's ("FRC's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the 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 the parent company's affairs as at 30 September 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Richard Wilson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Nottingham
United Kingdom

26 January 2015

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

Consolidated Income Statement

for the year ended 30 September 2014

	Note	Trading Activities[1] 2014 £000	Investing Activities[2] 2014 £000	Total 2014 £000	Trading Activities[1] 2013 £000	Investing Activities[2] 2013 £000	Total 2013 £000
Revenue	4	35,354	-	35,354	27,543	-	27,543
Cost of sales		(20,582)	-	(20,582)	(14,766)	-	(14,766)
Gross profit		14,772	-	14,772	12,777	-	12,777
Other income	5	101	-	101	111	-	111
Operating costs	28	(8,250)	(4,715)	(12,965)	(5,485)	(1,006)	(6,491)
Operating costs – Exceptional	11	-	(1,691)	(1,691)	-	(162)	(162)
EBITDA		6,623	(6,406)	217	7,403	(1,168)	6,235
Depreciation	14	(533)	-	(533)	(347)	-	(347)
Amortisation	15	(871)	-	(871)	(784)	-	(784)
Operating (loss)/profit		5,219	(6,406)	(1,187)	6,272	(1,168)	5,104
Finance cost	10	(248)	-	(248)	(259)	-	(259)
Finance income	10	60	-	60	8	-	8
(Loss)/profit on ordinary activities before taxation		5,031	(6,406)	(1,375)	6,021	(1,168)	4,853
Tax on (loss)/profit on ordinary activities	12,28	(860)	914	54	(937)	377	(560)
(Loss)/profit for the year		4,171	(5,492)	(1,321)	5,084	(791)	4,293
(Loss)/profit for the year attributable to:							
– Owners of the parent		4,177	(5,492)	(1,315)	5,085	(791)	4,294
– Non-controlling interest		(6)	-	(6)	(1)	-	(1)
		4,171	(5,492)	(1,321)	5,084	(791)	4,293
Basic (loss)/earnings per share (pence)	13	3.29		(1.04)	5.59		4.72
Diluted (loss)/earnings per share (pence)	13	3.23		(1.04)	5.40		4.56

[1] Before items described in footnote 2 below

[2] Includes exceptional items (costs relating to the IPO and lease termination costs), research and development expenditure, pre-operational expenses for new ventures and costs of acquiring new businesses as set out in note 28.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2014

	Trading Activities[1] 2014 £000	Investing Activities[2] 2014 £000	Total 2014 £000	Trading Activities[1] 2013 £000	Investing Activities[2] 2013 £000	Total 2013 £000
(Loss)/profit for the year	4,171	(5,492)	(1,321)	5,084	(791)	4,293
Other comprehensive income/(expense)						
Movement on foreign exchange reserve	89	-	89	(5)	-	(5)
Total comprehensive (expense)/income for the year	4,260	(5,492)	(1,232)	5,079	(791)	4,288
Total comprehensive (expense)/income for the year attributable to:						
– Owners of the parent	4,266	(5,492)	(1,226)	5,080	(791)	4,289
– Non-controlling interest	(6)	-	(6)	(1)	-	(1)
	4,260	(5,492)	(1,232)	5,079	(791)	4,288

[1] Before items described in footnote 2 below

[2] Includes exceptional items (costs relating to the IPO and lease termination costs), research and development expenditure, pre-operational expenses for new ventures and costs of acquiring new businesses as set out in note 28.

Consolidated Balance Sheet

as at 30 September 2014

	Note	2014 £000	2013 £000
Assets			
Non-current assets			
Property, plant and equipment	14	7,242	3,572
Intangible assets	15	7,821	3,674
Trade and other receivables	20	523	-
Deferred tax assets	25	339	241
Total non-current assets		15,925	7,487
Current assets			
Inventories	18	4,470	4,203
Agricultural assets	19	539	507
Trade and other receivables	20	11,058	6,969
Cash and cash equivalents (excluding bank overdrafts)	37	16,511	3,250
Total current assets		32,578	14,929
Total assets		48,503	22,416
Liabilities			
Current liabilities			
Trade and other payables	21	(8,281)	(5,069)
Loans and borrowings	22	(115)	(2,244)
Corporation tax liability		(48)	(857)
Provisions	23	(1,080)	-
Total current liabilities		(9,524)	(8,170)
Non-current liabilities			
Loans and borrowings	22	(96)	(2,199)
Other payables	21	(1,631)	-
Provisions	23	-	(135)
Total non-current liabilities		(1,727)	(2,334)
Total liabilities		(11,251)	(10,504)
Net assets		37,252	11,912
Issued capital and reserves attributable to owners of the parent			
Share capital	26	137	90
Share premium reserve	26	26,903	693
Capital redemption reserve	27	5	5
Share based payment reserve	27	1,106	626
Foreign exchange reserve	27	74	(15)
Retained earnings	27	9,017	10,497
Equity attributable to owners of the parent		37,242	11,896
Non-controlling interest		10	16
Total equity and reserves		37,252	11,912

The financial statements on pages 110 to 157 were approved and authorised for issue by the Board of Directors on 26 January 2015 and were signed on its behalf by:

MJ Plampin
Chief Financial Officer

Company Balance Sheet

as at 30 September 2014

	Note	2014 £000	2013 £000
Assets			
Non-current assets			
Property, plant and equipment	14	65	66
Investments	17	5,610	4,071
Deferred tax assets	25	47	79
Other financial assets	17	-	1,965
Total non-current assets		5,722	6,181
Current assets			
Trade and other receivables	20	19,703	4,496
Cash and cash equivalents	37	14,078	418
Total current assets		33,781	4,914
Total assets		39,503	11,095
Liabilities			
Current liabilities			
Trade and other payables	21	(3,544)	(1,337)
Total current liabilities		(3,544)	(1,337)
Non-current liabilities			
Loans and borrowings	22	(60)	(60)
Total non-current liabilities		(60)	(60)
Total liabilities		(3,604)	(1,397)
Net assets		35,899	9,698
Issued capital and reserves attributable to owners of the parent			
Share capital	26	137	90
Share premium reserve	26	26,903	693
Capital redemption reserve	27	5	5
Share based payment reserve	27	943	497
Retained earnings	27	7,911	8,413
Total equity and reserves		35,899	9,698

The financial statements on pages 110 to 157 were approved and authorised for issue by the Board of Directors on 26 January 2015 and were signed on its behalf by:

MJ Plampin
Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 30 September 2014

	Share capital £000	Share premium reserve £000	Other reserves £000	Retained earnings £000	Total attributable to equity holders of parent £000	Non-controlling interest £000	Total equity £000
At 1 October 2012	92	693	294	6,876	7,955	17	7,972
Comprehensive income for the year*							
Profit/(loss) for the year	-	-	-	4,294	4,294	(1)	4,293
Other comprehensive expense	-	-	(5)	-	(5)	-	(5)
Total comprehensive income for the year	-	-	(5)	4,294	4,289	(1)	4,288
Contributions by and distributions to owners*							
Dividends	-	-	-	(401)	(401)	-	(401)
Share based payment	-	-	233	-	233	-	233
Deferred tax on share options*	-	-	92	-	92	-	92
Shares purchased for cancellation	(2)	-	2	(272)	(272)	-	(272)
Total contributions by and distributions to owners	(2)	-	327	(673)	(348)	-	(348)
At 30 September 2013	90	693	616	10,497	11,896	16	11,912
Comprehensive income for the year							
Loss for the year	-	-	-	(1,315)	(1,315)	(6)	(1,321)
Other comprehensive income	-	-	89	-	89	-	89
Total comprehensive income for the period	**-**	**-**	**89**	**(1,315)**	**(1,226)**	**(6)**	**(1,232)**
Contributions by and distributions to owners							
Dividends	-	-	-	(165)	(165)	-	(165)
IPO costs recognised through equity	-	(1,538)	-	-	(1,538)	-	(1,538)
Acquisition part paid in shares	-	100	-	-	100	-	100
Share based payment	3	-	438	-	441	-	441
Deferred tax on share options	-	-	42	-	42	-	42
IPO share issue	43	27,457	-	-	27,500	-	27,500
Employee shares issued	1	191	-	-	192	-	192
Total contributions by and distributions to owners	**47**	**26,210**	**480**	**(165)**	**26,572**	**-**	**26,572**
At 30 September 2014	**137**	**26,903**	**1,185**	**9,017**	**37,242**	**10**	**37,252**

*A total of £92,000 of deferred tax on share options has been reclassified from “comprehensive income for the year” to “contributions by and distributions to owners” in respect of the year ended 30 September 2013.

Company Statement of Changes in Equity

for the year ended 30 September 2014

	Share capital £000	Share premium reserve £000	Capital redemption reserve £000	Share based payment reserve £000	Retained earnings £000	Total attributable to equity holders £000
At 1 October 2012	92	693	3	248	7,072	8,108
Comprehensive income for the year*						
Profit for the year	-	-	-	-	2,014	2,014
Total comprehensive income for the year	-	-	-	-	2,014	2,014
Contributions by and distributions to owners*						
Dividends	-	-	-	-	(401)	(401)
Share based payment	-	-	-	233	-	233
Deferred tax on share options*	-	-	-	16	-	16
Shares purchased for cancellation	(2)	-	2	-	(272)	(272)
Total contributions by and distributions to owners	(2)	-	2	249	(673)	**(424)**
At 30 September 2013	**90**	**693**	**5**	**497**	**8,413**	**9,698**
Comprehensive income for the year						
Loss for the year	-	-	-	-	(337)	(337)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(337)**	**(337)**
Contributions by and distributions to owners						
Dividends	-	-	-	-	(165)	(165)
IPO costs recognised through equity	-	(1,538)	-	-	-	(1,538)
Acquisition part paid in shares	-	100	-	-	-	100
Share based payment	3	-	-	436	-	439
Deferred tax on share options	-	-	-	10	-	10
IPO share issue	43	27,457	-	-	-	27,500
Employee shares issued	1	191	-	-	-	192
Total contributions by and distributions to owners	**47**	**26,210**	**-**	**446**	**(165)**	**26,538**
At 30 September 2014	**137**	**26,903**	**5**	**943**	**7,911**	**35,899**

*A total of £16,000 of deferred tax on share options has been reclassified from “comprehensive income for the year” to “contributions by and distributions to owners” in respect of the year ended 30 September 2013.

Consolidated Statement of Cash Flows

for the year ended 30 September 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
(Loss)/profit before tax		(1,375)	4,853
Adjustments for:			
Depreciation of property, plant and equipment	14	533	347
Amortisation of intangible fixed assets	15	871	784
Loss on sale of property, plant and equipment		41	3
Finance income	10	(60)	(8)
Finance expense	10	248	259
Share based payment expense	32	438	233
		696	6,471
Increase in trade and other receivables		(4,272)	(1,483)
Decrease in inventories and agricultural assets		3	254
Increase in trade and other payables		2,903	1,268
Increase/(decrease) in provisions		945	(450)
		275	6,060
Income taxes paid		(812)	(542)
Net cash flows (used in)/from operating activities		(537)	5,518
Investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired		(2,942)	(280)
Purchases of property, plant and equipment		(3,864)	(1,636)
Purchase of intangibles		(727)	(156)
Interest received		60	-
Net cash flows used in investing activities		(7,473)	(2,072)
Financing activities			
Proceeds of IPO share issue		27,500	-
IPO costs recognised through equity		(1,538)	-
Employee share issues		195	-
Purchase of ordinary shares		-	(272)
Proceeds from bank borrowings		-	145
Repayment of bank borrowings		(2,864)	(876)
Interest paid		(248)	(251)
Payments to finance lease creditors		(105)	(42)
Dividends paid to the holders of the parent		(165)	(401)
Net cash flows from/(used in) financing activities		22,775	(1,697)
Net increase in cash and cash equivalents		14,765	1,749
Cash and cash equivalents at beginning of year		1,746	(3)
Cash and cash equivalents at end of year	37	16,511	1,746

Company Statement of Cash Flows

for the year ended 30 September 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
(Loss)/profit before tax		(296)	2,016
Adjustments for:			
Depreciation of property, plant and equipment	14	26	19
Loss on sale of property, plant and equipment		2	-
Finance income		(386)	(1)
Finance expense		-	117
Dividends received*		(3,500)	(4,742)
Share based payment expense	32	243	40
		(3,911)	(2,551)
(Increase)/decrease in trade and other receivables		(16,052)	484
Increase in trade and other payables		2,207	327
Net cash flows from operating activities		(17,756)	(1,740)
Investing activities			
Loans to subsidiary undertakings		2,292	(2,050)
Investment in subsidiary undertakings		(400)	-
Purchases of property, plant and equipment		(27)	(10)
Dividends received*		3,500	4,742
Interest received		59	1
Net cash flows from investing activities		5,424	2,683
Financing activities			
Proceeds of IPO share issue		27,500	-
Employee share issues		195	-
IPO costs recognised through equity		(1,538)	-
Purchase of ordinary shares		-	(272)
Dividends paid to the holders of the parent		(165)	(401)
Net cash flows from/(used in) financing activities		25,992	(673)
Net increase in cash and cash equivalents		13,660	270
Cash and cash equivalents at beginning of year		418	148
Cash and cash equivalents at end of year	37	14,078	418

*The prior year company statement of cash flows has been amended to reclassify dividends received from subsidiary companies into investing activities. This has no impact on the net increase in cash and cash equivalents, but reduces net cash flows from operating activities and increases net cash flows from investing activities by £4,742,000.

Notes forming part of the financial statements

for the year ended 30 September 2014

1 Accounting policies

Corporate information

Benchmark Holdings plc (the Company) is a public limited company, which has been listed on the Alternative Investment Market (AIM), a sub-market of the London Stock Exchange. The Company is incorporated and domiciled in England and Wales. The registered office is at Benchmark House, 8 Smithy Wood Drive, Sheffield, S35 1QN.

The Group is principally engaged in the provision of technical services, products and specialist knowledge that support the global development of sustainable food and farming industries.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Company and Group have adequate resources to continue in operational existence for the foreseeable future and as a result of this the going concern basis has been adopted in preparing the financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 30 September 2014. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date when such control ceases.

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions, balances, unrealised gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Non-controlling interests, presented as part of equity, represent a proportion of a subsidiary's profit or loss and net assets that is not held by the Group. The total comprehensive income or loss of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their respective ownership interests.

A separate income statement for the Company is not presented, in accordance with Section 408 of the Companies Act 2006. The loss for the year for the Company was £337,000 (2013: profit £2,014,000).

Standards issued but not effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The adoption of these standards is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 10 Consolidated Financial Statements – IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

IFRS 12 Disclosure of Interests in Other Entities – Contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 – The amendments clarify the offsetting criteria, specifically:

- when an entity currently has a legal right of set off; and
- when gross settlement is equivalent to net settlement.

1 Accounting policies (continued)

IAS 36 Impairment of Assets – The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated, if that amount was based on fair value less costs of disposal. Under the amendments, additional information is required to be disclosed only when an impairment loss has been recognised or reversed.

Furthermore, *IFRS 9 Financial Instruments: Classification and Measurement* has been issued but is not yet effective. The standard has been developed in several phases and replaces IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The effective date of the fully completed version of IFRS 9 is for periods beginning on or after 1 January 2018 with restrospective application. The Group has not yet quantified the full impact of all phases of the final standard.

IFRS 15 Revenue from Contracts with Customers, which was issued on 28 May 2014 has an effective date of 1 January 2017. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The Group has not yet quantified the potential impact of this standard.

New standards and interpretations applied for the first time

The following standards with an effective date of 1 January 2013 have been adopted without any significant impact on the amounts reported in these financial statements:

IFRS 7 (amended) – Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 13 Fair Value Measurement
IAS 12 (amended) – Deferred Tax: Recovery of Underlying Assets

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific criteria must also be met before revenue is recognised:

Sale of goods

Within Benchmark Animal Health, revenue from the sale of licenced veterinary vaccines and vaccine components is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer, usually on delivery. Where the buyer has a right of return, revenue and cost of sales are adjusted for the value of the expected returns based on historical results, taking into consideration the specifics of each arrangement.

Within Benchmark Sustainability Science, revenue from the sale of agricultural produce is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer, usually on delivery. Where the buyer has a right of return, revenue and cost of sales are adjusted for the value of the expected returns based on historical results, taking into consideration the specifics of each arrangement.

Within Benchmark Technical Publishing, revenue from the sales of books and publications is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer, usually on delivery.

Rendering of services

Services including sustainable food production consultancy, technical consultancy and assurance services are provided by Benchmark Sustainability Science and Benchmark Animal Health. Online news, marketing and technical publications, book publishing, online shops and online distance learning programs are provided by Benchmark Technical Publishing.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for these services is recognised in the period in which they are rendered.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and its amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the aquiree's identifiable assets.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated income statement. Direct costs of acquisition are recognised immediately as an expense.

Foreign currency

The Group's consolidated financial statements are presented in UK pounds sterling, which is also the parent Company's functional currency. For each entity the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

1 Accounting policies (continued)

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the income statement in the Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

Financial assets

The Group classifies all of its financial assets as loans and receivables and has not classified any of its financial assets as held to maturity.

Loans and receivable assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within operating costs in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated income statement (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated balance sheet.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from inception, and for the purpose of the statements of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated balance sheet.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities which include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated balance sheet.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

The Group's ordinary shares are classified as equity instruments.

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

Share-based payments

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

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

1 Accounting policies (continued)

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Goodwill

Goodwill is initially measured at cost, being the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives, generally not exceeding 20 years, on a straight-line basis from the time they are available for use.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

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

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Websites	5 years	Assessment of estimated revenues and profits
Patents	2-5 years	Cost to acquire
Trademarks	2-5 years	Cost to acquire
Contracts	3 years	Assessment of estimated revenues and profits
Licences	6 to 15 years	Cost to acquire
Intellectual property	Up to 20 years	Cost to acquire

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Additionally, goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the consolidated income statement, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Internally generated intangible assets (development costs)

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

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

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the consolidated income statement.

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

1 Accounting policies (continued)

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

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

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The carrying amount of deferred tax asset is reviewed at each balance sheet 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.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Assets in the course of construction which have not yet been brought into use are not depreciated until fully commissioned and the asset is brought into use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold property	–	2% per annum straight line
Long term leasehold property improvements	–	2% – 10% per annum straight line
Plant and machinery	–	15% per annum reducing balance
Motor vehicles	–	25% per annum reducing balance
E commerce infrastructure	–	10% per annum straight line
Other fixed assets	–	15% – 33% per annum straight line

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Livestock

Livestock is measured at fair value less costs to sell. The fair value of livestock is based on quoted prices of livestock and adjusted for age, breed, and genetic merit in the principal (or most advantageous) market for the livestock, and therefore is categorised within level 2 of the fair value hierarchy set out in IFRS 13.

Government grants

Government grants received on capital expenditure are included in the balance sheet as deferred income and released to the income statement over the life of the asset. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated income statement or netted against the asset purchased.

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, leasehold dilapidations, sale or return obligations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment.

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

(a) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 16.

(b) Legal proceedings

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

(c) Valuation of contracts and licences

The valuation of contracts and licences acquired as part of a business combination has been calculated based upon value in use which requires the use of a discount rate in order to calculate the present value of cash flows. These intangibles are reviewed annually for impairment.

(d) Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

(e) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 32.

3 Financial instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans

3 Financial instruments – Risk Management (continued)

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

Group

Financial assets

	2014 £000	2013 £000
Cash and cash equivalents (note 37)	16,511	3,250
Trade and other receivables (note 20)	9,161	5,853
Total financial assets	25,672	9,103

Financial liabilities	**Financial liabilities at amortised cost**	
	2014 £000	2013 £000
Trade and other payables (note 21)	9,241	4,649
Loans and borrowings (note 22)	211	4,443
Total financial liabilities	9,452	9,092

Company

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

Financial assets

	2014 £000	2013 £000
Investments (note 17)	5,610	4,071
Other financial assets (note 17)	-	1,965
Cash and cash equivalents (note 37)	14,078	418
Trade and other receivables (note 20)	19,432	4,361
Total financial assets	39,120	10,815

Financial liabilities	**Financial liabilities at amortised cost**	
	2014 £000	2013 £000
Trade and other payables (note 21)	3,499	1,306
Loans and borrowings (note 22)	60	60
Total financial liabilities	3,559	1,366

There were no financial instruments classified as fair value through profit or loss or available for sale.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

3 Financial instruments – Risk Management (continued)

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

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. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 20.

Fair value and cash flow interest rate risk

During the first part of the year, the Group was exposed to cash flow interest rate risk from long-term borrowings at variable rate. However, the long term borrowings were repaid during the year removing this interest rate risk.

During 2014 and 2013, the Group's borrowings at variable rate were denominated in Sterling.

At 30 September 2014, if interest rates on Pound Sterling-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax for the year and net assets would have been £11,000 (2013: £44,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings at the start of the year. The Directors consider that 100 basis points is the maximum likely change in Sterling interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (primarily US dollar or Pound Sterling) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is predominantly exposed to currency risk on purchases made from a major supplier in US Dollars and on sales in North America made in US dollars. There is a natural hedge between these two transactions; any surplus US dollars generated are used to fund the overseas US dollar denominated operations of the Group.

At 30 September 2014, if the pound sterling had strengthened/weakened by 10% against both the US dollar and Euro with all other variables held constant, the recalculated post tax loss for the year would have been £11,000 (2013: £50,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated deferred consideration balances, trade receivables and trade payables.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group seeks to maintain cash balances (or agreed facilities) sufficient to meet expected requirements detailed in rolling three month cashflow forecasts, and in longer term cashflow forecasts.

3 Financial instruments – Risk Management (continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group

As at September 2014	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	7,610	-	982	649	-
Loans and borrowings	31	93	99	-	-
Total	7,641	93	1,081	649	-

As at September 2013	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	4,649	-	-	-	-
Loans and borrowings	2,244	-	2,199	-	-
Total	6,893	-	2,199	-	-

Company

As at September 2014	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	3,499	-	-	-	-
Loans and borrowings	-	-	60	-	-
Total	3,499	-	60	-	-

As at September 2013	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Trade and other payables	1,306	-	-	-	-
Loans and borrowings	-	-	60	-	-
Total	1,306	-	60	-	-

Capital Management

The Group monitors “adjusted capital” which comprises all components of equity (i.e. share capital, share premium, non-controlling interest, retained earnings, and share based payment reserve). The Group’s objectives when maintaining capital are:

- to safeguard the entity’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to adjusted capital ratio. Following the IPO in December 2013, bank debt was repaid in full, although the Group continues to operate with a £4m overdraft facility. The requirement for new debt continues to be monitored for optimal funding of current and future operations.

4 Revenue

Revenue arises from:

	2014 £000	2013 £000
Sale of goods	30,635	24,117
Provision of services	4,719	3,426
	35,354	27,543

5 Other income

	2014 £000	2013 £000
Grants receivable	101	111

Grants receivable include grants and donations received by the Group’s subsidiary FAI do Brasil Criacao Animal Ltda, in respect of projects carried out by this entity. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

6 Expenses by nature

	2014 £000	2013 £000
Changes in inventories of finished goods and work in progress	358	(2,634)
Changes in agricultural assets	(32)	(94)
Write-down of inventory to net realisable value	107	215
Raw materials and consumables used	14,690	10,803
Staff costs (see note 8)	9,766	7,064
Depreciation of property, plant and equipment	533	347
Amortisation of intangible assets	871	784
Research and development costs	2,690	752
Foreign exchange losses	93	37
Operating lease expense: Property	690	295
Loss on disposal of property, plant and equipment	41	3
Transportation expenses	550	360
Advertising expenses	499	187
Exceptional expenses (see note 11)	1,691	162
Investing activities excluding research and development	2,025	254
Other costs	2,070	4,015
Total cost of sales, operating costs, depreciation and amortisation	36,642	22,550

7 Auditor’s remuneration

	2014 £000	2013 £000
Audit of these financial statements	4	4
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	72	51
Audit related assurance services	10	-
Services relating to taxation	12	20
Fees as reporting accountants for IPO	256	-
All other services	6	31
	360	106

8 Staff costs

	2014 £000	2013 £000
Staff costs (including Directors) comprise:		
Wages and salaries	8,239	5,997
Social security contributions and similar taxes	770	529
Defined contribution pension cost	334	305
Share-based payment expense (note 32)	423	233
	9,766	7,064

	2014 No.	2013 No.
The average monthly number of employees, including Directors, during the year was as follows:		
Production	128	82
Administration	29	13
Management	25	23
	182	118

Directors' remuneration

	2014 £000	2013 £000
Emoluments	918	885
Total pension and other post-employment benefit costs	33	66
	951	951

During the year retirement benefits were accruing to 9 Directors (2013: 9) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £277,000 (2013: £122,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,000 (2013: £6,000).

In addition to the above, there was an accounting charge for share based payments in respect of the Directors for £26,000 (2013: £40,000). The aggregate gain on the exercise of options by the Directors during the year was £192,000 (2013: £nil).

Further details of Directors' remuneration are provided in the Remuneration Report on pages 91 to 101.

The key management of the Group is deemed to be the Board of Directors who have authority and responsibility for planning and controlling all significant activities of the Group.

9 Segment information

Operating segments are reported in a manner consistent with the reports made to the chief operating decision maker. It is considered that the role of chief operating decision maker is performed by the Board of Directors.

The Group operates globally and for management purposes is organised into three reportable segments as follows:

- *Animal Health Division* – provides veterinary services, environmental services, diagnostics and animal health products to global aquaculture and agriculture, and manufactures licenced veterinary vaccines and vaccine components;
- *Sustainability Science Division* – provides sustainable food production consultancy, technical consultancy and assurance services.
- *Technical Publishing Division* – promotes sustainable food production and ethics through online news and technical publications for the international agriculture and food processing sectors.

Measurement of operating segment profit or loss

The Group separates its operations into Trading Activities and Investing Activities to report segmental performance. These measures are used by management for planning and reporting purposes. These measures are not defined in International Financial Reporting Standards and may not be comparable with similarly described measures used by other companies. Trading and Investing Activities are described further in note 28.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities and loans and borrowings unless directly related to individual segments.

Year ended 30 September 2014

	Notes	Animal Health £000	Sustainability Science £000	Technical Publishing £000	Corporate £000	Intersegment sales £000	Total £000
Revenue		32,981	3,073	2,873	833	(4,406)	35,354
Cost of sales		(18,548)	(2,339)	(2,438)	(1,210)	3,953	(20,582)
Gross profit/(loss)		14,433	734	435	(377)	(453)	14,772
Other income		-	101	-	-	-	101
Operating costs relating to Trading Activities		(3,971)	(1,863)	(707)	(2,162)	453	(8,250)
EBITDA from Trading Activities		10,462	(1,028)	(272)	(2,539)	-	6,623
Operating costs relating to Investing Activities:							
R&D expenditure		(2,690)	-	-	-	-	(2,690)
Pre-operational expenses		(1,585)	-	-	-	-	(1,585)
Acquisition related expenses		(222)	(108)	(12)	(98)	-	(440)
Exceptional items	11	(125)	(32)	(40)	(1,494)	-	(1,691)
EBITDA		5,840	(1,168)	(324)	(4,131)	-	217
Depreciation		(309)	(182)	(16)	(26)	-	(533)
Amortisation		(607)	(89)	(175)	-	-	(871)
Operating profit/(loss)		4,924	(1,439)	(515)	(4,157)	-	(1,187)
Finance expense							(248)
Finance income							60
Group loss before tax							(1,375)

9 Segment information (continued)

Year ended 30 September 2013

	Notes	Animal Health £000	Sustainability Science £000	Technical Publishing £000	Corporate £000	Intersegment sales £000	Total £000
Revenue		25,878	2,099	2,343	783	(3,560)	27,543
Cost of sales		(13,605)	(1,808)	(1,546)	(1,180)	3,373	(14,766)
Gross profit		12,273	291	797	(397)	(187)	12,777
Other income		-	111	-	-	-	111
Operating costs relating to Trading Activities		(2,030)	(687)	(690)	(2,265)	187	(5,485)
EBITDA from Trading Activities		10,243	(285)	107	(2,662)	-	7,403
Operating costs relating to Investing Activities:							
R&D expenditure		(752)	-	-	-	-	(752)
Pre-operational expenses		(154)	-	-	-	-	(154)
Acquisition related expenses		(100)	-	-	-	-	(100)
Exceptional items	11	-	-	-	(162)	-	(162)
EBITDA		9,237	(285)	107	(2,824)	-	6,235
Depreciation		(148)	(133)	(47)	(19)	-	(347)
Amortisation		(721)	-	(63)	-	-	(784)
Operating profit/(loss)		8,368	(418)	(3)	(2,843)	-	5,104
Finance expense							(259)
Finance income							8
Group profit before tax							4,853

30 September 2014

	Animal Health £000	Sustainability Science £000	Technical Publishing £000	Corporate £000	Total £000
Additions to non-current assets	5,655	1,974	191	(3)	**7,817**
Reportable segment assets	16,921	3,917	2,320	25,006	**48,164**
Deferred tax asset					**339**
Total Group assets					**48,503**
Reportable segment liabilities	8,039	1,732	666	814	**11,251**
Loans and borrowings (excluding leases and overdrafts)					-
Total Group liabilities					**11,251**

9 Segment information (continued)

30 September 2013

	Animal Health £000	Sustainability Science £000	Technical Publishing £000	Corporate £000	Total £000
Additions to non-current assets	439	598	(68)	(9)	960
Reportable segment assets	18,570	2,177	729	699	22,175
Deferred tax asset					241
Total Group assets					22,416
Reportable segment liabilities	5,532	812	450	861	7,655
Loans and borrowings (excluding leases and overdrafts)					2,849
Total Group liabilities					10,504

	External revenue by location of customers		Non-current assets by location of assets	
	2014 £000	2013 £000	**2014 £000**	2013 £000
United Kingdom	**14,148**	9,520	**13,607**	7,011
Rest of Europe	**5,926**	7,421	**1,363**	3
Chile	**13,612**	8,587	**-**	-
Other	**1,668**	2,015	**955**	473
	35,354	27,543	**15,925**	7,487

Customers with turnover in excess of 10% of total turnover

	2014 £000	2013 £000
Customer A	**4,607**	6,728
Customer B	**4,469**	3,039
Customer C	**13,612**	7,994
Customer D	**3,105**	2,940
	25,793	20,701

All of the above customers purchase goods from the Animal Health operating segment.

10 Finance income and expense

	2014 £000	2013 £000
Finance income		
Interest received on bank deposits	60	8
Finance cost		
Finance leases (interest portion)	13	3
Interest expense on financial liabilities measured at amortised cost	235	256
Total finance expense	248	259
Net finance expense recognised in profit or loss	188	251

11 Exceptional items

Items that are material because of their size or nature, 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.

	2014 £000	2013 £000
Exceptional IPO costs	1,298	162
Exceptional share based payment expense arising from IPO	292	-
Lease termination costs	101	-
Total exceptional costs	1,691	162

On 18 December 2013 Benchmark Holdings plc was admitted to trading on AIM. The IPO raised gross proceeds of £27.5 million through the issue of 42,968,750 new ordinary shares. However, significant non-recurring costs were incurred in relation to the IPO and it is deemed necessary to separately identify these costs within the results for year.

Total IPO costs amounted to £2,836,000. Of this, £1,298,000 has been treated as exceptional IPO costs and charged to income during the period, with the balance of £1,538,000 being offset against the share premium account.

A number of one-off share based payment transactions arose as part of the IPO. The expense for the current year in relation to these transactions amounted to £292,000.

12 Tax expense

	2014 £000	2013 £000
Current tax expense		
Current tax on profits for the year	-	836
Adjustment for under provision in prior periods at amortised cost	2	(271)
Total current tax	2	565
Deferred tax expense		
Origination and reversal of temporary differences (Note 25)	(56)	(5)
Total deferred tax credit	(56)	(5)
Total tax credit	(54)	560

12 Tax expense (continued)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2014 £000	2013 £000
Accounting (loss)/profit before income tax	(1,375)	4,853
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 22% (2013: 23.5%)	(302)	1,140
Expenses not deductible for tax purposes, other than goodwill amortisation	55	13
Research and development relief	(325)	(392)
Deferred tax not recognised	516	12
Adjustments to tax charge in respect of prior periods	2	(271)
Different tax rates in overseas jurisdictions	-	58
Total tax (credit)/expense	(54)	560

Changes in tax rates and factors affecting the future tax charge

Finance Act 2013 includes provision for the main rate of corporation tax to reduce to 20% on 1 April 2015. The reductions in the corporation tax rate were substantively enacted on 3 July 2013 and will reduce future tax charges. Deferred tax has been calculated at 20% being the rate applying from April 2015.

There was no deferred tax recognised in other comprehensive income.

13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2014	2013
Net (loss)/profit attributable to equity holders of the parent (£000)	(1,315)	4,294
Weighted average number of shares in issue (thousands)	126,959	91,037
Basic (loss)/earnings per share (pence)	(1.04)	4.72

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. This is done by calculating the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares since admission to AIM) based on the monetary value of the subscription rights attached to outstanding share options and warrants.

Therefore the Company is required to adjust the earnings per share calculation in relation to the share options that are in issue under the Company's share based incentive schemes as follows:

	2014	2013
Net (loss)/profit attributable to equity holders of the parent (£000)	(1,315)	4,294
Weighted average number of shares in issue (thousands)	126,959	94,084
Diluted basic (loss)/earnings per share (pence)	(1.04)	4.56

A total of 2,250,000 potential ordinary shares have not been included within the calculation of statutory diluted earnings per share for the year (2013: nil) as they are anti-dilutive. However, these potential ordinary shares could dilute earnings per share in the future.

13 Earnings per share (continued)

Earnings per share from Trading Activities

Net profit attributable to equity shareholders has been adjusted to exclude exceptional items and other operating costs relating to Investing Activities as disclosed in note 28.

	2014	2013
Profit from Trading Activities attributable to equity holders of the parent (£000)	4,177	5,085
Weighted average number of shares in issue (thousands)	126,959	91,037
Earnings per share from Trading Activities (pence)	**3.29**	5.59

Diluted earnings per share from Trading Activities were as follows:

	2014	2013
Profit from Trading Activities attributable to equity holders of the parent (£000)	4,177	5,085
Weighted average number of shares in issue (thousands)	129,209	94,084
Diluted earnings per share from Trading Activities (pence)	**3.23**	5.40

14 Property, plant and equipment

Group

	Freehold Land and Buildings £000	Assets in the Course of Construction £000	Long Term Leasehold Property Improvements £000	Plant and Machinery £000	E commerce Infra-structure £000	Office Equipment and Fixtures £000	Total £000
Cost							
Balance at 1 October 2012	-	-	945	1,617	238	535	3,335
Additions	700	-	376	535	137	-	1,748
Disposals	-	-	-	(13)	-	-	(13)
Balance at 1 October 2013	700	-	1,321	2,139	375	535	5,070
Additions	28	142	1,264	2,340	8	248	4,030
On acquisition	-	-	30	198	-	-	228
Reclassification	-	-	-	-	(179)	179	-
Exchange differences	-	-	-	(3)	-	(13)	(16)
Disposals	-	-	-	(134)	-	(44)	(178)
Balance at 30 September 2014	**728**	**142**	**2,615**	**4,540**	**204**	**905**	**9,134**
Accumulated depreciation							
Balance at 1 October 2012	-	-	47	839	118	159	1,163
Depreciation charge for the year	-	-	53	166	32	96	347
Disposals	-	-	-	(12)	-	-	(12)
Balance at 1 October 2013	-	-	100	993	150	255	1,498
Depreciation charge for the year	-	-	134	253	37	109	533
Reclassification	-	-	-	-	(42)	42	-
Exchange differences	-	-	-	(2)	-	-	(2)
Disposals	-	-	-	(93)	-	(44)	(137)
Balance at 30 September 2014	**-**	**-**	**234**	**1,151**	**145**	**362**	**1,892**
Net book value							
At 30 September 2014	**728**	**142**	**2,381**	**3,389**	**59**	**543**	**7,242**
At 30 September 2013	700	-	1,221	1,146	225	280	3,572
At 1 October 2012	-	-	898	778	120	376	2,172

Security over the assets is disclosed within note 22.

The above includes the following in respect of plant and machinery held under finance leases (note 29):

	2014 £000	2013 £000
Cost	339	283
Accumulated depreciation	(109)	(75)
Net book value	**230**	208

14 Property, plant and equipment (continued)

Company

	Office equipment and fixtures £000
Cost	
Balance at 1 October 2012	112
Additions	10
Balance at 1 October 2013	122
Additions	27
Disposals	(2)
Balance at 30 September 2014	**147**
Accumulated depreciation	
Balance at 1 October 2012	37
Depreciation charge for the year	19
Balance at 1 October 2013	56
Depreciation charge for the year	26
Disposals	-
Balance at 30 September 2014	**82**
Net book value	
At 30 September 2014	**65**
At 30 September 2013	66
At 1 October 2012	75

15 Intangible assets

	Websites £000	Goodwill £000	Patents and Trademarks £000	Intellectual Property £000	Contracts £000	Licences £000	Total £000
Cost							
Balance at 1 October 2012	515	1,419	374	-	1,565	1,194	5,067
Additions – externally acquired	-	270	156	-	-	-	426
Balance at 1 October 2013	515	1,689	530	-	1,565	1,194	5,493
Additions – externally acquired	2	1,012	60	1,678	270	1,996	5,018
Balance at 30 September 2014	**517**	**2,701**	**590**	**1,678**	**1,835**	**3,190**	**10,511**
Accumulated amortisation and impairment							
Balance at 1 October 2012	328	273	374	-	43	17	1,035
Amortisation charge for the year	63	-	-	-	522	199	784
Balance at 1 October 2013	391	273	374	-	565	216	1,819
Amortisation charge for the year	68	-	14	-	522	267	871
Balance at 30 September 2014	**459**	**273**	**388**	**-**	**1,087**	**483**	**2,690**
Net book value							
At 30 September 2014	**58**	**2,428**	**202**	**1,678**	**748**	**2,707**	**7,821**
At 30 September 2013	124	1,416	156	-	1,000	978	3,674
At 1 October 2012	187	1,146	-	-	1,522	1,177	4,032

Additions to goodwill, intellectual property and contracts are detailed in note 33.

Current estimates of useful economic lives of intangible assets are as follows:

Goodwill	Infinite
Patents	5 years
Websites	5 years
Trademarks	5 years
Contracts	3 years
Licences	6 years
Intellectual property	Up to 15 years

16 Impairment testing of goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combination. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Goodwill arises across all of the Group's operating segments, and is allocated specifically against the following CGUs:

	Animal Health 2014 £000	Sustainability Science 2014 £000	Technical Publishing 2014 £000	Total 2014 £000
FVG Limited	288	-	-	288
Benchmark Vaccines Limited	439	-	-	439
Atlantic Veterinary Services Limited	167	-	-	167
FAI do Brasil Criacao Animal Ltda	-	96	-	96
Dust Collective Limited	-	120	-	120
Allan Environmental Limited	-	225	-	225
FAI Aquaculture Limited	-	446	-	446
5M Enterprises Limited	-	-	647	647
	894	887	647	2,428

	Animal Health 2013 £000	Sustainability Science 2013 £000	Technical Publishing 2013 £000	Total 2013 £000
FVG Limited	288	-	-	288
Benchmark Vaccines Limited	439	-	-	439
FAI do Brazil Criacao Animal Ltda	-	96	-	96
Dust Collective Limited	-	120	-	120
Allan Environmental Limited	-	150	-	150
5M Enterprises Limited	-	-	323	323
	727	366	323	1,416

The recoverable amounts of the above CGUs have been determined from value in use calculations which have been predicated on discounted cash flow projections from formally approved budgets. These budgets cover a three year period to 30 September 2017, other than for Benchmark Vaccines Limited, in which a detailed five year forecast has been used to cover the manufacturing expansion programme for that business. These budgets were then extrapolated in perpetuity taking account of specific growth rates for future cash flows, using individual business operating margins based on past experience and future expectations in light of anticipated economic and market conditions.

The pre-tax cashflows that these projections produced were discounted at pre-tax discount rates based on the Group's beta adjusted cost of capital reflecting management's assessment of specific risks related to the cash generating unit. A single discount rate of 13% has been used in the impairment calculations which the Directors believe fairly reflects the risks inherent in each of the CGUs, and a zero growth rate was used in extrapolating the budgets into perpetuity.

The value in use assessment is sensitive to changes in the key assumptions used, most notably the discount rate and the growth rates. A sensitivity analysis has been performed on the individual CGUs, and based on this analysis, no reasonably possible changes to these assumptions resulted in an additional impairment charge being required.

17 Subsidiary undertakings

The principal direct and indirect subsidiary undertakings of Benchmark Holdings plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Proportion of ownership interest as at 30 September 2014	2013
Animal Health Division			
Benchmark Animal Health Group Limited	United Kingdom	100%	100%
Benchmark Animal Health Limited	United Kingdom	100%	-
Benchmark Vaccines Limited	United Kingdom	100%	100%
FVG Limited	United Kingdom	100%	100%
Fish Vet Group Asia Limited	Thailand	100%	100%
Fish Vet Group Norge AS	Norway	100%	100%
FVG Inc	USA	100%	100%
Atlantic Veterinary Services Limited	Ireland	100%	-
Vet Aqua International Limited*	Ireland	100%	-
Sustainability Science Division			
FAI Farms Limited	United Kingdom	100%	100%
FAI do Brasil Criacao Animal Ltda	Brazil	99.25%	99.25%
FAI Aquaculture Limited (formerly Viking Fish Farms Limited)	United Kingdom	100%	-
RL Consulting Limited	United Kingdom	100%	100%
Trie Benchmark Limited	United Kingdom	100%	100%
Allan Environmental Limited	United Kingdom	100%	100%
Dust Collective Limited	United Kingdom	100%	100%
Technical Publishing Division			
5M Enterprises Limited	United Kingdom	98.5%	98.5%
5M Enterprises Inc	USA	98.5%	98.5%

* Vet Aqua International Limited is consolidated into the Group by virtue of the Group's control over the business via a put and call option agreement entered into during the year for the business to be acquired at a future date.

Company	Loans to subsidiary companies £000	Investments in subsidiary companies £000
Cost or valuation		
Balance at 1 October 2012	1,166	2,744
Additions	1,965	1,327
Amounts repaid	(1,166)	-
Balance at 30 September 2013	1,965	4,071
Additions	-	693
Capitalisation of intercompany balances	-	846
Amounts repaid	(1,965)	-
Balance at 30 September 2014	-	**5,610**
Net book value		
At 30 September 2014	-	**5,610**
At 30 September 2013	1,965	4,071
At 1 October 2012	1,166	2,744

17 Subsidiary undertakings (continued)

In 2014 the Company acquired 100% of the ordinary share capital of Viking Fish Farms Limited for £400,000 and subscribed for an additional £100,000 of shares in Trie Benchmark Ltd. Furthermore, through FVG Ltd, the Group acquired 100% of the ordinary share capital of Atlantic Veterinary Services Limited for €200,000. During the year, intercompany balances totalling £846,000 were converted into share capital. Additionally £193,000 (2013: £192,000) of the charge associated with share options relates to employees of subsidiary companies, and so this amount has been treated as an investment in the books of the Company.

18 Inventories

Group	2014 £000	2013 £000
Raw materials	1,560	935
Work in progress	1,679	160
Finished goods and goods for resale	1,231	3,108
Total inventories at the lower of cost and net realisable value	4,470	4,203

During 2014 £14,797,000 (2013: £11,018,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. The cost of inventories recognised as an expense includes £107,000 (2013: £215,000) in respect of write-downs of inventory to net realisable value, and has been increased by £449,000 (2013: reduced by £53,000) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices in certain markets.

The Company did not have any inventories at the year end (2013: £nil).

19 Agricultural assets

Group	2014 £000	2013 £000
Organic sheep	237	214
Organic beef	298	287
Organic pigs	4	6
Total livestock	539	507

The Group operates a commercial and research farming and technology transfer business, and at 30 September 2014 held 2,856 (2013: 2,559) head of sheep, 253 (2013: 271) head of cattle and 66 (2013: 42) pigs. The Group had farming sales of £309,000 in the year ended 30 September 2014 (2013: £237,000).

The Group is exposed to financial risks arising from changes in the market value of farm animals. The Group does not anticipate that prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in livestock price. The Group reviews its outlook for livestock prices regularly in considering the need for active financial risk management.

20 Trade and other receivables

Group	2014 £000	2013 £000
Trade receivables	9,224	5,890
Less: provision for impairment of trade receivables	(63)	(37)
Trade receivables – net	9,161	5,853
Loans to related parties	-	-
Total financial assets other than cash and cash equivalents classified as loans and receivables	9,161	5,853
Prepayments	1,774	221
Other receivables	646	895
Total trade and other receivables	11,581	6,969
Less: non-current portion: prepayments	(523)	-
Current portion	11,058	6,969

All non-current receivables are due within five years from the end of the reporting period.

The fair values of trade and other receivables classified as loans and receivables are not materially different to their carrying values. As at 30 September 2014 trade receivables of £1,002,000 (2013: £1,517,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2014 £000	2013 £000
Up to 3 months overdue	903	1,296
3 to 6 months overdue	59	221
6 to 12 months overdue	40	-
	1,002	1,517

Movements on the Group provision for impairment of trade receivables are as follows:

	2014 £000	2013 £000
At 1 October	37	85
Provided during the year	26	20
Receivable written off during the year as uncollectable	-	(68)
At 30 September	63	37

The movement on the provision for impaired receivables has been included in the administrative expenses line in the consolidated income statement.

In accordance with the accounting policy on revenue recognition £nil (2013 – £296,000) has been derecognised from gross trade receivables as this is subject to a specific return clause.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

20 Trade and other receivables (continued)

Company	2014 £000	2013 £000
Receivables from related parties	19,432	4,361
Total financial assets other than cash and cash equivalents classified as loans and receivables	19,432	4,361
Prepayments	182	11
Other receivables	89	124
Total trade and other receivables	19,703	4,496
Less: non-current portion	-	-
Current portion	19,703	4,496

21 Trade and other payables

Group	2014 £000	2013 £000
Trade payables	3,575	1,416
Other payables	2,391	2,083
Accruals	3,275	1,150
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	9,241	4,649
Other payables – tax and social security payments	164	277
Deferred income	507	143
Total trade and other payables	9,912	5,069
Less: non-current portion	(1,631)	-
Current portion	8,281	5,069

Book values approximate to fair value at 30 September 2014 and 2013.

Company	2014 £000	2013 £000
Trade payables	203	75
Payables to related parties	2,663	536
Other payables	-	1
Accruals	633	694
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	3,499	1,306
Other payables – tax and social security payments	45	31
Total trade and other payables	3,544	1,337

Book values approximate to fair value at 30 September 2014 and 2013.

22 Loans and borrowings

Group

	2014 £000	2013 £000
Non-Current		
Bank loans secured	-	2,069
Other loans	60	60
Finance lease creditor (note 29)	36	70
	96	2,199
Current		
Overdrafts	-	1,504
Bank loans secured	-	720
Finance lease creditor (note 29)	115	20
	115	2,244
Total loans and borrowings	211	4,443

The fair value of loans and borrowings is not materially different to the carrying value and has not been separately disclosed.

All bank loans were repaid during the year. There were no bank loans outstanding at the end of the year. The interest rate on bank loans in the prior year was 4.5% above LIBOR.

The Group operates with an overdraft facility of £4,000,000, which is secured on the assets of the parent and UK subsidiary companies.

The finance lease liabilities are secured on the assets to which they relate.

The currency profile of the Group's loans and borrowings is as follows:

	2014 £000	2013 £000
Sterling	211	4,443

Company

The book value and fair value of loans and borrowings are as follows:

	2014 £000	2013 £000
Non-Current		
Other loans	60	60
Total loans and borrowings	60	60

The fair value of loans and borrowings is not materially different to the carrying value and has not been separately disclosed.

All of the company's borrowings are in Sterling.

23 Provisions

	Legal fees provision £000	Repairs provision £000	Other provisions £000	Total £000
At 1 October 2012	530	55	-	585
Charged to profit or loss	40	-	-	40
Utilised in year	(490)	-	-	(490)
At 1 October 2013	80	55	-	135
Charged to profit or loss	220	-	750	970
Utilised in year	-	(25)	-	(25)
At 30 September 2014	**300**	**30**	**750**	**1,080**
Current	300	30	750	1,080
Non-current	-	-	-	-
At 30 September 2014	**300**	**30**	**750**	**1,080**
Current	-	-	-	-
Non-current	80	55	-	135
At 30 September 2013	80	55	-	135

Legal fees provision

There is an on-going legal dispute involving FVG Limited, a subsidiary company, relating to improper usage of the Salmosan product by a third party. Additionally, FVG Limited has recently commenced legal action against a Norwegian company for breach of a trademark owned by the Group. At the year end, the Directors reviewed the adequacy of the provision based on current information relating to the two matters, and consider that the provision should be increased by £220,000 to £300,000. Although the latter action is at a relatively early stage, the Directors consider this to be a reasonable estimate of the likely financial outcome of defending the Group's position, and that both matters could be settled in the financial year ending 30 September 2015.

Repairs provision

Under property operating lease agreements, FAI Farms Limited, a subsidiary company, has a rolling obligation to maintain all properties to the standard that prevailed at the inception of the lease. The Directors estimate the costs of this obligation at £15,000 (2013: £15,000). Additionally, Benchmark Vaccines Limited has a repairs provision of £15,000 in respect of its Braintree premises.

Other provisions

Provisions totalling £750,000 (2013: £nil) were made during the year in relation to potential rebates to customers/distributors based on targeted volumes, price fluctuations and potential stock returns under right of return clauses. The Directors expect these to be settled in the financial year ended 30 September 2015.

24 Dividends paid and proposed

	2014 £000	2013 £000
Declared and paid during the year		
Interim dividend for 2014: 0.18 pence per share (rebased) (2013: 0.44 pence per share (rebased))	165	401
Final dividend for 2014: £nil per share (2013:£nil)	-	-
	165	401

25 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2013: 20%). Finance Act 2013 includes provision for the main rate of corporation tax to reduce to 20% on 1 April 2015. The reductions in the corporation tax rate were substantively enacted on 3 July 2013 and will reduce future tax charges. Deferred tax has been calculated at 20% being the rate applying from April 2015.

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

Group	2014 £000	2013 £000
At 1 October	241	144
Recognised in income statement		
Tax credit (note 12)	56	5
Recognised in equity	42	92
At 30 September	339	241

Company	2014 £000	2013 £000
At 1 October	79	64
Recognised in income statement		
Tax expense	(42)	(1)
Recognised in equity	10	16
At 30 September	47	79

There was no deferred tax recognised in other comprehensive income.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered. The Directors believe there is sufficient evidence that the amounts recognised will be recovered against future taxable profits. The Group did not recognise deferred tax assets of £469,000 (2013: £nil) in respect of losses amounting to £2,217,000 (2013: £nil) and temporary differences of £128,000 (2013: £nil). The losses primarily relate to losses made in overseas jurisdictions.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As the earnings are continually reinvested by the Group and there is no intention for these entities to pay dividends, no tax is expected to be payable on them in the foreseeable future.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period, together with amounts recognised in the consolidated income statement and amounts recognised in other comprehensive income are as follows:

Group	Asset 2014 £000	Liability 2014 £000	Net 2014 £000	(Charged)/ credited to profit or loss 2014 £000	(Charged)/ credited to equity 2014 £000
Accelerated capital allowances	-	(58)	(58)	-	-
Other temporary and deductible differences	60	-	60	(36)	-
Available losses	136	-	136	92	-
Fair value of share options	201	-	201	-	42
Net tax assets/(liabilities)	397	(58)	339	56	42

25 Deferred tax (continued)

	Asset 2013 £000	Liability 2013 £000	Net 2013 £000	(Charged)/ credited to profit or loss 2013 £000	(Charged)/ credited to equity 2013 £000
Accelerated capital allowances	-	(58)	(58)	(44)	-
Other temporary and deductible differences	96	-	96	37	-
Available losses	44	-	44	12	-
Fair value of share options	159	-	159	-	92
Net tax assets/(liabilities)	299	(58)	241	5	92

Company	**Asset 2014 £000**	**Liability 2014 £000**	**Net 2014 £000**	**(Charged)/ credited to profit or loss 2014 £000**	**(Charged)/ credited to equity 2014 £000**
Accelerated capital allowances	-	(4)	(4)	4	-
Other temporary and deductible differences	12	-	12	(43)	-
Available losses	-	-	-	(3)	-
Fair value of share options	39	-	39	-	10
Net tax assets/(liabilities)	51	(4)	47	(42)	10

	Asset 2013 £000	Liability 2013 £000	Net 2013 £000	(Charged)/ credited to profit or loss 2013 £000	(Charged)/ credited to equity 2013 £000
Accelerated capital allowances	-	(8)	(8)	1	-
Other temporary and deductible differences	55		55	(1)	-
Available losses	3	-	3	(1)	-
Fair value of share options	29	-	29	-	16
Net tax assets/(liabilities)	87	(8)	79	(1)	16

26 Share capital and share premium

Allotted, called up and fully paid	**Share Capital Number**	**£000**	**Share premium £000**
Ordinary shares of £1 each			
Balance at 1 October 2012	91,711	92	693
Shares purchased for cancellation	(1,404)	(2)	-
Balance at 1 October 2013	90,307	90	693
Shares issued as part consideration for acquisition of Viking Fish Farms Ltd	184	-	100
Exercise of share options	1,500	2	-
Balance immediately prior to Admission 18 December 2013	91,991	92	793
Ordinary shares of 0.1 penny each			
Conversion of one old Ordinary Share of £1 each into 1,000 new Ordinary Shares of 0.1p each	91,991,000	92	793
Exercise of share options	1,457,000	1	-
Placing shares: 42,968,750 of 0.1p each at 64p per share	42,968,750	43	27,457
Less IPO costs recognised through equity	-	-	(1,538)
Benchmark Share Incentive Plan	560,345	1	191
Balance at 30 September 2014	136,977,095	137	26,903

On 14 October 2013 the Company issued 184 ordinary shares of £1 each at a price of £543.48 per share as consideration for the acquisition of 100 ordinary shares of £1 each in the capital of Viking Fish Farms Limited.

On 21 November 2013, the Company allotted and issued a total of 1,500 ordinary shares of £1 each to 10 employees of the Group relating to share options granted in August 2010.

Immediately prior to Admission to trading on AIM on 18 December 2013, each of the Ordinary Shares of £1 was subdivided into 1,000 shares of 0.1p each.

On 18 December 2013, the Company placed 42,968,750 new shares of 0.1p each at a price of 64p per share. On the same date the Company allotted and issued a total of 1,457,000 Ordinary Shares of 0.1p each to 27 employees of the Group relating to share options granted in June 2012 and August 2013.

On 23 January 2014 the Company issued 560,345 shares of 0.1 pence each in respect of the Benchmark Share Incentive Plan ("SIP"). The SIP shares consist of shares purchased at 64p per share up to a maximum amount of £1,500 each by eligible employees ("Partnership Shares") as well as free matching shares granted subject to certain conditions of the SIP ("Matching Shares").

Employee share option scheme

The Company introduced an employee share option scheme in 2010. The options existing immediately before admission to trading on AIM on 18 December 2013 were subdivided into equivalent options over the new 0.1p ordinary shares. At the year end, options exist over 1,282,000 0.1p ordinary shares in the Company and the exercise price is the nominal value of 0.1p per share. Movements in the share options are disclosed in note 32.

Members of the scheme can exercise the options at any point from the third anniversary of joining the scheme until the options lapse on the tenth anniversary of joining. Options cannot be exercised after the option holder ceases to hold employment with any member of the Group.

27 Reserves

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

Reserve	Description and purpose
Share premium reserve	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Share-based payment reserve	The share-based payment transaction reserve recognises the value of equity-settled share-based payment transactions provided to employees, including management personnel, as part of their remuneration. Refer to note 32 for further details of these plans.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

28 Trading and Investing Activities

The Group separates its operations into Trading Activities and Investing Activities in order to report the performance of its business. Trading Activities are those operations which generate earnings in the current period. Investing Activities are those activities which have no associated income stream in the current period, but which are intended to provide the Group with income generating operations in future periods. These measures are used by management for planning and reporting purposes and in discussions with and presentations to investment analysts and are defined below. These measures are not defined in International Financial Reporting Standards and may not be comparable with similarly described measures used by other companies.

In arriving at Trading Activities, the following Investing Activities are excluded from reported results:

- exceptional costs relating to the Company's flotation on AIM
- costs of acquiring new businesses (Benchmark Vaccines in 2013, Viking Fish Farms Ltd and Atlantic Veterinary Services Ltd in 2014) and costs related to the purchase of Zoetis aquaculture assets and the trade and assets of Old Pond Publishing in 2014
- one-off lease termination costs
- pre-operational expenses for new ventures (Fish Vet Group Norge and Fish Vet Group Asia)
- expenditure on research and development

28 Trading and Investing Activities (continued)

A reconciliation of reported earnings to earnings from Trading Activities is shown below.

Reconciliation of Reported Earnings to Earnings from Trading Activities – year ended 30 September 2014

		Investing Activities				
	Year ended 30 September 2014 £000	Exceptional items £000	Acquisition related costs £000	Pre-operational expenses for new ventures £000	R&D expenditure £000	Trading Activities £000
Revenue	35,354	-	-	-	-	35,354
Cost of sales	(20,582)	-	-	-	-	(20,582)
Gross profit	14,772	-	-	-	-	14,772
Other income	101	-	-	-	-	101
Operating costs	(12,965)	-	440	1,585	2,690	(8,250)
Operating costs – Exceptional	(1,691)	1,691	-	-	-	-
EBITDA	217	1,691	440	1,585	2,690	6,623
Depreciation	(533)	-	-	-	-	(533)
Amortisation	(871)	-	-	-	-	(871)
Operating (loss)/profit	(1,187)	1,691	440	1,585	2,690	5,219
Finance cost	(248)	-	-	-	-	(248)
Finance income	60	-	-	-	-	60
(Loss)/profit on ordinary activities before taxation	(1,375)	1,691	440	1,585	2,690	5,031
Tax on profit on ordinary activities	54	(50)	(30)	-	(834)	(860)
(Loss)/profit for the period	(1,321)	1,641	410	1,585	1,856	4,171
(Loss)/profit for the period attributable to:						
– Owners of the parent	(1,315)	1,641	410	1,585	1,856	4,177
– Non-controlling interest	(6)	-	-	-	-	(6)
	(1,321)	1,641	410	1,585	1,856	4,171
Earnings per share (pence)	(1.04)	1.30	0.32	1.25	1.46	3.29
Weighted average number of shares (millions)	126,959	126,959	126,959	126,959	126,959	126,959

28 Trading and Investing Activities (continued)

Reconciliation of Reported Earnings to Earnings from Trading Activities – year ended 30 September 2013

		Investing Activities				
	Year ended 30 September 2013 £000	Exceptional non-acquisition related items £000	Exceptional acquisition related costs £000	Pre-operational expenses for new ventures £000	R&D expenditure £000	Trading Activities £000
Revenue	27,543	-	-	-	-	27,543
Cost of sales	(14,766)	-	-	-	-	(14,766)
Gross profit	12,777	-	-	-	-	12,777
Other income	111	-	-	-	-	111
Operating costs	(6,491)	-	100	154	752	(5,485)
Operating costs – Exceptional	(162)	162	-	-	-	-
EBITDA	6,235	162	100	154	752	7,403
Depreciation	(347)	-	-	-	-	(347)
Amortisation	(784)	-	-	-	-	(784)
Operating profit	5,104	162	100	154	752	6,272
Finance cost	(259)	-	-	-	-	(259)
Finance income	8	-	-	-	-	8
Profit on ordinary activities before taxation	4,853	162	100	154	752	6,021
Tax on profit on ordinary activities	(560)	-	(23)	-	(354)	(937)
(Loss)/profit for the period	4,293	162	77	154	398	5,084
(Loss)/profit for the period attributable to:						
– Owners of the parent	4,294	162	77	154	398	5,085
– Non-controlling interest	(1)	-	-	-	-	(1)
	4,293	162	77	154	398	5,084
Earnings per share (pence)	4.72	0.18	0.08	0.17	0.44	5.59
Weighted average number of shares (millions)	91,037	91,037	91,037	91,037	91,037	91,037

29 Leases

Finance leases

The Group leases plant and machinery with a carrying value of £230,000 (2013: £208,000). Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments 2014 £000	Interest 2014 £000	Present value 2014 £000
Not later than one year	124	9	115
Later than one year and not later than five years	39	3	36
Later than five years	-	-	-
	163	12	151

	Minimum lease payments 2013 £000	Interest 2013 £000	Present value 2013 £000
Not later than one year	23	3	20
Later than one year and not later than five years	75	5	70
Later than five years	-	-	-
	98	8	90

The present values of future lease payments are analysed as:

	2014 £000	2013 £000
Current liabilities	115	20
Non-current liabilities	36	70
	151	90

Operating leases – lessee

The Group has entered into commercial leases on certain items of land and buildings. These leases have an average life of greater than five years. There are no restrictions placed on the Group by entering into these leases.

The total future value of minimum lease payments under non-cancellable operating leases for land and buildings are as follows:

	2014 £000	2013 £000
Not later than one year	604	533
Later than one year and not later than five years	1,449	1,411
Later than five years	2,458	2,069
	4,511	4,013

30 Retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group and amounted to £334,000 (2013: £305,000). Contributions totalling £37,500 (2013: £11,000) were payable to the fund at the balance sheet date and are included in other payables.

31 Capital commitments

At 30 September 2014 the Group and Company had capital commitments as follows:

	Group 2014 £000	Group 2013 £000	**Company 2014 £000**	Company 2013 £000
Contracted for but not provided within these financial statements	329	460	-	-

32 Share-based payment

Share options

The Group operates an EMI based equity settled share option scheme for certain employees. Options are exercisable at a price equal to the nominal value of the parent Company's shares. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The share options under the scheme are as follows:

Year ended 30 September 2014:		No. of options					
Year	As at 1 October 2013	Exercised prior to admission date	Conversion of options on admission	Exercised post admission date	As at 30 September 2014	Option Price*	Exercise Period
2010	1,500	(1,500)	-	-	-	100.00p	September 2013 to September 2020
2012	1,420	-	1,418,580	(1,420,000)	-	0.10p	June 2014 to June 2022
2013	126	-	125,874	(37,000)	89,000	0.10p	August 2016 to July 2023
2013	1,193	-	1,191,807	-	1,193,000	0.10p	August 2016 to July 2023

* The option price is the nominal value of the parent Company's shares. Immediately prior to trading on AIM on 18 December 2013, each of the Ordinary Shares of £1 was subdivided into 1,000 shares of 0.1p each. Each existing unexercised share option was accordingly converted to 1,000 new share options.

Of the total number of options outstanding at 30 September 2014, nil (2013: 1,500) were exercisable.

Taking into account the impact of converting the £1 shares issued for the exercise pre-admission into 0.1p shares, options exercised in 2014 resulted in 2,957,000 shares being issued at a weighted average price of 0.1p. The related weighted average share price at the time of exercise was 59p per share. No options were exercised in the prior year.

Year ended 30 September 2013:		No. of options				
Year	As at 1 October 2012	Granted in 2013	Exercised in 2013	As at 30 September 2013	Option Price	Exercise Period
2010	1,500	-	-	1,500	100.00p	September 2013 to September 2020
2012	1,420	-	-	1,420	100.00p	June 2014 to June 2022
2013	-	126	-	126	100.00p	August 2016 to July 2023
2013	-	1,193	-	1,193	100.00p	August 2016 to July 2023

32 Share-based payment (continued)

Share options issued in August 2010

All of the share options in this tranche were exercised during the year.

The fair value of the EMI equity settled share options granted is estimated at the date of grant using the Black Scholes Merton model taking into account the terms and conditions on which the options were granted. The expense recognised for these options during the year was £nil (2013: £85,000). The prior year charge was reflected in the income statement and included within Operating Costs – Trading Activities.

Share options issued in June 2012

All of the share options in this tranche were exercised during the year.

The fair value of the EMI equity settled share options granted is estimated at the date of grant using the Black Scholes Merton model taking into account the terms and conditions on which the options were granted. The expense recognised for these options during the year was £101,000 (2013: £136,000). This has been reflected in the income statement and included within Operating Costs, with £78,000 in Operating Costs – Exceptional and £23,000 in Operating Costs - Trading Activities.

Share options issued in August 2013

Share options outstanding at the year-end had a weighted average exercise price of 0.1p and a weighted average remaining contractual life of 9 years.

The fair value of the EMI equity settled share options granted is estimated at the date of grant using the Black Scholes Merton model taking into account the terms and conditions on which the options were granted. The expense recognised for these options during the year was £18,000 (2013: £2,000). This has been reflected in the income statement and included within Operating Costs, with £9,000 in Operating Costs – Exceptional and £9,000 in Operating Costs – Trading Activities.

Additional share options issued in August 2013

Share options outstanding at the year-end had a weighted average exercise price of 0.1p and a weighted average remaining contractual life of 9 years. The fair value of the EMI equity settled share options granted is estimated at the date of grant using the Black Scholes Merton model taking into account the terms and conditions on which the options were granted.

The expense recognised for these options during the year was £114,000 (2013: £10,000). This has been reflected in the income statement and included within Operating Costs – Trading Activities.

Employee bonus share award

As disclosed in note 26, the Company issued 560,345 shares of 0.1 pence each in respect of the Benchmark Share Incentive Plan ("SIP") in January as an award to employees upon admission to AIM. These shares consisted of shares purchased by employees at 64p per share up to a maximum amount of £1,500 each by eligible employees ("Partnership Shares") as well as free matching shares granted subject to certain conditions of the SIP ("Matching Shares"). The expense recognised for the matching shares was £190,000 and this has been reflected in the income statement and included in Operating Costs – Exceptional.

Share warrants

During the period, the Company issued warrants to a supplier to acquire 375,146 ordinary shares at the placing price of 64p per share, exercisable at any time between the first anniversary of Admission and the fifth anniversary of Admission. The fair value of the services for which the warrants were granted was £15,000, and this value has been charged to Operating Costs – Exceptional in the year with a corresponding credit to reserves.

The Group did not enter into any other share-based payment transactions with parties other than employees during the current or previous period.

The total charge reflected in the consolidated income statement in relation to all of the above share based transactions, and included within Operating Costs was £438,000 (2013: £233,000), with £146,000 charged to Operating Costs - Trading Activities and £292,000 charged to Operating Costs – Exceptional. The share-based payment expense comprises:

	2014 £000	2013 £000
Equity-settled schemes	**233**	233
Bonus award to employees on admission to AIM	**190**	-
Total charge in relation to employees (note 8)	**423**	233
Share warrants	**15**	-
Total share based payment charge	**438**	233

The total charge reflected in the Company's income statement was £243,000 (2013: £40,000), with £27,000 charged to Operating Costs – Trading Activities (2013: £40,000) and £216,000 charged to Operating Costs – Exceptional (2013: £nil).

33 Business Combinations

Details of the fair value of the consideration paid and assets acquired during the year are shown below:

	Viking Fish Farms Ltd £000	Atlantic Veterinary Services Ltd £000	Vet-Aqua International £000	Zoetis aquaculture assets £000	Old Pond Publishing £000	Aquatic Veterinary Services £000	Allan Environmental £000	Total £000
Consideration								
Cash	300	167	-	1,852	584	100	-	3,003
Deferred consideration	-	-	333	-		-	75	408
Equity	100	-	-	-	-	-	-	100
Total consideration	**400**	**167**	**333**	**1,852**	**584**	**100**	**75**	**3,511**
Fair value of assets acquired								
Fixed assets	54	-	-	174	-	-	-	228
Intellectual property (included in intangibles)	-	-	-	1,678	-	-	-	1,678
Contracts	-	-	170	-	-	100	-	270
Inventories	19	-	11	-	272	-	-	302
Debtors	77	11	253	-	-	-	-	341
Cash	42	19	-	-	-	-	-	61
Trade and other creditors	(10)	-	(101)	-	-	-	-	(111)
Tax and social security	(6)	(25)	-	-	-	-	-	(31)
Deferred income	(145)	-	-	-	-	-	-	(145)
Loans	(75)	-	-	-	-	-	-	(75)
Accruals	(2)	(5)	-	-	(12)	-	-	(19)
Total identifiable net assets	**(46)**	**-**	**333**	**1,852**	**260**	**100**	**-**	**2,499**
Goodwill	**446**	**167**	**-**	**-**	**324**	**-**	**75**	**1,012**

During the year the following business combinations occurred:

- On 14 October 2013 Benchmark Holdings Limited acquired 100% of the issued share capital of Viking Fish Farms Limited for consideration of £400,000, comprising £300,000 cash and 184 ordinary shares with a fair value of £100,000. The goodwill arising is attributable to the ability to expand the Group's research and development activities into marine aquaculture.
- On 9 December 2013 FVG Limited acquired 100% of the issued share capital of Atlantic Veterinary Services Limited, an Irish registered business, for €200,000 cash consideration. On the same date that it purchased Atlantic Veterinary Services Ltd, FVG Limited entered into a put and call option agreement to purchase a related party, Vet-Aqua International, for a maximum consideration of €400,000, such consideration being dependent upon certain conditions being met. The option can be exercised between 30 June and 31 July 2016. The terms of the agreement indicate that FVG Limited effectively assumed control of Vet Aqua International at the date of signing the agreement by virtue of the fact that it has control over the business relating to inputs, processes and outputs and that any material change can only be effected by FVG Limited's consent. Under IFRS3 (Business Combinations) these facts demonstrate that FVG Limited has had control of Vet-Aqua International since the date the option agreement was signed, and so the results of Vet-Aqua International have been consolidated into the Group from that date. The goodwill arising on the acquisition of Atlantic Veterinary Services Ltd is attributable to the expansion into a new geographical location.
- On 17 February 2014 FVG Limited purchased the aquaculture vaccine and development assets from animal health company Zoetis Inc. for US$3m cash consideration. The deal also included the acquisition of a worldwide license to utilise specific Zoetis 'know how' to help drive the future research and development of these aquaculture vaccines.
- On 1 April 2014 5M Enterprises Limited acquired the trade and assets of Old Pond Publishing for cash consideration of £584,000. The acquisition sees the Group strengthen its position as a leader in the supply of knowledge transfer, market analysis and e-commerce to the global food chain. The goodwill arising from the acquisition is attributable to the potential for organic growth from the increased range and scale of the Group's publishing service.
- On 28 May 2014 FVG Limited acquired the business and assets of Aquatic Veterinary Services for cash consideration of £100,000, all of which related to the value of existing customer contracts.
- Allan Environmental Limited acquired the trade and assets of Allan Environmental Solutions during the previous financial year. The earn-out terms included in that agreement have been reassessed and contingent consideration has been increased by £75,000 in this respect.

Entities acquired during the year contributed £1,700,000 to the Group's revenue and reduced EBITDA from Trading Activities by £100,000 for the period. If the acquisitions had taken place at the start of the period, the Group's pro-forma revenue and EBITDA from Trading Activities would have been approximately £35,600,000 and £6,700,000 respectively.

34 Related party transactions

Transactions between the Company and its subsidiary undertakings, which are related parties, amounted to £832,000 in the year (2013: £783,000). These transactions related to inter-company recharges. Balances with subsidiary undertakings are shown in notes 20 and 21. Details of transactions between the Group and other related parties are disclosed in the following note.

Included within trade and other receivables are the following loans to related parties:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Benchmark Holdings Limited Executive Pension scheme	-	37	-	-
Total	-	37	-	-

Included within trade and other payables due after more than one year are the following loans from related parties:

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Director	(60)	(60)	(60)	(60)
Total	(60)	(60)	(60)	(60)

The loan from Malcolm Pye, Chief Executive Officer, has no fixed repayment date.

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Purchases 2014 £000	Purchases 2013 £000
Benchmark Holdings Limited Executive Pension scheme	166	36

Included above is the arms-length purchase of a property in Braintree, Essex by Benchmark Vaccines Limited for £130,000. The property was previously rented to Benchmark Vaccines Limited at arms-length.

The following balances are payable at the end of the reporting period:

	2014 £000	2013 £000
Benchmark Holdings Limited Executive Pension scheme	11	-

Purchase of own shares

There have been no purchases of own shares in the year ended 30 September 2014. In the prior year 1,404 shares were repurchased for £274,000 from a former Director of the Company.

34 Related party transactions (continued)

Dividends paid to Directors

Dividends declared in the year amounted to £165,000 (2013: £401,000) of which a total of £160,000 (2013: £397,000) was paid to the Directors of the Company on 6 December 2013. The amounts paid are analysed below:

	2014 £000	2013 £000
R J Bonney	39	96
P A Cook	13	32
D I Cox	8	21
R Layton	39	96
J M Muirhead	14	35
M D F Pye	39	96
P J Southgate	8	21
	160	397

The Company is controlled by the shareholders. There is no single controlling party.

35 Events after the reporting date

On 18 December 2014 the Company announced that it had acquired the entire issued share capital of SalmoBreed AS ("SalmoBreed") and 89.45 per cent. of the issued share capital of Stofnfiskur HF ("Stofnfiskur") (the "Acquisitions") and that it had placed 82,353,000 new Ordinary Shares in the Company at 85 pence per share ("the Placing"), raising gross proceeds of £70 million to fund the Acquisitions and to increase the vaccine manufacturing capacity of its BioCampus facility in Edinburgh.

SalmoBreed is a leading salmon genetics company founded in 1999 based in Norway. SalmoBreed specialises in identifying and developing genetic material which improves areas such as growth, disease resistance and product quality.

Stofnfiskur is a salmon breeding company founded in Iceland in 1991 which differentiates itself through its ability to supply eggs outside the natural salmon breeding season allowing the salmon farming operations to optimise their efficiency.

The combination of SalmoBreed and Stofnfiskur will create what the Directors believe will be a world leading salmon and aquaculture breeding business and the world's second largest salmon egg producer. Benchmark Genetics Limited will be formed, creating a fourth business division for the Company.

The consideration for SalmoBreed comprises an initial payment of NOK 205,000,000 (approximately £19.5m) and up to an additional amount of NOK 30,000,000 (approximately £2.9m) under an earn-out over three years upon the satisfaction of certain performance conditions.

The consideration for 89.45 per cent. of Stofnfiskur comprises an upfront payment of approximately £21.8m with up to an additional amount of approximately £9.0m under an earn-out over three years. The Company may seek to purchase additional shares in Stofnfiskur to increase its shareholding.

The fair value of the assets and liabilities acquired in both of these acquisitions has not yet been finalised.

The Company has identified significant synergies between the Acquisitions, which are a complementary fit within the existing Benchmark business as breeding technology is one of the primary drivers of efficient production, disease management and sustainability. The technology used in genetics and breeding also function within the same fundamental biology currently being exploited in the Company's Animal Health and Sustainability Science divisions.

The Acquisitions reflect Benchmark's continued commitment to the aquaculture industry, which now supplies more animal protein to the global market than beef. The Acquisitions also represent a long-term platform to expand into other aquaculture markets such as tilapia, catfish, grouper, sea bass, sea bream and shrimp.

The Company intends to use up to £10m of the Placing proceeds to expand and accelerate the development of its vaccine manufacturing facility in Edinburgh in response to continued growth in its vaccine division, increased requirements to satisfy its pipeline and demand of contract manufacture business and the additional specialist capacity required to manufacture the HypoCat vaccine.

36 Contingent liabilities

There is a full cross guarantee in respect of borrowings of other Group undertakings. Total borrowings of other Group undertakings at 30 September 2014 were £443,000 (2013: £4,293,000).

37 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

Group	2014 £000	2013 £000
Cash at bank and in hand	16,511	3,250
Bank overdrafts	-	(1,504)
Cash and cash equivalents	16,511	1,746
Company		
Cash at bank and in hand	14,078	418
Cash and cash equivalents	14,078	418

GLOSSARY

3Es	Environment, Ethics & Economics — Benchmark's framework for sustainability
AGM	Annual General Meeting
AIM	Alternative Investment Market
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
COO	Chief Operating Officer
CPD	Continuous Professional Development
Defra	Department for Environment, Food and Rural Affairs
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMI scheme	Enterprise Management Incentive scheme
EU GMP	EU Good Manufacturing Practice
FAO	Food and Agriculture Organisation
FAWC	Farm Animal Welfare Committee
FY	Financial Year
Histopathology	Diagnosis and study of disease
HypoPet	HypoPet AG, a swiss research company based at the University of Zurich
HypoCat™	A breakthrough vaccine for cats which neutralises the primary cause of human allergic reaction to cats
IFRS	International Financial Reporting Standards
Investing Activities	Activities which have no associated income stream in the current period, but which are intended to provide the Group with income generating operations in future periods
IP	Intellectual Property
IPO	Initial Public Offering
LTIP	Long-term incentive plan
M&A	Mergers and Acquisitions
Mydiavac®	Benchmark’s vaccine used against Chlamydia in sheep
PD	Pancreas Disease
PondDtox®	Benchmark’s water treatment used in fin-fish aquaculture
QCA Code	Quoted Companies Alliance Code — outlining best practice for quoted companies
qPCR	Quantitative polymerase chain reaction — a diagnostic tool
QTL	Qualititative trait loci - DNA containing / linked to genes that underlie a quantitative trait
R&D	Research & Development
Salmosan®	Benchmark's market-leading sea lice treatment
SIP	Share Incentive Plan
STM	Science, technical and medical — referring to the publishing market
Trading Activities	Operations which generate earnings in the current period
Trading EBITDA	EBITDA from Trading Activities
VLP	Virus like particle

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Information regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, its business, results of operations, financial position, prospects, growth, product pipeline, strategies and the industry in which it operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and are not guarantees of future performance. The actual results may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. Any forward-looking statements in this document reflect only the Directors’ and the Company’s current intentions or beliefs. Subject to the requirements of the AIM Rules, the Disclosure and Transparency Rules and any other applicable law or regulation, Benchmark explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in Benchmark’s expectations or to reflect events or circumstances after the date of this document.

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