21 September 2016

VENTURE LIFE GROUP PLC
("Venture Life" or the "Group")

Unaudited interim results for the six months ended 30 June 2016

Venture Life (AIM: VLG), the international consumer self-care group focused on developing, manufacturing and commercialising products for the ageing population, presents its unaudited interim results for the six months ended 30 June 2016.

Financial highlights:

- Revenue increased 40% to £6.1 million (H1 2015: £4.4 million)
- Gross profit increased 47% to £2.3 million (H1 2015: £1.5 million), giving a gross margin of 37% (H1 2015: 35%)
- Adjusted EBITDA profit of £0.1 million (H1 2015: loss of £0.4 million)
- Loss before tax, amortisation and exceptional items of £0.3 million (H1 2015: loss of £0.4 million)
- Cash at period end of £1.6 million (31 December 2015: £2.9 million)

Commercial highlights:

- Acquisition of the UltraDEX oral care products brand with Periproducts Limited in March 2016 for £5.7 million, funded in part by a £1.7 million placing and the issue of a convertible bond raising £1.9 million
- Nine new long term exclusive distribution agreements signed, including:
  - UltraDEX in Spain, Malaysia and China
  - Benecol once-a-day liquid sachet in Turkey and Jordan

Post-period end highlights:

- Three exclusive distribution agreements signed for Procto-eze (Greece and Taiwan) and Vonalei (Greece)
- Full Lubatti skin-care range now stocked and on sale through Gialen Group Co. Ltd, the Group's partner in China
- A number of major UK retailers to increase store distribution and product listings for UltraDEX in Q4 2016

Commenting on the results, Jerry Randall, Chief Executive Officer of Venture Life, said: *"The Group made good progress in the first half of 2016. The strong revenue growth compared with the same period in 2015, and moving into positive EBITDA for the first time, are testament not only to the hard work and determination of every single employee of Venture Life, but also to the strategy pursued by the Board to utilise our significant operational leverage to drive revenue and profitability. The acquisition of UltraDEX has brought a step change to our Brands business and we are already realising the anticipated synergies, thereby validating our original assessment that the acquisition could bring significant upside to the Group. This is now the second successful acquisition we have undertaken in two years, and I expect us to continue to explore M&A opportunities to complement our core organic growth, and drive sustainable profitability for the Group over the long term."*

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR)

Non-Executive Chair's and Chief Executive Officer's Statement

Overview

The first half of 2016 has seen Venture Life make significant progress against its strategic objectives. The acquisition of Periproducts Limited on 4 March 2016 was a major milestone in the development of the Group, bringing the well-established UltraDEX oral care products brand into our portfolio. The revenue from this acquisition combined with good organic growth across the rest of the business has seen total revenue for the first half of 2016 climb 40% to £6.1 million (H1 2015: £4.4 million). The Group has also achieved an adjusted EBITDA profit for the first time in its history.

In addition, we have concluded our first international partnering deals on the Benecol once-a-day liquid sachet and the UltraDEX brand, both key assets in our portfolio. Our full range of 14 Lubatti skin-care products has, since the end of July, been stocked in almost all of Gialen's 1,300 stores, and we now expect to see an acceleration of the development of this brand in the Chinese market.

In the Group's Manufacturing business, revenues continued to grow steadily both through organic growth and manufacturing new products for existing and new customers. We have also signed a new agreement to develop and manufacture a number of products for the Italian pharmaceutical company, Menarini Farmaceutica Internazionale Srl ("Menarini").

We operate under two divisions: (1) Brands – where we own, or have developed under licence, branded products that are manufactured at our facility in Italy (Biokosmes), or externally for us, and (2) Development & Manufacturing – which offers new product development services and outsourced manufacturing services to third parties, as well as supporting in-house product development opportunities for eventual commercialisation through the Brands division.

Commercial review - Brands

Revenue for the Brands business grew to £1.2 million in the first half of 2016 (H1 2015: £0.1 million), and now represents approximately 20% of the Group's total revenue. A significant part of this growth has come from the revenue acquired with the Periproducts business, contributing revenue of £0.9 million in the four months since acquisition. However, there was also strong organic growth of the Brands segment of over 100% to £0.3 million (H1 2015: £0.14 million). The Directors believe that this business division has the greater growth potential within the Group and we expect to see Brands account for approaching 50% of Group revenues by 2019.

Periproducts revenue derives from sales of the UltraDEX fresh breath brand range, which includes daily oral rinses, toothpastes, an oral spray, and accessories including inter-dental brushes. The revenue is almost entirely generated in the UK, through major retailers including Boots, Tesco, Sainsbury's, Waitrose, Superdrug, Amazon and Ocado. Following a period of slow decline in sales in the years prior to the acquisition, we believe there is significant opportunity to revitalise the UltraDEX brand in the UK, as well as expand into international markets. Already we have signed three long term international distribution agreements for this brand, in Spain, Malaysia and China. Revenue expected in 2016 from the agreement in Spain alone will be substantially ahead of the £60,000 of total international sales of UltraDEX made in the whole of 2015, the year prior to acquisition. The product already had an existing registration for Spain and as it has recently received registration in Malaysia we are expecting UltraDEX revenue from Malaysia as well as Spain in 2016. However, because the registration process in China is lengthier, registration is not likely until late 2017 at the earliest. We continue to see good international interest in the UltraDEX range and expect to sign further long term distribution agreements in key territories around the world.

During the 2016 year to date the Group has been allowed patents in the USA, New Zealand, South Africa and Mexico for its multicomponent oral care composition used in the UltraDEX Recalcifying and Whitening Daily Oral Rinse, a product for fresh breath for consumers with sensitive teeth. These add to the pre-existing patents in the UK and USA.

The integration of the Periproducts business into the Group is progressing well, and validation of the processes for manufacturing UltraDEX product in our facility in Italy is well-advanced. The first order for the new Spanish partner will be largely produced at our facility.

The second set of seven Lubatti skin-care products was shipped into China in Q1 2016 and the full range has been listed in almost all of the Gialen stores in China since the end of July. We look forward to monitoring sell-through progress in H2 2016 now that the full range is in store and promotion of the product range has started. The arrival of the full range in store has been accompanied by extensive training from our marketing team, and the range is also currently being supported by an incentive programme for Gialen sales staff.

The new Benecol once-a-day liquid sachet has now been partnered in two territories with long term distribution agreements, the most significant of which is for Turkey. The process for registering the sachet is underway in these territories, and will be launched into the respective markets once complete. We continue to receive good interest in this product and expect to complete more long term distribution agreements in due course.

In addition to UltraDEX, Benecol and Lubatti, we continue to focus on the international exploitation of key brands within the portfolio, including NeuroAge, through exclusive distribution agreements. Furthermore, our retail presence in the UK now with UltraDEX gives us the opportunity to look at commercialising more of our brands in the UK market.

In the six months to June 2016 we concluded a total of nine international distribution agreements covering six products, and we concluded a further three agreements post period end.

Commercial review – Development & Manufacturing

Good progress continues to be made at Biokosmes, with revenues for this part of our business (excluding the manufacture of the Group's own brands reported above) increasing by 15% in the first half of 2016 to £4.9 million (H1 2015: £4.2 million). This has been achieved through a combination of organic growth of existing products, and the development and manufacture of new products for new and existing customers. There continues to be considerable capacity at our facility and we remain focused on driving additional revenues through this fixed cost base which will accelerate the contribution of incremental profit and enhance our operating profit margins.

This strong growth looks set to be maintained through the second half of 2016 with the order book for Biokosmes at 30 June 2016 significantly ahead of the same point last year, giving us strong visibility for the remainder of the year. We have continued to attract more new customer projects, and during the period we signed an agreement to develop and then manufacture on a long term basis a number of products for the Italian pharmaceutical company, Menarini. This is a significant new partnership for us.

In addition, and following a successful inspection by the Brazilian regulatory authority, Anvisa, we began the manufacturing of our first product to be shipped into Brazil for one of our major customers. This provides good validation of our strategy to partner and grow with our customers in new territories and we remain optimistic as to our ability to continue to generate similar opportunities in the future.

We have continued to invest in the facility to support the Group's overall revenue growth, including specific additions to our existing filling and warehousing capabilities for the manufacture of the UltraDEX line. We are now ready to manufacture the first UltraDEX products, less than six months after acquiring the brand, and the first order for our new Spanish partner this autumn will be largely manufactured at Biokosmes. Over time, we expect to deliver improved profitability for the product as we reduce the cost of manufacture and achieve greater scale.

Progress continues on the development of further products through our development team at Biokosmes:

- two new products for hot flushes in the Vonalei women's health range have been developed and submitted for CE mark approval;
- development of a new anti-fungal product and a new product for inflammatory skin conditions will both complete in 2016 with the products expected to be available for partnering in Q1 2017.

For many years, including prior to its acquisition by Venture Life in 2014, Biokosmes has been developing a novel topical product for the relief of photo-sensitivity of the skin, a condition which regularly affects patients using certain drug treatments. Drugs that can cause photo-sensitivity include anti-infectives, anti-inflammatories, anti-tumorals, psychotropic, and cardiology drugs, and it is estimated that photosensitivity accounts for some 3% of all drug eruptions treated by dermatologists. This condition is currently poorly treated and we believe our product represents the first product specifically designed for such patients. A patent has recently been granted in Italy over this product, and we expect to register this patent in other major territories and begin commercialisation in 2017.

Financial review

During the period under review, the Group completed the acquisition of Periproducts Limited for total consideration of £5.7 million. The acquisition was funded through the issue of new equity for cash raising £1.5 million (net of expenses), the issue of a convertible bond raising £1.7 million (net of expenses), deferred consideration of £0.4 million, and using some of the Group's existing cash resources. The details of this acquisition are shown in Note 12 to the unaudited interim financial statements. The revenue from Periproducts is reported within the Group's Brands segment.

Statement of comprehensive income

Group revenue for the six month period was £6.1 million, an increase of 40% on the £4.4 million reported for the same period in 2015. H1 2016 revenue includes the consolidation of Periproducts revenue from 4 March 2016, the date of acquisition. With the acquisition of Periproducts and strong organic growth, the Brands segment now accounts for nearly 20% of Group revenue, compared with 12% for the full year 2015 and we expect this proportion to continue to increase.

The Group generated gross profit of £2.3 million (H1 2015: £1.5 million), at a gross margin of 37%. This is an increase in gross profit of 47% compared with H1 2015 and an improvement in gross margin from the average 35% achieved in H1 2015 and 33% achieved in the full year 2015. The increase is primarily due to the sales of higher-margin UltraDEX product.

Administrative expenses increased during the period, albeit at a lower rate than the revenue and gross profit increase, as we begin to see the benefits of our operational gearing. Expenses totalled £2.7 million (H1 2015: £2.4 million) and this increase of £0.3 million is accounted for entirely by the additional administrative costs incurred at Periproducts since its acquisition. Whilst we expect some of the administrative costs at Periproducts to begin to reduce in H2 2016 as we continue to integrate the business, advertising and promotional costs will be higher in H2 2016 as we invest in above the line advertising to build the UltraDEX brand and support our key retail accounts in the UK. Expenses represented 44% of income in H1 2016 compared to 50% for the full year 2015 and 55% in H1 2015, and we expect this metric to continue to improve.

For the first time the Group has generated a positive adjusted EBITDA, with earnings before interest, tax, depreciation, amortisation, share based payments and exceptional items of £0.1 million (H1 2015: loss of £0.4 million). On an enlarged Group pro forma basis, adjusted EBITDA was £0.2 million on revenue of £6.6 million, compared with a loss of £0.3 million on revenue of £5.8 million in H1 2015.

	Pro-forma* six months to 30 June 2016 (Unaudited) £'000	Six months to 30 June 2016 (Unaudited) £'000	Six months to 30 June 2015 (Unaudited) £'000
Loss before tax	**(776)**	**(854)**	**(755)**
Adjusted for:			
Finance costs/(income)	317	321	(88)
Depreciation	84	84	75
Amortisation	418	409	338
Share based payments	14	14	33
Exceptional items	142	142	-
EBITDA	**199**	**116**	**(397)**

* Pro forma – stated as if Periproducts had been acquired on 1 January 2016, the beginning of the reporting period

The Group recorded a loss before tax, amortisation and exceptional items for the period of £0.3 million, compared with a loss of £0.4 million recorded in H1 2015.

Finance costs increased to £0.3 million in H1 2016 from a net finance income of £0.1 million in H1 2015. The increase was in part due to increased interest charges arising from the issue of the convertible bond in connection with the acquisition of Periproducts, as well as the impact of a strengthening euro on the Group's euro denominated debt.

Loss per share was 2.8p (H1 2015: loss of 2.7p).

Statement of financial position and cash flow

Cash and cash equivalents stood at £1.6 million as at 30 June 2016 (31 December 2015: £2.9 million). Total debt stood at £6.3 million (30 June 2015: £3.2 million, 31 December 2015: £3.3 million). The increase of £3.0 million in debt since 31 December 2015 is explained as follows:

- issue of convertible bonds in connection with the acquisition of Periproducts - £1.7 million (valued on 'amortised cost' basis)
- deferred consideration payable to the vendors of Periproducts - £0.4 million
- short-term working capital facilities - £0.5 million
- increase in sterling value of €2.5 million of interest bearing loans of Biokosmes - £0.2 million
- increase in sterling value of €2m vendor loan note issued in connection with the acquisition of Biokosmes - £0.2 million

Net cash outflows totalled £1.3 million (H1 2015: net cash outflow of £1.6 million). The principal components of the net cash outflows are as follows:

- cash used in operations - £0.58 million (six months to 30 June 2015: £1.1 million used)
- acquisition of Periproducts (net of cash acquired) - £4.3 million (six months to 30 June 2015: £nil)
- proceeds from issue of new shares (net of expenses) - £1.5 million (six months to 30 June 2015: £nil)
- proceeds from issue of convertible bond (net of expenses) - £1.75 million (six months to 30 June 2015: £nil)
- draw down of short-term working capital facilities - £0.5 million (six months to 30 June 2015: repayment of £0.4 million)
- investment in tangible and intangible assets - £0.2 million (six months to 30 June 2015: investment of £0.3 million)

Summary and outlook

The outlook for the Group continues to improve, and the recent acquisition of Periproducts has helped us to record a positive EBITDA for the first time. We believe our Brands business offers a significant opportunity to deliver shareholder value through further organic growth as more of our products reach commercialisation and as we revitalise the UltraDEX brand. The growing order book for our Development & Manufacturing services is encouraging and we are well positioned for these additional revenues to translate to improved profitability as they flow through our fixed manufacturing cost base.

The strong revenue growth in the first half is set to continue through the second half, and with a strong order book in hand, we expect to see the momentum continuing to build in the business, and we remain optimistic about the future prospects for the Group.

Lynn Drummond – Non-Executive Chair
Jerry Randall - Chief Executive Officer

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	Note	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Year ended 31 December 2015
		(Unaudited)	(Unaudited)	(Audited)
		£'000	**£'000**	**£'000**
Revenue	4	6,121	4,372	9,077
Cost of sales		(3,868)	(2,841)	(6,073)
Gross profit		**2,253**	**1,531**	**3,004**
Operating expenses		(2,263)	(2,063)	(3,853)
Amortisation of intangible assets	5	(409)	(338)	(658)
Total administrative expenses		**(2,672)**	**(2,401)**	**(4,511)**
Other income		28	27	59
Operating loss before exceptional items		**(391)**	**(843)**	**(1,448)**
Exceptional items	6	(142)	-	(246)
Operating loss		**(533)**	**(843)**	**(1,694)**
Finance income	7	-	136	152
Finance costs	7	(321)	(48)	(95)
Loss before tax		**(854)**	**(755)**	**(1,637)**
Tax	8	(155)	(170)	(124)
Loss for the period attributable to the equity shareholders of the parent		**(1,009)**	**(925)**	**(1,761)**
Other comprehensive income/(expense) which may be subsequently reclassified to the income statement	9	293	(169)	(119)
Total comprehensive loss for the period attributable to equity shareholders of the parent		**(716)**	**(1,094)**	**(1,880)**
Basic and diluted loss per share (pence) attributable to equity shareholders of the parent	10	(2.81)	(2.69)	(5.12)

Unaudited Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2016

	Note	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)	31 December 2015 (Audited)
ASSETS		**£'000**	£'000	£'000
Non-current assets				
Intangible assets	13	16,500	12,689	12,527
Property, plant and equipment		1,229	979	1,120
		17,729	**13,668**	**13,647**
Current assets				
Inventories		3,352	2,043	2,235
Trade and other receivables		4,448	3,357	3,173
Taxation		-	-	5
Cash and cash equivalents		1,583	3,253	2,857
		9,383	**8,653**	**8,270**
TOTAL ASSETS		**27,112**	**22,321**	**21,917**
EQUITY & LIABILITIES				
Capital and reserves				
Share capital	14	110	103	103
Share premium account	14	13,289	11,826	11,826
Merger reserve		7,656	7,656	7,656
Convertible bond reserve	15	109	-	-
Foreign currency translation reserve		89	(254)	(204)
Share-based payment reserve		381	351	367
Retained earnings		(6,969)	(5,110)	(5,946)
Total equity attributable to equity holders of the parent		**14,665**	**14,572**	**13,802**
Liabilities				
Current liabilities				
Trade and other payables		4,570	3,351	3,718
Taxation		275	122	-
Interest bearing borrowings		615	201	38
Convertible bond	15	171	-	-
Vendor loan notes		50	42	43
		5,681	**3,716**	**3,799**
Non-current liabilities				
Interest bearing borrowings		2,399	1,555	1,806
Convertible bond	15	1,506	-	-
Vendor loan notes		1,562	1,365	1,373
Statutory employment provision		677	490	586
Deferred tax liability		622	623	551
		6,766	**4,033**	**4,316**
Total liabilities		**12,447**	**7,749**	**8,115**
TOTAL EQUITY & LIABILITIES		**27,112**	**22,321**	**21,917**

Unaudited Interim Condensed Consolidated Statement of Changes in Equity attributable to the equity shareholders of the parent
As at 30 June 2016

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Convertible bond reserve £'000	Foreign currency translation reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015 (Audited)	**103**	**11,826**	**7,656**	**-**	**(85)**	**318**	**(4,171)**	**15,647**
Loss for the period	-	-	-	-	-	-	(925)	(925)
Other comprehensive expense	-	-	-	-	(169)	-	-	(169)
Total comprehensive expense	-	-	-	-	**(169)**	-	**(925)**	**(1,094)**
Share options charge	-	-	-	-	-	33	-	33
Dividends	-	-	-	-	-	-	(14)	(14)
Balance at 30 June 2015 (Unaudited)	**103**	**11,826**	**7,656**	**-**	**(254)**	**351**	**(5,110)**	**14,572**
Loss for the period	-	-	-	-	-	-	(836)	(836)
Other comprehensive income	-	-	-	-	50	-	-	50
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**50**	**-**	**(836)**	**(786)**
Transactions with shareholders:								
Share options charge	-	-	-	-	-	16	-	16
Balance at 31 December 2015 (Audited)	**103**	**11,826**	**7,656**	**-**	**(204)**	**367**	**(5,946)**	**13,802**
Loss for the period	-	-	-	-	-	-	(1,009)	(1,009)
Other comprehensive expense	-	-	-	-	293	-	-	293
Total comprehensive expense	**-**	**-**	**-**	**-**	**293**	**-**	**(1,009)**	**(716)**
Transactions with shareholders:								
Issue of share capital	7	1,463	-	-	-	-	-	1,470
Issue of convertible bond	-	-	-	109	-	-	-	109
Share options charge	-	-	-	-	-	14	-	14
Dividends	-	-	-	-	-	-	(14)	(14)
Balance at 30 June 2016 (Unaudited)	**110**	**13,289**	**7,656**	**109**	**89**	**381**	**(6,969)**	**14,665**

Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2016

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
	£'000	£'000	£'000
Cash flow from operating activities:			
Loss before tax	(854)	(755)	(1,637)
Finance income	-	(136)	(152)
Finance cost	321	48	95
Operating loss	**(533)**	**(843)**	**(1,694)**
Adjustments for:			
- Depreciation of property, plant and equipment	83	75	171
- Amortisation of intangible assets	409	338	658
- Finance costs	(87)	(48)	(80)
- Share-based payment expense	14	33	49
Operating cash flow before movements in working capital	**(114)**	**(445)**	**(896)**
Taxation received/(paid)	42	(23)	(231)
Increase in inventories	(518)	(423)	(492)
Increase in trade and other receivables	(99)	(409)	(125)
Increase in trade and other payables	107	243	635
Net cash used in operating activities	**(582)**	**(1,057)**	**(1,109)**
Cash flow from investing activities:			
Finance income	-	136	5
Acquisition of subsidiary - net cash acquired	948	-	-
Acquisition of subsidiary - net cash payment	(5,206)	-	-
Purchases of property, plant and equipment	(79)	(114)	(303)
Development expenditure in respect of intangible assets	(139)	(171)	(289)
Proceeds on disposal of tangible assets	7	16	16
Net cash used by investing activities	**(4,469)**	**(133)**	**(571)**
Cash flow from financing activities:			
Proceeds from issue of ordinary shares	1,700	-	-
Transaction costs of issue of shares	(230)	-	-
Proceeds from issue of convertible bond	1,900	-	-
Transaction costs of issue of convertible bond	(150)	-	-
Movements in interest-bearing borrowings	505	(383)	(313)
Dividends paid	(14)	(14)	(14)
Net cash from financing activities	**3,711**	**(397)**	**(327)**
Net decrease in cash and cash equivalents	**(1,340)**	**(1,587)**	**(2,007)**
Net foreign exchange difference	66	(93)	(69)
Cash and cash equivalents at beginning of period	2,857	4,933	4,933
Cash and cash equivalents at end of period	**1,583**	**3,253**	**2,857**

Notes to the Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2016

1. Corporate information

The Interim Condensed Consolidated Financial Statements of Venture Life Group plc and its subsidiaries (collectively, the Group) for the six months ended 30 June 2016 ("the Interim Financial Statements") were approved and authorised for issue in accordance with a resolution of the directors on 20 September 2016.

Venture Life Group plc ("the Company") is domiciled and incorporated in the United Kingdom, and is a public company whose shares are publicly traded. The Group's principal activities are the development, manufacture and distribution of healthcare and dermatology products.

2. Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Consolidated Financial Statements for the year ended 31 December 2015 ("the 2015 Consolidated Financial Statements") which have been prepared in accordance with IFRS as adopted by the European Union.

The financial information contained in the Interim Financial Statements, which are unaudited, does not constitute statutory accounts in accordance with the Companies Act 2006. The financial information for the year ended 31 December 2015 is extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and on which the auditor issued an unqualified opinion that did not include an emphasis of matter reference or statement made under section 498(2) or (3) of the Companies Act 2006.

3. Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the 2015 Consolidated Financial Statements.

Foreign currencies

The assets and liabilities of foreign operations are translated into sterling at exchange rates ruling at the balance sheet date. Revenues generated and expenses incurred in currencies other than sterling are translated into sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation of assets and liabilities of foreign operations are recognised directly in the foreign currency translation reserve.

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

Sterling/euro exchange rates	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Year ended 31 December 2015
Average exchange rate for the period	**1.301**	1.356	1.376
Exchange rate at the period end	**1.209**	1.416	1.357

4. Segmental Information

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

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

4.1 Segment Revenue and Results

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

	Brands	Development & Manufacturing	Eliminations	Consolidated Group
	£'000	**£'000**	**£'000**	**£'000**
Six months to 30 June 2016				
Revenue				
External sales	1,234	4,887	-	6,121
Inter-segment sales	-	192	(192)	-
Total revenue	**1,234**	**5,079**	**(192)**	**6,121**
Results				
Operating (loss)/profit before exceptional items and excluding central administrative costs	**(106)**	**679**	**-**	**573**

	Brands	Development & Manufacturing	Eliminations	Consolidated Group
	£'000	**£'000**	**£'000**	**£'000**
Six months to 30 June 2015				
Revenue				
External sales	138	4,234	-	4,372
Inter-segment sales	-	110	(110)	-
Total revenue	**138**	**4,344**	**(110)**	**4,372**
Results				
Operating (loss)/profit before exceptional items and excluding central administrative costs	**(610)**	**720**	**-**	**110**

	Brands	Development & Manufacturing	Eliminations	Consolidated Group
Year to 31 December 2015	**£'000**	**£'000**	**£'000**	**£'000**
Revenue				
External sales	1,067	8,010	-	9,077
Inter-segment sales	-	603	(603)	-
Total revenue	**1,067**	**8,613**	**(603)**	**9,077**
Results				
Operating (loss)/profit before exceptional items and excluding central administrative costs	**(826)**	**1,090**	**-**	**264**

The reconciliation of segmental operating loss to the Group's operating loss before exceptional items excluding central administrative costs is as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
	£'000	£'000	£'000
Operating profit before exceptional items and excluding central administrative costs	573	10	264
Central administrative costs	(964)	(953)	(1,712)
Exceptional expenses	(142)	-	(246)
Operating loss	(533)	(843)	(1,694)
Net finance (cost)/income	(321)	88	57
Loss before tax	**(854)**	**(755)**	**(1,637)**

5. Amortisation of intangible assets

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
Amortisation of:	**£'000**	£'000	£'000
Acquired intangible assets (a)	(284)	(284)	(568)
Acquired intangible assets (b)	(53)	-	-
Patents, trademarks and other intangible assets	(37)	(36)	(62)
Capitalised development costs	(35)	(18)	(28)
	(409)	**(338)**	**(658)**

(a) Customer relationship and product formulation intangible assets acquired as part of the acquisition of Biokosmes Srl in March 2014. These intangible assets are being amortised over five years to 31 March 2019.

(b) Customer relationships, patents and trademark intangible assets acquired as part of the acquisition of Periproducts Limited in March 2016. The customer relationships and trademark intangible assets are being amortised over five years to 28 February 2021. The patent intangible assets are being amortised over ten years to 28 February 2026.

6. Exceptional items

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
	£'000	£'000	£'000
Restructuring costs	**(9)**	-	-
Costs incurred in acquisitions	**(133)**	-	(246)
Total exceptional items	**(142)**	**-**	**(246)**

There were no exceptional items in the six months to 30 June 2015.

7. Finance income and costs

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
	£'000	£'000	£'000
Finance income			
Foreign exchange gains on vendor loan notes (a)	-	153	92
Foreign exchange gains on other assets and liabilities (a)	-	(17)	-
Mark to market gain on vendor loan notes	-	-	60
Total finance income	**-**	**136**	**152**
Finance costs			
Foreign exchange losses on vendor loan notes (a)	(179)	-	-
Foreign exchange losses on other assets and liabilities (a)	4	-	-
Interest charge on interest bearing borrowings	(23)	(20)	(38)
Finance cost of vendor loan notes	(43)	(28)	(57)
Finance cost of convertible bond (b)	(80)	-	-
Total finance costs	**(321)**	**(48)**	**(95)**

(a) Foreign exchange gains and losses include the revaluation of balance sheet assets and liabilities held in currencies other than the reporting currency of the underlying entity. At the end of each month, the Group's €2 million vendor loan note is revalued using the period end sterling/euro foreign exchange rate and accounts for most of the foreign exchange gains and losses of the Group. The sterling/euro foreign exchange rate at 31 December 2015 was 1.3551 and 1.2085 at 30 June 2016. This movement in exchange rate generated a foreign exchange loss of £179,000 in the period. This compares to a gain in the six month period to 30 June 2015 of £153,000 and a gain of £92,000 in the year to 31 December 2015. Other smaller foreign exchange gains and losses relate to the revaluation of the Group's other assets and liabilities that are not held in the reporting currency of the Group's subsidiaries and foreign exchange differences that arise on the settlement of foreign currency transactions with customers and vendors of the Group.

(b) Under IAS 39, the liability element of the convertible bond is measured at amortised cost. This is detailed further in note 15. The amortised cost calculation creates a monthly charge which is recognised in finance costs and equates to approximately £20,000 per month.

8. Taxation

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the Interim Condensed Statement of Comprehensive Income are as follows:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
	£'000	£'000	£'000
Current income tax	222	216	266
Adjustment in respect of earlier periods	-	-	11
Deferred income tax expense related to origination and reversal of timing differences	(67)	(46)	(153)
Income tax expense recognised in statement of comprehensive income	**155**	**170**	**124**

The current income tax expense is based on the profits of the Development & Manufacturing business based in Italy. The UK based businesses on a combined basis are currently loss making and so there are no UK income tax charges due in respect of trading for the first six months to 30 June 2016.

The Group has not recognised the deferred tax asset on losses made by the UK based businesses on a combined basis as although management are expecting the UK based businesses on a combined basis to become profitable, it is not currently certain when there will be sufficient taxable profits against which to offset such losses.

At the period end the estimated tax losses amounted to £6,690,000 (30 June 2015: £4,559,000; 31 December 2015: £5,328,000).

9. Other comprehensive income/(expense)

Other comprehensive income/(expense) represents the foreign exchange difference on the translation of the assets, liabilities and reserves of Biokosmes which has a functional currency of Euros. The movement is shown in the foreign currency translation reserve between the date of acquisition of Biokosmes, when the GBP/EUR rate was 1.193 and the balance sheet date rate at 30 June 2016 of 1.209 (at 31 December 2015 of 1.357 and at 30 June 2015 of 1.416), and is an amount that may subsequently be reclassified to profit and loss.

10. Loss per share

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 30 December 2015 (Audited)
Weighted average number of ordinary shares in issue	35,968,571	34,403,534	34,403,534
Loss attributable to equity holders of the Company (£'000)	(1,009)	(925)	(1,761)
Basic and diluted loss per share (pence)	(2.81)	(2.69)	(5.12)

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

11. Dividends

Amounts recognised as distributions to equity holders in the period:

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
	£'000	£'000	£'000
Final dividend	**14**	**14**	**14**

12. Business combinations

On 4 March 2016 the Company completed the acquisition of 100% of the share capital of Periproducts Ltd ("Periproducts"), a UK based oral healthcare products company. The acquisition consideration paid was £5.7 million, comprising £4 million plus the value at the date of completion of current net assets of Periproducts of some £1.7 million. The acquisition was funded through the Company's own resources and by way of a Placing of new ordinary shares raising £1.7 million (gross) and the issue of a 3 year 9% Convertible Bond raising £1.9 million.

The Group acquired Periproducts because it expands its existing product portfolio into an attractive area of the consumer healthcare market. The Group also expects to generate a number of synergies from the acquisition to improve the profitability of the acquired entity and the Group as a whole. The acquisition has been accounted for using the acquisition method. The Interim Condensed Consolidated Financial Statements include the results of Periproducts for the period from 4 March 2016 to 30 June 2016.

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

	Fair Value £'m
ASSETS	
Non-current assets:	
Customer relationships*	0.6
Patents and trademarks*	0.3
Current assets:	
Inventories	0.3
Trade and other receivables	0.8
Cash and cash equivalents	0.9
Total assets	**2.9**
LIABILITIES	
Current liabilities:	
Trade and other payables	(0.3)
Non-current liabilities:	
Deferred tax liabilities	(0.2)
Total liabilities	**(0.5)**
Net assets acquired	**2.4**
Goodwill	3.3
Total consideration	**5.7**
Satisfied by:	
Cash paid on completion	5.2
Deferred consideration in the form of a loan from the Vendors	0.4
Cash payment due on finalisation of completion accounts	0.1
Total consideration	**5.7**
Cash flows from business combination during the period	
Cash and cash equivalents included in undertaking acquired	0.9
Cash paid on completion	(5.2)
Net cash outflow arising on acquisition and in cash flow statement	(4.3)

*Intangible assets identified as part of the Periproducts acquisition. See note 5(b) for further details.

The Company is currently still in the process of agreeing the completion accounts with the vendors of Periproducts and expects to reach agreement shortly. Depending on the outcome of these discussions, there may be small changes to the final consideration paid and goodwill acquired, as shown above and in note 13.

Revenue and profit impact of the acquisition

Periproducts contributed revenues of £0.9 million and operating profit before exceptional expenses of £0.2 million in the period from 4 March 2016 (the date of acquisition) to 30 June 2016.

If the acquisition had taken place on 1 January 2016, the first day of the reporting period under review, total Group revenue and operational loss before exceptional items for the period would have been £6.6 million and (£0.3 million) respectively.

13. Intangible assets

	Development costs £'000	Patents and trademarks £'000	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost or valuation:					
At 1 January 2015	**1,322**	**544**	**9,796**	**1,995**	**13,657**
Additions	151	20	-	-	171
Disposals	(10)	(110)	-	-	(120)
Foreign exchange	(83)	-	-	-	(83)
At 30 June 2015	**1,380**	**454**	**9,796**	**1,995**	**13,625**
Additions	116	2	-	-	118
Foreign exchange	42	-	-	-	42
At 31 December 2015	**1,538**	**456**	**9,796**	**1,995**	**13,785**
Additions	139	-	-	-	139
Acquisition	-	307	3,298	546	4,151
Foreign exchange	95	-	-	-	95
At 30 June 2016	**1,772**	**763**	**13,094**	**2,541**	**18,170**
Amortisation:					
At 1 January 2015	141	235	-	299	675
Charge for the period	104	35	-	199	338
Disposals	-	(45)	-	-	(45)
Foreign exchange	(32)	-	-	-	(32)
At 30 June 2015	**213**	**225**	**-**	**498**	**936**
Charge for the period	90	30	-	200	320
Foreign exchange	2	-	-	-	2
At 31 December 2015	**305**	**255**	**-**	**698**	**1,258**
Charge for the period	127	44	-	238	409
Foreign exchange	3	-	-	-	3
At 30 June 2016	**435**	**299**	**-**	**936**	**1,670**
Carrying value:					
At 30 June 2015	1,167	229	9,796	1,497	12,689
At 31 December 2015	1,233	201	9,796	1,297	12,527
At 30 June 2016	**1,337**	**464**	**13,094**	**1,605**	**16,500**

There were no impairment charges recorded in the current or prior periods.

14. Share capital and share premium

	Ordinary shares of 0.3p each No.	Ordinary Shares £'000	Share premium £'000	Merger reserve £'000
Audited at 1 January 2014	16,961,424	51	2,668	50
Share issue	12,942,110	39	5,113	7,606
Unaudited at 30 June 2014	**29,903,534**	**90**	**7,781**	**7,656**
Share issue	4,500,000	13	4,045	-
At 31 December 2014 and 31 December 2015	**34,403,534**	**103**	**11,826**	**7,656**
Share issue	2,428,572	7	1,463	-
Unaudited at 30 June 2016	**36,832,106**	**110**	**13,289**	**7,656**

There were no movements in share capital or share premium between 31 December 2014 and 31 December 2015.

On 4 March 2016 2,428,572 new ordinary 0.3p shares of Venture Life Group plc were issued as part of the fund raising for the acquisition of Periproducts Ltd. The share issue raised £1.7 million gross, (£1.5 million net of expenses).

In connection with the placing in March 2016 to raise new equity to acquire Periproducts, the Company entered into an agreement to issue warrants to one of the Group's appointed brokers. The warrants will give the warrant holders the right to be issued with up to 262,053 new ordinary 0.3p shares in the Company at a subscription price of 94.5p (being a 35% premium to the Placing Price of 70p) before 3 March 2019. As at 30 June 2016 the warrants had not been issued and it has therefore not been possible to determine accurately the related expense. Consequently no accounting entry has been made in the Interim Financial Statements. It is expected, however, that the warrants will be issued before 31 December 2016 and, if so, will be reported in the Group's 2016 Report & Accounts.

15. Convertible bond

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

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

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

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

16. Related party transactions

The following transactions with related parties are considered by the Directors to be significant for the interpretation of the Interim Condensed Financial Statements for the six month period to 30 June 2016 and the balances with related parties at 30 June 2016 and 31 December 2015:

In March 2014 the Company issued 3% convertible loan notes with a nominal amount of €2,000,000 to the vendors of Biokosmes including Gianluca Braguti, a Director of the Company. Mr Braguti's interest in the convertible loan notes amounted to €1,980,000. Interest is accrued on the loan notes at 3% per year and is paid in October and April each year.

Under the terms of the Share Purchase Agreement dated 28 November 2013 and signed between the Company and the vendors of Biokosmes, one of whom was Gianluca Braguti, the vendors agreed to indemnify the Company in full for any net liability arising from certain litigation cases which had not settled at the time of completion of the acquisition on 27 March 2014. At the period end the amount due to the Company under the indemnity totalled €250,935, of which Gianluca Braguti's liability is €248,426. Settlement of this liability will be made when the final outstanding case is concluded.

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

Key transactions with other related parties

Biokosmes Immobiliare Srl, a company 100% owned by Gianluca Braguti, a director and shareholder of the Group provided property lease services to Biokosmes Srl, the Group's Italian subsidiary, totalling €230,000 in the six months to 30 June 2016 (€245,968 in the six months to 30 June 2015). At 30 June 2016, the Group owed Biokosmes Immobiliare Srl €782,150 (€882,459 at 31 December 2015).

17. Financial instruments

Set out below is an overview of financial instruments held by the Group as at:

	30 June 2016		30 June 2015		31 December 2015	
	Loans and receivables	**Total financial assets**	Loans and receivables	**Total financial assets**	Loans and receivables	**Total financial assets**
	£'000		£'000	**£'000**	£'000	**£'000**
Financial assets:						
Trade and other receivables (a)	4,290		3,279	**3,279**	3,030	3,030
Cash and cash equivalents	1,583		3,253	**3,253**	2,857	2,857
Total	**5,873**		**6,532**	**6,532**	**5,887**	**5,887**

	30 June 2016		30 June 2015		31 December 2015	
	Liabilities (amortised cost)	**Total financial liabilities**	Liabilities (amortised cost)	**Total financial liabilities**	Liabilities (amortised cost)	**Total financial liabilities**
			£'000	**£'000**	£'000	**£'000**
Financial liabilities:						
Trade and other payables (b)	3,105	**3,105**	1,868	**1,868**	2,430	**2,430**
Convertible bond	1,677	**1,677**	-	**-**	-	**-**
Vendor loan note	1,612	**1,612**	1,407	**1,407**	1,416	**1,416**
Interest bearing debt	3,014	**3,014**	1,756	**1,756**	1,844	**1,844**
Total	**9,408**	**9,408**	**5,031**	**5,031**	**5,690**	**5,690**

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

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

18. Post balance sheet events

There were no post balance sheet events.