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Venture Life Group PLC
25 March 2015

Venture Life Group plc

("Venture Life", "the Group", or "the Company")

Final results for the year ended 31 December 2014

Structured for growth with strong momentum across the business

Bracknell, UK - 25 March 2015: Venture Life Group plc (AIM: VLG), the international consumer self-care group focused on developing, manufacturing and commercialising products for the ageing population, announces its audited results for the year ended 31 December 2014.

Financial highlights

- Acquisition and integration of Biokosmes srl ("Biokosmes"), an Italian development and manufacturing business
- Admission to the Alternative Investment Market of the London Stock Exchange ("AIM")
- £8.2 million (net of expenses) raised during the period and year end cash of £4.9 million (31 December 2013: £0.45 million)
- Revenues increased to £7.2 million (2013: £0.49 million), including the impact of Biokosmes for nine months
- Gross profits increased to £2.7 million (2013: £0.19 million)
- Loss before tax, amortisation and exceptional costs reduced to £0.59 million (2013: loss of £0.96 million)

Commercial highlights

- Seven new product registrations covering eight territories
- Eight new consumer products added to the portfolio
- Product distribution strengthened with the signing of 17 new distribution agreements
- Board strengthened with the appointment of Ian Mackinnon, non-executive director and chair of Audit Committee

Post-period end highlights

- Long term distribution agreement signed with REC (a subsidiary of Gialen), one of the largest Chinese skincare and cosmetics retail chains, to supply a range of skin care products
- Sale of certain dermatology trademarks in certain countries to an existing customer for an up-front payment, sales-based milestone payments, and guaranteed additional manufacturing business, for which the first additional order has already been received
- Strengthening of commercial team with two new appointments to date

Commenting on the results, Jerry Randall, Chief Executive Officer of Venture Life said:
""With the acquisition of Biokosmes and listing on AIM, our focus in 2014 was to structure the business to deliver sustainable and strong long term growth. The agreements we have entered into more recently demonstrate the sales momentum we are now building to deliver profitable growth. Consequently, the board remains confident in the prospects of the Group."

- Ends -

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Notes to editors

About Venture Life

Venture Life is an international consumer self-care company focused on developing, manufacturing and commercialising products for the ageing population. The Group's product range and pipeline currently includes food supplements for lowering cholesterol and maintaining brain function, dermo-cosmetics for addressing the signs of ageing, and medical devices for improving minor aches and pains, dry eyes and itchy skin. The products, which typically are recommended by pharmacists or healthcare practitioners, are available primarily through pharmacies supplied by the Group's international distribution partners.

Through its manufacturing company, Biokosmes, the Group also provides development and manufacturing services to companies in the medical devices and cosmetic sectors.

The Group's own branded products are currently sold or partnered in over 40 countries and currently include:

- food supplements to maintain brain function and memory;
- dermo-cosmetics for addressing the signs of skin ageing and hair loss, and
- medical devices for improving conditions such as minor aches and pains, dry eyes and itchy skin.

The Company has a healthy development pipeline including products in areas such as diabetes, cardiovascular health, obesity, cognitive function and skin ageing. Products coming from the pipeline will be expected to have intellectual property protection and be supported by independent clinical evidence of efficacy.

Chief Executive's Statement

Venture Life made substantial progress in 2014. Whilst achieving organic growth in both revenues and assets in the historic Brands business, the acquisition of Biokosmes and the fund-raising and IPO on AIM provided the Group with a major step forward towards becoming a fully integrated and profitable business developing self-care products for the ageing population. The acquisition has delivered a material increase in revenues to the Group and with Biokosmes's expertise in development and manufacturing combined with Venture Life's market and commercialisation expertise, the Group is poised for significant growth. Moreover, having the manufacturing and development operations in house will greatly enhance customer service and increase efficiency in our development and manufacturing offerings.

The Group delivered significant progress against its targets from the IPO, expanding its geographic partner base, developing and launching new products, and following the year-end concluding its most significant partnering deal so far, in China.

Already in 2015 the Group has seen significant recruitment in the business development and commercial team to exploit our product assets.

The Brands Business

Our Brands business is led from the UK office, and develops and commercialises self-care products that address the 'quality of life' healthcare needs of the ageing population. The products take rapid and low cost regulatory routes to market, in the form of medical devices, food supplements and dermo-cosmetics with the medical devices and dermo-cosmetics being manufactured in-house by our manufacturing business, Biokosmes.

Our products cover a range of healthcare needs such as supporting brain function and memory, reducing cholesterol, relieving the symptoms of hemorrhoids and age-related skin conditions, and preventing hair loss and hair thinning. They are distributed into pharmacy channels in international territories through product distribution agreements we have with distribution partners.

During 2014, we signed 17 new distribution agreements. Following the year-end we also announced a major distribution agreement with Gialen, a major Chinese retailer of skin care products, with minimum purchase obligations of RMB 371 million (approximately £40 million[1]) over the 30 year term of the agreement.

A number of the new agreements covered the distribution rights to two new variants to existing products developed by Venture Life, namely NeuroAge Sleep and NeuroAge NRG. The two new products were developed in-house to support the existing NeuroAge product and provide good examples of the Group's ability to respond to market demand and produce new products over a short time-frame and at relatively low cost.

The Brands product range now totals 15 products, covering a range of indications, and includes five new product ranges developed from the proprietary formulations library of Biokosmes.

Following the acquisition of Biokosmes we integrated the new product development function into our Italian facility. On a low cost base this facility aims to produce five new products each year. The focus for 2015 is the development of new products for the treatment of women's health issues associated with ageing. Three of these are already in late stage development and we expect two more to be completed in the second half of 2015 to allow for commercialisation later in 2015.

Work also continues on developing new food supplement presentations for Benecol®. 2014 saw the first launch of our new Benecol food supplement in capsule form. Benecol products are proven to reduce low density lipo-protein (LDL) cholesterol, and in capsule form the product offers the consumer portability, convenience and a long shelf life.

[1] At exchange rates prevailing at the time of signing in January 2015 as the contract is priced in RMB.
Benecol® is a registered trademark of Raisio plc.

Our Benecol capsule product was launched in Malta in December 2014, the first territory where the food supplement in capsule form is available alongside a functional food version of Benecol that is already well-established in the local market. We also have a distribution agreement in place for Benecol in a second territory where the product is currently progressing through registration, and we continue to progress negotiations with partners in other territories.

One of the other highlights of 2014 was signing a ten year exclusive distribution agreement with Valeant, one of the world's leading pharmaceutical companies, to distribute our product for haemorrhoids, Procto-eze, in six European markets, including Germany. This was the first distribution agreement covering a major European country and our product is now on sale in Germany.

In total the Group currently has 41 distribution agreements in place covering the 15 branded products in 26 territories.

2014 saw strong revenue growth for our Brands business. Revenue increased by 39% from £0.49 million to £0.67 million, largely driven by the signing of new distribution agreements. We achieved gross margins on these sales of 50%, a pleasing improvement on 2013 and 2012 where we achieved gross margins of 38% and 41% respectively.

The Manufacturing Business

Our Manufacturing business is centered around Biokosmes, the Italian development and manufacturing business which joined the Group in 2014 at the time of the IPO.

The Manufacturing business generates the majority of its revenue from developing, formulating and manufacturing topical healthcare products for major international healthcare companies, many of whom operate in the medical devices and skin-care markets. It also manufactures medical devices and skin-care products for Venture Life's Brands business. We are beginning to see strong synergies from the two business segments working closely together, best illustrated with the winning of the Gialen supply contract for China where the product and service offering of Brands and Manufacturing working closely together played a major part in helping secure the contract.

Biokosmes currently manufactures over 90 products for more than 50 customers and the products are sold in over 40 countries worldwide. Biokosmes often plays a key role in the product development and formulation of new products for customers and often will retain ownership of arising intellectual property. It was this formulation ownership that enabled the Brands business to launch five new branded products which had been previously developed by Biokosmes within three months of Biokosmes joining the Group.

There has been significant investment in infrastructure at Biokosmes since it was founded and further investment was made in 2014 with the use of proceeds of our IPO, including the installation of a nine tonne mixer. This new mixer will enable larger batches of bulk material to be produced, thereby reducing bulk processing times and costs, and over time helping to improve margins. We plan to make further modest capital investment in 2015 in Manufacturing to support our growth plans.

The Group's new product development efforts are now being led by the team in Italy, drawing on their years of experience and expertise of new product development and formulation. From market research, input from scientific advisers and feedback from distribution partners, new products are conceptualised by the development team in Italy working closely with the UK commercial team.

Market opportunity assessments are carried out together with development feasibility and costing before a decision is made on developing a new product. We pride ourselves on developing new products over short time periods and for relatively low cost, supporting the products and their channel marketing with independent evidence of product efficacy where appropriate.

From the date of acquisition on 27 March 2014, Biokosmes contributed revenues to the Group in 2014 of £6.7 million (before elimination of intercompany sales) at a gross margin of 35%. Following a record year for revenues in 2013, full year 2014 Manufacturing revenues were £8.5 million. We expect revenue growth in the Manufacturing business to resume in 2015.

There are some 65 employees working in Manufacturing and we recently appointed a new sales director, Marco Castelnovo, to build sales from existing and new Manufacturing clients.

Investment in business development and sales

New products developed by the Group are automatically registered by us within the EU meaning that product distribution partnerships in the EU generally yield revenues sooner than partnerships covering territories outside the EU.

The team will focus in 2015 on the European marketplace where our products are already registered, and particularly on our five main European markets of Germany, France, Spain, Italy and the UK. We expect this approach to bring our products to the public more quickly than outside the EU where registration timelines following the signing of a distribution agreement tend to be longer.

We are investing in the commercial side of the business and have in 2015 already recruited four new executives into our business development team to accelerate the partnering of our products. This will give us five full time executives partnering our products, supported by a team of marketing and alliance managers to service our partners once a deal is signed. Our first appointment of 2015, Jon Bouros, joined the Group earlier this month as one of our business development directors. We are investing during 2015 to drive long-term, sustainable, top-line growth and with the effect of operational gearing we expect to see the profitability of the Brands business grow exponentially.

Outlook

The Group expects to achieve significant growth over the coming years. The business is highly scalable, not only in terms of wider product distribution delivering increased revenues, but also in terms of manufacturing capacity. The commercial infrastructure has been strengthened in 2015 and now is capable of accelerating the rate of product distribution agreements signed with expectations for consequent revenue growth. The manufacturing facility is running at less than 50% of its potential capacity, with only limited investment required to be operating at its potential capacity.

The cost base of the commercial and manufacturing operations is relatively fixed, but is capable of accommodating a doubling of revenues without significant cost increase or investment. Over the last year Venture Life has created this highly scalable operation that will allow strong and sustainable revenue growth for the business.

Whilst the weakening euro may make the pricing of our products more attractive to buyers outside the Eurozone, it may negatively affect our reported numbers in sterling. Nevertheless we are expecting 2015 to be a year of material top-line growth on a like-for-like basis as the distribution agreements signed to date begin to deliver new revenues in addition to repeat business and as the positive impact of our investment in business development resource begins to be realised in both the Brands and Manufacturing businesses.

We already have an attractive range of products and will be investing in our exciting portfolio of new products which are currently in development. We will also be looking to acquire products or technologies that complement our existing product range and where we can capitalise on our network of distribution partners to generate incremental sales. We will also prioritise the acquisition of products where we can bring the manufacturing in-house to help improve further the manufacturing margin.

The end user of our products, the ageing consumer, is a growing market segment and we expect the trend for self-care to continue to grow.

The integration of Biokosmes within the Group has progressed very positively and with all the manufacturing of the topical Brands products now taking place at Biokosmes we are seeing improved gross margins in our Brands business. We also plan to have our own in-house development and manufacturing facilities for food supplements when the time is right.

Following the fund-raisings in 2014 we are now well-capitalised with resources available for investment and I am looking forward to a period of sustained top and bottom line growth in the coming years.

Finally I would like to take this opportunity to thank all of our shareholders who have supported the Group over the last four years. We look forward to reporting continued good progress in 2015.

Jerry Randall
Chief Executive Officer

24 March 2015

Financial Review

The financial position of the Group strengthened considerably during the year and Venture Life ended 2014 in a strong financial position. During 2014, the Group's shares were admitted to trading on AIM, a total of £8.2 million (net of expenses) was raised, and the Group completed the acquisition of Biokosmes.

Statement of Comprehensive Income
Revenue for the year increased to £7.2 million (2013: £0.49 million). This represents £0.67 million from our Brands business and £6.5m of revenue (after elimination of intercompany sales) from Biokosmes, our Manufacturing business, for the nine months from the date of its acquisition at the end of March 2014.

Revenue from the Brands business increased by 39% from £0.49 million in 2013 to £0.67 million in 2014. Of this, £0.26 million resulted from distribution agreements signed in 2014 and £0.41 million from agreements signed prior to 2014. In 2014 eight of the Group's products were sold, compared with four in 2013, and to 12 different distribution partners compared with eight in 2013. The improvement in gross margin from 38% in 2013 to 50% in 2014 principally reflected the improvement in margins arising from manufacturing a significant proportion of products in-house. We expect gross margins for the Brands business to be nearer 45% in 2015, owing to the product mix expected to be sold in 2015.

Revenue from Biokosmes, our Manufacturing business, totalled £6.7 million (before elimination of intercompany sales), compared with £7.2 million for the same pre-acquisition period in 2013, taking into account currency movements. On a constant currency basis, revenue would have been £6.9 million, a decrease of 4% compared to the same period in 2013. We expect growth to resume in the Manufacturing business in 2015. Gross margins of 35% were achieved in 2014 by Manufacturing.

Gross profit achieved at a Group level was £2.7 million (2013: £0.19 million) at an overall margin of 37% (2013: 38%). The decrease at Group level reflects the impact of the Manufacturing business on Group profit where lower margins than in the Brands business are typically achieved. We expect the Group's gross margin to improve in 2015 and beyond as we increase revenue and as Brands accounts for a greater share of Group gross profit.

Administrative expenses, excluding amortisation of intangible assets, totalled £3.4 million (2013: £1.1 million). The increase was due to a number of factors, including reporting the additional overhead from the newly-acquired Manufacturing business, the investment made in business development resource, and nine months of cost related to operating as a company quoted on AIM. The increase in the amortisation charge to £0.5 million (2013: £0.06 million) relates primarily to the amortisation of intangible assets acquired during 2014. These intangible assets are customer relationships and product formulations acquired with Biokosmes and the assets are being amortised over a five year period.

Exceptional costs of £0.45 million (2013: £0.1 million) were recognised in the year. This includes £0.4 million of costs relating to the IPO which have has been treated as exceptional IPO costs and charged to income during the period. Total IPO and fund-raising costs amounted to £1.4 million with the balance of £1.0 million being offset against the share premium account.

The loss before tax, amortisation and exceptional costs in 2014 was £0.59 million (2013: loss of £0.96 million). The loss after tax for the year amounted to £1.57 million (2013: loss of £1.1 million), representing a loss per share of 6.01p (2013: loss per share of 6.71p).

Statement of Financial Position

The acquisition of Biokosmes during 2014 had a material impact on the Group's Statement of Financial Position at the year end. Intangible assets increased significantly owing to the acquisition of intangibles and generation of goodwill, as did the working capital position of the Group. Goodwill recognised represents the future economic benefits arising from the acquisition of Biokosmes that were not individually identified and separately recognised at the date of acquisition. Goodwill will be subject to impairment testing at the relevant reporting date.

Cash and debt

Cash resources comprise cash and cash equivalents and amounted to £4.9 million at year end (2013: £0.45 million). Net cash inflow during the year was £4.4 million (2013: inflow of £0.37 million), driven principally by a fund-raising of £4.2 million (net of expenses) at the time of the IPO in March 2014 and a secondary fund-raising of £4.0 million (net of expenses) in December 2014, offset by the £3.3 million cash element of the consideration paid to the vendors of Biokosmes.

Total interest-bearing debt also increased during the year, from £0.35 million at 31 December 2013 to £3.9 million at 31 December 2014. The Group took advantage of attractive financing offers in Italy to refinance its Italian debt such that no long-term debt is due to be repaid on the Italian loans before 2017. The increase in the convertible loan note balance arose from the issue of loan notes to the vendors of Biokosmes in part-consideration for the acquisition of Biokosmes.

The Group has generally used short-term deposits so as to maintain liquidity of cash resources for utilisation in operations.

Dividends

The Group paid a dividend in 2014 of 0.04 pence per share (2013: 0.04 pence) and is recommending a dividend of 0.04 pence per share be paid to shareholders in 2015.

James Hunter
Chief Financial Officer

24 March 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

		Year ended 31 December 2014	**Year ended 31 December 2013**
	Notes	**£'000**	**£'000**
Revenue	2	7,189	486
Cost of sales		(4,535)	(301)
Gross profit		**2,654**	**185**
Administrative expenses			
Operating expenses		(3,373)	(1,122)
Amortisation of intangible assets		(508)	(56)
Total administrative expenses		**(3,881)**	**(1,178)**
Other income		58	-

Operating loss before exceptional items		**(1,169)**	**(993)**
Exceptional administrative expenses	3	(449)	(105)
Operating loss		**(1,618)**	**(1,098)**
Finance income		156	1
Finance costs		(81)	(25)
Loss before tax		**(1,543)**	**(1,122)**
Tax	4	(27)	41
Loss for the year		**(1,570)**	**(1,081)**
Other comprehensive income which will not be subsequently reclassified to the income statement		-	-
Other comprehensive expense which will be subsequently reclassified to the income statement		(85)	-
Total comprehensive loss for the year attributable to equity holders of the parent		**(1,655)**	**(1,081)**

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

Loss per share			
Basic and diluted loss per share (pence)	5	(6.01)	(6.71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

		At 31 December 2014	At 31 December 2013
Assets	Notes	**£'000**	**£'000**
Non-current assets			
Intangible assets	8	12,982	457
Property, plant and equipment		975	10
Available for sale financial assets		-	31
		13,957	**498**
Current assets			
Inventories		1,856	174
Trade and other receivables		3,257	874
Taxation		52	-
Cash and cash equivalents		4,933	453
		10,098	**1,501**
Total Assets		**24,055**	**1,999**
Equity and Liabilities			
Capital and reserves			
Share capital	9	103	51
Share premium account	9	11,807	2,668
Merger reserve		7,675	50
Convertible loan note reserve	10	-	39
Foreign currency translation reserve		(85)	-

Share based payment reserve		318	338
Retained earnings		(4,171)	(2,589)
Total equity attributable to equity holders of the parent		**15,647**	**557**
Liabilities			
Current liabilities			
Trade and other payables		3,335	1,051
Interest bearing borrowings	11	580	-
Deferred licence provision		-	8
Convertible loan notes	10	47	50
		3,962	**1,109**
Non-current liabilities			
Interest bearing borrowings	11	1,723	-
Deferred licence provision		-	35
Convertible loan notes	10	1,507	298
Employee severance provision		528	-
Deferred tax liability		688	-
		4,446	**333**
Total Liabilities		**8,408**	**1,442**
Total equity and liabilities		**24,055**	**1,999**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Share premium account	Merger reserve	Convertible loan note reserve	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2013	**1**	**1,507**	**50**	**-**	**-**	**77**	**(1,508)**	**127**
Loss for the year	-	-	-	-	-	-	(1,081)	(1,081)
Comprehensive income	-	-	-	-	-	-	**(1,081)**	**(1,081)**
Issue of share capital	1	1,210	-	-	-	-	-	1,211
Bonus issue	49	(49)	-	-	-	-	-	-
Issue of convertible loans	-	-	-	39	-	-	-	39
Share options charge	-	-	-	-	-	111	-	111
Share settled liability	-	-	-	-	-	150	-	150
Transactions with shareholders	**50**	**1,161**	**-**	**39**	**-**	**261**	**-**	**1,511**
Balance at 1 January 2014	**51**	**2,668**	**50**	**39**	**-**	**338**	**(2,589)**	**557**
Loss for the year	-	-	-	-	-	-	(1,570)	(1,570)
Foreign exchange on translation	-	-	-	-	(85)	-	-	(85)
Total comprehensive expense	-	-	-	-	(85)	-	**(1,570)**	**(1,655)**
Issue of share capital	52	10,118	7,625	(39)	-	(150)	-	17,606
IPO and other fundraising costs recognised through equity	-	(979)	-	-	-	-	-	(979)
Share options charge	-	-	-	-	-	130	-	130
Dividends	-	-	-	-	-	-	(12)	(12)
Transactions with								

shareholders	**52**	**9,139**	**7,625**	**(39)**	**-**	**(20)**	**(12)**	**16,745**
Balance at 31 December 2014	**103**	**11,807**	**7,675**	**-**	**(85)**	**318**	**(4,171)**	**15,647**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	31 December 2014	**31 December 2013**
Cash flow from operating activities:	**£'000**	**£'000**
Loss before tax	(1,543)	(1,122)
Finance income	(156)	(1)
Finance expense	81	25
Operating loss	**(1,618)**	**(1,098)**
Adjustments for:		
- Depreciation of property, plant and equipment	139	4
- Amortisation of intangible assets	508	56
- Impairment of available for sale assets	36	-
- Gain on sale of intangible assets	(9)	-
- Gain arising from purchase of PermaPharm AG	(39)	-
- Finance cost	(81)	(25)
- Movement in other provisions	(17)	-
- Share-based payment expense	130	111
Operating cash flow before movements in working capital	**(951)**	**(952)**
Decrease in deferred consideration	(2)	(2)
Tax paid	(282)	-
Increase/(decrease) in inventories	197	(68)
Increase in trade and other receivables	(236)	(711)
(Decrease)/increase in trade and other payables	(950)	698
Net cash used in operating activities	**(2,224)**	**(1,035)**
Cash flow from investing activities:		
Interest received	156	1
Proceeds on disposal of intangible assets	9	-
Acquisition of subsidiary - net cash acquired	776	-
Acquisition of subsidiary - net cash payment	(3,313)	-
Purchases of property, plant and equipment	(243)	(7)
Development expenditure in respect of intangible assets	(346)	-
Purchases of intangible assets	(20)	(140)
Proceeds on disposal of tangible asset	3	-
Purchases of available for sale financial assets	-	(31)
Net cash used in investing activities	**(5,202)**	**(1,212)**
Cash flow from financing activities:		
Proceeds from issuance of ordinary shares	9,630	1,211
Transaction costs of issue of shares	(979)	-
Movements in interest bearing borrowings	1,088	-
Proceeds from issue of convertible loans	-	375
Dividends paid	(12)	(5)

Net cash from financing activities	**9,727**	**1,581**
Net increase in cash and cash equivalents	4,525	369
Net foreign exchange difference	(45)	-
Cash and cash equivalents at beginning of period	453	84
Cash and cash equivalents at end of period	**4,933**	**453**

Notes to the financial statements

1. Basis of the announcement

The financial information of the Group set out above does not constitute statutory accounts for the purposes of Section 435 of the Companies Act 2006. The financial information for the year ended 31 December 2014 has been extracted from the Group's audited financial statements which were approved by the Board of directors on 24 March 2015 and will be delivered to the Registrar of Companies for England and Wales following the Company's 2015 Annual General Meeting.

The financial information for the year ended 31 December 2013 has been extracted from the Group's audited financial statements for that period. The reports of the auditor on both these financial statements were unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRSs') as adopted by the European Union, this announcement does not itself contain sufficient information to comply with those IFRSs. This financial information has been prepared in accordance with the accounting policies set out in the December 2014 report and financial statements.

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

The Company is a public limited company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange.

2. Segmental information

The Group is organised into two main operating segments, Brands (based in the UK) and Manufacturing (based in Italy), and incurs head office costs in the UK. The segments operate as described in the Chief Executive Officer's Review.

In the annual financial statements for the year ended 31 December 2013 the operations of the Group were segmented as Sales of cosmetics and Sales of healthcare products. Following the acquisition of Biokosmes in March 2014 the operations of the Group are now segmented as:

- Brands, which includes sales of branded healthcare and cosmetics products under distribution agreements, and
- Manufacturing, which includes sales of products and services under contract, development and manufacturing agreements.

Segment revenue and results

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

	Brands £'000	**Manufacturing £'000**	**Consolidated Group £'000**
Year ended 31 December 2014			
Revenue			
Total revenue	675	6,738	7,413
Intercompany sales elimination	-	(224)	(224)
Total external revenue	675	6,514	7,189
Results			
Operating (loss)/profit before exceptional items and excluding central administrative costs	(544)	999	455

Year ended 31 December 2013	Brands £'000	Manufacturing £'000	Consolidated Group £'000
Revenue			
External sales	486	-	486
Total revenue	486	-	486
Results			
Operating loss before exceptional items and excluding central administrative costs	(601)	-	(601)

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Operating profit/(loss) profit before exceptional items and excluding central administrative costs	455	(601)
Exceptional items	(449)	(105)
Central administrative costs	(1,624)	(392)
Finance income	156	1
Finance costs	(81)	(25)
Loss before tax	(1,543)	(1,122)

3. Exceptional items

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Expense relating to admission to AIM (a)	(404)	-
Costs incurred in acquisition of Biokosmes (b)	(57)	(105)
Impairment of available for sale investments (c)	(36)	-
Gains on sales of trademarks (d)	9	-
Gain on purchase of PermaPharm AG	39	-
	(449)	**(105)**

(a) On 28 March 2014 the shares in Venture Life Group plc were admitted to trading on AIM. The IPO raised gross proceeds of £5.4 million through the issue of 4,954,585 new ordinary shares. However, significant non-recurring costs were incurred in relation to the IPO and in a change to the treatment adopted in the Group's Interim Results for the six months to 30 June 2014 announced on 29 September 2014, £404,000 of costs relating to the IPO have been expensed using the allocations method (previously reported as a deduction to share premium). Total IPO and fund-raising costs amounted to £1,383,000. Of this, £404,000 has been treated as exceptional IPO costs and charged to income during the period, with the balance of £979,000 being offset against the share premium account.

(b) The Company incurred professional services costs totalling £57,000 (2013: £105,204) during the year in respect of the acquisition of Biokosmes. The share purchase agreement was finalised and signed in November 2013 with completion and control obtained immediately prior to Admission to AIM of Venture Life Group plc's shares on 28 March 2014.

(c) In July 2014 the Directors had been advised by the management of G2S Cosmetics SAS that G2S Cosmetics SAS was likely to be declared insolvent, although efforts would be made to sell the company as a going concern. In January 2015, the Group sold its shareholding in G2S for €1 having determined that this represented the fair value of the shares. As a result of this the investment has been impaired in full at the reporting date (£31,000).

Also in available for sale investments was an investment in Novo Galeno SRL. Whilst shares in the company are still held, the Directors consider the company to have minimal current value and have impaired the investment fully (£5,000).

(d) During the period the Group entered into a sale agreement to dispose of the Bioscal trademark for the USA and Canadian territories. These trademarks had been acquired along with the Bioscalin trademarks which the Group holds for the USA and Canada and thus were not part of the key marketing strategy of the Group in those territories.

4. Income tax expense

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Current tax:		
Current tax on profits for the year	216	-
Adjustments in respect of earlier years	(37)	(41)
Total current tax expense	179	(41)
Deferred tax:		
Origination and reversal of temporary differences	(152)	-
Total deferred tax expense	(152)	-
Total income tax credit/(expense)	27	(41)

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Loss before tax	(1,543)	(1,122)
Loss before taxation multiplied by the local tax rate on a weighted basis	(265)	(224)
Expenses not deductible for tax purposes	237	-
Research and development tax credit from earlier years	(37)	(41)
Research and development tax credit for current year	(51)	-
Change in recognised deferred tax liability	(152)	-
Change in unrecognised deferred tax asset	295	224
Income tax credit/(expense)	27	(41)

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

As at the balance sheet date, the Group has unused tax losses of £3,429,000 (2013: £2,051,000) available for offset against future profits generated in the UK. No deferred tax asset has been recognised in respect of these losses due to the uncertainty of its recoverability.

5. Earnings per share

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

	Year ended 31 December 2014	Year ended 31 December 2013
	No.	No.

For basic and diluted EPS calculation	26,130,167	16,118,556

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

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
For basic and diluted EPS calculation	(1,570)	(1,081)

The resulting EPS measures are:

	Year ended 31 December 2014	Year ended 31 December 2013
	Pence	Pence
Basic and diluted EPS calculation	(6.01)	(6.71)

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

6. Dividends

Amounts recognised as distributions to equity holders in the period:

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Final dividend	12	-

The directors recommend the payment of a dividend of 0.04p per share (2014: 0.04p per share) in 2015 and a resolution will be put to shareholders at the 2015 Annual General Meeting.

7. Business combinations

Acquisition of Biokosmes srl

On 27 March 2014, the Company completed the acquisition of 100% of the share capital of Biokosmes, a private company based in Italy that specialises in the development and manufacture of topical medical device and cosmetic products, gaining control at that date. The initial consideration paid to the vendors of Biokosmes at the time of the acquisition amounted to £3.3 million in cash, £1.67 million in the form of a loan note convertible under certain circumstances into Venture Life Group plc ordinary 0.3p shares ("Shares"), and 1,358,185 Shares. Further consideration in the form of 5,639,393 new Shares was issued to the vendors on 6 June 2014 on the basis that the audited EBITDA achieved by Biokosmes in the financial year ended 31 December 2013 amounted to £1.62 million.

The Group acquired Biokosmes for a number of reasons. The product formulations acquired enabled Venture Life to expand its existing product portfolio with healthcare products that were ready to be commercially exploited through the Group's Brands division. Biokosmes is also an established manufacturer of high-quality topical products and has built up strong customer relationships over a period of time that the Group believes can be built upon to materially grow the Biokosmes business. With its own manufacturing facility in house, the Group is now able to offer integrated product development and manufacturing solutions to customers and offer high levels of customer service. Finally, the Group expects to generate enhanced margins through its Brands business from selling products to customers that have been manufactured within the Group.

The acquisition has been accounted for using the acquisition method. The Group Consolidated Financial Statements include the results of Biokosmes for the period 27 March 2014 to 31 December 2014.

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

	Fair Value £'m
ASSETS	
Non-current assets:	
Product formulations	0.8
Customer relationships	2.0

Property, plant & equipment	0.9
Current assets:	
Inventories	2.0
Trade and other receivables	2.8
Cash and cash equivalents	0.7
Total assets	**9.2**
LIABILITIES	
Current liabilities:	
Trade and other payables	(3.1)
Current portion of borrowings	(1.0)
Non-current liabilities:	
Borrowings	(0.8)
Employee liability provisions	(0.5)
Deferred tax liabilities	(0.8)
Total liabilities	**(6.2)**
Net assets acquired	**3.0**
Goodwill	9.8
Total consideration	**12.8**

Satisfied by:

	Fair Value £'m
Cash	3.3
Convertible loan note issued	1.7
Initial shares issued to vendors	1.5
Further shares issued to vendors	6.3
Total consideration	**12.8**

Cash flows from business combination	
Cash and cash equivalents included in undertaking acquired	0.8
Cash consideration paid	-
Net cash inflow arising on acquisition and in cash flow statement	0.8

Fair value of consideration

Under IFRS 3, the fair value of the consideration paid is determined with reference to the fair value of the underlying instruments used to settle the consideration. The consideration for the purchase of Biokosmes was settled through the issue of 10,218,866 ordinary 0.3p shares (of which 3,221,288 shares were redeemed for cash at the time of Admission) and a convertible loan note with a nominal value of €2.0m and a coupon rate of 3% per annum.

The shares of Venture Life Group plc were admitted to AIM at the time of the acquisition of Biokosmes and the fair value of the new shares issued was deemed to be the issue price of all the new shares issued at the time of admission to AIM, being 109p per share. Accordingly the fair value of the 10,218,866 0.3p shares was £11,138,564.

The value of the convertible loan was determined at the present value of future loan payments discounted at the yield from a similar high yield bond such as the Bloomberg EUR High Yield Corporate bond with an effective yield of 3.99%.

The value of the convertible loan notes was determined with reference to the present value of the principal amount of the loan note (€2.0m) to be settled in the future, together with the present value of the future interest payments to be made under the terms of the loan note. Accordingly, the convertible loan note is valued at £1.64m.

The total fair value of the consideration is calculated as follows:

Fair value of new shares issued	£11.14m
Fair value of loan note issued	£1.64m
Total fair value	**£12.78m**

Biokosmes Srl contributed £1.0m to the consolidated profit before tax for the nine months from 28 March 2014 to 31 December 2014.

If Biokosmes Srl had been acquired on 1 January 2014, revenue of the Group for 2014 would have been £8.9m. However, due to lack of IFRS-specific data prior to the acquisition of Biokosmes, the extended pro-forma profit or loss of the combined entity for the complete 2014 reporting period cannot be reliably determined.

8. Intangible assets

	Development costs £'000	Patents and trademarks £'000	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost or valuation:					
At 1 January 2013	-	484	-	-	484
Additions	120	20	-	-	140
Disposals	-	-	-	-	-
At 1 January 2014	**120**	**504**	-	**-**	**624**
Additions	1,192	40	9,796	1,995	13,023
Disposals	-	-	-	-	-
Foreign exchange	10	**-**	**-**	**-**	10
At 31 December 2014	**1,322**	**544**	**9,796**	**1,995**	**13,657**
Amortisation:					
At 1 January 2013	**-**	111	-	-	111
Charge for the year	**-**	56	-	-	56
At 1 January 2014	**-**	**167**	**-**	**-**	**167**
Charge for the year	141	68	-	299	508
At 31 December 2014	**141**	**235**	**-**	**299**	**675**
Carrying amount:					
At 31 December 2013	120	337	-	-	457
At 31 December 2014	**1,181**	**309**	**9,796**	**1,696**	**12,982**

Included within patents and trademarks is an amount for £207,221 (2013: £243,195) relating to a license agreement between the Group and PermaPharm AG entered into on 30 September 2010. As at 31 December 2014, this licence had a remaining amortisation period of five years.

All other trademarks, licences and patents are amortised over their estimated useful lives, which is on average five years.

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

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

Goodwill represents the future economic benefits arising from the acquisition of Biokosmes that are not individually identified and separately recognised. To determine the value in use of the goodwill, the Directors have produced detailed monthly profit and loss and cash flow forecasts for the three years ended December 2017 and produced annual estimates of profit after tax for the six year period from 2018 to 2023 given the long-term and stable nature of the expected cash flows.

The key judgements used in relation to the impairment review are as follows:

- The estimates of profit after tax for Biokosmes for the three year period from 2015 to 2017 are based on the expectation that Biokosmes will grow its revenues and profitability more quickly than in previous years. This is expected to be achieved in part through increasing volumes and value of manufacturing orders being fulfilled for other Group companies, in part through excess manufacturing capacity being utilised to generate improved gross margins, and in part through investment in new business development resource and manufacturing capacity enabled through funding made available by the Group to Biokosmes
- The estimates of profit after tax from 2018 onwards assume that Biokosmes is capable of achieving 5% per annum

growth in profit after tax, which the Directors estimate to be a conservative growth rate but appropriate given the nature of the contract manufacturing industry of which Biokosmes is a part
- The Group has applied a discount rate to the future cash flows of Biokosmes using a pre-tax weighted average cost of capital of 21%.

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

9. Share capital and share premium

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

	Ordinary shares of 0.3p each No.	Ordinary shares of 0.3p each £	Share Premium £'000
At 1 January 2013	**14,494,000**	**1,450**	**1,507**
Share issue	2,467,424	807	1,210
Bonus issue	-	48,627	(49)
At 1 January 2014	**16,961,424**	**50,884**	**2,668**
New shares issued for cash	10,444,532	52,326	9,189
New shares issued for acquisition	6,997,578	-	7,625
At 31 December 2014	**34,403,534**	**103,210**	**19,482**

The Company undertook a number of share issues during 2014:

New shares issued for cash
1. On 27 March 2014 the Company issued 821,421 ordinary 0.3p shares following the conversion of previously issued convertible loan notes into equity.
2. On 27 March 2014 the Company issued 168,526 ordinary 0.3p shares in respect of agreements it had entered into with suppliers for services that had been provided to the Company.
3. On 28 March 2014 the Company issued six shares to The Orr Mackintosh Foundation Limited, a charitable organisation, following the rounding down of individual shareholdings pursuant to the share capital reorganisation and of the Company's share capital.
4. On 28 March 2014 the Company issued 4,954,579 ordinary 0.3p shares pursuant to a share placing at the time of the Company's admission of its shares to trading on AIM. Costs relating directly to the new issue of shares have been deducted from the share premium account. Attributable IPO costs are allocated between share premium account and the statement of comprehensive income in proportion to the number of shares created on admission.
5. On 3 December 2014 the Company issued 4,500,000 ordinary 0.3p shares pursuant to a share placing with two of the Company's existing shareholders

New shares issued for acquisition
6. On 28 March 2014 the Company issued 1,358,185 ordinary 0.3p shares pursuant to the acquisition of Biokosmes.
7. On 6 June 2014 the Company issued a further 5,639,393 ordinary 0.3p shares in the form of Additional Consideration Shares pursuant to the acquisition of Biokosmes.

In a change to the treatment adopted in the Group's Interim Results for the six months to 30 June 2014 announced on 29 September 2014, the excess over nominal value of shares issued to acquire Biokosmes of £7.6m is reported in the merger reserve (previously share premium).

10. Convertible loan notes and loan note reserves

During the year to 31 December 2014 there were two transactions involving convertible loan notes:

Redemption of convertible loan notes
Loan notes previously issued in 2013 were convertible into ordinary shares of the Company at any time between 31 December 2013 and the notes settlement date, and automatically on the occurrence of certain events including the admission of the Company's shares to trading on a recognised stock exchange.

Therefore, shortly before admission of the Company's shares to trading on AIM on 28 March 2014, the loan notes (with a nominal value of £375,000) were converted into 821,421 ordinary 0.3p shares.

Issue of new convertible loan notes
Pursuant to the acquisition of Biokosmes srl in March 2014, the Company issued to the vendors of Biokosmes convertible loan notes with a face value of €2.0m and which paid an annual coupon of 3%. Under the terms of the loan notes, the loan notes are due to be repaid in full in July 2016. If the Company defaults on repayment then the loan note holders may elect to defer repayment of the loan notes or to receive a pre-determined number of new 0.3p shares in the Company.

Interest amounting to £12,000 has accrued on the loan notes during the period and is still payable at the period end. Interest is payable on these loan notes in October and April each year.

11. Interest bearing borrowings

Current	**At 31 December 2014 £'000**	**At 31 December 2013 £'000**
RIBA financing	208	-
Finance lease	4	-
Unsecured bank loans due within one year	368	-
	580	-
Non-current		
Finance lease	1	-
Unsecured bank loans due after one year	1,722	-
	1,723	-

All bank loans are held by the Group's Italian wholly-owned subsidiary, Biokosmes. RiBa (or 'Ricevuta Bancaria') is a means of payment settlement used on occasions by Biokosmes Srl by which it entrusts one of its banks with responsibility for sending an instruction to a participating Italian customer authorising the customer's bank to settle an invoiced debt by an agreed due date. The balance shown above of £208,000 reflects the amount that had been settled in Biokosmes's account under RiBa as at the reporting date.

The bank debt repayable within one year is due to Banca Nazionale del Lavolo and is due to be repaid in April 2015. It is unsecured and there are no covenants attaching to this loan.

The finance lease was acquired with the Biokosmes acquisition during the year and is repayable by April 2016. A summary of showing the contractual repayment of interest bearing borrowings is shown below:

Amounts and timing of non-current debt repayable	**At 31 December 2014 £'000**	**At 31 December 2013 £'000**
Between 1 January 2016 and 31 December 2016	1	-
Between 1 January 2017 and 31 December 2017	156	-
Between 1 January 2018 and 31 December 2018	940	-
Between 1 January 2019 and 31 December 2019	313	-
Between 1 January 2020 and 31 December 2020	313	-
	1,723	**-**

The long term bank debt is held by Biokosmes and provided by Banca Intesa and UniCredit Bank, both in Italy. Repayment of this debt is due to commence in 2017. These loans are unsecured. There are two covenants relating to these bank facilities, one of which relates to a minimum level of net assets to be maintained by Biokosmes and the other which limits the level of dividend that may be distributed by Biokosmes.

12. Post balance sheet events

In January 2015 the Group disposed of its investment in the company G2S. The investment was fully provided for during 2014.

There were no other events after the balance sheet date.

13. 2014 Annual Report and Accounts and 2015 Annual General Meeting

The Group's Annual Report and Accounts for the year ended 31 December 2014 will be posted to shareholders in mid-April 2015. It will be available on the Company's website (http://www.venture-life.com/investor-relations) from 11.00am on the day it is posted. The Annual General Meeting of Venture Life Group plc will be held on Wednesday 10th June 2014 at 11.00am at the offices of Simmons & Simmons LLP, CityPoint, One Ropemaker Street, London EC2Y 9SS. A notice of meeting will be sent to shareholders with the Annual Report and Accounts and a copy will be available on the Company's website (http://www.venture-life.com/investor-relations) in due course.

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