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Venture Life Group PLC
04 May 2016

Venture Life Group plc

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

Final results for the year ended 31 December 2015

Bracknell, UK - 4 May 2016: 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 2015.

Financial highlights

- Revenues increased to £9.1 million (2014: £7.2 million)
- Gross profit increased to £3.0 million (2014: £2.7 million)
- Loss before tax, amortisation and exceptional items of £0.73 million (2014: loss of £0.59 million)
- Cash at 31 December 2015 of £2.9 million (31 December 2014: £4.9 million)

Commercial highlights

- 30 year exclusive distribution agreement signed in January 2015 with Gialen Group Co. Ltd to sell a range of skincare products in China, with first 'Lubatti Classic' products shipped in the second half of 2015
- Agreement with Gialen extended in December 2015 to cover a range of five new skincare products under the brand name 'Lubatti 21', which is expected to be launched following completion of product registration
- Disposal of a number of trademarks to an existing customer in return for a cash payment, sales-based milestone payments and guaranteed additional manufacturing business
- 10 year agreement signed with a Swiss healthcare company to formulate and manufacture an onychomycosis product
- Launch of a new women's health product range under the vonalei™ brand with first distribution agreement signed

Post period end highlights

- Acquisition of Periproducts Limited (including the UltraDEX oral care products brand) in March 2016 for an estimated £5.8 million (comprising £4.0 million plus net working capital, which management now expects to be in the region of £1.8 million)
- Two new five year exclusive distribution agreements signed in April 2016 for the UltraDEX brand in Spain and China
- First long term exclusive distribution deals signed in March 2016 for the new Benecol once-a-day liquid sachet in Turkey and Jordan

Commenting on the results, Jerry Randall, Chief Executive Officer of Venture Life, said:
"The recent acquisition of the UltraDEX brand, followed in short order by the signing of two new distribution agreements for UltraDEX, has created a step change in the business in 2016. Progress with our business in China and the signing of our first Benecol sachet distribution agreements in 2016 have given us a very positive start to the new financial year, as we continue to build momentum in the business. As a result, we expect Group revenues in 2016 to increase significantly from 2015 levels, and the acquisition of UltraDEX in particular is expected to accelerate our move to profitability. Our key target of becoming sustainably earnings positive is now in sight."

- Ends -

For further information please contact:
Venture Life Group PLC
Jerry Randall, Chief Executive Officer +44 (0) 1344 742870

James Hunter, Chief Financial Officer

Panmure Gordon (UK) Limited (Nominated Adviser and Broker)
Freddy Crossley +44 (0) 20 7886 2500
Peter Steel
Duncan Monteith
Corporate Finance
Tom Salvesen
Corporate Broking

Square1 Consulting
David Bick +44 (0) 20 7929 5599
Brian Alexander

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 the UltraDEX oral care products range, food supplements for lowering cholesterol and maintaining brain function, dermo-cosmetics for addressing the signs of ageing, and medical devices for women's health and for improving minor aches and pains. 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.

Chief Executive's Statement

2015 was another year of positive developments for the Group. Revenues grew by 13% on a like-for-like, constant currency basis, in a year of challenging markets and economic instability in many areas of the world. The extensive investment of time and effort made in developing relationships in China in earlier years is beginning to pay off and we made our first shipments of product to our partner in China, Gialen. We also made a step change towards scale and nearer term profitability with the acquisition of Periproducts Limited, the owner of the range of UltraDEX oral care products which eliminate bad breath instantly for 12 hours.

Revenues in our Brands business grew in 2015 to £1.1 million, an increase from 2014 of 76% on a constant currency basis, driven by growth in a number of our branded products, including the Lubatti Classic range in China, and NeuroAge. Biokosmes, our development and manufacturing business based in Italy, is now fully integrated into the Group. This business segment saw a return to revenue growth following a year of revenue consolidation in 2014 after the acquisition. Revenues grew in 2015 by 12% on a like-for-like, constant currency basis, through increased business from existing and new customers.

The Brands business

During 2015, market conditions proved challenging for partnering our products. Despite this, the Group's Brands business achieved eight new long-term distribution agreements, including the Gialen deals in China on Lubatti Classic and Lubatti 21, and a first distribution agreement in India. Unichem Laboratories is one of the top 20 pharma companies in India, and is expected to launch our Original Bioscalin product later in 2016. India represents a significant new market opportunity for the Group, and we hope to build on this opportunity by taking other of our branded products into India.

Revenues in the Brands business grew significantly as a result of first shipments of our Lubatti Classic skincare range into China. Seven of the Lubatti products received registration approval in China in August 2015 and these products began to appear in some of Gialen's stores from late 2015 onwards. The roll out is continuing to extend the brand placement into more stores throughout H1 2016. Of the remaining eight products, six received approval in December 2015 and two in January 2016, and further products in the Lubatti Classic range are expected to begin entering stores during June 2016. Gialen currently have 1,300 of their own stores in mainland China and Gialen is also looking to launch Lubatti products through a number of online outlets during 2016 and other stores during 2017. It is early days for our first products in China but with products now listed in all 1,300 Gialen stores the signs are encouraging.

We continue to have many active discussions around the world in relation to new distribution agreements for our branded products, and since the period end have signed five new long-term distribution agreements, including two on UltraDEX and two on our Benecol once-a-day liquid sachet food supplement for reducing LDL cholesterol. We are delighted to have concluded two distribution agreements for UltraDEX so soon after the acquisition of Periproducts and these agreements support our view that there is considerable international potential for the UltraDEX brand. We are also pleased that our newly developed once-a-day liquid form of the Benecol plant stanol ester product has received strong interest. Its long shelf life and its availability in pharmacies make it attractive for consumers as an alternative to the short shelf-life dairy versions of the Benecol product sold in many supermarkets around the world. We expect the sachet to be launched by our partners to consumers in Q4 2016 or Q1 2017.

The Manufacturing business
Biokosmes achieved steady growth in 2015 with revenues up 12% on last year on a like-for-like, constant currency basis.

The investment in a new nine tonne mixer during 2014 has driven increased operating scale and an improvement in manufacturing efficiency, and the Group also upgraded the water cooling and cleaning systems to provide greater efficiency and margin improvement through 2016 and beyond. We also invested in a new filling line for alcohol-based nail fungus products to service a new customer contract, which we anticipate also using for a new product developed in-house. This equipment was successfully commissioned in 2015, and the first order was delivered to our customer in December 2015. In total, we have invested over £0.5 million in our manufacturing facility since acquiring the company in March 2014, and further investment is planned.

We have attracted a number of new customers in 2016, through our integrated model of developing and then manufacturing new products for customers, thereby increasing the opportunity for future repeatable revenues and growth in operating margin.

The facility is currently running at approximately 50% of its full potential capacity with existing infrastructure levels, demonstrating the potential for increased operational scale. The fixed costs of the facility are already fully covered at current levels of throughput, and part of the Group's medium-term strategy is to increase volumes through the factory to improve gross margins and operating profit. We expect increased volumes from organic sales growth and from brand acquisitions, such as the UltraDEX range acquired in March 2016. The current order book at our manufacturing facility is more than 15% higher than the order book at the end of April 2015.

The UltraDEX oral care products range
On 4 March 2016 Venture Life completed the acquisition of Periproducts Limited, a UK company which has the UltraDEX fresh breath product portfolio as its main asset. The acquisition was funded with the support of our existing shareholders, together with the issue of a convertible bond and the use of some of our existing cash.

UltraDEX is a well-established brand in the UK with high customer loyalty, having been on sale through retail pharmacies for over 17 years. Containing stabilised chlorine dioxide, UltraDEX products have been clinically proven to eliminate bad breath for 12 hours by neutralising the volatile sulphur compounds that cause bad breath. In addition to this core therapeutic benefit, the products also provide additional oral health benefits including protection of teeth and gums, and reduction in sensitivity. The products are available through Boots and other pharmacies, as well as other retail groups such as Tesco, Sainsbury and Waitrose, and online through Ocado and Amazon.

The UltraDEX product range includes oral rinses, toothpastes and a spray, and also ancillaries such as interdental brushes and floss coated with stabilised chlorine dioxide. In recent years the range has been extended with a patented formula to deliver fresh breath for people with sensitive teeth. The brand has been almost exclusively sold in the UK, with very limited overseas revenues. Audited revenues for Periproducts in the year to 30 November 2015 were £2.8 million (of which £0.06 million were from sales outside the UK), with profit after tax of £0.22 million.

We believe the UltraDEX brand requires renewed brand focus and we plan to revitalise the brand and drive fresh impetus through refocused marketing in the UK. We are also planning to increase export sales through entering more international distribution agreements. We expect to utilise the significant operational capacity we already possess to generate operational and financial synergies by:

- expanding the international presence of the brand around the world, using our business development team to appoint reputable distribution partners;
- managing these new distribution partners with our existing alliance management team;
- manufacturing UltraDEX liquid products, in due course, at our existing facility in Italy which will internalise additional margin, and allow us to further reduce cost of goods through manufacturing efficiencies; and
- meeting regulatory, quality assurance, procurement, logistics and new product development requirements with our existing infrastructure.

These synergies are expected to generate meaningful cost savings within the business, and with significant revenue and profit growth anticipated from the UltraDEX brand, profitability within the whole Group is expected to be accelerated.

We are very excited about the prospects for UltraDEX and we will continue to evaluate other opportunities to acquire products complementary to our existing business and portfolio.

New product development
2015 has been a fruitful year for new products for the Group. We have seen a number of new branded products reach the commercialisation stage, and we have completed significant product development work for existing customers. We continue to have an active pipeline of products under development in house to broaden our portfolio, and the Company will provide further updates on these as and when they are nearer the market. Our key product developments in 2015 included:

Benecol once-a-day liquid sachet for the reduction of LDL cholesterol
Having initially developed the Benecol food supplement in the form of soft gel capsules, which required a dose of four large capsules a day, Venture Life received strong feedback from the market that consumers also wanted a choice of a once-a-day liquid version which was easier to take. As a result, we developed a once-a-day liquid sachet form of the Benecol food supplement product. This still has the benefit of a two year shelf life (which compares very favourably with the dairy based versions of Benecol currently on the market), and still provides the consumer with their 2g of plant stanol ester through a single daily dose of product to receive the benefits of a clinically-proven 10% reduction in LDL cholesterol. Post period end, we have already signed two distribution agreements for this product.

Vonalei women's health range
We developed a range of four women's health products treating conditions such as candidiasis, bacterial vaginosis and vaginal atrophy. These are common issues for the ageing woman, and the range offers many benefits not found in other non-drug products. Three of these products are registered as medical devices and one as a cosmetic, and they allow a longer period of use by the patient than drug products. We have already signed our first distribution agreement for vonalei.

Outlook
2015 was a year of further progress after the IPO and acquisition of Biokosmes in 2014. Growth was 13% on a like-for-like, constant currency basis, in challenging trading conditions. In 2016, we have acquired the UltraDEX brand and concluded our first two international distribution partner agreements for UltraDEX in Spain and China. Our Lubatti product range has now been launched in China and we have agreed our first deals on the Benecol once-a-day sachet. Our current order book across the Group is strong, and we expect Group revenues to be significantly enhanced in 2016 by these developments, and the acquisition of UltraDEX in particular is expected to accelerate our move to profitability. Our key target of becoming sustainably earnings positive is in sight.

With a strong new brand in our portfolio, continued development of distribution partnering activity and the growth of our existing customer revenues, I am very excited about the prospects for the Group both in 2016 and beyond. With the integrated operational capability that we have built running at approximately 50% capacity, the focus is now on driving increased revenues and leveraging our existing capabilities. The operational costs are more than covered at the existing revenue level, so gross profit from incremental revenues will largely drop through to the bottom line, improving profitability. We expect to see an accelerating effect on earnings over the coming years.

I would like to take this opportunity to thank all our shareholders for their continued support, and in particular for those who supported our recent fund-raising for the Periproducts acquisition. The transaction was an important step towards achieving scale and nearer term profitability. The Group has spent recent years investing in building a sound platform with operational capacity that can accommodate growing revenues with a minimal increase in overheads. We are confident that we can translate revenue growth into improved margins and, ultimately, sustainable profitability. This is now becoming much more visible as we begin to deliver value on our shareholders' investment, and I look forward to sharing more good news on the growth and the development of the business.

Jerry Randall
Chief Executive Officer

3 May 2016

Financial Review

The Group is focused on growing revenues to achieve long-term sustainable profitability. We are building revenues through signing new distribution agreements, and from building our manufacturing business with existing and new customers. We are also acquiring attractive products that meet our stringent criteria for success, as well as investing for the longer term in new product development and our manufacturing facilities.

Statement of Comprehensive Income

The Group reported 2015 revenues of £9.1 million, an increase of 26% over the £7.2 million reported in 2014. The increase reflects in part a full year of revenue from Biokosmes, the company we acquired at the end of March 2014 and for which we consolidated revenue for nine months in 2014. On a like-for-like basis revenue increased by 2% and on a like-for-like, constant currency basis revenue increased by 13%.

The Brands segment increased revenues by 58% to £1.1 million (2014: £0.68 million). On a constant currency basis revenue in 2015 increased by 76%. Of total Brands revenue in 2015, the new agreement with Gialen for the sales of Lubatti in China represented some 50%. The balance was generated predominantly from distribution partners signed in previous years. Our Manufacturing segment reported revenues (including inter-company sales) of £8.6 million, an increase of 12% on a like-for-like, constant currency basis. The euro weakened markedly against sterling in 2015 - the average exchange rate during 2015 was EUR:GBP 1.38 compared to EUR:GBP 1.24 during 2014. This has negatively impacted reported figures as the majority of our revenues and costs are in euros. So far in 2016 the euro has strengthened from the average 2015 position.

Gross profit of £3.0 million was achieved in 2015 (2014: £2.7 million), representing a gross margin of 33% (2014: 37%). The lower gross margin in 2015 compared with 2014 is explained by a number of factors. Average gross margin in the Manufacturing segment (which still accounted for nearly 90% of Group revenues in 2015) reduced primarily due to the mix of customer business completed during the year, with less work carried out on higher margin contracts than in 2014. Furthermore, the Group's gross margin for 2015 reflects a full year of lower margin manufacturing business compared with nine months in 2014. Nevertheless, we expect gross margins in the Manufacturing segment to improve with anticipated volume increases. Gross margins within the Brands segment were also lower in 2015 than in 2014. This was largely due to the impact of the new contract with Gialen in China which accounted for half of Brands revenues during 2015. The margins on the Lubatti range for China are generally lower than in standard distribution agreements owing to the contractual volumes involved, and additional costs were incurred in 2015 discharging our contractual obligations, some of which we do not anticipate recurring at the same level. The acquisition of Periproducts, which achieved gross margins of 60% in 2015, is expected to have a meaningful impact on Group margins.

Administrative costs (pre-exceptional items) increased in 2015 to £4.5 million (2014: £3.9 million).

The increase of £0.6 million was in part due to incurring a full year of overhead costs, compared with nine months in 2014, and in part due to an increase in business development expenditure as we invested in our sales teams in the UK and Italy to drive revenue.

Loss before tax, amortisation and exceptional costs in 2015 was £0.73 million (2014: loss of £0.59 million). We use loss before tax, amortisation and exceptional costs as one of our key performance indicators as the Group currently recognises a charge each year of £0.6 million within amortisation of intangibles in relation to the amortisation of the intangible assets acquired with the Biokosmes acquisition. These intangible assets were valued at £2.8 million at the time of the acquisition in March 2014 and are being amortised over five years such that by March 2019 they will be fully amortised.

Operating losses totalled £1.7 million (2014: loss of £1.6 million) with losses after tax of £1.8 million (2014: loss of £1.6 million). These translated into a loss per share of 5.1p compared with a loss per share of 6.0p in 2014, with the improvement arising from the average number of shares in issue in 2015 being higher than the average number in 2014. The number of shares in issue at 31 December 2015 was 34,403,534 (31 December 2014: 34,403,534).

Statement of Financial Position

Property, plant and equipment increased owing to investment of £0.3 million (2014: £0.24 million) in new equipment in the Manufacturing business during the year. The net working capital balance at 31 December 2015 remained broadly similar to the net working capital balance at 31 December 2014 as the Group continued to maintain a focus on cash management. Total assets of £21.9 million at 31 December 2015 were £2.1 million lower than at 31 December 2014, largely owing to the reduction in Group cash balances.

Cash and debt

Cash and cash equivalents at year end totalled £2.9 million (2014: £4.9 million). Net cash out flow during 2015 amounted to £2.0 million with the reduction in cash balances accounted for as follows:

- Operating cash flow before movements in working capital - outflow of £0.9 million;
- Tax paid - outflow of £0.2 million;
- Net movement in working capital - nil;
- Investment in manufacturing facility - outflow of £0.3 million;
- Investment in intangible assets - outflow of £0.3 million;
- Net movements in loans - outflow of £0.3 million.

Net levels of interest-bearing debt decreased from £3.9 million at 31 December 2014 to £3.3 million at 31 December 2015. £0.3 million of historical debt in the Manufacturing business, which was refinanced during 2014, was repaid as planned in Q2 2015 and a new loan was secured to fund the acquisition of filling equipment to support a new customer contract. This loan, amounting to £0.2 million, is due to be repaid quarterly over three years, starting in June 2016. Other factors influencing the decrease in interest bearing debt include the repayment of other short-term debt and the sterling value of euro denominated debt. The holders of the vendor loan notes issued in connection with the acquisition of Biokosmes in March 2014 agreed, in the lead up to the Periproducts acquisition in March 2016, to a deferral of the repayment date of the vendor loan notes to July 2017.

Dividend

The Group paid a dividend in 2015 of 0.04p per share (2014: 0.04p per share) and is recommending a dividend of 0.04p per share be paid to shareholders in 2016.

Exceptional items

The Group incurred exceptional costs of £0.25 million in 2015 (2014: £0.45 million). Costs incurred relate to acquisition opportunities reviewed by the Group during the year, including the acquisition of Periproducts Limited which completed following the balance sheet date. Exceptional costs incurred in 2014 included £0.4 million in respect of the Group's admission to AIM and £0.05 million in connection with the acquisition of Biokosmes.

Events subsequent to the balance sheet date

The acquisition of Periproducts Limited completed on 4 March 2016. Consideration payable for the entire issued share capital and the net current assets of Periproducts is expected to total in the region of £5.8 million. The acquisition was funded in part with existing cash, and also through the issue of 2,428,572 new ordinary shares which raised £1.7 million (gross), and by the issue of three year 9% convertible bonds, raising £1.9 million (gross). The Group has started the formal process of identifying and establishing the fair values of assets and liabilities acquired, and the accounting treatment of the acquisition will be set out in the Group's interim results for the six months to June 30 2016, expected to be published in September 2016.

James Hunter
Chief Financial Officer

3 May 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Revenue	2	9,077	7,189
Cost of sales		(6,073)	(4,535)
Gross profit		**3,004**	**2,654**
Administrative expenses			
Operating expenses		(3,853)	(3,373)
Amortisation of intangible assets		(658)	(508)
Total administrative expenses		**(4,511)**	**(3,881)**
Other income		59	58
Operating loss before exceptional items		**(1,448)**	**(1,169)**
Exceptional items	3	(246)	(449)
Operating loss		**(1,694)**	**(1,618)**
Finance income		152	156
Finance costs		(95)	(81)
Loss before tax		**(1,637)**	**(1,543)**
Tax	4	(124)	(27)
Loss for the year		**(1,761)**	**(1,570)**
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		(119)	(85)
Total comprehensive loss for the year attributable to equity holders of the parent		**(1,880)**	**(1,655)**

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 (5.12)
(6.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		At 31 December 2015	**At 31 December 2014**
Assets	Notes	**£'000**	**£'000**
Non-current assets			
Intangible assets	7	12,527	12,982
Property, plant and equipment		1,120	975
		13,647	**13,957**
Current assets			
Inventories		2,235	1,856
Trade and other receivables		3,173	3,257
Taxation		5	52
Cash and cash equivalents		2,857	4,933
		8,270	**10,098**
Total Assets		**21,917**	**24,055**
Equity and Liabilities			
Capital and reserves			
Share capital	8	103	103
Share premium account		11,826	11,826
Merger reserve		7,656	7,656
Foreign currency translation reserve		(204)	(85)
Share based payment reserve		367	318
Retained earnings		(5,946)	(4,171)
Total equity attributable to equity holders of the parent		**13,802**	**15,647**
Liabilities			
Current liabilities			
Trade and other payables		3,718	3,335

Interest bearing borrowings	9	38	580
Vendor loan notes	10	43	47
		3,799	**3,962**
Non-current liabilities			
Interest bearing borrowings	9	1,806	1,723
Vendor loan notes	10	1,373	1,507
Statutory employment provision		586	528
Deferred tax liability		551	688
		4,316	**4,446**
Total Liabilities		**8,115**	**8,408**
Total equity and liabilities		**21,917**	**24,055**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	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 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	10,137	7,606	(39)	-	(150)	-	17,606
IPO and other fund-raising costs recognised through equity	-	(979)	-	-	-	-	-	(979)
Share options charge	-	-	-	-	-	130	-	130
Share settled liability	-	-	-	-	-	-	(12)	(12)
Transactions with shareholders	**52**	**9,158**	**7,606**	**(39)**	**-**	**(20)**	**(12)**	**16,745**
Balance at 1 January 2015	**103**	**11,826**	**7,656**	**-**	**(85)**	**318**	**(4,171)**	**15,647**
Loss for the year	-	-	-	-	-	-	(1,761)	(1,761)
Foreign exchange on translation	-	-	-	-	(119)	-	-	(119)
Total comprehensive	-	-	-	-	**(119)**	-	**(1,761)**	**(1,880)**

expense								
Share options charge	-	-	-	-	-	49	-	49
Dividends	-	-	-	-	-	-	(14)	(14)
Transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**49**	**(14)**	**35**
Balance at 31 December 2015	**103**	**11,826**	**7,656**	**-**	**(204)**	**367**	**(5,946)**	**13,802**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	31 December 2015	31 December 2014
Cash flow from operating activities:	**£'000**	**£'000**
Loss before tax	(1,637)	(1,543)
Finance income	(152)	(156)
Finance expense	95	81
Operating loss	**(1,694)**	**(1,618)**
Adjustments for:		
- Depreciation of property, plant and equipment	171	139
- Amortisation of intangible assets	658	508
- Impairment of available for sale assets	-	36
- Gain on sale of intangible assets	-	(9)
- Gain arising from purchase of PermaPharm AG	-	(39)
- Finance cost	(80)	(81)
- Movement in other provisions	-	(17)
- Share-based payment expense	49	130
Operating cash flow before movements in working capital	**(896)**	**(951)**
Decrease in deferred consideration	-	(2)
Tax paid	(231)	(282)
(Decrease)/increase in inventories	(492)	197
Increase in trade and other receivables	(125)	(236)
Increase/(decrease) in trade and other payables	635	(950)
Net cash used in operating activities	**(1,109)**	**(2,224)**
Cash flow from investing activities		
Interest received	5	156
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	(303)	(243)
Development expenditure in respect of intangible assets	(289)	(346)
Purchases of intangible assets	-	(20)
Proceeds on disposal of tangible asset	16	3
Net cash used in investing activities	**(571)**	**(2,978)**
Cash flow from financing activities		

Proceeds from issuance of ordinary shares	-	9,630
Transaction costs of issue of shares	-	(979)
Movements in interest bearing borrowings	(313)	1,088
Dividends paid	(14)	(12)
Net cash from financing activities	**(327)**	**9,727**
Net (decrease)/increase in cash and cash equivalents	(2,007)	4,525
Net foreign exchange difference	(69)	(45)
Cash and cash equivalents at beginning of period	4,933	453
Cash and cash equivalents at end of period	**2,857**	**4,933**

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 2015 has been extracted from the Group's audited financial statements which were approved by the Board of directors on 3 May 2016 and will be delivered to the Registrar of Companies for England and Wales following the Company's 2016 Annual General Meeting.

The financial information for the year ended 31 December 2014 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 2015 Report and Accounts.

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

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

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

The operations of the Group are segmented as:

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

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

2.1 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 2015			
Revenue			
Sale of goods			
Sale of services	1,067	8,371	9,438
Intercompany sales	-	242	242
elimination	-	(603)	(603)
Total external revenue	1,067	8,010	9,077
Results			
Operating (loss)/profit before exceptional items and excluding central administrative costs	(826)	1,090	264

Year ended 31 December 2014	Brands £'000	Manufacturing £'000	Consolidated Group £'000
Revenue			
Sales of goods	675	6,611	7,286
Sales of services	-	127	127
Intercompany sales elimination	-	(224)	(224)
Total revenue	675	6,514	7,189
Results			
Operating (loss)/profit before exceptional items and excluding central administrative costs	(544)	999	455

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Operating profit before exceptional items and excluding central administrative costs	264	455
Exceptional items	(246)	(449)
Central administrative costs	(1,712)	(1,624)
Finance income	152	156
Finance costs	(95)	(81)
Loss before tax	(1,637)	(1,543)

One customer generated revenue of £2,854,000 which accounted for 10% or more of total revenue (2014: one customer generated revenue of £2,089,000 which accounted for 10% or more of total revenue).

3. Exceptional items

	Year ended 31 December 2015	Year ended 31 December 2014
	£'000	£'000
Expense relating to admission to AIM (a)	-	(404)
Costs incurred in acquisition of Biokosmes (b)	-	(57)
Impairment of available for sale investments (c)	-	(36)
Gains on sales of trademarks (d)	-	9
Gain on purchase of PermaPharm AG	-	39
Costs incurred in acquisition of Periproducts (e)	(246)	-
	(246)	**(449)**

(a) On 28 March 2014 the shares in Venture Life Group plc were admitted to trading on AIM. £404,000 of costs relating to the IPO and fund-raising were expensed during the period.

(b) The Company incurred professional services costs totalling £57,000 (2013: £105,000) during 2014 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 which was impaired fully (£5,000) in 2014.

(d) During 2014 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.

(e) During the period the Group incurred legal and professional fees predominantly in relation to the Periproducts acquisition.

4. Income tax expense

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Current tax		
Current tax on profits for the year	266	216
Adjustments in respect of earlier years	11	(37)
Total current tax expense	277	179
Deferred tax		
Origination and reversal of temporary differences	(153)	(152)
Total deferred tax expense	(153)	(152)
Total income tax expense	**124**	**27**

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 2015 £'000	Year ended 31 December 2014 £'000
Loss before tax	(1,637)	(1,543)
Loss before taxation multiplied by the local tax rate of 20.25% (2014:21.50%)	(331)	(332)
Expenses not deductible for tax purposes	155	269
Research and development tax credit from earlier years	11	(37)
Research and development tax credit for current year	-	(51)
Change in recognised deferred tax liability	(153)	(152)
Change in unrecognised deferred tax asset	359	295
Higher rate on foreign taxes	83	35
Income tax charge	124	27

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

As at the reporting date, the Group has unused tax losses of £5,328,000 (2014: £3,559,000) 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 2015 No.	Year ended 31 December 2014 No.
For basic and diluted EPS calculation	34,403,534	26,130,167

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000

For basic and diluted EPS calculation	(1,761)	(1,570)

The resulting EPS measures are:

	Year ended 31 December 2015	**Year ended 31 December 2014**
	Pence	**Pence**
Basic and diluted EPS calculation	(5.12)	(6.01)

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

6. Dividends

Amounts recognised as distributions to equity holders in the period:

	Year ended 31 December 2015 £'000	**Year ended 31 December 2014 £'000**
Final dividend	14	12

The directors recommend the payment of a dividend of 0.04p per share (2015: 0.04p per share) in 2016 and a resolution will be put to shareholders at the 2016 Annual General Meeting.

7. Intangible assets

	Development costs £'000	**Patents and trademarks £'000**	**Goodwill £'000**	**Other intangible assets £'000**	**Total £'000**
Cost or valuation					
At 1 January 2014	120	504	-	-	624
Additions	1,192	40	9,796	1,995	13,023
Disposals	-	-	-	-	-
Foreign exchange	10	-	-	-	10
At 1 January 2015	**1,322**	**544**	**9,796**	**1,995**	**13,657**
Additions	267	22			289
Disposals	(10)	(110)	-	-	(120)
Foreign exchange	(41)	-	-	-	(41)
At 31 December 2015	**1,538**	**456**	**9,796**	**1,995**	**13,785**
Amortisation					
At 1 January 2014	-	167	-	-	167
Charge for the year	141	68	-	299	508
At 1 January 2015	**141**	**235**	**-**	**299**	**675**
Charge for the	194	65	-	399	658

year					
Disposals	-	(45)	-	-	(45)
Foreign exchange	(30)	-	-	-	(30)
At 31 December 2015	**305**	**255**	**-**	**698**	**1,258**
Carrying amount					
At 31 December 2014	1,181	309	9,796	1,696	12,982
At 31 December 2015	**1,233**	**201**	**9,796**	**1,297**	**12,527**

During the period, trademarks held by the Group were sold for a cash consideration of €100,000. The consideration net of sale costs and value of trademarks held at the point of sale resulted in a nil gain or loss on sale to the Group.

All 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 Srl. 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 2018 and produced annual estimates of profit after tax for the seven year period from 1 January 2019 to 31 December 2025 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 1 January 2016 to 31 December 2018 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. This growth assumption is a key driver of the impairment review. In undertaking the impairment review at 31 December 2015, sensitivity analysis was carried out on the assumptions underpinning the growth forecasts and if growth of the profit after tax for Biokosmes between 1 January 2016 and 31 December 2018 was reduced by 17% (from 75% forecast for this period to 58%), this would result in there being no difference between the discounted value of profit before tax cash flows and intangibles asset value held on the balance sheet.

- The estimates of profit after tax from 1 January 2019 onwards assume that Biokosmes is capable of achieving 5% per annum growth in profit after tax, which the Directors estimate to be a conservative growth rate but appropriate given the nature of the contract manufacturing industry in which of which Biokosmes operates.

- The Group has applied a discount rate to the future cash flows of Biokosmes using a pre-tax weighted average cost of capital of 16%. This assumption is a key driver of the impairment review. In undertaking the impairment review at 31 December 2015, sensitivity analysis was carried out on assumptions underpinning the pre-tax weighted average cost of capital and if the discount rate is increased from 16% to 20%, there would be no difference between the discounted value of profit before tax cash flows and intangibles asset value held on the balance sheet.

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.

8. 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		Share Premium	Merger Reserve
	No.	**£**	**£'000**	**£'000**
At 1 January 2014	**16,961,424**	**50,884**	**2,668**	**50**
New shares issued for cash	10,444,532	31,333	9,158	-
New shares issued for acquisition	6,997,578	20,993	-	7,606
At 31 December 2014	**34,403,534**	**103,210**	**11,826**	**7,656**
At 31 December 2015	**34,403,534**	**103,210**	**11,826**	**7,656**

The Company undertook no share issues during 2015.

9. Interest bearing borrowings

Current	**At 31 December 2015 £'000**	**At 31 December 2014 £'000**
RiBa financing	-	208
Finance lease	1	4
Unsecured bank loans due within one year	37	368
	38	580
Non-current		
Finance lease	-	1
Unsecured bank loans due after one year	1,806	1,722
	1,806	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 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 £nil (2014: £208,000) reflects the amount that had been settled in Biokosmes' account under RiBa as at the reporting date.

Bank loans held at 31 December 2014 with Banca Nazionale del Lavolo ("BNL") of €469,000 were repaid in May 2015. In October 2015 a new bank loan with BNL was drawn down for €300,000 to fund capital investment and is repayable quarterly from June 2016 to September 2020. The new loan is unsecured and there are no covenants attaching to it.

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

	At 31 December	**At 31 December**

Amounts and timing of non-current debt repayable	2015 £'000	2014 £'000
Between 1 January 2016 and 31 December 2016	-	1
Between 1 January 2017 and 31 December 2017	196	156
Between 1 January 2018 and 31 December 2018	934	940
Between 1 January 2019 and 31 December 2019	344	313
Between 1 January 2020 and 31 December 2020	332	313
	1,806	**1,723**

10. Vendor loan notes

Vendor loan notes totalling €2m and which pay an annual coupon of 3% were issued by the Group in March 2014 in connection with the acquisition of Biokosmes. Interest amounting to £11,000 accrued during the period is still payable on these vendor loan notes at the period end. Interest is payable on these vendor loan notes in October and April each year. The agreement covering these vendor loan notes was amended following the balance sheet date such that the latest repayment date of the loan notes was extended from July 2016 to July 2017.

11. Post balance sheet events

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

12. 2015 Annual Report and Accounts and 2016 Annual General Meeting

The Group's Annual Report and Accounts for the year ended 31 December 2015 will be posted to shareholders in early May 2016. 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 22 June 2016 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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