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Venture Life Group PLC
23 March 2017

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

23 March 2017

Final results for the year ended 31 December 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 2016.

Financial highlights

- Revenues up 57% to £14.3 million (2015: £9.1 million)
- Gross profit increased 83% to £5.5 million (2015: £3.0 million), giving a gross margin of 38% (2015: 33%)
- Adjusted EBITDA profit of £0.8 million (2015: loss of £0.6 million)
- First reported year to show positive EBITDA contribution for the Group
- Adjusted loss per share of 1.3p (2015: loss 3.1p)
- Year end cash balance of £2.0 million (2015: £2.9 million)

Commercial highlights

- Acquisition of UltraDEX brand in March 2016, and first International long-term partner deals for the brand
- Successful UltraDEX marketing campaign in UK in October 2016, second campaign in progress in March 2017
- Continued/accelerated roll out of the Lubatti Brand across mainland China
- First long-term distribution agreements for Benecol 'once-a-day' liquid sachets
- Signed thirteen new, long term distribution agreements
- Nine new product launches in market by partners
- Three new products developed - marketing preparation underway ready for their launch in 2017
- New UK Sales Director appointed
- Patent granted in New Zealand for UltraDEX sensitive

Post period highlights

- China - good sales growth seen in H2 2016 and trend continuing into 2017; re-orders received Q1 2017
- Signed two long term distribution agreements, including one on UltraDEX
- Benecol 'once-a-day' liquid sachets gained regulatory approval for sale in its first market - Jordan
- Appointed two new senior commercial executives to strengthen the team, and strengthened the Board through appointment of Adrian Crockett
- Convertible vendor loan note for €2 million from the Biokosmes acquisition - repayment date extended out three years to July 2020
- Dr Mervyn Druian - appointed new ambassador for UltraDEX brand

Commenting on the results, Jerry Randall, Chief Executive Officer of Venture Life, said:
"Venture Life has had a significant year along its path to becoming sustainably profitable. Revenue growth of 57% and our first EBITDA profit demonstrates the focused strategy of the Group is working. Increasing revenues through our business are enhancing margins, and this year the Group has demonstrated its ability to grow successfully through both organic and acquisitive means. First international partner deals on both UltraDex and Benecol 'once-a-day' liquid sachets confirm the appetite for these excellent products, and we continue to expand and strengthen our distribution networks for these and our other brand products. We have strengthened our commercial team and developed three new and innovative products through our on-going R&D efforts, and we look forward to the continued growth and momentum throughout 2017."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR), and was authorised for release by Jerry Randall, Chief Executive Officer.

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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 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.

Investor Webinar

The management of Venture Life will be hosting a webinar for investors at 2.45pm today. The presentation will last approximately 30 minutes and following that, there will be an opportunity for Q&A. You can register for this using the link *https://www.equitydevelopment.co.uk/2017/03/09/venture-life-group-webinar-thursday-23rd-march-3-45pm/*

CHAIR'S STATEMENT

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

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

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

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

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

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

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

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

Dr Lynn Drummond
Non-Executive Chair
22 March 2017

CHIEF EXECUTIVE OFFICER'S STATEMENT

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

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

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

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

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

UltraDEX

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

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

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

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

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

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

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

In the UK, the UltraDEX range is sold directly through the retail pharmacy and grocer channel, including retailers such as Boots, Tesco, Sainsbury's, Waitrose, and, in addition, through online retailers such as Amazon and Ocado. Utilising our extensive network, we see significant potential to penetrate the UK retail channel further and will be focusing on this growth in 2017.

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

Tim Scott

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

Brands Business

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

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

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

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

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

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

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

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

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

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

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

Development and Manufacturing Business
Based in Bosisio Parini, north of Milan, Italy, our 5,500m2 facility is the centre for our development and manufacture of new products. 98% of the products that the Group sold in 2016 were made at the facility, with the exception of NeuroAge and Benecol capsules. The facility produced 11 million finished goods plus 7 million sachets during 2016, a record year. During 2016, as in every year, we invested in the maintenance and upgrade of the facilities to grow capacity and improve margins with more efficient manufacturing operations.

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

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

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

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

> Myco-Clear™ - a topical medical deivce for the treatment of fungal nail infections. With data proving the efficacy, this product will be registered as a medical device Class II. This is an interesting market to enter where existing drug treatments have many side effects and the non-drug treatments suffer with issues of patient compliance and efficacy.

> Photo-ALL™ - a topical medical device for the treatment of drug induced photo-sensitivity. Up to 5% of patients using a wide range of drug treatments (including antibiotics, chemotherapy treatments among others) suffer from inflammation of the skin as a result of the interaction of UVA rays with the drug. A patent in the EU has been granted on this product and it is registered as a Class II medical device, with clinical data supporting efficacy.

> Rosacalma™ - a topical medical device for the treatment of the inflammatory skin condition called rosacea. Current treatments for this condition are typically strong topical drug products, meaning they can only be applied over short timeframes. This novel Class II medical device is backed by clinical data showing efficacy and can be used long-term for the treatment of this condition.

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

Outlook

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

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

Jerry Randall
Chief Executive Officer
22 March 2017

FINANCIAL REVIEW

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

Statement of Comprehensive Income

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

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

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

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

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

Statement of Financial Position

Property, plant and equipment increased as a result of investment of £0.2 million (2015: £0.2 million) in new equipment in the Development and Manufacturing business during the year. The net working capital balance at 31 December 2016 increased from 31 December 2015 due to the increased activity in the year as well as the addition of the UltraDEX brand business. Total assets of £27.3 million at 31 December 2016 were £5.4 million higher than at 31 December 2015, largely owing to goodwill and intangible assets generated by the Periproducts acquisition and the related working capital balances of this business.

Cash and debt

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

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

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

Extension of Biokosmes Vendor Loan Note and Related Party Transaction

As disclosed in paragraph 10.2 of Part IX of the Company's Admission Document, in March 2014, Venture Life issued a convertible loan note for €2.0 million to the vendors of Biokosmes in part consideration for the acquisition of the entire issued equity share capital of Biokosmes (the "Biokosmes Vendor Loan Note"), as amended in February 2016, which falls due for redemption on 31 July 2017 (the "Repayment Date"). The vendors of Biokosmes have agreed to extend the Repayment Date of the Biokosmes Vendor Loan Note to 31 July 2020, and in return for extending the maturity of the Biokosmes Vendor Loan Note, the Company has agreed to increase the nominal interest rate from 3% p.a. to 4% p.a., with effect from 1 August 2017 (the "Loan Note Amendment"). All further terms of the Biokosmes Vendor Loan Note remain as described in the Admission Document.

Where a company enters into a related party transaction, under the AIM Rules the independent directors of the company are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable in so far as its shareholders are concerned.

Gianluca Braguti is a director of the Company and has an interest in approximately 7,085,459 Ordinary Shares (representing an interest of approximately 19.24% of the Existing Ordinary Shares). By virtue of Mr Braguti being a Director in addition to his current interests in the Company, he is considered to be a "related party" as defined under the AIM Rules. Mr Braguti is a vendor of Biokosmes, and accordingly his agreement to extend the Initial Repayment Date and to the increase of the annual interest rate of the Biokosmes Vendor Loan Note constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules.

The independent Directors consider, having consulted with the Company's nominated adviser, Panmure Gordon, that the terms of extension of the Biokosmes Vendor Loan Note as agreed by Mr Braguti, being a vendor of Biokosmes, are fair and reasonable insofar as the Company's Shareholders are concerned.

Dividend

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

Dividend Timetable

Subject to shareholder approval at its Annual General Meeting, its proposed final dividend of 0.04 pence per ordinary share related to the financial year ended 31 December 2016 is expected to be paid according to the timetable below:

Ex-dividend date:	25 May 2017
Record date:	26 May 2017
Dividend payment date:	23 June 2017

Exceptional items

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

Acquisition of Periproducts

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

Peter Shepherd

Group Financial Controller & Company Secretary

22 March 2017

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Revenue	2	14,280	9,077
Cost of sales		(8,789)	(6,073)
Gross profit		**5,491**	**3,004**
Administrative expenses			
Operating expenses		(4,979)	(3,853)
Amortisation of intangible assets		(862)	(658)
Total administrative expenses		**(5,841)**	**(4,511)**
Other income		65	59
Operating loss before exceptional items		**(285)**	**(1,448)**
Exceptional costs	3	(180)	(246)
Operating loss		**(465)**	**(1,694)**
Finance income		-	152
Finance costs		(644)	(95)
Loss before tax		**(1,109)**	**(1,637)**
Tax	4	(260)	(124)
Loss for the year		**(1,369)**	**(1,761)**
Other comprehensive income which will not be subsequently reclassified to the income statement		-	-
Other comprehensive income which will be subsequently reclassified to the income/(expense) statement		317	(119)
Total comprehensive loss for the year attributable to equity holders of the parent		**(1,052)**	**(1,880)**

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

Loss per share			
Basic and diluted loss per share (pence)	5	(3.76)	(5.12)
Adjusted loss per share (pence)		(1.28)	(3.06)

Consolidated Statement of Financial Position

	Note	At 31 December 2016 £'000	At 31 December 2015 £'000
ASSETS			
Non-current assets			
Intangible assets	7	16,272	12,527
Property, plant and equipment		1,279	1,120
		17,551	**13,647**
Current assets			
Inventories		3,141	2,235
Trade and other receivables		4,656	3,173
Taxation		-	5
Cash and cash equivalents		1,998	2,857
		9,795	**8,270**
TOTAL ASSETS		**27,346**	**21,917**
EQUITY & LIABILITIES			
Capital and reserves			
Share capital	8	111	103
Share premium account		13,289	11,826
Merger reserve		7,656	7,656
Convertible bond reserve		109	-
Foreign currency translation reserve		113	(204)
Share-based payments reserve		409	367
Retained earnings		(7,329)	(5,946)
Total equity attributable to equity holders of the parent		**14,358**	**13,802**
Liabilities			
Current liabilities			
Trade and other payables		4,347	3,718
Taxation		195	-
Interest bearing borrowings	9	687	38
Convertible bond	10	171	-
Vendor loan notes	11	54	43
		5,454	**3,799**
Non-current liabilities			
Interest bearing borrowings	9	2,986	1,806
Convertible bond	10	1,546	-
Vendor loan notes	11	1,700	1,373
Statutory employment provision		795	586
Deferred tax liability		507	551
		7,534	**4,316**
Total liabilities		**12,988**	**8,115**
TOTAL EQUITY & LIABILITIES		**27,346**	**21,917**

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Share capital	Share premium account	Merger reserve	Convertible bond reserve	Foreign currency translation	Share-based payments reserve	Retained earnings	Total equity

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

Consolidated Statement of Cash Flows for the year ended 31 December 2016

	31 December 2016	31 December 2015
Cash flow from operating activities:	**£'000**	**£'000**
Loss before tax	(1,109)	(1,637)
Finance income	-	(152)
Finance expense	644	95
Operating loss	**(465)**	**(1,694)**
Adjustments for:		
- Depreciation of property, plant and equipment	176	171

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2016

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 2016 has been extracted from the Group's audited financial statements which were approved by the Board of directors on 22 March 2017 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 2016 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 2016 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.

2.1 Segment revenue and results

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

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

	Brands £'000	Development and Manufacturing £'000	Consolidated Group £'000
Year ended 31 December 2015			
Revenue			
Sale of goods	1,067	8,371	9,438
Sale of services	-	242	242
Intercompany sales elimination	-	(603)	(603)
Total external revenue	**1,067**	**8,010**	**9,077**
Results			
Operating (loss)/profit before exceptional items and excluding central administrative costs	**(826)**	**1,090**	**264**

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

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

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

2.2 Segmental assets and liabilities

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

2.3 Other segmental information

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

2.4 Geographical information

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

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

3. Exceptional items

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

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

4. Income tax expense

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

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

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

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

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

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 2016	Year ended 31 December 2015
	No.	**No.**
For basic and diluted EPS calculation	**36,409,340**	34,403,534

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

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	**£'000**
For basic and diluted EPS calculation	**(1,369)**	(1,761)
For adjusted EPS calculation *	**(465)**	(1,054)

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

The resulting EPS measures are:

	Year ended 31 December 2016	Year ended 31 December 2015
	Pence	**Pence**
Basic and diluted EPS calculation	**(3.76)**	(5.12)
Adjusted EPS calculation	**(1.28)**	(3.06)

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

6. Dividends

Amounts recognised as distributions to equity holders in the period:

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

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

7. Intangible assets

	Development costs £'000	Patents and trademarks £'000	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost or valuation:					
At 1 January 2015	**1,322**	**544**	**9,796**	**1,995**	**13,657**
Additions	267	22	-	-	289
Disposals	(10)	(110)	-	-	(120)

Foreign exchange	(41)	-	-	-	(41)
At 1 January 2016	**1,538**	**456**	**9,796**	**1,995**	**13,785**
Additions	231	424	3,337	546	4,538
Disposals	(34)	(46)	-	-	(80)
Foreign exchange	139	-	-	-	139
At 31 December 2016	**1,874**	**834**	**13,133**	**2,541**	**18,382**
Amortisation:					
At 1 January 2015	**141**	**235**	**-**	**299**	**675**
Charge for the year	194	65	-	399	658
Disposals	-	(45)	-	-	(45)
Foreign exchange	(30)	-	-	-	(30)
At 1 January 2016	**305**	**255**	**-**	**698**	**1,258**
Charge for the year	248	124	-	490	862
Disposals	-	(48)	-	-	(48)
Foreign exchange	38		-	-	38
At 31 December 2016	**591**	**331**	**-**	**1,188**	**2,110**
Carrying amount:					
At 31 December 2015	1,233	201	9,796	1,297	12,527
At 31 December 2016	**1,283**	**503**	**13,133**	**1,353**	**16,272**

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

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

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

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

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

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

- The estimates of profit after tax from 1 January 2020 onwards assume that Biokosmes is capable of achieving 5% per annum growth in profit after tax, which the Directors estimate to be a conservative growth rate but appropriate given the nature of the contract manufacturing industry in which of which Biokosmes operates.
- The Group has applied a discount rate to the future cash flows of Biokosmes using a pre-tax weighted average cost of capital of 15%. This assumption is a key driver of the impairment review. In undertaking the impairment review at 31 December 2016, sensitivity analysis was carried out on assumptions underpinning the pre-tax weighted average cost of capital and if the discount rate is increased from 15% to 19%, there would be no difference between the discounted value of profit before tax cash flows and intangibles asset value held on the balance sheet.

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

These estimates and judgements 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	Ordinary shares of 0.3p each	Share Premium	Merger Reserve
	No.	£	£'000	£'000
At 1 January 2016	**34,403,534**	**103,210**	**11,826**	**7,656**
New shares issued for cash	2,428,572	7,286	1,463	-
New shares issued to settle a liability	5,000	15	-	-
At 31 December 2016	**36,837,106**	**110,511**	**13,289**	**7,656**

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

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

9. Interest bearing borrowings

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

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

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

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

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

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

10. Convertible bond

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

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

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

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

11. Vendor loan notes

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

12. 2016 Annual Report and Accounts and 2017 Annual General Meeting

The Group's Annual Report and Accounts for the year ended 31 December 2016 will be posted to shareholders in early April 2017. 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 23 May 2017 at 10.30am 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.