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Venn Life Sciences
Think Research

Annual Report
of
Venn Life Sciences Holdings Plc
(formerly known as Armscote Investment Company Plc)
for the year ended 31 December 2012

Comprehensive Clinical Trial Management Services for
Pharmaceutical, Biotechnology and Medical Device Companies

Venn Life Sciences Holdings Plc

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Venn Life Sciences Holdings Plc

Company Information

Directors	David Evans (Chairman) Anthony Richardson (Chief Executive Officer) Paul Foulger (Finance Director) Michael Ryan (Non-Executive Director) Paul Kennedy (Non-Executive Director)
Company Secretary	Paul Foulger
Registered office.	14 Kinnerton Place South London SW1X 8EH
Head office	19 Railway Road Dalkey Dublin, Ireland
Place of incorporation:	England and Wales (Company number – 07514939)
Auditors	Jeffreys Henry LLP Finsgate 5 – 7 Cranwood Street London EC1V 9EE
Nominated Advisor and Broker	Zeus Capital Limited 3 Ralli Court West Riverside Manchester M3 5FT
Solicitors to the Company	BPE Solicitors LLP St James' House St James' Square Cheltenham GL50 3PR
Registrars	SLC Registrars Limited Thames House Portsmouth Road Esher Surrey KT10 9AD
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Public relations:	Walbrook PR Limited 4 Lombard Street London EC3V 9HD

Venn Life Sciences Holdings Plc

Chairman's Statement
For the year ended 31 December 2012

Dear Fellow Shareholder,

On the 14th December 2012, the combination of Armscote Investment Company PLC ("Armscote") and certain trading subsidiaries of Venn Life Sciences ("Venn") was completed, and the shares of the company were formally admitted to trading on AIM In advance of Admission, I was asked to lead a newly constructed board, a challenge I was delighted to take up

Venn is committed to growing its business organically and through acquisition The admission to AIM and the associated investor support represents an exciting opportunity and provides the ideal platform on which management can execute its strategy

I have outlined below the key areas for development in the business

Core business & organic growth
The financial results to December are reflective of the small business base that existed at that point Venn ended 2012 with clinical operations in three main locations, Netherlands, France and Switzerland Key to the delivery of organic growth is the development of additional locations and capabilities and it is pleasing to note that since the year-end the Company has added offices in Russia and the United Kingdom As part of the fundraising process on Admission, we communicated to investors that we would invest in business development and strengthen our operations team with seasoned industry recruits These investments should underpin both the existing business and provide the operational capability to handle acquired businesses In April 2013, we announced some key appointments to the senior management team and they have been provided with the necessary investment in the areas of business development and operations infrastructure

Acquisitions
Acquisitions represent a key growth opportunity for Venn, principally we are looking for opportunities in Europe that bring complementary geographies and services To deliver meaningful value for shareholders it is critical that we transact at appropriate multiples of revenue and profitability Management has laid down what it believes to be reasonable parameters within which it makes sense to transact and is developing a pipeline of opportunities both from existing contacts and through engagement with a specialist M&A advisory group Management has identified a number of acquisition opportunities that meet its criteria and which are currently under consideration

Innovation
During pre-admission presentations and in our Admission document, we highlighted to investors the opportunity to deliver enhanced shareholder value through the exploitation of Venn's capabilities and network in generating opportunities to participate in the upside associated with the successful development and delivery of new medical technologies, particularly in the medical device arena It is important to stress to shareholders that we are not investing core capital, or indeed capital raising for the purposes of investment in this area

To capitalise on this opportunity we have developed and launched InnoVenn, a separate innovation division within the Venn Group InnoVenn will engage in opportunities where technologies are advanced in their development, where we can clearly add significant value, where the commercial opportunity has been assessed with reasonable certainty and where we believe the upside to be significant for Venn There are a number of propositions being explored, some opportunistic, some a function of our network and some being co-development opportunities with new and existing clients

Overall the market Admission and capital funding underpins the next phase in Venn's development The board is committed to delivering shareholder value through the development and growth of the core CRO business, and additional value through smart participation in successful technologies

Paul Foulger
Director
13 June 2013

Chief Executive's Review
For the year ended 31 December 2012

Group Structure and Acquired Entities
Prior to completion of the reverse acquisition of Venn Life Sciences by Armscote Investment Company Plc on 14th December 2012, the board of Venn undertook a group re-organisation The objectives of the re-organisation were to simplify the Group structure, reduce administrative and compliance burdens and focus on the entities and jurisdictions with the highest concentration of activity The Netherlands was selected as the Group's centre of clinical operations and oversight and the UK as the centre for corporate activity This re-organisation resulted in the cessation of an entity in Switzerland and a streamlining of a number of operating entities in France The resulting impact of this re-organisation on Group results for 2012 is that not all Venn entities that were operating during 2012 are included in the annual report, only the ones acquired by Armscote, therefore the reported P&L performance reflects a lower level of sales and activity than actually occurred

With effect from the date of Admission, all business contracts and activities were moved from ceased entities into Venn Netherlands, thus from that date forward reported financial performance will include the results for all areas of activity

The results for 2012 are further complicated by the reverse accounting requirements associated with the acquisition The Balance Sheet as at 31 December 2012 reflects the combined Armscote and Venn entities and the Comprehensive Income Statement for the year to 31 December 2012 includes full year results for the acquired Venn entities plus Armscote from 14th December 2012 to 31 December 2012

Results and Commentary
Revenues from the acquired Venn entities amounted to €2 68m for the year (2011 €3 44m) with an EBITDA, before exceptional items, loss for the year of €0 53m (2011 loss of €0 83m) There were exceptional costs of €0 55m, principally transaction and related costs, resulting in an overall loss before tax for the year of €1 15m (2011 profit €1 24m) It is worth noting that the 2011 results include a €2 11m exceptional gain, being an intercompany write-back relating to the corporate restructuring

Our principal operating cost is personnel, during 2012 we had an average of 55 employees A critical driver of profitability in our industry is the proportion of billable to non-billable resources in the company During 2012, our non-billable headcount was 30%+ which is considered high by industry standards but reflects the development stage that Venn is at A key objective and profit driver for 2013 is to reduce this proportion to below 20%, this will principally be achieved through the recruitment of additional billable clinical resources to satisfy new business wins The administrative and support base is now fully complete to deal with the current business, new business and acquisition activity

The consolidated balance sheet as at 31 December 2012 had total assets of €4 4m, €2 9m of which was represented by cash and cash equivalents

Plans and Outlook
Our primary motivation for listing our shares was to secure what I believe to be the ideal platform on which to grow a business in our sector The transparency, strong governance and regulation associated with a public listing, gives clients a high level of confidence to award business to Venn Access to capital will provide the means to secure some growth through acquisition and the public profile will allow us to showcase our business

There are key areas on which we must deliver during 2013 and beyond The first is investing in the existing business base and delivering significant organic growth We committed to investing a portion of new capital in organic activities – business development, key hires, operating infrastructure and some expansion of the existing geographic footprint In the first months of 2013 I believe we have made progress in all of these areas We have bolstered the operations team, broadened the footprint into Russia and the UK, invested in business development hires and activities and readied the organisation for growth

We have communicated to shareholders our belief that the completion of one or more acquisitions would help accelerate the growth of the business To this end, we are actively pursuing an acquisition strategy We have profiled ideal targets, established transaction parameters and engaged with live opportunities To supplement our efforts we have engaged with a specialist M&A advisory group to help ensure that we can secure what we regard as "value" transactions

Finally I am excited about the launch of InnoVenn, an initiative through I believe we can deliver some exponential value for shareholders

Paul Foulger
Director
13 June 2013

Venn Life Sciences Holdings Plc

The Board

David Evans, Non-Executive Chairman (aged 53)
David Evans has a proven track record in acquiring, integrating and growing businesses in the diagnostic area and in value creation, exemplified by his role at BBI Holdings plc where he grew the company through acquisition and organic growth, from a value of £4 million to a value of £84 million in 2007, when BBI was sold to Inverness Medical Innovations Inc He was Chairman of DxS Limited, which was sold in 2009 David is Chairman of various listed companies including Epistem Holdings plc, Scancell Holdings Plc, Omega Diagnostics Group Plc, EKF Diagnostics Holdings Plc, Healthcare Investment Opportunities Plc and number of private companies

Anthony Richardson, Chief Executive Officer (aged 48)
Tony Richardson is a Fellow of the Association of Chartered Certified Accountants He co-founded Alltracel Pharmaceuticals Plc in 1996 and acted as CFO for the company until 2004 at which stage he assumed the role of CEO During his tenure as CEO Alltracel headcount increased from twenty to two hundred and fifty and revenues increased from €3 million to €33 million Alltracel listed on AIM in 2001 and successfully used this platform to complete and integrate two acquisitions in the area of Oral Health before a trade sale in 2008 to Hemcon Medical Technologies Inc Tony joined Venn Life Sciences in 2007 as Non-Executive Chairman In 2010 he assumed the role of CEO and in that year Venn completed two acquisitions that provided the basis for the current business He is an alumnus of Stanford University where he completed an executive program in Leadership for Growth

Paul Foulger, Finance Director (part time) (aged 43)
Paul is a qualified Chartered Certified accountant with extensive public and private company experience having been finance director at First Africa Oil plc, Cielo Holdings plc, Elsevier Science, Orogen Gold plc and Porta Communications plc, amongst others He jointly led a management buy-out of financial communications group, Hansard in 2004 More recently Paul was Finance Director for EKF Diagnostics Holdings Plc until September 2011 and remains in an active role as Company Secretary He currently holds several other directorships including Arcis Biotechnology Limited and Autoclenz Limited Paul holds an MBA from Warwick Business School

Michael Ryan, Non-Executive Director (aged 54)
Mike has a B Eng (Hons), Master Industrial Eng (1st Hons), spent 7 years working with major OEMs in Ireland and has 4 years' experience with the Irish Trade Board He was a founding partner and major shareholder in Excal AB from 2000 until 2011 Mike headed a group of investors who bought Artema Medical AB in Stockholm, the global leaders in the development, supply and marketing of medical breathing gas analysers and related accessories Mike is on the board of a number of other companies and in 2010 co-founded Irrus Investments, the first angel investment syndicate in Ireland

Paul Kennedy, Non-Executive Director (aged 68)
Paul has an extensive career in the pharmaceutical industry having been President of Novo Nordisk France for 15 years and before that working as a Marketing Director for seven years at Abbot France and Boots, both in the UK and France Having left Novo Nordisk in 1994, Paul set up his own pharmaceutical company, Laboratoires Murat, which was purchased by a Nasdaq listed drug delivery company three years later From 1999 to 2004 Paul worked as an Independent Consultant in the pharmaceutical industry where he continued to build on his M&A experience by advising on a series of transactions, including the sale of Ethypharm for €235m In 2004 Paul became President of International Operations at AIM listed medical diagnostics company Cozart plc, establishing their international organisation from a standing start In 2007 Paul became a controlling shareholder and Director of US listed IVAX Diagnostics, Inc, which was subsequently sold to India's largest diagnostics company, in September 2010

Venn Life Sciences Holdings Plc

Report of the Directors
For the year ended 31 December 2012

The Directors have pleasure in submitting this report together with the audited financial statements of Venn Life Sciences Holdings Plc for the year ended 31 December 2012 On 6 December 2012 the Company changed its name from Armscote Investment Company Plc to Venn Life Sciences Holdings Plc

Directors
The Directors who held office during the year and as at the date of signing the financial statements were as follows

David Evans	(Appointed 14 December 2012)
Anthony Richardson	(Appointed 14 December 2012)
Paul Foulger	
Michael Ryan	(Appointed 14 December 2012)
Paul Kennedy	(Appointed 14 March 2013)
Adam Reynolds	(Resigned 14 December 2012)

Principal activities
On 14 December 2012 the principal activity of the Group changed from that of investment holding company to that Clinical Research Organisation (CRO) providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations

Business and financial review
The Board of Directors judge the Company's financial performance by reference to the internal budget which it establishes at the beginning of each financial year A comprehensive review of the year is given in the Chairman's Statement on page 2 and the Chief Executive's review on page 3

The Group presents an opportunity to combine a number of small European clinical research organisations (CRO) to build a mid-sized CRO focussed on the European market, offering customers a full service, multi-centred capability in Phase II – IV trials and across a range of principle disease areas Conducting trials across Europe is challenging for any customers due to linguistics, cultural, logistical and regulatory differences Venn Group is perfectly positioned to deal with these differences

Future outlook
The Chairman's Statement on page 2 and the Chief Executive's Review on page 3 give information on the future outlook of the Group

Key Performance Indicators (KPIs)
The key performance indicators currently used by the Group are revenue, adjusted EBITDA and cash resources The Group intends to establish other key performance indicators in due course once the Group has matured sufficiently The Group does not use and does not at present intend to use non-financial key performance indicators

Principal risks and uncertainties
The Directors continually identify, monitor and manage the risks and uncertainties of the Group Risk is inherent in all businesses Set out below are certain risk factors which could have an impact on the Group's long-term performance and mitigating factors adopted to alleviate these risks This list does not purport to be an exhaustive summary of the risks affecting the Group

Management and employees
The Group's future success will be dependent on key employees and their on-going relationships with customers It is believed that the Group is of a size that no one individual represents a significant risk to the Group The Group also encourages customer contacts to be maintained by more than one individual Key staff are incentivised through a mixture of sales commission and profit related bonuses Main Board Directors are incentivised as detailed in the Directors' Remuneration Report

Political risk
The Group's strategy of establishing itself across European countries could potentially have an effect if there is any political instability in those countries

Regulatory risk
There can be no guarantee that any of the Group's services will be able to obtain or maintain the necessary regulatory approvals in any or all of the territories in respect of which applications for such approvals are made Where regulatory approvals are obtained, there can be no guarantee that the conditions attached to such approvals will not be considered too onerous by the Group or its partners in order to be able to market their products effectively The Group seeks to reduce this risk by developing products using safe, well-characterised active compounds with known risk profiles, by seeking advice from regulatory advisers, consultations with regulatory approval bodies and by working with experienced distribution partners

Competition risk
The Group's current and future potential competitors include, amongst others, major multinational pharmaceutical and healthcare companies with substantially greater resources than those of the Group There can be no assurance that competitors will not succeed in developing systems and products that are more effective or economic than any of those developed by the Group, with its partners, or which would render the partners' products obsolete or otherwise non-competitive The Group seeks to reduce this risk by ensuring that a professional and better standard service is provided to its partners for registering their products, maintaining confidentiality agreements and selecting leading businesses in their respective fields as partners capable of addressing significant competition, should it arise

Effect of foreign currency
The Group in general does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency In most cases substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by overseas costs In respect of the translation of foreign currency assets, the Group endeavours to match a significant amount of foreign currency assets by funding overseas operations through borrowings or loans denominated in the local currency

Financial risk management
The Group has instigated certain financial risk management policies and procedures which are set out in note 3 to the financial statements

Going concern
The Directors have considered the applicability of the going concern basis in the preparation of these financial statements This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance that the Group should be able to operate within the level of its current funding arrangements

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future The Group therefore continues to adopt the going concern basis of preparation for its consolidated financial statements

Creditors' payment policy
It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individual negotiated contracts) and for payment to be made in accordance with these terms provided the supplier has complied with its obligations The average number of day's credit taken by the Group as at 31 December 2012 was 47 days (2011 25 days)

Environment
The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment

Employees
The Group places value on the involvement of its employees and they are regularly briefed on the Group's activities The Group closely monitors staff attrition rates which it seeks to maintain at current low levels and aims to structure staff compensation levels at competitive rates in order to attract and retain high calibre personnel

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the specific aptitudes of the applicant involved It is the policy of the Group that the training, career development and promotion of disabled persons, as far as possible, be identical with that of other employees

Directors' interests

The interests of those Directors serving at 31 December 2012 and as at the date of signing of these financial statements, all of which are beneficial, in the share capital of the Company were as follows

	On 31 December 2012 Ordinary Shares of 0.1p each	On 1 January 2012 Ordinary Shares of 0.1p each or on appointment if later
David Evans	79,033	79,033
Anthony Richardson	621,667	621,667
Paul Foulger	416,666	216,667
Michael Ryan	273,258	273,258

Substantial shareholdings

As at 16 May 2013, the following interests in 3% or more of the issued Ordinary Share capital had been notified to the Company

Shareholder	Number of shares	Percentage of issued share capital
David Newton	2,517,264	12 52%
William Fleming Approved Retirement Fund	1,708,564	8 50%
Killik & Co LLP	676,082	3 36%
Anthony Richardson	621,667	3 09%

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the Company's website (www vennlifesciences com) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Report of the Directors (continued)
For the year ended 31 December 2012

Directors' liability insurance

The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as Director of the Company and of any Company in the Group Those indemnities are qualifying third party indemnity provisions for the purposes of Section 234 of the Companies Act 2006 and have been in force during the whole of the financial year and up to the date of approval of the financial statements

Auditors

Jeffrey Henry LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Disclosure of information to the Auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Corporate governance

The Company's statement of corporate governance can be found in the Corporate Governance Report on page 9 of these financial statements The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference

Annual General Meeting

The resolutions to be proposed at the forthcoming Annual General Meeting are set out in the formal notice of the meeting, as set out on page 43

Recommendation

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and it is unanimously recommended that shareholders support these proposals as the Board intends to do in respect of their own holdings

The Directors' report was approved by the Board on 13 June 2013 and signed on its behalf by

Paul Foulger
Finance Director and Company Secretary

Corporate Governance Statement
For the year ended 31 December 2012

Compliance
The Directors recognise the value of the principles of the UK Corporate Governance Code (the Code) Although, as an AIM Company, compliance with the Code is not required, the Group seeks to apply the Code where practicable and appropriate for a Company of its size

The following statement describes how the Group seeks to address the principles underlying the Code

Board composition and responsibility
The Board currently comprises a non-executive Chairman, two executive Directors and two non-executive Directors The Board notes that the Combined Code guidance recommends that at least half the Board should comprise independent non-executive Directors The Board has determined that David Evans, Michael Ryan, and Paul Kennedy are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement The Board is satisfied with the balance between executive and non-executive Directors which allows it to exercise objectivity in decision making and proper control of the Group's business The Board considers its composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between executives and non-executives Due to the structure of the Company it is considered that it is not appropriate to change the successful Board composition at present

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and are subject to re-election at least every three years Non-executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under section 168 of the Companies Act 2006 The Board does not automatically re-nominate non-executive Directors for election by shareholders The terms of appointment of the non-executive Directors can be obtained by request to the Company Secretary

The Board's primary objective is to focus on adding value to the assets of the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions The implementation of Board decisions and day to day operations of the Group are delegated to Management

Board meetings
Since the formation of the new Group, three Board meetings have taken place, all the Directors attended the meeting

Audit and Risk Committee
This comprises Paul Kennedy as Chairman and David Evans as the other member of the committee Paul Kennedy is an independent Director and has recent and relevant finance experience The principal duties of the committee are to review the half-yearly and annual financial statements before their submission to the Board and to consider any matters raised by the auditors The Committee also reviews the independence and objectivity of the auditors The terms of reference of the Committee reflect current best practice, including authority to

- Recommend the appointment, re-appointment and removal of the external auditors,
- Ensure the objectivity and independence of the auditors including occasions when non-audit services are provided, and
- Ensure appropriate 'whistle-blowing' arrangements are in place

The Chairman may seek information from any employee of the Group and obtain external professional advice at the expense of the Company if considered necessary Due to the relatively low number of personnel employed within the Group, the nature of the business and the current control and review systems in place, the Board has decided not to establish a separate internal audit department

Remuneration Committee
The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors No Director is involved in deciding his own remuneration

Corporate Governance Statement (continued)
For the year ended 31 December 2012

This committee comprises Michael Ryan as Chairman and David Evans as the other member of the committee The committee considers the employment and performance of individual executive Directors and determine their terms of service and remuneration It also has authority to grant options under the Company's Executive Share Option Scheme

The Committee intends to meet at least twice a year There is a division of responsibilities between the Non-Executive Chairman, who is responsible for the overall strategy of the Group, and the CEO, who is responsible for implementing the strategy and day to day running of the Group He is assisted by the Finance Director

Board appointments
The Nomination Committee comprises David Evans as Chairman and Mike Ryan and Paul Kennedy as the other members of the committee It identifies and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise The Nomination Committee intends to meet at least twice a year

Internal control
The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets

The Group, in administering its business has put in place strict authorisation, approval and control levels within which senior management operates These controls reflect the Group's organisational structure and business objectives The control system includes clear lines of accountability and covers all areas of the organisation The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks

Internal financial reporting
The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that the on-going financial performance is measured in a timely and correct manner and that risks are identified as early as is practicably possible There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year They are reviewed and approved by the Board, and revised forecasts are prepared on a regular basis

Relations with shareholders
The Company reports to shareholders twice a year The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 clear days before the meeting Each substantially separate issue is the subject of a separate resolution and all shareholders have the opportunity to put questions to the Board at the Annual General Meeting The Chairman of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting

The Chairman and the non-executive Directors intend to maintain a good and continuing understanding of the objectives and views of the shareholders

Corporate social responsibility
The Board recognises that it has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices

Report of the Remuneration Committee
For the year ended 31 December 2012

Statement of compliance
This report does not constitute a Directors Remuneration Report in accordance with the Directors Remuneration Regulations 2007 which do not apply to the Company as it is not fully listed This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director

Policy on Executive Directors' remuneration
Remuneration packages are designed to motivate and retain executive Directors to ensure the continued development of the Company and to reward them for enhancing value to shareholders The main elements of the remuneration package for executive Directors are basic salary or fees, performance related bonuses, benefits and share option incentives

Directors' remuneration
The remuneration of the Directors for the year ended 31 December 2012 is shown below

	Salary and fees	Benefits in kind	Bonus	2012	2011
	€'000	€'000	€'000	€'000	€'000
Non-Executive Directors					
David Evans (1)	4	-	25	29	-
Michael Ryan (2)	2	-	-	2	-
Adam Reynolds (4) (resigned on 14 December 2012)	17	-	15	32	6
	23	**-**	**40**	**63**	**6**
Executive Directors					
Anthony Richardson (3)	25	2	15	42	27
Paul Foulger (5)	15	-	15	30	5
	40	**2**	**30**	**72**	**32**
Total fees and emoluments	**63**	**2**	**70**	**135**	**38**

(1) David Evans' remuneration is normally paid through his personal consultancy, MBA Consultancy David's remuneration started from 1 December 2012
(2) Michael Ryan's remuneration started from 1 December 2012
(3) Anthony Richardson's remuneration is for the full year for both years Before the admission, Anthony sacrificed his salary by €80,000 and €90,000 in 2012 and 2011 respectively
(4) Adam Reynolds' remuneration was paid through either Hub Capital Partners LLP or Diablo Consulting Limited, both entities he has an interest in Adam's remuneration is for the full year in 2012 and 2011 irrespective of the reverse acquisition Adam resigned on 14 December 2012 and £5,000 was paid to him for loss of office
(5) Paul Foulger's remuneration was paid through Diablo Consulting Limited, a company in which he has a joint interest with Adam Reynolds Paul's remuneration is for the full year in 2012 and 2011 irrespective of the reverse acquisition

Directors' share options
As at 31 December 2012 no options were granted to the Directors It is the Board's intention to incentivise the Directors in due course

Venn Life Sciences Holdings Plc

Independent Auditor's Report to the Members of Venn Life Sciences Holdings Plc For the year ended 31 December 2012

We have audited the Group and Parent Company financial statements (the "financial statements") of Venn Life Sciences Holdings Plc for the year ended 31 December 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Chairman's Statement, Chief Executive Review, Statement of Corporate Governance and the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2012 and of the Group's profit and Group's and parent Company's cash flows for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Sanjay Parmar (Senior Statutory Auditor)
for and on behalf Jeffreys Henry LLP
Chartered Accountants and Statutory Auditors
London
13 June 2013

Venn Life Sciences Holdings Plc

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Continuing operations			
Revenue	5	2,680	3,439
Administrative expenses	6, 7	(3,804)	(2,192)
Operating (loss)/profit		(1,124)	1,247
Depreciation and amortisation	6	(43)	(31)
Exceptional items	7	(556)	2,109
EBITDA before exceptional items	5	(525)	(831)
Finance income	12	3	5
Finance costs	12	(29)	(15)
(Loss)/profit before income tax		(1,150)	1,237
Income tax charge	13	(22)	(26)
(Loss)/profit for the year		(1,172)	1,211
Total comprehensive (loss)/income for the year		(1,172)	1,211
(Loss)/earnings per ordinary share	14	€	€
Basic and diluted		(0.12)	0.13

All amounts for the year are attributable to the equity holders of the parent

The notes on pages 17 to 42 are an integral part of these consolidated financial statements

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account

The loss for the parent Company for the year was €393,000 (2011 €166,000)

Venn Life Sciences Holdings Plc

Consolidated and Company's Statement of Financial Position
As at 31 December 2012

	Notes	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Assets					
Non-current assets					
Property, plant and equipment	**16**	47	91	-	-
Intangible assets	**17**	836	836	-	-
Investments in subsidiaries	**18**	-	-	3,543	-
Investments	**20**	31	-	31	-
Total non-current assets		**914**	**927**	**3,574**	**-**
Current assets					
Trade and other receivables	**21**	593	1,026	854	7
Income tax recoverable		14	21	-	-
Cash and cash equivalents	**22**	2,876	112	2,374	645
Total current assets		**3,483**	**1,159**	**3,228**	**652**
Total assets		**4,397**	**2,086**	**6,802**	**652**
Equity attributable to owners					
Share capital	**26**	102	2	102	80
Share premium account	**27**	3,431	-	3,431	664
Group re-organisation reserve	**29**	(541)	(541)	-	-
Merger relief reserve	**29**	-	-	3,531	-
Reverse acquisition reserve	**29**	45	-	-	-
Retained earnings	**28**	(508)	664	(559)	(166)
Total equity		**2,529**	**125**	**6,505**	**578**
Liabilities					
Non-current liabilities					
Borrowings	**25**	297	-	-	-
Total non-current liabilities		**297**	**-**	**-**	**-**
Current liabilities					
Trade and other payables	**23**	1,212	1,672	297	74
Deferred taxation	**24**	6	8	-	-
Borrowings	**25**	353	281	-	-
Total current liabilities		**1,571**	**1,961**	**297**	**74**
Total liabilities		**1,868**	**1,961**	**297**	**74**
Total equity and liabilities		**4,397**	**2,086**	**6,802**	**652**

The notes on pages 17 to 42 are an integral part of these financial statements

The financial statements were approved and authorised for issue by the Board on 13 June 2013

Paul Foulger
Director

Venn Life Sciences Holdings Plc
Registered no: 07514939

Venn Life Sciences Holdings Plc

Consolidated and Company's Statement of Cash Flows
For the year ended 31 December 2012

	Notes	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Cash Flow from operating activities					
Cash (used in)/generated by operations	30	(793)	1,151	(1,022)	(99)
Interest paid		(29)	(15)	-	-
Income tax paid		(17)	(49)	-	-
Net cash (used in)/generated by operating activities		**(839)**	**1,087**	**(1,022)**	**(99)**
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash acquired	31	436	-	-	-
Purchase of property, plant and equipment (PPE)		(18)	(77)	-	-
Purchase of investments		-	-	(62)	-
Proceeds from sale of PPE	30	5	-	-	-
Proceeds from sale of investments		31	-	31	-
Interest received		3	5	5	-
Net cash generated by/(used in) investing activities		**457**	**(72)**	**(26)**	**-**
Cash flow from financing activities					
Proceeds from issuance of ordinary shares	26,27	2,777	-	2,777	744
New bank loans		381	-	-	-
Repayments on borrowings		(19)	(1,551)	-	-
Net cash generated by/(used in) financing activities		**3,139**	**(1,551)**	**2,777**	**744**
Net increase/(decrease) in cash and cash equivalents		2,757	(536)	1,729	645
Cash and cash equivalents at beginning of year		(169)	367	645	-
Cash and cash equivalents at end of year	22	**2,588**	**(169)**	**2,374**	**645**

Venn Life Sciences Holdings Plc

Consolidated and Company's Statement of Changes in Shareholders' Equity

Group

	Share capital €'000	Share premium €'000	Group re-organisation reserve €'000	Reverse acquisition reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2011	**2**	**-**	**(541)**	**-**	**(547)**	**(1,086)**
Changes in equity for the year ended 31 December 2011						
Total comprehensive profit for the year	-	-	-	-	1,211	**1,211**
At 31 December 2011	**2**	**-**	**(541)**	**-**	**664**	**125**
Changes in equity for the year ended 31 December 2012						
Total comprehensive loss for the year	-	-	-	-	(1,172)	**(1,172)**
Share capital and share premium as recognised as reverse acquisition (note 31)	90	664	-	45	-	**799**
Proceeds from share issue (net of expenses)	10	2,767	-	-	-	**2,777**
At 31 December 2012	**102**	**3,431**	**(541)**	**45**	**(508)**	**2,529**

Company

	Share capital €'000	Share premium €'000	Merger relief reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2011	-	-	-	-	-
Changes in equity for the year ended 31 December 2011					
Total comprehensive loss for the year	-	-	-	(166)	**(166)**
Proceeds from shares issued	80	664	-	-	**744**
At 31 December 2011	**80**	**664**	**-**	**(166)**	**578**
Changes in equity for the year ended 31 December 2012					
Total comprehensive loss for the year	-	-	-	(393)	**(393)**
On acquisition of subsidiary undertakings	12	-	3,531	-	**3,543**
Proceeds from shares issued (net of expenses)	10	2,767	-	-	**2,777**
At 31 December 2012	**102**	**3,431**	**3,531**	**(559)**	**6,505**

Venn Life Sciences Holdings Plc

Notes to the Financial Statements
For the year ended 31 December 2012

1 General information
Venn Life Sciences Holdings Plc is a company incorporated in England and Wales The Company is a public limited company listed on the AIM market of the London Stock Exchange The address of the registered office is 14 Kinnerton Place South, London, SW1X 8EH

The principal activity of the Group is that of a Clinical Research Organisation providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations The Group has a presence in the UK, Ireland, France, Netherlands, and subsequent to the year-end, Russia

The financial statements are presented in Euros, the currency of the primary economic environment in which the Group's trading Companies operate The Group comprises Venn Life Sciences Holdings Plc and its subsidiary Companies as set out in note 18

The registered number of the Company is 07514939

2 Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below The policies have been consistently applied throughout the year, unless otherwise stated

Basis of preparation
The consolidated financial statements of Venn Life Sciences Holdings Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS Practice is continuing to evolve on the application and interpretations of IFRS

The consolidated financial statements have been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4

(a) Standards, amendments and interpretations effective in 2012
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early
The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2012 and have not been early adopted

- Amendment to IAS 1, 'Financial statements presentation' regarding other comprehensive income The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) The amendments do not address which items are presented in other comprehensive income and will be adopted no later than the accounting period beginning on or after 1 January 2013
- IAS19, 'Employee benefits', was amended in June 2011 The impact will be to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur, to immediately recognise all past service costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability The Group is yet to assess the full impact of the amendment and the amendment will be adopted no later than the accounting period which begins on or after 1 January 2013
- IFRS 9, 'Financial instruments', issued in December 2009 and October 2010 This addresses the classification, measurement and recognition of financial assets and financial liabilities and may affect the Group's accounting for its financial assets and liabilities IFRS 9 requires financial assets to be classified into two measurement categories (fair value and amortised cost) with the determination to be made at initial recognition by reference to the business model for managing financial instruments and the contractual cash flow characteristics of the instrument For financial liabilities the main change relates to the treatment of changes in fair value relating to an entity's own credit risk under the fair value option which will now be recorded in other comprehensive income rather than the income statement The standard is not applicable until 1 January 2015 but is available for early adoption The Group is yet to assess IFRS 9's full impact

- IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Parent Company The standard provides additional guidance to assist in the determination of control where this is difficult to assess The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013
- IFRS 11, 'Joint arrangements' effective for periods beginning on or after 1 January 2013 This standard significantly amends the accounting treatment of joint arrangements The Group is yet to assess IFRS 11's full impact
- IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP The Group is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

Going concern
The Group meets its day-to-day working capital requirements through the use of cash reserves and existing bank facilities The Group has maintained its liquidity profile through the year

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance that the Group should be able to operate within the level of its current funding arrangements

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future For this reason they have adopted the going concern basis in the preparation of the financial statements

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings Subsidiaries are all entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than fifty per cent of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are de-consolidated from the date that control ceases

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

(a) Acquisition accounting
The Group uses the acquisition method of accounting to account for business combinations The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement Acquisition related costs are expensed as incurred Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement

Investments in subsidiaries are accounted for at cost less impairment Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments

(b) Group re-organisation

The Group re-organisation of common control transaction is scoped out under IFRS 3 The results of the Group and all of its subsidiary undertakings affected by the group re-organisation are accounted using merger accounting method The method of accounting for such business combination is treated to take place before the transition of IFRS The investment is recorded at the nominal value of the shares issued, together with the fair value of any additional consideration paid

Merged subsidiary undertakings are treated as if they had always been a member of the Group This treatment is permitted under the exemption in IFRS 1 to not restate acquisitions before transition

The corresponding figures for the previous period include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the company as consideration as if they had always been in issue Any difference between the nominal value of the shares acquired by the Company and those issued by the company to acquire them is taken to reserves as re-organisation reserve

(c) Reverse acquisition accounting

The acquisition of Venn Life Sciences Limited and it subsidiaries by Venn Life Sciences Holdings Plc (formerly known as Armscote Investment Company Plc) on 14 December 2012 has been accounted using the principles of reverse acquisition accounting Although the Group financial statements have been prepared in the name of the legal parent, Venn Life Sciences Holdings Plc, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, Venn Life Sciences Limited The following accounting treatment has been applied in respect of the reverse accounting

The assets and liabilities of the legal subsidiary, Venn Life Sciences Limited are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without restatement of fair value The retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Venn Life Sciences Limited immediately before the business combination and the results of the period from 1 January 2012 to the date of the business combination are those of Venn Life Sciences Limited However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, Venn Life Sciences Holdings Plc, including the equity instruments issued in order to effect the business combination, and comparatives numbers presented in the financial statements are the consolidated numbers of Venn Life Sciences Limited for the year ended 31 December 2011

Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements 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 statements are presented in Euro, which is the functional and presentational currency of the main operating entities

During the year the legal parent company's functional currency changed from British Pound to Euro This change was necessary to accommodate the main currency of the operating entities

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'administrative expenses', except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges

(c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentational currency as follows

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to its working condition for its intended use

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably The carrying amount of the replaced part is derecognised All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred Any borrowing costs associated with qualifying property plant and equipment are capitalised and depreciated at the rate applicable to that asset category

Depreciation on assets is calculated using the straight-line method or reducing balances method to allocate their cost to its residual values over their estimated useful lives, as follows

Fixtures and fittings	20% –25%

The assets' residual values and useful economic lives are reviewed regularly, and adjusted if appropriate, at the end of each reporting period

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on the disposal of assets are determined by comparing the proceeds with the carrying amount and are recognised in administration expenses in the income statement

Intangible assets
Goodwill
Goodwill represents the excess amount of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired underlined businesses at the date of the acquisition Goodwill on acquisitions of businesses is included in 'intangible assets' In normal cases Goodwill has an infinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses Impairment losses on goodwill are not reversed Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

Goodwill is allocated to cash-generating units for the purpose of impairment testing The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment

Impairment of non-financial assets
Assets that have an indefinite life such as goodwill are not subject to amortisation and are tested annually for impairment Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset which the estimates of future cash flows have not been adjusted

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in the prior period A reversal of an impairment loss is recognised in the income statement immediately If goodwill is impaired however, no reversal of the impairment is recognised in the financial statements

Financial assets
Classification
The Company classifies its financial assets in the loans and receivables category The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet

Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase the asset Assets are initially recognised at fair value plus transaction costs Financial assets are derecognised when the risk and rewards of ownership have been transferred

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method

Financial liabilities
Debt is measured at fair value, being net proceeds after deduction of directly attributable issue costs, with subsequent measurement at amortised cost Debt issue costs are recognised in the income statement over the expected term of such instruments at a constant rate on the carrying amount

Trade and other receivables
Trade receivables are initially recognised at fair value, being the original invoice amount, and subsequently measured at amortised cost less provision for impairment A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable Trade receivables that are less than three months past due date are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default Older debts are considered to be impaired unless there is sufficient evidence to the contrary that they will be settled The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses When a trade receivable is uncollectible it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, reduced by overdrafts to the extent that there is a right of offset against other cash balances

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts

Share capital
Ordinary Shares and Deferred shares are classified as equity Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account

Merger relief reserve
The reserve represents a premium on the issue of the ordinary shares for the acquisition of subsidiary undertakings The relief is only available to the issuing company securing at least a 90% equity holding in the acquired undertaking in pursuance of an arrangement providing for the allotment of equity shares in the issuing company on terms that the consideration for the shares allotted is to be provided by the issue to the issuing company of equity shares in the other company

Group re-organisation reserve
On Group re-organisation the reserve represents a difference between the nominal value of the shares acquired by the acquiring company and those issued by the acquiring company in exchange

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) If not, they are presented as non-current liabilities Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Borrowings
Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred Borrowings are subsequently carried at amortised cost Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Borrowing costs are expensed in the consolidated Group income statement under the heading 'finance costs' Arrangement and facility fees together with bank charges are charged to the income statement under the heading 'administrative costs'

Current and deferred income tax
The tax expense comprises current and deferred tax Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income where the associated tax is also recognised in other comprehensive income

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax is recognised, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes Deferred tax liabilities are recognised in respect of all temporary differences except where the deferred tax liability arises from the initial recognition of goodwill in business combinations

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable They are regarded as recoverable where, on the basis of available evidence, there will be sufficient taxable profits against which the future reversal of the underlying temporary differences can be deducted

The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the balance sheet date

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

Leases
Leases which transfer substantially all the risks and rewards of ownership of an asset are treated as a finance lease Assets held under finance leases are capitalised at their fair value at the inception of the lease and depreciated over the estimated useful economic life of the asset or lease term if shorter The finance charges are allocated to the income statement in proportion to the capital amount outstanding

All other leases are classified as operating leases Operating lease rentals are charged to the income statement in equal annual amounts over the lease term

Employee benefits
Pension obligations
Group companies operate a pension scheme with defined contribution plans A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with the pension cost charged to the income statement as incurred The Group has no further obligations once the contributions have been paid
Revenue recognition
(a) Revenue from services to customers
Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured Revenue represents the fees and commissions, net of discounts, derived from services provided to and invoiced to customers Revenue is recognised in the period in which the service is performed, in accordance with contractual arrangements Income billed in advance of the performance of service is deferred and income in respect of work carried out but not billed at the period end is accrued In these cases, revenue is recognised by reference to the stage of completion which is measured by reference to labour hours incurred to the period end as a percentage of the total estimated labour hours for the contract Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable

(b) Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

(c) Royalty and license income
Royalty and license income is recognised on an accruals basis in accordance with the substance of the relevant agreements

Dividend distribution
Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders Interim dividends are recognised when paid

Exceptional items
These are items of an unusual or non-recurring nature incurred by the Group and include transactional costs and one-off items relating to business combinations, such as acquisition expenses

3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks market risk (foreign exchange risk and cash flow interest rate risk), credit risk, liquidity risk, capital risk and fair value risk The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Group's financial performance The Group does not use derivative financial instruments to hedge risk exposures

Risk management is carried out by the head office finance team It evaluates and mitigates financial risks in close co-operation with the Group's operating units The Board provides principles for overall risk management whilst the head office finance team provides specific policy guidance for the operating units in terms of managing foreign exchange risk, credit risk and cash and liquidity management

(a) Market risk

(i) Foreign exchange – cash flow risk

The Group's presentational currency is Euro although it operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily between Euro, USD and the GBP such that the Group's cash flows are affected by fluctuations in the rate of exchange between Euro and the aforementioned foreign currencies

Management do not use derivative financial instruments to mitigate the impact of any residual foreign currency exposure not mitigated by the natural hedge within the business model The Group does not speculate in foreign currencies and no operating Company is permitted to take unmatched positions in any foreign currency

(ii) Foreign exchange – Fair value risk

Translation exposures that arise on converting the results of overseas subsidiaries are not hedged Net assets held in foreign currencies are hedged wherever practical by matching borrowings in the same currency The principal exchange rates used by the Group in translating overseas profits and net assets into Euro are set out in the table below

Rate compared to Euro	Average rate 2012	Average rate 2011	Year end rate 2012	Year end rate 2011
GBP	0 81	0 85	0 81	0 84
US Dollar	1 32	1 39	1 28	1 31
Swiss Franc	1 20	1 22	1 21	1 23

As a guide to the sensitivity of the Group's results to movements in foreign currency exchange rates, a one cent movement in the GBP to Euro rate would impact annual earnings by approximately €3,000

(iii) Cash flow and fair value interest rate risk

The Group has interest bearing assets in the form of cash and cash equivalents and limited interest bearing liabilities which relate to long-term borrowing Interest rates on cash and cash equivalents are floating whilst interest rates on borrowings have been fixed and therefore expose the Group to fair value interest rate risk The Group does not speculate on future changes in interest rates

Where overseas acquisitions are made, it is the Group's policy to arrange any borrowings required in local currency

It is the Group's policy not to trade in financial instruments The Group does not use interest rate swaps

(b) Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances Each local subsidiary and operating business unit is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered It is the Group policy to obtain deposits from customers where possible, particularly overseas customers In addition the Group will seek confirmed letters of credit for the balances due Credit risk is managed at the operating business unit level and monitored at the Group level to ensure adherence to Group policies If there is no independent rating, local management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors Individual risk limits are set based on internal or external ratings in accordance with limits set by the board The utilisation of credit limits is regularly monitored

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers

(c) Liquidity risk

Cash flow forecasting is performed in the individual operating entities of the Group and is aggregated by Group finance Group finance monitors cash and cash flow forecasts and it is the Group's liquidity risk management policy to maintain sufficient cash and available funding through an adequate amount of cash and cash equivalents and committed credit facilities from its bankers Due to the dynamic nature of the underlying businesses, the head office finance team aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents available to fund the requirements of the Group

The Group's policy in relation to the finance of its overseas operations requires that sufficient liquid funds be maintained in each of its territory subsidiaries to support short and medium-term operational plans Where necessary, short-term funding is provided by the holding Company In the UK, the working capital bank facility and the management of liquid funds in excess of operational needs are controlled centrally Typically excess funds are placed as short-term deposits, to provide a balance between interest earnings and flexibility

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows In the case of deferred consideration the amount shown as payable between 2 and 5 years for 31 December 2012 is the total gross contractual liability should all performance criteria be met, not the estimated liability based on current and forecast performance

	Less than one year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	More than 5 years €'000	Total €'000
At 31 December 2012					
Borrowings	353	68	229	-	650
Trade and other payables	1,212	-	-	-	1,212
At 31 December 2011					
Borrowings	281	-	-	-	281
Trade and other payables	1,672	-	-	-	1,672

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

The Group monitors capital on the basis of the gearing ratio This ratio is calculated as net debt divided by total capital Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents Total capital is the sum of net debt plus equity

The Group is currently largely un-geared, having net cash at 31 December 2012 It is the stated strategy of the Group to grow both organically and through acquisition with acquisitions to be funded through a mixture of debt and equity funding

4. Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made accounting judgements in the determination of the carrying value of certain assets and liabilities Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes will differ from those assumptions and estimates The following judgements have the most significant effect on the amounts recognised in the financial statements

(a) Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity The Group makes judgements and estimates in relation to the fair value allocation of the purchase price If any unallocated portion is positive it is recognised as goodwill However in applying the reverse acquisition accounting method this has necessitated the Group to recognise the unallocated portion as deemed acquisition costs as required under IFRS 3 – Business Combinations

(b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2 The recoverable amounts of cash-generating units have been determined based on value-in-use calculations These calculations require the use of estimates as set out in note 17

(c) Share-based payments

A number of accounting estimates and judgements are incorporated within the calculation of the charge to the income statement in respect of share-based payments These are described in more detail in note 26

(d) Impairment of receivables

Trade and other receivables are carried at the contractual amount due less any estimated provision for non-recovery Provision is made based on a number of factors including the age of the receivable, previous collection experience and the financial circumstances of the counterparty

(e) Deferred tax assets

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised There were approximately €256,000 (2011 €46,000) of deferred tax assets not recognised

5. Segmental reporting

Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Maker ('CODM') The CODM is the Executive Directors and the monthly management reports are used by the Group to make strategic decisions and allocate resources

The principal activity of the Group is that of a Clinical Research Organisation (CRO) providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations This activity takes place across various countries, including France, Netherlands, United Kingdom, Ireland, and Russia and as such the Board considers the business primarily from a geographic perspective Although not all the segments meet the quantitative thresholds required by IFRS 8, management has concluded that given the recent acquisitions, all segments should be maintained and reported, given the potential future growth of the segments

The reportable segments derive their revenue primarily from the Group's principal activity

Currently the key operating performance measures used by the CODM are Revenue and adjusted EBITDA

The segment information provided to the Board for the reportable segments for the year ended 31 December 2012 is as follows

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

2012	France €'000	Netherlands €'000	Other €'000	Total €'000
Income statement				
External revenue	**1,621**	**1,059**	**-**	**2,680**
Adjusted EBITDA*	**(87)**	**148**	**(586)**	**(525)**
Exceptional costs	(74)	(13)	(469)	(556)
EBITDA	**(161)**	**135**	**(1,055)**	**(1,081)**
Depreciation	(6)	(17)	(20)	(43)
Operating profit/(loss)	**(167)**	**118**	**(1,075)**	**(1,124)**
Net finance costs	(3)	3	(26)	(26)
Income tax	-	(22)	-	(22)
Retained profit/(loss)	**(170)**	**99**	**(1,101)**	**(1,172)**
Segment assets				
Operating assets	1,151	595	266	2,012
Inter segment assets	(141)	(233)	(117)	(491)
External operating assets	1,010	362	149	1,521
Cash and cash equivalents	-	106	2,770	2,876
Total assets	**1,010**	**468**	**2,919**	**4,397**
Segment liabilities				
Operating liabilities	554	178	977	1,709
Inter segment liabilities	(117)	-	(374)	(491)
External operating liabilities	437	178	603	1,218
Borrowings	90	-	560	650
Total liabilities	**527**	**178**	**1,163**	**1,868**
Other segmental information				
Non current assets – PPE	**7**	**21**	**19**	**47**
Non current assets – Intangibles	**731**	**105**	**-**	**836**

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

2011	France €'000	Netherlands €'000	Other €'000	Total €'000
Income statement				
External revenue	2,380	1,021	38	3,439
Adjusted EBITDA*	(127)	142	(846)	(831)
Exceptional costs	-	-	2,109	2,109
EBITDA	(127)	142	1,263	1,278
Depreciation	(10)	(9)	(12)	(31)
Operating profit/(loss)	(137)	133	1,251	1,247
Net finance costs	-	5	(15)	(10)
Income tax	-	(26)	-	(26)
Retained profit/(loss)	(137)	112	1,236	1,211
Segment assets				
Operating assets	1,277	560	169	2,006
Inter segment assets	(3)	(29)	-	(32)
External operating assets	1,274	531	169	1,974
Cash and cash equivalents	58	53	1	112
Total assets	1,332	584	170	2,086
Segment liabilities				
Operating liabilities	658	186	868	1,712
Inter segment liabilities	(29)	(3)	-	(32)
External operating liabilities	629	183	868	1,680
Borrowings	-	-	281	281
Total liabilities	629	183	1,149	1,961
Other segmental information				
Non current assets – PPE	13	32	46	91
Non current assets – Intangibles	731	105	-	836

* Adjusted EBITDA excludes exceptional costs

Other primarily relates to the holding company and head office costs

No revenues have been derived from a single external customer in 2012 and 2011

6 Expenses – analysis by nature

	2012 €'000	2011 €'000
Employee benefit expense (note 10)	2,132	2,857
Depreciation and amortisation	43	31
Transaction costs relating to business combinations and listing (note 7)	306	-
Deemed reverse acquisition costs (note 7)	326	-
Inter-company balances written back (note 7)	(76)	(2,109)
Operating lease payments	115	114
Other expenses	958	1,299
Total administrative expenses	**3,804**	**2,192**

7 Exceptional items

Included within Administrative expenses are exceptional items as shown below

	Note	2012 €'000	2011 €'000
Exceptional items includes			
– Transaction costs relating to business combinations and listing	a	306	-
– Deemed reverse acquisition costs	b	326	-
– Inter-company balances written back	c	(76)	(2,109)
Total exceptional items		**556**	**(2,109)**

(a) Transaction costs relating to business combinations
The Group incurred acquisition expenses of €306,000 (2011 – €Nil) associated with the acquisitions of subsidiaries which are included within administrative expenses in the consolidated income statement

(b) Deemed reverse acquisition costs is made up of the excess amount payable on the deemed acquisition consideration of the legal parent company over its fair net assets at the date of acquisition Details are disclosed on note 31

(c) Inter-company balances written back relate to balances owed to the old Group of Venn Life Sciences Limited

8 Auditor remuneration

Services provided by the Company's auditor and its associates During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates

	2012 €'000	2011 €'000
Fees payable to Company's auditor for the audit of the parent Company and consolidated financial statements		
Fees payable to the Company's auditor and its associates for other services		
– The audit of Company's subsidiaries pursuant to legislation	29	5
– Other services	58	4
– Tax services	3	1
Total auditor's remuneration	**90**	**10**

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

9. Directors emoluments

	2012 €'000	2011 €'000
Aggregate emoluments	113	25
Contribution to defined contribution pension scheme	2	2
Total directors' remuneration	**115**	**27**

See further disclosures within the Remuneration Report on page 11

Highest paid Director	2012 €'000	2011 €'000
Total emoluments received	40	25
Defined benefit pension scheme	2	2

10. Employee benefit expense

	2012 €'000	2011 €'000
Wages and salaries	1,633	2,136
Social security costs	386	556
Pension costs	113	165
Total employee benefit expense	**2,132**	**2,857**

11. Average number of people employed

	2012 No	2011 No
Average number of people (including Executive Directors) employed was		
Administration	11	11
Clinical research	36	40
Sales and marketing	8	9
Total average number of people employed	**55**	**60**

The total number of employees at 31 December 2012 was 53 (2011 54)

12 Finance income and costs

	2012 €'000	2011 €'000
Interest expense		
– Bank borrowings	23	14
– Interest on other loans	6	1
Finance costs	**29**	**15**
Finance income		
– Interest income on cash and short-term deposits	3	5
Finance income	**3**	**5**
Net finance costs	**26**	**10**

13 Income tax expense

Group	2012 €'000	2011 €000
Current tax		
Current tax for the year	24	28
Total current tax	**24**	**28**
Deferred tax (note 24)		
Origination and reversal of temporary differences	(2)	(2)
Total deferred tax	**(2)**	**(2)**
Income tax charge	**22**	**26**

The tax on the Group's results before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the consolidated entities as follows

	2012 €'000	2011 €'000
(Loss)/profits before tax	**(1,150)**	**1,237**
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 21% (2011 21%)	(242)	260
Tax effects of		
– Expenses not deductible for tax purposes	112	5
– Losses carried forward/(utilised)	135	(114)
– Impact of different tax rates in other jurisdictions	17	(125)
Tax charge	**22**	**26**

There are no tax effects on the items in the statement of comprehensive income

14. (Loss)/earnings per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year

	2012 €'000	2011 €'000
(Loss)/profit attributable to equity holders of the Company	(1,172)	1,211
Weighted average number of Ordinary Shares in issue	10,116,393	9,600,000
Basic (loss) per share	**(€0.12)**	**€0.13**

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares No share options or warrants outstanding at 31 December 2012 or 31 December 2011 were dilutive and all such potential ordinary shares are therefore excluded from the weighted average number of ordinary shares for the purposes of calculating diluted earnings per share Details of warrants outstanding are given in note 26

15 Dividends

There were no dividends paid or proposed by the Company in either year

16 Property, plant and equipment

Group	Fixtures & fittings €'000
Cost	
At 1 January 2011	208
Additions	77
Disposals	(16)
At 31 December 2011	**269**
Depreciation	
At 1 January 2011	162
Charge for the year	31
Disposals	(15)
At 31 December 2011	**178**
Net book value	
At 31 December 2011	**91**
Cost	
At 1 January 2012	269
Additions	18
Disposals	(20)
At 31 December 2012	**267**
Depreciation	
At 1 January 2012	178
Charge for the year	43
Disposals	(1)
At 31 December 2012	**220**
Net book value	
At 31 December 2012	**47**

The Company had no property, plant and equipment

17 Intangible fixed assets
Group

	Goodwill €'000
Cost	
At 1 January 2011 and 31 December 2011	**836**
At 1 January 2012 and 31 December 2012	**836**

No amortisation charge has been charged on the goodwill in the income statement

Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to geographic operating segment An operating segment-level summary of the goodwill allocation is presented below

	2012 €'000	2011 €'000
France	731	731
Netherlands	105	105
Total	**836**	**836**

Goodwill is tested for impairment at the balance sheet date The recoverable amount of goodwill at 31 December 2012 was assessed on the basis of value in use As this exceeded carrying value no impairment loss was recognised

The key assumptions in the calculation to assess value in use are the future revenues and the ability to generate future cash flows The most recent financial results and initial budgets approved by management for the next year were used and forecasts for three further years, followed by an extrapolation of expected cash flows at a constant growth rate of each unit The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating units

The key assumptions used for value in use calculations in 2012 are as follows

	France %	Netherlands %
Longer-term growth rate (after 2016)	3	3
Discount rate	20	20

The French cash generating unit has been a loss making unit for the last 2 years The Directors have made significant estimates on future revenues and EBITDA growth over the next three years based on the Group's budgeted investment in recruiting key employees and marketing the services

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the French cash-generating unit The projections and associated headroom used for the unit is sensitive to the EBITDA growth assumptions that have been applied A 50% reduction in EBITDA growth, in the first five years of the management projections would result in an impairment of €242,000

The Company has no intangible assets

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

18. Investments in subsidiaries

Company Shares in Group undertakings	2012 €'000	2011 €'000
Beginning of the year	-	-
Additions	3,543	-
End of the year	**3,543**	-

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid

The principal subsidiaries of Venn Life Sciences Holdings Plc are as follows

Name of Company	Note	Proportion Held	Class of Shareholding	Nature of Business
Venn Life Sciences Limited	1	100%	Ordinary	Intermediate holding company
Venn Life Sciences (Ireland) Limited	1	100% (indirect)	Ordinary	Head office
Venn Life Sciences B V	2	100% (indirect)	Ordinary	Clinical Research Organisation
Venn Life Sciences S A S	3	100% (indirect)	Ordinary	Clinical Research Organisation
Venn Synergie S A S	3	100% (indirect)	Ordinary	Clinical Research Organisation

Notes

1 Incorporated and registered in Ireland

2 Incorporated and registered in the Netherlands

3 Incorporated and registered in France

All the subsidiaries' are included in the consolidation The proportions of voting shares held by the parent Company do not differ from the proportion of Ordinary Shares held

On 14 December the Company acquired 100% of the issued capital Venn Life Sciences Limited and its 4 subsidiary undertakings for a total consideration of approximately €3 54m (£2 88m) satisfied by the issue of 9,600,000 new ordinary shares at 37 cents (30 pence) per share In the Group's financial statements the transaction has been accounted for as a reverse acquisition in accordance with IFRS 3 The legal subsidiary is identified as the acquirer, and the deemed consideration is €0 8m The legal parent, Venn Life Sciences Holdings Plc is identified as the subsidiary

Immediately before the acquisition of Venn Life Science Limited by Venn Life Sciences Holdings Plc, Venn Life Sciences Limited, through a group reorganisation, became the holding company for the four operating entities The reorganisation was effectively accounted for as merger accounting allowed under the accounting standards Merged subsidiary undertakings are treated as if they had always been a member of the Group The corresponding figures for the previous period include its results for that period, the assets and liabilities at the previous balance sheet and the shares issued by the Company as consideration as if they had always been in issue Any difference between the nominal value of the shares acquired by the company and those issued by the Company to acquire them is taken to reserves as a merger reserve

19. Financial instruments by category

(a) Assets

	Group 2012 €'000	Company 2012 €'000	Group 2011 €'000	Company 2011 €'000
31 December				
Assets as per balance sheet				
Trade and other receivables excluding prepayments	447	885	854	7
Cash and cash equivalents	2,876	112	2,374	645
Total	**3,323**	**997**	**3,228**	**652**

(b) Liabilities

	Group 2012 €'000	Company 2012 €'000	Group 2011 €'000	Company 2011 €'000
31 December				
Liabilities as per balance sheet				
Borrowings	650	281	-	-
Trade and other payables	1,212	1,672	297	74
Total	**1,862**	**1,953**	**297**	**74**

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company

(c) Credit quality of financial assets
The Group is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments

The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at 31 December 2012 and 31 December 2011, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets

Trade receivables
The credit quality of trade receivables that are neither past due date nor impaired have been assessed based on historical information about the counterparty default rate The Group does not hold any other receivable balances with customers, whose past default has resulted in the recovery of the receivables balances

Cash at bank
The credit quality of cash has been assessed by reference to external credit ratings, based on reputable credit agencies' long-term issuer ratings

	2012 €'000	2011 €'000
AA	106	53
Other	2,770	59
Total	**2,876**	**112**

20 Investments

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
At 1 January	-	-	-	-
Additions	-	-	62	-
Acquired on acquisition	62	-	-	-
Disposals	(31)	-	(31)	-
At 31 December	**31**	-	**31**	-

At the year end the investment consisted of a 0 30% shareholding in Arcis Biotechnology Holdings Limited, a privately held company operating in the biotechnology industry

21 Trade and other receivables

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Trade receivables	482	494	-	-
Less provision for impairment of trade receivables	(83)	-	-	-
Trade receivables – net	399	494	-	-
Prepayments and accrued income	146	141	-	-
Amounts owed by subsidiary undertakings	-	-	786	-
Other receivables	48	391	68	7
	593	**1,026**	**854**	**7**

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value

As of 31 December 2012, trade receivables of €83,000 (2011 €Nil) were impaired and provided for The aging of these impaired receivables is as follows

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Up to 3 months	-	-	-	-
3 to 6 months	-	-	-	-
6 months to one year	83	-	-	-

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

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
At 1 January	-	-	-	-
Provision for receivables impairment	83	-	-	-
Receivables written off during the year as uncollectible	-	-	-	-
Unused amounts reversed	-		-	-
At 31 December	**83**	-	-	-

The other classes within trade and other receivables do not contain impaired assets

The carrying amounts of the Group's trade and other receivables denominated in foreign currencies were as follows

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
UK Sterling	68	-	854	7
Euros	525	1,026	-	-
	593	**1,026**	**854**	**7**

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

22 Cash and cash equivalents

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Cash at bank and on hand	282	112	160	645
Short-term bank deposits	2,594	-	2,214	-
Cash and cash equivalents (excluding bank overdrafts)	**2,876**	**112**	**2,374**	**645**

Cash and cash equivalents include the following for the purposes of the statement of cash flows

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Cash and cash equivalents	2,876	112	2,374	645
Bank overdraft (note 25)	(288)	(281)	-	-
Cash and cash equivalents	**2,588**	**(169)**	**2,374**	**645**

All of the Group's cash and cash equivalents are at a floating rate of between 1% and 2% The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value

23 Trade and other payables

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Trade payables	370	99	164	74
Amounts due to subsidiary undertakings	-	-	-	-
Social security and other taxes	222	357	-	-
Other payables	180	931	-	-
Accrued expenses and deferred income	440	285	133	-
	1,212	**1,672**	**297**	**74**

24. Deferred income tax

Deferred tax liabilities
Deferred tax balances were as follows

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Deferred tax liabilities to be recovered within 12 months	6	8	-	-
	6	**8**	-	-
Deferred tax liabilities were made up as follows				
Accelerated tax depreciation	6	8	-	-
	6	**8**	-	-

Deferred tax assets
Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable The Group did not recognise deferred income tax assets of €256,000 (2011 €46,000), mainly in respect of tax losses amounting to €1,217,000 (2011 €219,000) that can be carried forward against future taxable income There was no deferred tax assets recognised for the Group and the Company

The gross movement on the deferred income tax account is as follows

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
At 1 January	8	10	-	-
Income statement movement (note 13)	(2)	(2)	-	-
At 31 December	**6**	**8**	**-**	**-**

25 Borrowings

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Non-current				
Bank borrowings	297	-	-	-
	297	**-**	**-**	
Current				
Bank overdraft	288	281	-	-
Bank borrowings	65	-	-	-
	353	**281**	**-**	**-**

The Company has no borrowings

The maturity profile of borrowings was as follows

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
Amounts falling due				
Within 1 year	353	281	-	-
Between 1 and 2 years	68	-	-	-
Between 2 and 5 years	229	-	-	-
Total borrowings	**650**	**281**	**-**	**-**

Bank borrowings

Bank borrowings have maturity profiles from 2013 through to 2017 and bear an average fixed average coupon of 5 5% annually

The bank borrowings were repayable by monthly instalments However since the year end the bank borrowings have been repaid in full

Bank borrowings are secured against certain assets of the Group and Personal Guarantee provided by the Director, Anthony Richardson

The Group is not exposed to interest rate changes or contractual re-pricing dates at the end of the reporting period, as the borrowings are fixed in nature

The fair value of both current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5 5%

The carrying amounts of the Group's bank borrowings are denominated in Euro

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

26 Share capital

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
20,099,994 (2011 65,000,000) Ordinary shares of €0 00123 (0 1p)	25	-	25	80
62,833,339 Deferred shares	77	-	77	-
2,000 Ordinary shares of €1	-	2	-	-
Total borrowings	102	2	102	80

The Group's comparative figures for share capital presented in the financial statements are the consolidated numbers of Venn Life Sciences Limited for the year ended 31 December 2011

On 14 December 2012, through an ordinary resolution the Company's share capital was reorganised as follows

- Every 30 Ordinary shares held by a shareholder was consolidated into 1 Ordinary share of €0 0369 (3p) each
- Every resulting Ordinary share of €0 0369 (3p) held by a shareholder will be subdivided into 1 Ordinary share of €0 00123 (0 1p) each and 29 Deferred Shares

Furthermore, 8,333,333 new Ordinary shares of €0 00123 (0 1p) each were issued at a premium of €0 368 (29 9p) and 9,600,000 New Ordinary shares of €0 00123 (0 1p) each were issued to acquire Venn Life Sciences Limited and its subsidiary at total consideration of €3 54m

Warrants and share option schemes

166,666 warrants existed at 31 December 2012 These warrants were granted on 7 June 2011 exercisable from the date of grant to 6 June 2021 The exercise price was €0 369 (30p) per Ordinary shares under warrant The above warrants have been changed to reflect the share re-organisation

The fair value of warrants was calculated using the Black-Scholes valuation model The significant inputs into the model are detailed below

	2011
Weighted average share price	€0 369
Weighted average exercise price	€0 369
Expected volatility	10%
Risk-free interest rate	4%
Expected life	5 year
Dividend yield	-

Expected volatility was determined by calculating the volatility in the historic share price over a period consistent with the expected exercise period of the warrants This level of volatility has then been benchmarked by comparing the level of share price volatility for other quoted biotech companies over a three to ten year period

27 Share premium

Group	2012 €'000	2011 €'000
At 1 January	-	-
Premium on shares issued	3,064	-
Cost of raising capital	(297)	-
Recognition on reverse acquisition	664	-
At 31 December	3,431	-

Company	2012 €'000	2011 €'000
At 1 January	664	-
Premium on shares issued	3,064	664
Cost of raising capital	(297)	-
At 31 December	3,431	664

28 Retained earnings

	Group €'000	Company €'000
At 1 January 2011	(547)	-
Profit/(loss) for the year	1,211	(166)
At 31 December 2011	664	(166)
At 1 January 2012	664	(166)
Loss for the year	(1,172)	(393)
At 31 December 2012	(508)	(559)

29 Other reserves

Group	Group re-organisation reserve €'000	Reverse acquisition reserve €'000
At 1 January 2011 and 31 December 2011	(541)	-
At 1 January 2012	(541)	-
On acquisition of subsidiary undertakings	-	45
At 31 December 2012	(541)	45

The Group re-organisation reserve was a result of the group re-organisation of the Old Venn Group Venn Life Science Limited was formed before the acquisition by Venn Life Sciences Holdings Plc (formerly known as Armscote Investment Company Plc) to hold the four trading subsidiaries The difference between the nominal value of the shares acquired of the four trading subsidiaries and the value of the shares issued by Venn Life Sciences Limited in exchange is taken as a reserve movement

The reverse acquisition reverse was as result of the reverse acquisition of Venn Life Sciences Limited by Venn Life Sciences Holdings Plc (formerly known as Armscote Investment Company Limited) See Note 31 for further details

Company	Merger relief reserve €'000
At 1 January 2011 and 31 December 2011	-
At 1 January 2012	-
On acquisition of subsidiary undertakings	3,531
At 31 December 2012	3,531

The premium paid by the Company on the acquisition of Venn Life Sciences Limited and its subsidiaries has been accounted as Merger relief reserve as allowed under s612 of the Companies Act 2006 and IFRS The total consideration in acquiring the subsidiaries was paid in exchange for shares in the Company

Notes to the Financial Statements (continued)
For the year ended 31 December 2012

30 Cash used in operations

	Group 2012 €'000	Group 2011 €'000	Company 2012 €'000	Company 2011 €'000
(Loss)/profit before income tax	(1,150)	1,237	(393)	(166)
Adjustments for				
– Depreciation	43	31	-	-
– Deemed reverse acquisition costs	326	-	-	-
– Loss on disposal of PPE	14	1	-	-
– Net finance costs / (income)	26	10	(5)	-
Changes in working capital				
– Trade and other receivables	488	1,478	(847)	(7)
– Trade and other payables	(540)	(1,606)	223	74
Net cash (used in)/generated by operations	(793)	1,151	(1,022)	(99)

In the statement of cash flows, proceeds from the sale of property, plant and equipment comprise

Group	2012 €'000	2011 €'000
Net book amount	19	1
Loss on disposal of property, plant and equipment	(14)	(1)
Proceeds from disposal of property, plant and equipment	5	-

Non-cash transactions

The principal non-cash transactions relate to the issue of shares as consideration for the acquisition discussed in note 31

31 Business Combinations - Reverse acquisition

Reverse acquisition of Venn Life Science Limited and its subsidiaries

On 14 December 2012, Venn Life Sciences Holdings Plc (formerly known as Armscote Investment Company Plc) acquired Venn Life Sciences Limited for a total consideration of €3 54m (£2 88m) satisfied by the issue of 9,600,000 Ordinary shares of €0 00123(0 1p) at €0 369 (30p) per share

In the consolidated Group accounts the transaction has been accounted for as a reverse acquisition in accordance with the principle of IFRS3 The legal subsidiary is identified as the acquirer, and the fair value of the consideration deemed is €0 8m The legal parent is identified as the subsidiary Therefore no goodwill has arisen The aggregate deemed fair value of the consideration paid, assets and liabilities acquired and resulting charge to the income statement in respect of the above acquisition is detailed below

	€'000
Consideration at 14 December 2012	
Deemed cost of acquisition	799
Total deemed consideration	**799**
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2012) (note 7)	306
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	436
Investments (note 20)	62
Trade and other receivables	55
Trade and other payables	(80)
Total identifiable net assets	**473**
Deemed reverse acquisition costs	**326**

32 Related Party Disclosures

Directors

Director's emoluments are set out in the Remuneration Committee report

Key management compensation

Key management compensation for the year was as follows

	2012 €'000	2011 €'000
Aggregate emoluments	113	25
Employer contribution to pension scheme	2	2
	115	27

Key management includes the Directors only

Group

At the year-end €180,000 (2011 €195,000 owed by) was owed to the Old Venn Group A balance of €76,000 (2011 €2,109,000) was written back to the Income Statement The balance was repaid after the year end as per the terms of the share purchase agreement

33 Capital commitments

The Group had no capital commitments at 31 December 2012

34. Post balance sheet events

On 7 February 2013 it was announced that the Group expanded its operation in Russia through Venn Russia, a new joint venture with a locally established CRO

On 5 March 2013 Venn Life Sciences UK Ltd was established to accommodate the new CRO and resourcing operations in the UK