

7514939



Venn Life Sciences
Think Research

Venn Life Sciences Holdings Plc

Annual Report 2013

THURSDAY



L39X0PJK

LD6

12/06/2014

#83

COMPANIES HOUSE

Venn Life Sciences Holdings Plc

Contents

Company Information	1
Chairman's Statement	2
Chief Executive's Review	4
The Board	5
Strategic Report	6
Report of the Directors	8
Corporate Governance Statement	11
Report of the Remuneration Committee Report	13
Independent Auditor's Report	14
Consolidated Statement of Comprehensive Income Statement	15
Consolidated and Company's Statement of Financial Position	16
Consolidated and Company's Statement of Cash Flows	17
Consolidated and Company's Statement of Changes in Shareholders' Equity	18
Notes to the Financial Statements	19
Notice of Annual General Meeting	46

Venn Life Sciences Holdings Plc

Company Information

Directors:	David Evans (Chairman) Anthony Richardson (Chief Executive Officer) Michael Ryan (Non-Executive Director) Paul Kennedy (Non-Executive Director)
Company Secretary:	BPE Solicitors LLP
Registered office:	C/O Paul Foulger 4 Lombard Street London EC3V 9HD
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 2013

Dear Fellow Shareholder,

2013 has been a transformative year for Venn both in terms of investment, acquisition and overall capability upgrade. Last year the board re-stated its commitment to delivering shareholder value throughout the development and growth of the core CRO business, and additional value through smart participation in successful medical technologies. Significant progress has been made on both of these fronts.

Upgrading the Clinical Trials Business

Following the listing of the company's shares in December 2012 management embarked on its plan to evolve Venn from a small regional clinical trials business, offering local single country support services, to an international Clinical Services support business with full multi-centred capability.

A key indicator of progress towards the achievement of this goal is, in the first instance, the extent to which the profile of the Clinical Trials business development pipeline has changed. We have now seen a consistent increase in total value terms, and a notable shift to what we categorise as Enterprise level deals – each more than €1.5m in value and all involving multiple countries. During 2013 we saw the emergence of the first of these deals and the latest pipeline features four Enterprise level multi-site contracts, one of which has been signed today.

Positioning the business so that we can compete at this level has required a considerable investment during 2013 across all areas of the business including business development, systems infrastructure, quality and training. The emergence of these significantly higher value, higher tenure proposals within our qualified deal pipeline is clear evidence that this investment is beginning to pay off.

The existence of an integrated multi-country service capability is another essential ingredient critical to being invited to tender for Enterprise level contracts especially within the European marketplace. To address this opportunity, during 2013 Venn acquired two CRO's, one in Germany and one in Northern Ireland. The addition of these locations, coupled with the development of capabilities in Russia has opened a much greater market opportunity for Venn.

It is our intention to continue this international capability expansion through further strategic acquisitions and suitable partnerships in 2014. Efficiently and effectively integrating these additional geographies into a seamless and agile Venn Clinical Services Network remains a clear on-going management focus.

Technology Acquisition and Development

In addition to the international expansion of our core Clinical Services capabilities, Venn is committed to generating shareholder value through the acceleration to market of carefully selected developed life science technologies.

2013 was a year in which we screened and evaluated a number of prospective opportunities and importantly the full cost of this assessment has been booked to P&L during the period. We were pleased to announce in February our first technology initiative, the acquisition of certain assets and the associated Intellectual Property of Evocutis PLC. In the two months since acquisition considerable progress has been made towards re-activation of one of these assets – Labskin: a breakthrough skin substitute technology for skincare testing – in terms of manufacture and re-engagement with the customer base. We have re-located development and production to a new facility, engaged the necessary technology development expertise and expect to generate our first revenues from Labskin later this year.

Looking Forward

Overall considerable progress has been made during the company's first year as a public company. The core Clinical Services business capability to win higher value, higher tenure contracts have been elevated through investing in a significant upgrade in expertise, processes and wider European footprint. Foundations have been laid for the addition of strong intellectual property to the asset base of the business and a move for our development services business into a higher value arena.

Venn Life Sciences Holdings Plc

Chairman's Statement (Continued) For the year ended 31 December 2013

The conversion of the Enterprise value deal announced today and plus others that hope to complete should provide a solid platform for accelerated services revenue growth and the commencement of first technology revenues via the start of sales of the Labskin offering will mark another key milestone for Venn.

The board looks forward to a transformative second half of the year in 2014 with significant gains in revenue in the core Clinical Services business as we seek to achieve a critical mass of revenue. Additionally we anticipate initial technology driven revenues in the second six months and further value-enhancing deals being consummated.

David Evans
Chairman
16 May 2014

Venn Life Sciences Holdings Plc

Chief Executive's Review

For the year ended 31 December 2014

Our efforts in 2013 have been focused on transforming the infrastructure and capabilities of our business and transitioning it to a place where we can genuinely compete with a compelling and differentiated offer in a market that has become increasingly internationalised.

Critically we completed two Clinical Services acquisitions in December 2013, the financial benefits of which we will see in 2014 and beyond. The addition of these new locations has enhanced our ability to credibly respond to multi-country tenders, which by their very nature are significantly higher value proposals than Venn has seen historically and where we expect a further growth in demand.

We classify these higher value (more than €1.5m), higher tenure, multi-country contracts as Enterprise level proposals and our 2013 and on-going focus is on building a pipeline of such Enterprise deals. We have been very pleased to announce the signing of such a deal today, details of which are contained within a separate announcement.

It is encouraging to note that a number of our current Enterprise level proposals are as a direct result of the expansion through acquisition into new territories. It is our intention during 2014 to complete further geographic and capability expansion through M&A and we are currently conducting diligence on specific opportunities.

In addition to improvements in our service offering we have successfully leveraged our network and core-skills within our group, to secure our first technology initiative and develop a pipeline of follow-on opportunities. I believe through the acquisition of the Labskin technology platform in particular and additional skin science, we have enhanced the asset base of our business in a very capital efficient manner. We expect first revenue flows from Labskin later this year.

Results and Commentary

Service fee income for the full year amounted to €2.04m (2012 - €2.68m) and the reported EBITDA loss (before exceptional items) was €1.65m (2012 - €0.53m). The consolidated Balance Sheet as at 31 December 2013 had total assets of €2.37m, €0.54m of which was represented by cash and cash equivalents.

Key areas of activity contributing to the loss for the year include: external acquisition transaction costs, internal M&A team costs, screening technology opportunities, significant investment in Enterprise level business development, systems and infrastructure. Investments made during the year were consistent with commitments made to shareholders on admission to the market. The results for 2013 include the costs associated with two acquisitions, completed in December. 2014 will see the benefit of the contribution from these acquired entities.


Encouragingly our first multi-country Enterprise level tender proposal was executed in 2013 and we have added another three Enterprise level proposals in the first half of 2014 with total Enterprise level proposals now accounting for 60% of our pipeline.

Plans and Outlook

The clinical research and development markets remain buoyant, underpinned by committed Pharma spending and a more vibrant biotechnology scene driven largely by better access to capital. We believe that investments made during 2013 leave us well positioned to benefit from this.

Management priorities remain both on the on-going build of a strong deal-flow pipeline featuring at least 50% of target revenue at the Enterprise level as well as the conversion of Enterprise level deals already in the pipeline.

We expect to complete further acquisition activity in 2014 ideally focussing on more transformational transactions that bring multiple geographies. We have solid evidence from our initial transactions of a strong correlation between geographical coverage and requests for proposals. We have letters of Intent signed and due diligence ongoing on three acquisition opportunities.



Anthony Richardson
Chief Executive Officer

16 May 2014

Venn Life Sciences Holdings Plc

The Board

David Evans, Non-Executive Chairman (aged 54)

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 49)

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.

Michael Ryan, Non-Executive Director (aged 55)

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 69)

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 and now is part of Shire plc. 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

Strategic Report

For the year ended 31 December 2013

Review of the business

A comprehensive review of the year is given in the Chairman's Statement on page 2 and the Chief Executive's review on page 4.

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 staffs 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.

Future outlook

The Chairman's Statement on page 2 and the Chief Executive's Review on page 4 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. The KPIs are disclosed on the Chief Executive Statement on page 4.

Venn Life Sciences Holdings Plc

Strategic Report (Continued)

For the year ended 31 December 2013

Review of strategy and business model

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.

Venn's strategy is to create a mid-sized clinical research organisation (CRO) in Europe. The strategy involves combining a number of small European CROs 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 linguistic, cultural, logistical and regulatory differences. Venn Group is perfectly positioned to deal with these differences.

In addition the Group will benefit from better, more professional and central management in bringing synergies and contacts to the larger group.

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.

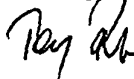
Disabled employees

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.

Social, community, and human rights

The Board recognises that the Group has a duty to be a good corporate citizen and to respect the laws, and where appropriate the customs and culture of the territories in which it operates. It contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Strategic Report was approved by the Board on 16 May 2014 and signed on its behalf by:



Anthony Richardson
Chief Executive Officer

Venn Life Sciences Holdings Plc

Report of the Directors For the year ended 31 December 2013

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 2013.

Directors

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

David Evans

Anthony Richardson

Michael Ryan

Paul Kennedy (Appointed 14 March 2013)

Paul Foulger (Resigned on 14 April 2014)

Principal activities

The principal activity of the Group continued to be that of Clinical Research Organisation (CRO) providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations.

Strategic Report

In accordance with section 414C(11) of the Companies Act 2006 the Company choose to report the review of the business, the future outlook and the risks and uncertainties faced by the Group in the Strategic Report on page 6.

Dividends

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

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 2013 was 48 days (2012 - 47 days).

Directors' interests

The interests of those Directors serving at 31 December 2013 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 2013 Ordinary Shares of 0.1p each	On 1 January 2013 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 (resigned on 14 April 2014)	416,666	416,667
Michael Ryan	273,258	273,258
Paul Kennedy	480,035	480,035

Venn Life Sciences Holdings Plc

Report of the Directors (continued) For the year ended 31 December 2013

Substantial shareholdings

As at 6 May 2014, 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
J M Finn Nominees Limited	2,727,157	9.67%
Ferlim Nominees Limited	2,493,694	8.85%
CRM Clinical Trials GmbH	1,962,583	6.96%
Pershing International Nominees Limited	1,908,564	6.77%
Reyker Nominees Limited	1,833,333	6.50%
Harewood Nominees Limited	1,691,667	6.00%
XCAP Nominees Limited	1,404,775	4.98%
The Bank of New York (Nominees) Limited	1,399,736	4.97%
Rathbone Nominees Limited	1,149,929	4.08%
Fitel Nominees Limited	1,067,982	3.79%
Evocutis Plc	846,706	3.07%

Post balance sheet events

The following events have taken place since the year end:

(a) On 13 January 2014 the Company announced the acquisition of the trade and certain business assets and liabilities of CRM Clinical Trials GmbH, a German based Clinical Research Organisation for a total consideration of €0.6m satisfied by the issue of 1,962,583 new ordinary shares at the price of £0.26 per share in the Company.

(b) On 26 February 2014 the Company announced the acquisition of the intellectual property rights in Labskin™, SYN1113 and related equipment of Evocutis plc, for a consideration £210,000 satisfied by the issue of 864,706 new ordinary shares at a price of £0.24 per share in the Company.

(c) On 31 March 2014 the Company completed its fund raising of £1m by issuing 5,263,158 new ordinary shares at a price of £0.19 per share.

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.

Venn Life Sciences Holdings Plc

Report of the Directors (continued) For the year ended 31 December 2013

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.

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 46.

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 16 May 2014 and signed on its behalf by.



Anthony Richardson
Chief Executive Officer

Venn Life Sciences Holdings Plc

Corporate Governance Statement For the year ended 31 December 2013

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 certain provisions of 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

8 Board meetings were held during the year. The Director's attendance record during the year is as follows:

David Evans (Chairman)	8
Anthony Richardson (Chief Executive Officer)	8
Michael Ryan (Non-Executive Director)	8
Paul Kennedy (Non-Executive Director) – Appointed on 14 March 2014	6
Paul Foulger (Finance Director and Company Secretary – Resigned on 14 April 2014)	8

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.

Venn Life Sciences Holdings Plc

Corporate Governance Statement (continued)

For the year ended 31 December 2013

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.

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.

Venn Life Sciences Holdings Plc

Report of the Remuneration Committee For the year ended 31 December 2013

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 2013 is shown below:

	Salary and fees €'000	Benefits in kind €'000	Bonus €'000	2013 €'000	2012 €'000
Non-Executive Directors					
David Evans (1)	24	-	-	24	29
Michael Ryan (2)	14	-	-	14	2
Adam Reynolds (3) (resigned on 14 December 2012)	-	-	-	-	32
Paul Kennedy (4)	15	-	-	15	-
	53	-	-	53	63
Executive Directors					
Anthony Richardson (5)	152	8	-	160	42
Paul Foulger (6) (resigned on 11 April 2014)	71	-	-	71	30
	223	8	-	231	72
Total fees and emoluments	276	8	-	284	135

- (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) Adam Reynolds' remuneration was paid through either Hub Capital Partners LLP or Diablo Consulting Limited, both entities he has an interest in. Adam resigned on 14 December 2012 and £5,000 was paid to him for loss of office.
- (4) Paul Kennedy's remuneration started from 14 March 2013.
- (5) Anthony Richardson sacrificed his salary by €80,000 in 2012.
- (6) Paul Foulger's remuneration was paid through Diablo Consulting Limited, a company in which he has a joint interest with Adam Reynolds. Paul resigned on 14 April 2014.

Directors' share options

As at 31 December 2013 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 2013

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 2013 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 those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or 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 opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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 financial and non-financial information in the Chairman's Statement, Chief Executive Review, Statement of Corporate Governance, Strategic Report 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 implications 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 2013 and of the Group's loss 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 IFRS's 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 properly prepared in accordance with the Companies Act 2006.

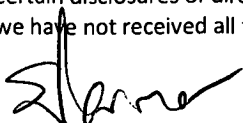
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 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 Jeffrey's Henry LLP, Statutory Auditor
Finsgate, 5 – 7 Cranwood Street, London, EC1V 9EE

16 May 2014

Venn Life Sciences Holdings Plc

Consolidated Statement of Comprehensive Income For the year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
Continuing operations			
Revenue	5	2,035	2,680
Administrative expenses	6, 7	(3,829)	(3,804)
Operating loss		(1,794)	(1,124)
Depreciation and amortisation	6	(32)	(43)
Exceptional items	7	(117)	(556)
EBITDA before exceptional items	5	(1,645)	(525)
Finance income	12	12	3
Finance costs	12	(41)	(29)
Loss before income tax		(1,823)	(1,150)
Income tax credit/(charge)	13	23	(22)
Loss for the year		(1,800)	(1,172)
Currency translation differences		(8)	-
Total comprehensive loss for the year		(1,808)	(1,172)
Loss per ordinary share	14	€	€
Basic and diluted		(0.09)	(0.12)

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

The notes on pages 19 to 45 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 €1,256,000 (2012: €393,000).

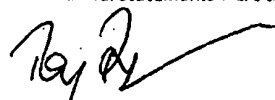
Venn Life Sciences Holdings Plc

Consolidated and Company's Statement of Financial Position As at 31 December 2013

	Notes	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Assets					
Non-current assets					
Property, plant and equipment	16	53	47	-	-
Intangible assets	17	1,039	836	-	-
Investments in subsidiaries	18	-	-	3,756	3,543
Investments	20	31	31	31	31
Total non-current assets		1,123	914	3,787	3,574
Current assets					
Trade and other receivables	21	656	593	1,313	854
Income tax recoverable		52	14	-	-
Cash and cash equivalents	22	541	2,876	464	2,374
Total current assets		1,249	3,483	1,777	3,228
Total assets		2,372	4,397	5,564	6,802
Equity attributable to owners					
Share capital	27	102	102	102	102
Share premium account	28	3,431	3,431	3,431	3,431
Group re-organisation reserve	30	(541)	(541)	-	-
Merger relief reserve	30	-	-	3,531	3,531
Reverse acquisition reserve	30	45	45	-	-
Foreign currency reserves	30	(8)	-	-	-
Retained earnings	29	(2,308)	(508)	(1,815)	(559)
Total equity		721	2,529	5,249	6,505
Liabilities					
Non-current liabilities					
Deferred consideration	26	54	-	54	-
Borrowings	25	-	297	-	-
Total non-current liabilities		54	297	54	-
Current liabilities					
Trade and other payables	23	1,178	1,212	184	297
Deferred taxation	24	17	6	-	-
Deferred consideration	26	77	-	77	-
Borrowings	25	325	353	-	-
Total current liabilities		1,597	1,571	261	297
Total liabilities		1,651	1,868	315	297
Total equity and liabilities		2,372	4,397	5,564	6,802

The notes on pages 19 to 45 are an integral part of these financial statements:

The financial statements were approved and authorised for issue by the Board on 16 May 2014.



Anthony Richardson
Chief Executive Officer

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 2013

	Notes	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Cash Flow from operating activities					
Cash used in operations	31	(1,804)	(793)	(1,760)	(1,022)
Interest paid		(39)	(29)	-	-
Income tax paid		(16)	(17)	-	-
Net cash used in operating activities		(1,859)	(839)	(1,760)	(1,022)
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash acquired	35	(54)	436	(84)	-
Purchase of property, plant and equipment (PPE)		(31)	(18)	-	-
Purchase of investments		-	-	-	(62)
Proceeds from sale of PPE	31	-	5	-	-
Proceeds from sale of investments		-	31	-	31
Interest received		12	3	10	5
Net cash (used in)/generated by investing activities		(73)	457	(74)	(26)
Cash flow from financing activities					
Proceeds from issuance of ordinary shares	27,28	-	2,777	-	2,777
New bank loans		-	381	-	-
Repayments on borrowings		(362)	(19)	-	-
Net cash (used in)/generated by financing activities		(362)	3,139	-	2,777
Net (decrease)/increase in cash and cash equivalents					
		(2,294)	2,757	(1,834)	1,729
Cash and cash equivalents at beginning of year		2,588	(169)	2,374	645
Exchange losses on cash and cash equivalents		(78)	-	(76)	-
Cash and cash equivalents at end of year	22	216	2,588	464	2,374

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	Foreign currency reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2012	2	-	(541)	-	-	664	125
Changes in equity for the year ended 31 December 2011							
Total comprehensive loss for the year	-	-	-	-	-	(1,172)	(1,172)
Share capital and share premium as recognised as reverse acquisition (note 32)	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
Changes in equity for the year ended 31 December 2013							
Loss for the year	-	-	-	-	-	(1,800)	(1,800)
Currency translation differences	-	-	-	-	(8)	-	(8)
Total comprehensive loss for the year	-	-	-	-	(8)	(1,800)	(1,808)
At 31 December 2013	102	3,431	(541)	45	(8)	(2,308)	721

Company

	Share capital €'000	Share premium €'000	Merger relief reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2012	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
Changes in equity for the year ended 31 December 2013					
Total comprehensive loss for the year	-	-	-	(1,256)	(1,256)
At 31 December 2013	102	3,431	3,531	(1,815)	5,249

Venn Life Sciences Holdings Plc

Notes to the Financial Statements For the year ended 31 December 2013

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 4 Lombard Street, London, EC3V 9HD.

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, Germany.

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 2013

The following new IFRS pronouncements relevant to the Group have been adopted in these financial statements:

- Improvements to IFRSs (Issued May 2012). These amendments include minor adjustments to IFRS standards as part of the annual improvements process. Most amendments clarify existing practice. The application of this pronouncement has not had any impact on amounts recognised in these financial statements.
- IFRS 13 Fair value measurement. The amendment sets out a single IFRS framework for the measurement of fair value and the related disclosure requirements. The application of this pronouncement has not had any material impact on amounts recognised in these financial statements.

(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:

- 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.

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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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. £1m has been raised post year end from sale of new ordinary shares (see note 36 for further information).

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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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 its 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.

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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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

(a) 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.

(b) Trade secrets

Trade secrets, including technical know-how, operating procedures, contact network, methods and processes, acquired in a business combination are recognised at fair value at the acquisition date. Trade secrets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trade secrets over their estimated useful lives of 10 years and is charged to administrative expenses in the income statement.

(c) Customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of 5 years and is charged to administrative expenses in the income statement.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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 2013	Average rate 2012	Year end rate 2013	Year end rate 2011
GBP	0.85	0.81	0.83	0.81
US Dollar	1.33	1.32	1.38	1.28
Swiss Franc	1.23	1.20	1.23	1.21

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 €11,000 (2012 - €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 derivative 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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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 2013 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 2013:					
Borrowings	325	-	-	-	325
Trade and other payables	1,178	-	-	-	1,178
At 31 December 2012:					
Borrowings	353	68	229	-	650
Trade and other payables	1,212	-	-	-	1,212

(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-gearred, having net cash at 31 December 2013. 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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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 and cost of investments

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. In addition the Group has also considered the impairment of the investments in the subsidiaries undertakings.

(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 27.

(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 €654,000 (2012 - €256,000) of deferred tax assets not recognised.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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 2013 is as follows:

2013	France €'000	Netherlands €'000	Other €'000	Total €'000
Income statement				
External revenue	1,027	899	109	2,035
Adjusted EBITDA*	(16)	(102)	(1,527)	(1,645)
Exceptional costs	-	-	(117)	(117)
EBITDA	(16)	(102)	(1,644)	(1,762)
Depreciation	(3)	(8)	(21)	(32)
Operating profit	(19)	(110)	(1,665)	(1,794)
Net finance costs	(13)	-	(16)	(29)
Income tax	-	23	-	23
Retained loss	(32)	(87)	(1,681)	(1,800)
Segment assets				
Operating assets	1,184	554	4,179	5,917
Inter segment assets	(241)	(322)	(3,523)	(4,086)
External operating assets	943	232	656	1,831
Cash and cash equivalents	-	33	508	541
Total assets	943	265	1,164	2,372
Segment liabilities				
Operating liabilities	661	225	4,526	5,412
Inter segment liabilities	(275)	-	(3,811)	(4,086)
External operating liabilities	386	225	715	1,326
Borrowings	48	-	277	325
Total liabilities	434	225	992	1,651
Other segmental information				
Non current assets – PPE	4	13	36	53
Non current assets – Intangibles	731	105	203	1,039

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

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

* Adjusted EBITDA excludes exceptional costs.

Other primarily relates to the holding company and head office costs.

No more than 10% of the revenues have been derived from a single external customer in 2013 and 2012.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

6. Expenses – analysis by nature

	2013 €'000	2012 €'000
Employee benefit expense (note 10)	2,566	2,132
Depreciation and amortisation	32	43
Transaction costs relating to business combinations and listing (note 7)	117	306
Deemed reverse acquisition costs (note 7)	-	326
Inter-company balances written back (note 7)	-	(76)
Foreign exchange losses	56	-
Operating lease payments	146	115
Other expenses	912	958
Total administrative expenses	3,829	3,804

7. Exceptional items

Included within Administrative expenses are exceptional items as shown below:

	Note	2013 €'000	2012 €'000
Exceptional items includes:			
– Transaction costs relating to business combinations and listing	a	117	306
– Deemed reverse acquisition costs	b	-	326
– Inter-company balances written back	c	-	(76)
Total exceptional items		117	556

(a) Transaction costs relating to business combinations.

The Group incurred acquisition expenses of €117,000 (2012 - €306,000) 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.

(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:

	2013 €'000	2012 €'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	30	29
– Other services	1	58
– Tax services	6	3
Total auditor's remuneration	37	90

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

9. Directors emoluments

	2013 €'000	2012 €'000
Aggregate emoluments	276	113
Contribution to defined contribution pension scheme	8	2
Total directors' remuneration	284	115

See further disclosures within the Remuneration Report on page 13.

Highest paid Director	2013 €'000	2012 €'000
Total emoluments received	152	40
Defined benefit pension scheme	8	2

10. Employee benefit expense

	2013 €'000	2012 €'000
Wages and salaries	2,066	1,633
Social security costs	373	386
Pension costs	127	113
Total employee benefit expense	2,566	2,132

11. Average number of people employed

	2013 No	2012 No
Average number of people (including Executive Directors) employed was:		
Administration	18	11
Clinical research	21	36
Sales and marketing	4	8
Total average number of people employed	43	55

The total number of employees at 31 December 2013 was 39 (2012 - 53).

12. Finance income and costs

	2013 €'000	2012 €'000
Interest expense:		
– Bank borrowings	25	23
– Deferred consideration unwinding of discount	2	-
– Interest on other loans	14	6
Finance costs	41	29
Finance income		
– Interest income on cash and short-term deposits	12	3
Finance income	12	3
Net finance costs	29	26

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

13. Income tax expense

Group	2013 €'000	2012 €000
Current tax:		
Current tax for the year	(22)	24
Total current tax (credit)/charge	(22)	24
Deferred tax (note 24):		
Origination and reversal of temporary differences	(1)	(2)
Total deferred tax	(1)	(2)
Income tax (credit)/charge	(23)	22

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:

	2013 €'000	2012 €'000
Loss before tax	(1,823)	(1,150)
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 20% (2012 - 21%)	(365)	(242)
Tax effects of:		
– Expenses not deductible for tax purposes	34	112
– Losses carried forward/(utilised)	308	135
– Impact of different tax rates in other jurisdictions	-	17
Tax (credit)/charge	(23)	22

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

14. Loss 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.

	2013 €'000	2012 €'000
Loss attributable to equity holders of the Company	(1,800)	(1,172)
Weighted average number of Ordinary Shares in issue	20,099,994	10,116,393
Basic loss per share	(€0.09)	(€0.12)

(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 2013 or 31 December 2012 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 27.

15. Dividends

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

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

16. Property, plant and equipment Group	Fixtures & fittings €'000
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
Cost	
At 1 January 2013	267
On acquisition of subsidiary undertaking (note 34)	19
Additions	31
At 31 December 2013	317
Depreciation	
At 1 January 2013	220
On acquisition of subsidiary undertaking (note 34)	14
Charge for the year	30
At 31 December 2013	264
Net book value	
At 31 December 2013	53

The Company had no property, plant and equipment.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

17. Intangible fixed assets				
Group	Customer relationships €'000	Trade secrets €'000	Goodwill €'000	Total €'000
Cost and Net book value				
At 1 January 2012 and 31 December 2012	-	-	836	836
Cost				
At 1 January 2013	-	-	836	836
On acquisition of subsidiary undertaking (note 34)	24	37	144	205
At 31 December 2013	24	37	980	1,041
Amortisation				
At 1 January 2013	-	-	-	-
Charge for the year	1	1	-	2
At 31 December 2013	1	1	-	2
Net book value				
At 31 December 2013	23	36	980	1,039

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.

	2013 €'000	2012 €'000
France	731	731
Netherlands	105	105
UK	144	-
Total	980	836

Goodwill is tested for impairment at the balance sheet date. The recoverable amount of goodwill at 31 December 2013 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 two 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 2013 for all the units were as follows:

	%
Longer-term growth rate (after 2015)	5
Discount rate	20

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

The group has been loss making for the last 3 years and in 2013 the Directors have transformed the infrastructure and capabilities of the group in order to work as group in providing services to clinical research and development markets as one unit rather than separate units. This meant that the impairment review is prepared on the group basis rather than a single unit basis. 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 Group. The projections and associated headroom used for the group 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 not result in any impairment at the group level.

The Company has no intangible assets.

18. Investments in subsidiaries

Company	2013 €'000	2012 €'000
Shares in Group undertakings		
Beginning of the year	3,543	-
Additions	213	3,543
End of the year	3,756	3,543

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid. No impairment provision has been made to the investments.

During the year the Company acquired Medevol Limited for total maximum consideration of £670,000 (€803,000). Details of the acquisition are disclosed in note 34.

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
Venn Life Sciences UK Limited	4	100% (indirect)	Ordinary	Clinical Research Organisation
Medevol Limited	5	100% (direct)	Ordinary	Clinical Research Organisation

Notes

1. Incorporated and registered in Ireland.
2. Incorporated and registered in the Netherlands.
3. Incorporated and registered in France.
4. Incorporated and registered in England and Wales
5. Incorporated and registered in Northern Ireland and name changed to Venn Life Science (NI) Limited on 12 February 2014

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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

19. Financial instruments by category

(a) Assets

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
31 December				
Assets as per balance sheet				
Trade and other receivables excluding prepayments and corporation tax	535	1,313	447	854
Cash and cash equivalents	541	464	2,876	2,374
Total	1,076	1,777	3,323	3,228

(b) Liabilities

	Group 2013 €'000	Company 2013 €'000	Group 2012 €'000	Company 2012 €'000
31 December				
Liabilities as per balance sheet				
Deferred consideration	131	131	-	-
Borrowings	325	-	650	-
Trade and other payables	1,178	186	1,212	297
Total	1,634	315	1,862	297

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 2013 and 31 December 2012, 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:

	2013 €'000	2012 €'000
AA	33	106
Other	508	2,770
Total	541	2,876

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

20. Investments

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
At 1 January	31	-	31	-
Additions	-	-	-	62
Acquired on acquisition	-	62	-	-
Disposals	-	(31)	-	(31)
At 31 December	31	31	31	31

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

21. Trade and other receivables

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Trade receivables	557	482	-	-
Less: provision for impairment of trade receivables	(83)	(83)	-	-
Trade receivables – net	474	399	-	-
Prepayments and accrued income	121	146	-	-
Amounts owed by subsidiary undertakings	-	-	1,302	786
Other receivables	61	48	11	68
	656	593	1,313	854

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

As of 31 December 2013, trade receivables of €83,000 (2012 - €83,000) were impaired and provided for. The aging of these impaired receivables is as follows:

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Up to 3 months	-	-	-	-
3 to 6 months	-	-	-	-
6 months to one year	-	83	-	-
More than one year	83	-	-	-

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

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
At 1 January	83	-	-	-
Provision for receivables impairment	-	83	-	-
Receivables written off during the year as uncollectible	-	-	-	-
Unused amounts reversed	-	-	-	-
At 31 December	83	83	-	-

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

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

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

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
UK Sterling	195	68	1,313	854
Euros	461	525	-	-
	656	593	1,313	854

22. Cash and cash equivalents

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Cash at bank and on hand	165	282	88	160
Short-term bank deposits	376	2,594	376	2,214
Cash and cash equivalents (excluding bank overdrafts)	541	2,876	464	2,374

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

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Cash and cash equivalents	541	2,876	464	2,374
Bank overdraft (note 25)	(325)	(288)	-	-
Cash and cash equivalents	216	2,588	464	2,374

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 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Trade payables	416	370	32	164
Amounts due to subsidiary undertakings	-	-	-	-
Social security and other taxes	263	222	-	-
Other payables	36	180	-	-
Accrued expenses and deferred income	463	440	152	133
	1,178	1,212	184	297

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

24. Deferred income tax

Deferred tax liabilities

Deferred tax balances were as follows:

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Deferred tax liabilities to be recovered within 12 months	17	6	-	-
	17	6	-	-

Deferred tax liabilities were made up as follows:

Accelerated tax depreciation	17	6	-	-
	17	6	-	-

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 €654,000 (2012 - €256,000), mainly in respect of tax losses amounting to €3,271,000 (2012: €1,217,000) 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 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
At 1 January	6	8	-	-
On acquisition of subsidiary undertaking (note 34)	12	-	-	-
Income statement movement (note 13)	(1)	(2)	-	-
At 31 December	17	6	-	-

25. Borrowings

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Non-current				
Bank borrowings	-	297	-	-
	-	297	-	-
Current				
Bank overdraft	325	288	-	-
Bank borrowings	-	65	-	-
	325	353	-	-

The Company has no borrowings.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

The maturity profile of borrowings was as follows:

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Amounts falling due				
Within 1 year	325	353	-	-
Between 1 and 2 years	-	68	-	-
Between 2 and 5 years	-	229	-	-
Total borrowings	325	650	-	-

Bank borrowings

Bank borrowings are due within one year and bear an average fixed average coupon of 5.5% annually.

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 the borrowings equals their carrying amount, as there is no impact of discounting.

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

26. Deferred consideration

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
At 1 January	-	-	-	-
On acquisition of subsidiary undertakings (note 34)	693	-	693	-
Unwinding of discount (note 12)	2	-	2	-
Fair value adjustment	(564)	-	(564)	-
At 31 December	131	-	131	-
Current	77	-	77	-
Non-current	54	-	54	-

The deferred consideration is payable to former owners of Medevol Limited with maximum consideration of €719,000. In the opinion of the Directors fair value adjustment has been made to reduce the additional consideration by €564,000. The deferred consideration is dependent on profitability targets. For further details see note 34.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

27. Share capital

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
20,099,994 (2012 – 20,099,994) Ordinary shares of €0.00123	25	25	25	25
62,833,339 (2012 – 62,833,339) Deferred shares of €0.00123	77	77	77	77
Total	102	102	102	102

Deferred shares have no rights to income, capital or voting and the Company have the right to acquire all such shares for an aggregate price of £1.

Warrants and share option schemes

166,666 warrants existed at 31 December 2013. 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.

28. Share premium

Group	2013 €'000	2012 €'000
At 1 January	3,431	-
Premium on shares issued	-	3,064
Cost of raising capital	-	(297)
Recognition on reverse acquisition	-	664
At 31 December	3,431	3,431

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

29. Retained earnings

	Group €'000	Company €'000
At 1 January 2012	664	(166)
Loss for the year	(1,172)	(393)
At 31 December 2012	(508)	(559)
At 1 January 2013	(508)	(559)
Loss for the year	(1,800)	(1,256)
At 31 December 2013	(2,308)	(1,815)

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

30. Other reserves

Group

	Foreign currency reserve €'000	Group re- organisation reserve €'000	Reverse acquisition reserve €'000	Total €'000
At 1 January 2012	-	(541)	-	(541)
On acquisition of subsidiary undertakings	-	-	45	45
At 31 December 2012	-	(541)	45	(496)
At 1 January 2013	-	(541)	45	(496)
Currency translation differences	(8)	-	-	(8)
At 31 December 2013	(8)	(541)	45	(504)

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 reserve 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).

Company	Merger relief reserve €'000
At 1 January 2012	-
On acquisition of subsidiary undertakings	3,531
At 31 December 2012	3,531
At 1 January 2013 and 31 December 2013	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.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued) For the year ended 31 December 2013

31. Cash used in operations

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
(Loss)/profit before income tax	(1,823)	(1,150)	(1,256)	(393)
Adjustments for:				
– Depreciation	32	43	-	-
– Deemed reverse acquisition costs	-	326	-	-
– Loss on disposal of PPE	-	14	-	-
– Foreign currency translation of net assets	70	-	76	-
– Net finance costs / (income)	29	26	(8)	(5)
Changes in working capital				
– Trade and other receivables	97	488	(459)	(847)
– Trade and other payables	(209)	(540)	(113)	223
Net cash used in operations	(1,804)	(793)	(1,760)	(1,022)

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

Group	2013 €'000	2012 €'000
Net book amount	-	10
Loss on disposal of property, plant and equipment	-	(14)
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 34.

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:

	2013 €'000	2012 €'000
Aggregate emoluments	276	113
Employer contribution to pension scheme	8	2
	284	115

Key management includes the Directors only.

Group

At the year-end €Nil (2012: €180,000) was owed to the Old Venn Group. A balance of €Nil (2012: €76,000) was written back to the Income Statement. The balance was repaid after the year end as per the terms of the share purchase agreement.

The Company

During the year the Company was charged management charges of €801,000 (2012 - €Nil) from its subsidiary undertakings. At 31 December 2013 the Company was owed €1,302,000 (2012 - €786,000) by its subsidiaries.

32 Capital commitments

The Group had no capital commitments at 31 December 2013.

Venn Life Sciences Holdings Plc

Notes to the Financial Statements (continued)

For the year ended 31 December 2013

34. Business combinations

Acquisition of Medevol Limited

On 9 December 2013, the Company acquired Medevol Limited, a CRO business based in Belfast, Northern Ireland, for a total maximum consideration of £670,000 (€803,000).

The goodwill of £121,000 (€144,000) arising from the acquisition is attributable to the expected future profitability of the acquired business and synergies expected to arrive from the incorporation of the business within the Group.

The following table summarises the consideration paid for Medevol Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	€'000
Fair value consideration at 9 December 2013	
Cash	84
Deferred consideration (note 26)	129
Total fair value consideration	213
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	30
Property, plant and equipment (note 16)	5
Customer relations - included in intangibles (note 17)	24
Trade secrets - included in intangibles (note 17)	37
Trade and other receivables	160
Trade and other payables	(175)
Deferred tax liabilities (note 24)	(12)
Total identifiable net assets	69
Goodwill	144

The additional deferred consideration arrangement requires the Company to pay the former owners of Medevol Limited a maximum additional consideration of £600,000 (€719,000). The additional consideration is linked to Profit before taxation over a period post acquisition. In the opinion of the Directors the full consideration will not be paid and hence an adjustment of €564,000 has been made to reduce the additional consideration to £129,000 (€155,000). The additional consideration has also been discounted to its net present value to £107,000 (€129,000) using a rate to reflect the time value of money. Unwind of the discount in the post-acquisition period totals £22,000 (€26,000) and has been included in the finance expense in the income statement (note 12).

The revenue included in the consolidated statement of comprehensive income since 9 December 2013 contributed by Medevol Limited was €18,000. Medevol Limited also contributed loss of €7,000 over the same period. Had Medevol Limited had been consolidated from 1 January 2013, the consolidated statement of comprehensive income, would show revenue of €156,000 and profit of €40,000.

Medevol Limited changed its name to Venn Life Sciences (NI) Limited on 12 February 2014.

35. Post balance sheet events

The following events have taken place since the year end:

(a) On 13 January 2014 the Company announced the acquisition of the trade and certain business assets and liabilities of CRM Clinical Trials GmbH, a German based Clinical Research Organisation for a total consideration of €0.6m satisfied by the issue of 1,962,583 new ordinary shares at the price of £0.26 per share in the Company.

(b) On 26 February 2014 the Company announced the acquisition of the intellectual property rights in Labskin™, SYN1113 and related equipment of Evocutis plc, for a consideration £210,000 satisfied by the issue of 864,706 new ordinary shares at a price of £0.24 per share in the Company.

(c) On 31 March 2014 the Company completed its fund raising of £1m by issuing 5,263,158 new ordinary shares at a price of £0.19 per share.