

Registered number: 04923945

## BIOVENTIX PLC

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

FRIDAY



\*L3J6BBZ1\*

LD4

24/10/2014

#60

COMPANIES HOUSE

*[Handwritten signature]*

---

**BIOVENTIX PLC**

---

**COMPANY INFORMATION**

---

**DIRECTORS**

P Harrison  
I J Nicholson  
T Turner  
N J McCooke (appointed 25 January 2014)

**COMPANY SECRETARY**

Cargil Management Services Limited

**REGISTERED NUMBER**

04923945

**REGISTERED OFFICE**

27-28 Eastcastle Street  
London  
W1W 8DH

**INDEPENDENT AUDITORS**

James Cowper LLP  
Chartered Accountants & Statutory Auditors  
3 Wesley Gate  
Queen's Road  
Reading  
Berkshire  
RG1 4AP

601

---

**BIOVENTIX PLC**

---

**CONTENTS**

---

	Page
<b>Chairman and Chief Executive's statement</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Strategic report</b>	5 - 8
<b>Independent auditors' report</b>	9 - 10
<b>Profit and loss account</b>	11
<b>Balance sheet</b>	12
<b>Cash flow statement</b>	13
<b>Notes to the financial statements</b>	14 - 25



---

## BIOVENTIX PLC

---

### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

---

The Chairman and the Chief Executive present their statement for the period.

#### Business review

We are pleased to report the results for the financial year ended 30 June 2014. Revenues for the year of £3.535m (2013:£2.706m) were 31% up on the previous year. Profits after tax have increased by 19% year on year.

The core business has remained strong and has been supplemented by growth in other areas. We have reported consistently on our positive outlook for our vitamin D activities and a leading antibody called vitD3.5H10. Revenue from this product has continued to grow and increasing royalties are now being generated as customer products (assays for vitamin D deficiency) reach markets around the world. Bioventix now has thirteen licensees for vitD3.5H10 ranging from large to small diagnostics companies. We remain optimistic that revenues from vitD3.5H10 will continue to grow over the next year or so as more vitD3.5H10-based products reach the market.

We recently announced the conclusion to a license agreement with DIAsource of Belgium which was effective in removing an element of uncertainty for our customers and shareholders and allows all parties to continue with developing business in this area.

We would like to draw attention to three items in the accounts. There is an exceptional revenue item of £190k which resulted from an internal audit at one of our licensees that revealed a product code on which back-royalties were owed for preceding years. The exceptional item of cost featured in the accounts of £169k covers the preparation for, and listing on the AIM market in London. These two items are approximately balanced resulting in an insignificant effect on profits. There is also a new entry in the costs of £79k which relates to the treatment of staff share options and the "cost" that this attracts under the Black Scholes model, one of the established mechanisms for such valuations.

Cash balances at 30 June 2014 of £3.351m (2013: £2.585m) were significantly higher than the previous year despite significantly increased dividend payments.

The Company remains focused on the creation, development and manufacture of high affinity sheep monoclonal antibodies (SMAs) for use in diagnostics. Niche opportunities arise where other antibody technologies available to our customers fail to deliver the required assay (i.e. test) performance and results in an opportunity for the company to supply SMAs with superior properties. We do not foresee a deviation from this focus.

The order of importance with respect to revenues for the year of different antibodies/analytes in the Bioventix portfolio was: NT proBNP (heart failure); vitamin D; testosterone; FT3 (thyroid hormone); estradiol; various drugs (eg THC/cannabis).

#### Future developments

On-going pipeline development has resulted in new antibodies being supplied to customers in the form of evaluation samples as follows:

- androstenedione (an androgenic steroid similar to testosterone)
- TSH (thyroid stimulating hormone)
- T4 (thyroxine, a thyroid hormone)
- estriol (an estrogen)

Over the next year, we expect that new antibodies will be added to our portfolio as follows:

- BNP (similar to NT proBNP for heart failure testing)
- p24 (part of HIV testing protocols)
- PTH (parathyroid hormone testing)

---

## BIOVENTIX PLC

---

### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

---

Another route to pipeline development comes from sponsored antibody creation projects whereby customers pay for antibody creation in return for exclusive use of the antibodies created. We have had one such project during the last year which was for a large multinational healthcare company in the field of near-patient therapeutic drug monitoring. This proceeded well technically and we are optimistic that this technical success will lead to further development and revenue.

We have also recently started another new sponsored project in the field of infectious disease.

The natural dynamics of product development and launch at our customers imposes a delay of approximately two to five years between delivering evaluation samples to customers and possible product launches by such customers.

Our core customer base consists of five large multinational diagnostics companies though the company is expanding its influence in "second tier" companies, often through our vitamin D antibody.

We remain cautiously optimistic about growth prospects in China. There are rapidly emerging Chinese customers and this represents a growth opportunity. Business development in China does present challenges but we expect that the quality of our antibodies will help the company meet its objectives.

Over the previous years, the Board has followed a cautious dividend policy that embraces continuity in the absence of special dividends. It is the intention of the Board to continue with this policy into the future, albeit from a higher base level.

The new higher base level was initiated with the increased first interim dividend of 9.6p per ordinary share (2013: 4.84p) announced with the interim results in spring 2014.

We are pleased to declare a second interim dividend of 14.4p per Ordinary share. This gives a total for the year of 24p which completes the step up to a higher base level.

The shares will be marked ex-dividend on 16th October 2014 and the dividend will be paid on 31st October 2014 to shareholders on the register at close of business on 17th October 2014..

There has been significant change in the composition of the Bioventix team over the last two years. We thank members of the team who have left and welcome new members to the team. The changes have been achieved without loss of know-how or capability and this is a reflection of the quality of the new staff together with the patience and loyalty of leaving and retiring staff.

The continued excellent performance of the company in a globally competitive market for antibodies is very satisfying. Our sheep monoclonal antibody technology continually delivers performance antibodies to our customers. However, the operation of the antibody technology is made possible by the efforts of our expert staff and we would like to thank them for their remarkable achievements over the last year.

  
Name P Harrison  
Chief Executive Officer

  
I J Nicholson  
Non executive Chairman

Date 24 Sept 2014

---

## BIOVENTIX PLC

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

---

The directors present their report and the financial statements for the year ended 30 June 2014.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of the development and supply of antibodies.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,815,429 (2013 - £1,521,454).

A dividend of 8.7p per share was paid in September 2013. This equated to £437,208. (October 2012 - £364,843).

The board have declared and paid a dividend of 9.6p per share in May 2014. This equated to £484,243 (April 2013 - £291,472).

Following the end of the year, a dividend of 14.4p per share has been declared and paid.

#### BUSINESS REVIEW

The company is required to produce a business review complying with the requirements of the Companies Act 2006. This can be found in the Chairman and Chief Executive's statement on pages 1 and 2. In addition to this, information on the principal risks and uncertainties and key performance indicators can be found in the strategic report within pages 5 to 8.

---

**BIOVENTIX PLC**

---

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**DIRECTORS**

The directors who served during the year were:

P Harrison  
I J Nicholson  
K S Tan (resigned 17 December 2013)  
T Turner  
N J McCooke (appointed 25 January 2014)

**DIRECTOR'S THIRD PARTY INDEMNITY PROVISIONS**

During the year the company had in place Directors and Officers insurance. The cost of this was £3,975 (2013: £3,975).

**DISCLOSURE OF INFORMATION TO AUDITORS**

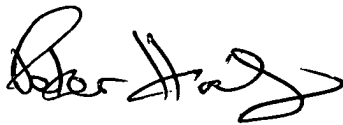
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, James Cowper LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 24 Sept 2014 and signed on its behalf.



**P Harrison**  
Director

---

## BIOVENTIX PLC

---

### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

---

#### BUSINESS REVIEW

Please refer to the full business review which is covered in the Chairman and Chief Executive's statement on pages 1 and 2.

#### PRINCIPAL RISKS AND UNCERTAINTIES

##### Investment in AIM securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk than investment in a company whose shares are listed on the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may therefore realise less than, or lose all of, their investment.

##### Volatility of share price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company and news reports relating to trends in the Group's markets. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

##### Dependence on key employees

The Company's future success is substantially dependent on the continued services and performance of its senior management and other key personnel in the various areas of the Company's business. The loss of the services of certain key employees or the inability to recruit personnel of the appropriate calibre, could have a significant adverse effect of the business of the Company.

##### Technology

For SMAs that are in the research and development phase at Bioventix's customers, there is a risk of technical failure. This can occur as assays fail to perform with the desired precision. Failure can also arise when external "field trials" at hospitals using prototype assays identify patient samples that give erroneous results.

For projects at the early phase of Bioventix's pipeline and others that may feature in the medium to long term, there is a risk that new antibody technologies available to third party companies eclipse Bioventix's SMA technology and these new technologies produce superior antibodies. An example of such technologies includes monoclonal antibodies from rabbits.

The Company may come to face competition from other businesses that possess skills and technologies that are not known or available at present. Such competition could prevent the Company from achieving sales. Further, competitors may develop products or technologies that make Bioventix's technology obsolete.

The Company may also face claims that its use of its technology infringes the intellectual property rights of others and may become involved in legal proceedings in connection with such claims. The Company may also generally face legal proceedings in the course of its business. The Company cannot preclude the possibility that litigation may be brought against it from time to time. Any such claims, legal proceedings and litigation may have a material adverse effect on the financial performance and/or the business of the Company. The Company's insurance may not cover all or any part of any claims which customers or third parties may bring against the Company or may not be sufficient to protect the Company against any liability that may be imposed on it.



---

## BIOVENTIX PLC

---

### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2014

---

#### Regulatory Environment

The medical diagnostics field in which the Company operates is highly regulated. Whilst the Company's antibodies are not themselves regulated, the tests in which they are used by the Company's customers must be approved by regulatory bodies such as the US Food and Drug Administration before they can be commercialised. Achieving and maintaining such approval by Bioventix's customers is therefore necessary to the continued success of the Company.

#### Distribution Risk

Bioventix's antibodies are derived from sheep and therefore might be regarded as a sheep-derived product. Any future restriction on the distribution, import/export and use of sheep products or sheep-derived products that might be imposed by government or other authorities for whatever reason could materially affect Bioventix's business.

#### Market risk

There has been a process of merger and acquisition within the blood testing machine companies who are Bioventix's customers. Such activity can result in the rationalisation of individual machines. Therefore, machines that feature Bioventix antibodies could be replaced by machines that do not. Even in the absence of such mergers and acquisitions, machines can be developed within a company such that assays featuring Bioventix antibodies are withdrawn or replaced.

#### Competition

Whilst the Company does not operate under granted patents, the Directors believe that the Company has a significant set of know-how and skills that are unique. The Company may face competition from companies in business at present or not yet established that are or will be better funded, staffed or equipped than the Company. There is also a risk that the Company's principal target customers (blood testing manufacturers) may choose to use alternative antibodies. Competition from any source would adversely affect the Company's ability to generate income.

#### FINANCIAL RISK MANAGEMENT

##### Foreign exchange risk

The majority of the Company's revenues are denominated in either US Dollars or Euros whilst the majority of its operating costs are in Sterling. The Company is therefore exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Company's operating results.

##### Taxation

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

##### Credit risk

The main credit risk of the company is attributable to its trade debtors. The amounts presented in the Balance Sheet are net of any bad debt provision.

---

## BIOVENTIX PLC

---

### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2014

---

#### Cashflow and interest rate risk

Due to the lack of borrowing within the company the interest rate risk is deemed to be low, and there are no specific policies in place to review this.

#### Price risk

The key income stream is that of royalties and these prices are set at the start of the royalty agreement, thus limiting the exposure to sales price risk. The key cost to the company is that of its staff and this is a manageable cost price risk.

#### Liquidity risk

The company maintains a strong cash balance, and always looks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and that cash is invested safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare rolling cashflow forecasts.

#### Ability to pay future dividends

The Company's ability to pay dividends in the future is dependent upon the extent to which it has distributable reserves and cash available for this purpose. The Company can give no assurance to Shareholders that it will, or will be able to, pay dividends in the future.

#### FINANCIAL KEY PERFORMANCE INDICATORS

	2014	2013
Turnover	3,535,358	2,706,436
Profit before tax	2,230,607	1,821,357
Cash balances	3,351,479	2,585,506

Revenues for the year of £3.535m (2013:£2.706m) were 31% up on the previous year. Profits after tax have increased by 15% year on year.

Cash balances at 30 June 2014 of £3.351m (2013: £2.585m) were significantly higher than the previous year despite significantly increased dividend payments.

The company monitors various financial key performance indicators as part of its accounting and management reporting process.

The directors do not anticipate any material change in the nature of the company's operations in the foreseeable future.

#### OTHER KEY PERFORMANCE INDICATORS

The future growth of the company relies on its research and development activities creating and being able to manufacture unique antibodies, that are required by our customers. The directors review and discuss the strategy and performance of our research and development, regularly throughout the year.

The company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of sustained real growth in future profitability.

---

## BIOVENTIX PLC

---

### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2014

---

In a company this size the directors consider there are collectively numerous non-financial performance indicators but none individually are key.

#### FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is exposure to exchange rate fluctuations, but no other significant price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risks are managed conservatively by maintaining deposits of short to medium duration in High Street Banks, thereby reducing the risk of financial default.

Trade debtors are managed in respect of credit by maintaining a regular dialogue with customers, the majority of whom are multinational diagnostics companies.

Risks in relation to exchange rate fluctuations are discussed on page 6.

#### COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The company maintains good relationships with its suppliers and payment terms have typically been 17 days (2013 - 29 days).

This report was approved by the board on 24 Sept 2014 and signed on its behalf.

P Harrison  
Director



---

## **BIOVENTIX PLC**

---

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BIOVENTIX PLC**

---

We have audited the financial statements of Bioventix PLC for the year ended 30 June 2014, set out on pages 11 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' responsibilities statement, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk](http://www.frc.org.uk).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Chairman's and Chief Executive's statement and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

---

BIOVENTIX PLC

---

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BIOVENTIX PLC

---

**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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)  
for and on behalf of

**James Cowper LLP**

Chartered Accountants & Statutory Auditors

3 Wesley Gate

Queen's Road

Reading

Berkshire

RG1 4AP

Date: 15 October 2014

**BIOVENTIX PLC**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 £	2013 £
Turnover		3,345,629	2,706,436
Back dated royalty income		189,729	-
<b>TURNOVER</b>	1,2	<b>3,535,358</b>	<b>2,706,436</b>
Cost of sales		(302,865)	(188,328)
<b>GROSS PROFIT</b>		<b>3,232,493</b>	<b>2,518,108</b>
Administrative expenses		(860,966)	(708,697)
Exceptional costs of listing on AIM		(169,400)	-
Total administrative expenses		(1,030,366)	(708,697)
<b>OPERATING PROFIT</b>	3	<b>2,202,127</b>	<b>1,809,411</b>
Interest receivable and similar income	6	28,584	12,043
Interest payable and similar charges	7	(104)	(97)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,230,607</b>	<b>1,821,357</b>
Tax on profit on ordinary activities	8	(415,178)	(299,903)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<b>1,815,429</b>	<b>1,521,454</b>
Earnings per share:			
Basic		36.09p	30.28p
Diluted		35.42p	30.28p
Basic adjusted		36.53p	-
Basic diluted		35.86p	-

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 14 to 25 form part of these financial statements.

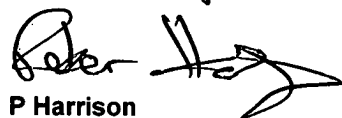
**BIOVENTIX PLC**  
**REGISTERED NUMBER: 04923945**

**BALANCE SHEET**  
**AS AT 30 JUNE 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Intangible assets	9		-		10,000
Tangible assets	10		419,743		438,766
			<u>419,743</u>		<u>448,766</u>
<b>CURRENT ASSETS</b>					
Stocks	11	164,107		148,530	
Debtors	12	1,831,748		1,329,362	
Cash at bank and in hand		3,351,479		2,585,506	
		<u>5,347,334</u>		<u>4,063,398</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(530,913)		(299,737)	
<b>NET CURRENT ASSETS</b>			<u>4,816,421</u>		<u>3,763,661</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,236,164</u>		<u>4,212,427</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred Tax	14		-		(7,602)
<b>NET ASSETS</b>			<u>5,236,164</u>		<u>4,204,825</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		252,210		251,269
Share premium account	16		57,768		-
Capital redemption reserve	16		1,231		1,231
Profit and loss account	16		4,924,955		3,952,325
<b>SHAREHOLDERS' FUNDS</b>	17		<u>5,236,164</u>		<u>4,204,825</u>

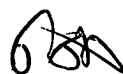
The financial statements were approved and authorised for issue by the board and were signed on its behalf on

24 Sept 2014



**P Harrison**  
Director

The notes on pages 14 to 25 form part of these financial statements.



---

**BIOVENTIX PLC**

---

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

---

	Note	2014 £	2013 £
Net cash flow from operating activities	23	1,765,290	1,341,108
Returns on investments and servicing of finance	24	28,480	11,946
Taxation		(163,145)	(269,040)
Capital expenditure and financial investment	24	(1,909)	(21,331)
Equity dividends paid		(921,452)	(656,315)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>707,264</b>	<b>406,368</b>
Financing	24	58,709	-
<b>INCREASE IN CASH IN THE YEAR</b>		<b>765,973</b>	<b>406,368</b>

---

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 JUNE 2014**

---

	2014 £	2013 £
Increase in cash in the year	765,973	406,368
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>765,973</b>	<b>406,368</b>
Net funds at 1 July 2013	2,585,506	2,179,138
<b>NET FUNDS AT 30 JUNE 2014</b>	<b>3,351,479</b>	<b>2,585,506</b>

---

The notes on pages 14 to 25 form part of these financial statements.



---

## BIOVENTIX PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

---

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Direct sales are recognised at the date of dispatch, and royalties are accrued over the period to which they relate.

Subcontracted R & D income is recognised based upon the stage of completion at the year end.

Annual licence revenue is recognised, in full, based upon the date of the invoice.

##### 1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	Over 10 years
Know how	-	Over 10 years

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and equipment	-	25% reducing balance
Motor Vehicles	-	25% straight line
Equipment	-	25% straight line

##### 1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

---

**BIOVENTIX PLC**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**1. ACCOUNTING POLICIES (continued)**

**1.6 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**1.8 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**1.9 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**1.10 Employee benefits-share-based compensation**

The company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the company will revise its estimates of the number of options are expected to be exercisable. It will recognise the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

---

**BIOVENTIX PLC**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**2. TURNOVER**

An analysis of turnover by class of business is as follows:

	2014 £	2013 £
Royalty and licence fee income	2,759,599	2,051,643
Product revenue and R&D income	775,759	654,793
	<u>3,535,358</u>	<u>2,706,436</u>

The geographical split of turnover is:

	2014 £	2013 £
United Kingdom	114,555	95,895
Other EU	1,566,702	1,309,774
USA	1,577,690	1,020,956
Rest of the World	276,411	279,811
Total	<u>3,535,358</u>	<u>2,706,436</u>

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Amortisation - goodwill and know how	10,000	20,000
Depreciation of tangible fixed assets:		
- owned by the company	20,932	24,314
Auditors' remuneration	8,952	7,428
Auditors' remuneration - non-audit	27,721	-
Difference on foreign exchange	38,935	1,824
Research and development costs written off	552,504	505,195

---

**BIOVENTIX PLC**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	449,091	448,333
Social security costs	45,030	42,679
Other pension costs	15,245	9,168
Share option charge	78,653	-
	<u>588,019</u>	<u>500,180</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Management and administration	4	4
Scientific	9	8
	<u>13</u>	<u>12</u>

**5. DIRECTORS' REMUNERATION**

	2014 £	2013 £
Remuneration	<u>111,967</u>	<u>101,155</u>
Company pension contributions to defined contribution pension schemes	<u>3,275</u>	<u>2,229</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

**6. INTEREST RECEIVABLE**

	2014 £	2013 £
Other interest receivable	<u>28,584</u>	<u>12,043</u>

**BIOVENTIX PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**7. INTEREST PAYABLE**

	2014 £	2013 £
Other interest payable	104	97

**8. TAXATION**

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	434,176	302,221
Adjustments in respect of prior periods	-	(3,204)
<b>Total current tax</b>	434,176	299,017
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	(18,998)	886
<b>Tax on profit on ordinary activities</b>	415,178	299,903

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 21% (2013 - 23%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	2,230,607	1,821,357
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2013 - 23%)	468,427	418,912
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	52,163	300
Depreciation for year in excess of capital allowances	3,534	472
Refunded after uplifted research and development claims	-	(3,204)
Tax deduction arising from exercise of employee options	(13,080)	-
Other differences leading to an increase (decrease) in the tax charge	28,971	9,552
Research and development enhanced expenditure relief	(105,839)	(127,015)
<b>Current tax charge for the year</b> (see note above)	434,176	299,017

---

**BIOVENTIX PLC**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**8. TAXATION (continued)****Factors that may affect future tax charges**

The standard rate of corporation tax will reduce to 20% from 1 April 2015. This will therefore reduce the future tax liabilities accordingly, as well as affecting the deferred tax balance.

**9. INTANGIBLE FIXED ASSETS**

	Know how £	Goodwill £	Total £
<b>Cost</b>			
At 1 July 2013 and 30 June 2014	100,000	100,000	200,000
<b>Amortisation</b>			
At 1 July 2013	95,000	95,000	190,000
Charge for the year	5,000	5,000	10,000
At 30 June 2014	100,000	100,000	200,000
<b>Net book value</b>			
At 30 June 2014	-	-	-
At 30 June 2013	5,000	5,000	10,000

The know how was acquired in December 2003, and the company continues to derive economic benefit from it. The Directors considered it to be appropriate to amortise the know how over its estimated economic life of 10 years.

**BIOVENTIX PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**10. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
<b>Cost</b>					
At 1 July 2013	475,000	164,556	7,500	24,729	671,785
Additions	-	-	-	1,909	1,909
At 30 June 2014	475,000	164,556	7,500	26,638	673,694
<b>Depreciation</b>					
At 1 July 2013	85,500	124,186	7,500	15,833	233,019
Charge for the year	7,125	10,369	-	3,438	20,932
At 30 June 2014	92,625	134,555	7,500	19,271	253,951
<b>Net book value</b>					
At 30 June 2014	382,375	30,001	-	7,367	419,743
At 30 June 2013	389,500	40,370	-	8,896	438,766

Included in land and buildings is freehold land at cost of £118,750 which is not depreciated.

**11. STOCKS**

	2014 £	2013 £
Finished goods	164,107	148,530

**12. DEBTORS**

	2014 £	2013 £
Trade debtors	322,192	343,097
VAT recoverable	51,575	13,512
Prepayments and accrued income	1,446,585	972,753
Deferred tax asset (see note 14)	11,396	-
	1,831,748	1,329,362

*70W*

---

**BIOVENTIX PLC**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**13. CREDITORS:**  
**Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	29,245	30,383
Corporation tax	429,597	158,567
Other taxation and social security	14,181	18,273
Other creditors	22,034	71,795
Accruals and deferred income	35,856	20,719
	<u>530,913</u>	<u>299,737</u>

**14. DEFERRED TAXATION**

	2014 £	2013 £
At beginning of year	(7,602)	(6,716)
Released during/(charged for) year (P&L)	18,998	(886)
At end of year	<u>11,396</u>	<u>(7,602)</u>

The deferred taxation balance is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	4,978	7,602
Other timing differences	(16,374)	-
	<u>(11,396)</u>	<u>7,602</u>

**15. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
5,044,202 (2013 - 5,025,385) Ordinary shares of £0.05 each	<u>252,210</u>	<u>251,269</u>



**BIOVENTIX PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**16. RESERVES**

	Share premium account £	Capital redempt'n reserve £	Profit and loss account £
At 1 July 2013		1,231	3,952,325
Profit for the financial year			1,815,429
Dividends paid			(921,452)
Premium on shares issued during the year	57,768		
Share based payments		-	78,653
At 30 June 2014	<u>57,768</u>	<u>1,231</u>	<u>4,924,955</u>

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
Opening shareholders' funds	4,204,825	3,339,686
Profit for the financial year	1,815,429	1,521,454
Dividends paid (Note 18)	(921,452)	(656,315)
Shares issued during the year	941	-
Share premium on shares issued (net of expenses)	57,768	-
Share based payments	78,653	-
Closing shareholders' funds	<u>5,236,164</u>	<u>4,204,825</u>

**18. DIVIDENDS**

	2014 £	2013 £
Dividends paid on equity capital	<u>921,452</u>	<u>656,315</u>

A dividend of 14.4p per share has been declared following the year end. This equated to £726,365.

**19. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £15,246 (2013-£9,168). No contributions were owing at the year end (2013-£nil).

---

## BIOVENTIX PLC

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

---

#### 20. RELATED PARTY TRANSACTIONS

During the year a dividend of £167,752 (2013 - £123,340) was paid to Mr P and Mrs A Harrison. Mr P Harrison is a director of Bioventix Plc, and Mrs A Harrison is his wife.

#### 21. EARNINGS PER SHARE

The weighted average number of shares in issue for both the basic earnings per share calculations is 5,032,247 (2013 5,025,385) and for both the diluted earnings per share, assuming the exercise of all share options is 5,126,718 (2013 5,025,385).

The calculation of adjusted earnings per share, on profit after tax from continuing activities, is based on the profit for the period of £1,815,429, after adding back AIM listing costs of £169,400 and deducting back dated royalty income of £189,729, together with the associated taxation adjustment to reflect the underlying profit. Based on the weighted average number of shares in issue during the year of 5,032,247 (2013 5,025,385) the basic earnings per share is 36.52p (2013 30.28p). The diluted earnings per share is based on 5,126,718 shares (2013 5,025,385) and is 35.85p (2013 30.28p).

The calculation of the basic earnings per share is based on the profit for the period of £1,746,912 (2013 £1,521,454) divided by the weighted average number of shares in issue of 5,032,247 (2013 5,025,385), the basic earnings per share is 36.08p (2013 30.28p). The diluted earnings per share, assuming the exercise of all of the share options is based on 5,126,718 (2013 5,025,385) shares and is 35.41p (2013 30.28p).

#### 22. SHARE BASED PAYMENTS

During the year the company operated an Approved Share Option Scheme (the "Option Scheme"), to incentivise employees.

The company have applied the requirements of FRS 20 Share-based Payment to all the options granted. The Option Scheme provides for a grant price equal to the market value of the Company's shares on the date of the grant, as agreed with HMRC Shares and Assets Valuation Division.

The contractual life of an option is 10 years from the date of grant. Options granted become exercisable on the third anniversary of the date of grant. Exercise of an option is normally subject to continued employment, but there are also considerations for good leavers. All share based remuneration is settled in equity shares.

On 7 February 2014, 2 employees exercised their options on 12,411 ordinary shares of £0.05 each, at a price of £3.12 per share. The difference between the total consideration received of £38,722.32 and the nominal value of the shares of £620.55, has been transferred to the share premium account.

On 10 March 2014, 1 employee exercised their options on 6,406 ordinary shares of £0.05 each, at a price of £3.12 per share. The difference between the total consideration received of £19,986.72 and the nominal value of the shares of £320.30, has been transferred to the share premium account.

The share option cost in relation to the options exercised during the year, and also those that are to be exercised by a good leaver, amounted to £38,319 and this amount has been charged to the profit and loss account for the year ended 30 June 2014.

At 30 June 2014, 80,048 share options of £3.12 and 14,424 options of £6.40 were outstanding. The

---

**BIOVENTIX PLC**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**22. SHARE BASED PAYMENTS (continued)**

number of staff holding share options at 30 June 2014 was 10. The share options have been issued to underpin staff service conditions.

There were 98,865 options granted on 4 July 2013, when the share price was £3.12. Of these 18,817 have been exercised as noted above, and 6,729 need to be exercised or will lapse in the coming year. The Fair Value of the remaining 73,319 options, based on the Black Scholes model was £1.50 based on a risk-free interest rate of 2.47% and a volatility of 33.82%. The options are exercisable on or after 4 July 2016. A share option charge of £36,358 has been made in the year ended 30 June 2014.

The 14,424 options were granted on 25 March 2014, when the share price was £6.40. The Fair Value of these options, based on the Black Scholes model was £3.08 based on a risk-free interest rate of 2.47% and a volatility of 33.82%. The options are exercisable on or after 25 March 2017. A share option charge of £3,976 has been made in the year ended 30 June 2014.

Expected volatility was based on past volatility since the shares have been listed on AIM.

**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Operating profit	2,202,127	1,809,411
Amortisation of intangible fixed assets	10,000	20,000
Depreciation of tangible fixed assets	20,932	24,314
Loss on disposal of tangible fixed assets	-	474
Increase in stocks	(15,577)	(62,843)
Increase in debtors	(490,990)	(513,179)
(Decrease)/increase in creditors	(39,855)	62,931
Share option charge	78,653	-
<b>Net cash inflow from operating activities</b>	<b>1,765,290</b>	<b>1,341,108</b>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	28,584	12,043
Interest paid	(104)	(97)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>28,480</b>	<b>11,946</b>

---

**BIOVENTIX PLC**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

---

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(21,331)
Purchase of tangible fixed assets	(1,909)	-
	<u>(1,909)</u>	<u>(21,331)</u>
<b>Net cash outflow from capital expenditure</b>	<u>(1,909)</u>	<u>(21,331)</u>
	2014 £	2013 £
<b>Financing</b>		
Issue of ordinary shares	58,709	-
	<u>58,709</u>	<u>-</u>

**25. ANALYSIS OF CHANGES IN NET FUNDS**

	1 July 2013 £	Cash flow £	Other non-cash changes £	30 June 2014 £
Cash at bank and in hand	2,585,506	765,973	-	3,351,479
<b>Net funds</b>	<u>2,585,506</u>	<u>765,973</u>	<u>-</u>	<u>3,351,479</u>