

12 September 2017

Venn Life Sciences Holdings Plc
("Venn" or the "Company" or the "Group")

Half-year Report
Interim Results for 6 months ended 30 June 2017

Venn Life Sciences (AIM: VENN), a growing Contract Research Organisation (CRO) providing drug development, clinical trial management and resourcing solutions to pharmaceutical, biotechnology and medical device clients, announces its unaudited interim results for the six months ended 30 June 2017.

Financial Highlights

- Revenue of €9.15m (H1 2016: €9.06m)
- EBITDA of €0.414m (H1 2016: €0.402m)
- Operating profit €0.01m (H1 2016: loss of €0.03m)
- Cash and cash equivalents of €2.93m at 30 June 2017 (€1.75m at 30 June 2016)

Operational Highlights

- Completion of key systems initiatives
- Successful achievement of key project milestones leading to strong client endorsements and repeat business
- Key new leadership hires in Information Technology and Quality Assurance
- Integumen successfully floated on AIM, London in April 2017

Post Period End

- Strengthening of the board & management with the appointment of Christian Milla as COO
- Finalisation of Kinesis acquisition with no further consideration payable

Commenting today, Allan Wood, Non-Executive Chairman of Venn, said:

"The divestment of Innovenn, and subsequent flotation of Integumen, has facilitated a more singular focus on our core business, which now provides a unique range of drug development services for our customers. This coupled with key management additions and the conclusion of certain systems implementations leaves Venn well positioned to execute on new business opportunities. I would like to welcome Christian Milla to the team, Christian's deep sector knowledge will be of significant benefit to the Group as we grow in the future. I would also like to express my gratitude to Gracielle Schutjens for her significant contribution to the business thus far and welcome her future commitment to developing new business for the Group."

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About Venn Life Sciences

www.vennlifesciences.com

Venn Life Sciences is a European Contract Research Organisation providing drug development, clinical trial management and resourcing solutions to pharmaceutical, biotechnology, academic and medical device organisations. With dedicated operations in France, Germany, the Netherlands, the UK, Ireland and Europe wide representation - Venn specialises in tailored end to end drug development consultancy and clinical trial management services.

CHAIRMAN'S STATEMENT

Dear Shareholder,

The first half of 2017 has seen the addition of new clients, good recurring revenue and a concerted effort to grow existing and new accounts as our operational capabilities have developed at Venn. The client base continues to develop both in number and profile with over one hundred clients and a healthy mix of mature and emerging biopharma companies. While there is currently a significant concentration of revenue among our top ten clients there is also clear opportunity to scale up our engagement with the remainder of the client base and this has been a key focus for the team in 2017. Infrastructure and systems initiatives are now largely complete so the business is well positioned to execute new business opportunities.

Financial Results

Fee income for the first six months of 2017 was €9.15m, up on the first six months of 2016 (H1 2016: €9.06m). EBITDA profit for the period was €0.41m compared to EBITDA profit of €0.40m for the first half of 2016. Operating profit for the six months was €0.01m compared with a loss for the first six months of 2016 of €0.03m. While H1 financial performance was positive, it was adversely impacted by the deferral of a late-phase project to Q1 2018 and some underperformance in the early-phase part of our business. We have concluded the acquisition of Kinesis with no further consideration payable. As we now fully integrate Kinesis, we are confident that an improved performance will validate the strategic and financial merit of the transaction for the Group. With current cash reserves at 30th June 2017 of €2.93m the business is well resourced to deliver on its growth plans.

Operational Review

Our operational focus continues to be on improving margins and project profitability. The team has delivered successfully on key project milestones resulting in repeat business and valuable case studies that can be leveraged for business development. We continue initiatives to migrate from the use of contractors and sub-contractors to Venn resources as part of a margin improvement plan, aiming to maintain the right degree of flexibility in our resource base. Our operations team has been strengthened with key personnel appointments in Information Technology and Quality Assurance.

Board Changes

I am pleased to welcome Christian Milla to the board and look forward to working with him in his new role as COO. Christian has extensive sector experience and will be a strong addition to the management team as the business continues to scale. I would like to thank Gracielle Schutjens for her valuable contribution to the board and development of the business to its current stage. I am pleased that Gracielle will continue as a business generator for Venn and I am confident that she will continue to make a significant contribution to our future development.

New Developments & Outlook

Overall I am pleased with the progress achieved in this half year. The business now has a stable and secure platform on which we can deliver the next phase of growth. Strengthening of the management team, completion of key technology initiatives, and additional business development resources will drive future growth.

Allan Wood

Chairman

12 September 2017

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Unaudited 6 months ended 30 June 2017 €'000	Unaudited 6 months ended 30 June 2016 €'000	Audited Year ended 31 December 2016 €'000
Continuing operations			
Revenue	9,146	9,064	18,244
Administrative expenses	(9,136)	(9,097)	(18,805)
Operating profit/(loss)	10	(33)	(561)
Depreciation and amortisation	(392)	(435)	(822)
Exceptional items	(12)	-	(125)
EBITDA before exceptional items	414	402	386
Finance income	-	-	12
Finance costs	-	(33)	-
Share of loss of investments accounted for using the equity method	(543)		(364)
(Loss) before income tax	(533)	(66)	(913)
Income tax credit/(charge)	48	-	169
Loss for the period from continuing operations	(485)	(66)	(744)
Discontinued Operations			
Loss after tax of discontinued operations	-	(652)	(1,002)
Gain on sale of the subsidiary after tax	-	-	2,297
Profit/(loss) for the period	(485)	(718)	551
Profit/(loss) attributable			
Owners of the parent	(477)	(411)	532
Non-controlling interest	(8)	(307)	19
Loss for the year	(485)	(718)	551
Currency translation differences	16	(15)	(36)
Share of currency translation differences in associates accounted for using the equity method	(65)		
Total comprehensive loss for the period	(534)	(733)	515
Earnings/(loss) per share from continuing and discontinued operations attributable to the owners of the parent during the period			
Basic earnings/(loss) per share	€ Cent	€ Cent	€ Cent
From continuing operations	(0.79)	(0.11)	(1.26)
From discontinued operations	-	(0.63)	2.14
From profit/(loss) for the year	(0.79)	(0.74)	0.88
Diluted earnings/(loss) per share	€ Cent	€ Cent	€ Cent
From continuing operations	(0.71)	(0.10)	(1.14)
From discontinued operations	-	(0.57)	1.93
From profit/(loss) for the year	(0.71)	(0.67)	0.79

Consolidated Statement of Financial Position

As at 30 June 2017

	Unaudited As at 30 June 2017 €'000	Unaudited As at 30 June 2016 €'000	Audited As at 31 December 2016 €'000
Assets			
Non-current assets			
Property, plant and equipment	492	196	191
Intangible assets	4,110	4,374	4,499
Available-for-sale Intangible assets	-	743	-
Investments	1,903	31	2,038
Total non-current assets	6,505	5,344	6,728
Current assets			
Trade and other receivables	4,990	7,042	4,402
Income tax recoverable	104	100	43
Available-for-sale current assets	-	400	-
Cash and cash equivalents	2,933	1,748	3,541
Total current assets	8,027	9,290	7,986
Total assets	14,532	14,634	14,714
Equity attributable to owners			
Share capital	155	155	155
Share premium account	14,026	14,011	14,026
Group re-organisation reserve	(541)	(541)	(541)
Reverse acquisition reserve	45	45	45
Foreign currency reserves	(36)	34	13
Share option reserve	30	45	28
Retained earnings	(3,771)	(4,237)	(3,294)
	9,908	9,512	10,432
Non-controlling interest	(8)	20	-
Total equity	9,900	9,532	10,432
Liabilities			
Non-current liabilities			
Borrowings	8	34	25
Total non-current liabilities	8	34	25
Current liabilities			
Trade and other payables	4,069	4,130	3,661
Available-for-sale current liabilities	-	202	-
Deferred taxation	529	692	561
Deferred consideration	-	-	-
Borrowings	26	44	35
Total current liabilities	4,624	5,068	4,257
Total liabilities	4,632	5,102	4,282
Total equity and liabilities	14,532	14,634	14,714

Consolidated Statement of Cash Flows For the 6 months ended 30 June 2017

	Unaudited 6 months ended 30 June 2017 €'000	Unaudited 6 months ended 30 June 2016 €'000	Audited Year ended 31 December 2016 €'000
Cash Flow from operations			
Loss before income tax – continuing operations	(533)	(718)	(913)
– discontinued operations	-	-	1,295
Adjustments:			
- Depreciation & Amortisation	392	489	822
- Foreign currency movement	(28)	89	134
– Exceptional Item	12	33	79
- Net finance costs	-	37	(12)
- Share options charge	2	-	15
- Share in associated undertakings	543	-	(364)
Changes in working capital			
- Increase in financial asset fair value	-	-	(2,007)
- Increase in intangible assets	45	-	-
- Trade and other receivables	(588)	(1,859)	1,289
- Trade and other payables	360	145	(557)
Cash used in operations	205	(1,785)	(219)
Interest paid	-	(37)	-
Income tax received/(paid)	-	(77)	38
Net cash generated/(used) in operating activities	205	(1,898)	(181)
Cash flow from investing activities			
Investment in associate	(473)	-	-
Exceptional costs	(12)	-	(79)
Purchase of property, plant and equipment (PPE)	(301)	16	-
Interest received	-	-	12
Net cash used in investing activities	(786)	16	(67)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	-	-	15
Repayments on borrowings	(26)	(9)	(27)
Net cash flow from financing activities	(26)	(9)	(12)
Net increase /(decrease) in cash and cash equivalents	(607)	(1,891)	(260)
Cash and cash equivalents at beginning of year	3,541	3,798	3,798
Exchange gain on cash and cash equivalents	(1)	(104)	3
Cash and cash equivalents at end of period	2,933	1,803	3,541

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

	Unaudited 6 months ended 30 June 2017 €'000	Unaudited 6 months ended 30 June 2016 €'000	Audited Year ended 31 December 2016 €'000
Cash and cash equivalents	2,933	1,748	3,541
Discontinued Operations cash and cash equivalents	-	55	-
Cash and cash equivalents	2,933	1,803	3,541

Consolidated Statement of Changes in Shareholders' Equity

	Share capital €'000	Share premium €'000	Re-organisation & reverse acquisition reserve €'000	Share Option reserve €'000	Foreign Currency reserve €'000	Retained earnings €'000	Total €'000	Non- controlling Interests €'000	Total €'000
At 1 January 2016	155	14,011	(496)	13	49	(3,826)	9,906	327	10,233
Changes in equity for 6 months ended 30 June 2016									
Total loss for the period	-	-	-	-	-	(411)	(411)	(307)	(718)
Currency translation differences	-	-	-	-	(15)	-	(15)	-	(15)
Total comprehensive loss for the period	-	-	-	-	(15)	(411)	(426)	(307)	(733)
Transactions with the owners									
Options issued	-	-	-	32	-	-	32	-	32
At 30 June 2016	155	14,011	(496)	45	34	(4,237)	9,512	20	9,532
Changes in equity for 6 months ended 31 December 2016									
Total gain for the period	-	-	-	-	-	943	943	(20)	923
Currency translation differences	-	-	-	-	(21)	-	(21)	-	(21)
Total comprehensive gain for the period	-	-	-	-	(21)	943	922	(20)	902
Transactions with the owners									
Options issued	-	-	-	(17)	-	-	(17)	-	(17)
Shares issued	-	15	-	-	-	-	15	-	15
At 31 December 2016	155	14,026	(496)	28	13	(3,294)	10,432	-	10,432
Changes in equity for 6 months ended 30 June 2017									
Total loss for the period	-	-	-	-	-	(477)	(477)	(8)	(485)
Currency translation differences	-	-	-	-	(49)	-	(49)	-	(49)
Total comprehensive loss for the period	-	-	-	-	(49)	(477)	(526)	(8)	(534)
Transactions with the owners									
Options issued	-	-	-	2	-	-	2	-	2
At 30 June 2017	155	14,026	(496)	30	(36)	(3,771)	9,908	(8)	9,900

NOTES FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

1. General information and basis of presentation

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

The financial information in these interim results is that of the holding company and all of its subsidiaries. They have been prepared in accordance with IAS 34. The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2016 and which will form the basis of the 2017 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2016 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2017 and 30 June 2016 is unaudited and the twelve months to 31 December 2016 is audited.

2. Earnings per share

(a) Basic

Basic earnings 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 period.

	Unaudited 6 months ended 30 June 2017	Unaudited 6 months ended 30 June 2016	Audited Year ended 31 December 2016
Profit/(loss) from continuing operations attributable to equity holders of the Company (€'000)	(477)	(66)	(763)
Profit/(loss) from discontinued operations attributable to owners of the parent	-	(380)	1,295
Total	(477)	(446)	532
Weighted average number of Ordinary Shares in issue	60,284,263	60,246,433	60,264,907

(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.

Weighted average number of shares used as the denominator

	Unaudited 6 months ended 30 June 2017	Unaudited 6 months ended 30 June 2016 (restated)	Audited Year ended 31 December 2016 (restated)
Weighted average number of Ordinary Shares in issue	60,284,263	60,246,433	60,264,907
Adjustments for calculation of diluted earnings per share:			
Options	6,510,000	6,510,000	6,510,000
Warrants	166,666	166,666	166,666
Total	66,960,929	66,923,099	66,941,573

3. Dividends

There were no dividends provided or paid during the six months.

4. Press

A copy of this announcement is available from the Company's website, being www.vennlifesciences.com. If you would like to receive a hard copy of the interim report please contact the Venn Life Sciences Holdings Plc offices on +31 (0) 524 712 456 to request a copy.