

BIOVENTIX PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

BIOVENTIX PLC

COMPANY INFORMATION

Directors	P Harrison I J Nicholson T Turner N J McCooke
Company secretary	Cargil Management Services Limited
Registered number	04923945
Registered office	27-28 Eastcastle Street London W1W 8DH
Independent auditors	James Cowper Kreston Chartered Accountants & Statutory Auditors Reading Bridge House George Street Reading Berkshire RG1 8LS

BIOVENTIX PLC

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**CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016**

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

Business review

We are pleased to report another set of excellent results for the financial year ended 30 June 2016. Most significantly, revenues for the year of £5.5 million (2014/15: £4.3 million) were 27% up on the previous year. Profits also increased significantly by 35% at £4.2 million (2014/15: £3.1 million). Despite increased dividend distribution, cash balances during the year increased by £1.25 million to £5.4 million.

As in recent years, much of the revenue growth has come from our vitamin D antibody (vitD3.5H10) in the form of increased physical antibody sales and royalties. The roll out of our customer's products for vitamin D testing throughout world markets has progressed further during the year. This roll out process has advanced but is not yet quite complete and we remain optimistic that revenues from vitD3.5H10 will continue to grow modestly over the next year.

Our main non-vitamin D business comprises (in order of importance) antibodies to NT-proBNP (heart failure), testosterone, FT3 (thyroid hormone), estradiol, various drugs (eg THC/cannabis) and progesterone. The revenues from this core business have remained robust and have provided a firm base for the growth that has come from vitamin D.

Of the new antibodies added to the product portfolio over the last few years an antibody to androstenedione, an androgenic steroid that is related to testosterone has started to generate material revenues. The testing volumes for androstenedione at hospitals are lower than for testosterone and so revenues are likely to be of lower value than testosterone in the future as sales grow.

Approximately three quarters of Bioventix sales are generated from customer royalties. These are based on our customers' global sales which are then factored by a royalty percentage and then sent to Bioventix around 2 months after the end of each half year. In the first half of 2016, this mechanism resulted in \$-based and Euro-based royalties being converted into sterling around August at post-Brexit exchange rates of approximately 1.3\$/£ and 1.2Euro/£. As no hedging mechanisms are employed, this provided an additional uplift in reported sterling revenues compared to previous periods.

Physical antibody despatches to China have continued during the year at an increased frequency. There are a myriad of emerging Chinese diagnostics companies – small and larger - that are developing diagnostics products for the Chinese and other global markets. We sell products into this market via some direct sales, but mainly through approved distributors with whom we have long term relationships. Whilst nearly all of the supplies are for R&D use, two Chinese companies are now approaching the commercial phase and we now have two recently signed royalty-bearing contracts with these companies. We anticipate modest revenues from such Chinese companies as commercial progress will require a few years to advance. The Bioventix revenue model featuring royalties is not adopted by other reagent suppliers and is considered unusual in China. We are very aware of the future challenge to manage and monitor our royalty agreements and supplies in this market.

Future developments

We recently reported on the progress of our troponin partner Siemens Healthcare Diagnostics and a high sensitivity troponin test which features a Bioventix-created antibody. The Board is encouraged by their recent development activities as mentioned in a scientific presentation at the August 2016 American Association of Clinical Chemistry. Troponin remains an important product for Bioventix's future performance as we expect to commence significant sales during the financial year 2017/2018 and we anticipate that this revenue will offset revenues of £700,000-£800,000 from another product which will terminate during this period.

More recent sponsored projects have been in the field of infectious disease and in the field of cancer diagnostics. We will know more about the technical success of these projects over the coming years.

BIOVENTIX PLC

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

Regarding longer term research projects, we have two separate research activities with two different groups that both happen to be based in Oslo. The secretoneurin (heart disease) project with CardiNor has been running for almost two years and has made significant technical progress. As with all such research, there has been a combination of exciting and unforeseen data. We remain fully committed to exploring the diagnostic utility of secretoneurin together with our Norwegian partners.

Our collaboration with Pre-Diagnostics in the field of beta amyloid and Alzheimers diagnostics is at a much earlier stage and we hope to report more on this next year. We have made modest investments in both Oslo companies as part of our commitments to these projects.

Whilst the composition of the Bioventix team has remained stable over the last two years facilitating excellent performance and know how retention, we have recruited two additional graduates having identified excellent candidates during the Autumn. This takes our total head-count to 13 full-time equivalents and will help us strengthen further our research elements.

The continued outstanding performance of the Company in a globally competitive market for antibodies is very satisfying. Our sheep monoclonal antibody technology continually delivers high 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.

Dividend policy

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

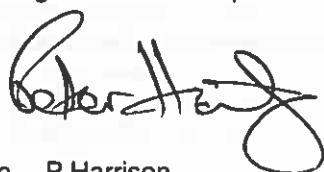
Dividends have increased over recent years (2014: 24p; 2015: 32.6p) as profits and cash flows have increased. For the current year, the Board is pleased to announce a second interim dividend of 26p which when added to the first interim dividend of 16.5p makes a total of 42.5p for the current year.

The outstanding financial performance reported above has resulted in a significant increase in cash reserves. Our policy is to hold sufficient cash to facilitate operational and strategic agility and to ensure that any possible variation in future revenue trajectory is unlikely to impinge on our dividend policy which we know to be important for shareholders. Due to the exceptional financial performance, we have decided to distribute funds which are surplus to our strategic requirements, and accordingly, we are pleased to announce a special dividend of 20p per share.

The shares will be marked ex dividend on 27th October 2016 and the dividend will be paid on 11th November 2016 to shareholders on the register at close of business on 28th October 2016.

Conclusion

We are delighted to be able to report such positive news for the current year. Furthermore, we remain optimistic that further modest growth next year will come from additional vitamin D antibody sales and royalties. Beyond that, growth in the period 2017-2020 will be linked to our troponin project and the success of Siemens in their product launches around the world. We continue our research activities as we look to seed additional projects that will germinate in the period 2020-2030 creating additional shareholder value.



Name P Harrison
Chief Executive Officer



I J Nicholson
Non executive Chairman

Date 12 October 2016

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STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2016

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 Company. 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 Company 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 Company's markets. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company'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.

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STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2016

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 could 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 significant 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.

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2016**

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 not be able to, pay dividends in the future.

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 4.

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**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2016**

FINANCIAL KEY PERFORMANCE INDICATORS

	2016	2015
	£	£
Turnover	5,517,217	4,333,221
Profit before tax	4,218,921	3,105,693
Cash balances	5,380,405	4,130,622

Revenues for the year of £5.5m (2015: £4.333m) were 27% up on the previous year. Profits before tax have increased by 35% year on year.

Cash balances at 30 June 2016 of £5.380m (2015: £4.131m) 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.

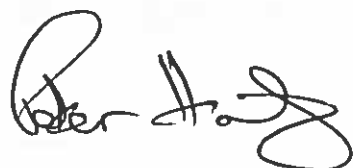
OTHER KEY PERFORMANCE INDICATORS

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.

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

This report was approved by the board on 12 October 2016 and signed on its behalf.



P Harrison
Director

BIOVENTIX PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements 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; 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 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.

BUSINESS REVIEW

This 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 3 to 6.

RESEARCH AND DEVELOPMENT

During the year research and development costs were incurred of £714k (2015 : £511k).

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

DIVIDENDS

The profit for the year, after taxation, amounted to £3,494,428 (2015 - £2,557,466).

A dividend of 21.6p per share was paid in October 2015. This equated to £1,091,001. (October 2014 - £726,365).

The board have declared and paid a dividend of 16.5p per share in March 2016. This equated to £833,404 (April 2015 - £555,602).

Following the end of the year, a dividend of 26p per share, together with a special dividend of 20p per share, has been declared and paid.

DIRECTORS

The directors who served during the year were:

P Harrison
I J Nicholson
T Turner
N J McCooke

DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

During the year the company had in place Directors and Officers insurance. The cost of this was £4,106 (2015: £3,975).

DISCLOSURE OF INFORMATION TO AUDITORS

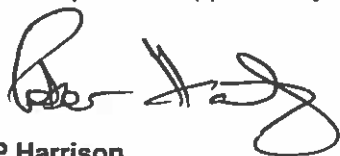
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 Kreston, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 12 October 2016 and signed on its behalf.



P Harrison
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BIOVENTIX PLC

We have audited the financial statements of Bioventix PLC for the year ended 30 June 2016, set out on pages 11 to 31. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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/auditscopeukprivate.

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 2016 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts.

BIOVENTIX PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BIOVENTIX PLC (CONTINUED)

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.



Alan Poole BA (Hons) FCA (Senior statutory auditor)
for and on behalf of

James Cowper Kreston
Chartered Accountants & Statutory Auditors
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

12 October 2016

BIOVENTIX PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 £	2015 £
Turnover	3	5,517,217	4,333,221
Cost of sales		(494,880)	(320,464)
Gross profit		5,022,337	4,012,757
Administrative expenses		(816,946)	(915,164)
Operating profit	4	4,205,391	3,097,593
Interest receivable and similar income	7	13,694	9,972
Interest payable and expenses	8	(164)	(1,872)
Profit before tax		4,218,921	3,105,693
Tax on profit	9	(724,493)	(548,227)
Profit for the year		3,494,428	2,557,466
Other comprehensive income for the year			
Total comprehensive income for the year		3,494,428	2,557,466
Earnings per share:			
Basic		69.18p	50.66p
Diluted		67.95p	49.79p

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

The notes on pages 16 to 31 form part of these financial statements.

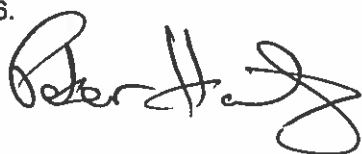
BIOVENTIX PLC
REGISTERED NUMBER: 04923945

BALANCE SHEET
AS AT 30 JUNE 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	12		467,087		487,804
Investments	13		43,330		-
			<u>510,417</u>		<u>487,804</u>
Current assets					
Stocks	14	198,933		192,970	
Debtors: amounts falling due within one year	15	2,685,475		2,090,573	
Cash at bank and in hand	16	5,380,405		4,130,622	
			<u>8,264,813</u>	<u>6,414,165</u>	
Creditors: amounts falling due within one year	17	(549,908)		(297,526)	
Net current assets			<u>7,714,905</u>		<u>6,116,639</u>
Total assets less current liabilities			<u>8,225,322</u>		<u>6,604,443</u>
Provisions for liabilities					
Deferred tax	18	(17,949)		(20,318)	
			<u>(17,949)</u>	<u>(20,318)</u>	
Net assets			<u><u>8,207,373</u></u>		<u><u>6,584,125</u></u>
Capital and reserves					
Called up share capital	19		252,547		252,547
Share premium account	20		78,426		78,426
Capital redemption reserve	20		1,231		1,231
Profit and loss account	20		7,875,169		6,251,921
			<u>8,207,373</u>		<u>6,584,125</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 October 2016.

P Harrison
Director



BIOVENTIX PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2015	252,547	78,426	1,231	6,251,921	6,584,125
Comprehensive income for the year					
Profit for the year	-	-	-	3,494,428	3,494,428
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,494,428	3,494,428
Dividends: Equity capital	-	-	-	(1,924,405)	(1,924,405)
Share option charge	-	-	-	53,225	53,225
Total transactions with owners	-	-	-	(1,871,180)	(1,871,180)
At 30 June 2016	252,547	78,426	1,231	7,875,169	8,207,373

BIOVENTIX PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2014	252,210	57,768	1,231	4,924,955	5,236,164
Comprehensive income for the year					
Profit for the year	-	-	-	2,557,466	2,557,466
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,557,466	2,557,466
Dividends: Equity capital	-	-	-	(1,281,967)	(1,281,967)
Shares issued during the year	337	20,658	-	-	20,995
Share option charge	-	-	-	51,467	51,467
Total transactions with owners	337	20,658	-	(1,230,500)	(1,209,505)
At 30 June 2015	252,547	78,426	1,231	6,251,921	6,584,125

The notes on pages 16 to 31 form part of these financial statements.

BIOVENTIX PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	3,494,428	2,557,466
Adjustments for:		
Depreciation of tangible assets	41,729	45,522
Loss on disposal of tangible assets	-	(514)
Interest paid	164	1,872
Interest received	(13,694)	(9,972)
Taxation	724,493	548,227
(Increase) in stocks	(5,963)	(28,863)
(Increase) in debtors	(594,901)	(270,220)
Increase in creditors	19,559	20,226
Corporation tax	(494,039)	(770,127)
Share option charge	53,225	51,467
Net cash generated from operating activities	3,225,001	2,145,084
Cash flows from investing activities		
Purchase of tangible fixed assets	(21,012)	(113,750)
Sale of tangible fixed assets	-	681
Purchase of unlisted and other investments	(43,330)	-
Interest received	13,694	9,972
Net cash from investing activities	(50,648)	(103,097)
Cash flows from financing activities		
Issue of ordinary shares	-	20,995
Dividends paid	(1,924,405)	(1,281,967)
Interest paid	(164)	(1,872)
Net cash used in financing activities	(1,924,569)	(1,262,844)
Cash and cash equivalents at beginning of year	4,130,622	3,351,479
Cash and cash equivalents at the end of year	5,380,406	4,130,622
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,380,405	4,130,622
	5,380,405	4,130,622

BIOVENTIX PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Revenue

Turnover is recognised for product supplied or services rendered to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria determine when turnover will be recognised:

Direct sales

Direct sales are recognised at the date of dispatch.

R&D income

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

Licence revenue

Annual licence revenue is recognised, in full, based upon the date of the invoice, and royalties are accrued over the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies (continued)

1.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Know how	-	10	years

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives on the following basis:

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

1.5 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies (continued)

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies (continued)

1.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.12 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.14 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.

1.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

1. Accounting policies (continued)

1.16 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.19 Research and development

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

BIOVENTIX PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies (as described in note 1), management is required to make judgements, estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis.

There are no sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

3. Turnover

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

	2016 £	2015 £
Product revenue and R&D income	1,389,061	1,210,887
Royalty and licence fee income	4,128,156	3,122,334
	<u>5,517,217</u>	<u>4,333,221</u>

	2016 £	2015 £
United Kingdom	313,712	246,840
Other EU	1,754,400	1,735,902
Rest of the world	3,449,104	2,350,480
	<u>5,517,216</u>	<u>4,333,222</u>

4. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	41,729	45,522
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,240	10,294
Exchange differences	(75,512)	7,766
Research and development costs written off	713,715	511,821
	<u>713,715</u>	<u>511,821</u>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

5. Employees

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

	2016 £	2015 £
Wages and salaries	534,916	505,667
Social security costs	54,458	45,492
Share option charge	53,225	51,467
Cost of defined contribution scheme	19,645	18,237
	<u>662,244</u>	<u>620,863</u>

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

	2016 No.	2015 No.
Management and administration	5	4
Scientific	9	9
	<u>14</u>	<u>13</u>

6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	168,210	162,500
Company contributions to defined contribution pension schemes	5,184	5,010
	<u>173,394</u>	<u>167,510</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

7. Interest receivable

	2016 £	2015 £
Other interest receivable	13,694	9,972
	<u>13,694</u>	<u>9,972</u>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

8. Interest payable and similar charges

	2016	2015
	£	£
Other interest payable	164	1,872
	<u>164</u>	<u>1,872</u>

9. Taxation

	2016	2015
	£	£
Corporation tax		
Current tax on profits for the year	726,862	527,095
Adjustments in respect of previous periods	-	(10,582)
	<u>726,862</u>	<u>516,513</u>
Total current tax	<u>726,862</u>	<u>516,513</u>
Deferred tax		
Origination and reversal of timing differences	(2,369)	31,714
	<u>(2,369)</u>	<u>31,714</u>
Taxation on profit on ordinary activities	<u>724,493</u>	<u>548,227</u>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>4,218,921</u>	<u>3,105,693</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	843,784	621,139
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,898	10,356
Capital allowances for year in excess of depreciation	3,855	(14,092)
Short term timing difference leading to an increase (decrease) in taxation	(2,368)	31,714
Other timing differences leading to an increase (decrease) in taxation	-	19,068
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(131,676)	(114,508)
Tax deduction arising from exercise of employee options	-	(5,450)
Total tax charge for the year	<u><u>724,493</u></u>	<u><u>548,227</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Dividends

	2016 £	2015 £
Dividends paid	<u>1,924,405</u>	<u>1,281,967</u>
	<u><u>1,924,405</u></u>	<u><u>1,281,967</u></u>

BIOVENTIX PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

11. Intangible assets

	Know how £	Goodwill £	Total £
Cost			
At 1 July 2015	100,000	100,000	200,000
At 30 June 2016	100,000	100,000	200,000
Amortisation			
At 1 July 2015	100,000	100,000	200,000
At 30 June 2016	100,000	100,000	200,000
Net book value			
At 30 June 2016	-	-	-
At 30 June 2015	-	-	-

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 useful economic life of 10 years.

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

12. Tangible fixed assets

	Freehold property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost or valuation					
At 1 July 2015	475,000	277,056	7,500	26,638	786,194
Additions	-	4,885	-	16,127	21,012
Disposals	-	-	-	(5,940)	(5,940)
At 30 June 2016	<u>475,000</u>	<u>281,941</u>	<u>7,500</u>	<u>36,825</u>	<u>801,266</u>
Depreciation					
At 1 July 2015	99,750	169,645	7,500	21,495	298,390
Charge owned for the period	7,125	28,074	-	6,530	41,729
Disposals	-	-	-	(5,940)	(5,940)
At 30 June 2016	<u>106,875</u>	<u>197,719</u>	<u>7,500</u>	<u>22,085</u>	<u>334,179</u>
Net book value					
At 30 June 2016	<u><u>368,125</u></u>	<u><u>84,222</u></u>	<u><u>-</u></u>	<u><u>14,740</u></u>	<u><u>467,087</u></u>
At 30 June 2015	<u><u>375,250</u></u>	<u><u>107,411</u></u>	<u><u>-</u></u>	<u><u>5,143</u></u>	<u><u>487,804</u></u>

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

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

13. Fixed asset investments

	Unlisted Investments £
Cost or valuation	
Additions	43,330
At 30 June 2016	43,330
At 30 June 2016	-
Net book value	
At 30 June 2016	43,330
At 30 June 2015	-

Bioventix Plc have a warrant to subscribe for 20,000 shares at a strike price of NOK 210 per share, in pre Diagnostics AS. This has a duration to 30 April 2018. No consideration was paid for this warrant.

14. Stocks

	2016 £	2015 £
Finished goods	198,933	192,970
	198,933	192,970

Stock recognised in cost of sales during the year as an expense was £494,880 (2015 - £320,464).

15. Debtors

	2016 £	2015 £
Trade debtors	435,616	389,124
Other debtors	15,550	23,760
Prepayments and accrued income	2,234,309	1,677,689
	2,685,475	2,090,573

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	5,380,405	4,130,622
	5,380,405	4,130,622
	5,380,405	4,130,622

17. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	22,102	58,432
Corporation tax	408,806	175,983
Taxation and social security	15,724	13,361
Accruals and deferred income	103,276	49,750
	549,908	297,526
	549,908	297,526

18. Deferred taxation

	2016 £	2015 £
At beginning of year	(20,318)	11,396
Charged to the profit or loss	2,369	(31,714)
At end of year	(17,949)	(20,318)
	(17,949)	(20,318)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(17,949)	(20,318)
	(17,949)	(20,318)
	(17,949)	(20,318)

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

19. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
5,050,931 (2015 - 5,050,931) Ordinary shares of £0.05 each	252,547	252,547

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. Reserves

Share premium

The share premium reserve contains the premium arising on issues of equity shares, net of issue expenses.

Capital redemption reserve

The capital redemption arose on the buy-back of shares by the company.

Profit & loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

21. 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 102 Section 26 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.

	Weighted average exercise price (pence) 2016	Number 2016	<i>Weighted average exercise price (pence) 2015</i>	<i>Number 2015</i>
Outstanding at the beginning of the year	£3.66	87,743	£3.62	94,472
Granted during the year	£11.15	4,000		-
Exercised during the year		-	£3.12	(6,729)
Outstanding at the end of the year	£3.99	91,743	£3.66	87,743

Option pricing model used	2016 Black Scholes	<i>2015 Black Scholes</i>
Issue price	£3.12-£11.60	£3.12-£6.40
Exercise price (pence)	£3.12-£11.60	£3.12-£6.40
Option life	10 years	<i>10 years</i>
Expected volatility	17.47%- 33.82%	<i>33.82%</i>
Fair value at measurement date	£1.50-£3.08	<i>£1.50-£3.08</i>
Risk-free interest rate	0.84%	<i>2.47%</i>

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

The expense recognised for share-based payments during the year ended 30 June 2016 was £53,225 (Year ended 30 June 2015 : £51,467).

The number of staff holding share options at 30 June 2016 was 11. The share options have been issued to underpin staff service conditions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

22. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculation is 5,050,931 (2015 5,048,479) and for the diluted earnings per share, assuming the exercise of all share options is 5,142,673 (2015 5,136,221).

The calculation of the basic earnings per shares is based on the profit for the period of £3,494,428 (2015 £2,557,466) divided by the weighted average number of shares in issue of 5,050,931 (2014 5,084,479), the basic earnings per share is 69.18p (2015 51.04p). The diluted earnings per share, assuming the exercise of all of the share options is based on 5,142,673 (2015 5,136,221) shares and is 67.95p (2015 50.17p).

23. 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 £19,645 (2015 : £18,237). No contributions were owing at the year end (2015 :£nil).

24. Related party transactions

During the year a dividend of £231,715 (2015: £204,860) 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.

25. Controlling party

Throughout the year there has not been an individual controlling party.

26. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

This is the first year that the company has presented its results under FRS102. The last financial statements under previous UK GAAP were for the year ended 30 June 2015 and the date of transition was 1 July 2014.