Bioventix plc
("Bioventix" or the "Company")

Preliminary results for the year ended 30 June 2017

Bioventix plc (BVXP), a UK company specialising in the development and commercial supply of high-affinity monoclonal antibodies for applications in clinical diagnostics, announces its audited results for the year ended 30 June 2017.

Highlights:

- Revenue up 31% to £7.2 million
- Profit before tax up 37% to £5.7 million
- Cash up £0.8 million to £6.1 million
- Second interim dividend of 31p per share (2016: 26p)
- Special dividend of 40p per share

Business review

We are pleased to report another set of excellent results for the financial year ended 30 June 2017. Most significantly, revenues for the year of £7.2 million (2015/16: £5.5 million) were ahead of expectations and up 31% on the previous year. This revenue increase, when coupled to a modest increase in costs has resulted in increased profits after tax of £4.9 million, 40% up on the 2015/16 figure of £3.5 million. Despite increased dividend distribution, cash balances during the year increased by £0.8 million to £6.2 million.

Currently, our most significant revenue stream comes from the vitamin D antibody called vitD3.5H10. This antibody is used by a number of small, medium and large diagnostic companies around the world for use in vitamin D deficiency testing. Sales of vitD3.5H10 increased by 24% to £2.75 million during the year. This surpassed our expectations based on customer feedback during the year. Our expectation was that, whilst test volumes are increasing globally, price pressure (i.e. $/test prices achieved) would balance the increase in volume leading to a relatively flat total market in US Dollars. This feedback set our expectations for royalties received after 30 June 2017 (but relating to the reporting period). Actual royalties received were in excess of these expectations.

Our prudent belief is that the vitamin D market will plateau in the near future. Nevertheless, we anticipate a modest further increase in vitamin D antibody sales over the next year as a limited number of smaller customers bring new vitamin D products to the market.

We reported in May that our troponin (heart attack diagnostic) partner, Siemens Healthineers, released a new test outside the US market that helps facilitate a faster diagnosis of patients presenting with chest pain in an A&E setting. The rate at which this new test will be adopted by Siemens customers in hospitals in the EU, Asia and elsewhere outside the US is unfortunately not something of which we have detailed knowledge. Whilst it is clear that a quicker test will be of benefit to patients, clinicians and hospital budget holders, it is also clear that there is likely to be an education period during which clinicians become comfortable with a significant change in diagnostic practices that can result in non MI (i.e. patients not having a heart attack) being released from A&E much earlier. We will develop a better understanding of this matter during 2018.

The revenues resulting from the success of the Siemens troponin project will be important in replacing approximately £1 million of NT proBNP sales that will be lost from the 2017/18 accounts due to the termination of a specific technology license.

Many of the established "core" antibodies also enjoyed increased sales in the year. Quantitatively, these were:

- testosterone: approximately £600k(+12%);
- T3: approximately £500k(+33%);
- drug antibodies: approximately £500k(+50%);
- estradiol: approximately £300k(+30%);
- progesterone: approximately £200k(+51%).

This healthy increase in these core antibodies that are sold to a number of customers in many countries does not have a single explanation over and above the 5 10% increase in the global diagnostics industry that is reported by third party analysts. The drug testing antibody portfolio also features a handful of antibodies to different drugs used by different customers for different applications (e.g. EtG for alcohol testing, THC for cannabis testing). The increase in sales within this group has been accompanied by a significant increase in physical antibody sales in milligrams.

Future developments

Our shipments of physical antibody to China continued to increase. Some sales are made directly but the majority are made through five appointed distributors. The emergence of new Chinese diagnostic companies continues at a high rate and is a reflection of the embryonic stage of development of this industry in China. Technical expertise at these customers is variable but we do now see many examples of customers who are able to identify the benefit of our excellent antibodies if used correctly. We remain cautiously optimistic that these continued physical antibody sales will result in royalty streams into the future.

As mentioned above, the commercial development of the new troponin project at Siemens will have a significant influence on Bioventix sales next year and the years beyond. Whilst there are no antibodies in the future pipeline that are near troponin in potential value, modest contributions towards revenue growth are anticipated to come from androstenedione in the financial year 2018/19 and T4 (thyroxine) in the years following androstenedione.

Also in the future pipeline, we have four contract R&D projects where antibodies have already been created and despatched to contract partners for evaluation within their own R&D departments. These projects are in the fields of cancer, thyroid diagnostics, viral diagnostics and a certain vitamin/deficiency. They are all of modest potential value but if technically successful, capable of contributing towards revenues into the future.

On a longer term perspective, we continue to work with our partners in Norway on the secretoneurin (CardiNor & heart diagnostics) and amyloid projects (Pre Diagnostics & dementia). We have made exciting antibodies to contribute towards the scientific development of these projects and we look forward to developing the science of these long term projects over the coming years. It is our intention to seek additional long term projects of this kind with early stage research groups where we believe there to be compatibility with our skills and objectives.

Our revenues continue to be dominated by US dollars and Euros. We have commented in recent reports on the effect of post Brexit referendum exchange rates on our revenues in the absence of any hedging mechanisms. The last half year to be subjected to pre referendum exchange rates was 2H.2015 and so these effects have largely receded into the past and will not affect like for like comparisons going forward. We have no current plans to institute any hedging mechanisms and therefore any future changes in exchange rates, up or down will impact revenues accordingly.

Within the field of antibodies, technology changes relatively slowly as new antibody technologies are validated and used. Such technologies include rabbit monoclonal antibodies and novel "synthetic" antibodies. For example, we are aware that rabbit monoclonal antibody technology is established at some customers and this could have resulted in lost opportunities for our sheep monoclonal approach. However, we believe that having established our antibodies in customer products over the last ten years or so leaves our core business relatively secure due to the significant barriers to changing an antibody that works well in a diagnostic test.

The composition of the Bioventix team has remained stable over the year facilitating excellent performance and know how retention. This total head count of 13 full time equivalents is expected to remain largely unchanged as this adequately serves our manufacturing and research needs.

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

The healthy performance of the business during the year has resulted in increased cash balances (increased to £6.2 million from £5.4 million) despite increased dividend distribution during the year. Over previous years, the Board has followed a cautious dividend policy that embraces continuity and it is the general intention of the Board to continue with this policy into the future. For the current year, the Board is pleased to announce a second interim dividend of 31 pence per share which, when added to the first interim dividend of 20 pence per share makes a total of 51 pence per share for the current year.

Our current view is that a cash balance of approximately £5 million is sufficient to facilitate operational and strategic agility with respect to possible corporate or technological opportunities that could arise in the foreseeable future. On this occasion, we have decided to distribute some surplus cash that is in excess of anticipated needs and accordingly, we are pleased to announce a special dividend of 40 pence per share.

Accordingly dividends totalling 71 pence per share will be paid. The shares will be marked ex dividend on 26 October 2017 and the dividend will be paid on 10 November 2017 to shareholders on the register at close of business on 27 October 2017.

Conclusion

We are delighted to be able to report such positive news for the current year. For the financial year 2017/18, our challenge will be to make up for the approximately £1 million of lost sales mentioned above with revenues from the newly launched Siemens troponin project and modest growth from additional vitamin D antibody sales and royalties. Beyond that, growth in the period 2018/2020 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.

For further information please contact:

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About Bioventix plc:

Bioventix (www.bioventix.com) specialises in the development and commercial supply of high-affinity monoclonal antibodies with a primary focus on their application in clinical diagnostics, such as in automated immunoassays used in blood testing. The antibodies created at Bioventix are generated in sheep and are of particular benefit where the target is present at low concentration and where conventional monoclonal or polyclonal antibodies have failed to produce a suitable reagent. Bioventix currently offers a portfolio of antibodies to customers for both commercial use and R&D purposes, for the diagnosis or monitoring of a broad range of conditions, including heart disease, cancer, fertility, thyroid function and drug abuse. Bioventix currently supplies antibody products and services to the majority of multinational clinical diagnostics companies. Bioventix is based in Farnham, UK and its shares are traded on AIM under the symbol BVXP.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017	*2016*
	£	*£*
Turnover	**7,245,862**	*5,517,217*
Cost of sales	**(494,880)**	*(494,880)*
Gross profit	**6,750,982**	*5,022,337*
Administrative expenses	**(998,797)**	*(839,233)*
Share option charge	**(67,005)**	*(53,225)*
Difference on foreign exchange	**5,747**	*75,512*
Research & development tax credit adjustment	**25,335**	-
Operating profit	**5,716,262**	*4,205,391*
Interest receivable and similar income	**55,578**	*13,694*
Interest payable and expenses	**-**	*(164)*
Profit before tax	**5,771,840**	*4,218,921*
Tax on profit	**(849,551)**	*(724,493)*
Profit for the financial year	**4,922,289**	*3,494,428*

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

Earnings per share:

	2017	**2016**
Basic	**96.36p**	**69.18p**
Diluted	**94.70p**	**67.95p**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		2017		2016
		£		£
Fixed assets				
Tangible assets		449,312		467,087
Investments		195,560		43,330
		644,872		510,417
Current assets				
Stocks	226,174		198,933	
Debtors: amounts falling due within one year	3,342,692		2,685,475	
Cash at bank and in hand	6,166,940		5,380,405	
	9,735,806		8,264,813	
Creditors: amounts falling due within one year	(219,944)		(549,908)	
Net current assets		9,515,862		7,714,905
Total assets less current liabilities		10,160,734		8,225,322
Provisions for liabilities				
Deferred tax	(16,114)		(17,949)	
		(16,114)		(17,949)
Net assets		10,144,620		8,207,373
Capital and reserves				
Called up share capital		256,934		252,547
Share premium account		395,108		78,426
Capital redemption reserve		1,231		1,231
Profit and loss account		9,491,347		7,875,169
		10,144,620		8,207,373

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2016	**252,547**	**78,426**	**1,231**	**7,875,169**	**8,207,373**
Comprehensive income for the year					
Profit for the year	-	-	-	**4,922,289**	**4,922,289**
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	**4,922,289**	**4,922,289**
Dividends: Equity capital	-	-	-	**(3,373,116)**	**(3,373,116)**
Shares issued during the year	**4,387**	**316,682**	-	-	**321,069**
Share option charge	-	-	-	**67,005**	**67,005**
Total transactions with owners	**4,387**	**316,682**	-	**(3,306,111)**	**(2,985,042)**
At 30 June 2017	**256,934**	**395,108**	**1,231**	**9,491,347**	**10,144,620**

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**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	*2016*
	£	*£*
Cash flows from operating activities		
Profit for the financial year	**4,922,289**	*3,494,428*
Adjustments for:		
Depreciation of tangible assets	**39,479**	*41,729*
Interest paid	**-**	*164*
Interest received	**(55,578)**	*(13,694)*
Taxation charge	**849,551**	*724,493*
(Increase) in stocks	**(27,240)**	*(5,963)*
(Increase) in debtors	**(621,581)**	*(594,901)*
Increase in creditors	**78,840**	*19,558*
Corporation tax (paid)	**(1,265,505)**	*(494,039)*
Other tax movements	**(30,323)**	-
Net cash generated from operating activities	**3,889,932**	*3,171,775*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(21,703)**	*(21,012)*
Purchase of unlisted and other investments	**(152,230)**	*(43,330)*
Interest received	**55,578**	*13,694*
Share option charge	**67,005**	*53,225*
Net cash from investing activities	**(51,350)**	*2,577*

Cash flows from financing activities

Issue of ordinary shares	**321,069**	-
Dividends paid	**(3,373,116)**	*(1,924,405)*
Interest paid	**-**	*(164)*
Net cash used in financing activities	**(3,052,047)**	*(1,924,569)*
Net increase in cash and cash equivalents	**786,535**	*1,249,783*
Cash and cash equivalents at beginning of year	**5,380,405**	*4,130,622*
Cash and cash equivalents at the end of year	**6,166,940**	*5,380,405*

Cash and cash equivalents at the end of year comprise:

Cash at bank and in hand	**6,166,940**	*5,380,405*
	6,166,940	*5,380,405*

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

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.

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.

1.3 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 ten 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 Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

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 debtors and creditors, 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.

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 Statement of comprehensive income 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 payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.16 Interest income

Interest income is recognised in the Statement of comprehensive income 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 Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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 reporting 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 Statement of financial position 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 reporting date.

1.19 Research and development

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

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 judgments, 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:

	2017	*2016*
	£	*£*
Product revenue and R&D income	**1,925,059**	*1,389,061*
Royalty and licence fee income	**5,320,803**	*4,128,156*
	7,245,862	*5,517,217*

	2017	*2016*
	£	*£*
United Kingdom	**305,609**	*313,712*
Other EU	**2,378,988**	*1,754,400*
Rest of the world	**4,561,265**	*3,449,104*

	7,245,862	*5,517,216*

4. Operating profit

The operating profit is stated after charging:

	2017	*2016*
	£	*£*
Depreciation of tangible fixed assets	**39,479**	*41,729*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**9,654**	*9,240*
Exchange differences	**(5,747)**	*(75,512)*
Research and development costs	**764,480**	*713,715*

5. Taxation

	2017	*2016*
	£	*£*
Corporation tax		
Current tax on profits for the year	**851,386**	*726,862*
	851,386	*726,862*
Total current tax	**851,386**	*726,862*
Deferred tax		
Origination and reversal of timing differences	**(1,835)**	*(2,369)*
Total deferred tax	**(1,835)**	*(2,369)*
Taxation on profit on ordinary activities	**849,551**	*724,493*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19% *(2016 - 20%)*. The differences are explained below:

	2017	*2016*
	£	*£*
Profit on ordinary activities before tax	**5,771,840**	*4,218,921*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	**1,096,650**	*843,784*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and	**12,946**	*10,898*

impairment

Capital allowances for year in excess of depreciation	**3,146**	*3,855*
Short term timing difference leading to an increase (decrease) in taxation	**(1,835)**	*(2,368)*
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(131,939)**	*(131,676)*
Tax deduction arising from exercise of employee options	**(161,775)**	-
Other differences leading to an increase (decrease) in the tax charge	**32,358**	-
Total tax charge for the year	**849,551**	*724,493*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

6. Dividends

	2017	2016
	£	*£*
Dividends paid	**3,373,116**	*1,924,405*
	3,373,116	*1,924,405*

7. Share capital

	2017	2016
	£	*£*
Shares classified as equity		
Allotted, called up and fully paid		
5,138,674 *(2016 - 5,050,931)* Ordinary shares of £0.05 each	**256,934**	*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.

8. Share based payments

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

The company has 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) 2017	**Number 2017**	*Weighted average exercise price (pence) 2016*	*Number 2016*
Outstanding at the beginning of the year	**£3.99**	**91,743**	*£3.66*	*87,743*
Granted during the year	**£13.50**	**85,938**	*£11.15*	*4,000*
Exercised during the year	**£3.66**	**(87,743)**		-
Outstanding at the end of the year	**£13.40**	**89,938**	*£3.99*	*91,743*

	2017	*2016*
Option pricing model used	**Black Scholes**	*Black Scholes*
Issue price	**£3.12-£13.50**	*£3.12-£11.60*
Exercise price (pence)	**£3.12-£13.50**	*£3.12-£11.60*
Option life	**10 years**	*10 years*
Expected volatility	**25.15%**	*17.47%-33.82%*
Fair value at measurement date	**£1.72-£4.66**	*£1.50-£3.08*
Risk-free interest rate	**1.02%**	*0.84%*

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 2017 was £67,005 (Year ended 30 June 2016 : £53,225).

The number of staff and officers holding share options at 30 June 2017 was 15. The share options have been issued to underpin staff service conditions.

9. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculation is 5,108,026 (2016: 5,050,931) and for the diluted earnings per share, assuming the exercise of all share options is 5,197,961 (2016: 5,142,673).

The calculation of the basic earnings per shares is based on the profit for the period of £4,922,289 (2016: £3,494,428) divided by the weighted average number of shares in issue of 5,108,026 (2016: 5,505,931), the basic earnings per share is 96.36p (2016: 69.18p). The diluted earnings per share, assuming the exercise of all of the share options is based on 5,197,961 (2016: 5,142,673) shares and is 94.70p (2016: 67.95p).

10. Publication of Non-Statutory Accounts

The financial information set out in this preliminary announcement does not constitute the Group's financial statements for the year ended 30 June 2017. The financial statements for the year ended 30 June 2016 have been delivered to the Registrar of Companies. The financial statements for the year ended 30 June 2017 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors' report on both accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under sections 498(2) or (3) of the Companies Act 2006. The audited financial statements of Bioventix plc for the period ended 30 June 2017 are expected to be posted to shareholders shortly, will be available to the public at the Company's registered office, 7 Romans Business Park, East Street, Farnham, Surrey, GU9 7SX and available to view on the Company's website at www.bioventix.com once posted.