

BIOVENTIX PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

CONTENTS

	Page
Chairman and Chief Executive's statement	1 - 4
Strategic report	5 - 8
Directors' report	9 - 10
Independent auditors' report	11 - 15
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18 - 19
Statement of cash flows	20 - 21
Notes to the financial statements	22 - 38

BIOVENTIX PLC

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

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

Introduction and Technology

Bioventix creates and supplies antibodies for use in blood-testing machines that are used in hospitals and other labs around the world. These blood-testing machines are supplied by large multinationals such as Roche Diagnostics, Siemens Healthineers, Abbott Diagnostics & Beckman Coulter. Antibody-based tests are used in many different diagnostics in the fields of heart disease, thyroid function, fertility, infectious disease, cancer etc. Bioventix makes antibodies using our sheep monoclonal antibody (SMA) technology for supply to these companies for subsequent manufacture into reagent packs that are used on the blood-testing machines. Our antibodies are preferred for use if they confer an improved performance when compared to other antibodies available to the machine manufacturers, which are often made in their own antibody creation labs.

Testosterone testing is a good example of a hormone test in which a Bioventix antibody facilitates an improvement. Testosterone tests sold by a number of customers using our 6A3 antibody enable reliable testing of testosterone levels not only in men, but also in women and children where testosterone levels are much lower.

We currently sell around 10 grams of purified physical antibody per year which is mostly exported and charged in \$/mg and Euro/mg. Our list price is 550\$/mg though discounts apply for larger quantities. In addition to revenues for physical antibody supplies, the future sale by our customers of diagnostic products (based on our antibodies) to their downstream end-users attracts a modest royalty payable by our customers to Bioventix. These downstream royalties are crucial to Bioventix and currently account for 70% of our annual revenue.

Bioventix conducts own-risk antibody projects which results in complete freedom to commercialise the antibodies produced. We also engage in contract antibody creation projects where customers supply materials, know-how and funding which results in antibodies that can only be commercialised with the partner company. In both cases, after initiation of a new project, it takes around a year for our scientists to create a panel of purified antibodies for possible evaluation by our customers. The evaluation process at customers' labs generally requires the fabrication of prototype reagent packs which can be compared to other tests (eg the customer's existing sales test or perhaps another "gold standard" method) using frozen donor samples on the assay platform being considered. The process of subsequent development thereafter at our customers can take many years before registration or approval (eg from the US FDA or EU authorities) is obtained and products can be sold to the benefit of the customers – and Bioventix – through the agreed sales royalty. This does mean that there is a gap of 4-10 years between our own research work and tangible value with respect to revenue. It does also mean however, that after having achieved approval of an accurate diagnostic test using a Bioventix antibody, there is a natural continuity of use as a result of a reluctance by a customer to change from one antibody to another.

Another consequence of the approval process is that the antibodies discussed in the revenue review below for the current accounting period were created many years ago. Indeed, growth over the next few years will come from research work already carried out. By the same dynamics, the current research work active at our labs now is more likely to influence sales in the period 2022-2030.

2017/18 Financial Results

We are pleased to report another set of excellent results for the financial year ended 30 June 2018. Revenues for the year, including a back-royalty of £0.8M described in the interims, increased to £8.75 million (2016/17: £7.25 million). This revenue increase, (including the back-royalty), when coupled to a modest increase in costs has resulted in increased profits after tax of £5.66 million, 15% up on the 2016/17 figure of £4.92 million. Despite increased dividend distribution, cash balances during the year increased by £0.8 million to £7.0 million.

BIOVENTIX PLC

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

Our most significant revenue stream continues to come 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 23% to £3.4 million during the year. Once again, sales have surpassed our expectations based on customer feedback during the year. Our expectation has been that, whilst vitamin D 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 Dollar terms. Whilst actual royalties received were once again in excess of expectations, we nevertheless perceive a plateauing of the vitamin D testing market. This belief is further supported by external analysis of the vitamin D testing market that we have seen.

Despite this expectation we still have smaller vitamin D customers bringing in new products to the market and we anticipate a modest further increase in vitamin D antibody sales over the next year or so as these smaller customers enjoy success with their new vitamin D products.

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

- NT-proBNP: approximately £1.05M (+72%) Note: expires July 2021
- testosterone: approximately £0.66M (+15%);
- drug-testing antibodies: approximately £ 0.64M (+32%);
- T3: approximately £0.46M (-9%);
- progesterone: approximately £0.40M (+125%).
- estradiol: approximately £0.29M (-13%);

This increase in most of 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, for example EtG for alcohol testing or THC for cannabis testing. The increase in sales within this group has been accompanied by a significant increase in physical antibody sales.

We have reported previously on the importance of our troponin project with Siemens Healthineers. Sales during the reporting period were not significant and below our expectation. We have no reason to question our belief that this project will generate significant value into the future and Siemens recent US approval from the FDA should help in this regard.

One of Siemens competitors, Beckman Coulter also offers a new high sensitivity troponin assay. It is known through access to FDA data that this new assay also features a sheep monoclonal antibody. In accordance with our historic exclusivity agreement with Siemens (which we negotiated with Dade Behring, a company later acquired by Siemens) we have played no part in the development of this antibody. Nevertheless, the means by which the antibody was created by another Bioventix licensee does leave us in a position whereby this product will generate some revenue for the company in the future. It would be reasonable to assume that, as with the new Siemens product, it will take a while before this Beckman product gains commercial momentum.

Our shipments of physical antibody to China continued to increase. Some sales are made directly but the majority are made through five appointed distributors. We remain cautiously optimistic that these continued physical antibody sales will result in increased physical product sales and royalty payments which have started to flow in modest terms.

BIOVENTIX PLC

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

As with previous reporting periods, 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. We have no current plans to institute any hedging mechanisms and therefore any future changes in exchange rates, up or down will impact our reported Sterling revenues accordingly.

Cash Flows and Dividends

The strong performance of the business during the year has resulted in increased cash balances (increased to £7.0 million from £6.2 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 36 pence per share which, when added to the first interim dividend of 25 pence per share makes a total of 61 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 55 pence per share.

Accordingly, dividends totalling 91 pence per share will be paid in November 2018. The shares will be marked ex-dividend on 25 October 2018 and the dividend will be paid on 9 November 2018 to shareholders on the register at close of business on 26 October 2018.

Research and Future developments

As mentioned above, we expect that the commercial development of the new troponin test at Siemens will have a significant influence on Bioventix sales in the next few years. There are no antibodies in the future pipeline that are comparable to troponin in clear potential value and the ability to influence revenues in the next few years.

We have undertaken a range of research projects over the previous few years and have attempted to define these in terms of value and probability of success in the tables below.

↑ Increasing potential value	high	Secretoneurin (CardiNor) Amyloid (Pre-Diagnostics) Cardiac MyC (King's London)	Biotin (blocking Abs)	
	medium		virus (contract) T4 (thyroxine)	
	Low		thyroglobulin (contract) Vitamin (contract)	Cancer (contract)
		Low	Medium	high
Increasing probability of success →				

We have reached a pause point in our work with secretoneurin and have transferred a series of antibodies and assay protocols to our partners at CardiNor and their Scandinavian collaborators. We eagerly await news of their work to validate secretoneurin as a useful cardiac biomarker.

Work on amyloid beta continues in our lab and we expect to spend around another year making antibodies and constructing assays for the testing of amyloid beta fragments in human samples. Our partners at Pre-Diagnostics (coincidentally, also in Oslo) and their clinical collaborators are performing work to identify the utility of these antibodies and assays in dementia diagnostics.

BIOVENTIX PLC

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

Another project that is just starting at Bioventix features biotin. Biotin is a vitamin supplement that is widely available and has been associated by some people with claims relating to hair and skin health. Biotin is also part of a “chemical Velcro” that is used in assay formats by some of our customers. It has become clear that high dose consumption of these biotin supplements can result in aberrant results from some clinical assays and a solution to this problem could have value.

We have also been working with Prof Michael Marber of King’s College in London making SMAs to cardiac myosin binding protein C (cMyC). A cMyC test, possibly used at the point-of-care upon first presentation, could offer some benefit over troponin in the ability to safely rule-out heart attacks in patients presenting at A&E with chest pain. During 2019, we plan to explore the potential use of our antibodies on point-of-care platforms.

In addition to existing research activities, we continue to seek additional opportunities to add to this portfolio so that longer term value can be established.

Regarding our core SMA antibody technology, we have successfully generated superior antibodies over the last 10-15 years and these antibodies are now in routine use at our customers. The antibody technology landscape has evolved over this time period. We are aware that rabbit monoclonal technology – a technology which we respect – does exist at some of our customers labs and this is likely to have resulted in some lost opportunities for our SMA technology. In addition, the steady development of “synthetic” antibody technology (known in the industry as “library” or “display” technology) has continued. This technology is perhaps not so directly competitive but is useful for targets which are fragile and liable to dissociation upon immunisation into sheep.

We continue to be aware of such technology developments and shape our research efforts accordingly into the future.

The Bioventix Team

The composition of the Bioventix team has remained relatively stable over the year facilitating excellent performance and know how retention. This total head-count of 12 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.

Conclusion

We are delighted to be able to report such positive news for the current year. Looking ahead to the future, we keenly anticipate the roll-out of the Siemens troponin project and modest growth from additional vitamin D antibody sales and royalties. Beyond that, growth will be linked not only to the troponin project but also our continued research activities as we look to seed additional projects that will germinate in the period 2020/2030 to create additional shareholder value.

Name P Harrison
Chief Executive Officer

I J Nicholson
Non executive Chairman

Date:

BIOVENTIX PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

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.

BIOVENTIX PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

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 2018**

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 6.

BIOVENTIX PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

FINANCIAL KEY PERFORMANCE INDICATORS

	2018	2017
	£	£
Turnover	8,751,608	7,245,862
Profit before tax	6,866,698	5,771,840
Cash balances	6,986,514	6,166,940

Revenues for the year of £8.75m (2017: £7.2m) were 21% up on the previous year. Of this increase in revenues 11% is attributable to the back dated royalty received. Profits before tax have increased by 19% year on year, and of this, 13% is in respect of the back dated royalty received.

Cash balances at 30 June 2018 of £6.987m (2017: £6.167m) 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 and signed on its behalf.

P Harrison
Director

Date:

BIOVENTIX PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

DIRECTORS RESPONSIBILITES 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's 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;
- 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 to 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 to 4. In addition to this, information on the principal risks and uncertainties and key performance indicators can be found in the strategic report within pages 5 to 8.

RESEARCH AND DEVELOPMENT

During the year research and development costs were incurred of £868k (2017 : £764k).

CORPORATE GOVERNANCE

Bioventix is committed to maintaining high standards of corporate governance and has adopted the QCA Corporate Governance Code ("the Code"). The Board has reviewed the corporate governance framework that Bioventix operates and considers it to be effective and proportional to the size, risks, complexity and operations of Bioventix and reflective of the company's culture and values. Details of how Bioventix complies with the Code can be found in the Chairman's Corporate Governance Statement available on the Investors Section of the Bioventix web-site at bioventix.com.

BIOVENTIX PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

DIVIDENDS

The profit for the year, after taxation, amounted to £5,663,347 (2017 - £4,922,289).

A dividend of 71p per share was paid in October 2017. This equated to £3,648,459. (October 2016 - £2,345,382).

The board have declared and paid an interim dividend of 25p per share in March 2018. This equated to 1,284,669 (March 2017 - £1,027,735).

Following the end of the year, a dividend of 36p per share, together with a special dividend of 55p per share, has been declared.

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.

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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

and signed on its behalf.

P Harrison
Director

BIOVENTIX PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BIOVENTIX PLC

Opinion

We have audited the financial statements of Bioventix PLC (the 'Company') for the year ended 30 June 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

An overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)'). We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account our understanding of the company and its environment, the accounting processes and controls, and the industry in which the company operates. The company operates via a standalone trading entity and thus a full scope audit was performed on this trading entity.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified in the Key audit matters section below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Risk description

There is an inherent risk around the completeness, occurrence, existence and cut-off of revenue given the reliance on customer self-declarations and the timing of receipt of these.

How the scope of our audit responded to the risk

- To assess the appropriateness and completeness of revenue recognised in the year we performed the following procedures: reviewed the design and implementation of managements controls surrounding the self-declaration of royalty income and the completeness of this income stream;
- examined on a sample basis the royalty self-declarations made by customers for the year and agreed these to revenue recognised by the company;
- examined a sample of revenue transactions by reference to underlying contractual terms;
- examined on a sample basis goods delivery notes, invoices and postings for items dispatched around the period end;
- reviewed manual journals posted to the revenue account in the period and subsequent to year-end gaining an understanding of the appropriateness of these;
- considered the appropriateness and application of the company's accounting policy for revenue recognition; and
- considered the disclosures in the financial statements regarding revenue.

Key observations

The results of our testing were satisfactory and we consider the disclosure surrounding revenue to be appropriate.

BIOVENTIX PLC

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

Management override

Risk description

In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not available from other sources.

How the scope of our audit responded to the risk

During the course of our audit we performed the following procedures to address the risk of management override:

- assessed the appropriateness of accounting policy choices made by management and the basis of key judgements, estimates and assumptions;
- reviewed manual journal entries posted within the period for indicators of management bias, transactions outside the normal course of business or indicators of fraudulent activity;
- examined on a sample basis manual journals deemed to be higher risk gaining an appropriate understanding of the business rationale as well as confirming the accuracy of postings; and
- considered the value, nature and cause of misstatements identified during the course of the audit to identify indicators of bias.

Key observations

The results of our testing were satisfactory and we consider the disclosure surrounding accounting policy choices and key accounting judgements to be appropriate.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement we determined materiality for the financial statements as a whole to be £340,000 (2017: £280,000), based on 5 percent of pre-tax profit. Performance materiality of £272,000 (2017: £225,000) was applied for testing and it was agreed with the board that we would report on all audit differences in excess of £17,000 (2017: £14,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Materiality in the prior year was based on 5 percent of pre-tax profit.

We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information included in the annual report

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

BIOVENTIX PLC

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

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

BIOVENTIX PLC

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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.

Alan Poole BA (Hons) FCA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Statutory Auditors

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date:

BIOVENTIX PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £	2017 £
Turnover	4	7,979,217	7,245,862
Back dated royalty income	4	772,391	-
Total turnover	4	8,751,608	7,245,862
Cost of sales		(573,204)	(494,880)
Gross profit		8,178,404	6,750,982
Administrative expenses		(1,177,711)	(998,797)
Share option charge		(136,127)	(67,005)
Difference on foreign exchange		(71,901)	5,747
Research & development tax credit adjustment	5	40,223	25,335
Operating profit	6	6,832,888	5,716,262
Interest receivable and similar income	9	33,825	55,578
Interest payable and expenses	10	(15)	-
Profit before tax		6,866,698	5,771,840
Tax on profit	11	(1,203,351)	(849,551)
Profit for the financial year		5,663,347	4,922,289
Total comprehensive income for the year		5,663,347	4,922,289

The notes on pages 22 to 38 form part of these financial statements.

Earnings per share:

	2018	2017
Basic	110.21p	96.36p
Diluted	108.31p	94.70p

The notes on 22 - 38 form part of these financial statements.

BIOVENTIX PLC
REGISTERED NUMBER: 04923945

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	497,802	449,312
Investments	15	291,424	195,560
		789,226	644,872
Current assets			
Stocks	16	283,093	226,174
Debtors: amounts falling due within one year	17	3,816,790	3,342,692
Cash at bank and in hand	18	6,986,514	6,166,940
		11,086,397	9,735,806
Creditors: amounts falling due within one year	19	(838,432)	(219,944)
		10,247,965	9,515,862
Net current assets		10,247,965	9,515,862
Total assets less current liabilities		11,037,191	10,160,734
Provisions for liabilities			
Deferred tax	20	(26,225)	(16,114)
		(26,225)	(16,114)
Net assets		11,010,966	10,144,620
Capital and reserves			
Called up share capital	21	256,934	256,934
Share premium account	22	395,108	395,108
Capital redemption reserve	22	1,231	1,231
Profit and loss account	22	10,357,693	9,491,347
		11,010,966	10,144,620

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

P Harrison
Director

Date:

BIOVENTIX PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 July 2017	256,934	395,108	1,231	9,491,347	10,144,620
Comprehensive income for the year					
Profit for the year	-	-	-	5,663,347	5,663,347
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,663,347	5,663,347
Dividends: Equity capital	-	-	-	(4,933,128)	(4,933,128)
Share option charge	-	-	-	136,127	136,127
Total transactions with owners	-	-	-	(4,797,001)	(4,797,001)
At 30 June 2018	256,934	395,108	1,231	10,357,693	11,010,966

The notes on pages 22 to 38 form part of these financial statements.

BIOVENTIX PLC

**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

The notes on pages 22 to 38 form part of these financial statements.

BIOVENTIX PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	5,663,347	4,922,289
Adjustments for:		
Depreciation of tangible assets	58,498	39,479
Loss on disposal of tangible assets	353	-
Interest paid	15	-
Interest received	(33,825)	(55,578)
Taxation charge	1,203,351	849,551
(Increase) in stocks	(56,918)	(27,240)
(Increase) in debtors	(509,732)	(621,581)
Increase in creditors	27,237	78,840
Corporation tax (paid)	(566,356)	(1,265,505)
Share option charge	136,127	67,005
Other tax movements	-	(30,323)
Net cash generated from operating activities	5,922,097	3,956,937
Cash flows from investing activities		
Purchase of tangible fixed assets	(107,591)	(21,703)
Sale of tangible fixed assets	250	-
Purchase of unlisted and other investments	(95,864)	(152,230)
Interest received	33,825	55,578
Net cash from investing activities	(169,380)	(118,355)

BIOVENTIX PLC

**ANALYSIS OF NET DEBT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	£	£
Cash flows from financing activities		
Issue of ordinary shares	-	321,069
Dividends paid	(4,933,128)	(3,373,116)
Interest paid	(15)	-
Net cash used in financing activities	(4,933,143)	(3,052,047)
Net increase in cash and cash equivalents	819,574	786,535
Cash and cash equivalents at beginning of year	6,166,940	5,380,405
Cash and cash equivalents at the end of year	6,986,514	6,166,940
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,986,514	6,166,940
	6,986,514	6,166,940

The notes on pages 22 to 38 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. General information

Bioventix Plc (04923945) is a public limited company registered in England and Wales. The Registered Office is 27-28 Eastcastle Street, London, W1W 8DH.

2. Accounting policies

2.1 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 accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 and royalties

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. Revenue is recognised based on the returns and notifications received from customers and in the event that subsequent adjustments are identified, they are recognised in the period in which they are identified.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. Accounting policies (continued)

2.3 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.

2.4 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.5 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.

2.6 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. Accounting policies (continued)

2.7 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.

2.8 Research and development

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

2.9 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

2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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 2018**

2. Accounting policies (continued)

2.16 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.

2.17 Financial instruments

The Company only enters into basic financial instrument 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.

2.18 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.

2.19 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.

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

In the application of the company's accounting policies (as described in note 2), management is required to make judgments, estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis.

As noted in the Chairman and Chief Executive's statement, additional royalty income of £0.8M has been received during the year. Management have considered this and due to the fact that this amount could not have been known previously, management are of the opinion that this does not require a prior year adjustment to the accounts.

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4. Turnover

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

	2018 £	2017 £
Product revenue and R&D income	2,487,049	1,925,059
Royalty and licence fee income	5,492,168	5,320,803
Back dated royalty income	772,391	-
	<u>8,751,608</u>	<u>7,245,862</u>

	2018 £	2017 £
United Kingdom	619,714	305,609
Other EU	1,522,545	2,378,988
Rest of the world	6,609,348	4,561,265
	<u>8,751,607</u>	<u>7,245,862</u>

5. Other operating income

	2018 £	2017 £
Research & development tax credit adjustment	40,223	25,335
	<u>40,223</u>	<u>25,335</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	58,498	39,479
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,150	9,654
Exchange differences	71,901	(5,747)
Research and development costs	868,515	764,480
	<u>868,515</u>	<u>764,480</u>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

7. Employees

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

	2018	<i>2017</i>
	£	£
Wages and salaries	764,987	656,736
Social security costs	84,403	58,537
Share option charge	136,127	67,005
Cost of defined contribution scheme	29,099	22,034
	<u>1,014,616</u>	<u>804,312</u>

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

	2018	<i>2017</i>
	No.	No.
Management and administration	5	5
Scientific	10	11
	<u>15</u>	<u>16</u>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

8. Directors' remuneration

	2018	<i>2017</i>
	£	£
Directors' emoluments	349,658	<i>240,740</i>
Company contributions to defined contribution pension schemes	12,195	<i>6,026</i>
	361,853	<i>246,766</i>
	361,853	<i>246,766</i>

During the year retirement benefits were accruing to 1 director (*2017 - 1*) in respect of defined contribution pension schemes.

	Salary	Bonus	Pension	2018	2017
	£	£	£	£	£
Directors' remuneration					
P Harrison	164,800	144,427	12,195	321,422	207,513
I Nicholson	21,855	-	-	21,855	21,218
N McCooke	18,576	-	-	18,576	18,035
	205,231	144,427	12,195	361,853	246,766
	205,231	144,427	12,195	361,853	246,766

The bonus above was determined by the Remuneration Committee. The basis was designed to be consistent with companies of a similar profile and is dominated by EPS and share price parameters, together with a smaller R&D element.

Of the share option charge for 2018 of £136,127, the following amounts related to the directors:

P Harrison- £36,820
 N McCooke-£5,030
 I Nicholson-£4,275
 T Turner-£4,275

9. Interest receivable

	2018	<i>2017</i>
	£	£
Other interest receivable	33,825	<i>55,578</i>
	33,825	<i>55,578</i>
	33,825	<i>55,578</i>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10. Interest payable and similar expenses

	2018	<i>2017</i>
	£	£
Bank interest payable	15	-
	<hr/>	<hr/>
	15	-
	<hr/> <hr/>	<hr/> <hr/>

11. Taxation

	2018	<i>2017</i>
	£	£
Corporation tax		
Current tax on profits for the year	1,193,240	<i>851,386</i>
	<hr/>	<hr/>
	1,193,240	<i>851,386</i>
	<hr/>	<hr/>
Total current tax	1,193,240	<i>851,386</i>
	<hr/> <hr/>	<hr/> <hr/>
Deferred tax		
Origination and reversal of timing differences	10,111	<i>(1,835)</i>
	<hr/>	<hr/>
Total deferred tax	10,111	<i>(1,835)</i>
	<hr/> <hr/>	<hr/> <hr/>
Taxation on profit on ordinary activities	1,203,351	<i>849,551</i>
	<hr/> <hr/>	<hr/> <hr/>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>6,866,698</u>	<u>5,771,840</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	1,304,673	1,096,650
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	284	12,946
Capital allowances for year in excess of depreciation	(9,448)	3,146
Short term timing difference leading to an increase (decrease) in taxation	-	(1,835)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(128,131)	(131,939)
Tax deduction arising from exercise of employee options	25,864	(161,775)
Other differences leading to an increase (decrease) in the tax charge	10,109	32,358
Total tax charge for the year	<u>1,203,351</u>	<u>849,551</u>

Factors that may affect future tax charges

There were no material factors that may affect future tax charges.

12. Dividends

	2018 £	2017 £
Dividends paid	<u>4,933,128</u>	<u>3,373,116</u>
	<u>4,933,128</u>	<u>3,373,116</u>

BIOVENTIX PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. Intangible assets

	Know how £	Goodwill £	Total £
Cost			
At 1 July 2017	100,000	100,000	200,000
At 30 June 2018	100,000	100,000	200,000
Amortisation			
At 1 July 2017	100,000	100,000	200,000
At 30 June 2018	100,000	100,000	200,000
Net book value			
At 30 June 2018	-	-	-
At 30 June 2017	-	-	-

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 2018

14. Tangible fixed assets

	Freehold property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost or valuation					
At 1 July 2017	475,000	301,925	7,500	38,545	822,970
Additions	-	107,591	-	-	107,591
Disposals	-	(14,771)	-	-	(14,771)
At 30 June 2018	<u>475,000</u>	<u>394,745</u>	<u>7,500</u>	<u>38,545</u>	<u>915,790</u>
Depreciation					
At 1 July 2017	114,000	223,782	7,500	28,376	373,658
Charge for the year on owned assets	7,125	46,434	-	4,939	58,498
Disposals	-	(14,168)	-	-	(14,168)
At 30 June 2018	<u>121,125</u>	<u>256,048</u>	<u>7,500</u>	<u>33,315</u>	<u>417,988</u>
Net book value					
At 30 June 2018	<u><u>353,875</u></u>	<u><u>138,697</u></u>	<u><u>-</u></u>	<u><u>5,230</u></u>	<u><u>497,802</u></u>
At 30 June 2017	<u><u>361,000</u></u>	<u><u>78,143</u></u>	<u><u>-</u></u>	<u><u>10,169</u></u>	<u><u>449,312</u></u>

Included in land and buildings is freehold land at cost of £118,750 which is not depreciated. (2017 - £118,750).

BIOVENTIX PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

15. Fixed asset investments

	Unlisted Investments £
Cost or valuation	
At 1 July 2017	195,560
Additions	95,864
At 30 June 2018	<u>291,424</u>
Net book value	
At 30 June 2018	<u>291,424</u>
<i>At 30 June 2017</i>	<u>195,560</u>

Bioventix Plc had a warrant to subscribe for 20,000 shares at a strike price of NOK 210 per share, in pre Diagnostics AS. This had a duration to 30 April 2018. Bioventix Plc subscribed to 5,000 shares at a price of NOK 210 per share in May 2018, and the warrant to subscribe for the additional 15,000 shares at a price of NOK 210 has been extended to 1 December 2018.

16. Stocks

	2018 £	2017 £
Finished goods	283,093	226,173
	<u>283,093</u>	<u>226,173</u>

Stock recognised in cost of sales during the year as an expense was £573,204 (2017 - £494,880).

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

17. Debtors

	2018	2017
	£	£
Trade debtors	824,492	451,812
Other debtors	36,940	52,691
Prepayments and accrued income	2,955,358	2,838,189
	<u>3,816,790</u>	<u>3,342,692</u>

18. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	6,986,514	6,166,940
	<u>6,986,514</u>	<u>6,166,940</u>

19. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	20,550	23,282
Corporation tax	591,249	-
Other taxation and social security	18,065	16,658
Accruals and deferred income	208,568	180,004
	<u>838,432</u>	<u>219,944</u>

20. Deferred taxation

	2018	2017
	£	£
At beginning of year	(16,114)	(17,949)
Charged to profit or loss	(10,111)	1,835
At end of year	<u>(26,225)</u>	<u>(16,114)</u>

BIOVENTIX PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(26,225)	(16,114)
	<u>(26,225)</u>	<u>(16,114)</u>

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
5,138,674 Ordinary shares of £0.05 each	<u>256,934</u>	<u>256,934</u>

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.

22. Reserves

Share premium account

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 2018**

23. 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) 2018	Number 2018	<i>Weighted average exercise price (pence) 2017</i>	<i>Number 2017</i>
Outstanding at the beginning of the year	13.40	89,938	£3.99	91,743
Granted during the year		-	£13.50	85,938
Exercised during the year		-	£3.66	(87,743)
Outstanding at the end of the year	13.40	89,938	£13.40	89,938

Option pricing model used	2018 Black Scholes	<i>2017 Black Scholes</i>
Issue price	£3.12-£13.50	<i>£3.12-£13.50</i>
Exercise price (pence)	£3.12-£13.50	<i>£3.12-£13.50</i>
Option life	10 years	<i>10 years</i>
Expected volatility	25.15%	<i>25.15%</i>
Fair value at measurement date	£1.72-£4.66	<i>£1.72-£4.66</i>
Risk-free interest rate	1.02%	<i>1.02%</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 2018 was £136,127 (Year ended 30 June 2017 : £67,005).

The number of staff and officers holding share options at 30 June 2018 was 15. The share options have been issued to underpin staff service conditions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

24. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculation is 5,138,674 (2017: 5,108,026) and for the diluted earnings per share, assuming the exercise of all share options is 5,228,609 (2017: 5,197,961).

The calculation of the basic earnings per shares is based on the profit for the period of £5,663,347 (2017: £4,922,289) divided by the weighted average number of shares in issue of 5,138,674 (2017: 5,108,026), the basic earnings per share is 110.21p (2017: 96.36p). The diluted earnings per share, assuming the exercise of all of the share options is based on 5,228,609 (2017: 5,197,961) shares and is 108.31p (2017: 94.70p).

25. 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 £29,099 (2017: £22,034). No contributions were owing at the year end (2017: £nil).

26. Related party transactions

During the year a dividend of £411,048 (2017: £381,396) was paid to a director and his wife.

During the year, fees of £16,750 were paid to Wise & Co, for accountancy, taxation and related services. T Turner is a partner within Wise & Co.

27. Controlling party

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