

31 January 2017

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

OXFORD BIODYNAMICS PLC
("OBD" or the "Company" and, together with its subsidiaries, the "Group")

FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Maiden results: Significant achievements in period culminating in successful IPO

- Contracted with three of the top ten global pharmaceutical companies during the period, and a number of the world's leading medical and government institutions
- Revenue of £1.1m compared to £0.7m in the prior year
- Significant progress made towards strategic aim of becoming the industry standard for epigenetic biomarker discovery
- Completed successful IPO on AIM post-period raising gross proceeds of £20m

Oxford BioDynamics Plc (AIM: OBD), a revenue-generating biotechnology company focused on the discovery and development of novel epigenetic biomarkers for use within the pharmaceutical and biotechnology industry, today announces its audited results for the year ended 30 September 2016.

Commenting on the results, Christian Hoyer Millar, CEO of Oxford BioDynamics said: *"2016 was a transformational year for OBD. We continued to make considerable progress towards our strategic aim of becoming the industry standard for epigenetic biomarker discovery, and also achieved a significant milestone with the successful completion of our IPO.*

Our focus now is to continue delivering on our ambitious growth strategy, by initiating additional high value biomarker programmes using our proprietary technology platform EpiSwitch™; establishing our US representation, and enhancing the Company's IP portfolio. We look forward to the future with great excitement."

HIGHLIGHTS

Corporate and operational

- Awarded the Frost & Sullivan 2015 European Technology Innovation Award, which recognised the successful market expansion and impact of EpiSwitch™ in accelerating biomarker discovery in the pharma and biotech industry.
- Four contracts signed or extended with large biotech and pharma companies totalling £0.9m, validating platform technology
 - Contract entered into with a US pharma company to discover and develop novel proprietary predictive biomarkers to monitor treatment response to rheumatoid arthritis therapy.
 - Contract extended with a global biotech company for disease severity and response biomarkers for the treatment of multiple sclerosis.
 - Contract extended with a global biotech company for drug discovery in acute myeloid leukaemia ("AML").
 - Contract entered into with a global biotech company to develop an EpiSwitch™ signature for Alzheimer's disease patient selection.
- Data presented at a number of high profile conferences during the period
 - Data presented from the Company's programme on stratifying blood-based amyotrophic lateral sclerosis ("ALS") biomarkers at the Annual 2015 ALS Consortium Conference.
 - Data presented on predictive biomarkers for the treatment of rheumatoid arthritis patients at the American College of Rheumatology Conference in San Francisco.

- Collaborative work with the Scottish Centre for Immunobiology, University of Glasgow presented at the 57th American Society of Hematology (“ASH”) Meeting in Orlando.
- Post-period end, data presented at the 58th ASH Meeting in San Diego on its *EpiSwitch*[™] blood test for prognostic detection of oncological deregulation susceptible to treatment with tyrosine kinase inhibitors (“TKI”) in patients with leukaemia.
- Three patents filed covering the use of the *EpiSwitch*[™] technology, adding to the Company’s established six patent family.

Financial (including post-period end)

- Revenue of £1.1m (FY15: £0.7m).
- Operating loss of £2.3m (FY15: £1.6m) and adjusted operating loss of £1.9m (FY15: £1.6m) before one-off IPO costs.
- Cash of £7.3m as at 30 September 2016 before net cash proceeds of £5.4m raised on IPO (FY15: £8.4m).
- Net assets of £7.7m as at 30 September 2016 (FY15: £9.0m).
- Successful completion of an IPO on AIM in December 2016 raising gross proceeds of £7.1m.
- Post-IPO unaudited cash of £12.3m as at 31 December 2016.

Electronic copies of the Company's Annual Report and Accounts for the year ended 30 September 2016 (incorporating the Notice of Annual General Meeting) (“Annual Report”) will be available immediately on its website at www.oxfordbiodynamics.com within the Investor Relations section. Hard copies of the Annual Report, Notice of Annual General Meeting and Form of Proxy will be posted to shareholders in due course.

The Company’s Annual General Meeting will be held at The Linbury Room, Worcester College, Oxford OX1 2BH at 11.00 am on Wednesday 15 March 2017.

The information included in this announcement is extracted from the Annual Report which was approved by the Directors on 30 January 2017. Defined terms used in the announcement refer to terms as defined in the Annual Report unless the context otherwise requires. This announcement should be read in conjunction with and, is not a substitute for, reading the full Annual Report.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

For further details please contact:

Oxford BioDynamics Plc +44 (0)1865 518910
 Christian Hoyer Millar, CEO
 Katie Long, CFO

FTI Consulting +44 (0)20 3727 1000
Financial Public Relations Advisor
 Julia Phillips
 Brett Pollard
 Natalie Garland-Collins
 Matthew Moss

Stifel Nicolaus Europe Limited +44 (0)20 7710 7600
Nominated Advisor and Broker
 David Arch
 Jonathan Senior
 Peter Lees
 Ben Maddison

Notes for Editors

About Oxford BioDynamics Plc

Oxford BioDynamics Plc (AIM: OBD) ("Oxford BioDynamics") is a revenue-generating biotechnology company focused on the discovery and development of novel epigenetic biomarkers for use within the pharmaceutical and biotechnology industry.

The Company's award-winning, proprietary technology platform, *EpiSwitch*[™], aims to accelerate the drug discovery and development process, improve the success rate of therapeutic product development and take advantage of the increasing importance of personalised medicine.

In particular, *EpiSwitch*[™] can reduce time to market, failure rates and the costs at every stage of drug discovery. Additionally, the technology provides significant insights into disease mechanisms for drug discovery and product re-positioning programmes, and enables the personalisation of therapeutics for patients in the context of challenging pricing environments where improved clinical outcomes are critical.

Oxford BioDynamics is headquartered in the UK, and listed on the London Stock Exchange's AIM under the ticker "OBD". For more information please visit www.oxfordbiodynamics.com.

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "will", "can", "may", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, readers are cautioned not to rely on any forward-looking statement.

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

The financial year ended 30 September 2016, and the period ended 31 December 2016 have been transformational for Oxford BioDynamics. During this time, the Company has continued to make considerable progress in terms of its stated strategic aim of becoming the industry standard for epigenetic biomarker discovery, and has also achieved another significant milestone in the Company's history, having successfully completed its IPO.

IPO

Oxford BioDynamics listed on AIM in December 2016, where it successfully raised £20m of gross proceeds, from both existing investors and a number of well-known and highly regarded UK-based institutions. Of the £20m raised, £12.9m was provided to selling shareholders, and £7.1m has been allocated to growth capital enabling the Company to accelerate its growth strategy through three main areas. First, the Company will seek to increase the number of proprietary biomarker projects it undertakes; secondly, the Company will continue to develop its IP portfolio; and thirdly, the Company will seek to establish US representation to increase its commercial reach within the US, a process for which is already underway.

Business progress

In the year to 30 September 2016, the Company expanded the breadth and depth of its biomarker discovery pilot agreements, and during the year worked with a significant number of major US pharmaceutical and biotechnology companies, including with three of the top 10 global pharmaceutical companies by 2015 revenue (Source: Top 50 Global Pharma Companies – Pharmaceutical Executive). These included programmes that utilised the platform in an increasing number of neurodegenerative therapeutic areas from Alzheimer's to ALS, and also a number of pilot agreements within the field of AML prognostics and rheumatoid arthritis. Since its inception, OBD has now worked with seven of the top 10 global pharmaceutical companies.

During the year, the Company made good progress with its IP portfolio, having filed three new patents on the use of the *EpiSwitch*TM technology in companion diagnostics, biological systems and specific clinical indications, including ALS, Alzheimer's, rheumatoid arthritis, immune-checkpoint therapies (e.g. PD-1) and prognostic tests for treatments with TKI (tyrosine kinase inhibitors, e.g. Gleevec) of oncological conditions.

The Company also presented data from its collaboration work at a number of high profile conferences, including at the Annual 2015 ALS Consortium in Tampa, Florida, the American College of Rheumatology Conference in San Francisco, and the 57th American Society of Hematology in Orlando.

In October 2015, the Company was awarded the Frost and Sullivan European Technology Innovation Award, which recognised the successful market expansion and the impact of the *EpiSwitch*TM platform in accelerating biomarker discovery in support of the pharmaceutical and biotechnology industry.

Summary and outlook

Undoubtedly, the past 16 months, including the recent IPO have been pivotal in the Company's development. The next year will see the Company focus on delivering its growth strategy by increasing the number of proprietary biomarker programmes it undertakes, establishing its US representation and enhancing the Company's IP portfolio. Following Admission to AIM and the growth capital raised as part of the IPO process, the Company is now well positioned to execute these strategic aims, and in doing so, continue to strive to become the industry standard for epigenetic biomarker discovery.

Christian Hoyer Millar
Chief Executive Officer

FINANCIAL REVIEW

Overview

During the year ended 30 September 2016, the Company continued to focus on developing contracts with global pharmaceutical and biotechnology companies, investing in proprietary R&D projects, and strengthening its intellectual property portfolio.

The Company during this time also prepared for an IPO of its shares on AIM which was successfully completed on 6 December 2016. The Company issued 4.5m new shares at a placing price of 158p, raising gross proceeds of £7.1m. The Directors believe the flotation on AIM has increased the Company's overall profile, broadened and strengthened OBD's shareholder base, and will attract, retain and incentivise high calibre employees.

Financial performance

Revenue in the year ended 30 September 2016 was £1.1m, compared to £0.7m in 2015, comprising service fees received for commercial biomarker projects with pharmaceutical and biotechnology companies, service fees generated from collaborations with research institutions and, service fees for the use of biomarkers in clinical diagnostics in Asia.

Operating expenses before share option charges and IPO costs were £2.7m in the year ended 30 September 2016 (2015: £2.0m). Of the £0.7m increase in operating costs, £0.2m related to additional expenditure in research and development with a further £0.2m attributable to an increase in staff costs.

Other operating income in the year of £0.2m (2015: £0.1m) comprised grant income from Innovate UK to support the Group's ALS biomarker research and development programme.

Operating loss for the Group was £2.3m in the period (2015: £1.6m) and adjusted operating loss was £1.9m (2015: £1.6m) before one-off IPO enabling costs.

Financial income of £0.3m (2015: £0.2m) relates primarily to foreign exchange gains during the year to 30 September 2016.

The taxation credit of £0.3m in the year ended 30 September 2016 (2015: £0.4m) represents tax relief on research and development expenditure during the period. The Group has not recognised any deferred tax assets in respect of trading losses arising in the current or prior financial periods.

Net loss for the year was £1.7m (2015: £1.0m). Loss per share was 2.1 pence (2015: 1.3 pence) and adjusted loss per share was 1.6 pence (2015: 1.3 pence) excluding one-off IPO costs of £0.4m.

Financial position

Cash and cash equivalents totalled £7.3m at the end of September 2016, compared to £8.4m at the end of September 2015. Unaudited cash and cash equivalents as at 31 December 2016 was £12.3m following the IPO and placing on 6 December 2016.

Total assets on the balance sheet were £9.0m as at 30 September 2016, compared to £9.7m as at 30 September 2015 reflecting the reduction in cash and cash equivalents.

Total liabilities increased to £1.3m (2015: £0.7m) due to the accrual of IPO-related costs at the end of September 2016.

Cash flow

Net cash used in operating activities was -£1.3m for the year ended 30 September 2016 (2015: -£1.2m). Net cash used in investing activities was -£0.2m (2015: -£0.5m) and net cash generated by financing activities was -£0.1m (2015: £4.5m).

Overall net cash outflow for the year ended 30 September 2016 was -£1.2m (2015: net cash inflow of £2.9m) including exchange movements on non-GBP denominated cash and cash equivalents of £0.4m (2015: £0.1m).

Katie Long
Chief Financial Officer

**CONSOLIDATED INCOME STATEMENT
YEAR ENDED 30 SEPTEMBER 2016**

| | | 2016 | 2015 |
|--|-------------|-----------------------|-----------------------|
| | | £000 | £000 |
| Continuing operations | Note | | |
| Revenue | 3 | 1,091 | 702 |
| Research & development costs (excluding staff costs) | | (516) | (294) |
| Staff costs | | (1,146) | (970) |
| General & other admin costs | | (903) | (687) |
| Initial public offering costs | | (447) | - |
| Share option charges | | (402) | (344) |
| Depreciation | | (166) | (93) |
| Other operating income | | 161 | 78 |
| | | <hr/> | <hr/> |
| Operating loss | | (2,328) | (1,608) |
| Finance income | | 254 | 238 |
| Finance costs | | - | - |
| | | <hr/> | <hr/> |
| Loss before tax | | (2,074) | (1,370) |
| Income tax | | 344 | 365 |
| | | <hr/> | <hr/> |
| Loss for the year from continuing operations | 5 | <u>(1,730)</u> | <u>(1,005)</u> |
| Loss attributable to: | | | |
| Owners of the Company | | (1,730) | (1,005) |
| Non-controlling interest | | - | - |
| | | <hr/> | <hr/> |
| | | <u>(1,730)</u> | <u>(1,005)</u> |
| Earnings per share | | | |
| From continuing operations | | | |
| Basic and diluted (pence per share) | 6 | <u>(2.1)</u> | <u>(1.3)</u> |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2016**

| | | 2016 | 2015 |
|---|-------------|----------------|----------------|
| | | £000 | £000 |
| | Note | | |
| Loss for the period/year | 5 | (1,730) | (1,005) |
| Exchange differences on translation of foreign operations that may reclassified to the income statement | | 29 | (32) |
| Total comprehensive income for the period/year | | <u>(1,701)</u> | <u>(1,037)</u> |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | (1,706) | (1,035) |
| Non-controlling interest | | 5 | (2) |
| | | <u>(1,701)</u> | <u>(1,037)</u> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

| | | 2016 | 2015 |
|---|-------------|---------------------|---------------------|
| | | £000 | £000 |
| Assets | Note | | |
| Non-current assets | | | |
| Property, plant and equipment | | 671 | 506 |
| Deferred tax asset | | - | - |
| Total non-current assets | | <u>671</u> | <u>506</u> |
| Current assets | | | |
| Inventories | | 105 | 63 |
| Trade and other receivables | | 965 | 736 |
| Cash and cash equivalents | | 7,279 | 8,435 |
| Total current assets | | <u>8,349</u> | <u>9,234</u> |
| Total assets | | <u><u>9,020</u></u> | <u><u>9,740</u></u> |
| Equity and liabilities | | | |
| Capital and reserves | | | |
| Share capital | 7 | 816 | 2 |
| Share premium | | - | 15,709 |
| Translation reserves | | 190 | 166 |
| Other reserve | | 2,773 | 2,371 |
| Retained earnings | | 3,945 | (9,220) |
| Equity attributable to owners of the Company | | <u>7,724</u> | <u>9,028</u> |
| Non-controlling interest | | <u>19</u> | <u>14</u> |
| Total equity | | <u><u>7,743</u></u> | <u><u>9,042</u></u> |
| Current liabilities | | | |
| Trade and other payables | | 1,233 | 698 |
| Current tax liabilities | | - | - |
| Total current liabilities | | <u>1,233</u> | <u>698</u> |
| Non-current liabilities | | | |
| Provisions | | 44 | - |
| Deferred tax | | - | - |
| Total non-current liabilities | | <u>44</u> | <u>-</u> |
| Total liabilities | | <u>1,277</u> | <u>698</u> |
| Total equity and liabilities | | <u><u>9,020</u></u> | <u><u>9,740</u></u> |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2016**

Year ended 30 September 2016

| | Share capital £000 | Share premium £000 | Transla- tion reserve £000 | Other reserve £000 | Retained earnings £000 | Attribu- -table to share- holders £000 | Non-con- -trolling interest £000 | Total £000 |
|--|-----------------------|-----------------------|-------------------------------------|--------------------------|------------------------------|--|---|---------------|
| At 1 October 2015 | 2 | 15,709 | 166 | 2,371 | (9,220) | 9,028 | 14 | 9,042 |
| Loss for the year | - | - | - | - | (1,730) | (1,730) | - | (1,730) |
| Other comprehensive income for the period | - | - | 24 | - | - | 24 | 5 | 29 |
| Total comprehensive income for the period | - | - | 24 | - | (1,730) | (1,706) | 5 | (1,701) |
| Transactions with owners of the Company: | | | | | | | | |
| Bonus issue of shares | 814 | (814) | - | - | - | - | - | - |
| Capitalisation of share premium | - | (14,895) | - | - | 14,895 | - | - | - |
| Share option credit | - | - | - | 402 | - | 402 | - | 402 |
| At 30 September 2016 | 816 | - | 190 | 2,773 | 3,945 | 7,724 | 19 | 7,743 |

Year ended 30 September 2015

| | Share capital £000 | Share premium £000 | Transla- tion reserve £000 | Other reserve £000 | Retained earnings £000 | Attribu- -table to share- holders £000 | Non-con- -trolling interest £000 | Total £000 |
|--|-----------------------|-----------------------|-------------------------------------|--------------------------|------------------------------|--|---|---------------|
| At 1 October 2014 | 2 | 11,209 | 196 | 2,027 | (8,215) | 5,219 | 16 | 5,235 |
| Loss for the year | - | - | - | - | (1,005) | (1,005) | - | (1,005) |
| Other comprehensive income for the period | - | - | (30) | - | - | (30) | (2) | (32) |
| Total comprehensive income for the period | - | - | (30) | - | (1,005) | (1,035) | (2) | (1,037) |
| Transactions with owners of the Company: | | | | | | | | |
| Issue of ordinary shares | - | 4,500 | - | - | - | 4,500 | - | 4,500 |
| Share option credit | - | - | - | 344 | - | 344 | - | 344 |
| At 30 September 2015 | 2 | 15,709 | 166 | 2,371 | (9,220) | 9,028 | 14 | 9,042 |

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

| | | 2016 | 2015 |
|--|-------------|----------------|----------------|
| | | £000 | £000 |
| | Note | | |
| Loss for the financial year | 5 | (1,730) | (1,005) |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| R&D tax credit | | (344) | (365) |
| Net interest | | (71) | (38) |
| (Profit) on disposal of property, plant and equipment | | - | (20) |
| Depreciation of property, plant and equipment | | 166 | 93 |
| Initial public offering costs | | 447 | - |
| Movement in provisions | | 44 | - |
| Share based payments charge | | 402 | 344 |
| Working capital adjustments: | | | |
| Decrease/(increase) in trade and other receivables | | (214) | (26) |
| Decrease in other financial instruments | | - | - |
| Decrease/(increase) in inventories | | (43) | (40) |
| Increase/(decrease) in trade and other payables | | 69 | (252) |
| Operating cash flows before interest and tax paid | | (1,274) | (1,309) |
| R&D tax credits received | | 347 | 227 |
| Cash used in operations | | (927) | (1,082) |
| Net foreign exchange movements | | (421) | (147) |
| Net cash from/(used in) operating activities | | (1,348) | (1,229) |
| Investing activities | | | |
| Interest received | | 53 | 38 |
| Purchases of property, plant and equipment | | (208) | (523) |
| Proceeds from disposal of tangible assets | | - | 33 |
| Net cash from/(used in) investing activities | | (155) | (452) |
| Financing activities | | | |
| Interest paid | | - | - |
| Issue of equity shares | | - | 4,500 |
| Initial public offering costs | | (81) | - |
| Equity dividends paid | | - | - |
| Net cash generated by financing activities | | (81) | 4,500 |
| Net increase/(decrease) in cash and cash equivalents | | (1,584) | 2,819 |
| Foreign exchange movement on cash and cash equivalents | | 428 | 118 |
| Cash and cash equivalents at beginning of year | | 8,435 | 5,498 |
| Cash and cash equivalents at end of year | | 7,279 | 8,435 |

NOTES TO THE FINANCIAL INFORMATION

1. Corporate information

Oxford BioDynamics plc is a public limited company incorporated United Kingdom, whose shares were admitted to trading on the AIM market of the London Stock Exchange on 6 December 2016. The Company is domiciled in the United Kingdom and its registered office is 26 Beaumont Street, Oxford OX1 2NP. The registered company number is 06227084 (England & Wales).

The Group is primarily engaged in biomarker research and development.

2. Basis of the announcement

Basis of preparation

The final results for the year ended 30 September 2016 were approved by the Board of Directors on 30 January 2017. The final results do not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but are derived from audited accounts for the year ended 30 September 2016 and the year ended 30 September 2015.

This announcement is prepared on the same basis as set out in the audited statutory accounts for the year ended 30 September 2016. The accounts for the years ended 30 September 2016 and 30 September 2015, upon which the auditors issued unqualified opinions, also had no statement under section 498(2) or (3) of the Companies Act 2006.

While the financial information included in this results announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, as adopted by the European Union (EU) (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS.

The consolidated financial statements as presented in OBD's Admission Document dated 1 December 2016, for the three years ended 30 September 2015 and for each of the six-month periods ended 31 March 2016 and 31 March 2015, were the first financial statements for the Group prepared under IFRS.

Reporting currency

The consolidated financial information of Oxford BioDynamics plc ("the Group") is presented in pounds Sterling (£), which is also the Company's functional currency.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and consolidated financial statements.

3. Revenue

An analysis of the Group's revenue is as follows:

| | 2016 | 2015 |
|------------------------------|--------------|------------|
| | £000 | £000 |
| Continuing operations | | |
| USA | 795 | 525 |
| Rest of World | 296 | 177 |
| Consolidated revenue | <u>1,091</u> | <u>702</u> |

All revenue is derived from the Group's principal activity, biomarker research and development.

4. Business segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive (who has been determined to be the Group's Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on the sole service which Oxford BioDynamics sells. The Group's sole reportable segment under IFRS 8 is therefore that of biomarker research and development.

The Group's non-current assets, analysed by Geographical location were as follows:

| | 2016 | 2015 |
|---------------------------|------------|------------|
| | £000 | £000 |
| Non-current assets | | |
| UK | 575 | 421 |
| Malaysia | 95 | 85 |
| Total non-current assets | <u>670</u> | <u>506</u> |

Information about major customers

The Group's revenues for the periods covered by this report are derived from a small number of customers, many of which represent more than 10% of the revenue for the period. These are summarised below:

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Revenue from individual customers each representing more than 10% of revenue for the period: | 1,019 | 545 |

5. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Net foreign exchange losses/(gains) | (183) | (200) |
| Research and development costs (excluding staff costs) | 516 | 294 |
| Depreciation and impairment of property, plant and equipment | 166 | 93 |
| (Profit) on disposal of property, plant and equipment | - | (20) |
| Operating lease rental expense | 108 | 86 |
| Staff costs | 1,146 | 970 |
| Initial public offering costs | 447 | - |
| Share based payments charge to profit and loss | 402 | 344 |

Research and development costs consist of inventories recognised as an expense as disclosed in note 18 of the Annual Report and other costs of materials and services.

6. Earnings per share

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

| | 2016 | 2015 |
|--|-------------|-------------|
| | £000 | £000 |
| Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company | (1,730) | (1,005) |
| Earnings for the purposes of diluted earnings per share | (1,730) | (1,005) |

| | 2016 | 2015 |
|--|-------------|-------------|
| | No | No |

Number of shares

| | | |
|--|------------|------------|
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share* | 81,600,000 | 78,828,493 |
|--|------------|------------|

| | Pence | Pence |
|--|--------------|--------------|
| Earnings per share | | |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share* | (2.1) | (1.3) |

*Potential ordinary shares are not treated as dilutive as the entity is loss making. On 24 August 2016 the Company issued by way of a share premium capitalisation bonus shares of 8,132,800,000 as part of a capital reorganisation. The £0.0001 shares were consolidated into shares of £0.01 each as a result of this process, and the share numbers and earnings per share figures shown above reflect these changes. Actual ordinary shares issued at each balance sheet date are included in note 7.

7. Share capital of the Company

| | 2016 | 2016 | 2015 | 2015 |
|--|-------------------|----------------|-------------------|--------------|
| | Number | £ | Number | £ |
| Authorised shares | | | | |
| Ordinary shares of £0.01 each (2015: £0.0001 each) | <u>81,600,000</u> | <u>816,000</u> | <u>27,200,000</u> | <u>2,720</u> |

The Company has one class of ordinary shares which carry no right to fixed income.

On 24 August 2016, the Company issued, by way of a share premium capitalisation, bonus shares of 8,132,800,000 as part of a capital reorganisation. The £0.0001 shares were consolidated into shares of £0.01 each as a result of this process.

In 2015, the Company issued 1,200,000 ordinary shares of £0.0001 each.

The Company has a number of shares reserved for issue under an equity-settled share option scheme; further details of this are disclosed in note 26 of the Annual Report.

8. Events after the balance sheet date

The Company's shares were admitted to trading on the AIM market of the London Stock Exchange on 6 December 2016. The Company issued 4.5m new shares at a placing price of 158p, raising gross proceeds of £7.1m (before expenses), and an additional 8.2m ordinary shares were sold pursuant to the placing on behalf of selling shareholders. The number of ordinary shares outstanding in the Company following admission was 86,098,228.