16 October 2014

Avacta Group plc
("Avacta", the "Group" or the "Company")

Year end Results

Avacta Group plc (AIM: AVCT), a global provider of research reagents, consumables and equipment to the life sciences and animal care markets, announces its audited results for the year ended 31 July 2014.

Operational highlights

- Affimer technological and operational readiness confirmed and commercialisation phase begun
- Affimer production, discovery and validation processes set up to meet early commercial plans
- Senior technical and commercial hires including ex Head of R&D and ex Head of Strategic Accounts Europe of Abcam plc
- Board strengthened with three new appointments; Trevor Nicholls as Chairman, Michael Albin as Non-executive and Craig Slater as Chief Operating Officer
- Placing to raise gross proceeds of £10.3m completed in May 2014

Financial highlights

- Revenue of £3.18m (2013: £2.70m)
    - *Avacta Animal Health revenues of £1.59m (2013: £1.50m)*
    - *Avacta Analytical revenues of £1.56m (2013: £1.20m)*
    - *Debut Avacta Life Sciences revenues of £0.03m*
- Gross margins up to 64% (2013: 56%)
- Adjusted EBITDA[1] loss reduced to £1.10m (2013: £1.46m)
- Adjusted loss before tax[1] reduced to £1.81m (2013: £1.92m)
- Reported loss before tax of £2.04m (2013: £1.85m)
- Year-end cash at bank of £11.48m (2013: £0.58m)
- Loss per share of 0.04p (2013: 0.05p loss)

Post-period end highlights

- Online Affimer catalogue launched
- Commercial appetite for the potential of the application of Affimer technology to therapeutic markets established

Note 1: Excluding non-recurring administrative expenses principally relating to restructuring costs and overhead that will not recur during the period ending 31 July 2015 following the restructuring.

Commenting on the results, Alastair Smith, Chief Executive Officer, said:

"Important goals for Avacta this year were to demonstrate that no technical hurdles remained for the scale up of operations and commercialisation of Affimers and then to raise the funding required to execute our strategy. I am delighted that we have achieved these key milestones and attracted the support of new shareholders in the process.

"It is very early days in the commercialisation of Affimers but I am pleased to say that all indications are positive and, having put in place an outstanding and experienced commercial team, I am looking forward to reporting on progress during the coming financial year."

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Avacta Group plc is a global provider of research reagents, consumables and equipment to the life sciences and animal care. Avacta operates through three divisions:

Avacta Life Sciences www.avactalifesciences.com	Novel non-antibody affinity reagents called *Affimers,* with a wide range of Life Science applications in diagnostics, drug and biomarker discover and biotech research and development.
Avacta Animal Health www.avactaanimalhealth.com	Veterinary diagnostics reference laboratory services, *SensiTest*, and diagnostic kits, *SensiPak.*
Avacta Analytical www.avactaanalytical.com	High throughput analysis instrument, *Optim*, to help reduce the cost and risk of drug development.

Avacta joined AIM in August 2006 and is based in Wetherby, England.

Chairman's and Chief Executive Officer's Report

Group overview

The Group is developing rapidly and is at an exciting stage. During 2012 the Group acquired an affinity reagent platform technology, which it has branded "Affimers" and is now commercialising through Avacta Life Sciences, to add to its existing proprietary technologies in veterinary diagnostics within Avacta Animal Health and protein analysis within Avacta Analytical.

Avacta Life Sciences has advanced substantially during the period and has now contributed its first revenues. Affimers substantially resolve the negative performance issues associated with antibodies and therefore provide the Group with significant commercial opportunities in life sciences markets, including diagnostics and therapeutics.

Avacta Animal Health has launched its new canine lymphoma blood test to add to its specialist portfolio of allergy and acute phase protein tests delivered through its reference laboratory diagnostic services and in its constituent diagnostic kit form to other reference laboratories and has further test launches planned in 2015.

Avacta Analytical has grown its Optim business, delivered its first profit and is restructuring its distribution channels to better access the key US market.

Avacta Life Sciences

Avacta Life Sciences has been established to commercialise Affimers, an engineered alternative to antibodies, as reagents for the life sciences research market and with additional diagnostic and therapeutic applications.

Affimers are engineered alternatives to antibodies and have been designed to address many of the negative performance issues currently experienced with antibodies; namely, the time taken to generate a new antibody, specificity and batch to batch variation which can limit their application in many circumstances. Furthermore, there are many targets to which antibodies simply cannot be developed for a range of reasons. The discovery of one such set of targets, referred to as "ubiquitylation" which is an important pathway in many diseases, resulted in the award of the Nobel prize for chemistry over a decade ago and yet, despite the importance of this area of research in drug development and diagnostics, the major antibody companies have struggled to generate antibodies that bind to these targets. Several Affimers that bind to these targets have been recently generated in a matter of weeks.

The focus during the reporting period has been the establishment of the technical processes for the scaled up development and manufacturing of Affimers, operational facilities to meet with future demand and a commercial delivery team.

The Group has made several key hires during the period including Dr Matt Johnson as Chief Technology Officer who was Head of R&D at Abcam plc. Dr Johnson has led the project to establish the operational facilities and the production and manufacturing capability.

The Group is initially commercialising the technology in two ways:

- Custom Affimer reagents: The provision of bespoke reagents for customers requiring an Affimer to their own specific target of interest. First orders for custom Affimer reagents have been secured from a handful of academic and commercial customers. These services are sold through the Group's US and European business development teams which are currently being built but includes the recent hires of Dr Dan Gare who was the Head of Strategic Accounts Europe at Abcam plc and Dr Adrian Kinkaid who was the Head of Strategic Market Development at Abcam plc; and,
- Online catalogue: The sale of a pre-selected range of Affimers with binding affinity to targets of scientific and commercial interest. The online catalogue has been launched and includes fully characterised Affimers

for targets involved in ubiquitylation as well as Affimers that can replace some common workhorse antibodies, both representing prime revenue generating opportunities. The Group intends to grow the online catalogue continuously to provide a comprehensive and powerful toolkit for the detection of disease, discovery and validation of new disease biomarkers and drug targets and a range of other applications across life sciences research and development. The Group anticipates that revenues from the online catalogue will build over time as the size of the catalogue is increased and the Group's marketing efforts start to take effect.

Several commercial partnerships have been established including a license agreement with Blueberry Therapeutics Limited, a commercial collaboration with Ubiq Bio BV and a distribution partnership for the Japanese market with Cosmo Bio.

The potential of Affimers is initially being targeted at research reagents for the life sciences market. The Board considers that there is also considerable potential for Affimers in diagnostics and as therapeutics and the Group is building data to support commercialisation in these markets in due course.

Avacta Animal Health

Avacta Animal Health provides diagnostic products, reagents and services to the veterinary diagnostics market. Its aim is to equip veterinary professionals with high quality animal health and well-being information through its reference laboratory diagnostic testing services and through its constituent test kits (SensiTest and SensiPak, respectively) and, in due course, through an in-clinic blood testing system (SensiPod).

New SensiTest and SensiPak tests are being released to the market and the new canine lymphoma blood test is now available in the UK and will be available in the US shortly. The Group continues to develop a menu of tests and there are substantial opportunities for the Group to grow Avacta Animal Health through this channel in global markets. The Group expects to launch new diagnostic tests regularly in allergy and secondary infection, inflammation, immunology, cancer and other disease areas.

The Group has previously reported delays in the commercial launch of SensiPod for which product development has been problematic. The Group's objective is to bring a high performance in-clinic diagnostic device to market, differentiated by the sensitivity and reproducibility of the results it provides. The development of a number of new assays for SensiPod during the reporting period highlighted that the production of the immuno-capture surface, which binds the analyte from the sample for detection, is introducing variability in the test results which would compromise the market opportunity. Considerable effort is being expended on improving the capture surface consistency and good progress is being made towards a high volume, routine manufacturing process that yields test reproducibility that is considerably better than existing point of care technologies.

Avacta Analytical

Avacta Analytical provides high-end analytical instrumentation, consumables and services to the biopharmaceutical sector. Its first instrument, Optim, provides multiple protein stability-indications at high speed using ultra-low sample volumes to reduce the time and cost of therapeutic protein development.

Sales volumes in Europe have improved against the prior year through the introduction of a direct sales team in that geography. In addition, the performance in Japan has been satisfactory through the Group's exclusive distributor. In contrast, the performance in the key North American market, served by an exclusive distributor, has been poor and the Group has now altered its strategy to serve this market directly alongside that distributor, which now has become non-exclusive. Whilst the Board considers that this may lead to a limited period of adjustment and fewer sales in the short-term, the additional resource and focus is expected to deliver a greater contribution to the Group in the longer term.

Avacta Analytical sold 18 units during the period (2013: 12 units) into a blue chip customer base including Roche (3rd unit), Novartis (2nd unit) and Carbogen Amcis. Through the direct contact of the Group's own sales teams, it is developing a high degree of quality information and understanding of the customer needs that could drive

Optim usage and hence increase the recurring revenues from the use of cartridges for OPTIM.

The Group has introduced two new variants to the core Optim platform which incorporates incremental measurement capabilities and it has also completed the development of upgraded software, expanding the capabilities available to end users. The Directors consider that these two new variants and the related upgraded software widen the appeal of Optim in its core drug development market by focusing on applications to characterise the viscosity of samples and the stability of membrane protein targets.

Financial performance and discussion of key performance indicators
The Group's results are extracted from the Operating segment analysis (see note 3) below.

	Avacta Life Sciences		Avacta Animal Health		Avacta Analytical	
	2014	2013	2014	2013	2014	2013
	£ million	£ million	£ million	£ million	£ million	£ million
Performance						
Revenue	0.03	-	1.59	1.50	1.56	1.20
Gross profit	0.02	-	1.07	0.96	0.95	0.55
Gross margin	67%	-	67%	64%	61%	46%
Adjusted EBITDA[1]	(0.27)	(0.11)	(0.01)	0.03	0.22	(0.23)
Operating (loss)/profit	(0.57)	(0.21)	(0.28)	(0.70)	0.15	(0.33)
Investment						
Development costs	1.55	0.57	0.31	0.71	-	0.47
Plant and equipment	0.79	0.41	0.03	0.07	0.03	0.07

Note 1: Excluding non-recurring administrative expenses principally relating to restructuring costs and overhead that will not recur during the period ending 31 July 2015 following the restructuring as well as amortisation and share based payment charges

Avacta Life Sciences recorded debut revenues with two contracts for its custom Affimer reagents service delivered during the period, contributing £0.03 million revenue.

Avacta Animal Health revenues grew slightly to £1.59 million (2013: £1.50 million) from its existing allergy and acute phase protein SensiTest and SensiPak products. The recently launched canine lymphoma blood test contributed £0.01 million of revenue during the period and there was no contribution from SensiPod.

Avacta Analytical delivered total revenue of £1.56 million (2013: £1.20 million). Optim related revenues were £1.40 million (2013: £0.99 million) including £1.19 million (2013: £0.73 million) from the 18 units (2013: 12 units) shipped during the period. Consumables revenue was £0.21m (2013: £0.26m) and the consumables sales per unit slowed to approximately £5,000 per unit per annum (2013: £7,000 per unit per annum).

Gross margins across the Group improved to 64% (2013: 56%) through a mix shift towards higher margin direct sales of Optim in Avacta Analytical.

Underlying overhead increased by only £0.25 million despite the full year effect of the increased level of activity in Avacta Life Sciences following its ramp up of activity during the previous financial period. Non-recurring administrative expenses, amortisation of development costs and share based payment charges of £0.61 million (2013: £0.14 million) pushed total overhead up to £4.11 million (2013: £3.39 million).

The Group recognised £0.55 million (2013: £0.33 million) of R&D tax credits during the year which reduced the loss retained to £1.49 million (2013: £1.52 million) leaving loss per share at 0.04 pence (2013: 0.05 pence).

Development expenditure capitalised during the year increased to £1.86 million (2013: £1.76 million) through the accelerated development of the Affimer platform where £1.55 million was capitalised (2013: £0.57 million). Only £0.31 million (2013: £0.72 million) was capitalised into Avacta Animal Health and £Nil (2013: £0.47 million was capitalised into Avacta Analytical. These factors resulted in net intangible assets increasing to £16.29 million (2013: £14.58 million) after amortisation of £0.17 million (2013: £0.09 million).

The Group's capital expenditure increased during the period to £0.92 million (2013: £0.48 million) through the continued investment of £0.79 million (2013: £0.41 million) in the development and production facilities within Avacta Life Sciences.

The Group reported cash balances of £11.48 million at 31 July 2014 (2013: £0.58 million). On 5 August 2013, the Group completed a placing of £4.70 million (before expenses) at a price of 0.55 pence per share and during May 2014, the Group completed a placing of £10.3 million (before expenses) at a price of 1.10 pence per share.

Outlook

The Group sees enormous potential in its Affimer technology and is now in a position to turn the recent technical and operational progress into commercial success. Early interest from the market in custom Affimers is very encouraging and the launch of the online Affimer catalogue provides a route to market for reagents and assay kits and will be grown over the coming months and years as the size of the catalogue increases and the Group's marketing efforts begin to take effect.

The Group has launched its canine lymphoma blood test into the veterinary diagnostic market and looks forward to adding further tests during the current financial year. The Board acknowledges that progress on SensiPod is disappointingly slow but the Group is working diligently to bring the technical performance of the product up to a market leading standard that will eventually drive interest in the product and sales and, in parallel, the development of further tests is in itself an exciting commercial opportunity.

Over the last two years, the Group has re-engineered the Optim product and changed its strategy with regard to its distribution channels. The Board considers that this instrument is now in a position to fulfil its potential in the marketplace and, in particular, to accelerate sales in the key US market through direct sales efforts after a short period of change.

The Group's management has been strengthened substantially at Board and senior management level. The Board is pleased that the Group has attracted some important new institutional shareholders and is satisfied that the Group is making substantial progress towards delivering on its near and long term opportunities and the Board considers that, in this current financial year to date, the Group is performing in line with market expectations. Those opportunities are capable of adding substantial value to the Group for shareholders and the Board looks forward to reporting on the Group's progress.

Trevor Nicholls	**Alastair Smith**
Chairman	**Chief Executive Officer**
16 October 2014	16 October 2014

Consolidated Income Statement for the year ended 31 July 2014

	Note	2014	2013
		£000	£000
Revenue		**3,180**	2,700
Cost of goods sold		**(1,141)**	(1,187)
Gross profit		**2,039**	1,513
Administrative expenses		**(4,106)**	(3,386)
Operating loss before non-recurring items, amortisation and share-based payment charges		**(1,456)**	(1,738)
Non-recurring administrative expenses		**(232)**	-
Release of contingent consideration provision		**-**	68
Amortisation of development costs		**(170)**	(87)
Share-based payment charges		**(209)**	(116)
Operating loss	3	**(2,067)**	(1,873)
Finance income		**24**	21
Loss before taxation		**(2,043)**	(1,852)
Taxation		**551**	331
Loss		**(1,492)**	(1,521)
Loss per ordinary share :			
- Basic and diluted	4	**(0.04p)**	(0.05p)

Consolidated Balance Sheet as at 31 July 2014

	2014	2013
	£000	£000
Non-current assets		
Intangible assets	**16,289**	14,583
Property, plant & equipment	**1,401**	835
	17,690	15,418
Current assets		
Inventories	**469**	380
Trade and other receivables	**985**	985
Income taxes	**425**	290
Cash and cash equivalents	**11,480**	582
	13,359	2,237
Total assets	**31,049**	17,655
Current liabilities		
Trade and other payables	**(1,390)**	(1,249)
Contingent consideration	**(350)**	(380)
	(1,740)	(1,629)
Non-current liabilities		
Contingent consideration	**(472)**	(474)
Deferred tax liabilities	**-**	-
	(472)	(474)
Total liabilities	**(2,212)**	(2,103)
Net assets	**28,837**	15,552
Equity attributable to equity holders of the Company		
Called up share capital	**5,045**	3,234
Share premium account	**35,747**	22,990
Capital reserve	**2,669**	2,669
Other reserve	**(1,729)**	(1,729)
Reserve for own shares	**(1,590)**	(1,590)
Retained earnings	**(11,305)**	(10,022)
Total equity	**28,837**	15,552

Consolidated Statement of Changes in Equity for the year ended 31 July 2014

	Share capital	Share premium	Other reserve	Capital reserve	Reserve for own shares	Retained earnings
	£000	£000	£000	£000	£000	£000
At 1 August 2012	3,234	22,989	(1,729)	2,669	(1,590)	(8,617)
Transactions with owners of the company recognised directly in equity						
Shares issued for cash	-	1	-	-	-	-
Share based payment charges	-	-	-	-	-	116
Total comprehensive income for the period						
Result for the period	-	-	-	-	-	(1,521)
At 31 July 2013	3,234	22,990	(1,729)	2,669	(1,590)	(10,022)
Transactions with owners of the company recognised directly in equity						
Shares issued for cash	1,807	12,729	-	-	-	-
Shares issued as consideration for business combinations	4	28	-	-	-	-
Share based payment charges	-	-	-	-	-	209
Total comprehensive income for the period						
Result for the period	-	-	-	-	-	(1,492)
At 31 July 2014	5,045	35,747	(1,729)	2,669	(1,590)	(11,305)

Consolidated Statement of Cash Flows for the year ended 31 July 2014

	2014	2013
	£000	£000
Operating activities		
Loss for the year	**(1,492)**	(1,521)
Amortisation and impairment losses	**171**	89
Depreciation	**356**	278
Loss on disposal of property, plant and equipment	**-**	1
Share based payment charges to employees	**209**	116
Net finance income	**(24)**	(21)
Income tax credit	**(551)**	(331)
Operating cash outflow before changes in working capital	**(1,331)**	(1,389)
Movement in inventories	**(89)**	82
Movement in trade and other receivables	**-**	(366)
Movement in trade and other payables	**142**	(251)
Operating cash outflow from operations	**(1,278)**	(1,924)
Finance income received	**24**	21
Income tax received	**416**	526
Net cash flow from operating activities	**(838)**	(1,377)
Investing activities		
Purchase of plant and equipment	**(922)**	(478)
Purchase of intangible assets	**(17)**	-
Development expenditure capitalised	**(1,861)**	(1,755)
Acquisition of subsidiaries	**-**	-
Net cash flow from investing activities	**(2,800)**	(2,233)
Financing activities		
Proceeds from issue of shares	**14,536**	1
Net cash flow from financing activities	**14,536**	1
Net increase in cash and cash equivalents	**10,898**	(3,609)
Cash and cash equivalents at the beginning of the year	**582**	4,191
Cash and cash equivalents at the end of the year	**11,480**	582

Notes

1. These preliminary results have been prepared on the basis of the accounting policies which are to be set out in Avacta Group plc's annual report and financial statements for the year ended 31 July 2014.

   The consolidated financial statements of the Group for the year ended 31 July 2014 were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the EU ("adopted IFRSs") and applicable law.

   The financial information set out above does not constitute the company's statutory financial statements for the years ended 31 July 2014 or 2013 but is derived from those financial statements. Statutory financial statements for 2013 have been delivered to the Registrar of Companies and distributed to shareholders, and those for 2014 will be respectively delivered and distributed on or before 31 December 2014. The auditors have reported on those financial statements and their reports were:

   (i) unqualified;
   (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and
   (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006 in respect of the financial statements for 2012 or 2013.

2. Basis of preparation
   The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

   The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts 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 the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

   The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

   The Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's and Chief Executive Officer's Report. The financial position of the Group, its financial performance and its cash flows and liquidity position are described there also and within the financial statements presented.

   The financial statements have been prepared on a going concern basis. The current economic conditions create uncertainty particularly over the level of demand for the Group's products and over the availability of finance which the directors are mindful of. In addition, the Group has incurred significant losses over the last few years of which a substantial element is in cash.

   The Financial Reporting Council issued "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" in 2009, and the Directors have considered this when preparing these financial statements. These have been prepared on a going concern basis, notwithstanding the loss for the period ended 31 July 2014. The Directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate, and that the carrying value of intangibles remains supported by future cash flows. The key conclusions are summarised below

   - The Group is at a critical point in its development as it seeks to launch the Affimer suite of products and services, ramp up sales of its Optim product and bring the Sensipod diagnostic device to market. These are expected to generate significant revenues for the Group over the coming years, aiding both profitability and cash flows.
   - The Group has taken a significant amount of annualised costs out of the business and will continue to take all appropriate steps to manage its cost base in light of any deviations from the forecast sales levels.
   - The Group raised £4.7 million (gross of issue costs) through a placing of its shares on 5 August 2013 and a further £10.3 million (gross of issue costs) through a split placing of its shares on 23 May 2014 and 26 May

2014.

- The Directors have prepared sensitised cash flow forecasts extending to the end of the financial year ended 31 July 2016. These show that the Group has sufficient funds available to meet its obligations as they fall due over that period.
- The Group's year to date financial performance is materially in line with this budget cumulatively.
- The Directors are not aware of any evidence to suggest that the budgeted improvement in the level of performance over the short term future will not be realised although the Directors recognise that it is possible that a worsening of performance could become evident, at which point they would act accordingly to mitigate the impact of such a worsening. The action may include cost reduction strategies, curtailed capital expenditure programs or equity issues.
- The Group does not have external borrowings or any covenants based on financial performance.
- The Directors have considered the position of the individual trading companies in the group to ensure that these companies are also in a position to continue to meet their obligations as they fall due.
- The markets in which the business operates are not considered to be at significant risk due to the ongoing global economic recession.
- There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise.

Following this assessment, the Directors have reasonable expectation that the Group has adequate resources to continue for the foreseeable future and that carrying values of intangible assets are supported. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

3. Segmental reporting

Operating segment analysis 2014

	Analytical £000	Animal Health £000	Life Sciences £000	**Total £000**
Revenue	**1,562**	**1,588**	**30**	**3,180**
Cost of goods sold	(614)	(516)	(11)	**(1,141)**
Gross profit	**948**	**1,072**	**19**	**2,039**
Depreciation	(56)	(56)	(191)	**(303)**
Other operating expenses	(725)	(1,081)	(292)	**(2,098)**
Operating profit/(loss) before non-recurring expenses, amortisation and share-based payment charges	**167**	**(65)**	**(464)**	**(362)**
Non-recurring administrative expenses	-	(179)	-	**(179)**
Share-based payment charges	(20)	(40)	(106)	**(166)**
Segment operating profit/(loss)	**147**	**(284)**	**(570)**	**(707)**
Corporate and other unallocated items				**(1,190)**
Amortisation of development costs				**(170)**
Operating loss				**(2,067)**
Finance income				**24**
Finance expenses				**-**
Loss before taxation				**(2,043)**
Taxation				**551**
Amount attributable to equity holders of the Company				**(1,492)**
Segment intangible assets	6,608	5,805	3,876	**16,289**
Segment tangible assets	974	595	2,065	**3,634**
Segment assets	**7,582**	**6,400**	**5,941**	**19,923**
Corporate and other unallocated items				**11,126**
Total assets				**31,049**
Segment liabilities	**(172)**	**(1,037)**	**(755)**	**(1,964)**
Corporate and other unallocated items				**(248)**
Total liabilities				**(2,212)**

Operating segment analysis 2013

	Analytical	Animal Health	Life Sciences	**Total**
	£000	£000	£000	**£000**
Revenue	**1,200**	**1,500**	**-**	**2,700**
Cost of goods sold	(651)	(536)	-	**(1,187)**
Gross profit	**549**	**964**	**-**	**1,513**
Depreciation	(70)	(64)	(98)	**(232)**
Other operating expenses	(782)	(936)	(106)	**(1,824)**
Operating loss before non-recurring expenses, amortisation and share-based payment charges	**(303)**	**(36)**	**(204)**	**(543)**
Share-based payment charges	(30)	(31)	(1)	**(62)**
Segment operating loss	**(333)**	**(67)**	**(205)**	**(605)**
Corporate and other unallocated items				**(1,181)**
Amortisation of development costs and customer related intangible assets				**(87)**
Operating loss				**(1,873)**
Finance income				**21**
Finance expenses				**-**
Loss before taxation				**(1,852)**
Taxation				**331**
Amount attributable to equity holders of the Company				**(1,521)**
Segment intangible assets	6,780	5,498	2,305	**14,583**
Segment tangible assets	1,157	581	654	**2,392**
Segment assets	**7,937**	**6,079**	**2,959**	**16,975**
Corporate and other unallocated items				**680**
Total assets				**17,655**
Segment liabilities	**(368)**	**(1,139)**	**(307)**	**(1,814)**
Corporate and other unallocated items				**(289)**
Total liabilities				**(2,103)**

4. Basic and diluted loss per ordinary share

The calculation of earnings per ordinary share is based on the profit or loss for the period and the weighted average number of equity voting shares in issue. The earnings per ordinary share is the same as the diluted earnings per ordinary share because the earnings per share is negative.

	2014	2013
Loss (£000)	**(1,492)**	(1,521)
Weighted average number of shares (number '000)	**4,181,527**	3,157,074
Basic and diluted loss per ordinary share (pence)	**(0.04p)**	(0.05p)

- Ends -