

BENCHMARK HOLDINGS PLC

("Benchmark" or the "Company" or the "Group")

Interim results for the six months ended 31 March 2018

Profit growth driven by increased sales from higher margin products

Benchmark (LSE: BMK), the aquaculture health, genetics and advanced nutrition business is pleased to announce its interim results for the six months ended 31 March 2018 (the "period").

Financial summary

£m	H1 2018	H1 2017	%	FY 2017
Revenue	75.7	69.2	+9%	140.2
EBITDA ¹	6.3	5.2	+21%	15.7
Adjusted EBITDA ²	6.3	3.3	+91%	10.0
Adjusted PBT ³	4.4	(0.7)	-	6.3
Loss before tax	(5.6)	(8.9)	-	(8.1)
Profit/(loss) for the period	3.6	(8.2)	-	(7.1)
Basic earnings/(loss) per share (p)	0.67	(1.58)	-	(1.43)
Net debt ⁴	(41.3)	(12.8)	-	(23.9)

(1) EBITDA is earnings before interest, tax, depreciation and amortisation

(2) Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exceptional items and acquisition related expenditure

(3) Adjusted PBT is profit/loss before tax, before amortisation, share option charge, exceptional items and acquisition related expenditure

(4) Net debt is cash and cash equivalents less loans and borrowings

Financial highlights:

- Revenue increased by 9% to £75.7m (H1 2017: £69.2m), despite movements in foreign exchange rates. Using the same rates experienced in H1 2017, revenue increased by 17%
- Adjusted EBITDA increased by 91% to £6.3m (H1 2017: £3.3m) driven by revenue growth in higher margin nutrition and genetics products (and despite a £2.1m reduction in Animal Health)
- £3.6m reported profit for the period (H1 2017: loss of £8.2m) influenced by improved trading and:
 - Reduction in finance costs in the period as a result of foreign exchange

- movements in USD denominated borrowing
 - £9.2m tax credit (H1 2017: £0.7m) due to reduction in the tax rates in Belgium which reduced the deferred tax liability on intangibles from the acquisition of INVE
- Increase in net debt to £41.3m as expected, primarily due to £15.1m capital expenditure (including £8.6m investment in Salten facility and investment associated with the field trials of the new sea lice treatment). Net debt includes £18m ringfenced non-recourse debt to fund the Salten facility

Operational highlights:

- Commercial scale field trials of Benchmark's new products (Ectosan® and Cleantreat®) continuing in Norway; increasing interest from leading producers
- 16% revenue growth in Advanced Nutrition driven by high demand for specialist diets and health products in most markets and particularly in India
- Continued demand for Genetics products (revenue +11%); construction of additional capacity progressing on time for production in Q3 2018

Board

- Appointment of Peter George as Chairman on 8 May 2018

Post period end: JV with Empresas AquaChile

- On 8 June 2018, Benchmark announced a breeding and genetics joint venture with Empresas AquaChile and placing to raise £19m (before expenses)
 - Acquisition of 49% interest in strategically important Chilean JV for a total cash consideration of \$16.25m (£12.2m):
 - Accelerates and de-risks Benchmark's strategy in Chile, the world's second largest salmon market
 - Partnering with AquaChile, the world's sixth largest salmonid producer, and the largest in Chile
 - JV is expected to be immediately and continuously earnings accretive
- Placing with existing and new investors to raise £19m (before expenses) to fund the total cash consideration of \$16.25m (£12.2m), a \$5.4m (£4m) loan to the JV and transaction expenses, with the balance being used for general working capital purposes
- The establishment of the JV is conditional on Bank Approval and Admission amongst other things. The Placing is conditional upon, amongst other things, Admission and the Placing Agreement not being terminated in accordance with its terms

- Benchmark expects to receive Bank Approval in the next few days and Admission is expected to occur four business days after bank approval is obtained

Outlook

- Positive macro environment in the Group's main markets. Group on track to deliver on expectations for the full year

Peter George, Chairman of Benchmark, commented:

“Having joined the Board in May, I have been impressed with Benchmark’s range of products, its scale and global distribution network, and its reputation and relationships in the industry. Put this together with the drive and energy of the management team and it is clearly well placed to take advantage of the strong growth fundamentals in its market.

“I look forward to helping to deliver shareholder value as we continue to develop the Group’s leading position in aquaculture.”

Malcolm Pye, CEO of Benchmark, commented:

“The Group has delivered good organic revenue growth and improving profitability on an adjusted basis, while we continued to invest in our pipeline of new products and infrastructure.”

“The outlook for the Group is positive as the drivers for our business are stronger than ever before, with continued growth in aquaculture and increasing recognition from consumers, producers and regulators of the need for sustainable solutions to enable future growth.

“We also expect to benefit from the recently announced, strategically important Chilean JV.

“Overall, we remain on track to achieve our expectations for the current year, and are confident of Benchmark’s capacity to generate attractive returns in the years to come.”

The Company's Interim Report for the period ended 31 March 2018 will shortly be available to view on the Company's website (www.benchmarkplc.com).

A presentation for analysts will be held today at 09.30 at the offices of MHP Communications, 6 Agar Street, London, WC2N 4HN. The presentation will also be accessible via a live conference call for registered participants. To register for the call please contact MHP Communications on +44 (0)20 3128 8730 or 8742, or by email on benchmark@mhpc.com.

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For further information on Benchmark please visit www.benchmarkplc.com

Interim Management Report

Chairman's statement

Overview

The fundamental drivers for our business are stronger than ever before, with continued growth in aquaculture, and an increasing recognition from consumers, producers and regulators of the need for sustainable solutions to enable future growth. This has driven our mission from the outset and we are well positioned to succeed.

The Group performed well during the first six months of the year. We delivered revenue growth ahead of the industry average and are steadily moving towards profitability, while continuing to invest in our pipeline of new products and infrastructure. Our strategy to diversify our product offering and geographic footprint has proven successful, mitigating local risks inherent in our business.

Operationally, we continued our programme to realise synergies from our complementary platform. We are particularly focused on the roll-out of our Group key account programme, and the potential in shrimp genetics by bringing together our genetics capabilities with our leading position in the shrimp hatchery segment through Advanced Nutrition.

We have also completed an initial review of our activities and are in the process of implementing an action plan. In the area of diagnostic services, for example, we are restructuring our operations in a way that harnesses the expertise we have in-house while reducing our cost base.

We are also exploring the potential for partnership opportunities with organisations within the wider animal health market to exploit our technologies outside aquaculture. We will report on further progress in due course.

Animal Health: field trials of next generation sea lice treatment: Ectosan® and Cleantreat®

Early in the period we launched commercial scale trials for our highly innovative next generation sea lice treatment, with successful results. To date we have completed four trials, with all lice counts showing 100% efficacy. We continue to work on optimising the Cleantreat® system to increase the efficiency of the total solution.

We estimate the loss to the salmon industry as a result of sea lice to be significantly more than \$500m per annum, at a time when there has been a recognised lack of effective solutions in the market which are environmentally and welfare friendly. Our trials show Benchmark can address this unmet need, having shown 100% efficacy against sea lice, whilst eliminating all medicine residues ahead of water discharge into the ocean. Once fully licenced we estimate peak annual sales of up to £45m for our new treatment with some revenues already having been booked during the trials phase.

Benchmark will continue field trials as part of its market authorisation registration process. Commercial trials are ongoing in Norway, where we have increasing interest for our treatment from the major salmon producers, and will continue to the end of the year. In addition, we will extend trials to other markets and we are exploring the opportunity to start trials in an additional market outside of Norway before the end of 2018.

Advanced Nutrition: growth in diets and health products

Our Advanced Nutrition division delivered organic growth driven by increased demand for our higher margin specialist diets and health products, in most markets, and particularly from India and Ecuador, reflecting the increasing importance of these markets and the strength of our platform and network to grow in new regions as they develop. India is the second largest and one of the fastest growing shrimp producing countries, having benefited from a shift in the industry resulting from the Early Mortality Syndrome (EMS) break-outs in Asia in recent years.

It is pleasing to see the good performance of our specialist diet and health products, validating our R&D strategy. We have an active programme of upgrades and new products aimed at strengthening our competitive position and achieving profitable growth, and we saw the launch of three new products in the period.

Live feed artemia continues to be the main revenue contributor in Advanced Nutrition (58% of sales in the period), and the recent harvest of top quality GSL artemia was a record one, resulting in stability of supply. Development of our next generation larval feed protocols which combine live feed artemia with artemia replacement diets is progressing according to plan. We believe our next generation diets will allow producers to achieve long term growth, by eliminating the natural constraints resulting from a fully exploited global supply of artemia.

Genetics: Consolidating position in salmon and expansion into shrimp

Our Genetics division delivered organic revenue growth from continued higher sales volumes and average selling prices. At the same time, we took action to support future growth and higher margins which resulted in some increased operating costs.

During the period, we saw the value of having a well-diversified business in terms of customers, geographies and supply chain. There are inherent risks in our industry including disease, border closures and environmental effects and we were able to manage these risks where they materialised while delivering attractive growth.

Salmon

Following the announced JV with AquaChile, we have leading market positions in salmon genetics in all of the key markets. Our strategy to continue to deliver profitable growth is based on innovation and the year-round, biosecure availability of eggs; progress was made in both areas during the period. Construction of our new Salten facility in Norway continued according to plan, and we expect production to commence in Q3 2018 for delivery of first eggs in Q1 2019. The new facility will significantly increase our capacity, meeting our need for increased production, and will provide the flexibility to be able to offer certainty of supply and biosecurity to our customers.

Shrimp

Shrimp genetics represent a very attractive opportunity for the Group where we believe we will be able to leverage our experience in salmon and our position in shrimp hatcheries. We are pleased to report that the results of first round of trials in Vietnam were very encouraging and led to the decision to extend trials to Thailand and China, with other key markets to follow.

Financial review

Group revenue for the period increased by 9% to £75.7m (H1 2017: £69.2m) driven by revenue growth in Advanced Nutrition, Genetics and Knowledge Services of 16%, 11% and 15% respectively.

Adjusted EBITDA, which is used by management as the primary measure of financial performance allowing better understanding of the underlying performance of the Group, increased to £6.3m (H1 2017: £3.3m). The increase arose principally from increased sales and a movement in mix towards higher margin products in Advanced Nutrition. This was offset by a higher adjusted EBITDA loss in Animal Health, due to a one-off credit note for the repurchase of inventory linked to the renegotiation of distributor relationships and a relatively high fixed cost base geared up to support the final development and scaling up of new products.

Overall investment in R&D (expensed and capitalised) increased from £7.1m to £7.8m. Within that, expensed R&D was reduced but there was an increase in the level of capitalised development costs as the new products progress through the development phase. Operating costs increased in line with sales growth, representing 29.3% of sales (H1 2017: 29.4%).

The Group's operating loss reduced from £6.7m to £6.0m. Depreciation during the period increased by 35% from £2.3m to £3.1m, a direct result of investment in plant and machinery. Loss before taxation decreased to £5.6m (H1 2017: £8.9m), significantly helped by a shift from a net finance cost of £2.2m in 2017 to net finance income of £0.7m. This is a result of the foreign exchange gain arising from the revaluation of our USD denominated debt.

We reported a £3.6m net profit for the period (H1 2017: £8.2m net loss) driven by a £9.2m tax credit (H1 2017: tax charge £0.7m) due to a decrease in the tax rates in Belgium from 34% to 25% which reduces the deferred tax liability on the intangible assets from the INVE acquisition. Basic earnings per share were 0.67p (2017: loss (£1.58)).

As expected, net debt increased to £41.3m (FY 2017: £23.9m; H1 2017: £12.8m) primarily due to £15.1m capital expenditure, including for the expansion of production capacity in the Genetics division (Salten), and investment in capitalised R&D. In addition, working capital investment has increased as revenues have grown.

Outlook

The outlook for the Group is positive. Our markets have strong long-term growth fundamentals as well as a positive outlook in the near term. We also expect to benefit from the recently announced strategically important Chilean JV.

We remain on track to achieve our expectations for the current year, and are confident of Benchmark's capacity to generate attractive returns in the years to come.

Independent Review Report to Benchmark Holdings plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2018 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2018 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and the AIM Rules

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Ian Beaumont

for and on behalf of KPMG LLP

Chartered Accountants

1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

19 June 2018

Benchmark Holdings plc

Consolidated Income Statement
for the 6 months ended 31 March 2018

	Notes	6 months ended 31 March 2018 (unaudited) £000	6 months ended 31 March 2017 (unaudited) £000	12 months ended 30 September 2017 (audited) £000
Revenue		75,714	69,155	140,172
Cost of sales		(41,637)	(39,113)	(77,781)
Gross profit		34,077	30,042	62,391
Research and development costs		(5,621)	(6,433)	(13,055)
Other operating costs		(22,178)	(20,302)	(39,297)
Adjusted EBITDA²		6,278	3,307	10,039
Exceptional including acquisition related items	8	-	1,872	5,649
EBITDA¹		6,278	5,179	15,688
Depreciation	11	(3,148)	(2,333)	(4,877)
Amortisation and impairment	12	(9,153)	(9,516)	(18,473)
Operating loss		(6,023)	(6,670)	(7,662)
Finance cost		(1,069)	(2,300)	(1,960)
Finance income		1,730	92	1,495
Share of (loss)/profit of equity-accounted investees, net of tax		(231)	25	27
Loss before taxation		(5,593)	(8,853)	(8,100)
Tax on loss	9	9,164	672	980
Profit/(loss) for the period		3,571	(8,181)	(7,120)
Profit/(loss) for the period attributable to:				
- Owners of the parent		3,492	(8,255)	(7,440)
- Non-controlling interest		79	74	320
		3,571	(8,181)	(7,120)
Basic earnings/(loss) per share (pence)	10	0.67	(1.58)	(1.43)
Diluted earnings/(loss) per share (pence)	10	0.66	(1.58)	(1.43)

1 EBITDA – Earnings before interest, tax, depreciation and amortisation

2 Adjusted EBITDA – EBITDA before exceptional and acquisition related items

Benchmark Holdings plc

Consolidated Statement of Comprehensive Income
for the 6 months ended 31 March 2018

	6 months ended 31 March 2018 (unaudited) £000	6 months ended 31 March 2017 (unaudited) £000	12 months ended 30 September 2017 (audited) £000
Profit/(loss) for the year	3,571	(8,181)	(7,120)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange translation differences	(10,318)	9,234	(7,128)
Total comprehensive income for the year	(6,747)	1,053	(14,248)
Total comprehensive income for the year attributable to:			
- Owners of the parent	(6,864)	1,013	(14,407)
- Non-controlling interest	117	40	159
	(6,747)	1,053	(14,248)

Benchmark Holdings plc

Consolidated Balance Sheet
as at 31 March 2018

	Notes	As at 31 March 2018 (unaudited) £000	As at 31 March 2017 (unaudited) £000	As at 30 September 2017 (audited) £000
Assets				
Non-current assets				
Property, plant and equipment	11	89,961	62,100	80,845
Intangible assets	12	310,723	354,344	329,137
Equity-accounted investees		2,749	362	2,512
Other investments		112	216	237
Biological and agricultural assets		4,924	5,866	5,745
Trade and other receivables		-	200	-
Total non-current assets		408,469	423,088	418,476
Current assets				
Inventories		21,618	26,584	20,053
Biological and agricultural assets		13,612	6,149	10,798
Trade and other receivables		32,991	31,025	38,530
Cash and cash equivalents		21,869	26,312	18,779
Total current assets		90,090	90,070	88,160
Total assets		498,559	513,158	506,636
Liabilities				
Current liabilities				
Trade and other payables		(34,133)	(28,948)	(44,498)
Loans and borrowings		(558)	(57)	(6,234)
Corporation tax liability		(5,716)	(2,214)	(2,844)
Provisions		(429)	(871)	(450)
Total current liabilities		(40,836)	(32,090)	(54,026)
Non-current liabilities				
Loans and borrowings	13	(62,627)	(39,015)	(36,453)
Other payables		(1,232)	(6,825)	(1,213)
Deferred tax		(41,134)	(62,429)	(56,359)
Total non-current liabilities		(104,993)	(108,269)	(94,025)
Total liabilities		(145,829)	(140,359)	(148,051)
Net assets		352,730	372,799	358,585
Issued capital and reserves attributable to owners of the parent				
Share capital	3	522	522	522
Additional paid-in capital		339,431	339,431	339,431
Capital redemption reserve		5	5	5
Retained earnings		(20,376)	(26,643)	(24,742)
Foreign exchange reserve		28,042	54,633	38,398
Equity attributable to owners of the parent		347,624	367,948	353,614
Non-controlling interest		5,106	4,851	4,971
Total equity and reserves		352,730	372,799	358,585

The notes on pages 14 to 23 are an integral part of this interim consolidated financial information

Benchmark Holdings plc

Consolidated Statement of Changes in Equity
for the 6 months ended 31 March 2018

	Share capital £000	Share premium reserve £000	Other reserves £000	Retained earnings £000	Total attributable to equity holders of parent £000	Non- controlling interest £000	Total equity £000
As at 30 September 2016 (audited)	521	339,431	45,370	(18,904)	366,418	1,281	367,699
Comprehensive income for the period							
(Loss)/profit for the period	-	-	-	(8,255)	(8,255)	74	(8,181)
Other comprehensive income	-	-	9,268	-	9,268	(34)	9,234
Total comprehensive income for the period	-	-	9,268	(8,255)	1,013	40	1,053
Transactions with owners of the company							
Contributions by and distributions to owners							
Share issue	1	-	-	-	1	-	1
Share based payment	-	-	-	516	516	-	516
Total contributions by and distributions to owners	1	-	-	516	517	-	517
Changes in ownership							
Investment in subsidiary by NCI	-	-	-	-	-	3,530	3,530
Total changes in ownership interests	-	-	-	-	-	3,530	3,530
Total transactions with owners of the Company	-	-	-	516	517	3,530	4,047
As at 31 March 2017 (unaudited)	522	339,431	54,638	(26,643)	367,948	4,851	372,799
Comprehensive income for the period							
Profit for the period	-	-	-	815	815	246	1,061
Other comprehensive income	-	-	(16,235)	-	(16,235)	(127)	(16,362)
Total comprehensive income for the period	-	-	(16,235)	815	(15,420)	119	(15,301)
Transactions with owners of the company							
Contributions by and distributions to owners							
Share based payment	-	-	-	1,086	1,086	-	1,086
Total contributions by and distributions to owners	-	-	-	1,086	1,086	-	1,086
Changes in ownership							
Investment of subsidiary with NCI	-	-	-	-	-	1	1
Total changes in ownership interests	-	-	-	-	-	1	1
Total transactions with owners of the Company	-	-	-	1,086	1,086	1	1,087
As at 30 September 2017 (audited)	522	339,431	38,403	(24,742)	353,614	4,971	358,585
Comprehensive income for the period							
Profit for the period	-	-	-	3,492	3,492	79	3,571
Other comprehensive income	-	-	(10,356)	-	(10,356)	38	(10,318)
Total comprehensive income for the period	-	-	(10,356)	3,492	(6,864)	117	(6,747)
Transactions with owners of the company							
Contributions by and distributions to owners							
Share based payment	-	-	-	874	874	-	874
Total contributions by and distributions to owners	-	-	-	874	874	-	874
Changes in ownership							
Acquisition of NCI without a change in control	-	-	-	-	-	18	18
Total changes in ownership interests	-	-	-	-	-	18	18
Total transactions with owners of the Company	-	-	-	874	874	18	892
As at 31 March 2018 (unaudited)	522	339,431	28,047	(20,376)	347,624	5,106	352,730

Benchmark Holdings plc

Consolidated Statement of Cash Flows
for the 6 months ended 31 March 2018

	Notes	6 months ended 31 March 2018 (unaudited) £000	6 months ended 31 March 2017 (unaudited) £000	12 months ended 30 September 2017 (audited) £000
Cash flows from operating activities				
Profit/(loss) for the period		3,571	(8,181)	(7,120)
Adjustments for:				
Depreciation of property, plant and equipment	11	3,148	2,333	4,877
Amortisation of intangible fixed assets	12	8,706	9,516	18,473
Loss on sale of property, plant and equipment		5	50	19
Impairment loss on goodwill	12	447	-	-
Finance income		(1,730)	(92)	(1,495)
Finance costs		1,069	2,300	1,960
Share of profit of equity-accounted investees, net of tax		231	(25)	(27)
Non-cash and other movements		-	(473)	-
Foreign exchange gains		(1,314)	(23)	(1,434)
Share based payment expense		874	516	1,602
Tax credit	9	(9,164)	(672)	(980)
		5,843	5,249	15,875
Decrease/(increase) in trade and other receivables		4,409	2,985	(1,250)
Increase in inventories and biological assets		(3,188)	(2,728)	(1,253)
(Decrease)/increase in trade and other payables		(8,837)	(3,614)	3,665
Decrease in provisions		(29)	(176)	(643)
		(1,802)	1,716	16,394
Income taxes paid		(1,119)	(1,192)	(3,015)
Net cash flows (used in)/from operating activities		(2,921)	524	13,379
Investing activities				
Proceeds from investment by NCI		-	-	188
Purchase of investments		(377)	(183)	(2,032)
Purchases of property, plant and equipment	11	(12,881)	(10,930)	(32,740)
Purchase of intangibles	12	(2,249)	(840)	(2,423)
Proceeds from sale of fixed assets		131	148	245
Interest received		94	92	270
Net cash flows used in investing activities		(15,282)	(11,714)	(36,492)
Financing activities				
Proceeds of share issues		-	1	1
Proceeds from bank or other borrowings		28,273	-	5,921
Share-issue costs recognised through equity		-	191	-
Repayment of bank borrowings		(5,840)	-	-
Acquisition of non-controlling interests		(32)	-	-
Interest and finance charges paid		(896)	(683)	(1,869)
Payments to finance lease creditors		(212)	(146)	(301)
Net cash inflow/(outflow) from financing activities		21,293	(637)	3,752
Net increase/(decrease) in cash and cash equivalents		3,090	(11,828)	(19,361)
Cash and cash equivalents at beginning of year		18,779	38,140	38,140
Cash and cash equivalents at end of year		21,869	26,312	18,779

Benchmark Holdings plc

Unaudited Notes to the Interim Statement for the 6 months ended 31 March 2018

1. Financial information

This announcement does not constitute statutory financial statements within the meaning of the Companies Act 2006 and the interim financial information included within has not been audited.

This information has been approved for issue by the Board of Directors of Benchmark Holdings plc, a company domiciled and incorporated in the United Kingdom.

Statutory accounts for the year ended 30 September 2017 were approved by the Directors on 23 January 2018 and delivered to the Registrar of Companies. The audit report received on those accounts was unqualified and did not contain any emphasis of matter paragraph nor any statement under Section 498 of the Companies Act 2006.

2. General information and basis of preparation

The financial information set out in these interim financial statements for the six months ended 31 March 2018 and the comparative figures for the six months ended 31 March 2017 are unaudited. They have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union and the AIM Rules. They do not contain all the information required for statutory financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2017, which have been prepared in accordance with IFRS as adopted by the European Union.

The interim financial statements comprise the financial statements of the Group and its subsidiaries at 31 March 2018. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date when such control ceases.

The interim financial statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Non-controlling interests, presented as part of equity, represent the proportion of a subsidiary's profit or loss and net assets that is not held by the Group. The total comprehensive income or loss of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their respective ownership interests.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in the income statement in the Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

The following adopted IFRSs have been issued but have not been applied by the Group in these financial statements.

- IFRS 9 Financial Instruments: Classification and Measurement has been issued. The standard has been developed in several phases and replaces IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The effective date of the fully completed version of IFRS 9 is for periods beginning on or after 1 January 2018 with retrospective application. The Group has not yet quantified the full impact of all phases of the final standard. It is expected that the Group will adopt IFRS 9 on 1 October 2018.
- IFRS 15 Revenue from Contracts with Customers, which has been issued but has an effective date of 1 January 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue — Barter Transactions Involving Advertising Services. The Group has not yet quantified the potential impact of this standard. It is expected the Group will adopt IFRS 15 on 1 October 2018.
- IFRS 16 Leases introduces a single, on-balance sheet accounting model for lessees which has an effective date of 1 January 2019. The Group has not yet quantified the potential impact of this standard. It is expected that the Group will adopt IFRS 16 on 1 October 2019.

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

2. General information and basis of preparation (continued)

The adoption of other standards is not expected to have a material effect on the financial statements.

A financial review of the business is included in the Chairman's Statement.

3. Share capital

On 9 January 2018, the Company issued a total of 3,137 shares of 0.1p each to certain employees of the Group relating to share options granted in March 2015.

On 19 March 2018, the Company issued a total of 65,799 shares of 0.1p each to certain employees of the Group relating to share options granted in March 2015.

4. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement.

The Directors have considered these factors, the likely performance of the business and possible alternative outcomes and the financing activities available to the Group. Having taken all of these factors into consideration, including the impact on covenants relating to the external borrowing facility, the Directors confirm that forecasts and projections indicate that the Group and its Parent Company have adequate resources for the foreseeable future and at least for the period of 12 months from the date of signing the half year report. Accordingly, the financial information has been prepared on the going concern basis.

5. Accounting policies

The accounting policies adopted are consistent with those used in preparing the consolidated financial statements for the financial year ended 30 September 2017.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

6. Estimates

The preparation of interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual amounts may differ from these estimates.

In preparing these interim financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 September 2017.

Benchmark Holdings plc

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

7. Segment information

Operating segments are reported in a manner consistent with the reports made to the chief operating decision maker. It is considered that the role of chief operating decision maker is performed by the Board of Directors.

The Group operates globally and for management purposes is organised into reportable segments as follows:

- *Animal Health Division* – provides veterinary services, environmental services diagnostics and animal health products to global aquaculture, and manufactures licenced veterinary vaccines and vaccine components;
- *Benchmark Genetics Division* - harnesses industry leading salmon breeding technologies combined with state-of-the-art production facilities to provide a range of year-round high genetic merit ova;
- *Advanced Animal Nutrition Division* - manufactures and provides technically advanced nutrition and health products to the global aquaculture industry;
- *Corporate* - the corporate segment represents revenues earned from recharging certain central costs to the operating divisions, together with unallocated central costs.

In addition to the above, reported as “all other segments” is the Knowledge Services division, this was created on 1 October 2017 by a combination of Sustainability Science Division and Technical Publishing Division, the results of which were not significant on an individual basis. The division provides sustainable food production consultancy, technical consultancy and assurance services and promotes sustainable food production and ethics through online news and technical publications for the international agriculture and food processing sectors and through delivery of training courses to the industries.

Measurement of operating segment profit or loss

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

6 months ended 31 March 2018 (unaudited)								
	Notes	Animal Health £000	Benchmark Genetics £000	Advanced Animal Nutrition £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000
Revenue		4,126	20,978	44,096	7,450	2,295	(3,231)	75,714
Cost of sales		(5,417)	(11,483)	(21,404)	(4,161)	(185)	1,013	(41,637)
Gross profit / (loss)		(1,291)	9,495	22,692	3,289	2,110	(2,218)	34,077
Research and development costs		(2,682)	(1,741)	(1,198)	-	-	-	(5,621)
Operating costs		(3,947)	(4,666)	(10,168)	(2,858)	(2,757)	2,218	(22,178)
Adjusted EBITDA		(7,920)	3,088	11,326	431	(647)	-	6,278
Exceptional including acquisition related items	8	-	-	-	-	-	-	-
EBITDA		(7,920)	3,088	11,326	431	(647)	-	6,278
Depreciation		(1,016)	(628)	(857)	(585)	(62)	-	(3,148)
Amortisation		(123)	(1,077)	(7,131)	(822)	-	-	(9,153)
Operating profit / (loss)		(9,059)	1,383	3,338	(976)	(709)	-	(6,023)
Finance cost								(1,069)
Finance income								1,730
Share of profit of equity-accounted investees, net of tax								(231)
Loss before taxation								(5,593)

Benchmark Holdings plc

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

7. Segment information (continued)

6 months ended 31 March 2017 (unaudited)								
	Notes	Animal Health £000	Benchmark Genetics £000	Advanced Animal Nutrition £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000
Revenue		7,151	18,821	37,868	6,415	2,151	(3,251)	69,155
Cost of sales		(5,856)	(10,958)	(18,726)	(4,447)	(29)	903	(39,113)
Gross profit / (loss)		1,295	7,863	19,142	1,968	2,122	(2,348)	30,042
Research and development costs		(3,385)	(1,590)	(1,458)	-	-	-	(6,433)
Other operating costs		(3,708)	(3,443)	(9,377)	(2,515)	(3,607)	2,348	(20,302)
Adjusted EBITDA		(5,798)	2,830	8,307	(547)	(1,485)	-	3,307
Exceptional including acquisition related items	8	(183)	2,517	(6)	(47)	(409)	-	1,872
EBITDA		(5,981)	5,347	8,301	(594)	(1,894)	-	5,179
Depreciation		(435)	(544)	(789)	(493)	(72)	-	(2,333)
Amortisation		(327)	(1,061)	(7,649)	(479)	-	-	(9,516)
Operating profit / (loss)		(6,743)	3,742	(137)	(1,566)	(1,966)	-	(6,670)
Finance cost								(2,300)
Finance income								92
Share of profit of equity-accounted investees, net of tax								25
Loss before taxation								(8,853)
12 months ended 30 September 2017 (audited)								
	Notes	Animal Health £000	Benchmark Genetics £000	Advanced Animal Nutrition £000	All other segments £000	Corporate £000	Inter-segment sales £000	Total £000
Revenue		15,149	30,530	83,659	13,770	4,300	(7,236)	140,172
Cost of sales		(13,882)	(13,842)	(42,789)	(9,405)	(359)	2,496	(77,781)
Gross profit / (loss)		1,267	16,688	40,870	4,365	3,941	(4,740)	62,391
Research and development costs		(7,343)	(2,682)	(3,030)	-	-	-	(13,055)
Operating costs		(5,527)	(8,221)	(20,159)	(5,240)	(4,890)	4,740	(39,297)
Adjusted EBITDA		(11,603)	5,785	17,681	(875)	(949)	-	10,039
Exceptional including acquisition related items	8	(631)	7,005	(19)	(51)	(655)	-	5,649
EBITDA		(12,234)	12,790	17,662	(926)	(1,604)	-	15,688
Depreciation		(851)	(1,217)	(1,630)	(1,053)	(126)	-	(4,877)
Amortisation		(523)	(2,113)	(14,950)	(887)	-	-	(18,473)
Operating profit / (loss)		(13,608)	9,460	1,082	(2,866)	(1,730)	-	(7,662)
Finance cost								(1,960)
Finance income								1,495
Share of profit of equity-accounted investees, net of tax								27
Loss before taxation								(8,100)

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

8. Exceptional including acquisition related items

Items that are material because of their size or nature, non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. The separate reporting of exceptional items helps to provide an understanding of the Group's underlying performance.

	6 months ended 31 March 2018 (unaudited) £000	6 months ended 31 March 2017 (unaudited) £000	12 months ended 30 September 2017 (audited) £000
Acquisition related items	-	(2,046)	(6,254)
Exceptional restructuring costs	-	174	605
Total exceptional items	-	(1,872)	(5,649)

Benchmark Holdings plc

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

9. Taxation

	6 months ended 31 March 2018 (unaudited) £000	6 months ended 31 March 2017 (unaudited) £000	12 months ended 30 September 2017 (audited) £000
Current tax expense			
Analysis of charge in period			
Current tax:			
Current income tax expense on profits for the period	3,950	2,165	4,404
Adjustment in respect of prior periods	-	54	245
Total current tax	3,950	2,219	4,649
Deferred tax expense			
Origination and reversal of temporary differences	(13,114)	(2,972)	(5,812)
Deferred tax movements in respect of prior periods	-	81	183
Total deferred tax	(13,114)	(2,891)	(5,629)
Total tax credit	(9,164)	(672)	(980)

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to the result for the period are as follows:

	6 months ended 31 March 2018 (unaudited) £000	6 months ended 31 March 2017 (unaudited) £000	12 months ended 30 September 2017 (audited) £000
Accounting loss before income tax	(5,593)	(8,853)	(8,100)
Expected tax credit based on the standard rate of UK corporation tax at the domestic rate of 19% (2017: 19.5%)	(1,063)	(1,726)	(1,580)
Income not taxable	-	(417)	(1,484)
Expenses not deductible for tax purposes	186	-	801
Deferred tax not recognised	2,245	1,401	2,835
Adjustment to tax charge in respect of prior periods	-	135	428
Effects of changes in tax rates	-	-	(142)
Different tax rates in overseas jurisdictions	(10,532)	(65)	(1,838)
Total tax credit	(9,164)	(672)	(980)

Deferred tax is calculated at the substantively enacted rates, at which the temporary differences and tax losses are expected to reverse, in the territories in which they arose. Reductions in the corporation tax rate in Belgium were substantively enacted in the year. The main rate of corporation tax was reduced from 34% to 29.58% effective from 1 January 2018 and to 25% from 1 January 2020, this change is reflected in the "Different tax rates in overseas jurisdictions" item in the current period in the above reconciliation.

Benchmark Holdings plc

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

10. Earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	6 months ended 31 March 2018 (unaudited)	6 months ended 31 March 2017 (unaudited)	12 months ended 30 September 2017 (audited)
Profit/(loss) attributable to equity holders of the parent (£000)	3,492	(8,255)	(7,440)
Weighted average number of shares in issue (thousands)	522,371	521,823	522,092
Basic earnings/(loss) per share (pence)	0.67	(1.58)	(1.43)

Diluted earnings/loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. This is done by calculating the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

Therefore, the Company is required to adjust the earnings per share calculation in relation to the share options that are in issue under the Company's share based incentive schemes, and outstanding warrants, as follows:

	6 months ended 31 March 2018 (unaudited)	6 months ended 31 March 2017 (unaudited)	12 months ended 30 September 2017 (audited)
Profit/(loss) attributable to equity holders of the parent (£000)	3,492	(8,255)	(7,440)
Weighted average number of shares in issue (thousands) - basic	522,371	521,823	522,092
Adjustment for share options and awards (thousands)	2,848	-	-
Weighted average number of shares in issue (thousands) - basic	525,219	521,823	522,092
Diluted earnings/(loss) per share (pence)	0.66	(1.58)	(1.43)

Benchmark Holdings plc

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

11. Property, plant and equipment

	Freehold Land and Buildings £000	Assets in the course of construction £000	Long Term Leasehold Property Improvements £000	Plant and Machinery £000	E commerce Infra- structure £000	Office Equipment and Fixtures £000	Total £000
Cost							
Balance at 1 October 2016	12,448	21,807	4,847	15,512	247	1,136	55,997
Additions	775	9,900	646	2,829	-	121	14,271
Reclassification	950	(4,579)	2,387	1,121	-	121	-
Exchange differences	630	(232)	66	452	-	78	994
Disposals	4	-	(198)	(59)	-	(115)	(368)
Balance at 31 March 2017	14,807	26,896	7,748	19,855	247	1,341	70,894
Balance at 1 April 2017	14,807	26,896	7,748	19,855	247	1,341	70,894
Additions	4,372	11,808	247	5,164	-	188	21,779
Reclassification	14,097	(11,539)	(3,575)	1,133	-	(116)	-
Exchange differences	(320)	(13)	(120)	(302)	-	(59)	(814)
Disposals	-	-	(19)	(259)	-	(127)	(405)
Balance at 30 September 2017	32,956	27,152	4,281	25,591	247	1,227	91,454
Balance at 1 October 2017	32,956	27,152	4,281	25,591	247	1,227	91,454
Additions	954	8,776	736	2,046	-	369	12,881
Reclassification	(2,379)	(5,057)	3,435	4,062	-	(61)	-
Exchange differences	385	(609)	(107)	138	-	13	(180)
Disposals	-	(10)	(61)	(492)	-	(113)	(676)
Balance at 31 March 2018	31,916	30,252	8,284	31,345	247	1,435	103,479
Accumulated Depreciation							
Balance at 1 October 2016	956	-	916	3,601	242	259	5,974
Depreciation charge for the year	475	-	409	1,304	1	144	2,333
Reclassification	104	-	(61)	(115)	-	72	-
Exchange differences	225	-	39	326	-	67	657
Disposals	-	-	(113)	43	-	(100)	(170)
Balance at 31 March 2017	1,760	-	1,190	5,159	243	442	8,794
Balance at 1 April 2017	1,760	-	1,190	5,159	243	442	8,794
Depreciation charge for the year	554	-	350	1,513	1	126	2,544
Reclassification	141	-	(244)	137	-	(34)	-
Exchange differences	(41)	-	(75)	(218)	-	(56)	(390)
Disposals	-	-	(10)	(203)	-	(126)	(339)
Balance at 30 September 2017	2,414	-	1,211	6,388	244	352	10,609
Balance at 1 October 2017	2,414	-	1,211	6,388	244	352	10,609
Depreciation charge for the period	666	-	413	1,923	1	145	3,148
Reclassification	-	-	(5)	25	-	(20)	-
Exchange differences	180	-	(47)	150	-	18	301
Disposals	-	-	(96)	(436)	-	(8)	(540)
Balance at 31 March 2018	3,260	-	1,476	8,050	245	487	13,518
Net book value							
At 31 March 2018 (unaudited)	28,656	30,252	6,808	23,295	2	948	89,961
At 30 September 2017 (audited)	30,542	27,152	3,070	19,203	3	875	80,845
At 31 March 2017 (unaudited)	13,047	26,896	6,558	14,696	4	899	62,100

Benchmark Holdings plc

Unaudited Notes to the Interim Statement
for the 6 months ended 31 March 2018

12. Intangible assets

	Websites £000	Goodwill £000	Patents and Trade- marks £000	Intell- ectual Property £000	Customer Lists £000	Contracts £000	Licences £000	Genetics £000	Devel- opment costs £000	Total £000
Cost or valuation										
Balance at 1 October 2016	561	153,184	1,075	138,390	6,783	9,648	35,578	26,189	1,440	372,848
Additions - externally acquired	12	-	26	3	156	-	-	-	-	197
Additions - internally developed	-	-	-	-	-	-	-	-	643	643
Exchange differences	-	4,603	(54)	5,066	209	(189)	1,008	78	(24)	10,697
Balance at 31 March 2017	573	157,787	1,047	143,459	7,148	9,459	36,586	26,267	2,059	384,385
Balance at 1 April 2017	573	157,787	1,047	143,459	7,148	9,459	36,586	26,267	2,059	384,385
Additions - on acquisition	-	12	-	-	157	-	-	-	-	169
Additions - externally acquired	24	-	4	23	(156)	18	-	-	-	(87)
Additions - internally developed	-	-	-	-	-	-	-	-	1,501	1,501
Exchange differences	-	(7,858)	(240)	(8,844)	(365)	33	(1,922)	(22)	(29)	(19,247)
Balance at 30 September 2017	597	149,941	811	134,638	6,784	9,510	34,664	26,245	3,531	366,721
Balance at 1 October 2017	597	149,941	811	134,638	6,784	9,510	34,664	26,245	3,531	366,721
Additions - on acquisition	-	51	-	-	-	-	-	-	-	51
Additions - externally acquired	19	-	10	44	-	-	-	-	-	73
Additions - internally developed	-	-	-	-	-	-	-	-	2,176	2,176
Exchange differences	-	(5,286)	(3)	(5,685)	(233)	(170)	(1,654)	(57)	(61)	(13,149)
Balance at 31 March 2018	616	144,706	818	128,997	6,551	9,340	33,010	26,188	5,646	355,872
Accumulated amortisation and impairment										
Balance at 1 October 2016	518	279	607	10,290	491	4,123	2,858	1,144	-	20,310
Amortisation charge for the period	5	-	36	6,931	315	719	1,169	341	-	9,516
Exchange differences	-	-	(54)	319	5	(66)	16	(5)	-	215
Balance at 31 March 2017	523	279	589	17,540	811	4,776	4,043	1,480	-	30,041
Balance at 1 April 2017	523	279	589	17,540	811	4,776	4,043	1,480	-	30,041
Amortisation charge for the period	8	-	43	6,613	237	724	993	339	-	8,957
Exchange differences	-	(3)	(1)	(1,251)	(20)	6	(137)	(8)	-	(1,414)
Balance at 30 September 2017	531	276	631	22,902	1,028	5,506	4,899	1,811	-	37,584
Balance at 1 October 2017	531	276	631	22,902	1,028	5,506	4,899	1,811	-	37,584
Amortisation charge for the period	9	-	47	6,303	200	696	1,062	389	-	8,706
Impairment loss	-	447	-	-	-	-	-	-	-	447
Exchange differences	-	-	(1)	(1,099)	(18)	(79)	(387)	(4)	-	(1,588)
Balance at 31 March 2018	540	723	677	28,106	1,210	6,123	5,574	2,196	-	45,149
Net book value										
At 31 March 2018 (unaudited)	76	143,983	141	100,891	5,341	3,217	27,436	23,992	5,646	310,723
At 30 September 2017 (audited)	66	149,665	180	111,736	5,756	4,004	29,765	24,434	3,531	329,137
At 31 March 2017 (unaudited)	50	157,508	458	125,919	6,337	4,683	32,543	24,787	2,059	354,344

The impairment loss arose following an impairment review which showed that an amount of Goodwill, held within a subsidiary 5M Enterprises Limited for the previously acquired Old Pond business is no longer supported by discounted future cash flow projections.

Benchmark Holdings plc

Unaudited Notes to the Interim Statement for the 6 months ended 31 March 2018

12. Intangible assets (continued)

Current estimates of useful economic lives of intangible assets are as follows:

Goodwill	Indefinite
Patents	2 - 5 years
Websites	5 years
Trademarks	2 - 5 years
Contracts	3 - 20 years
Licences	3 - 20 years
Customer lists	Up to 26 years
Intellectual property	Up to 20 years
Genetic material and breeding nuclei	10 - 40 years
Development costs	Up to 10 years

13. Loans and borrowings

On 30 December 2015, the Group entered into a committed revolving credit facility of up to USD70,000,000, with a term of five years. Interest on drawn amounts is payable at a variable rate based on LIBOR plus a margin, which is dictated by the performance of the Group. As at 31 March 2018 the Group had drawn down USD63,550,000 against the facility. The facility is secured on certain of the Group's assets.

At 30 September 2017 SalmoBreed Salten AS, a subsidiary company, had a NOK 60 million short term loan outstanding from its minority shareholder, Salten Stamfisk AS. The loan was fully repaid in October 2017 from the proceeds of a new NOK 216 million construction loan facility provided by Nordea Bank Norge ASA to SalmoBreed Salten AS. The construction loan is available for drawdown up to 31 December 2018. The interest rate on this new facility is 2.5% above seven-day NIBOR. Once the construction loan has been fully drawn, the loan converts into a five-year term loan at an interest rate of 2.65% above 3-month NIBOR. At 31 March 2018 NOK 200 million had been drawn down against this facility.

14. Events after the reporting date

On 8 June 2018 the Company announced an agreement to fund a Chilean breeding and genetics joint venture ("JV") with Empresas AquaChile S.A. ("AquaChile"). AquaChile is the world's sixth largest salmonid producer with revenues of USD633m (2017) and a £560m market capitalisation. The establishment of the JV is conditional upon bank approval and Admission amongst other things. The placing is conditional, amongst other things, upon admission and upon the Placing Agreement not being terminated in accordance with its terms. Benchmark expects to receive Bank Approval in the next few days and Admission is expected to occur four business days after bank approval is obtained.

Under the terms of the JV, Benchmark will acquire a 49% share in the breeding operation for a total consideration of USD16.25m (payable to AquaChile), made up of USD7.5m paid upfront in cash and USD8.75m in cash to be paid in December 2018. In addition, Benchmark will provide a shareholder loan to the JV of USD5.4m to partially refinance existing debt and to fund the JV's working capital and capital expenditure requirements. AquaChile is providing an equivalent loan to the JV.

The JV will enable Benchmark to produce and sell Atlantic salmon eggs to AquaChile and into the Chilean market; develop salmonid genetics in Chile - Atlantic salmon, coho salmon and rainbow trout; and provide genetics advisory services, R&D and technical support to new customers in Chile.

The JV combines AquaChile's existing high quality land-based production facilities and locally adapted genetics with Benchmark's breeding and genetics capabilities and IP, to create a world class operation. The JV, to be branded as a Benchmark business, will produce eggs in its biosecure land based facilities in Chile, with back-up from Benchmark's breeding operations in **Iceland**. The JV will supply AquaChile's entire egg requirement for their Atlantic salmon production operations. Benchmark's current egg sales in Chile and AquaChile's existing third party sales will also be channelled through the JV.

The investment is being funded by a placing of 34,545,455 new ordinary shares at a price of 55 pence per share to raise £19m before **expenses**.

The placing proceeds are intended to be used by the Company to fund the total cash consideration for the JV, the loan to the JV and transaction costs, with the balance being used for general working capital purposes.