For immediate release 07.00: 25 September 2014

RETROSCREEN VIROLOGY GROUP PLC

("Retroscreen" or the "Company" or the "Group")

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Retroscreen Virology Group plc (AIM: RVG), which is pioneering its *h*VIVO platform of human models of disease, is pleased to announce its half-year financial report for the six months ended 30 June 2014.

Financial Highlights

- Revenue increased by 25% to £15.0 million (H1'13: £12.0 million);
- Gross profit was £4.8 million and gross profit margin 32.1% (H1'13: gross profit £3.4 million and gross profit margin 28.3%);
- Loss before tax of £5.4 million (H1'13: £0.03 million profit) as investment in broadening our capability continues;
- Loss for the period of £3.4 million (H1'13: £0.6 million profit);
- Strong financial position with short-term deposits, cash and cash equivalents at 30 June 2014 of £31.6 million (30 June 2013: £13.2 million);
- Successful fundraising completed post period end raising £33.6 million before expenses, from new and existing institutional investors;

Operational Highlights

- Key Board changes, aligned with broader growth strategy:
    - Appointment of Jaime Ellertson as Non-Executive Chairman, succeeding David Norwood who continues as a Non-Executive Director;
    - Appointment of Dr Trevor Nicholls and Dr Alison Fielding as Non-Executive Directors;
    - Retirement of Professor John Oxford, Duncan Peyton and Charles Winward;
- Announced in March 2014 plans to create a state of the art biomedical facility on the Chesterford Research Park in the UK:
    - This new bespoke facility is expected to be operational during the summer of 2015 and will allow the further development and commercial exploitation of the *h*VIVO platform;
- On 3 March 2014, completed the £4.0 million acquisition of Activiomics Limited, a private UK based proteomics company, which adds a powerful technology and key

expertise under the leadership of Dr Neil Torbett for protein identification as the Company undertakes its own biomarker discovery programme;

- Appointment of key R&D hires, including Dr Paul Whittaker in June 2014, the previous head of respiratory biomarker R&D at Novartis, as Retroscreen continues to build its in-house R&D team under the leadership of Dr Chris Poll, the previous head of Chronic Obstructive Pulmonary Disease (COPD) research at Novartis;
- In June 2014, Retroscreen started its first-ever asthma study in the development of a safe, reproducible and clinically relevant asthma human challenge model:
    - The study is progressing well and the Company has obtained its first samples from subjects during the course of an asthma exacerbation in response to viral infection with "HRV-16";
- Achievement of the First Subject, First Sample (FSFS) in an Over 45's study designed to establish safety in an older population, as a precursor to developing a COPD model;
- In August 2014, announced landmark studies for Gilead Sciences Inc. and Alios Biopharma Inc. in RSV, highlighting the power of *h*VIVO in product validation;
- Completion of £33.6 million fundraise (before expenses) on 1 September 2014, to extend the *h*VIVO platform into new disease areas and to commence proprietary biomarker discovery in target diseases:
    - Proceeds will allow Retroscreen to accelerate its biomarker discovery programme in 'flu and asthma, refine the asthma model for product validation use, initiate COPD model development as the second airways disease opportunity and broaden the Company's challenge agent repertoire;
    - In order to accelerate the internal R&D programme, targeting a near term 70:30 balance of external client revenue engagements to internal R&D studies, with an equal 50:50 balance targeted over the longer term;
    - In line with expanded vision for the business, changing the Company name to *h*VIVO plc and which is expected to be implemented in Q4 2014.

Kym Denny, Chief Executive Officer, commented, "Retroscreen is embarking on the next stage of its exciting journey, broadening the *h*VIVO platform to discover novel biomarkers that will enable the next generation of therapeutic and diagnostic products. In parallel, we have delivered some landmark studies for our clients, including product validation studies for Alios BioPharma and Gilead Sciences in RSV. We are also excited to be expanding our platform into new disease areas, with our asthma model progressing well in development. As our business focus expands, we look forward to adopting our new company name and branding as *h*VIVO plc, which fully embraces the power of our human models of disease."

For further information please contact:

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Notes to Editors:

Retroscreen Virology Group plc ("Retroscreen") is a rapidly growing life sciences company based in the UK pioneering a technology platform called *h*VIVO which uses human models of disease involving healthy volunteers to discover and study new drugs and diagnostics.

To date, Retroscreen has conducted 37 clinical studies, involving more than 1800 volunteers for a range of leading industry, governmental and academic clients.

Retroscreen Virology Group plc

Statement from the Chief Executive Officer

Introduction

I am very pleased to present Retroscreen's half-year financial report for the six months ended 30 June 2014. The first half of 2014 saw the start of an important strategic shift for the business, as the Company prepared to expand into new disease areas and to undertake biomarker discovery, in parallel with growing the existing business. This culminated in the announcement, on 14 August 2014, of a successful fundraise which generated £33.6 million before expenses, to accelerate our plans to realise additional value from our *h*VIVO platform.

Background

Retroscreen Virology Group plc is a rapidly growing life sciences company based in the UK pioneering a technology platform called *h*VIVO which uses human models of disease to discover and study new drugs and diagnostics. To date, Retroscreen has conducted 37 clinical studies, involving more than 1800 volunteers for a range of leading industry, governmental and academic clients.

*h*VIVO puts humans at the heart of disease modelling. The platform functions in the following way: volunteers are recruited for clinical research studies in which a safe challenge agent is administered to elicit a self-limiting infection, such as 'flu, or to trigger a disease episode or exacerbation, such as in asthmatic subjects. The studies are conducted under tightly controlled, quarantine conditions with full medical supervision. The benefits of this approach are that:

- the healthy or pre-challenge subject acts as an internal control by providing a pre-disease baseline;
- the laboratory-like conditions mean that the presentation of symptoms, together with cellular and molecular changes in response to the challenge agent, can be tightly correlated; and
- multiple, high quality samples can be taken from a range of body compartments throughout the course of the disease, or disease episode.

The combination of these benefits in one platform creates a powerful R&D tool with broad applicability in product discovery and development. For example, *h*VIVO has a proven utility in validating new investigational drugs early in their development, at the phase Ib/ IIa stage, by demonstrating proof of concept and allowing dose selection in the target disease. Retroscreen has built an impressive track record of conducting *h*VIVO studies for third party sponsors, generating an important revenue stream for the Company.

Equally, the *h*VIVO platform can be used to map disease with the goal of identifying important new biomarkers, which can enable the development of breakthrough drug and diagnostic products. This would provide Retroscreen with a range of new commercialisation opportunities.

Overview

The first half of 2014, was a busy period of client engagements for Retroscreen, as reflected in our half-year results, in parallel with commencing the development of new disease models and building our in-house R&D capabilities for biomarker discovery.

In March 2014, we announced our plans to create a state of the art biomedical facility on the Chesterford Research Park in the UK. This new bespoke facility will house the Company's R&D team along with a 40 bed en-suite quarantine unit and a bronchoscopy suite to enable lung tissue samples to be collected. This will enable volunteers, clinical staff and pre-clinical scientists to come together under one roof, as we use *h*VIVO to gain important new insights into disease and accelerate the development of promising new treatments. The facility will

also increase our capacity for internal R&D and client focussed revenue generating work when it becomes operational in the summer of 2015.

We also announced in March 2014 the £4.0 million acquisition of Activiomics Limited, a private UK based proteomics company. This important acquisition adds a powerful technology and key expertise under the leadership of Dr Neil Torbett for protein identification as the Company mines its biological samples for novel insights into target diseases.

During the first half of 2014, we made some impressive key R&D hires, including Dr Paul Whittaker, the previous head of respiratory biomarker R&D at Novartis, as we continue building our in-house R&D team under the leadership of Dr Chris Poll, the previous head of Chronic Obstructive Pulmonary Disease (COPD) research at Novartis.

We are seeking to develop a range of new human models of disease, including in airways diseases such as asthma and COPD. Both of these respiratory diseases represent large, global, high value markets with considerable unmet needs. Importantly, they are known to be exacerbated by viral infections and certain challenge agents, including allergens, providing an ideal opportunity for Retroscreen to develop human models of these diseases. These can then be used both to validate investigational new drugs for clients, providing further revenue opportunities for Retroscreen, and to discover important new biomarkers that we can then commercialise ourselves or with partners.

In June 2014, we were pleased to announce the start of our first-ever asthma study in the development of a safe, reproducible and clinically-relevant asthma human disease model, using “HRV-16” viral challenge. I am pleased to update that the study is progressing well and we have collected our first samples from subjects during the course of an asthma exacerbation, which will trigger the start of our hunt for novel biomarkers in asthma. We also announced that we had achieved the First Subject, First Sample (FSFS) in an Over 45’s study designed to establish safety in an older population as a precursor to developing a COPD model.

Since the end of the first half, we have announced Retroscreen’s involvement in landmark studies for Gilead Sciences Inc. and Alios BioPharma Inc. in “RSV” infection, highlighting the power of *h*VIVO in product validation. Retroscreen was able to deliver dose ranging and proof of concept results for both products in only approximately six months and ten months respectively, demonstrating the power of our *h*VIVO human models of disease. This highlights *h*VIVO’s ability to surpass field-based studies in producing clean compelling data in an accelerated timeframe, with the ability to gain product insights not normally available until pivotal field-based studies, through targeted subject recruitment and defined timing of infection. The ability to accelerate the development of new drugs underpins our expansion into new disease models, including asthma and COPD.

As we embark on our broader growth strategy, a number of important Board changes were made in the first half of the year. In June, we appointed Jaime Ellertson as Non-Executive Chairman, succeeding David Norwood who continues as a Non-Executive Director. Jaime has an impressive track record in growing high tech companies, with ground breaking technologies, in a range of different industries. Other Board changes included the retirement of Professor John Oxford, Duncan Peyton and Charles Winward, together with the appointment of Dr Trevor Nicholls and Dr Alison Fielding as Non-Executive Directors.

I believe that under the leadership of our Board, the Company is in an excellent position to capitalise fully on its ground breaking *h*VIVO platform.

Financial Review

Statement of Comprehensive Income

Revenue for the six months ended 30 June 2014 was £15.0 million (H1'13 - £12.0 million; 2013 - £27.5 million), due to a busy schedule of client engagements across two quarantine facilities.

Gross profit was £4.8 million and gross margin 32.1% (H1'13 - £3.4 million and 28.3%; 2013 - £8.3 million and 30.2%). The continuing improvement in gross margin is due to the busy period of client engagements, achieving better utilisation of staff and facilities, operational efficiencies and economies of scale.

Research and development expense (excluding provision against virus inventory) was £3.1 million (H1'13 - £0.5 million; 2013 - £1.2 million), as we continue to build our in-house R&D capability and preparations are made to implement our R&D plan.

Administrative expense was £7.3m (H1'13 - £2.9 million; 2013 - £7.3m) with the increase due to investing in an increasing staff cost base and infrastructure to support Retroscreen's expanding capability and workload for the *h*VIVO platform from client revenue engagements and internal R&D studies.

Loss before taxation was £5.4 million (H1'13 – Profit before taxation of £0.03 million; 2013 – Loss before taxation of £1.2 million).

Balance Sheet and Cash Flow

As at 30 June 2014 net assets amounted to £43.4m (H1'13 £16.9 million; 2013 £42.9 million), including cash and cash equivalents of £31.6 million (H1'13 - £13.2 million; 2013 - £35.8 million).

Retroscreen raised £33.6 million (before expenses) by way of a placing, which completed after the period end on 1 September 2014.

Net cash used in operating activities over the six months was £3.6 million (H1'13 – £1.1 million; 2013 - £2.2 million).

Outlook

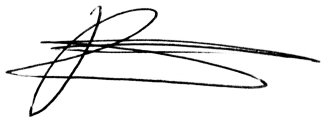
Retroscreen is embarking on the next leg of its exciting journey. The recent £33.6 million (before expenses) fundraise, completed on 1 September 2014, will allow the Company to accelerate its biomarker discovery programme in 'flu and asthma, refine the asthma model for product validation use, initiate COPD model development as the second airways disease opportunity and broaden the Company's challenge agent repertoire.

Retroscreen has reached an inflection point where it now needs to achieve a balance of external client revenue engagements with internal R&D studies. In order to accelerate the R&D programme, we announced as part of the fundraise that we are targeting a 70:30 balance of external client revenue engagements to internal R&D studies, which in time is expected to become an equal 50:50 balance as overall workload increases. This will be a significant transition for Retroscreen, such that in the next twelve months there may be lumpiness in balancing the prioritisation and timing of client revenue engagements and internal R&D studies. Accordingly, in the short term this is expected to lead to lower revenue for the second half of 2014 than in the first half of the year. However, longer term, as the Company diversifies its workload and expands its capacity, including the introduction of Chesterford Research Park in summer 2015, we believe that the balancing of client revenue engagements and internal R&D studies should increase Retroscreen's overall utilisation of staff and facilities. This can be expected to drive cost efficiencies and gross profit margin improvement, which will in part contribute to the Company's increasing investment in R&D expense and requirement for cash.

We anticipate strong progress with the new model development programme and in-house R&D programmes over the next 24 months. Our goal is to calibrate *h*VIVO in both asthma and COPD models, while elucidating a circuit plan for at least one target disease with the subsequent discovery of a first candidate biomarker. Once identified, the Company intends to meet with the regulators including the FDA to determine the most appropriate development pathway. This will allow us to start the clinical validation of our first biomarker while seeking a collaboration or partnership for product development and commercialisation. In parallel, we continue to perform well with our product validation services to clients and we are excited to be expanding our offering into new disease areas, with our asthma model progressing well in development. Our pipeline for product validation services to clients continues to show good growth, with the overall value increasing by 83% over this time last year. A number of the opportunities in our 2015 pipeline are for products in the 'flu and RSV space which experienced drug development delays in 2014. We may still be able to land these engagements with quarantines in 2014, alternatively they may push out into 2015. In addition to commencing conversations with clients for our new asthma model, we have also developed new ways in which our clients can harvest the benefits of our *h*VIVO platform - for example, we recently launched a new *h*VIVO OTC (Over the Counter) model, which aims at securing higher value performance claims for OTC cold and flu products. As we diversify into new disease areas and continue to evolve exciting and beneficial ways for our clients to leverage our platform - including our biomarker capabilities - we expect to work more closely, and more broadly, with our clients than ever before.

The Company also announced that, in line with its expanded vision for the business, it will be changing its name to *h*VIVO plc which is currently the Company's proprietary name for its technology platform. The name change is expected to be implemented in Q4 2014.

I am delighted that the recent fundraise and the broader vision for the Company, including the proposed name change, was extremely well supported by our existing and new investors. I would like to thank them all for their continuing support and we look forward to delivering further updates on our progress as we expand our *h*VIVO platform.



Kym Denny
Chief Executive Officer
24 September 2014

Retroscreen Virology Group plc

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Note	**6 months ended 30 June 2014 Unaudited £'000**	6 months ended 30 June 2013 Unaudited £'000	Year ended 31 December 2013 Audited £'000
Revenue		**15,028**	12,009	27,490
Cost of sales		**(10,201)**	(8,611)	(19,177)
Gross profit		**4,827**	3,398	8,313
Research and development expense (excluding provision against virus inventory)		**(3,063)**	(496)	(1,198)
Research and development expense - provision against virus inventory		**-**	-	(1,270)
Administrative expense		**(7,278)**	(2,939)	(7,253)
Loss from operations		**(5,514)**	(37)	(1,408)
Finance income		**149**	74	226
Finance costs		**(9)**	(5)	(11)
(Loss)/profit before taxation		**(5,374)**	32	(1,193)
Taxation	3	**1,961**	540	2,705
(Loss)/profit for the period		**(3,413)**	572	1,512
Total comprehensive (loss)/profit for the period attributable to owners of the parent		**(3,413)**	572	1,512
(Loss)/earnings per share - basic (pence)	4	**(6.3p)**	1.4p	3.2p
(Loss)/earnings per share - diluted (pence)	4	**(6.3p)**	1.3p	2.9p

All results derive from continuing operations.

The Group has no recognised gains or losses other than the profit for the period.

The accompanying notes are an integral part of the consolidated statement of comprehensive income.

Retroscreen Virology Group plc

Condensed Consolidated Statement of Financial Position
As at 30 June 2014

	Note	**30 June 2014 Unaudited £'000**	30 June 2013 Unaudited £'000	31 December 2013 Audited £'000
Assets				
Non-current assets				
Goodwill	5	**1,402**	-	-
Intangible assets	5	**3,505**	456	1,079
Property, plant and equipment		**3,665**	2,770	3,667
		8,572	3,226	4,746
Current assets				
Inventories		**3,570**	3,036	3,116
Trade and other receivables		**6,576**	4,211	5,851
Research and development tax credit receivable		**1,818**	1,615	2,425
Short term deposits		**22,500**	-	22,500
Cash and cash equivalents		**9,149**	13,194	13,310
		43,613	22,056	47,202
Total assets		**52,185**	25,282	51,948
Equity and liabilities				
Equity				
Share capital		**2,736**	2,049	2,686
Share premium account		**40,350**	13,013	37,363
Other reserve		**922**	-	-
Share-based payment reserve		**244**	228	239
Merger reserve		**4,199**	4,199	4,199
Retained deficit		**(5,043)**	(2,570)	(1,630)
Total equity		**43,408**	16,919	42,857
Non-current liabilities				
Other payables		**587**	738	625
Provisions		**110**	-	110
		697	738	735
Current liabilities				
Trade and other payables		**8,080**	7,625	8,356
		8,080	7,625	8,356
Total liabilities		**8,777**	8,363	9,091
Total liabilities and equity		**52,185**	25,282	51,948

The accompanying notes are an integral part of the consolidated statement of financial position.

The interim consolidated financial statements of Retroscreen Virology Group plc (registered company number 08008725) were approved by the Board of Directors and authorised for issue on 24 September 2014 and signed on its behalf by:

Graham E Yeatman
Finance Director

Retroscreen Virology Group plc

Condensed Consolidated Statement of Changes in Equity
As at 30 June 2014

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Merger reserve £'000	Other reserve £'000	Retained deficit £'000	Total equity £'000
As at 1 January 2013	**2,049**	**13,013**	**217**	**4,199**	**-**	**(3,142)**	**16,336**
Proceeds from shares issued:							
Placing net of related expenses	637	24,350	-	-	-	-	24,987
Total transactions with owners in their capacity as owners	637	24,350	-	-	-	-	24,987
Profit for the period	-	-	-	-	-	1,512	1,512
Share-based payment expense	-	-	22	-	-	-	22
As at 31 December 2013	**2,686**	**37,363**	**239**	**4,199**	**-**	**(1,630)**	**42,857**
Issued to acquire subsidiary company	50	2,987	-	-	-	-	3,037
Acquisition of subsidiary company - deferred consideration	-	-	-	-	922	-	922
Loss for the period	-	-	-	-	-	(3,413)	(3,413)
Share-based payment expense	-	-	5	-	-	-	5
As at 30 June 2014	**2,736**	**40,350**	**244**	**4,199**	**922**	**(5,043)**	**43,408**

As at 1 January 2013	**2,049**	**13,013**	**217**	**4,199**	**-**	**(3,142)**	**16,336**
Profit for the period	-	-	-	-	-	572	572
Share-based payment expense	-	-	11	-	-	-	11
As at 30 June 2013	**2,049**	**13,013**	**228**	**4,199**	**-**	**(2,570)**	**16,919**

The accompanying notes are an integral part of the consolidated statement of changes in equity.

Retroscreen Virology Group plc

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2014

	6 months ended 30 June 2014 Unaudited £'000	6 months ended 30 June 2013 Unaudited £'000	Year ended 31 December 2013 Audited £'000
Cash flow from operating activities			
(Loss)/profit before taxation	**(5,374)**	32	(1,193)
Adjustments for:			
Depreciation of property, plant and equipment	**580**	292	812
Amortisation of intangible assets	**174**	-	2
Share-based payment expense	**5**	11	22
Finance costs	**9**	5	11
Finance income	**(149)**	(74)	(226)
Loss/(gain) on foreign exchange	**27**	-	(48)
Changes in working capital:			
Increase in provisions	**-**	-	110
Increase in inventories	**(454)**	(1,423)	(1,503)
Increase in trade and other receivables	**(709)**	(1,516)	(3,156)
(Decrease)/increase in trade and other payables	**(276)**	1,601	1,640
Cash used in operations	**(6,167)**	(1,072)	(3,529)
Finance costs	**(9)**	(5)	(11)
Income tax refund	**2,568**	-	1,355
Net cash used in operating activities	**(3,608)**	(1,077)	(2,185)
Cash flows from Investing activities			
Acquisition of intangible assets	**(59)**	(456)	(1,081)
Acquisition of property, plant and equipment	**(578)**	(1,685)	(3,102)
Increase in balances on short-term deposit	**-**	-	(22,500)
Finance income	**149**	74	105
Net cash used in investing activities	**(488)**	(2,067)	(26,578)
Cash flows from financing activities			
Net proceeds from issue of shares	**-**	-	24,987
Cash flow from other payables	**-**	-	750
Other payables repaid	**(38)**	-	(50)
Net cash (used in)/ generated from financing activities	**(38)**	-	25,687
Net decrease in cash and cash equivalents	**(4,134)**	(3,144)	(3,076)
Exchange (loss)/gain on cash and cash equivalents	**(27)**	-	48
Cash and cash equivalents at the start of financial period	**13,310**	16,338	16,338
Cash and cash equivalents at the end of financial period	**9,149**	13,194	13,310

The accompanying notes are an integral part of the consolidated statement of cash flows.

1. Accounting policies

Basis of preparation and approval of the Interim statements

The accounting policies adopted in the preparation of the interim financial statements are consistent with those set out in the Group's Annual Report and Financial Statements 2013, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board ("IASB"), and are expected to be consistent with the accounting policies that will be applied in the Group's Annual Report and Financial Statements 2014.

The interim financial statements for the six months to 30 June 2014 do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013. The financial information for the six months ended 30 June 2014 and for the six months ended 30 June 2013 is unaudited.

This interim financial statement does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board on 8 April 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or section 498(3) of the Companies Act 2006.

The interim financial information has been prepared on a going concern basis which the Directors believe is appropriate for the following reason:

The Directors have prepared cash flow forecasts which show the Group expects to meet its liabilities as they fall due for a period in excess of twelve months from the date of this interim financial information. Our forecasts show continued investment in research and development which is funded from trading operations and external finance. At 30 June 2014, the Group had cash and short-term deposits of £31.6m and raised a further £33.6m of external finance post the period end.

The Company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The Group financial statements are presented in pounds Sterling, which is the Group's presentational currency, and all values are rounded to the nearest thousand (£'000) except where indicated otherwise.

The interim financial statements were approved by the Board of Directors on 24 September 2014.

2. Segmental information

The Directors consider that there are no identifiable business segments that are engaged in providing individual products or services or a group of related products and services that are subject to risks and returns that are different to the core business. The information reported to the Chief Executive Officer, who is considered the chief operating decision maker, for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is "medical and scientific research services". The Group's revenue, results and assets for this one reportable segment can be determined by reference to the Group's statement of comprehensive income and statement of financial position.

The Group carries out all its activities from the UK and as such only has a single geographic segment.

3. Taxation

	6 Months ended 30 Jun 14 Unaudited £'000	6 Months ended 30 Jun 13 Unaudited £'000	Year ended 31 Dec 13 Audited £'000
Current tax:			
R&D tax credit	(1,818)	(250)	(2,425)
Adjustments in respect of prior periods	(143)	(290)	(280)
	(1,961)	(540)	(2,705)

4. (Loss)/earnings per share

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

	6 Months ended 30 Jun 14 Unaudited £'000	6 Months ended 30 Jun 13 Unaudited £'000	Year ended 31 Dec 13 Audited £'000
Earnings:			
(Loss)/earnings for the purposes of basic and diluted (Loss)/ earnings per share being net (Loss)/ profit for the period	(3,413)	572	1,512
Number of shares:			
Weighted average number of ordinary shares for the purpose of basic (Loss)/earnings per share	54,384,217	40,976,920	47,963,221
Effect of dilutive potential ordinary shares:			
- share options	-	3,851,268	3,744,509
- warrants	-	-	143,449
Weighted average number of ordinary shares for the purpose of diluted (Loss)/earnings per share	54,384,217	44,828,188	51,851,179

In the 6 months ended 30 June 2014, potential dilutive ordinary shares of 3,745,505 share options and 143,449 warrants were not treated as dilutive as the Group was loss making.

5. Acquisition

On 4 March 2014, the Company announced the acquisition of 100% of the share capital of Activiomics Limited ("Activiomics") for a total consideration of up to £4.0 million in new ordinary shares of 5 pence each in the Company ("Ordinary Shares"). Activiomics is a private UK based proteomics company founded in 2010 and spun out of Barts and the London Medical School, part of Queen Mary University of London. Activiomics has a powerful technology for protein identification which will help enable Retroscreen to mine its biological samples for novel insights into target diseases.

The £4.0 million consideration is for the entire issued share capital of Activiomics (on a fully diluted basis including all outstanding options), split between a £3.08 million initial consideration payable on the date of the transaction and £0.71 million of contingent consideration payable on the first anniversary of the date of transaction subject to the satisfaction of the successful transfer of technology to the Company. This represents the fair value of the deferred consideration in line with the expected payment based on the terms of the agreement. Activiomics option holders rolled over their options into Retroscreen options on similar terms, with options valued at £171k in respect of the initial consideration and £40k in respect of the contingent consideration.

The initial consideration was satisfied by the issue of 996,901 Ordinary shares in the Company. Following admission of the new shares to trading on AIM, Retroscreen's total number of Ordinary Shares with voting rights in issue was 54,723,821.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	£'000
Cash	108
Other receivables	16
Property, plant & equipment	24
Intangible assets	2,541
Financial liabilities	(91)
Total identifiable assets	2,598
Goodwill	1,402
Total consideration	**4,000**
Satisfied by:	
Cash	41
Equity instruments (issue of ordinary shares)	3,037
Deferred consideration	922
Total consideration transferred	**4,000**

The goodwill of £1.4m represents the premium paid in anticipation of future profitability from assets that are not capable of being separately identified and separately recognised such as the expectation that the Company will be able to leverage its wider market access and strong financial position to generate sustainable financial growth beyond what Activiomics would have potentially achieved as a stand-alone company.

None of the goodwill is expected to be deductible for tax purposes. The impact of Activiomics results for the period are not material to the Group as a whole.

The intangible assets acquired as part of the acquisition relate to the proteomics technology, the fair value of which is dependent on estimates of attributable cost savings, and are being amortised over five years. The fair value of the acquired identifiable assets and liabilities is provisional pending finalisation of the fair value exercise.

6. Post Balance Sheet Event

On 14 August 2014, the Company announced that it had raised £33.6 million (before expenses), subject to shareholder approval, by way of a placing of 12,923,077 new Ordinary Shares of 25p each with both new and existing institutional shareholders at a price of 260 pence per Ordinary Share. Following completion of the placing on 1 September 2014 and subsequent admission of the 12,923,077 new Ordinary Shares to trading on AIM, the total number of Ordinary Shares with voting rights in issue was 67,646,898.

7. Financial Assets

Carrying value of financial assets:

	30 June 2014 Unaudited £'000	30 June 2013 Unaudited £'000	31 December 2013 Audited £'000
Cash and cash equivalents	**9,149**	13,194	13,310
Short-term deposits	**22,500**	-	22,500
Trade receivables	**3,484**	2,427	3,511
Research and development tax credit receivable	**1,818**	1,615	2,425
Other receivables	**2,428**	1,305	1,838
Accrued income	**664**	479	502
Total financial assets	**40,043**	19,020	44,086

Carrying value of financial liabilities:

	30 June 2014 Unaudited £'000	30 June 2013 Unaudited £'000	31 December 2013 Audited £'000
Trade payables	**2,881**	2,268	2,083
Other taxes and social security	**435**	335	490
Accruals	**2,256**	1,318	2,705
Deferred income	**2,235**	3,644	2,892
Repayable lease incentive from related parties	**663**	738	700
Other payables	**197**	60	111
Total financial liabilities	**8,667**	8,363	8,981

Retroscreen Virology Group plc
Independent review report to Retroscreen Virology Group plc

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2014 which comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes 1 to 7. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of interim financial statements.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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 formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the AIM Rules of the London Stock Exchange. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

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 United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
24 September 2014