



For immediate release 14.30: 25 November 2014

RETROSCREEN VIROLOGY GROUP PLC
("Retroscreen" or the "Company")

TRADING UPDATE

Retroscreen Virology Group plc (AIM: RVG), the pioneer of *hVIVO* human models of disease, announces a trading update ahead of its year end.

Revenue for the year ending 31 December 2014 is expected to be not less than £18.0 million with an associated gross profit margin of at least 25%. The Company is actively working on multiple client projects which could add incremental 2014 revenue totalling in excess of £2m, but there is uncertainty in the timing of the recognition of these revenues between the current and next financial year. If these additional revenues are able to be recognised in current year, gross profit margin would improve to greater than 30%.

The Company's cash balance is forecasted to be more than £50.0 million as at 31 December 2014.

This reduced expectation of revenues reflects significant product delays in the Company's influenza pipeline. Retroscreen's clients are involved in early stage drug development (Phase Ia/Ib), where projects frequently experience a high risk of schedule delay or complete cancellation. In the second half of 2014, a number of the Company's clients have experienced delays, including:

- Project and regulatory delays associated with a specific drug class in influenza, impacting several client programmes
- The industry-wide diversion of influenza and antiviral research teams to work on Ebola vaccines and treatments
- Multiple projects that the Company is setting up but, given the time of year, contract signatures may fall outside this financial year, impacting revenue recognition for 2014

In line with the Company's previously stated objective, significant progress has been made in the second half of 2014 to accelerate the Company's internal R&D work. The Company has completed its Asthma model pilot study this month and has begun the design of its COPD model for calibration in 2015. In addition, the Company has commenced quarantines for its first internal influenza project, producing the proprietary samples for the Company's biomarker and drug target ('Pathomics') work, such that the Company is on track to meet its first accelerated R&D milestone in early 2015.

The Company remains well placed to achieve its objectives for 2015 and remains fully engaged with its customers regarding both its product validation and Pathomics capabilities.

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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 *hVIVO* which uses human models of disease involving healthy volunteers to discover and study new drugs and diagnostics. To date, Retroscreen has conducted over 35 clinical studies, involving more than 1800 volunteers for a range of leading industry, governmental and academic clients.