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HVIVO PLC
("hVIVO" or the "Company")

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

hVIVO plc (AIM: HVO), a specialty biopharma company with clinical testing capabilities, is pleased to announce its half-year financial report for the six months ended 30 June 2016.

Financial Highlights

- Revenue of £8.6 million (H1'15 - £2.9 million), with PrEP-001 flu study completing in H1'16 and revenue recognition of licence fee.
- Gross profit was £0.8 million and gross margin 9.4% (H1'15 - £0.9 million and 29.9%) reflecting a greater mix of workload from our equity investments and a postponed client engagement from H1'16 into H2'16.
- Research and development expense was £3.0 million (H1'15 - £7.4 million) from hVIVO's continued investment in discovery research and product validation capabilities, with spend lower in H1'16 compared to 2015 due to timing of R&D programmes and cost commitments.
- Loss before tax of £11.8 million (H1'15: £12.0 million).
- Loss for the period of £9.7 million (H1'15: £9.8 million).
- Due to the linked nature of the Imutex Limited ("Imutex") transaction, gains arising on the delivery of the SEEK Group ("SEEK") FLU-v study will be shown net as gain on provision of services to joint venture in the income statement.
- Strong financial position with short-term deposits, cash and cash equivalents at 30 June 2016 of £34.1 million (30 June 2015: £42.5 million) – 2015 R&D tax credit refund of £4.6 million received from HM Revenue & Customs on 1 July 2016, the day after the half-year end.

Operational Highlights

- Phase IIa results in June 2016: Achieved Proof of Concept in flu for PrEP-001, positioning the drug to potentially become the first ever pan-viral product that prevents both colds and flu.
- Progressed two additional PrEP-001 Phase IIa trials in asthma and dose duration. On track for both to be completed by end of 2016.
- Entered into the Company's second equity investment in Imutex, a joint venture between hVIVO and SEEK to develop a Phase IIa universal flu vaccine (FLU-v) and a first-in-man (FIM) mosquito-borne illness vaccine platform (AGS-v), with utility against Zika.
- Developed a precedent setting Phase IIa two-part clinical trial design for universal flu vaccines with the US National Institute of Health (NIH), which will be used for FLU-v in H2 2016.

- Via Imutex, negotiated truncated pre-clinical package with US Food and Drug Administration (FDA) in order to get AGS-v into human testing in H2'16.
- Completed the qualification process for the Company's pioneering insight into the biological pathways responsible for severe flu, which culminated in the Company's first pathomics-backed patent application for a severe flu drug treatment in early July 2016.

Kym Denny, Chief Executive Officer, commented, "I am delighted with the rapid progress we are making with PrEP-001, just a few months after our equity investment. Securing the product's second Proof of Concept, this time in flu, has propelled PrEP-001 into the enviable position as potentially the first product to prevent both colds and flu safely. From a patient and clinician's point of view, this is a significant break-through, offering the possibility of one day protecting those most vulnerable to disease exacerbation caused by viral infections, without the worry of having to be so specific regarding which virus they might be exposed to. I am further delighted with the progress of our second equity investment, Imutex. In less than six months from signature, we are in the clinic with FLU-v and about to be with AGS-v in Zika. It is noteworthy that in less than a year, the hVIVO platform has transformed the Company's product pipeline with three clinical stage assets, whilst simultaneously progressing strategically important customer products, and yielding the biological insight that has resulted in our first pathomics informed severe flu therapy patent. Our platform is well-positioned to run at its full potential, positioning hVIVO to advance game-changing therapies with ever-growing speed and agility in 2017 and beyond."

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Notes to Editors:

hVIVO plc ("hVIVO"), a specialty biopharma company with clinical testing capabilities, is pioneering a human-based analytical platform to accelerate drug discovery and development in respiratory and infectious diseases. Leveraging human disease models in flu, RSV, and asthma exacerbation, the hVIVO platform captures disease in motion, illuminating the entire disease life cycle from healthy to sick and back to health. Based in the UK, market leader hVIVO has conducted more than 45 clinical studies, inoculated over 2000 volunteers and has three first-in-class therapies currently in development with a growing pre-clinical pipeline.

hVIVO plc

Statement from Chief Executive Officer

Introduction

I am pleased to present the hVIVO half-year financial report for the six months ended 30 June 2016. During this time, hVIVO significantly advanced PrEP-001 in three key Phase IIa clinical studies, entered into its second equity investment, Imutex, and filed the Company's first Pathomics-backed patent application for one of the first severe flu drug treatments.

Revenue for the six months ended 30 June 2016 was £8.6 million and gross margin 9.4%, reflecting the lower margins we expect from equity investment work and a client's temporary clinical hold that pushed some workload from H1'16 to H2'16. R&D expense of £3.0 million was lower than in previous reporting periods but in line with expectations, reflecting the analysis stage of our R&D work compared to the more costly sample generation we did previously. With our business model flexing the platform's usage between our discovery work, our client's product testing and our new equity investment engagements, we are focused on achieving the optimum combination of work type to advance our products and progress our models. In the first half of 2016 our priority was to advance PrEP-001 and I am delighted to say that a significant step forward was taken in the Proof of Concept (POC) Study that demonstrated PrEP-001 reduced the number of clinically ill patients with flu infections compared against placebo. PrEP-001 previously demonstrated POC in the Common Cold, the combination of which positions PrEP-001 to potentially become the first pan-viral prophylactic drug that works against both colds and flu.

Background

hVIVO, a specialty biopharma company with clinical testing capabilities, is pioneering a human-based analytical platform to accelerate drug discovery and development in respiratory and infectious diseases.

Leveraging human disease models in flu, RSV, and asthma exacerbation, the hVIVO platform captures 'disease in motion', illuminating the entire disease life cycle from healthy to sick and back to health. Via this insight, the platform enables the rational selection of drug targets and biomarkers while simultaneously providing a revolutionary methodology for testing product safety and efficacy. The Company has three clinical stage products currently in development as well as a growing pre-clinical pipeline.

Drug & Biomarker Discovery

By mapping the right biological targets and biomarkers, the hVIVO platform accelerates and de-risks product discovery. In the last two years alone, hVIVO's disruptive "pathomics" approach to get at the root cause of disease has reduced the drug pre-discovery timeline by 90% and produced the first-ever map of the human host response to flu, allowing hVIVO to identify the pathophysiology behind flu infections in order to produce targeted products and therapies. Through pathomics, drug targets to prevent, treat, and aide recovery are revealed, along with the biomarkers to simplify drug development, as well as the causal biology that can be developed into ground-breaking predictor and patient stratification tools. hVIVO's strategy is to exhaustively mine its flu data for discoveries, the first of which is expected in 2016. Sample collection has begun to next map asthma using this pioneering pathomics approach.

Clinical Product Testing

By identifying the promising products, the hVIVO platform accelerates drug development and reduces costs and risks. As market leader, hVIVO has pioneered the use of human disease models for early stage clinical testing with over 45 trials in over 2,200 subjects, for a wide range of industry, government, and academic clients and collaborators. Market adoption of this disruptive methodology by industry and regulators has progressed quickly with nearly \$2 billion in exit events underpinned by hVIVO data since 2010 alone. hVIVO's 'human in a lab' approach generates a disease state in which to test the safety and efficacy of products in a controlled and tailored setting. Because the infections are generated with wild-type viruses, hVIVO

provides a way to test with lab-like precision in humans before investing time and money in less-controlled field based studies, thus minimising the risk of later stage failures. In addition to providing services to strategically important customers, hVIVO uses the platform to test products born out of its equity investments, and will in due course use the platform to test its proprietary inventions from pathomics.

PrEP-001 – Two Proof of Concepts Highlight Pan-Viral Potential

A key highlight of the first half of 2016 was the completion of PrEP-001's Proof of Concept (POC) study in flu, the first of three Phase IIa studies being run in the hVIVO platform in 2016 with the novel antiviral prophylactic. The POC Phase IIa trial achieved positive results in flu in June 2016. This, coupled with the product's previous POC in the common cold, makes PrEP-001 the first potential pan-viral drug with utility against both colds and flu, two very different viruses that cause over 500 million infections per annum.

PrEP-001 is a nasally administered, broad-spectrum agent that leverages the innate immune system to prevent upper respiratory tract viral infections. In a 2014 study conducted within the hVIVO platform, PrEP-001 secured its first POC as a prophylaxis against the common cold by showing a threefold reduction in clinical illness and an eightfold reduction in common cold symptoms compared to placebo. Most people are aware that there is currently no treatment nor vaccine for the common cold, but less are aware of the healthcare burden the virus causes: with more than 6 million emergency room visits for the common cold and 110 million physician visits annually and \$40 billion in healthcare costs per year from non-influenza viral infections in the US alone. The market increases the more upper respiratory viruses one adds to the mix, and so it became a potential key differentiator if PrEP-001 successfully demonstrated the potential to work in flu as well.

So in late 2015 we began the second POC PrEP-001 trial, this time taking aim at flu. Within six months of the first subject visit, hVIVO produced positive flu results from the 63 subject Phase IIa study. This data was recently showcased on 14 September 2016 at the 9th Annual International Partnering Conference Biopharm America 2016. In summary, patients who received PrEP-001 showed a two-fold reduction in the AUC of the Total Symptom Score (TSS) (the primary endpoint), a two-fold reduction in the mean TSS, and a two and a half-fold reduction in clinical illnesses for flu when compared to placebo. In both the cold and flu POC studies, PrEP-001 reduced the number of infections as well as symptom severity and duration for those who become infected and the adverse events were similar to placebo.

hVIVO has leveraged its clinical trial expertise and drug development knowhow to accelerate the conduct of three Phase IIa studies on behalf of PrEP Biopharm. Underpinning this speed to market approach is our 'human lab' platform, which is addressing the complicated questions of drug development before commencing pivotal Phase III trials, de-risking late stage development and reducing overall costs. To that end, we are currently conducting two additional Phase II studies to answer key questions around PrEP-001's performance in asthma patients and dose duration in healthy subjects. These studies are on track to be completed by the end of 2016 - completing all three Phase II studies in just over a year, in comparison to more than three cold and flu seasons for the traditional process. We are currently planning for our Phase II field study, which we aim to commence in 2017. hVIVO holds a non-controlling 63% stake in PrEP Biopharm.

Imutex Limited – hVIVO's Second Equity Investment

In addition to conducting the Phase IIa studies for PrEP-001 during the first half of 2016, hVIVO completed its second equity investment, Imutex, with the SEEK Group, in April 2016. Via the Imutex joint venture, hVIVO gained a share of two additional clinical stage assets to advance our product pipeline: FLU-v, a Phase IIa universal flu vaccine, and AGS-v, a mosquito-borne illness vaccine platform slated to begin human testing in the coming months for use against Zika. hVIVO holds a 49% stake in Imutex.

The development of universal flu and Zika vaccines are key public health priorities identified by the World Health Organisation (WHO), US Centers for Disease Control and Prevention (CDC) and the National Institutes of Health (NIH) in the United States. hVIVO and Imutex are

collaborating with the National Institute of Allergy and Infectious Diseases (NIAID), a division of the NIH, to accelerate development of both vaccines. Both products have the potential to qualify for Fast Track designation, depending on the outcome of the trials being conducted this year. hVIVO has commenced the Phase IIa Flu-v trial in the second half of 2016 in the hVIVO platform. The AGS-v First-In-Man (FIM) study in Zika will be conducted in Q4 2016 at the National Institutes of Health facility in Bethesda, Maryland.

FLU-v Universal Flu Vaccine

FLU-v belongs to a group of novel new 'universal flu' vaccines that are designed to provide broad spectrum coverage against multiple flu strains. The success of such an approach would eliminate the sensitivity to strain variability seen with traditional vaccines and promote single vaccine coverage for all flu strains. The technology behind FLU-v works by targeting conserved internal proteins common to all flu viruses to activate T and B-cells, key components of the human immune system response.

Work on the Phase IIa FLU-v trial design commenced immediately after the Imutex transaction completed in April 2016. hVIVO conducted a Phase Ib study with FLU-v in 2010, using hVIVO's H3N2 Wisconsin virus strain, and so the focus of the 2016 POC trial involves a different flu virus, H1N1, in order to demonstrate the vaccine works against multiple virus strains. Accordingly, hVIVO has had the pleasure of collaborating closely with both SEEK and NIAID, on designing a precedent-setting two-part trial, aimed at providing POC as well as a comparison of FLU-v against the annual vaccine. The trial commenced at hVIVO in August 2016, and we anticipate completion of Part I of the trial in early 2017.

In addition, a second FLU-v study has commenced in conjunction with Universal Vaccines Secured consortium (UNISEC). UNISEC is a European consortium consisting of three academic partners, five National Health Institutes and three subject matter experts (SMEs), founded in 2013. In this study, dosing and formulations will be tested to identify the most efficacious combination. The first subjects were vaccinated in August 2016 and the study is expected to be completed in 2017. The results of these studies then will help identify appropriate biomarkers and support designing our FLU-v Phase III program.

AGS-v Mosquito-Borne Disease Vaccine Platform

In 2015 mosquito-borne flavivirus Zika burst on the scene in Brazil, infecting thousands and causing birth defects (microcephaly) and nervous disorders (Guillain Barré) at an alarming rate. Unlike its close-relatives dengue and West Nile, most people infected with Zika do not have symptoms, making it difficult to track. Due to its risks to unborn babies, lack of treatment, and rapid spread, WHO declared Zika a Public Health Emergency in February 2016 and today more than 70 countries have reported mosquito-borne transmission of this disease. In the US alone there are more than 20,000 cases reported, more than 3,000 on the mainland alone, with local mosquito transmission confirmed in the state of Florida, and a recent study estimated over 2 billion people in Africa and Asia were at risk. AGS-v is a mosquito-borne disease vaccine with a novel proposed dual action mechanism: preventing infection in humans whilst controlling the mosquito population. AGS-v works by creating an anti-saliva immune response in humans that prevents infection. After the mosquito bites a vaccinated human host, antibodies from the human attack the gut and salivary glands of the mosquito, which reduces the survival of the mosquito.

Given the emergent nature of the Zika outbreak, SEEK and hVIVO are working at an accelerated pace with NIAID to advance testing of AGS-v against Zika. In the first half of 2016, we designed a FIM study that will also leverage an *ex vivo* component to evaluate mosquito survival, providing early indications of vaccine efficacy. In addition, we worked with NIAID and the FDA to arrive at an agreed truncated pre-clinical package, which, along with accelerated vaccine manufacturing, we have progressed over the summer. Originally we had hoped to be conducting the FIM study by September, but some delays in our manufacturing timelines have pushed back the start to the October/ November timeframe. We still are aiming for the trial to read out by Spring 2017.

If successful in Zika, Imutex will look to further develop the vaccine in other mosquito-borne illnesses, such as malaria, dengue and West Nile.

First Pathomics Patent Filed – Severe Flu

In late 2014, hVIVO began its journey to fully exploit the power of the hVIVO platform to illuminate the underlying biology of disease in order to discover better treatments and diagnostics in areas of stubborn and persistent unmet medical need. We determined that our initial foray into the mining our ‘disease in motion’ samples would be in flu, given that hVIVO has more than 25 years of experience researching flu and there are significant gaps in existing treatments and vaccines which we believe can be overcome by better understanding the human body’s response to flu infection. In particular, we noted that there were no treatments for severe flu and indeed, no universal clinical definition for it either. This translates into a staggering economic reality: in the US alone, there are 200,000 cases of severe flu annually, 20% of which develop acute respiratory distress syndrome (ARDS) and cause \$13.8 billion in hospital costs alone. These figures can be expected to increase exponentially in pandemic outbreaks. As such, hVIVO turned the power of the platform on severe flu, in order to illuminate the correct drug targets we should be focusing on to produce a positive therapeutic effect.

Within short order, our Discovery team produced a map of the pathophysiology associated with ‘normal’ flu (i.e. what should happen in flu when humans get sick and then recover on their own without intervention). We coined the term ‘pathomics’ to describe this process of describing the underlying biological pathways associated with a given disease state. Once we knew the pathways associated with recovery, we collected ‘field’ samples (in 2015) from people with severe flu or who were hospitalised with flu. We then compared the difference to zero in on the pathways most associated with severe flu. From this informed vantage point, we commenced a rigorous qualification process involving *in vitro* and *ex vivo* laboratory studies that read out in March 2016. We consulted world leading clinicians, scientists and opinion leaders in influenza along the journey to ensure the clinical plausibility, and utility, of our candidate pathways and our qualification process. Through our industrialised pathomics process, we arrived at a qualified pathway component for our severe flu drug target in under 18 months.

We then began in April 2016 the patenting process for our discoveries, the first of which was filed in early July 2016. Our initial patent concerns our pathomics-informed drug target and an existing class of drug. Additional patents will follow in the coming months to address novel and inventive use of the associated pathway and disease activities biomarkers. We are currently in the compound selection stage, fortified with what we believe is the first human data enriched preclinical package for a drug candidate that is based on both *in vitro* and human *ex vivo* disease relevant assays. We anticipate moving forward into early clinical development next year for one of the first ever treatments for severe flu. This is a pivotal moment for hVIVO, as it represents the first step towards productising our pathomics insight. We are also fortunate in our timing: there has been an intense surge of interest in severe flu recently. In a current Broad Agency Announcement (BAA) issued by Biomedical Advanced Research and Development Authority (BARDA) within the US Department of Health and Human Services, the US agency stresses, ‘because there are no treatments approved for severely ill, hospitalised influenza patients, the strongest proposals will include a clinical development plan that addresses treatment of this population.’ In addition, at the European Respiratory Society International Congress 2016 conference in London in September 2016, there was a symposium that focused on the problem of severe flu, to our knowledge the first time this acute medical need has featured at this prestigious congress. We believe our pathomics insight and our efforts over the past 18 months to isolate the pathways involved in severe flu positions hVIVO to lead the charge in defining and treating this area of high unmet medical need.

Financial Review

Condensed Consolidated Statement of Comprehensive Income

Revenue for the six months ended 30 June 2016 was £8.6 million (H1’15: £2.9 million; 2015: £7.7 million). Gross profit was £0.8 million and gross margin 9.4% (H1’15: £0.9 million and 29.9%; 2015: £2.5 million and 31.8%).

The PrEP-001 flu study completed in H1’16, enabling the recognition of revenue and costs attributable from the flu licence arrangement on a “completed” basis. The PrEP-001 asthma study is expected to complete in H2’16 when the fee from asthma licence arrangement will be

recognised as revenue. The third PrEP-001 durability study is a standard clinical trials agreement and revenue accounted for on a “work done basis”.

Gross profit was £0.8 million and gross margin 9.4% (H1'15 - £0.9 million and 29.9%) reflecting a greater mix of workload from our equity investments and a postponed client engagement from H1'16 into H2'16. 2016 gross margin is expected to be 15.0%, due to higher utilisation of the quarantine unit in H2'16 from the postponed client engagement and the studies with our equity investments.

Research and development expense was £3.0 million (H1'15: £7.4 million; 2015: £10.2 million) from hVIVO's continued investment in discovery research and product validation capabilities. The spend is expectedly lower in H1'16 compared to previous periods, which had greater spend from undertaking the sample studies and the subsequent third-party transcriptomic analysis, etc. due to the timing of phases and weightings of cost of our various discovery research programmes.

Administration expense was £6.3 million, consistent with prior periods (H1'15: £6.6 million; 2015: £13.7m) and reflecting hVIVO's ongoing initiatives to manage the efficiency of our resources.

Gain on provision of services to joint venture was £114,000 (H1'15: £nil; 2015: £nil) being the start-up work associated with the SEEK FLU-v study, with the study commencing in our platform in August 2016. Due to the linked nature of hVIVO's equity investment in Imutex and the clinical services engagement with SEEK, the equity investment has been accounted for as £1.5 million consideration in cash and an obligation to provide services of £5.5 million. The obligation to provide services is presented as a liability in the balance sheet, within trade and other payables, and the liability will reduce as the services are performed.

Share of loss of associates was £3.9 million (H1'15: £nil; 2015: £0.1 million), which reflects the share of results of hVIVO's investments in PrEP Biopharm (November 2015) and Imutex (April 2016).

Loss before taxation was £11.8 million (H1'15 – £12.0 million; 2015 – £21.6 million).

Condensed Consolidated Statements of Financial Position and Cash Flows

As at 30 June 2016 net assets amounted to £54.0 million (H1'15: £51.7 million; 2015: £63.6 million), including short term deposits and cash and cash equivalents of £34.1 million (H1'15: £42.5 million; 2015: £51.2 million). 2015 R&D tax credit refund of £4.6 million was received from HM Revenue & Customs on 1 July 2016, the day following the end of the H1'16 financial period.

Net cash used in operating activities over the six months to 30 June 2016 was £10.1 million (H1'15: £8.2 million; 2015: £9.8 million).

Summary and Outlook

hVIVO is a speciality biopharma company with two distinct ways that our proprietary platform can be used: to mine biological insight to develop new products, and to test products rapidly and effectively such that late phase surprises and sets backs are minimised. By putting a 'human in a lab,' hVIVO is able to see disease in motion in order to get at the true biological levers of disease that are normally hidden from view. And through the very same 'human lab' approach, hVIVO is able to generate 'disease in motion' in order to test therapeutic interventions against that disease. Unlike other early stage testing methods, the hVIVO approach is not a surrogate (like an allergen challenge), it is the real thing. The viruses we use to generate disease states are not altered, they are the same viruses one picks up on crowded trains, or that our kids bring home from school. This small but significant distinction helps to better frame the results we get in the hVIVO platform, and also speaks directly to the quality of the insight we gain from mapping our bodies' reactions to an hVIVO induced viral infection.

And it is this small but profound distinction that fuels the power of the hVIVO platform: it works as a divining rod to sift out the right drug targets, and it works to reveal the products that have

the desirable therapeutic effect. Much stands in the way of a drug ultimately reaching market, and whilst by no means a guarantee, using a real virus on a human in a controlled setting goes a very long way to minimising later stage failures.

In hVIVO's early days as a listed Company, we cultivated market adoption of our platform by providing services to the existing assets of our pharma and biotech customers. After achieving that in only a few years, we expanded our engagement options with our customers, such that we could selectively partner with them and secure a more representative share of the value the hVIVO platform was bringing to the product. Two key collaborations have come out of this approach: PrEP Biopharm and our most recent, Imutex. Both were made possible because of our platform. As a result, in less than a year, hVIVO has cultivated a drug development pipeline with three clinical stage assets whilst we continue to build a wealth of biological insight into flu and asthma for future product development.

Our progress with all three clinical assets in the first half of 2016 reflects the speed and agility the industry has come to expect of an hVIVO clinical programme: four Phase IIa clinical studies were advanced, one finished, with the remaining three expected to be completed in late 2016 and early 2017. In addition, we expedited the pre-clinical preparation of our Zika vaccine candidate, and will be commencing the FIM study in the October/November timeframe.

Through Imutex, we are working closely with NIAID and have increased our interaction with other leading US government agencies who share our goal to find more effective treatments and vaccines for Flu. With our first pathomics – informed patent securely filed, we are now able to leverage our insight into severe flu, and will be focusing the remainder of 2016 on selecting a compound for development in this indication. In addition, we continue to mine our flu data, but this time, looking for molecular signatures and time course events that can inform algorithms and serve as predictor tools. We are searching for ways to predict who will get a severe version of flu, as well as a whole host of currently unanswered questions that plague clinicians working with high risk patient populations when they suffer from infections. Readouts from this work are expected to begin in October 2016 and will complete mid-2017.

The second half of 2016 saw us kick off our highly anticipated landmark asthma stratification project, with our first subject enrolled in August 2016. This dynamic phenotyping project aims to characterise asthma not only in the static or baseline state, but also throughout the evolution of an exacerbation following viral infection. These results will help us characterise asthma patients according to clinical and biomarker phenotypes to differentiate subtypes of asthma patients- enabling the development of targeted therapies, disease biomarkers and predictive tools. An interim analysis is slated for mid-2017, at which time we will examine what differentiators we are picking up, and which will set the course for the remainder of the project. We will be following the pathomics methodology we developed with our flu work, with similar timeframes for output based on completion of the sample collection phase.

As we are beginning this critical phenotype characterisation, we are further developing our asthma viral-induced exacerbation model for wider commercial use. In early September we completed the dosing phase of the first study in our model, with results expected in early 2017. Early stage efficacy testing for asthma products has many of the challenges reminiscent of those we encountered when hVIVO was pioneering our respiratory syncytial virus (RSV) disease model, which has since become the gold standard for early phase testing in RSV. With the advent of asthma biologics, the challenges only increase, as seen in the lack of validated and meaningful endpoints critical to pioneering new drug classes. hVIVO is working with customers and key opinion leaders alike to expand our existing model to address these challenges. The end product (expected in November 2016) will be a suite of exacerbation models, both viral and allergen that we believe will fill a vital gap in asthma product testing. In this fashion, hVIVO is following for asthma the path the Company blazed with flu and RSV: develop meaningful commercial models to overcome the product testing barriers in these difficult to research indications, engender market adoption of the approach via service use of the model, and then springboard that model into a product discovery engine for the Company's own development.

As we come into the last quarter of 2016, our testing facilities will be leveraged to their highest capacity of the year, with the start of the expanded SEEK FLU-v study, the completion of PrEP's asthma and dose duration trials, and wrap up of the dosing phase of a client trial that was

delayed in the first half of the year. In order to accommodate our client, we are juggling workload requirements to do our best to make up the lost time in their development plan. We continue to see demand rebuilding for flu, with strong funding opportunities coming particularly from US government agencies. Our RSV model continues to be in demand, with multiple next generation RSV treatments advancing in 2017. The race to be first-to-market continues, with the field wide-open given the recent late stage failure of an RSV product – one that was not tested nor analysed in hVIVO's early phase RSV model. We continue to flex our platform's capacity between engagements with our equity investments, our strategically important clients, and our discovery work, such that we achieve the optimum mixture of work type to advance our products and progress adoption of our models depending on priority and best value. Q4 2016 is also pivotal for the progress we wish to make in the effort to tame the Zika outbreak: the AGS-v FIM study, conducted at the NIH, will test the product's safety and early efficacy in Zika in the last months of 2016. This, coupled with our patent filing for severe flu, puts hVIVO within striking distance of advancing multiple products into late phase within the next 18 months.

I look forward to updating you further as we achieve key milestones, and I would like to thank our staff, patients, customers, partners and investors for their invaluable support in making all of our 2016 achievements possible.

A handwritten signature in black ink, appearing to be 'Kym Denny', with a stylized, overlapping loop structure.

Kym Denny
Chief Executive Officer
21 September 2016

hVIVO plc
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

		6 months ended 30 June 2016 Unaudited £'000	6 months ended 30 June 2015 Unaudited £'000	Year ended 31 December 2015 Audited £'000
	Note			
Revenue	2	8,607	2,888	7,717
Cost of sales		(7,800)	(2,025)	(5,266)
Gross profit		807	863	2,451
Other income	3	147	1,002	1,187
Research and development expense		(3,006)	(7,392)	(10,199)
Release of/(provision against) virus inventory		120	(3)	(1,617)
Administrative expense		(6,256)	(6,625)	(13,671)
Gain on provision of services to joint venture	4	114	-	-
Share of loss of associates and joint ventures	5	(3,868)	-	(146)
Loss from operations		(11,942)	(12,155)	(21,995)
Finance income		188	200	387
Finance costs		(9)	(9)	(17)
Loss before taxation		(11,763)	(11,964)	(21,625)
Taxation	6	2,098	2,181	3,716
Loss for the period		(9,665)	(9,783)	(17,909)
Other Comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associate		(29)	-	(5)
Exchange differences arising on translating foreign operations		8	-	1
Total comprehensive loss for the period attributable to owners of the parent		(9,686)	(9,783)	(17,913)
Loss per share - basic (pence)	7	(12.4p)	(14.4p)	(26.0p)
Loss per share - diluted (pence)	7	(12.4p)	(14.4p)	(26.0p)

All results derive from continuing operations.

The accompanying notes are an integral part of the Condensed Consolidated Statement of Comprehensive Income.

hVIVO plc
Condensed Consolidated Statement of Financial Position
As at 30 June 2016

		30 June 2016 Unaudited £'000	30 June 2015 Unaudited £'000	31 December 2015 Audited £'000
	Note			
Assets				
Non-current assets				
Goodwill		1,722	1,722	1,722
Intangible assets		3,184	3,075	3,030
Property, plant and equipment		2,081	2,894	2,679
Investment in associates and joint ventures	8	17,496	-	14,254
		24,483	7,691	21,685
Current assets				
Inventories		2,027	3,902	2,141
Current intangible asset	9	1,394	-	2,935
Trade and other receivables		3,539	3,073	2,642
Research and development tax credit receivable		6,369	2,379	4,101
Short-term deposits		25,022	18,020	37,031
Cash and cash equivalents		9,063	24,507	14,205
		47,414	51,881	63,055
Total assets		71,897	59,572	84,740
Equity and liabilities				
Equity				
Share capital		3,904	3,447	3,903
Share premium account		93,180	73,591	93,145
Other reserve		211	211	211
Share-based payment reserve		201	87	144
Merger reserve		4,199	4,199	4,199
Retained deficit		(47,665)	(29,849)	(37,979)
Total equity		54,030	51,686	63,623
Non-current liabilities				
Other payables		438	513	475
Provisions		2,638	2,521	3,140
		3,076	3,034	3,615
Current liabilities				
Trade and other payables	10	14,791	4,852	17,502
		14,791	4,852	17,502
Total liabilities		17,867	7,886	21,117
Total liabilities and equity		71,897	59,572	84,740

The accompanying notes are an integral part of the Condensed Consolidated Statement of Financial Position.

The Interim Condensed Consolidated Financial Statements of hVIVO plc (registered company number 08008725) were approved by the Board of Directors and authorised for issue on 21 September 2016 and signed on its behalf by:



Graham E Yeatman
 Chief Financial & Business Officer

hVIVO plc
Condensed Consolidated Statement of Changes in Equity
As at 30 June 2016

	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 2015	3,383	72,498	249	4,199	921	(20,066)	61,184
Proceeds from shares issued:							
Acquisition of subsidiary	11	699	-	-	(710)	-	-
Exercise of warrants and share options	52	360	(183)	-	-	-	229
Issue of new shares	1	67	-	-	-	-	68
Placing net of related expense	456	19,521	-	-	-	-	19,977
Total transactions with owners in their capacity as owners	520	20,647	(183)	-	(710)	-	20,274
Loss for the period	-	-	-	-	-	(17,909)	(17,909)
Other comprehensive income	-	-	-	-	-	(4)	(4)
Share-based payment expense	-	-	78	-	-	-	78
As at 31 December 2015	3,903	93,145	144	4,199	211	(37,979)	63,623
Loss for the period	-	-	-	-	-	(9,665)	(9,665)
Other comprehensive income	-	-	-	-	-	(21)	(21)
Issue of new shares	1	35	-	-	-	-	36
Share-based payment expense	-	-	57	-	-	-	57
As at 30 June 2016	3,904	93,180	201	4,199	211	(47,665)	54,030
As at 1 January 2015	3,383	72,498	249	4,199	921	(20,066)	61,184
Acquisition of subsidiary	11	699	-	-	(710)	-	-
Exercise of warrant and share options	52	360	(183)	-	-	-	229
Loss for the period	-	-	-	-	-	(9,783)	(9,783)
Issue of new shares	1	34	-	-	-	-	35
Share-based payment expense	-	-	21	-	-	-	21
As at 30 June 2015	3,447	73,591	87	4,199	211	(29,849)	51,686

The accompanying notes are an integral part of the Condensed Consolidated Statement of Changes in Equity.

hVIVO plc**Condensed Consolidated Statement of Cash Flows**
For the six months ended 30 June 2016

		6 months ended	6 months ended	Year ended
		30 June	30 June	31 December
		2016	2015	2015
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Net cash used in operating activities	11	(10,136)	(8,227)	(9,846)
Cash flows from investing activities				
Acquisition of intangible assets		(312)	(15)	(15)
Acquisition of property, plant and equipment		(84)	(400)	(869)
Decrease/(increase) in balances on short-term deposit		12,009	9,987	(9,024)
Acquisition of associate and joint venture	12	(6,792)	-	(9,405)
Finance income		138	146	398
Net cash generated from/(used in) investing activities		4,959	9,718	(18,915)
Cash flows from financing activities				
Net proceeds from issue of shares		-	228	20,205
Other payables repaid		(37)	(38)	(75)
Net cash generated from/(used in) financing activities		(37)	190	20,130
Net increase/(decrease) in cash and cash equivalents		(5,214)	1,681	(8,631)
Exchange gain on cash and cash equivalents		72	-	10
Cash and cash equivalents at the start of financial period		14,205	22,826	22,826
Cash and cash equivalents at the end of financial period		9,063	24,507	14,205

The accompanying notes are an integral part of the Condensed Consolidated Statement of Cash Flows.

hVIVO plc

Notes to the Condensed Consolidated Interim Financial Statements

1. Accounting policies

Basis of preparation and approval of the Interim Financial 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 2015, 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 2016.

The Interim Financial Statements for the six months ended 30 June 2016 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 2015. The financial information for the six months ended 30 June 2016 and for the six months ended 30 June 2015 is unaudited.

The Interim Financial Statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015 were approved by the Board on 19 April 2016 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 Statements have 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 of not less than twelve months from the date of approval of the Interim Financial Statements. Management prepares detailed working capital forecasts which are reviewed by the Board on a regular basis. The forecasts include assumptions regarding the status of client engagements and sales pipeline, future revenues and costs together with various scenarios which reflect growth plans, opportunities, risks and mitigating actions. The forecasts also include assumptions regarding the timing and quantum of investment in the Group's research and development programme. Whilst there are inherent uncertainties regarding the cash flows associated with the development of the hVIVO platform, together with the timing of signature and delivery of client engagements, the Directors are satisfied that there is sufficient discretion and control as to the timing and quantum of cash outflows to ensure that the Group is able to meet its liabilities as they fall due for the foreseeable future. At 30 June 2016, the Group had cash and short-term deposits of £34.1 million.

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 21 September 2016.

hVIVO plc

Notes to the Condensed Consolidated Interim Financial Statements

2. Segmental information

The Group's Chief Operating Decision Maker, the Chief Executive Officer, is responsible for resource allocation and the assessment of performance. In the performance of this role, the Chief Executive Officer reviews the Group's activities, in the aggregate. The Group has therefore determined that it has only one reportable segment under IFRS 8 Operating Segments, which is "medical and scientific services".

The Group carries out its main activities from the United Kingdom. The Group conducts sales activities in the US and in Europe which are carried out through hVIVO Inc and hVIVO Services Limited respectively. All revenue is derived from activities undertaken in the UK.

Revenue from related party transactions with PrEP Biopharm Limited, an associate company, during the six months ended 30 June 2016 totalled £5,246,000 (six months ended 30 June 2015: £nil, year ended 31 December 2015: £200,000).

3. Other income

Other income is in respect of R&D Expenditure Credit (RDEC). The comparatives stated for the six months ended 30 June 2015 and the year ended 31 December 2015 included £0.8m in respect of an RDEC claim for the 2014 period. No such claims for RDEC were submitted in prior periods and therefore the asset was not recognised in the 2014 period.

4. Gain on provision of services to joint venture

During the six months ended 30 June 2016, the Group entered into a joint venture with PepTcell Limited and acquired 49% of the share capital of Imutex Limited (see Note 8). Due to the linked nature of hVIVO plc's equity investment in Imutex Limited and the clinical services contracted to be provided by hVIVO Services Limited to PepTcell Limited, the contracted services of £5.5 million is recorded as an obligation to provide services which is extinguished through delivery of services with any resulting gains being recognised in the income statement. In delivering the services performed to 30 June 2016, hVIVO generated a gain of £114,000 which has been recognised in the income statement as a gain on provision of services to joint venture.

5. Share of loss of associates and joint ventures

hVIVO plc holds equity investments in development stage biopharmaceutical companies. As the invested companies are incurring expenditure to develop products, no revenue will be generated and losses will be presented. Revenue and profits will not be generated within these companies until the products are successfully developed.

At 30 June 2016 the Group held an investment in one associate, PrEP Biopharm Limited, and one joint venture, Imutex Limited (see Note 8).

hVIVO plc

Notes to the Condensed Consolidated Interim Financial Statements

The Group's share of after tax losses of associates and joint ventures is set out below:

	6 Months ended 30 Jun 2016 Unaudited £'000	6 Months ended 30 Jun 2015 Unaudited £'000	Year ended 31 Dec 2015 Audited £'000
Share of loss of associate and joint venture	(3,868)	-	(146)
Share of comprehensive income	(29)	-	(5)
Share of total comprehensive income	(3,897)	-	(151)

Summarised combined income statement information in respect of PrEP Biopharm Limited and Imutex Limited is set out below:

	6 Months ended 30 Jun 2016 Unaudited £'000	6 Months ended 30 Jun 2015 Unaudited £'000	Year ended 31 Dec 2015 Audited £'000
Revenue	-	-	-
R&D Expenditure	(6,301)	-	(215)
Loss after taxation	(6,231)	-	(233)
Comprehensive income	(46)	-	(8)
Total comprehensive income	(6,277)	-	(241)

6. Taxation

	6 Months ended 30 Jun 2016 Unaudited £'000	6 Months ended 30 Jun 2015 Unaudited £'000	Year ended 31 Dec 2015 Audited £'000
Tax Benefit:			
R&D tax credit	(1,649)	(2,212)	(3,749)
Adjustments in respect of prior periods	(473)	31	31
Foreign current tax	24	-	2
	(2,098)	(2,181)	(3,716)

The Group continues to account for its recurring annual SME R&D tax credit as an income tax benefit due to the requirement to surrender tax losses in exchange for recoverable R&D credits.

The Group has not recognised any deferred tax assets including carried forward losses and other temporary differences. These deferred tax assets have not been recognised as the Group's management considers that there is insufficient taxable income, taxable temporary differences and feasible tax planning strategies to utilise all of the cumulative losses and it is probable that the deferred tax assets will not be realised in full.

hVIVO plc

Notes to the Condensed Consolidated Interim Financial Statements

7. Loss per share (LPS)

The calculation of the basic and diluted LPS is based on the following data:

	6 Months ended 30 Jun 2016 Unaudited £'000	6 Months ended 30 Jun 2015 Unaudited £'000	Year ended 31 Dec 2015 Audited £'000
Loss:			
Loss for the period	(9,665)	(9,783)	(17,909)
Number of shares:			
Weighted average number of ordinary shares for the purpose of basic LPS	78,064,355	68,106,047	68,943,581
Effect of dilutive potential ordinary shares:			
- share options	-	-	-
- warrants	-	-	-
Weighted average number of ordinary shares for the purpose of diluted LPS	78,064,355	68,106,047	68,943,581

In the six months ended 30 June 2016 and in the comparative periods presented, the potential ordinary shares were not treated as dilutive as the Group is loss making, therefore the weighted average number of ordinary shares for the purposes of the basic and diluted loss per share were the same.

8. Investment in associates and joint ventures

At 30 June 2016 the Group held investments in one associate, PrEP Biopharm Limited, and one joint venture, Imutex Limited. A reconciliation of the carrying value of the Group's investments in joint ventures and associates is as follows:

	2016 £'000	2015 £'000
At 1 January	14,254	-
Additions	7,139	-
Loss after tax recognised in the consolidated statement of comprehensive income	(3,868)	-
Other comprehensive income recognized in the consolidated income statement	(29)	-
At 30 June	17,496	-

	2015 £'000
At 1 January	-
Additions	14,405
Loss after tax recognised in the consolidated statement of comprehensive income	(146)
Share of other comprehensive loss	(5)
At 31 December	14,254

hVIVO plc

Notes to the Condensed Consolidated Interim Financial Statements

Summarised combined balance sheet information in respect of PrEP Biopharm Limited and Imutex Limited as at 30 June 2016, 31 December 2015 and 30 June 2015 is shown below:

	30 June 2016	30 June 2015	31 Dec 2015
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Current assets	12,342	-	15,298
Non-current assets	17,314	-	5,076
Current liabilities	(1,436)	-	(123)
Net assets	28,220	-	20,251
Interest in associate and joint venture	15,765	-	12,681
Goodwill	1,731	-	1,573
Carrying value of Group's interest in associate and joint venture	17,496	-	14,254

In assessing the level of control hVIVO holds in respect of equity investments, management consider a number of factors including control of voting rights at board level and the power to direct relevant activities.

PrEP Biopharm Limited

On 1 November 2015 hVIVO acquired 62.62% of the share capital of PrEP Biopharm Limited for cash consideration of £14.0 million. Acquisition costs of £0.4 million have been capitalised as part of the cost of investment. PrEP Biopharm Limited is a UK based, development stage biopharmaceutical company which is developing infectious disease products. At the same time as the transaction, PrEP Biopharm Limited entered into contractual arrangements with hVIVO Services Limited to the value of £10.0 million. Revenue recognised by hVIVO in respect of these contractual arrangements is disclosed within Note 2 as revenue from related party transactions.

Although hVIVO holds more than 50% of the equity of PrEP Biopharm Limited, hVIVO's voting rights are limited to 49.98% under the Investment and Shareholders' Agreement ("ISHA"). The effect is that the voting rights hVIVO is entitled to exercise are less than half of the total voting rights that are able to be exercised.

As at 30 June 2016, hVIVO had appointed two of the four Directors of PrEP, including the Chair, with equal votes and no casting vote. Accordingly, hVIVO does not control the Board. On 9 August 2016, the Board was expanded to five Directors, with hVIVO continuing to be represented by two Directors.

hVIVO has concluded that despite having significant influence, the terms of the ISHA mean that it does not have the power to direct the relevant activities of PrEP Biopharm Limited. Accordingly, hVIVO's investment in PrEP Biopharm Limited has been accounted for as an investment in an associate.

Imutex Limited

On 21 April 2016 hVIVO acquired 49.0% of the share capital of Imutex Limited for £7.0 million consideration under the terms of a Joint Venture Arrangement with PepTcell Limited. Acquisition costs of £0.2 million have been capitalised as part of the investment. Imutex Limited is UK based company developing vaccines against influenza and mosquito borne diseases. As part of the transaction PepTcell Limited entered into a contractual arrangement with hVIVO Services Limited for a clinical study to the value of £5.5 million.

hVIVO plc

Notes to the Condensed Consolidated Interim Financial Statements

Due to the linked nature of hVIVO plc's equity investment in Imutex Limited and the clinical services contracted to be provided by hVIVO Services Limited to PepTcell Limited, the consideration of the £7.0 million equity investment in Imutex Limited has been accounted for as £1.5 million consideration settled in cash, combined with an obligation to provide services of £5.5 million. The obligation to perform these services is presented in trade and other payables.

hVIVO holds 49.0% of the equity of Imutex Limited and, under the terms of the Joint Venture Agreement, appoints two of the current four Directors. hVIVO management have concluded that the relevant activities of Imutex Limited are jointly controlled by the investors and therefore it is appropriate for hVIVO to equity account for the investment as a joint venture with joint control.

9. Current intangible asset

	30 Jun 2016 Unaudited £'000	30 Jun 2015 Unaudited £'000	31 Dec 2015 Audited £'000
Opening Balance	2,935	-	-
Additions	1,982	-	2,935
Released to cost of sales	(3,523)	-	-
Closing balance	1,394	-	2,935

During 2015 hVIVO commenced two clinical studies with a view to the study data generating future economic benefit through licensing agreements. Accordingly, the cost of performing these studies has been capitalised where the future economic benefit is forecast to be greater than cost. As revenue is recognised on completion of the study, the cost is released to cost of sales.

10. Trade and other payables

	30 Jun 2016 Unaudited £'000	30 Jun 2015 Unaudited £'000	31 Dec 2015 Audited £'000
Trade payables	1,903	1,941	2,265
Other taxes and social security	367	360	382
VAT payable	233	-	984
Other payables	89	79	5,134
Accruals	1,023	1,224	1,303
Obligation to provide services	5,233	-	-
Deferred income	5,943	1,248	7,434
	14,791	4,852	17,502

As at 31 December 2015, other payables included deferred consideration of £5.0 million in respect of the equity investment in PrEP Biopharm Limited. The deferred consideration was paid in January 2016.

Deferred income as at 30 June 2016 includes £4.6 million in respect of licensing and service arrangements with PrEP Biopharm Limited (30 June 2015: £nil, 31 December 2015: £6.8 million).

Obligation to provide services is part consideration for hVIVO's equity investment in Imutex Limited (see Note 8).

hVIVO plc

Notes to the Condensed Consolidated Interim Financial Statements

11. Net cash used in operations

	6 months ended 30 June 2016 Unaudited £'000	6 months ended 30 June 2015 Unaudited £'000	Year Ended 31 December 2015 Audited £'000
Cash flow from operating activities			
Loss before taxation	(11,763)	(11,964)	(21,625)
Adjustments for:			
Gain on provision of services to joint venture	(114)	-	-
Share of loss of associate	3,868	-	146
Depreciation of property, plant and equipment	682	658	1,342
Amortisation of intangible assets	158	273	318
Share-based payment expense	57	22	78
Payment of Non-Executive Director fees by issue of shares	36	35	68
Finance costs	9	9	17
Finance income	(188)	(200)	(387)
Gain on foreign exchange	(64)	-	(8)
(Decrease)/increase in provisions	(502)	(609)	10
Changes in working capital:			
Decrease/(increase) in inventories	114	(171)	1,590
Decrease/(Increase) in current intangible asset	1,541	-	(2,935)
Increase in R&D Expenditure Credit asset	(170)	(167)	(352)
(Increase)/decrease in trade and other receivables	(847)	(114)	249
(Decrease)/increase in trade and other payables	(2,944)	235	7,885
Cash used in operations	(10,127)	(11,993)	(13,604)
Finance costs	(9)	(9)	(17)
Income tax refund	-	3,775	3,775
Net cash used in operating activities	(10,136)	(8,227)	(9,846)

12. Acquisition of associate and joint venture

	6 Months ended 30 June 2016 Unaudited £'000	6 Months ended 30 June 2015 Unaudited £'000	Year Ended 31 December 2015 Audited £'000
Acquisition cash flows of associate	5,000	-	9,405
Acquisition cash flows of joint venture	1,792	-	-
	6,792	-	9,405

In January 2016, hVIVO paid £5.0 million cash as deferred consideration in respect of the equity investment in its associate, PrEP Biopharm Limited.

On 21 April 2016 hVIVO acquired 49.0% of the share capital of Imutex Limited for £7.0 million consideration under the terms of a Joint Venture Arrangement with PepTcell Limited (see Note 8). The acquisition cash flows of joint venture are £1.5 million cash consideration plus legal expenses, together with the costs of performing services in kind in the period.

Independent review report to hVIVO 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 2016 which comprise the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 12. 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

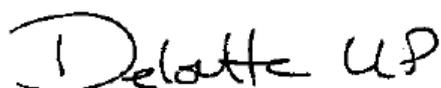
Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the interim financial report based on our review.

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 2016 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.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, slightly stylized font.

Deloitte LLP

Chartered Accountants and Statutory Auditor
Reading, United Kingdom
21 September 2016