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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

Retroscreen Virology Group plc (AIM: RVG), the viral challenge and "Virometrics" specialist, is pleased to announce its interim results for the six months ended 30 June 2012.

Financial Highlights

- Turnover of £5.07 million (Year ended 31 December 2011: £4.27 million) with commencement of growth due to strong Viral Challenge Model ("VCM") pipeline starting to feed through;
- Loss before taxation of £0.26 million (Year ended 31 December 2011: £1.16 million);
- Strong balance sheet with cash balance at 30 June 2012 of £16.93 million (31 December 2011: £1.59 million);
- Admitted to AIM on 3 May 2012 with net fundraise of £14.13 million.

Operational Highlights

- Increasing adoption of the VCM by the pharmaceutical and biotech industry, as evidenced by 45% increase in longer term pipeline leads compared to this time last year;
- Successful completion of the quarantine phase of the largest VCM study ever conducted by Retroscreen;
- On-going increase in the Company's operational capacity;
- Completed the design of three pivotal pre-clinical experiments for Retroscreen's Tcell Epitope discovery, the first step in exploring its potential as a universal flu vaccine;
- Completed the design of the titration study for the Company's newly manufactured strain of the cold virus (HRV-16);
- Final stages of selection of new flu strain to bring into manufacture for use in VCM quarantines in 2014.

Commenting on today's interim results, Kym Denny, Chief Executive Officer, said:

"2012 is very much a transitional year for us, one in which we are focused on creating a robust operational platform for our future growth ambitions. We are particularly pleased that we have recently completed the quarantine phase of our largest VCM study to date, and that our pipeline continues to go from strength to strength. Our results demonstrate the strength of our business model and the pharmaceutical industry's increasing adoption of our VCM platform, such that we are on track to deliver the objectives we set out for ourselves at our IPO in May 2012."

David Norwood, Chairman of Retroscreen Virology Group plc, added:

"These are exciting times for Retroscreen and our investors as we continue to refine and expand the VCM while simultaneously laying the foundations for harvesting intellectual property from our proprietary data and biological materials. We are looking forward to the coming months as Retroscreen settles into its growth and executes its strategy for expansion of both the core business and our discovery platform."

For further information please contact:

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Michael Meade / Freddie Barnfield (Nominated Adviser)
James Black / Michael Burke (Corporate Broking)

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

Introduction

I am pleased to present Retroscreen's first interim report as a publicly listed company. On 3 May 2012 the Company was admitted to AIM and raised gross proceeds of £15.0 million. The listing heralded a pivotal step-change at Retroscreen, enabling us to expand our clinical trials service capabilities and to begin exploring the untapped assets inherent within our proprietary Virometric data and biological materials.

Background

Retroscreen is a virology healthcare business that provides clinical services, focused on the Viral Challenge Model ("VCM"), and pre-clinical analytical services primarily to pharmaceutical companies and biotechnology organisations. The Group has grown and developed the VCM for evidencing the efficacy of antiviral and viral therapeutics in RSV, flu and cold.

Overview

The first half of 2012 saw Retroscreen ramping up operations in the clinic and in the lab to deliver contracted projects in Q2'12 and the next twelve months. These VCM client engagements represent the fruition of the business development activity initiated by our sales team in 2011, defined by a new educational campaign and brand awareness strategy to make our client base aware of the benefits of the VCM study design and the questions it can answer more effectively than traditional field based trials.

As such, 2012 is set to define itself as a transformational year for Retroscreen, one in which we focus on scaling our operations to meet the increasing demand for VCM clinical studies as more and more clients reap the benefits of quicker product decision-making and clearer potential efficacy signalling. Of note, in September 2012 Retroscreen completed the quarantine phase of its largest VCM study ever: a total of six quarantine sessions have been executed, four of which completed prior to 30 June 2012, and which account for the significant revenue growth in the first half of the year as compared to prior years.

We remain focused on controlled, quality growth, hiring and training new medical and scientific staff to execute the highly complex logistics of the VCM, and cultivating the management team to oversee them and scale the business. The Olympics did have an impact on our growth momentum for the remainder of the year: we experienced a significant slowdown in August in our trial subject recruitment, which impacted our VCM studies planned over the next few months. In collaboration with our clients, we have proactively initiated some delays to the start of quarantines such that we can be confident of having sufficient subject recruits to meet their trial needs.

Yet in between our scaling and day-to-day management activities, we have been eagerly and actively developing our foundations to build for the future. Most notably, we have developed our regional satellite screening centre expansion plan, with our first satellite centre due to open by the end of 2012. Our intention is to pilot subject recruitment and screening activities outside our London base, with the aim of opening at least 3 more locations across the UK in 2013. We see the establishment of Retroscreen satellite clinic and laboratory facilities as being the key foundation activity prior to establishing additional bespoke quarantine units, allowing us to build a robust medical and scientific staff base within a locality which can then support a full time quarantine facility. As an initial step, we will be renting a second unit facility (in close proximity to our first satellite screening site) and converting it to our VCM quarantine standards for a series of VCM studies due to run in the first half of 2013.

Our sales pipeline continues to build momentum as the VCM gains recognition as an important tool in early phase antiviral and vaccine development. Currently we have five fully qualified VCM study opportunities with an estimated value of £22.2 million, representing a 5.5% increase in this pipeline category compared to September 2011. Of important note is the growth we are seeing in our longer term leads, which has increased by 45% compared to this time last year and signals the increasing uptake among our client base of the VCM. Leads currently under conversion include three opportunities under Start Up Agreement and one in final contract negotiation. In addition to our antiviral and vaccine work stream, we continue to receive pressing interest from clients in regards to our planned Airways Disease Viral Exacerbation Challenge model (AD-VCM), specifically in Asthma. With this in mind, in early 2013 we will be titrating our flagship attenuated virus, HRV-16 (common cold), for use in this model. Furthermore, we are in the final stages of selecting a new influenza virus to bring into manufacturing, which we are targeting to be ready for use in VCM studies by 2014. Lastly, we have been actively engaged in designing further experiments for our Tcell Epitope discovery, the first three experiments will begin shortly and are the first steps on the road to exploring the potential value of this key scientific discovery as a viable universal flu vaccine.

Financial Review

Statement of Comprehensive Income

Revenue for the six months ended 30 June 2012 was £5.07 million (Year ended 31 December 2011: £4.27 million). Revenue was principally from the large VCM engagement with four quarantines in H1'12, together with the study set-up for new VCM engagements with quarantines commencing in the next twelve months.

Gross profit was £1.19 million and gross margin 23.5% (Year ended 31 December 2011: gross profit £0.61 million and gross margin 14.4%).

Loss before taxation was £0.26 million (Year ended 31 December 2011: £1.16 million).

Balance Sheet and Cash Flow

As at 30 June 2012 net assets amounted to £15.53m (31 December 2011: £1.63 million), including cash and cash equivalents of £16.93 million (31 December 2011: £1.59 million). Retroscreen raised £14.13 million (net) on Admission to AIM on 3 May 2012.

Cash generated by operating activities over the six months was £1.98 million (Year ended 31 December 2011: £0.25 million).

People

I would like to take this opportunity to thank all of our team at Retroscreen for their energy, drive, professionalism and enthusiasm. I would also like to acknowledge the invaluable support of our initial shareholders in taking Retroscreen to AIM and to welcome our new shareholders who joined our share register at IPO and subsequently.

Outlook

I am encouraged by the Company's results for the first six months ended 30 June 2012, which represent a step-change from previous years, and which accompanies the setting of a new record in the viral challenge world: our recent 6 quarantine session trial was the largest viral challenge study conducted in more than 20 years.

Our pipeline continues to build steadily in line with our growth plans, and we continue to take a pragmatic approach in the work we undertake to ensure we can deliver the contracts to which we commit. Meanwhile, we are gearing up for the future, actualising the first phase of

facilities expansion with the opening of our first satellite screening centre in November 2012 and the securing of a temporary secondary unit for the first half of 2013.

In addition to these key activities, we are converting our operating methodology so that in the future we will be able to conduct 'viral visits' – a watershed change in VCM unit logistics management, whereby we will have multiple inoculation points within a quarantine session that should increase qualified subject intake and increase overall quarantine unit utilisation. The next six months will see us focusing heavily on our important client projects, crafting our Virometrics discovery and research strategy, and building the staff and management team to take Retroscreen to its full potential. We remain focused on revenue growth, building capacity and pioneering a new way to conduct clinical trials with the goal of dominating the space and pushing the bounds of scientific knowledge and understanding in virology.

I am confident we are well placed to meet both our short term and long term growth objectives, heralding in an exciting new era of true translational medicine in action.

A handwritten signature in black ink, consisting of a large, stylized initial 'K' followed by a long, horizontal, slightly wavy line extending to the right.

Kym Denny

Chief Executive Officer

21 September 2012

Retroscreen Virology Group plc
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2012

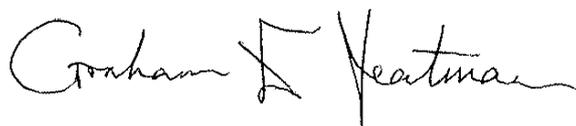
		6 Months ended 30 Jun 12 Unaudited £'000	6 Months ended 30 Jun 11 Unaudited £'000	Year ended 31 Dec 11 Audited £'000
	Note			
Revenue		5,066	1,440	4,271
Cost of sales		(3,875)	(1,547)	(3,657)
Gross profit / (loss)		1,191	(107)	614
Research and development		(87)	(68)	(121)
Administration expenses		(1,354)	(623)	(1,644)
Share-based payment charge		(24)	-	(3)
Loss from operations		(274)	(798)	(1,154)
Finance income		27	1	3
Finance costs		(9)	(5)	(13)
Loss before taxation		(256)	(802)	(1,164)
Taxation	4	-	-	501
Loss for the period		(256)	(802)	(663)
Other comprehensive income, net of tax		-	-	-
Total comprehensive loss for the period/ year attributable to shareholders		(256)	(802)	(663)
Loss per share – basic (pence)	5	(0.9)p	(5.4)p	(3.6)p
Loss per share – diluted (pence)	5	(0.9)p	(5.4)p	(3.6)p

All results derive from continuing operations.

Retroscreen Virology Group plc
Consolidated Statement of Financial Position
As at 30 June 2012

	30 Jun 12 Unaudited £'000	30 Jun 11 Unaudited £'000	31 Dec 11 Audited £'000
Assets			
Property, plant and equipment	726	373	395
Non-current assets	726	373	395
Inventories	1,808	1,346	1,445
Trade and other receivables	1,244	861	2,887
R&D tax credit receivable	500	381	500
Cash and cash equivalents	16,934	421	1,593
Current assets	20,486	3,009	6,425
Total assets	21,212	3,382	6,820
Liabilities			
Trade and other payables	(5,685)	(1,644)	(4,820)
Financial liabilities	-	(254)	(374)
Current liabilities	(5,685)	(1,898)	(5,194)
Net current assets	14,801	1,111	1,231
Net assets	15,527	1,484	1,626
Equity			
Share capital	2,049	1,096	1,096
Share premium account	13,013	-	-
Share-based payment reserve	193	6	5
Merger reserve	4,199	4,196	4,196
Retained earnings	(3,927)	(3,814)	(3,671)
Equity attributable to shareholders	15,527	1,484	1,626

The interim consolidated financial statements of Retroscreen Virology Group plc (registered number 08008725) and its subsidiary undertaking were approved by the Board of Directors for issue on 24 September 2012. They were signed on its behalf by:



Graham E Yeatman
Finance Director

Retroscreen Virology Group plc
Consolidated Statement of Changes in Equity
As at 30 June 2012

	Ordinary Share Capital	Preference share Capital	Share Premium Account	Share- Based Payment Reserve	Merger Reserve	Retained Earnings	Total
	£	£	£	£	£	£	£
At 1 January 2011 as previously stated	-	2,340	1,802	6	-	(3,012)	1,136
Merger adjustment	390	(2,340)	(1,802)	-	3,752	-	-
At 1 January 2011 as restated	390	-	-	6	3,752	(3,012)	1,136
Total comprehensive loss for the period	-	-	-	-	-	(802)	(802)
<i>Transactions with shareholders</i>							
Issued equity share capital	706	-	-	-	444	-	1,150
Balance at 30 June 2011	1,096	-	-	6	4,196	(3,814)	1,484
Total comprehensive gain for the period	-	-	-	-	-	139	139
Transfer on lapse of options	-	-	-	(4)	-	4	-
Share based payment expense	-	-	-	3	-	-	3
Balance at 31 December 2011	1,096	-	-	5	4,196	(3,671)	1,626
Total comprehensive loss for the period	-	-	-	-	-	(256)	(256)
<i>Transactions with shareholders</i>							
Issued equity share capital	953	-	13,177	-	3	-	14,133
Warrants issued	-	-	(164)	164	-	-	-
Share based payment expense	-	-	-	24	-	-	24
	2,049	-	13,013	193	4,199	(3,927)	15,527

Retroscreen Virology Group plc
Consolidated Statement of Cash Flows
For the six months ended 30 June 2012

	6 Months ended 30 Jun 12 Unaudited £'000	6 Months ended 30 Jun 11 Unaudited £'000	Year ended 31 Dec 11 Audited £'000
Cash flow from continuing operating activities			
Loss before taxation	(256)	(802)	(1,164)
Adjustments for:			
Depreciation of plant, property and equipment	80	63	132
Share based compensation	24	-	3
Increase in inventories	(363)	(192)	(292)
Decrease/(Increase) in trade and other receivables	1,643	71	(1,954)
Increase/(Decrease) in trade and other payables	865	(482)	2,690
Finance costs	9	5	13
Finance income	(27)	(1)	(3)
Cash used in operations	1,975	(1,338)	(575)
Taxation	-	444	825
Cash generated by / (used in) operating activities	1,975	(894)	250
Investing activities			
Acquisition of plant, property and equipment	(411)	(154)	(244)
Finance income	27	1	3
Cash used in investing activities	(384)	(153)	(241)
Financing activities			
Proceeds on issue of ordinary shares	14,133	1,150	1,150
Proceeds from new loans advanced	-	-	115
Repayment of loans	(374)	-	-
Interest paid	(9)	(5)	(4)
Cash inflow from financing	13,750	1,145	1,261
Increase in cash and cash equivalents	15,341	98	1,270
Cash and cash equivalents at the beginning of the financial period	1,593	323	323
Cash and cash equivalents at the end of the financial period	16,934	421	1,593

Notes to the accounts

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with the AIM rules and the basis of accounting policies set out in the accounts of Retroscreen Virology Limited for the year ended 31 December 2011 and on the basis of all International Financial Reporting Standards ("IFRS") as adopted by the European Union that are expected to be applicable to the Group's statutory accounts for the year ended 31 December 2012. The interim financial statements are unaudited and were approved by the Directors on 24 September 2012. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The results for the year ended 31 December 2011 are in abbreviated form and have been extracted from the published financial statements of Retroscreen Virology Limited. These were audited and reported upon without qualification by Baker Tilly UK Audit LLP and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The Group has not applied IAS 34 "Interim Financial Reporting" (which is not mandatory for UK Groups) in the preparation of these interim financial statements.

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 consolidated financial information of Retroscreen Virology Group plc is presented in Pounds Sterling (£), which is also the functional currency of the Group.

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertaking. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date of their acquisition.

The purchase method of accounting is used for the acquisition of subsidiaries. The cost of acquisition is measured at the aggregate fair values of assets given, equity instruments issued and liabilities incurred or assumed by the Group to obtain control and any directly attributable acquisition costs.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Retroscreen Virology Group plc acquired Retroscreen Virology Limited on 20 April 2012 through a share for share exchange that does not meet the definition of a business combination. It is noted that such transactions are outside the scope of IFRS 3 and there is no other guidance elsewhere in IFRS covering such transactions.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires that where IFRS does not include guidance for a particular issue, the Directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards when developing an appropriate accounting policy.

2. Basis of consolidation (continued)

In this regard, it is noted that the UK Accounting Standards Board has, in issue, an accounting standard covering business combinations (FRS 6) that permits the use of the merger accounting principles for such transactions. The Directors have therefore chosen to adopt these principles and the accounts have been prepared as if Retroscreen Virology Limited had been owned and controlled by the Company throughout the 6 months ended 30 June 2011, the year ended 31 December 2011 and the 6 months ended 30 June 2012. Accordingly, the assets and liabilities of Retroscreen Virology Limited have been recognised at their historical carrying amounts, the results for the periods prior to the date the Company legally obtained control have been recognised and the financial information and cash flows reflect those of Retroscreen Virology Limited.

3. Segmental information

At this stage of the Group's development, the Directors are of the opinion that there is only one business segment within the activities of the Group. All operations are carried out within the United Kingdom.

4. Taxation on ordinary activities

	6 Months ended 30 Jun 12 Unaudited £'000	6 Months ended 30 Jun 11 Unaudited £'000	Year ended 31 Dec 11 Audited £'000
Current tax:			
R&D tax credit	-	-	(500)
Adjustments in respect of prior periods	-	-	(1)
	<u>-</u>	<u>-</u>	<u>(501)</u>

5. Loss per share

The calculation of basic loss per ordinary share is based on losses attributable to equity holders of £256,000 (6 months ended 30 June 2011: £802,000, year ended 31 December 2011: £663,000) and on 28,077,963 ordinary shares (6 months ended 30 June 2011: 14,900,741, year ended 31 December 2011: 18,447,280) being the weighted average number of shares in issue during the year.

The loss for the periods and the weighted average number of ordinary shares for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options and shares arising on conversion of the other loan would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ("IAS") No 33.

6. Share capital

	No.	£'000
Issued and fully paid:		
Issued subscriber shares	1	-
Issued to former shareholders of Retroscreen Virology Limited	1,101,970	1,102
Subdivision of ordinary shares	20,937,449	-
Issued under placing agreement	18,937,500	947
	<u>40,976,920</u>	<u>2,049</u>

On 27 March 2012 the Company was incorporated with one ordinary share of £1.00 subscribed for nil paid.

On 20 April 2012 the Company entered into an agreement to acquire the entire share capital of Retroscreen Virology Limited, satisfied by the issue of 1,101,970 ordinary shares of £1.00 and the original one ordinary share credited as being fully paid.

On 25 April 2012 each of the issued ordinary shares of £1.00 were subdivided into 20 ordinary shares of 5 pence each.

On 3 May 2012 following admission to the Alternative Investments Market of the London Stock Exchange, 18,937,500 ordinary shares of 5 pence were issued at a price of 80 pence per ordinary share.

7. Post balance sheet events

There have been no significant events since the six months ended 30 June 2012 that require disclosure.

8. Interim announcement

The interim report was approved by the Board of Directors for issue on 24 September 2012. A copy will be posted on the Company's website at www.Retroscreen.com.

INDEPENDENT REVIEW REPORT TO RETROSCREEN VIROLOGY GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of 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 review work has been undertaken so that we might state to the Company those matters we are required to state to them 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 half-yearly financial report, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing and presenting the half-yearly financial report in accordance with the AIM Rules for Companies.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements 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 the presentation, recognition and measurement criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements, 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 half-yearly 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 enquiries, 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 half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with the presentation, recognition and measurement criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union, and the AIM Rules of the London Stock Exchange.



Baker Tilly UK Audit LLP

Chartered Accountants
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21 September 2012