

Arix Bioscience plc

Half-Yearly Report and Consolidated Interim Financial Statements

Six months ended 30 June 2017

CEO's Statement

A vote of confidence in the life science sector

In February 2017, Arix Bioscience successfully listed on the Main Market of the London Stock Exchange, raising £112 million of new proceeds from a range of blue-chip institutional investors, wealth managers, numerous private individuals and two leading pharmaceutical companies, Takeda and UCB Pharma. Combined with the £52 million of private funding we secured in February 2016, we were able to launch Arix Bioscience as a source of permanent capital for innovative life science companies seeking to bring new medicines to market for the benefit of patients. Many important breakthroughs in medicine today originate in academic centres and small companies and Arix was formed to help accelerate development here by providing stable, long-term capital, along with operational and strategic support to entrepreneurs and innovators. Our goal is to source, finance, develop and commercialise innovation in healthcare and life sciences and, through this, to generate value for shareholders. Arix is building interests in a balanced, diverse collection of innovative life science companies, which together offer access to a sector with high growth potential, which is otherwise not readily available to public market investors.

International network and strong team enables Arix Bioscience sustainably to source and identify high potential opportunities

Arix Bioscience has built a team comprising respected business builders in healthcare and life sciences, with proven track records of creating value for shareholders. Using the team's experience and contacts, we have developed an extensive international network that includes venture capital groups on both sides of the Atlantic and beyond, leading pharmaceutical companies, research accelerators and universities. These networks, and the capabilities of our team, enable us sustainably to source opportunities in life sciences, across geographies and all stages of development. To that end, since inception the Arix Bioscience team has accessed and reviewed over 700 investment opportunities.

Good progress

To date, Arix Bioscience has acquired direct interests in ten innovative Group Businesses, including five new Group Businesses since IPO. All of the Group Businesses are taking innovative, potentially breakthrough approaches to developing treatments in areas of high unmet medical need, such as oncology, multi-drug resistant infections, neurodegenerative and respiratory diseases, genetic and epigenetic data and analysis, and rare and orphan diseases. We see high growth potential across our Group Businesses, and we are working closely with them – in most cases with Board positions – to help realise that growth for the benefit of our share-holders.

Increases in the value of our Group Businesses depend partly on positive progress in their various scientific programmes and clinical trials and we will report any changes in their value in line with International Private Equity and Venture Capital (IPEVC) guidelines. Early in our acquisition of an interest in a Group Business, we typically mark its value on our balance sheet at cost, or if public, marked-to-market. As each Group Business develops, we anticipate booking changes in value through externally-validated events (typically scientific, clinical or corporate), again in line with IPEVC guidelines.

We are committed to transparency in communicating developments in our Group Businesses, and as part of this we look forward to our inaugural Capital Markets Day, in London on 18 September 2017, at which the CEOs of a number of our Group Businesses will present on their progress.

CEO's Statement (continued)

Outlook

I am pleased to report good progress on the goal of building interests in a diverse group of innovative young life science companies, adding five high quality Group Businesses to our portfolio since IPO. Looking ahead, we continue to see a rich pipeline of potential new opportunities to build our portfolio, and we will continue to actively support the development of our ten current Group Businesses. We look forward to our inaugural Capital Markets Day, in London on 18 September, at which the CEOs of a number of our Group Businesses will present on their progress. Led by our experienced team, Arix Bioscience is progressing well on its goals of advancing innovation in medicine for the benefit of patients and offering access to a high potential portfolio of young life science companies, for public shareholders.

Dr Joe Anderson, PhD
Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

| | Note | 2017 £'000 | 15 Sept 2015 to 30 June 2016 £'000 |
|---|------|----------------|---|
| Change in fair value of investments | 7 | (218) | 785 |
| Revenue | | 574 | 5 |
| Administrative Expenses | | (5,355) | (3,601) |
| Loss before exceptional items and share based payment charge | | (4,999) | (2,811) |
| Net finance income | | (6) | 25 |
| Exceptional gain | | - | 3,962 |
| Exceptional costs | | - | (596) |
| Foreign exchange (losses) / gains | | (43) | 50 |
| Share-based payment charge | 9 | (1,761) | (3,433) |
| Loss before taxation | | (6,809) | (2,803) |
| Taxation | | 126 | - |
| Loss for the period | | (6,683) | (2,803) |
| Other Comprehensive Income | | | |
| Exchange differences on translating foreign operations | | (446) | 139 |
| Total comprehensive loss for the period | | (7,129) | (2,664) |
| Attributable to | | | |
| Owners of Arix Bioscience plc | | (7,129) | (2,664) |
| Earnings per share | | | |
| Basic earnings per share (p) | 6 | (0.10) | (0.15) |
| Diluted earnings per share (p) | 6 | (0.10) | (0.15) |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

| | Note | 30 June 2017 £'000 | 31 Dec 2016 £'000 |
|---------------------------------|------|--------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Investments held at fair value | 7 | 35,883 | 17,115 |
| Intangible assets | | 2,200 | 2,344 |
| Property, plant and equipment | | 632 | 750 |
| | | 38,715 | 20,209 |
| Current Assets | | | |
| Cash and cash equivalents | | 108,150 | 28,929 |
| Trade and other receivables | | 1,966 | 3,262 |
| | | 110,116 | 32,191 |
| TOTAL ASSETS | | 148,831 | 52,400 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | (2,564) | (5,791) |
| Deferred tax liability | | (119) | (280) |
| | | (2,683) | (6,071) |
| TOTAL LIABILITIES | | (2,683) | (6,071) |
| NET ASSETS | | 146,148 | 46,329 |
| EQUITY | | | |
| Share capital and share premium | 8 | 105,238 | 51 |
| Retained earnings | | 40,938 | 45,844 |
| Other reserves | | (28) | 434 |
| | | 146,148 | 46,329 |
| TOTAL EQUITY | | 146,148 | 46,329 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

| | Share Capital £'000 | Share Premium £'000 | Translation Reserve £'000 | Retained Earnings £'000 | Total £'000 |
|---|------------------------------------|------------------------------------|--|--|------------------------|
| As at 31 December 2016 | 51 | - | 434 | 45,844 | 46,329 |
| Loss for the period | - | - | - | (6,683) | (6,683) |
| Other comprehensive income | - | - | (462) | 16 | (446) |
| Contributions of equity, net of transaction costs and tax | 1 | 105,186 | - | - | 105,187 |
| Share-based payment charge | - | - | - | 1,761 | 1,761 |
| As at 30 June 2017 | 52 | 105,186 | (28) | 40,938 | 146,148 |

| | Share Capital £'000 | Share Premium £'000 | Translation Reserve £'000 | Retained Earnings £'000 | Total £'000 |
|---|------------------------------------|------------------------------------|--|--|------------------------|
| At incorporation | - | - | - | - | - |
| Loss for the period | - | - | - | (2,803) | (2,803) |
| Other comprehensive income | - | - | 139 | - | 139 |
| Contributions of equity, net of transaction costs and tax | 1 | 50,017 | - | - | 50,018 |
| Share-based payment charge | - | - | - | 3,433 | 3,433 |
| As at 30 June 2016 | 1 | 50,017 | 139 | 630 | 50,787 |

Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

| | 2017 £'000 | 15 Sept 2015 to 30 June 2016 £'000 |
|---|-----------------------------|---|
| Cash from operating activities | (6,471) | (3,725) |
| Taxation paid | (33) | - |
| Net finance expenses paid | (6) | 25 |
| Net cash from operating activities | (6,510) | (3,700) |
| Cash flows from investing activities | | |
| Purchase of equity investments | (19,455) | (5,807) |
| Purchase of property, plant and equipment | (1) | (772) |
| Acquisition of subsidiaries, net of cash & other assets | - | 221 |
| Net cash from investing activities | (19,456) | (6,358) |
| Cash flows from financing activities | | |
| Net proceeds from issue of shares | 105,187 | 50,017 |
| Net cash from financing activities | 105,187 | 50,017 |
| Net increase in cash and cash equivalents | 79,221 | 39,959 |
| Cash and cash equivalents at start of period | 28,929 | - |
| Cash and cash equivalents at end of period | 108,150 | 39,959 |

Notes to the Financial Statements

1. General information

The principal activity of Arix Bioscience plc (the “**Company**”) and together with its subsidiaries (the “**Arix Group**” or “**the Group**”) is to source, finance and develop healthcare and life science businesses globally.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The address of its registered office is 20 Berkeley Square, London, W1J 6EQ. The registered number is 09777975.

These condensed interim financial statements were approved for issue on 31 July 2017.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the period ended 31 December 2016 were approved by the board of directors on 26 April 2017 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 of the Companies Act 2006.

These condensed interim financial statements have been reviewed, not audited.

2. Accounting policies

These condensed interim financial statements for the six months ended 30 June 2017 have been prepared on a going concern basis, in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, ‘Interim financial reporting’, as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended 31 December 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted are consistent with those of the previous financial year.

A number of amendments to IFRSs became effective for the financial year beginning on 1 January 2017; however, the Group did not have to change its accounting policies or make material retrospective adjustments as a result of adopting these new standards.

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

3. Estimates

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

4. Segmental Information

Information for the purposes of resource allocation and assessment of performance is reported to the Arix Group’s Chief Executive Officer, who is considered to be the chief operating decision maker, based wholly on the overall activities of the Arix Group. It has therefore been determined that the Arix Group has only one reportable segment under IFRS 8 (‘Operating Segments’), which is that of sourcing, financing and developing healthcare and life science businesses globally. The Arix Group’s revenue, results and assets for this one reportable segment can be determined by reference to the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

Notes to the Financial Statements (continued)

5. Financial Risk Management and Financial Instruments

The Arix Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no changes in the risk management department or in any risk management policies since the year end.

6. Earnings per Share

On 17 February 2017, the Arix Group was admitted to the main market of the London Stock Exchange. On admission, 48,309,179 ordinary shares were issued. On the same date, 170,287 shares were issued to non-executive directors.

Basic earnings per share is calculated by dividing the loss attributable to equity holders of Arix Bioscience plc by the weighted average number of enfranchised shares (as adjusted for capital subscription in accordance with the terms of the restrictive share agreement) in issue during the period.

The Arix Group has potentially dilutive ordinary shares, being share options granted to employees. As the Arix Group has incurred a loss in the period, the diluted loss per share is the same as the basic earnings per share as the loss has an anti-dilutive effect.

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Loss attributable to equity holders of Arix Bioscience plc | (7,129) | (2,664) |
| Weighted average number of shares in issue | 70,957,612 | 17,513,704 |
| Basic and diluted loss per share | (0.10)p | (0.15)p |

7. Investments

Equity Investments

| | Level 1 - Quoted Investments £'000 | Level 3 - Unquoted Investments £'000 | Total £'000 |
|---|---|---|----------------|
| At 31 December 2016 | 2,020 | 15,095 | 17,115 |
| Additions | 1,780 | 17,675 | 19,455 |
| Unrealised (loss) / gain on investments | (789) | 571 | (218) |
| Foreign exchange losses | (13) | (456) | (469) |
| At 30 June 2017 | 2,998 | 32,885 | 35,883 |

Notes to the Financial Statements (continued)

| | Level 1 - Quoted Investments £'000 | Level 3 - Unquoted Investments £'000 | Total £'000 |
|--------------------------------|---|---|----------------|
| At incorporation | - | - | - |
| Additions | 1,854 | 13,408 | 15,262 |
| Unrealised gain on investments | 166 | 1,188 | 1,354 |
| Foreign exchange gains | - | 499 | 499 |
| At 31 December 2016 | 2,020 | 15,095 | 17,115 |

Level 3 investments are valued with reference to either price of recent investment (£28,515k); a Monte Carlo simulation (£70k); or by discounted cash flow (£4,300k); the latter used a discount rate of 14.5%, a discount for marketability (20%) and other assumptions relating to exit values and exit dates.

| Group Business | Board Seat | Valuation Basis | Valuation £'000 | Committed, not yet invested £'000 |
|---------------------------------|----------------|--------------------|--------------------|--|
| Artios Pharma | Director | PRI | 1,896 | 3,229 |
| Autolus | Director | PRI | 3,333 | 6,667 |
| BioMotiv | Advisory Board | PRI | 6,009 | - |
| Depixus | Director | PRI | 817 | 278 |
| Harpoon Therapeutics | Director | PRI | 4,230 | 4,230 |
| Iterum Therapeutics | Director | PRI | 5,922 | 2,538 |
| LogicBio Therapeutics | Director | PRI | 4,999 | 2,692 |
| Mitoconix Bio | Observer | PRI | 385 | 1,154 |
| OptiKira | Director | PRI | 924 | - |
| Verona Pharma | -* | Quoted | 3,068 | - |
| ALS Carried Interest Partner LP | Fund Manager | External DCF | 4,300 | - |
| | | | 35,883 | 20,788 |

PRI: Price of recent investment; DCF: Discounted cash flow

* The absence of a Board seat on Verona Pharma plc allows Arix the opportunity to trade on the market

As permitted by IAS 28 'Investment in Associates' and in accordance with the Arix Group accounting policy, investments are held at fair value even though the Arix Group may have significant influence over the companies. As at 30 June 2017, the Arix Group is deemed to have significant influence over the following entities, either due to holding more than 20% of the issued share capital, and/or having a director on the board of the company:

Notes to the Financial Statements (continued)

| Company | % of Issued Share Capital Held | Net Assets / (Liabilities) of Company £'000 | Profit / (Loss) of Company £'000 | Date of Financial Information |
|-----------------------------|---------------------------------------|--|---|--------------------------------------|
| Artios Pharma Limited | 15.1% | N/A | N/A | First accounts not yet available |
| Autolus Limited | 4.8% | 28,282 | (9,736) | 30 September 2016 |
| Depixus SAS | 19.1% | N/A | N/A | Accounts not publicly disclosed |
| Harpoon Therapeutics, Inc. | 8.0% | N/A | N/A | Accounts not publicly disclosed |
| Iterum Therapeutics Limited | 6.8% | N/A | N/A | Accounts not publicly disclosed |
| LogicBio Therapeutics, Inc | 13.3% | N/A | N/A | Accounts not publicly disclosed |
| OptiKira, LLC | 31.9% | N/A | N/A | Accounts not publicly disclosed |

In addition, at 30 June 2017, the Group held the following investments in Group Businesses where it is not considered to have significant influence:

| Company | % of Issued Share Capital Held |
|-----------------------|---------------------------------------|
| BioMotiv, LLC | 17.8% |
| Mitoconix Bio Limited | 2.2% |
| Verona Pharma plc | 2.7% |

8. Share Capital

| | As at 30 June 2017 £'000 | As at 31 Dec 2016 £'000 |
|--|---------------------------------|--------------------------------|
| Allotted and called up | | |
| 96,091,083 ordinary shares of £0.00001 each | 2 | - |
| 100,966,920 ordinary shares of £0.00001 each | - | 1 |
| Series C shares of £1 each | 50 | 50 |

On incorporation, the Company issued one ordinary share of £1. On 29 September 2015, the Company issued an additional 999 ordinary shares of £1 each at par. On 10 November 2015, each ordinary share of £1.00 each was subdivided into 100,000 Ordinary Shares of £0.00001.

On 14 September 2016, the Company issued and allotted 49,671 Series C shares at a nominal value of £1.00 per share. Series C shares carry no voting nor distribution rights. On the same date, as part of the share capital reorganisation required to become a plc, all share premium previously recognised was transferred to retained earnings.

The Arix Group listed on the London Stock Exchange Main Market in February 2017; 48,309,179 shares of £0.00001 each were issued. Existing ordinary and B shares in issue were restructured, resulting in a total of 89,951,268 ordinary shares being in issue. In March 2017, following a period of over-allotment, a further 6,139,815 ordinary shares of £0.00001 each were issued.

Notes to the Financial Statements (continued)

9. Share Options

Executive Share Option Plan

On 8 February 2016, options were granted pursuant to the Executive Share Option Plan to two directors at an exercise price of £1.80 per ordinary share. The number of ordinary shares subject to the options are the requisite number of ordinary shares as represents 5.43% of the fully diluted ordinary share capital of the Company immediately following the end of the Company's stabilisation period following admission to the London Stock Exchange. Options with identical terms were offered to the founders of the Company constituting 5.00% of the issued share capital of the Company after admission. As such, the number of options granted for both management and founders was confirmed on 20 March 2017. All conditions are unchanged from those disclosed in the 31 December 2016 financial statements.

Executive Incentive Plan

On 22 February 2017, nil cost options were granted pursuant to the Executive Incentive Plan to certain directors and members of staff. The options vest on 22 February 2019 and may be exercised from this date until 21 February 2027. The options are contingent on remaining in employment with a company in the Arix Group, and are subject to malus and clawback provisions.

On 26 May 2017, options were granted pursuant to the Executive Incentive Plan to certain directors and members of staff. The options vest on 26 May 2020, subject to the Company's share value growth over the three-year performance period. The options are contingent on remaining in employment with a company in the Arix Group, and are subject to malus and clawback provisions.

Share based payments

The fair value of options granted under the Executive Share Option Plan was calculated using the Black-Scholes model. The assumptions used in this calculation are unchanged from those disclosed in the 31 December 2016 financial statements.

As the 22 February 2017 options have no performance conditions, the share based payment charge is calculated by reference to the Company's share price on the grant date; the charge is recognised over the two-year vesting period.

The charge associated with the 26 May 2017 options have been calculated using a Monte Carlo simulation, incorporating relevant assumptions for share price (197.5p), expected volatility based on similar quoted companies (44%), risk free interest rate (0.12%) and share option term (three years). The resultant fair value is then spread over the three-year relevant vesting period.

For the six months to 30 June 2017, a share based payment charge of £1,761,000 has been recognised for a variety of share based payment schemes offered by the Group.

Charges of £522,000 and £324,000 were recognised in relation to the management options and founder incentive options respectively, granted under the Executive Share Option Plan. A charge of £520,000 was recognised in relation to the 22 February 2017 Executive Incentive Plan award; and £42,000 in relation to the 26 May 2017 award.

Furthermore, on 17 February 2017, certain Non-Executive Directors were issued ordinary shares in the Company, for nil cost. The full share based payment charge in relation to these, of £353,000, has been recognised in the period.

10. Related Party Transactions

During the period, consultancy fees amounting to £121,000 (inclusive of VAT) were payable to Merlin Scientific LLP, a partnership controlled by Sir Christopher Evans, a director and substantial shareholder of the Company. At 30 June 2017, £31,000 (inclusive of VAT) was owed to Merlin Scientific LLP by the Company.

At the period end, Arthurian Life Sciences Limited, a subsidiary of the Company, was owed £174,000 by Excalibur Fund Managers Limited, a business in which Sir Christopher Evans is the ultimate controlling party.

Notes to the Financial Statements (continued)

David U'Prichard, a non-executive director of the Company, provides consulting services and administrative support to BioMotiv LLC. The consulting services and administrative support are provided through Druid Consulting LLC, a firm controlled by David U'Prichard. The Company is a stakeholder of BioMotiv LLC. During the period ended 30 June 2017, Druid Consulting LLC received a total of \$136,298 from BioMotiv LLC.

Consultancy fees amounting to £210,646 (inclusive of VAT) were payable to Bradshaw Consulting Limited during the period, a company owned by Martin Walton, who is a director of Arthurian Life Sciences Limited. At 30 June 2017, no amounts were owed to Bradshaw Consulting Limited by the Group.

11. Events After the Reporting Period

On 11 July 2017, a further €310k (£278k) was invested in Depixus SAS, in line with existing commitments, increasing the Arix Group's shareholding in the company to 20.7%.

On 17 July 2017, a further £3,333k was invested in Autolus Limited, in line with existing commitments, increasing the Arix Group's shareholding in the company to 7.2%.

On 26 July 2017, the Arix Group invested CAD888k (£548k) in PreciThera, Inc, acquiring a 17.8% interest in the company; uncalled commitments total £5.7m. The Arix Group has the right to appoint a Director.

Statement of Directors' Responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors of Arix Bioscience plc are listed in the company's Annual Report for 31 December 2016, with the exception of Meghan FitzGerald, who was appointed on 21 July 2017.

By order of the Board

James Rawlingson
Chief Financial Officer
31 July 2017

Independent review report to Arix Bioscience plc

Report on the consolidated interim financial statements

Our conclusion

We have reviewed Arix Bioscience plc's consolidated interim financial statements (the "interim financial statements") in the half-yearly report of Arix Bioscience plc for the six month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated statement of financial position as at 30 June 2017;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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, 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.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.