Press release

Synairgen plc

('Synairgen' or the 'Company')

Interim results for the six months ended 30 June 2019

Southampton, UK – 30 September 2019: Synairgen plc (LSE: SNG), the respiratory drug discovery and development company, today announces its unaudited interim results for the six months ended 30 June 2019.

Highlights (including post period-end)

Operational

- Phase II trial of inhaled interferon beta (IFN-beta) for Chronic Obstructive Pulmonary Disease (COPD) patients progressing well, with four new sites added in 2019

- At 30 June 2019, 43 confirmed virus-positive patients had been dosed. At 27 September 2019, this had increased to 55 patients and we now have over 200 patients who have passed screening and are in the pool waiting to develop cold/flu symptoms and provide the remaining 65 dosed patients to meet our target of 120. The trial is expected to complete dosing in Q1 2020, with results available in Q2 2020

- In July 2019, a blinded data analysis showed that respiratory viruses were having a significant impact on the COPD patients enrolled in the trial when they got cold/flu infections, providing an opportunity for inhaled IFN-beta to reduce symptom severity and show clinical benefit

- We are also engaging with different clinical teams to evaluate the potential of IFN-beta in many other patient types who become severely ill with these common, and normally benign, respiratory viral infections

- Pharmaxis, our Australian-based partner for the antifibrotic LOXL2 inhibitor programme, continues to pursue its strategy for the programme

Financial

- Research and development expenditure of £1.69 million (30 June 2018: £1.38 million) as the Company advanced its clinical trial of inhaled interferon beta for COPD patients

- The loss from operations for the six months ended 30 June 2019 was £2.21 million (30 June 2018: £1.86 million loss)

- Cash and bank deposits of £3.52 million at 30 June 2019 (30 June 2018: £5.31 million). In August 2019, post period-end, the Company received its 2018 research and development tax credit of £0.84 million

Richard Marsden, CEO of Synairgen, commented: *"During the first half of the year, the Company has made good progress on its inhaled broad-spectrum antiviral candidate IFN-beta, designed to treat viral chest infections in patients with COPD. Such infections are a major drain on healthcare resource and represent a significant unmet need in terms of therapeutic treatment options. We believe IFN-beta is a highly promising, and commercially attractive, therapeutic that could alleviate symptoms, help manage exacerbations and reduce healthcare costs. We look forward to completing the trial early in 2020 with results expected in Q2."*

For further enquiries, please contact:
Synairgen plc
Richard Marsden, Chief Executive Officer
John Ward, Finance Director
Tel: + 44 (0) 23 8051 2800

finnCap
Geoff Nash, Max Bullen-Smith (Corporate Finance)
Alice Lane (ECM)
Tel: + 44 (0) 20 7220 0500

Consilium Strategic Communications (Financial Media and Investor Relations)
Mary-Jane Elliott, Sue Stuart, Olivia Manser
synairgen@consilium-comms.com
Tel: +44 (0) 20 3709 5700

Notes for Editors

About Synairgen

Synairgen is a respiratory drug discovery and development company founded by University of Southampton Professors Stephen Holgate, Donna Davies and Ratko Djukanovic. The business, focused primarily on asthma and COPD, uses its differentiating human biology BioBank platform and world-renowned international academic KOL network to discover and develop novel therapies for respiratory disease.

Synairgen is currently running a two-part Phase II trial evaluating SNG001, the Company's wholly-owned inhaled interferon beta (IFN-beta) therapeutic candidate. The Phase II trial, called SG015, has been designed to assess the safety of SNG001 in COPD patients and its clinical benefit in these patients when they have a cold or flu infection, a major driver of COPD exacerbations.

Synairgen is quoted on AIM (LSE: SNG). For more information about Synairgen, please see www.synairgen.com

Chairman's and Chief Executive Officer's Review

OPERATING REVIEW

Summary

During the first six months of the year, the Company has made good progress on its wholly-owned broad spectrum antiviral product to treat viral chest infections. At 30 June 2019 we had dosed 43 patients and at the date of this report, as we enter the 2019/2020 virus season, this has increased to 55 out of the target 120 patients. Also post period-end, as announced in July, we could see from the data that patients were having significant changes in their symptoms due to respiratory viruses, meaning that there is a potential for a therapeutic to show benefit. Separately, Synairgen's partner in the LOXL2 programme, Pharmaxis, has continued its licensing discussions during the period, which in time could potentially yield financial benefit to Synairgen.

Inhaled IFN-beta in COPD

2019 trial activity

The Company is focussed on completing its Phase II trial of inhaled interferon beta (IFN-beta) to prevent or treat the major clinical problem caused by common cold and flu viruses in patients with COPD. The trial commenced in October 2018, and in the first half of this year the Company has seen an uplift in number of patients being dosed, the trigger for which is that a patient tests positive for a respiratory virus. At the end of June, 43 out of the targeted 120 patients had been dosed, and at the date of this report this had increased to 55. The peak season for viruses runs from September to March and we forecast dosing will be completed in Q1 2020, with data becoming available in Q2 2020. A "severe" winter virus season will accelerate the dosing completion and a "mild" winter will delay it.

During 2019, the Company has added 4 new sites to the trial and increased the number of patients who have passed screening and are waiting to develop cold/flu symptoms by 50%. At the date of this report, some 400 patients have been screened and approximately 300 have passed and became eligible for dosing when they get a cold/flu infection. Allowing for patients who have been dosed or who have withdrawn from the study, we currently have over 200 patients available to dose the remaining 65 patients as we enter the cold virus season. The pool of patients has been enlarged to mitigate against the risk of a repeat of the last winter, where an unusually low number of circulating viruses (reported by Public Health England) led to fewer patients being dosed, particularly during the 2018 Autumn, than we had originally forecast.

Review of blinded trial COPD symptom data

We conduct a continuous quality control process to check the integrity of the data as it is received. We do this in a blinded fashion i.e. without disclosure of which patients are on placebo and which patients are on active treatment.

Post period-end, as announced in July, a review of the blinded patient symptom data using the Breathlessness Cough and Sputum Score (BCSS score) for the first 40 patients showed that the patients in the trial are being adversely affected by the viruses. A change in the BCSS score of 1 or more is considered to be clinically relevant.[1] As we are seeing an average increase in BCSS score of more than 2, there is clearly an opportunity for inhaled IFN-beta to reduce symptom severity and show clinical benefit.

The clinical problem

Exacerbations of COPD are a major drain on healthcare resource, and are the second most common cause of unplanned hospital admission in England.[2] The peak for these admissions coincides with the virus season. Viruses are implicated in 40% of

exacerbations,[3] with bacteria being the other major cause. Patients are currently treated with oral steroids and antibiotics. They will frequently receive antibiotics even if the cause is suspected to be viral; this is because viral infections often precipitate a bacterial chest infection. There is a serious gap in the therapeutic options available to combat these severe lung infections. A successful product would alleviate symptoms, prevent exacerbations, reduce healthcare resource utilisation and reduce antibiotic prescribing. The directors believe that such a product could be very successful with annual revenues exceeding $1 billion, just for COPD, with further potential in other patient groups where these normally benign viruses cause serious illness.

Inhaled IFN-beta development

IFN-beta is a critical, naturally-occurring protein produced by cells early in the infection cycle. IFN-beta orchestrates the body's antiviral defences until the body develops antibodies to eventually clear the virus. It can take a couple of weeks to mount an effective antibody response. In this time, if defences are compromised by disease, or if an organ, such as the lung in the case of COPD, is affected by disease, then the impact of the virus can be very severe. IFN-beta protects COPD cells from viral infection, and in the context of a viral chest infection we believe IFN-beta will help fight the infection and protect as yet uninfected cells and regions of the lungs. There are hundreds of respiratory viruses that can cause exacerbations of COPD. IFN-beta, because it stimulates many different intra and extra cellular antiviral pathways, has been shown to be effective in tests against all of the cold and flu viruses that we have encountered in the trial thus far, namely: rhinovirus; influenza; RSV; coronavirus; and parainfluenza.

In the trial, patients wait in a 'pool' receiving daily text messages to record symptoms. When a patient has a change in symptoms, he or she contacts the trial site and is tested for the presence of a respiratory virus. In past trials only half to two thirds of patients had confirmed viral infections compromising interpretation of the data. The novel technology being used in this trial enables us to confirm the presence of a respiratory virus within one hour. The obvious benefit is that the data set will not be diluted by patients who did not have a respiratory viral infection and who could not benefit from treatment. This is particularly important in COPD where exacerbations can be caused by bacterial infections. Virus-positive patients receive either placebo or IFN-beta for two weeks. We will analyse the drug's effects on COPD symptoms, lung function, virus load, exacerbations, and safety. We will also assess biomarkers of inflammation and antiviral activity with a view to identifying prognostic markers that would help in the selection of patients for follow-on clinical trials.

Future progression and Business Development

The current trial of inhaled IFN-beta paves the way for a Phase IIb trial in COPD patients, and our plan is to partner to be able to conduct this trial. We have an ongoing dialogue with several of the largest pharmaceutical companies who, due to the magnitude of the opportunity, are keen to review the data from this trial.

Other opportunities for an inhaled broad spectrum antiviral

Beyond COPD, we recognise that inhaled IFN-beta could help many other different patient types who succumb to these common, and usually benign, respiratory viral infections. Such patient groups include:

- Acute admissions due to respiratory viral infections. Vulnerable groups include: diabetic patients, the elderly, and patients with other lung conditions e.g. cystic fibrosis, bronchiectasis;
- Paediatric patients with severe breathing difficulties/wheeze e.g. bronchiolitis, as well as premature infants with persistent viral infection;

- Some immunocompromised patient populations undergoing oncology treatment regimens who can have difficulty clearing respiratory viral infections; and
- Some rarer genetic conditions where patients fail to mount an adequate antiviral response may also derive benefit from inhaled IFN-beta.

We are currently engaging with the different clinical teams across the UK who focus on these different patient groups to assess the clinical problem caused by viruses and to map a route into the clinic. All of these indications, including the niche ones, are of great interest to potential pharmaceutical partners.

LOXL2 Programme

Pharmaxis, our Australian-based partner for the antifibrotic LOXL2 inhibitor programme, has updated the market (on 25 July 2019) stating that they continue to be in licensing discussions. Synairgen will receive circa 17% of Pharmaxis' licence receipts/royalties, net of allowable expenses.

Board changes

In April 2019, Paul Clegg announced his intention to retire from the Board as a non-executive director after the 2019 AGM in June. We thank Paul for his significant contribution and advice to Synairgen over the last 10 years and for his Chairmanship of the Remuneration and Nomination Committee. Iain Buchanan became the new Chairman of the Remuneration and Nomination Committee.

FINANCIAL REVIEW

With effect from 1 January 2019, the Group has adopted IFRS 16 (Leases). The adoption of this standard has had no financial impact on either the current or comparative periods. Please refer to Note 1 for further details.

Statement of Comprehensive Income
The loss from operations for the six months ended 30 June 2019 was £2.21 million (six months ended 30 June 2018: £1.86 million loss, year ended 31 December 2018: £4.13 million loss). Research and development expenditure increased from £1.38 million in the six months ended 30 June 2018 to £1.69 million for the six months ended 30 June 2019 as the Group advanced the Phase II study in COPD. Other administrative costs for the period of £0.52 million were in line with the comparative period (six months ended 30 June 2018: £0.51 million).

The research and development tax credit increased from £0.33 million to £0.42 million. The 2019 credit of £0.42 million comprises a current period credit of £0.37 million and a prior period adjustment of £0.05 million. The increase from £0.33 million to £0.37 million is explained by the increased R&D expenditure.

The loss after tax for the period was £1.77 million (six months ended 30 June 2018: £1.52 million loss) and the basic loss per share was 1.62p (six months ended 30 June 2018: loss of 1.66p).

Statement of Financial Position and cash flows
At 30 June 2019, net assets amounted to £4.30 million (30 June 2018: £5.09 million, 31 December 2018: £6.03 million), including net funds (comprising cash balances and bank deposits) of £3.52 million (30 June 2018: £5.31 million, 31 December 2018: £5.33 million).

The principal elements of the £1.81 million decrease in net funds over the six months ended 30 June 2019 (six months ended 30 June 2018: £1.54 million decrease, year ended 31 December 2018: £1.51 million decrease) were:

- Cash used in operations of £1.83 million (six months ended 30 June 2018: £1.55 million outflow; year ended 31 December 2018: £3.89 million outflow);
- Research and development tax credits received of £nil (six months ended 30 June 2018: £nil; year ended 31 December 2018: £0.07 million);
- Capital expenditure of £nil (six months ended 30 June 2018: £0.01 million; year ended 31 December 2018: £0.39 million)
- Net proceeds from fundraising of £nil (six months ended 30 June 2018: £nil; year ended 31 December 2018: £2.67 million)

The Group received its 2018 research and development tax credit of £0.84 million post period-end in August 2019.

Going concern

The directors have prepared detailed financial forecasts to estimate the likely cash requirements of the Group over the next twelve months, given its stage of development and lack of recurring revenues. In preparing these financial forecasts, the directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The directors have attempted to take a balanced and prudent view in preparing these forecasts, recognising the intrinsic variability in the timing and costs of the SG015 Phase II clinical trial. This variability is primarily a function of the inherent unpredictability of the severity and timing of the winter virus/cold season, which is a key factor in determining how quickly sufficient patients will be dosed to achieve a statistically meaningful result.

In common with many other similar biotechnology companies Synairgen relies on equity financing at key milestone events during the development of its programmes. Currently Synairgen does not hold 12 months' cash resources from the date of this report to September 2020. With our current estimate of the expected SG015 patient dosing pattern to reach 120 dosed patients, the directors consider that the Group has adequate cash resources to complete the clinical trial. The directors remain confident that in the event that the trial timeline moves back or when the Group needs additional resources to commercialise the results of the trial, it will be able to secure such additional finance.

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Because, as at the date of approval of these consolidated interim results, any additional finance that may result from future equity funding has neither been sought, nor committed, our ability to raise such finance represents a material uncertainty as to the Group's ability to continue as a going concern.

OUTLOOK

Synairgen has been preparing for a busy winter, and is well poised to complete its Phase II clinical trial. We have increased the number of sites in the trial and increased the number of patients waiting to catch a cold, and commence treatment. We anticipate that the final patients will be dosed in Q1 2020, with data available in Q2. Potential partners for the programme await positive data and we look forward to providing updates to the market on our progress on all fronts.

Simon Shaw	**Richard Marsden**
Chairman	Chief Executive Officer

27 September 2019

References
1. Leidy NK *et al*. The breathlessness, cough and sputum scale: the development of empirically based guidelines for interpretation. *Chest 2003 Dec; 124)6):2182-91*
2. Department of Health. An Outcomes Strategy for Chronic Obstructive Pulmonary Disease (COPD) and Asthma in England. Published July 2011
3. Wilkinson TMA *et al*. A prospective, observational cohort study of the seasonal dynamics airway pathogens in the aetiology of exacerbations in COPD. *Thorax 2017;0;1-9. Doi: 10.1136/thoraxjnl=2016-209023*

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2019

	Notes	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Revenue		**-**	26	105
Research and development expenditure		**(1,686)**	(1,384)	(3,232)
Other administrative expenses		**(520)**	(506)	(1,005)
Total administrative expenses		**(2,206)**	(1,890)	(4,237)
Loss from operations		**(2,206)**	(1,864)	(4,132)
Finance income		**17**	18	36
Loss before tax		**(2,189)**	(1,846)	(4,096)
Tax credit	2	**417**	329	795
Loss and total comprehensive loss for the period		**(1,772)**	(1,517)	(3,301)
Loss per ordinary share	3			
Basic and diluted loss per ordinary share (pence)		**(1.62)p**	(1.66)p	(3.47)p

Consolidated Statement of Changes in Equity (unaudited)
for the six months ended 30 June 2019

	Share capital £000	Share premium £000	Merger reserve £000	Retained Deficit £000	Total £000
At 1 January 2018	914	25,771	483	(20,609)	6,559
Recognition of share-based payments	-	-	-	45	45
Total comprehensive loss for the period	-	-	-	(1,517)	(1,517)
At 30 June 2018	914	25,771	483	(22,081)	5,087
Issue of ordinary shares	180	2,700	-	-	2,880
Transaction costs in respect of share issue	-	(209)	-	-	(209)
Recognition of share-based payments	-	-	-	53	53
Total comprehensive loss for the period	-	-	-	(1,784)	(1,784)
At 31 December 2018	1,094	28,262	483	(23,812)	6,027
Recognition of share-based payments	-	-	-	48	48
Total comprehensive loss for the period	-	-	-	(1,772)	(1,772)
At 30 June 2019	**1,094**	**28,262**	**483**	**(25,536)**	**4,303**

Consolidated Statement of Financial Position
as at 30 June 2019

	Notes	Unaudited 30 June 2019 £000	Unaudited 30 June 2018 £000	Audited 31 December 2018 £000
Assets				
Non-current assets				
Intangible assets		**22**	37	29
Property, plant and equipment		**333**	15	374
		355	52	403
Current assets				
Inventories		**42**	56	56
Current tax receivable		**1,212**	400	795
Trade and other receivables		**162**	199	216
Other financial assets – bank deposits	4	**-**	1,250	50
Cash and cash equivalents		**3,520**	4,056	5,284
		4,936	5,961	6,401
Total assets		**5,291**	6,013	6,804
Liabilities				
Current liabilities				
Trade and other payables		**(988)**	(926)	(777)
Total liabilities		**(988)**	(926)	(777)
Total net assets		**4,303**	5,087	6,027
Equity				
Capital and reserves attributable to equity holders of the parent				
Share capital		**1,094**	914	1,094
Share premium		**28,262**	25,771	28,262
Merger reserve		**483**	483	483
Retained deficit		**(25,536)**	(22,081)	(23,812)
Total equity		**4,303**	5,087	6,027

Consolidated Statement of Cash Flows
for the six months ended 30 June 2019

	Unaudited Six months ended 30 June 2019 £000	Unaudited Six months ended 30 June 2018 £000	Audited Year ended 31 December 2018 £000
Cash flows from operating activities			
Loss before tax	**(2,189)**	(1,846)	(4,096)
Adjustments for:			
Finance income	**(17)**	(18)	(36)
Depreciation	**41**	3	24
Amortisation	**7**	8	16
Share-based payment charge	**48**	45	98
Cash flows from operations before changes in working capital	**(2,110)**	(1,808)	(3,994)
Decrease in inventories	**14**	-	-
Decrease in trade and other receivables	**54**	440	426
Increase/(Decrease) in trade and other payables	**211**	(177)	(326)
Cash used in operations	**(1,831)**	(1,545)	(3,894)
Tax credit received	**-**	-	71
Net cash used in operating activities	**(1,831)**	(1,545)	(3,823)
Cash flows from investing activities			
Interest received	**17**	12	27
Purchase of property, plant and equipment	**-**	(6)	(386)
Decrease in other financial assets	**50**	750	1,950
Net cash generated from investing activities	**67**	756	1,591
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	**-**	-	2,880
Transaction costs in respect of share issues	**-**	-	(209)
Net cash generated from financing activities	**-**	-	2,671
(Decrease)/Increase in cash and cash equivalents	**(1,764)**	(789)	439
Cash and cash equivalents at beginning of period	**5,284**	4,845	4,845
Cash and cash equivalents at end of period	**3,520**	4,056	5,284

Notes to the Interim Financial Information
for the six months ended 30 June 2019

1. Basis of preparation

Basis of accounting
The interim financial information, which is unaudited, has been prepared on the basis of the accounting policies expected to apply for the financial year to 31 December 2019 and in accordance with recognition and measurement principles of International Financial Reporting Standards (IFRSs) as endorsed by the European Union. With the exception of the adoption of IFRS 16, further detail on which is given below, the accounting policies applied in the preparation of this interim financial information are consistent with those used in the financial statements for the year ended 31 December 2018.

The interim financial information does not include all of the information required for full annual financial statements and does not comply with all the disclosures in IAS 34 'Interim Financial Reporting'.

Adoption of new standards
IFRS 16 Leases
IFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance leases, requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The Group adopted IFRS 16 Leases on 1 January 2019 by applying the modified retrospective approach. At 1 January 2019 the Group had one lease with the University of Southampton for property and equipment, which ended on 31 July 2019, without an extension option. As permitted by the practical expedients on transition to IFRS 16, the Group has made use of the recognition exemption for short-term leases (less than 12 months of lease term from the date of initial application) and has continued to recognise the lease costs of a straight line basis over the remaining term of the lease.

Subsequent to the period-end, a new two year lease has been signed effective from 1 August 2019, with annual lease commitments of £168,000. In the year-end financial statements the Group will recognise a right-of-use asset and lease liability for the present value of these payments.

Financial information
The financial information for the year ended 31 December 2018 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 31 December 2018 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for the year ended 31 December 2018 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Going Concern
The directors have prepared detailed financial forecasts to estimate the likely cash requirements of the Group over the next twelve months, given its stage of development and lack of recurring revenues. In preparing these financial forecasts, the directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The directors have attempted to take a balanced and prudent view in preparing these forecasts, recognising the intrinsic variability in the timing and costs of the SG015 Phase II clinical trial. This variability is primarily a function of the inherent unpredictability of the severity and timing of the winter virus/cold season, which is a key factor in determining how quickly sufficient patients will be dosed to achieve a statistically meaningful result.

In common with many other similar biotechnology companies Synairgen relies on equity financing at key milestone events during the development of its programmes. Currently Synairgen does not hold 12 months' cash resources from the date of this report to September 2020. With our current estimate of the expected SG015 patient dosing pattern to reach 120 dosed patients, the directors consider that the Group has adequate cash resources to complete the clinical trial. The directors remain confident that in the event that the trial timeline moves back or when the Group needs additional resources to commercialise the results of the trial, it will be able to secure such additional finance.

1. Basis of preparation (continued)

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Because, as at the date of approval of these consolidated interim results, any additional finance that may result from future equity funding has neither been sought, nor committed, our ability to raise such finance represents a material uncertainty as to the Group's ability to continue as a going concern.

These consolidated interim financial statements do not include the adjustments that would arise if the Group was unable to continue as a going concern. Should the Group be unable to obtain funding such that the going concern basis of preparation was no longer appropriate, adjustments would be required which would include adjusting the balance sheet value of assets to their recoverable amounts and to provide for further liabilities that might arise.

Approval of financial information
The 30 June 2019 interim financial information was approved by a duly appointed and authorised committee of the Board of Directors on 27 September 2019.

2. Tax credit

The tax credit of £417,000 (six months ended 30 June 2018: £329,000; year ended 31 December 2018: £795,000) comprises an estimate of the research and development tax credit receivable in respect of the current period of £374,000 and a prior period adjustment of £43,000 in respect of 2018.

£838,000 was received in August 2019 in respect of the 2018 research and development tax credit.

3. Loss per ordinary share

	Unaudited Six months ended 30 June 2019	Unaudited Six months ended 30 June 2018	Audited Year ended 31 December 2018
Loss attributable to equity holders of the Company (£000)	**(1,772)**	(1,517)	(3,301)
Weighted average number of ordinary shares in issue	**109,433,442**	91,399,072	95,262,984

The loss attributable to shareholders and the weighted average number of ordinary shares for the purposes of calculating the diluted loss per ordinary share are identical to those used for basic loss per share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore antidilutive. At 30 June 2019 there were 8,737,515 options outstanding (30 June 2018: 7,281,348 options outstanding; 31 December 2018: 6,087,819 options outstanding).

4. Other financial assets

Other financial assets comprise Sterling fixed rate bank deposits of greater than three months' maturity at the time of deposit.

INDEPENDENT REVIEW REPORT TO SYNAIRGEN PLC

Introduction

We have been engaged by the Company to review the financial information in the interim results for the six months ended 30 June 2019 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 4.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the interim results be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the interim results 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 Financial Reporting Council 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.

Material uncertainty related to going concern

We draw attention to Note 1 to the interim financial information, which indicates that the Group and Parent Company are likely to require further funding in order to meet their obligations as they fall due across the 12 months to 30 September 2020, which is yet to be agreed. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in this respect.

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 results for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Use of our report

Our report has been prepared in accordance with the terms of our engagement dated 17 August 2018 to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

BDO LLP
Chartered Accountants
Reading
United Kingdom
27 September 2019