

28 May 2019

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

OXFORD BIODYNAMICS PLC
("OBD" or the "Company" and, together with its subsidiaries, the "Group")
INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2019

Commercial team and infrastructure strengthened as *EpiSwitch™* platform gains further global traction

Oxford BioDynamics Plc (AIM: OBD), a biotechnology company focused on the discovery and development of epigenetic biomarkers based on regulatory genome architecture, for use within the pharmaceutical and biotechnology industry, today announces its interim results for the six-month period to 31 March 2019.

CORPORATE AND OPERATIONAL HIGHLIGHTS

- Signed fifth commercial collaboration in immuno-oncology, a growing area of expertise for the Company.
- Continued to invest in scaling business for future growth, with a focus on the US and Asia, including China.
- Joined Imperial College London in a trial evaluating novel methods of screening for prostate cancer.
- Expanded leading IP portfolio covering the *EpiSwitch™* platform.
- Collaborated with Casa Sollievo della Sofferenza to develop a panel of epigenetic biomarkers for the diagnosis of Autistic Spectrum Disorder.
- Study published in Faculty of 1000 Research identifying epigenetic changes for monitoring disease progression in Huntington's disease.

FINANCIAL HIGHLIGHTS

- Revenue of £0.6m (H1 2018: £0.5m).
- Operating loss of £1.7m (H1 2018: £1.3m).
- Cash and term deposits of £16.9m as at 31 March 2019 (31 March 2018: £9.6m, 30 September 2018: £18.3m).

POST-PERIOD END

- Received Queen's Award for Enterprise: Innovation, 2019.
- Strengthened the Board with the appointments of Dr David Holbrook and Dr Peter Pack as Non-Executive Directors.
- Expanded into the US by forming subsidiary and appointing Glen Ferguson to lead OBD's business development activities in the region.
- Joined ALS biomarker study sponsored by Mitsubishi Tanabe Pharma America.

Commenting on the results, Christian Hoyer Millar, Chief Executive Officer of Oxford BioDynamics, said:

"We have made further strong operational and commercial progress in the first half of the year. Our *EpiSwitch™* technology platform has been adopted by prestigious clinical trials in the US and UK; we have enhanced the senior leadership team and Board to drive the next phase of growth; and have entered into promising new collaboration agreements. We were also delighted to be awarded the prestigious Queen's Award for Enterprise: Innovation, a great recognition of the value our *EpiSwitch™* platform has generated to date."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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Notes for Editors

About Oxford BioDynamics Plc

Oxford BioDynamics Plc (AIM: OBD) ("Oxford BioDynamics") is a biotechnology company focused on the discovery and development of epigenetic biomarkers for use within the pharmaceutical and biotechnology industry.

The Company's award-winning, proprietary technology platform, *EpiSwitch*[™], aims to accelerate the drug discovery and development process, improve the success rate of therapeutic product development and take advantage of the increasing importance of personalised medicine.

In particular, *EpiSwitch*[™] can reduce time to market, failure rates and the costs at every stage of drug discovery. Additionally, the technology provides significant insights into disease mechanisms for drug discovery and product re-positioning programmes, and enables the personalisation of therapeutics for patients in the context of challenging pricing environments where improved clinical outcomes are critical.

In April 2019, Oxford BioDynamics received the Queen's Award for Enterprise: Innovation. The Queen's Awards for Enterprise are the most prestigious awards for UK businesses.

Oxford BioDynamics is headquartered in the UK, and listed on the London Stock Exchange's AIM under the ticker "OBD". For more information please visit www.oxfordbiodynamics.com.

A copy of this announcement is available on the Company's website at www.oxfordbiodynamics.com.

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "will", "can", "may", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, readers are cautioned not to rely on any forward-looking statement.

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

The six-month period to 31 March 2019 has been one of significant progress for OBD. We have continued to work with commercial partners on revenue-generating research projects as well as on internal research projects which further strengthen the Group's intellectual property position. We have strengthened our commercial and business development team and our Board. Furthermore, we completed the expansion of our UK laboratory to give us sufficient capacity to support an increasing number of collaborations.

During the period we have worked with five of the top 50 global pharmaceutical companies in diverse therapeutic areas including immuno-oncology, fibrosis and amyotrophic lateral sclerosis (ALS). We also announced a research collaboration in autism spectrum disorder and our participation in the Imperial College London-led PROSTAGRAM prostate cancer screening trial. We have completed work with our associate Holos Life Sciences (Singapore) Pte Ltd ("Holos") in human and equine fitness and wellness and have begun to engage with potential customers in China, following the announcement of our strategic partnership with GL Capital in August 2018. We have published research on the application of our proprietary *EpiSwitch™* platform technology in Huntington's disease and thyroid cancer.

Post the period end, on 23 April 2019, we were pleased to announce that OBD was awarded the Queen's Award for Enterprise: Innovation. This prestigious award recognises the Group's achievement in developing and commercialising our *EpiSwitch™* technology platform since being spun out from the University of Oxford in 2007 and is a considerable asset when introducing OBD to potential customers around the world.

On 3 May 2019, Mitsubishi Tanabe Pharma America (MTPA) announced that OBD's *EpiSwitch™* would be used in the REFINE-ALS study, designed to identify and measure specific biomarkers in people with ALS.

Important commercial and scientific developments

OBD's participation in the PROSTAGRAM and REFINE-ALS studies are of particular importance as this is the first time the Group's *EpiSwitch™* biomarkers have been included in prospective clinical trials, marking practical recognition by industry experts of the potential clinical utility of *EpiSwitch™* and providing public acknowledgement of this fundamental milestone.

The aim of the PROSTAGRAM trial is to assess the role of a number of diagnostic approaches, including magnetic resonance imaging (MRI), multiparametric ultrasound and OBD's *EpiSwitch™* assay to screen for prostate cancer. The *EpiSwitch™* assay for prostate cancer is based on six epigenetic systemic blood-based markers and was developed in collaboration with Mr Mathias Winkler, Consultant Urological Surgeon at Charing Cross Hospital, Imperial College Healthcare NHS Trust and Professor Dmitry Pshezhetskiy, Norwich Medical School, University of East Anglia. We expect to begin analysing samples from this trial in our laboratory in the second half of the financial year. The trial is scheduled to last 24 months, with findings expected to be reported in early 2021.

The MTPA-sponsored REFINE-ALS study is led by Massachusetts General Hospital (MGH) Neurological Clinical Research Institute (NCRI) and is designed to identify and measure specific biomarkers in people with ALS. OBD's *EpiSwitch™* biomarkers will be assessed alongside other modalities, including oxidative stress, inflammation, neuronal injury/death and muscle injury, as well as clinical assessments. The trial will recruit up to 300 patients in the US.

In November 2018 the Group announced a fifth commercial collaboration in immuno-oncology (IO), with a major US-based biopharmaceutical company. IO is an important and growing field, with an acknowledged need for actionable patient stratifications: some patients show highly efficacious response to IO treatment, but many current IO therapies have limited utility because of low response rates and significant subsets of patients who do not show clinically meaningful responses to treatment. OBD has recently completed a number of retrospective validations on independent patient cohorts for three US pharma and biotech clients. These studies were conducted on first and second line of treatment patients, with different PD-1/PD-L1 therapeutic assets, in several oncological indications including melanoma and non-small cell lung cancer. The results have demonstrated that the baseline predictive stratifications by *EpiSwitch™* for response to immune-checkpoint inhibitors (a common type of IO therapeutic) act as excellent surrogates for standard primary endpoints used in clinical trials, such as progression free survival.

Validated *EpiSwitch™* biomarker applications have also been developed for diagnostic and prognostic applications, demonstrating high efficacy in stratifications in a wide range of cancer indications. OBD technology offers commercial partners efficient patient profiling based on liquid biopsy (a blood test), facilitating disease evaluation and helping clinicians make informed decisions on preferred treatment. The potential benefits of such actionable patient stratification are significant, as they help to implement precision medicine approaches in health care (avoiding therapies likely to fail) and to de-risk drug development for therapeutic companies (identifying the right patients for enrolment to clinical trials).

During the period the Group has published results for the first prognostic biomarkers for progression of Huntington's disease (*F1000Research*, 2018, 7:175), and biomarker stratifications with high sensitivity and predictive values for diagnosis of thyroid cancer (*Surgery*, Vol 165, Issue 1, in collaboration with Chicago Everton NorthShore University HealthSystem). OBD also contributed a chapter to the 'Handbook of Biomarkers and Personalized Medicine', published in May 2019. Since 30 September 2018, OBD has presented at a number of conferences, including the Cantor Fitzgerald Global Healthcare Conference (New York NY), 4th Annual Biomarker and Companion Diagnostics Conference (San Diego, CA), and China BIO 2019 (Shanghai, China).

As announced in December 2018, the Group exercised a pre-existing option to acquire, for a nominal amount, a 30% shareholding in Holos, and also participated in its interim fundraising, investing US\$540,000 (£422,000) in that entity. Holos has entered into exclusive licensing agreements with the Group in both human and equine fitness. These licences offer the Group a combination of upfront and milestone fees and sales-based royalties. In January 2018 the Company also announced a collaboration with Holos to develop non-invasive epigenetic biomarkers associated with sports-related concussions, and research on this project will begin as samples become available during the second half of the financial year.

Focused recruitment to key positions

We announced the appointment of Glen Ferguson as Senior Vice President (USA) in March 2019, to lead our business development activity in the world's largest healthcare market. With Glen, our business development team has identified short-term goals, to build on the Group's successful performance to date with US-based customers and collaborators. We anticipate further strengthening our senior commercial team during the second half of the financial year. Alongside Glen's appointment, we announced the formation of a wholly-owned US subsidiary, Oxford BioDynamics Inc.

The OBD plc Board was joined by two new Non-Executive Directors, Dr David Holbrook and Dr Peter Pack, shortly after the period, on 5 April 2019. Both David and Peter have extensive life sciences sector experience and each of them has rapidly developed a strong understanding of the Group and its business. Simultaneously, Stephen Diggle (founder and Chief Executive Officer of Vulpes Investment Management, a significant investor in OBD since 2008) took on the role of Non-Executive Chairman, on the retirement from the Board of former Non-Executive Chairman, David Williams.

IP portfolio development

OBD's IP portfolio currently comprises eleven patent families as well as trademark protection and considerable technological and scientific know-how within the team. The Group has continued its strategy of obtaining claims which provide the best possible protection for the *EpiSwitch*[™] platform and the biomarkers that are derived from it. During the period one international patent application was filed, four patents entered the national phase and supplementary data was filed for a further two.

Summary and outlook

Over the first half of this year, the Group made considerable commercial progress, entering into new research collaborations with prestigious pharmaceutical and biotech companies and research institutions, as well as research and licence agreements in non-clinical fields with Holos Life Sciences. OBD enters the second half of the financial year with increased laboratory capacity, highly productive and efficient scientific processes, a strengthened commercial team and significant cash resources. The growing recognition of the quality of results obtained from our *EpiSwitch*[™] platform is now evidenced by participation in prestigious clinical trials and the Group is well-placed to move forward with the further commercialisation of its technology for the benefit of its shareholders.

Christian Hoyer Millar

Chief Executive Officer

FINANCIAL REVIEW

Overview

During the six months ended 31 March 2019, the Group has strengthened its team, entered into significant commercial and research collaborations and further developed its intellectual property portfolio. Relative to the six-month period to 31 March 2018, revenue and costs were both increased, as was the Group's operating cash outflow.

Financial performance

Revenue for the six-month period to 31 March 2019 was £0.6m (H1 2018: £0.5m), reflecting both research project and licence fee income. A number of research projects are underway, with revenue to be recognised as the Group meets its performance obligations under the relevant contracts, which in turn is significantly determined by the timing of receipt of blood samples from customers and collaborators.

Operating expenses before share option charges were £2.1m, in line with market expectation (H1 2018: £1.8m). Of the £279k increase in operating costs, £179k related to increased staff costs (driven by both increased headcount and salary increases), £179k to increased general and other administration costs and £34k to increased depreciation and amortisation, offset by lower non-staff research and development expenses, principally relating to the cost of reagents and other laboratory supplies.

Other operating income for the six months to 31 March 2019 was lower than the previous year (H1 2018: £0.2m, which mainly comprised grant income from Innovate UK to support the Group's ALS biomarker research and development programme completed during that period).

The Group's operating loss was increased at £1.7m (H1 2018: £1.3m), reflecting the movements in revenue, operating costs and other operating income noted above.

Finance income for the period of £98k related to interest receivable (H1 2018: £41k). Finance costs related to realised and unrealised exchange losses, driven almost entirely by the effect on US dollar-denominated cash and debtor balances of movements in the sterling-to-US dollar exchange rate during the period.

The taxation credit of £0.3m in the six months to 31 March 2019 (H1 2018: £0.2m) represents tax relief on research and development expenditure during the period. This is increased on H1 2018 primarily because of the increased cost associated with team members engaged in R&D activity. The Group has so far not recognised any deferred tax assets in respect of trading losses arising in the current or prior financial periods.

Net loss for the half year was £1.3m (H1 2018: £1.1m). Loss per share for the six months ended 31 March 2019 was 1.4 pence (H1 2018: 1.3 pence).

Financial position

The Group made additions to intangible and tangible fixed assets during the period, mainly relating to patents protecting the Group's technology and new equipment in its recently expanded laboratory in Oxford, UK.

During the period, as outlined in the annual report for the year ended 30 September 2018, the Company exercised its option over 30% of the share capital of Holos Life Sciences (Singapore) Pte Ltd ("Holos") and subsequently invested \$540k in Holos' interim fundraise during November 2018. OBD plc holds 28.84% of Holos' share capital: accordingly, Holos is classed as an associate undertaking in these interim results.

Inventory was increased at £237k (31 March 2018: £156k, 30 September 2018: £146k), following planned stockpiling in our UK laboratory of key supplies to prepare for the anticipated departure of the UK from the EU.

Trade and other debtors at £726k (31 March 2018: £1,003k, 30 September 2018: £1,198k) were lower than the prior year mainly because of the earlier receipt in the current period of the R&D tax credit relating to the previous financial year and to a lesser extent the timing of receipts from customers.

Cash and cash equivalents and fixed-term deposits at 31 March 2019 were £16.9m (31 March 2018: £9.6m, 30 September 2018: £18.3m).

Trade and other payables at 31 March 2019 were £688k (31 March 2018: £974k, 30 September 2018: £822k); the decrease compared to prior periods is driven by the timing of relatively large supplier payments, including some related to the recent expansion of the UK laboratory at 30 September 2018, and a reduction in deferred income balances relative to 31 March 2018.

Cash flow

Net cash used in operating activities was slightly reduced at £804k (H1 2018: £956k), reflecting the increased costs for the period, offset by earlier receipt of the R&D tax credit refund for FY18 and working capital movements. Net cash used in investing activities was £9.75m (H1 2018: £342k). This amount includes the placement of £9m of funds into fixed-term deposits with an initial maturity of between three and twelve months and £422k invested in Holo, as well as broadly similar cash spend on tangible and intangible asset additions. Net cash generated by financing activities, arising from the settlement of share option exercises during the period, was similar at £235k (H1 2018: £242k).

The overall reduction in cash and term deposits for the six-month period ended 31 March 2019 was £1.3m, representing a slightly increased burn rate (H1 2018: £1.2m).

Summary

The Group's results for the six-month period to 31 March 2019 reflect steady commercial progress, continued research and development activity and ongoing investment in its international team, laboratory infrastructure and intellectual property. With significant cash and term deposits, the Group remains well funded to continue its near-term plans. We look forward to announcing further progress in our full year results around the end of the year.

Paul Stockdale

Chief Financial Officer

Consolidated income statement

	Note	Six month period ended 31 March		Year ended 30 September
		2019 (unaudited) £000	2018 (unaudited) £000	2018 (audited) £000
Continuing operations				
Revenue	3,4	574	473	1,186
Research & development costs (excluding staff costs)		(203)	(316)	(693)
Staff costs		(1,055)	(876)	(1,689)
General & other admin costs		(664)	(485)	(1,083)
Share option charges	10	(141)	(121)	(195)
Depreciation and amortisation	6,7	(191)	(157)	(331)
Other operating income		1	197	203
Operating loss		<u>(1,679)</u>	<u>(1,285)</u>	<u>(2,602)</u>
Finance income		98	41	179
Finance costs		(14)	(112)	-
Loss before tax		<u>(1,595)</u>	<u>(1,356)</u>	<u>(2,423)</u>
Income tax		315	225	470
Loss for the period from continuing operations		<u>(1,280)</u>	<u>(1,131)</u>	<u>(1,953)</u>
Loss attributable to:				
Owners of the Company		(1,280)	(1,131)	(1,953)
Non-controlling interest		-	-	-
		<u>(1,280)</u>	<u>(1,131)</u>	<u>(1,953)</u>
Earnings per share				
From continuing operations				
Basic and diluted (pence per share)	5	<u>(1.4)</u>	<u>(1.3)</u>	<u>(2.2)</u>

Consolidated statement of comprehensive income

	Six month period ended 31 March		Year ended 30 September
	2019	2018	2018
	(unaudited)	(unaudited)	(audited)
	£000	£000	£000
Loss for the period	(1,280)	(1,131)	(1,953)
Exchange differences on translation of foreign operations that may be reclassified to the income statement	5	(27)	(15)
Total comprehensive income for the period	<u>(1,275)</u>	<u>(1,158)</u>	<u>(1,968)</u>
Total comprehensive income attributable to:			
Owners of the Company	(1,275)	(1,157)	(1,968)
Non-controlling interest	-	(1)	-
	<u>(1,275)</u>	<u>(1,158)</u>	<u>(1,968)</u>

Consolidated statement of financial position

		31 March 2019 (unaudited) £000	31 March 2018 (unaudited) £000	30 September 2018 (audited) £000
Assets	Note			
Non-current assets				
Intangible fixed assets	6	446	297	348
Property, plant and equipment	7	948	746	971
Deferred tax asset		-	-	-
Investments accounted for using the equity method		422	-	-
Total non-current assets		<u>1,816</u>	<u>1,043</u>	<u>1,319</u>
Current assets				
Inventories		237	156	146
Trade and other receivables		726	1,003	1,198
Fixed term deposits		9,000	-	-
Cash and cash equivalents		7,946	9,636	18,278
Total current assets		<u>17,909</u>	<u>10,795</u>	<u>19,622</u>
Total assets		<u><u>19,725</u></u>	<u><u>11,838</u></u>	<u><u>20,941</u></u>
Equity and liabilities				
Capital and reserves				
Share capital	9	926	875	925
Share premium		16,740	6,761	16,696
Translation reserve		182	166	177
Share option reserve		2,655	2,847	2,704
Warrant reserve		-	-	-
Retained earnings		(1,562)	133	(472)
Equity attributable to owners of the Company		<u>18,941</u>	<u>10,782</u>	<u>20,030</u>
Non-controlling interest		19	18	19
Total equity		<u><u>18,960</u></u>	<u><u>10,800</u></u>	<u><u>20,049</u></u>
Current liabilities				
Trade and other payables		688	974	822
Current tax liabilities		-	-	-
Total current liabilities		<u>688</u>	<u>974</u>	<u>822</u>
Non-current liabilities				
Provisions		77	64	70
Deferred tax		-	-	-
Total non-current liabilities		<u>77</u>	<u>64</u>	<u>70</u>
Total liabilities		<u>765</u>	<u>1,038</u>	<u>892</u>
Total equity and liabilities		<u><u>19,725</u></u>	<u><u>11,838</u></u>	<u><u>20,941</u></u>

Consolidated statement of changes in equity

	Share capital	Share premium	Translation reserve	Share option reserve	Warrant reserve	Retained earnings	Attributable to shareholders	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2017	861	6,533	192	2,928	678	384	11,576	19	11,595
Loss for the period	-	-	-	-	-	(1,131)	(1,131)	-	(1,131)
Other comprehensive income for the period	-	-	(26)	-	-	-	(26)	(1)	(27)
Total comprehensive income for the period	-	-	(26)	-	-	(1,131)	(1,157)	(1)	(1,158)
Transactions with owners recorded in equity									
Exercise of share options	7	228	-	(198)	-	198	235	-	235
Exchange of warrants	7	-	-	-	(678)	678	7	-	7
Share option credit	-	-	-	121	-	-	121	-	121
Lapse of vested share options	-	-	-	(4)	-	4	-	-	-
At 31 March 2018	875	6,761	166	2,847	-	133	10,782	18	10,800
At 1 April 2018	875	6,761	166	2,847	-	133	10,782	18	10,800
Loss for the period	-	-	-	-	-	(822)	(822)	-	(822)
Other comprehensive income for the period	-	-	11	-	-	-	11	1	12
Total comprehensive income for the period	-	-	11	-	-	(822)	(811)	1	(810)
Transactions with owners recorded in equity									
Issue of shares	50	9,942	-	-	-	-	9,992	-	9,992
Share issue costs	-	(7)	-	-	-	-	(7)	-	(7)
Exercise of share options	-	-	-	(184)	-	184	-	-	-
Share option credit	-	-	-	74	-	-	74	-	74
Lapse of vested share options	-	-	-	(33)	-	33	-	-	-
At 30 September 2018	925	16,696	177	2,704	-	(472)	20,030	19	20,049
At 1 October 2018	925	16,696	177	2,704	-	(472)	20,030	19	20,049
Loss for the period	-	-	-	-	-	(1,280)	(1,280)	-	(1,280)
Other comprehensive income for the period	-	-	5	-	-	-	5	-	5
Total comprehensive income for the period	-	-	5	-	-	(1,280)	(1,275)	-	(1,275)
Transactions with owners recorded in equity									
Exercise of share options	1	44	-	(30)	-	30	45	-	45
Share option credit	-	-	-	141	-	-	141	-	141
Lapse of vested share options	-	-	-	(160)	-	160	-	-	-
At 31 March 2019	926	16,740	182	2,655	-	(1,562)	18,941	19	18,960

Consolidated statement of cash flows

	Note	Six month period ended 31 March		Year ended 30 September
		2019	2018	2018
		(unaudited) £000	(unaudited) £000	(audited) £000
Loss before tax for the financial period		(1,595)	(1,356)	(2,423)
Adjustments to reconcile loss for the period to net cash flows:				
Net interest		(98)	(41)	(86)
(Profit) on disposal of property, plant and equipment		-	(3)	(3)
Amortisation of intangible fixed assets	6	9	1	1
Depreciation of property, plant and equipment	7	182	156	330
Movement in provisions		7	7	13
Share based payments charge	10	141	121	195
Working capital adjustments:				
Decrease/(increase) in trade and other receivables		154	4	(100)
Decrease in other financial instruments		-	-	-
Increase in inventories		(91)	(66)	(56)
Decrease in trade and other payables		(13)	(111)	(316)
Operating cash flows before interest and tax paid		(1,304)	(1,288)	(2,445)
R&D tax credits received		479	261	592
Cash used in operations		(825)	(1,027)	(1,853)
Net foreign exchange movements		21	71	(89)
Net cash used in operating activities		(804)	(956)	(1,942)
Investing activities				
Interest received		61	28	86
Purchases of property, plant and equipment		(280)	(96)	(439)
Purchases of intangible fixed assets		(107)	(286)	(337)
Proceeds from disposal of tangible assets		-	12	12
Investment in associate		(422)	-	-
Increase in fixed-term deposits		(9,000)	-	-
Net cash used in investing activities		(9,748)	(342)	(678)
Financing activities				
Issue of equity shares		235	242	10,043
Share issue costs		-	-	(7)
Net cash generated by financing activities		235	242	10,036
Net (decrease)/increase in cash and cash equivalents		(10,317)	(1,056)	7,416
Foreign exchange movement on cash and cash equivalents		(15)	(103)	67
Cash and cash equivalents at beginning of year		18,278	10,795	10,795
Cash and cash equivalents at end of period		7,946	9,636	18,278

Notes

1. General information

The interim financial information was authorised for issue by the Board of Directors on 27 May 2019. The information for the period ended 31 March 2019 has not been audited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and should therefore be read in conjunction with the audited financial statements of the Company and its subsidiaries as at and for the year ended 30 September 2018, which were prepared in accordance with EU Adopted International Financial Reporting Standards and have been delivered to the Registrar of Companies. The Report of the Auditor on the financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This interim information does not comply with IAS 34 Interim Financial Reporting, as is permissible under the rules of AIM.

2. Basis of accounting

Basis of preparation

These interim consolidated financial statements have been prepared under the historical cost convention and in accordance with the recognition and measurement principles of European Union Adopted International Financial Reporting Standards (IFRSs).

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 30 September 2018, with the exception of the following new accounting standards which were adopted during the period:

IFRS 9 'Financial Instruments' replaced IAS 39 'Financial Instruments Recognition and Measurement'. The standard is effective for accounting periods beginning on or after 1 January 2018 and was therefore adopted with effect from 1 October 2018. The Group has completed an assessment of IFRS 9 and adoption has not had a material impact on its results or financial position. Any additional disclosures required under the new standard will be made in the annual report and financial statements for the year ending 30 September 2019.

IFRS 15 'Revenue from Contracts with Customers' is effective for periods beginning on or after 1 January 2018 and therefore has been adopted with effect from 1 October 2018. The core principle of the standard is to ensure that an entity recognises revenue once it has fulfilled its performance obligations, which are met through transferring control of a product or service to a customer, at an amount that reflects the consideration to which the entity expects to be entitled. As outlined in the annual report and accounts for the year ended 30 September 2018, the Directors have concluded that the adoption of IFRS 15 does not have a material impact on revenue recognition for any of the Group's revenue streams. Therefore, no adjustment for first time adoption has been made either to comparative figures or opening reserves in the statement of financial position.

There have been no significant changes to critical accounting judgements or accounting estimates of amounts reported in prior financial periods.

Reporting currency

The consolidated financial statements are presented in pounds sterling (GBP), which is also the Company's functional currency.

3. Revenue

An analysis of the Group's revenue is as follows:

	Six month period ended 31 March		Year ended 30 September
	2019	2018	2018
	£000	£000	£000
Continuing operations			
USA	55	162	405
Rest of World	519	311	781
Consolidated revenue	<u>574</u>	<u>473</u>	<u>1,186</u>

All revenue is derived from the Group's principal activity, biomarker research and development.

4. Business segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer (who has been determined to be the Group's Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on the sole service which Oxford BioDynamics sells. The Group's sole reportable segment under IFRS 8 is therefore that of biomarker research and development.

The Group's non-current assets (other than investments accounted for using the equity method), analysed by geographical location were as follows:

	31 March 2019 £000	31 March 2018 £000	30 September 2018 £000
Non-current assets			
UK	1,269	941	1,203
Malaysia	125	102	116
Total non-current assets	<u>1,394</u>	<u>1,043</u>	<u>1,319</u>

Information about major customers

The Group's revenues for the periods covered by this report are derived from a small number of customers, many of which represent more than 10% of the revenue for the period. These are summarised below:

	Six month period ended 31 March 2019 £000	2018 £000	Year ended 30 September 2018 £000
Revenue from individual customers each representing more than 10% of revenue for the period:	519	447	1,097

5. Earnings per share

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

	Six month period ended 31 March 2019 £000	2018 £000	Year ended 30 September 2018 £000
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	<u>(1,280)</u>	<u>(1,132)</u>	<u>(1,953)</u>
Earnings for the purposes of diluted earnings per share	<u>(1,280)</u>	<u>(1,132)</u>	<u>(1,953)</u>
	No	No	No
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share*	<u>92,559,621</u>	<u>86,918,039</u>	<u>87,728,207</u>
	Pence	Pence	Pence
Earnings per share			
Basic and diluted earnings per share	<u>(1.4)</u>	<u>(1.3)</u>	<u>(2.2)</u>

*Potential ordinary shares are not treated as dilutive as the Group is loss making.

6. Intangible fixed assets

Group	Patents £000	Website development costs £000	Software development costs £000	Total £000
Cost				
At 1 October 2018	275	42	32	349
Additions	96	11	-	107
Disposals	-	-	-	-
At 31 March 2019	371	53	32	456
Amortisation				
At 1 October 2018	1	-	-	1
Charge for the period	1	-	8	9
At 31 March 2019	2	-	8	10
Carrying amount				
At 31 March 2019	369	53	24	446
At 30 September 2018	274	42	32	348

7. Property, plant and equipment

Group	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2018	538	63	40	1,412	2,053
Additions	37	1	9	112	159
Disposals	-	-	-	(3)	(3)
Exchange differences	-	-	-	-	-
At 31 March 2019	575	64	49	1,521	2,209
Accumulated depreciation					
At 1 October 2018	95	35	23	929	1,082
Charge for the period	36	6	2	138	182
Eliminated on disposals	-	-	-	(3)	(3)
Exchange differences	-	-	-	-	-
At 31 March 2019	131	41	25	1,064	1,261
Carrying amount					
At 31 March 2019	444	23	24	457	948
At 30 September 2018	443	28	17	483	971

8. Interest in associate undertaking

The Group has a 28.84% holding in Holos Life Sciences (Singapore) Pte Ltd (“Holos”), a Singapore-based company which is not listed on any public exchange. The Group’s interest in Holos is accounted for using the equity method.

On 5 October 2018, the Company exercised a pre-existing option to acquire, for a nominal amount, a 30% shareholding in Holos. Subsequently, on 30 November 2018 the Company also participated in an interim fundraising by Holos, investing US\$540,000 in that entity. Summarised financial information for Holos and a reconciliation with the carrying amount of the Group’s investment are set out below:

Summarised statement of financial position of Holos Life Sciences (Singapore) Pte Ltd

	31 March
	2019
	£000
Current assets	645
Non-current assets	-
Current liabilities	(13)
Non-current liabilities	(942)
Equity	(310)
Group’s share in equity – 28.84% (31 March 2018 and 30 September 2018: nil)	-
Goodwill	422
Carrying amount of the investment	422

Summarised income statement for Holos Life Sciences (Singapore) Pte Ltd

	5 October 2018 to
	31 March 2019
	£000
Revenue	-
Cost of sales	-
R&D expenditure	674
Admin expenses	237
Finance costs	16
Loss before tax	(927)
Tax	-
Loss and total comprehensive income for the period	(927)
Group’s share of loss for the period – 28.84% (not recognised) (31 March 2018 and 30 September 2018: nil)	(267)

Goodwill is subject to review for impairment on at least an annual basis, as set out in the accounting policies in the annual report and accounts for the year ended 30 September 2018.

Holos had no contingent liabilities as at 31 March 2019. The Group is not liable for any of Holos’ liabilities.

9. Share capital of the Company

	31 March 2019		31 March 2018		30 September 2018	
	Number	£	Number	£	Number	£
Authorised shares						
Ordinary shares of £0.01 each	92,559,771	925,597	87,479,973	874,997	92,506,138	925,061

The Company has a number of shares reserved for issue under an equity-settled share option scheme: further details are disclosed in Note 10.

10. Share-based payments

Equity-settled share option scheme

In November 2016, the Company established an Enterprise Management Incentive (“EMI”) share option scheme, under which options have been granted to certain employees, and a non-employee option scheme with similar terms, except that options granted under it do not have EMI status. EMI and non-EMI share options were also previously granted under a share option scheme established in October 2008 (“the 2008 Scheme”). The Company does not intend to grant any further options under the 2008 Scheme. All of the schemes are equity-settled share-based payment arrangements, whereby the individuals are granted share options of the Company’s equity instruments, namely ordinary shares of 1 pence each.

The schemes include non-market-based vesting conditions only, whereby the share options may be exercised from the date of vesting until the 10th anniversary of the grant date. In most cases options vest under the following pattern: one-third of options granted vest on the first anniversary of the grant date; one-third on the second anniversary and one-third on the third anniversary.

The options outstanding as at 31 March 2019 have exercise prices in the range of £0.34 to £2.10.

Options outstanding	Six month period ended 31 March		Year ended 30 September
	2019	2018	2018
	Unaudited	unaudited	audited
	Number	Number	Number
Outstanding at start of period	6,840,812	7,801,716	7,801,716
Granted during the period	70,000	160,000	340,000
Forfeited during the period	(466,258)	(151,667)	(270,435)
Exercised during the period	(53,633)	(692,304)	(1,030,469)
Outstanding at end of period	6,390,921	7,117,745	6,840,812
Weighted average remaining contractual life (in years) of options outstanding at the period end	4.66	4.81	4.83
Options exercisable	Number of options	Weighted average exercise price £	Latest exercise price £
At 31 March 2019	5,917,580	0.53	1.70
At 31 March 2018	6,321,040	0.49	1.58
At 30 September 2018	6,193,409	0.50	1.58
Share option expense	Six month period ended 31 March		Year ended 30 September
	2019	2018	2018
	£000	£000	£000
Expense arising from share-based payment transactions	141	121	195