Half Yearly Report

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Evgen Pharma plc
("Evgen Pharma" or the "Company")

Half Yearly Report to 30 September 2015

Lead product SFX-01 to enter two Phase II trials following successful IPO

Evgen Pharma plc (AIM: EVG), the clinical stage drug development company focused on the treatment of cancer and neurological conditions, announces its unaudited interim results for the six months ended 30 September 2015.

Highlights in the year to date

- £7 million placing and admission to AIM on 21 October 2015
- Positive data on SFX-01 as adjunct to hormonal therapy in patient-derived xenografts using cancer tissues from early and late stage breast cancer patients (data presented at the American Association of Cancer Research, April 2015)
- Dr Alan Barge, former oncology head at AstraZeneca, appointed as a Non-executive Director in October 2015
- Acquisition of novel compounds in November 2015 via an exclusive worldwide licence from the Spanish National Research Council (CSIC) and the University of Seville, Spain
- Net loss for the period was £1.2m (30 September 2014: net loss £1.1m)
- The cash position at 30 September 2015 was £1.8m (30 September 2014: £0.2m), reflecting a £2.0m (gross) pre-IPO fundraising in August 2015. The IPO placing in October further strengthened the balance sheet
- Company fully funded to complete two Phase II studies of SFX-01 and to support further preclinical work

Stephen Franklin, Chief Executive Officer of Evgen Pharma, said:

"We are extremely pleased by the significant progress Evgen Pharma has made in the year to date, which has included oversubscribed fundraisings in the form of a pre-IPO investment round and October's IPO.

"In the period, our long-standing collaboration with the Cancer Research UK Manchester Institute resulted in the presentation of promising data showing SFX-01 reducing cancer stem cells in patient-derived breast cancer tissue in xenograft models. Also, we have recently expanded our pipeline by in-licensing a range of novel compounds from the University of Seville.

"We remain very encouraged about the development of our lead product, SFX-01, as it progresses into Phase II clinical trials in metastatic breast cancer and subarachnoid haemorrhage and into preclinical studies in multiple sclerosis. Preparations for these trials and studies are proceeding to schedule and the Company will also continue to collaborate with investigators in other disease areas."

Analyst meeting
A meeting for analysts will be held at 11am this morning, 7 December 2015, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. Please contact Buchanan on 020 7466 5000 for further information.
Podcast
A podcast commentary on today's announcement by Stephen Franklin, Evgen Pharma's CEO, is being made available at the following link: https://www.voxmarkets.co.uk/company/EVG/overview#mult.

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Notes for editors:

About Evgen Pharma plc

Evgen Pharma is a clinical stage drug development company whose lead programmes are in breast cancer and subarachnoid haemorrhage, a type of stroke. It is also carrying out preclinical work in multiple sclerosis and has a clinical interest in prostate cancer. The Company's core technology is Sulforadex®, a method for synthesising and stabilising the naturally occurring compound sulforaphane and novel proprietary analogues based on sulforaphane. The lead product, SFX-01, is a patented composition of synthetic sulforaphane and alpha-cyclodextrin.

Evgen Pharma commenced operations in January 2008 and is based in Liverpool, UK, at the Liverpool Science Park. It joined the AIM market of the London Stock Exchange in October 2015 and trades under the ticker symbol EVG. For further information please visit www.evgen.com

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

We are pleased to present the financial results of Evgen Pharma for the six months ended 30 September 2015 and to provide an update on the Company's operations following its successful placing and admission to the AIM market of the London Stock Exchange two months ago.

INTRODUCTION

As this half yearly report marks Evgen Pharma's maiden financial results as a quoted company, we would like to give an introduction to the Company, to its exciting proprietary technology and to its pipeline of product opportunities.

Evgen Pharma is built around a naturally occurring compound called sulforaphane, which is derived from glucoraphanin, a precursor compound found in broccoli and other brassicas. Glucoraphanin is found at its highest concentration in broccoli sprouts and other brassica sprouts, where its principal role is to protect the plant from insects by releasing sulforaphane and other breakdown products. Glucoraphanin converts to sulforaphane when the plant tissue is damaged and this conversion typically starts in the mouth and continues in the digestive tract of animals, including people.

Sulforaphane has attracted huge scientific interest. A large and growing number of scientific research papers has been published worldwide, underlining the compound's medical potential in multiple diseases. Sulforaphane has been shown to have anti-cancer and neuroprotective qualities in a wide range of diseases, for example breast cancer, prostate cancer, multiple sclerosis and autism. However, the daily dose of sulforaphane required to elicit these potential therapeutic effects is far greater than can practically and consistently be delivered from dietary sources. Furthermore, the development of a concentrated form of pure sulforaphane - of the sort that could be presented in a pill or similar medicinal format - has been held back due to its inherent instability. When chemically synthesised, sulforaphane is a liquid and the compound spontaneously breaks down unless stored at very low temperatures.

Evgen Pharma's core technology seeks to unlock the therapeutic potential of sulforaphane. The Company's patent-protected Sulforadex® technology enables the scalable manufacturing of synthetic sulforaphane stabilised in a sugar lattice. The stabilised composition is also a solid powder and can easily be formulated into pills and other medicinal formats. The Sulforadex® technology is also applicable to novel compounds based upon the core sulforaphane structure, giving the Company the opportunity to develop a broad clinical pipeline and to become the world leader in sulforaphane and sulforaphane-like pharmaceuticals.

Evgen Pharma, which commenced operations in January 2008, secured exclusive rights to Sulforadex® in 2011 and rapidly began building a company with a capital efficient business model and a highly experienced team to exploit the therapeutic potential of sulforaphane. The initial product to use the Sulforadex® technology is code-named SFX-01, which is a synthetic copy of sulforaphane stabilised by an alpha-cyclodextrin lattice. SFX-01 has been advanced through preclinical and Phase I clinical trials and is now ready for Phase II trials in two indications - breast cancer and subarachnoid haemorrhage ("SAH"). The IPO on AIM on 21 October 2015, which raised £7 million before expenses, will provide the funding to complete Phase II trials in both indications.

PIPELINE

SFX-01 in breast cancer
Breast cancer is the biggest cause of cancer deaths in women worldwide. In around 75% of breast cancers, the hormone oestrogen plays a key part in tumour growth. Such tumours express the oestrogen receptor (ER+) and, if the cancer is metastatic, endocrine therapy is the main treatment. It is thought that hormone independent cancer stem cells are implicated in metastasis, thereby explaining the occurrence of metastasis during hormone therapy.

Evgen Pharma is very fortunate to have been working with the Cancer Research UK Manchester Institute since 2012. Earlier this year, this collaboration resulted in the presentation of promising data showing SFX-01 reducing the number of cancer stem cells in patient-derived

breast cancer tissue in xenograft models. The xenograft studies used a combination of hormone therapy and SFX-01, with the role of SFX-01 being to mop up the cancer stem cells. The data was presented at the American Association of Cancer Research annual conference in Philadelphia in April 2015.

A Phase IIa clinical trial of SFX-01 and hormone therapy is expected to begin recruiting in Q3 calendar year 2016 at Manchester's Christie Hospital NHS Foundation Trust and supporting sites in the North West of England. The trial, in about 40 patients with ER+ metastatic breast cancer, will be placebo controlled and will use tumour growth retardation as its primary endpoint. A Company announcement will be issued when the first patient is dosed in the trial, which is expected to complete at the end of 2017. The trial is designed to create the opportunity for an early efficacy signal after which a larger Phase IIb trial could be conducted.

SFX-01 in subarachnoid haemorrhage (SAH)

SAH is a form of stroke, characterised by a bleed into the subarachnoid space around the outside of the brain. It is a relatively rare condition, accounting for around 5% of strokes in the UK each year. Owing to this rarity, SFX-01 could be eligible for orphan designation in Europe and the USA in this indication. Orphan drug designation gives commercial and other incentives to the developers of drugs for life-threatening or chronically debilitating rare diseases.

Almost half of SAH survivors suffer cognitive impairment and it is this aspect of the condition that SFX-01 is targeting in combination with the standard-of-care treatment, nimodipine.

Evgen Pharma has worked with leading experts at the University Hospital Southampton NHS Foundation Trust to design a Phase II trial that is expected to start recruiting patients in the first half of 2016. The trial, which is expected to complete at the end of 2017 will include around 90 patients. The clinical trial protocol has now been finalised, including the clinical endpoints to be measured. These include primary outcome measures associated with safety, levels of sulforaphane in the cerebral spinal fluid (CSF) and middle cerebral artery (MCA) peak flow velocity following measured by transcranial Doppler ultrasound. Secondary outcome measures are associated with cognitive measures (modified Rankin Scale), plasma levels of sulforaphane and metabolites, CSF drug levels, serum haptoglobin levels and incidence of delayed cerebral ischaemia (DCI).

The trial is now registered at ClinicalTrials.gov and the details can be viewed at this link: https://clinicaltrials.gov/ct2/show/NCT02614742?term=evgen&rank=1. A Company announcement will be issued when the first patient is dosed in the trial.

SFX-01 in multiple sclerosis

The principal mechanism of action of SFX-01 in SAH is via sulforaphane's ability to upregulate the Nrf2 pathway, resulting in a wide range of antioxidant and anti-inflammatory effects. It is this pathway that is implicated in Biogen IDEC's treatment for multiple sclerosis, Tecfidera®. In-vitro studies have shown that sulforaphane is a more potent activator of Nrf2 than dimethyl fumerate, the active ingredient in Tecfidera®.

In the New Year, Evgen Pharma intends to begin a preclinical programme in relapsing-remitting and progressive forms of multiple sclerosis in which SFX-01 will be compared directly with dimethyl fumurate.

Early stage pipeline

As mentioned earlier, SFX-01 is a synthetic and stable sulforaphane, which has been shown to have excellent pharmacokinetics and a bioavailability of around 80%. When the synthetic sulforaphane is released from its sugar lattice it has the same half-life in the body as naturally occurring sulforaphane and has been shown to be equipotent.

Medicinal chemists at the University of Seville have gone on to create a range of novel analogues based on sulforaphane's core structure. Last month, Evgen Pharma announced that it had exercised its option to in-license the Seville intellectual property presenting the Company with more than 60 new chemical entities based upon sulforaphane. Patent protection for these compounds is pending in Europe, United States, China, Japan, Australia, and Canada and is already granted in Spain.

Evgen Pharma intends to use its Sulforadex® platform to synthesise and stabilise the newly acquired compounds with the intention of taking the most promising into clinical development. These new compounds give the Company the opportunity to develop a pipeline of differentiated products aimed at multiple disease areas in oncology and neurology.

Sulforaphane has been shown to have potential utility in many diseases, spanning rare conditions through to major illnesses, and the Company actively pursues early stage collaborations to gain an insight into potential new indications. In April this year, researchers at the Royal Veterinary College, University of London, announced positive preclinical results from the use of SFX-01 in osteoarthritis. Professor Andrew Pitsillides, Professor of Skeletal Dynamics at the Royal Veterinary College, described SFX-01 as "a promising agent for the treatment of osteoarthritis".

Evgen Pharma has also conducted encouraging early stage work in prostate cancer. Given all of the potential therapeutic uses for sulforaphane, it should be stressed that the Company intends to target its financial resources very carefully to ensure that it delivers value inflexion points for shareholders.

PEOPLE

We were delighted to welcome Dr Alan Barge to the Board as a Non-executive Director at the time of our admission to AIM in October. Alan is a highly experienced pharmaceutical executive with particular experience of oncology. He is currently chief medical officer at Singapore-based ASLAN Pharmaceuticals PTE and a former Clinical Vice President and Head of Oncology and Infection at AstraZeneca. We look forward to his contribution to the Board.

We thank all our academic and clinical partners, suppliers and staff for their continued support and enthusiasm. We would also like to thank our new and existing investors.

FINANCIAL REVIEW

The financial performance for the six month period to 30 September 2015 was in line with expectations.

The total comprehensive loss for the period was £1.2m (30 September 2014: £1.1m) including a finance charge related to a convertible loan of £0.7m (30 September 2014: £0.7m).

The cash position at 30 September 2015 increased to £1.8m (30 September 2014: £0.2m), reflecting the successful completion of an equity fund raising in August 2015 which raised £2.0m (£1.9m after expenses).

On 21 October 2015 the Company was admitted to trading on AIM after raising £7m (£6.3m after expenses) in an oversubscribed placing. On admission the convertible loan and associated accrued interest was converted into ordinary shares of £0.0025 each.

OUTLOOK

We are extremely pleased by the significant progress Evgen Pharma has made in the year to date, which has included oversubscribed fundraisings in the form of a pre-IPO investment round and October's IPO.

We remain very encouraged about the development of our lead product, SFX-01, as it progresses into Phase II clinical trials in metastatic breast cancer and subarachnoid haemorrhage and into preclinical studies in multiple sclerosis. Preparations for these trials and studies are proceeding to schedule and the Company will also continue to collaborate with investigators in other disease areas.

Barry Clare **Stephen Franklin**
Chairman CEO

7 December 2015

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2015 - unaudited

	Six months ended 30 September 2015 £'000 unaudited	Six months ended 30 September 2014 £'000 unaudited	Year ended 31 March 2015 £'000 unaudited
Operating expenses			
Operating expenses	**(508)**	(445)	(951)
Non-recurring administrative expenses	**-**	-	(295)
Total operating expenses	**(508)**	(445)	(1,246)
Operating loss	**(508)**	(445)	(1,246)
Finance expense	**(682)**	(736)	(1,057)
Loss on ordinary activities before taxation	**(1,190)**	(1,181)	(2,303)
Taxation	**-**	50	30
Loss and total comprehensive expense attributable to equity holders for the period	**(1,190)**	(1,131)	(2,273)
Loss earnings per share (pence)			
Basic loss per share	**(3.88)**	(3.88)	(7.79)
Diluted loss per share	**(3.88)**	(3.88)	(7.79)

Consolidated Statement of Financial Position
as at 30 September 2015 - unaudited

	As at 30 September 2015 £'000 unaudited	As at 30 September 2014 £'000 unaudited	As at 31 March 2015 £'000 unaudited
ASSETS			
Non-current assets			
Property, plant and equipment	**1**	2	1
Intangible assets	**42**	48	45
Total non-current assets	**43**	50	46
Current assets			

Trade and other receivables	**164**	39	117
Current tax receivable	**30**	50	30
Cash and cash equivalents	**1,776**	163	163
Total current assets	**1,970**	252	310
Total assets	**2,013**	302	356
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	**722**	184	477
Current tax	**-**	50	-
Loans	**3**	2	3
Total current liabilities	**725**	236	480
Non-current liabilities			
Loans	**1,646**	828	1,063
Other payables	**-**	90	-
Total non-current liabilities	**1,646**	918	1,063
Equity			
Share capital	**92**	73	73
Share premium	**1,859**	-	-
Merger reserve	**2,067**	2,067	2,067
Shares to be issued	**1,750**	1,000	1,750
Share based compensation	**607**	409	466
Accumulated losses	**(6,733)**	(4,401)	(5,543)
Total equity	**(358)**	(852)	(1,187)
Total liabilities and equity	**2,013**	302	356

Consolidated Statement of Changes in Equity
for the six months ended 30 September 2015 - unaudited

	Share capital £'000	Share premium £'000	Merger reserve £'000	Shares to be issued £'000	Share based compensation £'000	Accumulated losses £'000	Total £'000
Balance at 1 April 2015	**73**	-	**2,067**	**1,750**	**466**	**(5,543)**	**(1,187)**
Total comprehensive expense for the period	-	-	-	-	-	(1,190)	(1,190)
Transactions with owners							
Charge in respect of share options	-	-	-	-	141	-	141
Share capital	19	1,859	-	-	-	-	1,878
Total transactions with owners	**19**	**1,859**	**-**	**-**	**141**	**(1,190)**	**829**
Balance at 30 September 2015	**92**	**1,859**	**2,067**	**1,750**	**607**	**(6,733)**	**(358)**

	Share capital £'000	Merger reserve £'000	Shares to be issued £'000	Share based compensation £'000	Accumulated losses £'000	Total £'000
Balance at 1 April 2014	**73**	**2,067**	**1,000**	**311**	**(3,270)**	**181**
Total comprehensive expense for the period	-	-	-	-	(1,131)	(1,131)
Transactions with owners						
Charge in respect of share options	-	-	-	98	-	98
Total transactions with owners	-	-	-	**98**	**(1,131)**	**(1,033)**
Balance at 30 September 2014	**73**	**2,067**	**1,000**	**409**	**(4,401)**	**(852)**

	Share capital £'000	Merger reserve £'000	Shares to be issued £'000	Share based compensation £'000	Accumulated losses £'000	Total £'000
Balance at 1 April 2014	**73**	**2,067**	**1,000**	**311**	**(3,270)**	**181**

Total comprehensive expense for the period	-	-	-	-	(2,273)	(2,273)
Transactions with owners						
Charge in respect of share options	-	-	-	155	-	155
Equity element of loan note	-	-	750	-	-	750
Total transactions with owners	-	-	**750**	**155**	-	**905**
Balance at 31 March 2015	**73**	**2,067**	**1,750**	**466**	**(5,543)**	**(1,187)**

Consolidated Statement of Cash Flows
for the six months ended 30 September 2015 - unaudited

	Six months ended 30 September 2015 £'000 unaudited	Six months ended 30 September 2014 £'000 unaudited	Year ended 31 March 2015 £'000 Unaudited
Cash flows from operating activities			
Loss for the period	**(1,190)**	(1,131)	(2,303)
Finance expense	**682**	736	1,057
Depreciation and amortisation	**3**	4	7
Share option charge	**141**	98	155
	(364)	(293)	(1,084)
Changes in working capital			
(Increase)/decrease in trade and other receivables	**(47)**	8	(20)
Increase in trade and other payables	**146**	33	101
Cash generated from changes in working capital	**99**	41	81
Taxation received	**-**	103	103
Net cash used in operating activities	**(265)**	(149)	(900)
Cash flows from investing activities			
Purchase of property, plant and equipment	**-**	(2)	(1)
Net cash used in investing activities	**-**	(2)	(1)
Cash flows from financing activities			
Issue of shares	**2,000**	-	-
Cost of share issue	**(122)**	-	-
Issue of convertible loan note	**-**	-	750
Interest paid	**-**	-	-
Net cash generated from financing activities	**1,878**	-	750
Movements in cash and cash equivalents in the period	**1,613**	(151)	(151)
Cash and cash equivalents at start of period	**163**	314	314
Cash and cash equivalents at end of period	**1,776**	163	163

1. GENERAL INFORMATION

Evgen Pharma plc is a public limited company incorporated in England & Wales and is admitted to trading on the AIM market of the London Stock Exchange under the symbol EVG. The address of its registered office is Liverpool Science Park Innovation Centre 2, 146 Brownlow Hill, Liverpool, Merseyside L3 5RF. The principal activity of the Company is clinical stage drug development.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The Group financial information is presented in pounds Sterling, which is the Group's presentational currency, and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 and has been presented in compliance with International Accounting Standard ('IAS') 34,*'Interim Financial reporting'*. The financial information together with the comparative information for the six months ended 30 September 2014 and year ending 31 March 2015 are unaudited.

The financial information was approved by the Board of Directors for issue on 7 December 2015.

Accounting policies
The accounting policies used in the preparation of the financial information for the six months ended 30 September 2015 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the European Union ('IFRS')

and are consistent with those which will be adopted in the annual financial statements for the year ending 31 March 2016.

Basis of consolidation

The financial information incorporates the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and, has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Merger accounting

On 5 December 2014 the Company acquired Evgen Limited (''Evgen''). This transaction did not meet the definition of a business combination as set out in IFRS 3. It is noted that such transactions are outside the scope of IFRS 3 and there is no other guidance elsewhere in IFRS covering such transactions. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, requires that where IFRS does not include guidance for a particular issue, the Directors may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards when developing an appropriate accounting policy. In this regard, it is noted that the UK Accounting Standards Board has, in issue, an accounting standard covering business combinations (FRS 6) that permits the use of the merger accounting principles for such transactions. The Directors have therefore chosen to adopt these principles and the financial information has been prepared as if Evgen had been owned and controlled by the Company throughout the year ended 31 March 2015 and the periods ended 30 September 2014 and 30 September 2015. Accordingly, the assets and liabilities of Evgen have been recognised at their historical carrying amounts, the results for the periods prior to the date the Company legally obtained control have been recognised and the financial information and cash flows reflect those of Evgen. The amount recognised in equity is based on the historical carrying amounts recognised by Evgen. However, the share capital balance is adjusted to reflect the equity structure of the outstanding share capital of the Company, and any corresponding differences are reflected as an adjustment to a merger reserve.

Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled ''Guidance on Risk Management and Internal Control and Related Financial and Business Reporting''.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this financial information. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital to honour all of its obligations to creditors as and when they fall due.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial information.

Currencies

Functional and presentational currency

Items included in the financial information are measured using the currency of the primary economic environment in which the Group operates (''the functional currency'') which is UK sterling (£). The financial information is presented in UK sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Intangible assets

Intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Licences - 10 years

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Plant, fixtures and fittings - 4 years
IT Equipment - 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Research and development expenditure

All research and development costs, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such. Research and development costs relating to clinical trials are recognised over the period

of the clinical trial based on information provided by clinical research organisations. All other expenditure on research and development is recognised as the work is completed.
All ongoing development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Income tax
The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.
(a) Current income tax
Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted or substantively enacted by the dates of the Statement of Financial Position.
(b) Deferred tax
Deferred tax is calculated at the latest tax rates that have been substantially enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.
Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.
Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received. Government grants are recognised as Other Income on a systematic basis over the periods in which the Group recognises the associated expenses. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the period in which they become receivable.

Payroll expense and related contributions
Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

Pension costs
The Group has not operated a pension scheme or made any contributions towards staff pensions to date, but will be required to start a scheme under the UK's auto-enrolment rules.

Share-based compensation
The Group issues share based payments to certain employees and directors. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity.
At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of any revision is recognised in Statement of Comprehensive Income, with a corresponding adjustment to equity reserves.
The fair value of share options is determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.
The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8.
The results and assets for this segment can be determined by reference to the Statement of Comprehensive Income and Statement of Financial Position.

Dividends
Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest

method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables
Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the ''effective interest rate'' to the carrying amount of the liability.

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments
The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised upon conversion or expiry of the conversion option. Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying value of the liability component and are amortised over the lives of the convertible notes using the effective interest method. Liabilities other than those classified as fair value through profit or loss are initially recorded at fair value net of transaction costs. Transaction costs and other finance costs are amortised to the profit and loss over the expected life of the instrument using the effective interest method. Subsequently, if the expected life of the instrument is revised the carrying value of the instrument is revised to reflect the present value of the future cash flows discounted at the original effective interest rate. Any adjustments to the carrying value are recognised in the Statement of Comprehensive Income.

Financial risk management
Financial risk factors
The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.
(a) Market risk
Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing, interest rates, foreign exchange rates.
(b) Credit risk
Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.
(c) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity and cash and cash equivalents based on expected cash flow.

Capital risk management
The Group is funded by equity and loans. The components of shareholders' equity are:
(a) The share capital and share premium account arising on the issue of shares.
(b) Merger reserve, which was created as a result of the acquisition by the Company of the entire issued share capital of Evgen on 5 December 2014. This reserve is not considered to be distributable.

(c) The shares to be issued reserve arising in relation to the convertible loan note
(d) The share based compensation reserve results from the Group's grant of equity-settled share options to selected employees and Directors;
(e) The retained reserve or deficit reflecting comprehensive income to date.
The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders equity. There are no externally imposed capital requirements. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values because of the short-term nature of such assets and the effect of discounting liabilities is negligible.

Significant management judgement in applying accounting policies and estimation uncertainty
When preparing the financial information, the Directors make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial information.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Share-based payment charge
During the periods ended 30 September 2014, 31 March 2015 and 30 September 2015, the Group issued a number of share options to certain employees. A Black-Scholes model was used to calculate the appropriate charge for that and subsequent periods. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.
The total charge recognised in the period to 30 September 2014 £98,000, year to 31 March 2015 £155,000, and period to 30 September 2015 £141,000.

Convertible loans
During the year ended 31 March 2014, the Group issued convertible loan notes of £1,000,000. Transaction costs relating to the liability component of £1,000,000 are amortised over the lives of the convertible notes using the effective interest method. During the year ended 31 March 2015, the Group issued convertible loan notes of £750,000. Transaction costs relating to the liability component of £750,000 are amortised over the lives of the convertible notes using the effective interest method. Subsequently, if the expected life of the instrument is revised the carrying value of the instrument is revised to reflect the present value of the future cash flows discounted at the original effective interest rate. Any adjustments to the carrying value are recognised in profit and loss.

3. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period. The number of shares has been calculated as if the 1:800 share split that took place on 21 October 2015 was in effect for all reported periods.

For diluted loss per share, the loss for the period attributable to equity holders and the weighted average number of ordinary shares outstanding during the period is adjusted to assume conversion of all dilutive potential ordinary shares. As the effect of the share options would be to reduce the loss per share, the diluted loss per share is the same as the basic loss per share.

The calculation of the Group's basic and diluted loss per share is based on the following data:

	Six months ended 30 September 2015 £'000 unaudited	Six months ended 30 September 2014 £'000 unaudited	Year ended 31 March 2015 £'000 unaudited
Loss for the period attributable to equity holders	**(1,190)**	(1,131)	(2,273)

	As at 30 September 2015 Number unaudited	As at 30 September 2014 Number unaudited	As at 31 March 2015 Number unaudited
Weighted average number of ordinary shares	**30,675,541**	29,169,600	29,169,600
Weighted average number of ordinary shares adjusted for the effects of dilution	**30,675,541**	29,169,600	29,169,600

	Pence	Pence	Pence
Loss per share - basic and diluted	**(3.88)**	(3.88)	(7.79)

4. SHARE-BASED PAYMENTS

As at the period end, the reconciliation of share option scheme movements is as follows:

	As at 30 September 2015	
	Number	**WAEP**
Outstanding at 1 April 2015	6,991,200	£0.03
Granted during the period	-	-
Outstanding at 30 September 2015	**6,991,200**	**£0.03**

During the six months period ended 30 September 2015, share-based payment of £140,924 was charged to the consolidated Statement of Comprehensive Income.

The fair values of the options granted have been calculated using a Black-Scholes model.

Assumptions used were an option life of 5 years, a risk free rate of 2 per cent., a volatility of 60 per cent. and no dividend yield.

The number of share options has been calculated as if the 1:800 share split that took place on 21 October 2015 was in effect for all reported periods.

5. SUBSEQUENT EVENTS

On 21 October 2015 the Company was admitted to AIM. As part of this transaction

(i) 22,165 Ordinary, 18,849 A Ordinary and 5,017 B Ordinary shares all of £2 each were converted into 36,824,801 Ordinary shares of £0.0025 each;

(ii) convertible loans and accrued interest thereon were converted into 9,350,225 Ordinary shares of £0.0025 each;

(iii) 7,776,918 Ordinary shares of £0.0025 each were issued pursuant to a bonus issue;

(iv) 18,918,919 Ordinary shares of £0.0025 were issued at £0.37 per share raising a total of £7m;

(v) warrants were issued over 1,457,418 Ordinary shares of £0.0025 each with an exercise price of £0.37; and

(vi) Share options over 1,754,041 Ordinary shares of £0.0025 each were issued under the Evgen Long Term Incentive Plan.

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