Arix Bioscience plc – half yearly report for the six months ended 30 June 2018

CEO's Statement

It has been another positive six months for Arix, a period during which we had a number of encouraging developments in our Group Businesses, leading to £35.6 million of net positive revaluations, primarily driven by the IPO of Autolus. In addition, we closed an £87 million follow-on fundraising, bringing total capital raised to over £250 million since Arix was founded two and a half years ago. We have established Arix as a leading life science venture capital player with significant commercial and operational expertise.

Our key financial objective remains the delivery of significant returns to shareholders over the longer term by growing our Net Asset Value ("NAV"). During the six months ended 30 June 2018, with the financing and the uplift in Group Business valuations, our NAV increased by 76%, from £146.4 million to £257.6 million. With the new cash, we are well placed to accelerate growth in our existing Group Businesses and embrace further new opportunities for the benefit of our shareholders.

Encouraging developments in Arix's Group Businesses

We have made positive commercial, operational and developmental progress across the portfolio in the six months ended 30 June 2018, at which date Arix Group Businesses were valued at £102.0 million, including £35.6 million of net positive revaluations in the period.

Autolus, a T-cell programming company, conducted an oversubscribed US$150 million IPO on Nasdaq, supported by a wide range of blue chip institutions. At the end of the period Autolus was trading at $26.79 per share, a 58% uplift to its IPO price; giving a market capitalisation of over US$1 billion. Arix led the Series B in 2016 and since then our £20.8 million investment has increased in value over three-fold. Autolus also commenced further clinical trials, with five programmes now underway in six indications. The company is well placed to achieve its ambition of bringing life-changing treatments to cancer patients by reprogramming their own T-cells.

Within the period we also saw Iterum complete a US$80 million IPO on Nasdaq that will support Phase 3 clinical trials in three indications: uncomplicated urinary tract infections, complicated urinary tract infections and complicated intra-abdominal infections. Trials are due to start later this year, with top line data expected by the end of 2019.

We saw evidence of further value creation in other Group Businesses, including positive Phase 2 COPD data from Verona and strong pre-clinical data from Aura and Harpoon. Atox Bio also commenced a Phase 2 clinical trial in Acute Kidney Injury, with data expected to read out alongside Phase 3 NSTI data in 2019.

Well connected with the pharmaceutical industry

As potential acquirers of Group Businesses, pharmaceutical companies are one of our key customers as they seek to get ever closer to scientific and medical innovation outside of their own laboratories. During 2017, we have benefited from valuable strategic partnerships with two global pharmaceutical companies, UCB Pharma and Takeda, giving us access to deep scientific knowledge, R&D capabilities, market intelligence and commercial due diligence. We added to this early in 2018, and are pleased to have signed strategic agreements with Ipsen, a global specialty driven biopharmaceutical, and Fosun International, a large Chinese group with a global footprint who offer distribution capability across China. We expect to be sharing life science developments, ideas and co-investment opportunities with our new partners. All four of our pharmaceutical partners have committed meaningful resources to the relationship, and invested in the March 2018 financing of Arix.

Rich, renewable pipeline of opportunities underpinned by extensive global network

Arix sources its rich pipeline of biotech and life science opportunities from an extensive scientific and clinical network to which Arix has privileged access. The Arix team have wide professional networks with leading global venture capital groups, and we have also established privileged relationships with universities and research accelerators throughout Europe and the US. Within the reporting period we further strengthened our reach by signing a new collaboration with Fred Hutchinson Cancer Research Center and Evotec AG. This new strategic collaboration provides us with an excellent platform to identify new opportunities and build companies with validated, novel scientific approaches, focused on therapeutic breakthroughs for patients suffering from cancer and infectious diseases. Since inception, we have reviewed over 1,000 opportunities, sourced from the UK, US, Europe and globally.

Outlook

We achieved a significant amount of progress during the first half of 2018: raising capital through new and existing shareholders; expanding the team; signing new pharmaceutical partners; supporting existing Group Businesses; and driving significant progression in NAV.

Looking ahead, we continue to see a rich pipeline of new opportunities through our extensive global networks and we will continue to support the development of our existing Group Businesses. Through 2018 we will be sifting the best ideas and digging deep into due diligence to help build and finance more new companies at the cutting edge of life sciences.

Led by our experienced team, Arix is progressing well on its goals of advancing innovation in medicine for the benefit of patients. As a listed company we are able to provide institutional and retail investors access to a diverse portfolio of high growth life science companies, led by some of the most ambitious and brightest minds in biotech.

Importantly, our permanent capital structure enables us to stay with our companies for longer than our non-listed competitors to maximise their growth potential and exit at the optimum time for our shareholders. This six months has demonstrated that our differentiated model works, with NAV growing in response to positive developments over the reporting period.

The next couple of years will be an important period for Arix as we see a number of Group Businesses start or progress clinical trials. Initial data are expected by a number of these companies within the next 12 months.

It is important that the companies we have backed continue to report positive developments to drive clear uplifts in value and we are working hard to ensure these goals are met through hands-on involvement with all our Group Businesses. We are also looking to bring on new companies, from seed ideas through to clinical stage companies and will announce these in due course.

We believe our approach has the potential to generate significant value for patients and for investors, and we are grateful to our shareholders for supporting us in this mission.

Dr Joe Anderson, PhD
Chief Executive Officer

Condensed Consolidated Interim Statement of Comprehensive Income

	Note	Half Year to 30 June 2018 (unaudited) £'000	Half Year to 30 June 2017 (unaudited) £'000
Change in fair value of investments	7	34,869	(218)
Revenue		472	574
Administrative Expenses		(5,425)	(5,355)
Operating Profit / (Loss)		**29,916**	**(4,999)**
Net finance income		276	(6)
Foreign exchange gains / (losses)		682	(43)
Share-based payment charge	10	(1,564)	(1,761)
Profit / (Loss) before taxation		**29,310**	**(6,809)**
Taxation	8	(3,636)	126
Profit / (loss) for the period		**25,674**	**(6,683)**
Other Comprehensive Income			
Exchange differences on translating foreign operations		602	(446)
Taxation	8	(113)	-
Total comprehensive income / (loss) for the period		**26,163**	**(7,129)**
Attributable to			
Owners of Arix Bioscience plc		26,163	(7,129)
Earnings per share			
Basic earnings per share (£)	6	0.24	(0.10)
Diluted earnings per share (£)	6	0.22	(0.10)

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

Condensed Consolidated Interim Statement of Financial Position

	Note	30 June 2018 (unaudited) £'000	31 December 2017 (audited) £'000
ASSETS			
Non-Current Assets			
Investments held at fair value	7	121,781	71,331
Intangible assets		1,913	2,057
Property, plant and equipment		420	523
		124,114	**73,911**
Current Assets			
Cash and cash equivalents		97,157	74,938
Cash on long-term deposit		40,000	-
Trade and other receivables		1,983	1,266
		139,140	**76,204**
TOTAL ASSETS		**263,254**	**150,115**
LIABILITIES			
Current liabilities			
Trade and other payables		(1,873)	(3,670)
		(1,873)	**(3,670)**
Non-Current Liabilities			
Deferred tax liability	8	(3,749)	-
		(3,749)	**(3,670)**
TOTAL LIABILITIES		**(5,622)**	**(3,670)**
NET ASSETS		**257,632**	**146,445**
EQUITY			
Share capital and share premium	9	188,585	105,125
Retained earnings		69,261	42,088
Other reserves		(214)	(768)
		257,632	**146,445**
TOTAL EQUITY		**257,632**	**146,445**

The above Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2018

	Share Capital £'000	Share Premium £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
As at 31 December 2017	51	105,074	(768)	42,088	146,445
Profit for the period	-	-	-	25,674	25,674
Other comprehensive income	-	-	554	(65)	489
Contributions of equity, net of transaction costs and tax	-	83,460	-	-	83,460
Share-based payment charge	-	-	-	1,564	1,564
As at 30 June 2018 (unaudited)	**51**	**188,534**	**(214)**	**69,261**	**257,632**

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

The above Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2018

	Half Year to 30 June 2018 (unaudited) £'000	Half Year to 30 June 2017 (unaudited) £'000
Cash from operating activities	**(7,215)**	**(6,471)**
Taxation paid	(28)	(33)
Net finance income received / (paid)	275	(6)
Net cash from operating activities	**(6,968)**	**(6,510)**
Cash flows from investing activities		
Purchase of equity investments	(14,320)	(19,455)
Purchase of property, plant and equipment	(4)	(1)
Cash placed on long-term deposit	(40,000)	-
Net cash from investing activities	**(54,324)**	**(19,456)**
Cash flows from financing activities		
Net proceeds from issue of shares	83,460	105,187
Net cash from financing activities	**83,460**	**105,187**
Net increase in cash and cash equivalents	**22,168**	**79,221**
Cash and cash equivalents at start of period	74,938	28,929
Effect of exchange rate changes	51	-
Cash and cash equivalents at end of period	**97,157**	**108,150**

The above Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. General information

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

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

These condensed consolidated interim financial statements were approved for issue on 30 July 2018.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the board of directors on 23 April 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

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

2. Accounting policies

These condensed interim financial statements for the six months ended 30 June 2018 have been prepared on a going concern basis, in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted are consistent with those of the previous financial year. A number of amendments to IFRSs became effective for the financial year beginning on 1 January 2018, as listed below:

- Amendments to IFRS 2 'Share-based payments'
- IFRS 9 'Financial Instruments;
- IFRS 15 'Revenue from Contracts with Customers'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements 2014-2016

For the reasons set out on page 82 of the Group's Annual Report and Accounts 2017, the adoption of these new standards and amendments to IFRS did not materially impact the condensed consolidated interim financial statements for the six months ended 30 June 2018 and no retrospective adjustments were made.

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

3. Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that are set on page 80 of the consolidated financial statements for the year ended 31 December 2017 and no retrospective adjustments were made.

4. Segmental Information

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

Notes to the Financial Statements (continued)

5. Financial Risk Management and Financial Instruments

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2017. There have been no changes in the risk management department or in any risk management policies since the year end.

6. Earnings per Share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of Arix Bioscience plc by the weighted average number of unrestricted shares.

Potentially dilutive ordinary shares include options and conditional share awards issued under the Company's long term incentive plans.

	2018 **£'000**	**2017** **£'000**
Profit/(loss) attributable to equity holders of Arix Bioscience plc	26,163	(7,129)
Weighted average number of shares in issue	110,060,821	70,957,612
Fully diluted weighted average number of shares	118,805,702	N/A
Basic earnings/(loss) per share	£0.24	(£0.10)
Diluted earnings/(loss) per share	£0.22	(£0.10)

7. Investments

	Level 1- Quoted Investments **£'000**	**Level 3 - Unquoted Investments** **£'000**	**Total** **£'000**
At 31 December 2017	2,846	68,485	71,331
Additions	8,769	5,551	14,320
Transfers	29,620	(29,620)	-
Unrealised gain on investments	34,183	686	34,869
Foreign exchange gains	659	602	1,261
At 30 June 2018	**76,077**	**45,704**	**121,781**

Transfers from Level 3 to Level 1 reflects companies which have listed during the period. Level 3 investments are valued with reference to either price of recent investment (£36.2m); a Monte Carlo simulation (£0.1m); net asset value (£5.6m); or by discounted cash flow (£3.8m); the latter used a discount rate of 23%, a discount for marketability (20%) and other assumptions relating to exit values and exit dates; these assumptions are unchanged from those disclosed at 31 December 2017. The sensitivity of the discounted cash flow valuation was considered; a 25% reduction in the exit assumptions of the underlying assets would result in the £3.8m valuation being reduced to £0.7m.

Notes to the Financial Statements (continued)

7. Investments (continued)

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

As permitted by IAS 28 'Investment in Associates' and in accordance with the Arix Group accounting policy, investments are held at fair value even though the Arix Group may have significant influence over the companies. Significant influence is determined to exist when the Group holds more than 20% of the holding or when less than 20% is held but in combination with a certain level of board representation is deemed to be able to exert significant influence. As at 30 June 2018, the Arix Group is deemed to have significant influence over the following entities:

Company	% of Issued Share Capital Held	Net Assets / (Liabilities) of Company £'000	Profit / (Loss) of Company £'000	Date of Financial Information
Depixus SAS	18.6%	N/A	N/A	Accounts not publicly disclosed
OptiKira, LLC	26.0%	N/A	N/A	Accounts not publicly disclosed
PreciThera, Inc	17.8%	N/A	N/A	Accounts not publicly disclosed

Notes to the Financial Statements (continued)

7. Investments (continued)

	31 December 2017 Value £m	Net Investment in Period £m	Change in Valuation (including FX) £m	30 June 2018 Value £m	Fully Diluted Equity Interest %	*Funding Committed, Not Yet Invested £m*	*Fully Diluted Equity Interest When Fully Committed %*
Amplyx Pharmaceuticals	2.8	-	-	2.8	2.8%	*1.8*	*3.8%*
Artios Pharma	3.7	-	-	3.7	14.7%	*1.4*	*14.9%*
Atox Bio	3.0	-	0.1	3.1	3.7%	*3.0*	*6.4%*
Aura Biosciences	2.5	-	-	2.5	5.3%	*1.2*	*6.6%*
Autolus Therapeutics	20.1	5.5	38.6	64.2	7.9%	-	*7.9%*
Depixus	1.1	0.3	-	1.4	18.6%	*0.1*	*19.2%*
Harpoon Therapeutics	5.1	-	0.1	5.2	8.0%	*4.2*	*12.3%*
Iterum Therapeutics	5.7	6.7	(4.1)	8.3	7.4%	-	*7.4%*
LogicBio Therapeutics	4.8	-	0.1	4.9	13.3%	*2.7*	*15.4%*
Mitoconix Bio	0.4	-	-	0.4	2.1%	*2.7*	*9.0%*
OptiKira	1.3	-	-	1.3	26.0%	-	*26.0%*
PreciThera	0.5	-	-	0.5	17.8%	*5.4*	*23.4%*
Verona Pharma	2.9	-	0.8	3.7	2.5%	-	*2.5%*
Group Businesses	**53.9**	**12.5**	**35.6**	**102.0**		***22.5***	
BioMotiv	5.8	1.8	0.7	8.3	17.8%	-	*17.8%*
Simbec-Orion Group	2.0	-	-	2.0	N/A	-	*N/A*
Arthurian Life Sciences Carried Interest Partner LP	3.8	-	-	3.8	N/A	-	*N/A*
The Wales Life Sciences Investment Fund LP	5.8	-	(0.2)	5.6	N/A	-	*N/A*
Other	-	0.1	-	0.1	N/A	-	*N/A*
Other Interests	**17.4**	**1.9**	**0.5**	**19.8**		**-**	
TOTAL	**71.3**	**14.4**	**36.1**	**121.8**		***22.5***	

Notes to the Financial Statements (continued)

8. Taxation

	Half Year to 30 June 2018 (unaudited) £'000	**Half Year to 30 June 2017 (unaudited) £'000**
Current period tax charge		
Current Tax	-	35
Deferred tax	3,636	(161)
Total tax charge/(credit)	**3,636**	**(126)**
Statement of Other Comprehensive Income - tax charge		
Current Tax	-	-
Deferred tax	113	-
Total tax charge	**113**	**-**
Reconciliation of tax charge		
Profit/(loss) before tax	29,310	(6,809)
Expected tax based on 19.00% (2017: 19.50%)	5,568	(1,328)
Effects of:		
Expenses not deductible for tax purposes	83	34
Income not taxable	69	-
Impact of rate between deferred tax and current tax	(640)	4
Recognition of deferred tax asset previously unrecognised	(1,616)	-
Deferred tax not recognised	172	1,164
Total tax charge / (credit)	**3,636**	**(126)**
Recognised deferred tax provisions		
Brought forward	-	280
Relating to Profit and Loss	3,636	(161)
Relating to Other Comprehensive Income	113	-
Carried forward	**3,749**	**(280)**

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017), and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 June 2018 has been calculated based on these rates.

Deferred tax assets are recognised to the extent that the realisation of the tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £503k (2017: £1,948k) in respect of losses due to uncertainty over their utilisation.

Notes to the Financial Statements (continued)

9. Share Capital

	As at 30 June 2018	As at 31 Dec 2017
Allotted and called up		
Ordinary shares of £0.00001 each (#)	134,823,243	96,153,090
Ordinary shares of £0.00001 each (£'000)	1	1
49,671 Series C shares of £1 each (£'000)	50	50

On 20 March 2018, the Company raised approximately £87 million in a capital raising, from both new and existing investors. A total of 38,610,928 new Ordinary Shares were issued at a price of £2.25 per share.

On 22 June 2018, the Company allotted 45,892 new ordinary shares to non-executive directors, in accordance with the Company's Remuneration Policy and the compensation agreed at their appointments. A further 13,333 new ordinary shares were allotted relating to an award under the Company's Executive Incentive Plan.

10. Share Options

Executive Share Option Plan

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

Executive Incentive Plan

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

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

On 17 May 2018, options were granted pursuant to the Executive Incentive Plan to certain directors and members of staff. The options vest on 17 May 2021, subject to the Company's share value growth over the three-year performance period. The options are contingent on remaining in employment with a company in the Arix Group, and are subject to malus and clawback provisions.

Share based payments

The fair value of options granted under the Executive Share Option Plan was calculated using the Black-Scholes model. The assumptions used in this calculation are unchanged from those disclosed in the 31 December 2017 financial statements.

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

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

Notes to the Financial Statements (continued)

10. Share Options (continued)

The charge associated with the 17 May 2018 options have been calculated using a Monte Carlo simulation, incorporating relevant assumptions for share price (209.0p), expected volatility based on similar quoted companies (37%), risk free interest rate (0.93%) and share option term (three years). The resultant fair value is then spread over the three-year relevant vesting period.

For the six months to 30 June 2018, a share based payment charge of £1,564,000 (30 June 2017: £1,761,000) has been recognised for a variety of share based payment schemes offered by the Group.

Charges of £309,000 and £186,000 were recognised in relation to the management options and founder incentive options respectively, granted under the Executive Share Option Plan. A charge of £729,000 was recognised in relation to the 22 February 2017 Executive Incentive Plan award; £213,000 in relation to the 26 May 2017 award; £97,000 in relation to the 17 May 2018 award; and £30,000 in relation to shares issued to non-executive directors who receive 50% of their fee as shares, in accordance with the Company's Remuneration Policy and the compensation agreed at their appointments.

11. Related Party Transactions

During the period, consultancy fees amounting to £374,400 (inclusive of VAT) (30 June 2017: £121,000) were payable to Merlin Scientific LLP, a partnership controlled by Sir Christopher Evans, a director and substantial shareholder of the Company. At 30 June 2018, no amount (inclusive of VAT) was owed to Merlin Scientific LLP by the Company in respect of these fees (30 June 2017: £31,000).

During the period, Arix Capital Management Limited, as manager of The Wales Life Sciences Investment Fund LP, recognised management fee income totalling £454,000 (six months to 30 June 2017: £554,000). Arix Capital Management Limited is also a limited partner of the fund. As at 30 June 2018, £409,000 was outstanding (30 June 2017: £961,000).

David U'Prichard, a non-executive director of the Company, provides consulting services and administrative support to BioMotiv LLC. The consulting services and administrative support are provided through Druid Consulting LLC, a firm controlled by David U'Prichard. The Company is a stakeholder of BioMotiv LLC. During the period ended 30 June 2018, Druid Consulting LLC received a total of $209,946 from BioMotiv LLC (30 June 2017: $136,298).

On 28 February 2018, €0.3m (£0.3m) was invested in Depixus SAS, a company which the Arix Group is deemed to have significant influence, in line with existing commitments.

On 9 May 2018, The Wales Life Sciences Investment Fund LP, a fund managed by Arix Capital Management Limited called £6,000 of capital from Arix Capital Management Limited as a limited partner of the fund.

12. Events After the Reporting Period

On 17 July 2018, a further $5.5m (£4.2m) was invested in Harpoon Therapeutics, Inc. The Arix Group's fully diluted shareholding in the company now stands at 12.3%.

Statement of Directors' Responsibilities

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

- An indication of important events that have occurred during the first six months and their impact on the consolidated condensed interim set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

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

The directors of Arix Bioscience plc are listed in the company's Annual Report for 31 December 2017, excluding John Hutton, who stepped down from the board on 31 May 2018.

By order of the Board

James Rawlingson
Chief Financial Officer
30 July 2018

Independent review report to Arix Bioscience plc

Report on the Half-Yearly Report and Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed Arix Bioscience plc's Half-Yearly Report and Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the half-yearly report and condensed consolidated interim financial statements of Arix Bioscience Plc for the six month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim statement of financial position as at 30 June 2018;
- the condensed consolidated interim statement of comprehensive income for the period then ended;
- the condensed consolidated interim statement of cash flows for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
30 July 2018