Interim Results

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Horizon Discovery Group plc
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HORIZON DISCOVERY GROUP PLC

("Horizon", "the Group" or "the Company")

Interim Results for the Six Months Ended 30 June 2017

Group positioned for additional scale following transformational acquisition of GE Healthcare Dharmacon, Inc.

Cambridge, UK, 26 September 2017: Horizon Discovery Group plc (LSE: HZD), ("Horizon" or "the Group"), a global leader in gene editing and gene modulation technologies, announces its interim results for the six months ended 30 June 2017.

Highlights:

- Group revenue increased 19% to £12.1 million (HY16: £10.2 million)
- Significant improvement in Group gross margin to 64% (HY16: 48%)
- Product revenues increased by 10% to £5.3 million (HY16: £4.8 million) with gross margin expansion to 73% (HY16: 65%) and a strong H2 pipeline in place
- Services delivered revenues of £6.8 million, an increase of 30% (HY16: £5.2 million) with gross margin increase to 57% (HY16: 33%) as the impact of operational efficiencies are realised
- Improvement in Products and Services Loss Before Interest, Tax, Depreciation and Amortisation to £3.6 million (HY16: £(3.9) million)
- Cash balance of £4.8 million as of end of H1 (HY16: £13.0 million) supplemented post-period by over-subscribed £80 million share placing on 23 August 2017
- The Group remains eligible to receive future R&D milestones of up to £208 million plus future product royalties (HY16: £208 million) through its Research Biotech business
- Post period, Horizon completed the transformational acquisition of GE Healthcare Dharmacon, Inc. for consideration of $85 million (comprising $50 million cash consideration and $35 million equity consideration)

Financial Summary and Guidance:

- Based on historical H1:H2 revenue weighting (40%:60%), combined with a strong H2 order book, the Group is on track to achieve FY17 revenue of £30 million - £33 million on an organic basis

- Inclusive of the impact of the acquisition of GE Healthcare Dharmacon, Inc. ("Dharmacon"), Horizon expects to report FY17 revenue in the range of £37 million - £41 million; Dharmacon will be consolidated with effect from 1 September 2017

- Full year EBITDA for the enlarged Group is expected to be approximately break-even prior to exceptional items and discontinued operations

- Realisation of benefits from investments and actions taken in prior years to optimise organisational design and operating efficiency and to further build our commercial capability

- Consolidation of core capabilities expected to result in a c.5% annualised decrease in staffing costs across the Group (exclusive of Dharmacon):

    - The relocation of cell line manufacturing capabilities in Vienna, Austria to Horizon's UK-based *in vitro* Centre of Excellence with the intention to close the Vienna site by the end of 2017

    - Alignment towards high-value activities with associated headcount reductions already announced

Commenting on the interim results, Dr Darrin M. Disley, CEO of Horizon Discovery Group, commented: "We are very pleased with our progress in the first half of 2017, delivering consistent strong growth as the business continues to scale, and significant margin improvements as steps taken in 2016 to improve operational efficiencies bear fruit.

"The acquisition of Dharmacon will be transformational for Horizon across our markets, creating a business which is the global leader in the application of both gene modulation and gene editing technologies. We are delighted to welcome the Dharmacon team, and we expect the strong commercial synergies between both organisations to accelerate revenue growth and considerably support the drive to sustainable profitability of the enlarged business.

"With the acquisition and over-subscribed £80 million fundraising complete, and a strong cash position in place, Horizon now has a significant opportunity to embark on an ambitious programme of targeted investment, aggregating the best technologies, IP, and capabilities from around the world to rapidly build a global powerhouse that will help drive the next century of healthcare innovation and better outcomes for patients."

An analyst briefing will be held at 09:30am BST on Tuesday 26 September at the offices of Numis Securities Ltd., 10 Paternoster Sq., London, EC4M 7LT. There will be a simultaneous live conference call and the presentation will be available on the Group's website at www.horizondiscovery.com.

Please visit the website approximately five minutes before the conference call, at 09:25 am BST, to download the presentation slides. Conference call details:

Conference ID: 51691413
Participant dial-in: +44 (0) 2071 928000

An audio replay file will be made available by the end of the day on the Group's website at https://www.horizondiscovery.com/about-us/investor-relations.

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About Horizon Discovery Group plc www.horizondiscovery.com

Horizon Discovery Group plc (LSE: HZD) ("Horizon") is a world leader in gene editing and gene modulation technologies. Horizon designs and engineers cells using its translational genomics platform, a highly precise and flexible suite of DNA editing tools (rAAV, ZFN, CRISPR and Transposon) and, following the acquisition of Dharmacon, Inc., its functional genomics platform comprising gene knockdown (RNAi) and gene expression (cDNA, ORF) tools, for research and clinical applications that advance human health. Horizon's platforms and capabilities enable researchers to alter almost any gene or modulate its function in human or mammalian cell-lines.

Horizon offers an extensive range of catalogue products and related research services to support a greater understanding of the function of genes across all species and the genetic drivers of human disease and the development of personalised molecular, cell and gene therapies. These have been adopted by over 10,000 academic, drug discovery, drug manufacturing and clinical diagnostics customers around the globe, as well as in the Company's own R&D pipeline.

Horizon is headquartered in Cambridge, UK, and is listed on the London Stock Exchange's AIM market under the ticker "HZD"

Chairman and CEO Review

Genomics is transforming the way that medicines are developed

A revolution is underway in the life sciences. Drugs are being developed to work for more targeted populations of patients based on their specific genetic predictors and drivers of disease. On average it costs $2.56 billion[1] and can take up to 14 years to develop and gain marketing approval for a new drug, with the majority of this effort associated with the impact of failures - time and resources spent on avenues of research and development that ultimately don't lead to a therapeutic effect in patients. Knowledge of the genetic drivers of disease enables more focused drug development programmes, increasing returns on investment by lowering the development costs and timelines. Genetically-targeted medicines promise to deliver more personalised treatments - and even cures - for patients with both common and rare diseases.

Horizon is at the nexus of 21st century healthcare

Horizon is at the epicentre of this revolution. We apply our gene editing toolbox to build cells that harbour or correct the genetics of human disease. The function of these cells can be further modulated using the capabilities brought to the business through the Dharmacon acquisition. The applications are extremely broad - from research tools provided to scientists exploring the underlying biology of disease, through the use of our models by pharmaceutical customers to develop and manufacture novel therapeutics, to supporting the reliable diagnosis of disease through better reference standards. Two specific applications that promise to be crucial drivers of healthcare in the coming years are cell therapy and immuno-oncology, both areas in which Horizon is highly active.

Completion of Dharmacon acquisition

On 31 August 2017, Horizon completed the transformational acquisition of Dharmacon, a global leader in gene modulation products. Dharmacon brings a fast-growing gene-editing product portfolio that significantly expands the Group's catalogue and underpins Horizon's stated objective of building a profitable business with an 80:20 products to services revenue model.

The deal creates a world leader in the building, engineering, and modulation of cells able to provide comprehensive support for the genomic research that underpins the life sciences. Through the combination of the best of Dharmacon's tools and technologies, alongside Horizon's leading science, innovation and IP and the ability to effectively apply these technologies on behalf of customers, Horizon is now able to offer integrated solutions that not only enable a more complete understanding of the function of genes in the development and treatment of disease, but also act as a platform for the addition of further complementary products in the future for a one-stop toolkit for genomic research and drug discovery.

The brands and sales channels of both organisations are highly complementary, with Dharmacon having a strong presence in academia and government, while Horizon has a leading position with pharma and biotech customers. The Group's combined sales and business development teams, as well as marketing, distribution, customer and technical support capabilities, are expected to drive commercial efforts across a wider geographic spread and provide significant cross selling opportunities. The deal is immediately accretive to revenue and earnings and is cash generating, with further opportunities to accelerate revenue growth, margin expansion via commercial synergies, and cost savings for the enlarged Group.

The integration process is progressing smoothly and we are pleased to report that the initial business transition phase has been delivered successfully and the integration continues to progress well.

Leadership in gene editing and gene modulation

The long-term success of Horizon as a world leader in cellular genomics continues to be enhanced as we increase the breadth and depth of our capabilities, not only through ongoing improvements in the use of existing gene editing techniques, but also through the development of other novel technologies. In January, Horizon amended a pre-existing license with ERS Genomics to include the full commercial rights for the use of CRISPR edited cell lines for the Good Manufacturing Practice (GMP) manufacturing of biotherapeutics, extending the Group's coverage for CRISPR to include virtually all non-therapeutic applications. During the period, Horizon also announced access to the exclusive worldwide rights to a novel transposon-based technology, co-invented by Horizon's Global Head of Innovation. The unique 'copy and paste' mechanism used by this technique has applications in biomanufacturing and diagnostics, and provides Horizon with proprietary access to a gene editing tool that can be used directly for therapeutic purposes in the area of cell and gene therapy.

The acquisition of Dharmacon expands Horizon's leadership to gene modulation, enabling not only the powerful permanent changes to genes enabled through gene editing, but also transient changes to gene function that support additional lines of research into the underlying biology of disease and the development of novel therapeutics.

Enhanced commercial infrastructure

As we prepare for the next phase of our growth, we have taken a number of steps to deepen and expand our commercial capabilities. These include the recruitment of high calibre talent, including Terry Pizzie, our global Head of Commercial, alignment of our product and service commercial teams to specifically address customer needs and formation of a Strategic Alliances team focused on adding value to key accounts. An additional emphasis has also been placed on capitalising on the significant opportunities in Asia-Pacific and other emerging markets. We are particularly pleased that investments made in our eCommerce platform in 2016 continue to deliver value, with revenue increasing by 84% period on period driven by significant growth in both number of transactions (up 39%) and average order value (up 32%).

Over-subscribed £80 million Placing

On 23 August 2017 Horizon completed an over-subscribed placing of shares, raising gross proceeds of £80 million. Following costs associated with the acquisition of Dharmacon and settlement of the drawn element of the debt facility, the Group is in a strong cash position. The funds were raised from existing and new UK investors and a significant number of new blue-chip international shareholders including many specialist US healthcare investors. We are also delighted to welcome GE onto the register as a significant shareholder in Horizon following their receipt of shares as part of the acquisition.

PRODUCTS UPDATE

Horizon offers a broad and expanding range of off-the-shelf products in three tiers, which combined deliver a scalable portfolio of predictable and visible revenue to the Group at strong gross margins.

Research products:

- RNAi, cDNA/ORFs, cell & in vivo models, and CRISPR reagents that support customers engaged in academic research and drug discovery customers and characterised by high volumes, strong margins (target of more than 60% gross margin), cash generation and modest growth (target of more than 10% per annum)

Applied Products:

- Diagnostics reagents that support the development and effective use of diagnostic assays, characterised by high volumes, strong margins (target of more than 70% gross margin), cash generation and strong growth (target of more than 30% per annum)
- Bioproduction cell lines that support considerably greater efficiencies in biologic drug manufacture, characterised by lower volumes, very high margins (target of more than 80% gross margin), cash generation and very high growth (target of more than 40% per annum)

Continued revenue growth and margin expansion

The Products business reported revenue of £5.3 million, representing growth of 10% over H1 2016 (six months to 30 June 2016: £4.8 million). Products growth in the first half of the year has been driven by development of the catalogue cell line business and our bioproduction cell lines, and we continue to see strong progress with our diagnostic products sold through our eCommerce platform. We remain excited by the prospects for H2 with a strong Products pipeline in place and significant revenue from custom projects, OEM relationships, and bioproduction licenses weighted to the second half of the year.

In addition to scale, the Products business is expected to deliver strong margins for the Group. During the period, margins continued to expand, reaching 73% (six months to 30 June 2016: 65%) due to increased transactional versus custom sales volumes combined with the benefit of cost saving efforts to drive operational efficiencies, greater penetration of the eCommerce platform and increasing leverage of Horizon's extensive product catalogue.

Products business highlights

Research products:

- Multiple high value cell line subscription agreements have supported revenue growth of more than 40% period on period in the Cell Line Catalogue business, with a strong pipeline of additional deals in place
- Abcam extended a pre-existing license and supply agreement, exercising an exclusivity provision for the use of Horizon's knockout cell models to validate its antibody catalogue at an unprecedented scale
- Horizon's novel *in vivo* models to support autism research, developed in partnership with Autism Speaks, highlighted in the Atlantic as key tools promising to help facilitate the understanding and treatment of Autism disorders
- Commercial launch of four patient derived xenograft (PDX) models to support research into BRAF-resistant melanomas

Applied products:

- The Biomanufacturing business continues to grow rapidly, achieving 45% period on period growth with a strong pipeline for H2
- To date, Horizon has sold 12 commercial licenses to customers in the United States, Europe, India, and China, and more than 40 additional evaluations are underway or in advanced discussions
- Horizon established and publicly released a high-quality sequence map based on Horizon's GS Knock-Out CHO K1 biomanufacturing cell line, further establishing Horizon as a leader in this market and empowering the Group's continuous innovation process
- Horizon Reference Standards were used as a critical component in a recent successful premarket approval application (PMA) filing with the FDA for a companion diagnostic in oncology by a leading next generation sequencing company
- High profile commercial validation of Horizon's Reference Standards by Thermo Fisher Scientific for use in cancer research testing
- Launch of OncoSpan, a novel cell line-derived multiplex DNA Reference Standard to support the validation of Next Generation Sequencing (NGS) assays [post period]

Impact of the Dharmacon acquisition on the Products business

Dharmacon sells its research products primarily into the academic market. Through this acquisition, Horizon now has access to a powerful and well recognised brand combined with an eCommerce platform that underpins approximately 90% of Dharmacon's transactional sales to tens of thousands of academic researchers around the globe. The acquisition of Dharmacon also provides significant cross-selling opportunities, for example the ability to offer Horizon's gene edited cell lines to academic customers in support of the next stage of their research.

SERVICES UPDATE

Horizon's Services consist of custom model generation services, utilising gene editing to develop models which subsequently become part of Horizon's product catalogue, together with the high-end application of these models in specialised assay and screening services. The Group's Services bring strong revenues and gross margins to the business.

Strong revenue growth and impact of operational efficiencies realised in margin expansion

The Services business grew strongly in the first half of 2017 reporting revenue of £6.8 million, up 30% over H1 2016 (six months to 30 June 2016: £5.2 million), with robust revenue growth across all offerings.

Services gross margins showed significant expansion in H1 2017 to 57% (six months to 30 June 2016: 33%; FY 2016: 40%), as actions taken in 2016 to consolidate the Group's capabilities were realised.

Services business highlights

Custom model generation services

- Increase in the number and value of long term collaborations, now providing over 45% of Custom Cell Line Engineering revenue, where Horizon not only delivers engineering projects but also contributes significant knowledge that drives research programmes
- Increased penetration of the low and moderate complexity segment of the market, now representing approximately 60% of projects, as Horizon builds brand reputation for quality of delivery
- Significant operational efficiency improvements, leading to a greater than 18% increase in cell line revenue per head over H1 2016
- Progress in Horizon's gene and cell therapy platform for the editing of pluripotent stem cells (iPSC) and primary human lymphocytes, expected to contribute strongly to full year revenues

Application services

- Strong revenue growth in high throughput genetic screening, up more than twofold over H1 2016 at a significant increase in revenue per head
- Strong growth in high throughput molecular screening, supported by rapid customer uptake of our flagship offering, OncoSignature
- Relocation of the platform from Boston to Horizon's UK headquarters in 2016 has significantly increased revenue per head at a reduced cost base
- Post period expansion of the functional genomic screening portfolio to include first-to-market CRISPRi (interference) and CRISPRa (activation) screening services

Impact of the Dharmacon acquisition on the Services business

The addition of Dharmacon's gene modulation products promises to considerably expand Horizon's service capabilities in areas where we have established competencies. This includes the ability to deploy RNAi and CRISPR libraries through Horizon's high throughput genetic and molecular screening platforms, providing an attractive service offering to pharmaceutical and biotech customers.

RESEARCH BIOTECH UPDATE

Horizon's Research Biotech business deploys Horizon's extensive IP, gene editing platform, products, services and know-how alongside a ringfenced investment to develop the Group's immuno-oncology, synthetic lethality and cell and gene therapy ventures, which provide significant upside exposure to the business based on the delivery of novel drugs and cell therapies into the pharmaceutical pipeline. The Group's activities through this part of the business also result in important innovation which helps to fuel the Products and Services businesses.

Potential for up to £208 million R&D milestones plus future product royalties

Horizon's Research Biotechnology programmes and alliances have continued to progress in the period, and the Company remains eligible to receive future R&D milestones of up to £208 million plus future product royalties (HY16: £208 million).

Progress continues in Avvinity Therapeutics immuno-oncology joint venture

In March 2016, Horizon Discovery partnered with Centauri Therapeutics to form Avvinity Therapeutics, a joint venture established to explore the potential of a powerful and proprietary platform called Alphamers to discover and develop novel immuno-oncology therapeutics for the treatment of both solid tumours and leukaemias.

The value of Avvinity's approach was recently validated through the acquisition of Agalimmune Ltd. by BioLineRx Ltd. for a multi-million dollar upfront payment with potential access to substantial additional future payments based on development and commercial milestones. Agalimmune deploys a similar approach to Avvinity for its immuno-oncology therapeutic development, and the Group is encouraged by the validation of this approach and feel that there is a significant opportunity to bring substantial value creation to Horizon shareholders.

Recent progress on the three programmes gives confidence in the approach being taken and an update will be provided prior to the end of 2017.

FINANCIAL REVIEW

Revenue growth for the six month period ended 30 June 2017 for the Group was £12.1 million (HY16: £10.2 million), an increase of 19% and in line with expectations given Horizon's historical (40%:60%) H1:H2 revenue phasing. Horizon's Products business reported revenues of £5.3 million during the period (HY16: £4.8 million), with the biomanufacturing and research product businesses both delivering particularly good growth. Revenue for the Services business was strong, with growth of 30% and reported revenue of £6.8 million (HY16: £5.2 million).

Group gross margins expanded considerably period on period to 64% (HY16: 48%), driven by an increasing mix of revenues derived from products (73% margin) relative to services (57% margin), the impact of scale as the revenues continue to grow beyond the Group's fixed cost base and the realisation of cost savings from steps taken in 2016 to improve operational efficiencies throughout the organisation.

Operating expenditure for the period was £15.9 million (HY16: £11.2 million), in line with expectations as the business transitions towards sustainability with targeted investments geared to further improve scalability, operational efficiency and drive commercial and innovation capabilities. Operating expenditure included non-cash items of £2.4 million (HY16: £2.2 million) in respect of amortisation of acquired intangible assets, depreciation and share option charges.

The half year saw an improvement in Products and Services Loss Before Interest, Tax, Depreciation and Amortisation to £3.6 million (HY16: (£3.9) million) which reflects Horizon's historical H1:H2 phasing of revenue of c.40%:60% and fixed cost base of the business. Our loss after tax for the period was £8.2 million (HY16: £6.0 million), in line with expectations for the first half of the year. The Group is delivering our Path to Profit strategy, with steps taken in 2016 to drive operational efficiencies now underpinning significant margin improvements across the business. We expect to report approximately break-even EBITDA before exceptional items and discontinued operations for the consolidated Group in FY17 as revenues continue to scale. Additional actions are in progress to consolidate core capabilities and align our resources towards the most value-driving activities. These actions include the consolidation of cell line manufacturing capabilities from our Vienna facility into Horizon's UK-based *in vitro* Centre of Excellence. We anticipate a c.5% annualised reduction in staffing costs through these actions, which are expected to accelerate Horizon's drive towards sustainable profitability.

The Group's cash balance as at 30 June 2017 was £4.8 million (HY16: £13.0 million). Post period, the Group's cash position was significantly bolstered through an over-subscribed £80 million share placing which, following costs associated with the acquisition of Dharmacon and settlement of the drawn element of the debt facility, will be deployed to support accelerated growth, drive sustainable revenue growth and margin expansion, exploit synergies to drive profitability and strengthen the balance sheet.

Current trading and outlook

Performance for the first half of 2017 was in line with expectations, demonstrating continued revenue growth across the Group as the business continues to scale, with a particularly strong performance in Services following the restoration of capacity to the molecular screening business. Given Horizon's historical H1:H2 revenue weighting and strong H2 pipeline, the Group expects to achieve FY2017 revenue of £30 million - £33 million on a standalone basis, £37 million - £41 million inclusive of the impact of the acquisition of Dharmacon.

With excellent momentum in Horizon's core business, and through the exploitation of near-term opportunities associated with the acquisition of Dharmacon, the Board is confident in the Group's future prospects and Horizon looks forward to a strong performance in the second half of the year and beyond.

References:

1. DiMasi JA, Grabowski HG, Hansen RA. Innovation in the pharmaceutical industry: new estimates of R&D costs. Journal of Health Economics 2016;47:20-33

Independent review report to Horizon Discovery Group plc

for the six months ended 30 June 2017

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the consolidated income statement, consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in the notes, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the Group intends to use in preparing its next annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, 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 Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

Deloitte LLP

Statutory Auditor

Cambridge, UK

26 September 2017

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017 £`000	Unaudited Six months ended 30 June 2016 £`000	Audited Year ended 31 December 2016 £`000
REVENUE	2	12,101	10,203	24,074
Cost of sales		(4,373)	(5,351)	(10,981)
Gross profit		7,728	4,852	13,093
Other operating income	2	415	365	830
Sales, marketing and distribution costs		(3,961)	(2,681)	(5,251)
Research and development costs		(4,222)	(2,350)	(6,177)
Corporate and administrative expenses		(7,040)	(6,858)	(13,255)
Share of results of joint ventures		(218)	(142)	(333)
Exceptional items	3	(934)	460	(1,270)
OPERATING LOSS		(8,232)	(6,354)	(12,363)
Investment income	2	-	32	51
Finance costs		(257)	(117)	(144)
LOSS BEFORE TAX		(8,489)	(6,439)	(12,456)
Taxation		274	416	1,023
LOSS FOR THE PERIOD		(8,215)	(6,023)	(11,433)
LOSS PER SHARE				
Basic and diluted (pence)	4	(8.6p)	(6.4p)	(12.1p)

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
Six months ended 30 June 2017

	Unaudited Six months ended 30 June 2017 £`000	Unaudited Six months ended 30 June 2016 £`000	Audited Year ended 31 December 2016 £`000
LOSS FOR THE PERIOD	(8,215)	(6,023)	(11,433)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(1,837)	5,090	7,811
Other comprehensive income for the period net of tax	(1,837)	5,090	7,811
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(10,052)	(933)	(3,622)
Total comprehensive income attributable to:			
Owners of the Company	(10,052)	(933)	(3,622)

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2017

	Note	Unaudited As at 30 June 2017 £`000	Unaudited As at 30 June 2016 £`000	Audited As at 31 December 2016 £`000
Non current assets				
Goodwill	5	34,651	33,909	35,873
Other intangible assets		15,679	15,296	16,241
Property, plant and equipment		11,918	11,876	12,025
Investments		2,021	2,429	2,238
Other receivables		433	-	433
		64,702	63,510	66,810
Current assets				
Inventories		2,017	1,934	1,955
Trade and other receivables		10,507	8,501	12,568
Cash and cash equivalents		4,756	13,028	6,071
		17,280	23,463	20,594
Total assets		81,982	86,973	87,404
Current liabilities				
Trade and other payables		(11,389)	(5,718)	(8,701)
Net current assets		5,891	17,745	11,893
Non-current liabilities				
Deferred tax		(975)	(965)	(813)
Total liabilities		(12,364)	(6,683)	(9,514)
Net assets		69,618	80,290	77,890
Equity				
Share capital	6	2,596	2,580	2,583
Share premium account		62,406	61,812	61,999
Share option reserve		2,280	2,077	2,177
Merger reserve		35,709	34,453	34,452
Retained earnings		(33,373)	(20,632)	(23,321)
Total equity		69,618	80,290	77,890

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Six months ended 30 June 2017

	Unaudited Share capital £`000	Unaudited Share premium account £`000	Unaudited Share option reserve £`000	Unaudited Merger reserve £`000	Unaudited Retained earnings £`000	Total £`000

Balance at 1 January 2017	2,583	61,999	2,177	34,452	(23,321)	77,890
Loss for the period	-	-	-	-	(8,215)	(8,215)
Shares issued	4	407	-	-	-	411
Issue of shares for deferred consideration on Haplogen acquisition	9	-	-	1,257	-	1,266
Accumulated other comprehensive income	-	-	-	-	(1,837)	(1,837)
Credit to equity for equity settled share based payment transactions	-	-	103	-	-	103
Balance at 30 June 2017	2,596	62,406	2,280	35,709	(33,373)	69,618

	Unaudited Share capital £`000	Unaudited Share premium account £`000	Unaudited Share option reserve £`000	Unaudited Merger reserve £`000	Unaudited Retained earnings £`000	Total £`000
Balance at 1 January 2016	2,571	61,774	1,936	33,274	(19,699)	79,856
Loss for the period	-	-	-	-	(6,023)	(6,023)
Shares issued	1	38	-	-	-	39
Contingent share consideration to be issued on Haplogen acquisition	8	-	-	1,179	-	1,187
Accumulated other comprehensive income	-	-	-	-	5,090	5,090
Credit to equity for equity settled share based payment transactions	-	-	141	-	-	141
Balance at 30 June 2016	2,580	61,812	2,077	34,453	(20,632)	80,290

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED CASHFLOW STATEMENT
Six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017 £`000	Unaudited Six months ended 30 June 2016 £`000	Audited Year ended 31 December 2016 £`000
Net cash outflow from operating activities	7	(3,629)	(3,644)	(8,151)
Investing activities				
Interest received		-	32	38
Acquisition of investment in a joint venture		-	(2,571)	(2,571)
Purchases of property, plant and equipment		(1,360)	(4,652)	(5,726)
Proceeds from sale of property, plant and equipment		-	46	48
Purchase of intangible assets		(551)	(1,422)	(2,733)
Payment of deferred consideration		-	-	(418)

Net cash used in investing activities	(1,911)	(8,567)	(11,362)
Financing activities			
Proceeds on issue of shares net of expenses	410	14	141
New bank loans raised	4,000	-	-
Interest paid	(162)	-	-
Net cash from financing activities	4,248	14	141
Net decrease in cash and cash equivalents	(1,292)	(12,197)	(19,372)
Cash and cash equivalents at beginning of period	6,071	25,067	25,067
Effect of exchange rate changes	(23)	158	376
Cash and cash equivalents at end of period	4,756	13,028	6,071

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
Six months ended 30 June 2017

1. ACCOUNTING POLICIES

General information

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

This consolidated interim financial information has been reviewed, not audited.

Basis of preparation

The annual financial statements of Horizon Discovery Group plc are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The condensed consolidated set of financial statements included in this half-yearly financial report has not been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The accounting policies adopted in the preparation of the condensed consolidated interim information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2016 except where disclosed otherwise in this note.

Risks and uncertainties

An outline of the key risks and uncertainties faced by the Group was described on pages 34 to 36 of the Company's Annual Report and Financial Statements for the year ended 31 December 2016 including, competition, technology and intellectual property risks. A further assessment was made at the half year and the significant risks identified were unchanged from those in the annual report. Specifically the Board does not consider the recent vote in the UK to exit the European Union will materially impact the Group's underlying business and as such will not necessitate any change to the Group's identified risks. It is anticipated that the risk profile will not significantly change for the remainder of the year. Risk is an inherent part of doing business and the strong cash position of the Group, along with the growth profile of the business, leads the Directors to believe that the Group is well placed to manage business risks successfully.

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the post-period fundraising described in note 9, support the conclusion that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, the going concern basis has been adopted in preparing the half-yearly financial information.

Adoption of new and revised standards

There are no new standards that have been issued but are not yet effective for the financial year that are expected to have a material impact on the Group with the exception of IFRS 16: Leases. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, rent expense will be replaced by depreciation and interest expense. The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete.

2. REVENUE

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

	Unaudited Six months ended 30 June 2017 £`000	Unaudited Six months ended 30 June 2016 £`000	Audited Year ended 31 December 2016 £`000
Products	5,321	4,835	11,327
Services	6,780	5,233	12,747
Research Biotech	-	135	-
	12,101	10,203	24,074
Other operating income	415	365	830
Interest received	-	32	51
	12,516	10,600	24,955

3. EXCEPTIONAL ITEMS

	Unaudited Six months ended 30 June 2017 £`000	Unaudited Six months ended 30 June 2016 £`000	Audited Year ended 31 December 2016 £`000
Acquisition related costs	(379)	-	-
Decrease(Increase) in expected settlement of contingent consideration	-	460	(368)
Restructuring costs	(555)	-	(902)
	(934)	460	(1,270)

The exceptional items in the current period are costs relating to the acquisition of GE Healthcare Dharmacon Inc., discussed further in note 9, and restructuring costs relating to the relocation of the Boston operations to the UK.

4. LOSS PER SHARE

The calculations of basic and diluted loss per share are based upon the following data:

	Unaudited Six months ended 30 June 2017 £`000	Unaudited Six months ended 30 June 2016 £`000	Audited Year ended 31 December 2016 £`000
Loss			
Loss for the purposes of basic and diluted loss per share being net loss attributable to owners of the Company	(8,215)	(6,023)	(11,433)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	96,108,974	94,122,253	94,543,764
Loss per share	(8.6p)	(6.4p)	(12.1p)

Basic EPS is calculated by dividing the earnings attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period. Diluted EPS is calculated on the same basis as basic EPS but with a further adjustment to the weighted average shares in issue to reflect the effect of all potentially dilutive share options. The number of potentially dilutive share options is derived from the number of share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

IAS 33 - Earnings per Share, requires presentation of diluted earnings per share where a company could be called upon to issue shares that would decrease net profit or increase net loss per share. No adjustment has been made to the basic loss per share as at 30 June 2017, as the exercise of share options would have the effect of reducing the loss per ordinary share, and therefore is not dilutive.

5. GOODWILL

	Unaudited £`000
Cost	
At 30 June 2016	33,909
Effects of movements in foreign exchange	1,964
At 31 December 2016	35,873
Effects of movements in foreign exchange	(1,222)
At 30 June 2017	34,651
Accumulated impairment losses	
At 30 June 2016, 31 December 2016 and 30 June 2017	-
Net book value	
At 30 June 2017	34,651
At 31 December 2016	35,873
At 30 June 2016	33,909

6. SHARE CAPITAL

Share capital as at 30 June 2017 amounted to £2,596,000. During the period, the Group issued 466,544 ordinary shares through the exercise of employee share options.

7. NOTES TO THE CASH FLOW STATEMENT

	Unaudited Six months ended 30 June 2017 £`000	Unaudited Six months ended 30 June 2016 £`000	Audited Year ended 31 December 2016 £`000
Loss for the period	(8,215)	(6,023)	(11,433)
Adjustments for:			
Investment revenues	-	(32)	(51)
Finance costs	330	117	-
Depreciation of property, plant and equipment	1,236	1,140	2,317
Amortisation of intangible assets	1,004	871	1,678
Loss on disposal of property, plant and equipment	-	-	25
Tax credit	(274)	(416)	(1,023)
Change in fair value deferred consideration	-	(364)	367
Share option charge	110	141	241
Share of loss of joint venture	218	142	333
Operating cash flows before movements in working capital	(5,591)	(4,424)	(7,546)
(Increase)/decrease in inventories	(90)	3	(162)
Decrease/(increase) in receivables	3,389	1,267	(2,916)
(Decrease)/increase in payables	(1,622)	(801)	2,107
Cash generated by operations	(3,914)	(3,955)	(8,517)
Tax credit received	285	311	366
Net cash from operating activities	(3,629)	(3,644)	(8,151)

8. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. There has been no material change in the type of related party transactions described in the financial statements for the year ended 31 December 2016.

9. SUBSEQUENT EVENTS

On 31 August 2017 Horizon Discovery Group plc completed the acquisition of GE Healthcare Dharmacon Inc. from GE Healthcare for consideration of $85 million, comprising cash of $50 million and equity of $35 million. The fair value exercise is ongoing at the time of this report so a full update will be given in the annual report and accounts.

In addition, the Company has raised £80 million through the issue of 39,024,390 new ordinary shares which has satisfied the initial cash consideration for the acquisition and the balance of the proceeds will provide additional working capital for the enlarged Group.

END