

HORIZON DISCOVERY GROUP PLC
("Horizon" or "the Company")
Interim Results for the Six Months Ended 30 June 2015

Strong Revenue Growth and Investment in our Strategy for Scale

Cambridge, UK, 22 September 2015: Horizon Discovery Group plc (LSE: HZD), the international life science company supplying research tools to organisations engaged in genomics research and the development of personalised medicines, today announces its interim results for the six months ended 30 June 2015.

Business Highlights

- Strong revenue growth across the business with a particularly strong performance in bioproduction cell lines, haploid cell lines, genomic standard products, and *in vivo* model generation services
- Accelerated growth strategy on track with rapid integration of newly acquired Haplogen Genomics adding £0.5 million in revenue in the first six months of 2015
- Organic growth initiatives continue to add value with five commercial partnerships signed during the period, aimed at expanding sales channels and commercial reach for our products
- Leveraging a leading position in next generation technologies such as CRISPR, and deepening the Company's capabilities in genetic screens, synthetic lethality screens and immuno-oncology is driving both service revenues and milestone and product royalty opportunities
- Strong global customer growth with over 1,200 customers, a 29% increase over HY2014
- Key investments to support business scale including eCommerce platform, integrated web-shop and Enterprise Resource Planning system all on track
- £25 million (gross of expenses) raised through a private placement of shares to accelerate the Company's growth strategy to invest in scale and leverage the products and services businesses, enhance global product distribution channels and drive scientific leadership

Financial Highlights

- Revenue increased 111% to £8.6 million (HY14: £4.1 million) as previously reported
- Products revenue up 73% to £3.0 million during the period (HY14: £1.7 million), primarily driven through strong organic growth supported by the performance of Haplogen Genomics
- Services revenue up 205% delivering revenue of £5.4 million (HY14: £1.8 million), representing significant growth based on the full period effect of the acquisitions of CombinatoRx and SAGE Labs and the successful integration of organic and acquired service offerings
- Leveraged R&D payments of £0.2 million (HY14: £0.6 million) with cumulative R&D milestones of up to £158 million (HY14: £158 million) as at period end. Next milestone payment anticipated by the Board in 2016
- Operating expenditure of £10.6 million (HY14: £5.2 million), which includes full period effect of acquisitions and investment in line with the Company's strategy to build scale in R&D, commercial channels and scalable infrastructure
- Operating loss of £6.7 million (HY14: £3.0 million), in line with expectations to invest for scale, including non-cash items of £1.8 million, giving an EBITDA of £(4.9 million) (HY14: £(1.9 million))
- Strong cash position of £32.5 million following £25.0 million private placement of shares in May 2015

Post-period highlights

- Strong progress in leveraged business. On 3 September 2015, Horizon signed a new cancer research collaboration with Redx Pharma to progress Redx's pan-RAF inhibitor with the potential for considerable future milestone and royalty payments
- On 9 September 2015, Horizon signed a license and supply agreement with Abcam plc yielding exclusivity payments totalling £660,000 across an initial three year term with a further potential £1,275,000 across years four to six. Horizon will develop additional haploid cell lines under a preferred pricing arrangement and will receive a royalty on the sale of Abcam's antibodies which are marketed using validation data derived from Horizon cell lines
- Validation of Horizon's disruptive business model for cell lines used in biopharmaceutical manufacturing through first full commercial license taken by LakePharma on 16 September 2015. Cell line engineered by Horizon using its precision gene editing platform is now available from Horizon for further licensing to additional customers on non-exclusive licensing terms to customers operating over 1,600 active programmes in drug pipelines worldwide

Commenting on the interim results, Dr Darrin M Disley, Horizon's Chief Executive Officer, said:

"These results, and particularly our strong Product and Services revenue growth, demonstrate how Horizon's integrated business model is increasing the value of our offering across the research value chain, creating powerful revenue synergies. During the period we have also focused on developing the scale of our product inventory and putting in place global sales channels that will drive predictable and visible revenue streams from an increasing number of customers.

"The investment of up to £10 million in our leveraged R&D business over a period of two years is in line with our strategy of driving scientific leadership and leveraging our intellectual property, technology platforms and know-how. The focus of this investment in the key areas of immuno-oncology and synthetic lethality, important development areas for cancer drug development, is already driving significant new partnership opportunities that would expose our investors to additional upside through the accrual of further pre-clinical and clinical milestones and drug royalties on partnered programmes.

"Our financial performance remains in line with market expectations as we continue to invest to drive our organic growth initiatives and to invest for scale and, based on the strength of our opportunity pipeline, we are confident that we will continue to deliver a strong performance for the full year."

Notes to Editors

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Notes for Editors

About Horizon Discovery Group plc www.horizondiscovery.com/

Horizon is a revenue-generating life science group supplying research tools to organisations engaged in translational genomics research and the development of personalised medicines. Horizon has a diverse and international customer base of over 1,200 organisations across more than 50 countries, including major pharmaceutical, biotechnology and diagnostic companies as well as leading academic research centers. The Group supplies its products and services into multiple markets, estimated to total in excess of £29 billion by 2015.

Horizon's core capabilities are built around its proprietary translational genomics platform, a high-precision and flexible suite of gene editing tools able to alter almost any endogenous gene sequence of human or mammalian cell-lines. Horizon offers over 20,000 catalogue products, almost all of which are based on the application of gene editing to generate cell lines that accurately model the disease-causing mutations found in genetically based diseases. These 'patients-in-a-test-tube' are being used by customers to identify the effect of individual or compound genetic mutations on drug activity, patient responsiveness, and resistance, which may lead to the successful prediction of which patient sub-groups will respond to currently available and future drug treatments.

In addition, Horizon provides custom cell line and *in vivo* model generation services for research and bioproduction applications, quantitative molecular reference standards, *in vivo* disease models, and contract research and custom screening services.

Horizon is headquartered in Cambridge, UK, and is listed on the London Stock Exchange's AIM market under the ticker "HZD", for further information please visit: [www.horizondiscovery.com.](http://www.horizondiscovery.com/)

Interim management report

Introduction

We are pleased to report continued strong progress in line with the delivery of our strategic plan, and we are excited by our performance to date and the continued prospects for strong growth.

There is a growing trend in pharmaceutical research, away from a 'one size fits all' approach and towards more efficient and cost-effective targeted therapies. Horizon remains at the forefront of this evolution, specifically in the Oncology sub-sector.

Smarter drugs are being developed, aimed at specific patient groups who are more likely to respond to therapy based on their genetic identity. This requires new approaches to R&D, understanding variability across patient populations and how this is defined by their underlying genetics.

With our fundamental IP and know-how in gene editing (including rAAV, ZFN and CRISPR technologies), our combination screening platform, translational cell line and *in vivo* models, high throughput cell line manufacturing capability and reliable, high quality diagnostic reference materials, Horizon is uniquely positioned to support this personalised medicine revolution by selling products, services and research programmes to academic research, biopharmaceutical and diagnostic customers, benefiting patients and industry alike.

During this period, we have made particularly strong progress in delivering these capabilities through key relationships that have the potential to deliver significant long term scale for the business and drive shareholder returns.

Business commentary

Products

Horizon's Products business has continued to deliver strong revenue growth, up 73% to £3.0 million, achieved through further market penetration, establishing new channels to market, increasing sales volumes, investment for scale and launches of new product classes, including:

- Expansion in the cell line and diagnostic reagent inventory to in excess of 20,000 catalogue products (HY14: c2,750), the largest catalogue of its kind available. Launch of multiple new high value products including IHC reference standards and rapid on-demand knockout cell line generation
- Continued significant sales growth in genomic reference standards, driven by an increasing understanding among clinical labs of the requirement for the regular use of reference standards to maintain the best possible patient care. This growth underscores the value of these reagent products to the development, validation and control of our customers' molecular diagnostic tests, which are central to implementation of personalised medicine
- Establishing a new high-value sales channel for Horizon's X-MAN[®] cell line catalogue through a supply and commercialisation agreement with Thermo Fisher Scientific, providing significantly greater market reach through Thermo's extensive eCommerce and direct sales channels into the academic market
- Expansion of sales channels for reagent products through Original Equipment Manufacturing (OEM) partnerships with ArcherDX, CareDx and Transgenomic, and through the supply of genomic standards to Cancer Research UK
- Expansion of our bioproduction capability and launch of our first commercially available engineered mammalian cell line, under our flexible licensing model, for use in the manufacture of antibodies. This business has generated significant early revenues and is anticipated to be a further driver of growth going forward.
- Lean business model supported by up to £1.5 million in grant funding for bioproduction initiatives from the Advanced Manufacturing Supply Chain Initiative and Innovate UK
- Partnering with CareDx and DefiniGEN to establish new capabilities and accelerate development of novel products (cell-free reference standards and iPS-based cell lines respectively)

Services

Horizon's Services business saw significant year on year growth, with revenues up 205% to £5.4 million. This growth has been based on the full period effect of the acquisitions of CombinatoRx and SAGE Labs and the successful integration of these acquisitions within our core business, alongside the scientific leadership we demonstrate through our high value service offerings. Growth has also been the result of a number of organic initiatives:

- Increasing contract wins in our custom *in vivo* model generation service, with further uptake of Horizon's *in vivo* models from pharma customers as they look to outsource more of their model generation needs
- Horizon being selected as a core facility by the Tri-Institutional Therapeutics Discovery Institute for the provision of combination drug screening services. The business has successfully transitioned through the completion of the multi-year agreement with Novartis and the opportunity pipeline continues to develop, particularly with the successful positioning of combination screening for smaller customers through our new Oncosignature offering
- Continued innovation and investment in R&D leading to the launch of new next-generation services including genetic screening services and expansion of functional genomic screening capabilities incorporating novel use of Horizon's CRISPR-Cas9 sgRNA technology platform
- The service business pipeline continues to develop and we are increasingly seeing contracts that involve more offerings as customers recognise the value of Horizon's strategy to integrate value 'from sequence to treatment'

Leveraged Business

Horizon continues to develop its pipeline of strategic partnership opportunities as part of our leveraged strategy which would add significantly to the current milestone upside of up to £158 million (plus product royalties):

- As announced in July 2015, Horizon will invest up to £10 million in leveraged R&D activities over the next two years to increase the breadth and depth of our milestone and royalty bearing portfolio in line with our stated strategy. These programmes will have a particular focus on immuno-oncology and synthetic lethality which exploit vulnerabilities arising from rewiring of cell signalling pathways by cancer-driving mutations.
- As announced post 30 June 2015, Horizon's renewed focus on innovative leveraged R&D opportunities has already seen results. Horizon's recent cancer collaboration with Redx Pharma to progress Redx's pan-RAF inhibitor programme with eligibility to receive a material return on investment from a share of up-front, milestone and product royalty payments from the programme when partnered

Performance against Strategic Priorities

Our half yearly results reflect the delivery of our strategy of investing for growth in the long term value of the business through the following four key strategies:

1. Sustainable core revenue growth

We will increase market penetration and drive the visibility and predictability of revenue streams through investment in the scale-up of our products and services business. By using our academic network, strong science base and technology USP we will expand into other disease areas with high unmet need.

Progress

Horizon continues to drive revenue growth through targeted investments in our products, services and leveraged businesses to deliver revenue, as well as operational discipline to drive scale and business intelligence.

This has included significant expansion of our inventory of cell lines and diagnostic reagents, core assets of the business that now stand at in excess of 20,000 products in our catalogue. This inventory, combined with our core capabilities and expertise in translational research and personalised medicine, has enabled us to

successfully drive market penetration and overall market share. We have expanded our channels to market through an increase in direct academic customers combined with key partner relationships that enable the delivery of visible and predictable revenues, with the potential for substantial scale in the medium term.

For example, our reference standards are now being integrated into diagnostic kits provided by ArcherDX, CareDx and Transgenomic so that, with every kit sold by our partners, the customer will receive Horizon's reference standards along with protocols for use as part of their routine workflows.

The Future

In line with our stated strategy, Horizon is investing in its scalable infrastructure, including delivery of an advanced eCommerce / web shop solution backed up by an advanced ERP system, designed to substantially increase the number of sales leads generated, link related products and services and add business intelligence to enable the delivery of customer solutions. This infrastructure investment is expected to lead to significant future revenue growth and enable margin expansion as sales volumes continue to increase.

2. Increasing the value of what we do

We will build long-term strategic partnerships by linking our technology, products, services and know-how across the "sequence to treatment" value chain. Such relationships will allow us to increase the leverage of our commercial offerings yielding potential milestones and reach-through on product royalties.

Progress

Horizon's integrated business model offers solutions that cover the "DNA sequence to patient treatment" continuum from basic academic research through to biomanufacturing and molecular diagnostics.

Our investment in core assets and capabilities, such as our gene editing IP, our cell line and *in vivo* model inventories, our high throughput screening and manufacturing platforms and our precision diagnostic technologies, allows us to leverage our investments to drive significant customer value. Furthermore, by creating definitive genetic standards in the fields of academic research, next generation sequencing and diagnostic testing, we are able to attach further scientific data to our products that add significantly to their value.

The benefits of this strategy is demonstrated through our recent agreement with Abcam, who will be using our cell line collection to validate their current antibody library along with newly developed antibodies, with the scientific data generated further increasing the value of Horizon's own inventory.

Horizon significantly increases the value to our customers by combining these offerings into integrated solutions. For example, by linking our combination screening and assay development services to our inventory of high precision X-MAN cell line products, our customers benefit from high quality experimental data that give a clear path forward for their own drug development programmes. As we continue to penetrate deeper into the drug development process, our ability to create value increases significantly.

The Future

The novelty of our technology and know-how, particularly in the field of oncology, which is primarily driven by patient genetics, allows us to validate drug targets at a much earlier stage than is otherwise possible to identify clear development strategies. By linking this novelty to our core assets, we are able to leverage into our customers' value chain to unlock substantial development milestones whilst carefully controlling our own portfolio of risk.

This ability to drive customer value has already delivered a milestone portfolio of up to £158 million plus the potential for drug royalties, and has been significantly enhanced by our recent agreement with Redx and our pipeline of future leveraged opportunities.

3. Scientific leadership

We will exhibit scientific leadership by launching products and services underpinned by commercially focused innovation, IP breadth, depth and capability.

Progress

Horizon is recognised by its customers for scientific leadership, particularly in the fields of gene editing, disease model generation *in vitro* and *in vivo*, and in oncology. This recognition by the scientific community has been demonstrated by Horizon's selection as key partner for major scientific research programmes including the Cancer Research UK's Stratified Medicine Programme, which will use Horizon's human genomic reference standards, and the Tri-Institutional Therapeutics Discovery Institute (a partnership between the Memorial Sloan Kettering Cancer Institute, The Rockefeller University, and Weill Cornell Medical College) for the provision of a range of services including drug combination screening and *in vitro* assay development.

Horizon continues to launch novel products and services, including new genetic screening services on Horizon's CRISPR-Cas9 sgRNA technology platform, our first commercially available engineered mammalian cell line for use in manufacturing of therapeutic antibodies, a portfolio of first in class IHC reference standards and a revolutionary model for the rapid generation of on-demand knockout cell lines.

The Company has also secured grant funding to drive commercially focused research in highly novel areas of translational science through a capital efficient business model. We are major contributors to grant funded programmes that are at the cutting edge of genetics and personalised medicine research, which allow us to anticipate market needs in a rapidly evolving field. For example, Horizon was awarded up to £1.5 million in grant funding from the Advanced Manufacturing Supply Chain Initiative and Innovate UK to support innovations in bioproduction using our gene editing technology.

The Future

Advancing our leadership in the development of next generation technologies that enable therapeutic and diagnostic innovations targeting the underlying genetic causes of disease has always been a critical focus for the Company. We are particularly excited at the prospects for our investment of up to £10 million in the fields of immuno-oncology and synthetic lethality, two highly promising areas of science that stand to significantly improve the treatment of cancer. Combined, the Directors believe these fields have the potential to account for a significant portion of the oncology market in ten years' time. Horizon's unique gene editing, assay services and screening platforms are being coupled with oncology know-how to deliver novel targets for many cancer types that have not yet been proved treatable by existing therapies.

4. Accelerated growth

We will accelerate our growth through technology / product in-licensing and delivery of valuable M&A deals that open new market segments and increase our global reach.

Progress

Through a combination of the strategies applied above – investing in core assets to drive core growth, linking offerings to increase value and taking advantage of our scientific innovation – we are already driving significant organic growth. As Horizon's technologies are broadly applicable in the fields of translational science and personalised medicine, we can further accelerate our growth through in-licensing and M&A both to add to our core assets and capabilities and to our commercial model by integrating customer solutions.

Our acquisition and rapid integration of Haplogen Genomics in January 2015 provided Horizon with a significant platform enhancement: a proprietary high-throughput cell line generation capability based on human haploid genetics that increased our cell line inventory by over 10-fold and simultaneously enabled an on-demand cell line development service offered to customers at a fraction of the time and cost of standard

cell line generation approaches. This inventory of on-hand and on-demand products is a cornerstone of the agreements with both Thermo Fisher Scientific and Abcam and contributing to the development of new diagnostic reference products.

We have also partnered with innovative companies such as CareDx and DefiniGEN to in-licence new capabilities and accelerate development of novel products such as cell-free reference standards and iPS-based cell lines.

The Future

We continue to scan the landscape for M&A and in-licencing opportunities, both incremental and transformational, which “hook” to our core capabilities, whether these contribute to the breadth and depth of our intellectual property portfolio, our catalogue of highly innovative products or to our channels to market. All such opportunities are evaluated with a focus on delivery of our commercial model and accretion in shareholder value.

Financial review

As previously announced on 20 July 2015, revenue for the six month period was £8.6 million, 111% ahead of the prior year period (HY14: £4.1 million) and in line with current market expectations with respect to the full year.

Horizon’s products business reported revenues of £3.0 million during the period (HY14: £1.7 million), with molecular diagnostic reagent products continuing to be a strong driver of organic growth together with encouraging progress in our bioproduction business. We are also pleased with the £0.5 million of direct revenues contributed by the rapid integration of Haplogen Genomics.

Our services business delivered revenue of £5.4 million (HY14: £1.8 million), reflecting a combination of the full period effect of the acquisitions of CombinatoRx and SAGE Labs, supported by organic growth. The provision of *in vivo* models has contributed to growth and, in addition, following the successful completion of the multi-year programme with Novartis we have developed a solid pipeline in respect of combination high throughput screening services for the second half of the year.

Leveraged R&D service revenue was £0.2 million (HY14: £0.6 million), representing contributions from customers to joint drug discovery alliances from which the Company is eligible to receive future pre-clinical and clinical R&D milestones of up to £158 million excluding future product royalties (HY14: £158 million). The reduction in revenue is in line with expectations based on the phased funding of ongoing programmes with H3 Biomedicine and AstraZeneca. Continued development of leveraged pipeline opportunities, including the agreement with Redx Pharma, announced post 30 June 2015, are expected to add significantly to the upside milestone opportunity.

Operating expenditure for the period was £10.6 million (HY14: £5.2 million), with the increase resulting in part from the full year effect of acquisitions and also our continued investment in R&D, commercial channels to market and building scalable infrastructure with the implementation of an eCommerce platform, updated web presence and integrated ERP system, in line with our stated strategy.

Operating expenditure included non-cash items of £1.8 million (HY14: £0.8 million) in respect of amortisation of acquired intangible assets, depreciation and share option charges. In addition, exceptional items of £0.1 million were recognised in respect of the acquisitions and fundraising during the period.

As a result of such trading and investment activity, loss after tax for the period was £6.6 million (HY14: £3.0 million), in line with the Board’s expectations for the first half of the year.

Cash balances as at 30 June 2015 were £32.5 million (FY14: £33.5 million), following the £25 million share placing (gross of expenses) in May 2015. Investment activities in the period included the cash component of consideration paid for the acquisition of Haplogen Genomics of £3.0 million in cash, together with capital investments of £1.6 million.

Current trading and outlook

Horizon has delivered a solid first half to the financial year, showing continued revenue growth and investment in line with our strategic objectives set out at the time of the IPO and restated at the time of our fundraising in May 2015. We have continued to deliver our strategy to become a fully-integrated life science company, with continued strong demand for products, services and leveraged programmes driving growth across the business.

Based on current trends, our growing pipeline in Products and Services and the expected second half weighting of revenues, the Group expects continued revenue growth and is confident of achieving market consensus expectations for the full year.

Ian Gilham
Chairman

Darrin Disley
Chief Executive Officer

Richard Vellacott
Chief Financial Officer

22 September 2015

Independent review report to Horizon Discovery Group plc

for the six months ended 30 June 2015

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 2015 which comprises the consolidated income statement, consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cashflow 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 note 1, 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 2015 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditor

Cambridge, UK

22 September 2015

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2015

		Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
	Note			
REVENUE	2	8,551,262	4,056,357	11,904,574
Cost of sales		(4,659,253)	(1,809,162)	(5,350,476)
Gross profit		3,892,009	2,247,195	6,554,098
Other operating income	2	375,814	167,996	614,953
Sales, marketing and distribution costs		(2,049,258)	(1,303,208)	(2,671,118)
Research and development costs		(2,164,435)	(818,495)	(2,158,346)
Corporate and administrative expenses		(6,675,997)	(2,840,899)	(7,648,842)
Exceptional items	3	(67,703)	(436,766)	(800,555)
OPERATING LOSS		(6,689,570)	(2,984,177)	(6,109,810)
Investment income	2	24,918	25,750	46,261
Finance costs		(168,796)	-	(9,363)
LOSS BEFORE TAX		(6,833,448)	(2,958,427)	(6,072,912)
Taxation		259,313	-	149,441
LOSS FOR THE YEAR		(6,574,135)	(2,958,427)	(5,923,471)
LOSS PER SHARE				
Basic and diluted (pence)	4	(7.9p)	(5.3p)	(9.2p)

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2015

	Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
LOSS FOR THE YEAR	(6,574,135)	(2,958,427)	(5,923,471)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(93,291)	(16,616)	116,488
Other comprehensive income for the year net of tax	(93,291)	(16,616)	116,488
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(6,667,426)	(2,975,043)	(5,806,983)
Total comprehensive income attributable to:			
Owners of the Company	(6,667,426)	(2,975,043)	(5,806,983)

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED BALANCE SHEET 30 June 2015

		Unaudited As at 30 June 2015 £	Unaudited As at 30 June 2014 £	Audited As at 31 December 2014 £
	Note			
Non current assets				
Goodwill	5	29,153,962	1,955,450	22,820,555
Other intangible assets		13,702,828	3,414,692	10,093,658
Property, plant and equipment		7,211,347	3,587,235	7,014,726
Investments		20	20	20
		<u>50,068,157</u>	<u>8,957,397</u>	<u>39,928,959</u>
Current assets				
Inventories		1,747,891	508,777	1,307,304
Trade and other receivables		5,696,939	4,022,144	6,046,309
Cash and cash equivalents		32,497,750	33,472,322	18,452,922
		<u>39,942,580</u>	<u>38,003,243</u>	<u>25,806,535</u>
Total assets		<u><u>90,010,737</u></u>	<u><u>46,960,640</u></u>	<u><u>65,735,494</u></u>
Current liabilities				
Trade and other payables		(7,078,080)	(3,072,259)	(5,869,765)
		<u>(7,078,080)</u>	<u>(3,072,259)</u>	<u>(5,869,765)</u>
Net current assets		<u><u>32,864,500</u></u>	<u><u>34,930,984</u></u>	<u><u>19,936,770</u></u>
Non-current liabilities				
Deferred tax		(2,051,462)	-	(1,295,823)
Deferred consideration		(1,465,636)	-	-
Deferred income		-	(24,973)	-
		<u>(3,517,098)</u>	<u>(24,973)</u>	<u>(1,295,823)</u>
Total liabilities		<u><u>(10,595,178)</u></u>	<u><u>(3,097,232)</u></u>	<u><u>(7,165,588)</u></u>
Net assets		<u><u>79,415,559</u></u>	<u><u>43,863,408</u></u>	<u><u>58,569,906</u></u>
Equity				
Share capital	6	2,565,014	2,300,944	2,413,521
Share premium account		61,745,972	38,952,127	37,583,372
Share option reserve		1,829,520	649,804	1,634,894
Capital redemption reserve		14	14	14
Merger reserve		32,405,976	11,592,090	29,401,616
Retained earnings		(19,130,937)	(9,631,571)	(12,463,511)
Total equity		<u><u>79,415,559</u></u>	<u><u>43,863,408</u></u>	<u><u>58,569,906</u></u>

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015

	Share capital £	Share premium account £	Share option reserve £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total £
Balance at 1 January 2015	2,413,521	37,583,372	1,634,894	14	29,401,616	(12,463,511)	58,569,906
Loss for the period	-	-	-	-	-	(6,574,135)	(6,574,135)
Shares issued	146,107	24,868,405	-	-	3,004,360	-	28,018,872
Share issue costs	-	(896,311)	-	-	-	-	(896,311)
Options exercised	5,386	190,506	-	-	-	-	195,892
Accumulated other comprehensive income	-	-	-	-	-	(93,291)	(93,291)
Credit to equity for equity settled share based payment transactions	-	-	194,626	-	-	-	194,626
Balance at 30 June 2015	<u>2,565,014</u>	<u>61,745,972</u>	<u>1,829,520</u>	<u>14</u>	<u>32,405,976</u>	<u>(19,130,937)</u>	<u>79,415,559</u>

	Share capital £	Share premium account £	Share option reserve £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total £
Balance at 1 January 2014	1,805	13,359,116	1,155,577	14	-	(6,656,528)	7,859,984
Loss for the period	-	-	-	-	-	(2,958,427)	(2,958,427)
Bonus issue	2,075,450	(2,075,450)	-	-	-	-	-
Shares issued	222,228	28,760,676	-	-	11,592,090	-	40,574,994
Share issue costs	-	(2,058,727)	-	-	-	-	(2,058,727)
Options exercised	-	749,212	(749,212)	-	-	-	-
Options exercised	1,461	217,300	-	-	-	-	218,761
Accumulated other comprehensive income	-	-	-	-	-	(16,616)	(16,616)
Credit to equity for equity settled share based payment transactions	-	-	243,439	-	-	-	243,439
Balance at 30 June 2014	<u>2,300,944</u>	<u>38,952,127</u>	<u>649,804</u>	<u>14</u>	<u>11,592,090</u>	<u>(9,631,571)</u>	<u>43,863,408</u>

HORIZON DISCOVERY GROUP PLC

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

Six months ended 30 June 2015

		Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
	Note			
Net cash outflow from operating activities	7	<u>(5,748,238)</u>	<u>(4,003,121)</u>	<u>(6,472,724)</u>
Investing activities				
Interest received		24,918	25,750	46,261
Acquisition of subsidiaries net of cash acquired and associated settlement costs		(2,945,953)	-	(8,853,131)
Purchases of property, plant and equipment		(1,057,682)	(1,646,559)	(1,947,711)
Proceeds from sale of property, plant and equipment		-	105,000	105,000
Purchase of intangible assets		<u>(527,240)</u>	<u>(3,914,369)</u>	<u>(6,254,740)</u>
Net cash used in investing activities		<u>(4,505,957)</u>	<u>(5,430,178)</u>	<u>(16,904,321)</u>
Financing activities				
Loan settlement		-	-	(864,401)
Proceeds on issue of shares		<u>24,299,845</u>	<u>38,735,029</u>	<u>38,507,160</u>
Net cash from financing activities		<u>24,299,845</u>	<u>38,735,029</u>	<u>37,642,759</u>
Effect of exchange rate changes		<u>(822)</u>	<u>(16,616)</u>	<u>-</u>
Net increase in cash and cash equivalents		14,044,828	29,285,114	14,265,714
Cash and cash equivalents at beginning of period		<u>18,452,922</u>	<u>4,187,208</u>	<u>4,187,208</u>
Cash and cash equivalents at end of period		<u><u>32,497,750</u></u>	<u><u>33,472,322</u></u>	<u><u>18,452,922</u></u>

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2015

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 2014 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 2014 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 35 to 37 of the Company's Annual Report and Financial statements for the year ended 31 December 2014 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. 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, 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.

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2015

2. REVENUE

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

	Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
Products	2,978,747	1,717,265	3,499,966
Services	5,401,465	1,770,112	7,201,149
Leveraged R&D	171,050	568,980	1,203,459
	<hr/>	<hr/>	<hr/>
Other operating income – grants	8,551,262	4,056,357	11,904,574
Interest received	375,814	167,996	614,953
	24,918	25,750	46,261
	<hr/>	<hr/>	<hr/>
	8,951,994	4,250,103	12,565,788
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. EXCEPTIONAL ITEMS

	Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
Exceptional items	(67,703)	(436,766)	(800,555)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Exceptional items in the current period include amounts recognised in the income statement relating to the acquisition of Haplogen Genomics GmbH and the fundraising in May 2015 that are non-recurring in nature. Exceptional items in the previous periods include amounts recognised in the income statement relating to the Initial Public Offering and the acquisitions of CombinatoRx and Sage Labs that are non-recurring in nature.

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2015

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 2015 £	Unaudited Six months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
Loss			
Loss for the purposes of basic and diluted loss per share being net loss attributable to owners of the Company	<u>(6,574,135)</u>	<u>(2,958,427)</u>	<u>(5,923,471)</u>
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>83,126,612</u>	<u>55,624,563</u>	<u>64,215,089</u>
Loss per share	<u>(7.9p)</u>	<u>(5.3p)</u>	<u>(9.2p)</u>

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 2015, as the exercise of share options would have the effect of reducing the loss per ordinary share, and therefore is not dilutive.

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2015

5. GOODWILL

	£
Cost	(unaudited)
At 30 June 2014	1,955,450
Additions	20,865,105
	<hr/>
At 31 December 2014	22,820,555
Recognised on acquisition of Horizon Genomics GmbH (note 9)	6,333,407
	<hr/>
At 30 June 2015	29,153,962
Accumulated impairment losses	
At 30 June 2014, 31 December 2014 and 30 June 2015	-
	<hr/>
Net book value	
At 30 June 2015	29,153,962
	<hr/> <hr/>
At 31 December 2014	22,820,555
	<hr/> <hr/>
At 30 June 2014	1,955,450
	<hr/> <hr/>

6. SHARE CAPITAL

Share capital as at 30 June 2015 amounted to £2,565,014. During the period, the Group issued 1,452,785 ordinary shares as part of the acquisition of Horizon Genomics GmbH, 13,157,895 ordinary shares through a new placing to shareholders and 538,560 through the exercise of employee share options.

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2015

7. NOTES TO THE CASH FLOW STATEMENT

	Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £	Audited Year ended 31 December 2014 £
Loss for the year	(6,574,135)	(2,958,427)	(5,923,471)
Adjustments for:			
Investment revenues	(24,918)	(25,750)	(46,261)
Finance costs	168,796	-	9,363
Depreciation of property, plant and equipment	921,128	534,516	1,215,113
Amortisation of intangible assets	844,492	94,871	932,074
Tax credit	(259,313)	-	(149,441)
Share option charge	194,626	243,439	479,317
Operating cash flows before movements in working capital	(4,729,324)	(2,111,351)	(3,483,306)
Increase in inventories	(356,115)	(55,753)	(216,377)
Decrease/(increase) in receivables	577,023	(1,914,656)	(2,285,970)
(Decrease)/increase in payables	(1,364,359)	78,639	(633,711)
Cash generated by operations	(5,872,775)	(4,003,121)	(6,619,364)
Tax credit received	124,537	-	149,441
Interest paid	-	-	(2,801)
Net cash from operating activities	(5,748,238)	(4,003,121)	(6,472,724)

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 2014.

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2015

9. ACQUISITION OF HAPLOGEN

On 8 January 2015, the Group acquired 100 per cent of the issued share capital and obtained control of Haplogen Genomics GmbH which was subsequently renamed Horizon Genomics GmbH ("Horizon Genomics"). Horizon Genomics was acquired to add circa 12,000 products to Horizon's cell line catalogue and a capability to perform next generation high-throughput functional genomics screening services built on proprietary gene-trapping technology and CRISPR-based sgRNA screening methodologies. Access to the propriety platform is enabling integration into existing products, services and R&D activities, furthering revenue opportunities.

The initial accounting for Horizon Genomics has been provisionally determined at the end of the reporting period in respect of intangible asset valuations as the necessary market valuations and other calculations had not been finalised and they have therefore been based on the directors' best estimate of the likely values. The amounts recognised in respect of the identifiable assets acquired and liabilities, determined on a provisional basis, are as set out in the table below.

	Provisional fair value (unaudited) £
Tangible fixed assets	28,540
Identifiable intangible assets	3,938,218
Inventory	84,471
Trade and other receivables	225,600
Cash and cash equivalents	54,047
Trade and other payables	(228,189)
Borrowings	(263,046)
Deferred tax liability	(909,322)
	<hr/>
Total identifiable assets	2,930,319
Goodwill	6,333,407
	<hr/>
Total consideration	9,263,726
	<hr/> <hr/>
Satisfied by:	
Cash	3,000,000
Equity instruments (1,452,785 ordinary shares of the Company)	3,018,887
Deferred consideration	3,244,839
	<hr/>
Total consideration transferred	9,263,726
	<hr/> <hr/>
Net cash outflow arising on acquisition	
Cash consideration	3,000,000
Less: cash and cash equivalent balances acquired	(54,047)
	<hr/>
	2,945,953
	<hr/> <hr/>

The value of the 1,452,785 ordinary shares issued as part of the consideration paid for Haplogen Genomics GmbH (£3,018,887) was determined on the basis of the closing price of Horizon Discovery Group plc ordinary shares on the date of completion, 8 January 2015.

HORIZON DISCOVERY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 June 2015

9. ACQUISITION OF HAPLOGEN (CONTINUED)

The contingent consideration of £3,244,839 represents two amounts of €2.5 million payable to the vendors on achievement of certain revenue milestones in 2015 and 2016 which are expected to be achieved in full. The potential undiscounted amount of all future payments that Horizon could be required to make under the contingent consideration arrangement is between €nil and €5.0 million. The contingent consideration is expected to be satisfied by the issue of further new ordinary shares.

The revenue included in the consolidated statement of comprehensive income since 8 January 2015 contributed by Haplogen Genomics GmbH was £0.5 million.