

3 September 2018

Microsaic Systems plc
(“Microsaic”, “Microsaic Systems” or the “Company”)

Interim Results for the six months ended 30 June 2018

Microsaic Systems plc (AIM: MSYS), the developer of point of need mass spectrometry (“MS”) instruments, is pleased to announce its unaudited interim results for the six months ended 30 June 2018.

Financial Highlights

- Total revenues of £0.25m were 96% higher than H1 2017 (£0.13m)
- Continued rigorous capital management with a gradual investment in key areas of the business:
 - Operating expenses up 3% on H1 2017 (£1.56m) to £1.61m included additional investment in key areas and certain costs related to the June fundraising.
 - Loss before tax in H1 2018 of £1.50m, is 2% higher than H1 2017 (£1.48m).
 - Cash of £6.96m as at 30 June 2018.
- Balance sheet strengthened considerably following the fundraising which raised £5.5m in June.

Operational Highlights

- Continued good progress with the bioprocessing market strategy where point of need MS has the potential to significantly reduce analysis lead times and increase production yield. Key operational milestones in H1 2018 included:
 - Successfully completed “feasibility” (Phase 1) and now progressing the “integration” (Phase 2) with a global partner in bioprocessing. The Company’s partner is co-funding R&D and has increased its resources to support this phase of the project which is anticipated to be completed in H2.
 - New collaborations signed with leading science and manufacturing institutions in the US and UK to generate new data which will demonstrate the value proposition for point-of-need MS in bioprocessing workflows.
- Strong progress in traditional markets for small molecule detection:
 - Instrument orders in H1 2018 equal to the total number of orders for the full year 2017.
 - New OEM agreement signed with Knauer Wissenschaftliche Gerate GmbH (“Knauer”), for the integration of Microsaic’s point of need MS detector with Knauer’s preparative-liquid chromatography system, for world-wide distribution.
 - New OEM agreement signed with Unimicro Technologies Inc. (“Unimicro”), for the integration of Microsaic’s point of need MS detector with Unimicro’s automated capillary electrophoresis systems, for distribution in China.
 - Four new distribution agreements were signed with partners in; Malaysia, Taiwan, the UK and central Europe for the distribution of the Microsaic-branded MiD[®] platform.
- Launch of new product: the 4500 MiD[®] was introduced in H1 2018, to further enhance the Company’s product and service proposition with an instrument that delivers a broader mass range detection capability.
- Good progress with outsourcing Microsaic’s remaining in-house micro-fabrication manufacturing to its assembly partner, based in the UK.

Corporate Highlights

- On 1 January 2018 Peter Grant was appointed as Non-Executive Chairman.
- On 2 January 2018 the Company awarded directors and employees options over 9 million ordinary shares.

OUTLOOK

The Board sees significant opportunities for its point of need MS Detectors to be integrated into multiple areas of bioprocessing. The focus in 2018 is to complete the integration (Phase 2) of the research agreement that the Company signed in December 2017 with a long-standing global partner in the biopharmaceuticals market.

The Company expects the sales momentum gained in H1 2018 in the traditional small molecule detection market to continue in H2 2018 as it commercialises the relationship with new OEM customers and new distributors signed in H1.

The project to transfer the Company's remaining assembly and testing to the Company's manufacturing partner in the UK is well underway. This will enable the Company to scale up manufacturing for delivery against its order pipeline as well as supporting future growth opportunities.

As previously communicated operating expenses will continue at a run rate above last year in line with the Board's 5 Year Plan as further investment is made in R&D and sales and marketing. The Board will continue to operate in a prudent manner to make the optimum use of the capital available in-line with the interests of all stakeholders.

Given the progress made in H1 against the Company's growth strategy and the collaboration with one of the foremost players in the global market for life science instrumentation, the Board remains confident in the prospects for the business and continues to trade in-line with expectations.

Glenn Tracey, CEO of Microsaic Systems plc, commented:

"I am very pleased with the progress made in the first half of the year, including revenues well ahead of the same period last year and with instrument orders in H1 equal to the total number of orders for the full year 2017. We are encouraged by this growth which is supported by the growing base of OEM partnerships and distribution agreements we are cultivating.

"In addition to increased orders in our traditional markets, we have made good progress with our bioprocessing partner on the integration phase of the project.

"The Board would like to thank its shareholders and advisers for ensuring the recent fundraising was a success. With funds available the Company is now in a stronger position to progress and implement its strategy and plans."

Commercial strategy

The Company is focussing R&D resources on opportunities in high-value biologic drug manufacture (i.e. bioprocessing), in addition to seeking growth in its traditional small molecule detection markets. In the longer term, the Company plans to extend its focus to other large and attractive high growth markets, such as point of care diagnostics.

Bioprocessing

The Directors believe that the Company has a significant opportunity for its point of need MS in bioprocessing. In 2017, following successful completion of a feasibility phase ("Phase one"), the Company entered an integration phase ("Phase two") with one of the foremost players in the global market for scientific instrumentation in life sciences. This second phase of collaboration is being evaluated by the Company's partner's key bioprocessing customers.

Traditional MS is a time-consuming technique; typically, MS instruments are held in centralised laboratories which may be remote from the bioprocessing location and turn-around times for analysis can take several weeks.

By contrast, the Company's point-of-need, compact MS can provide analyses in minutes, versus days or weeks in the case of other MS products. This will provide cumulative time savings in analysis, which can help to reduce the time to market for new biologic drug candidates, shorten manufacturing lead times, increase yield, enhance manufacturing processes and improve quality control. Point of need MS can measure biologics in-situ, in minutes per analysis, of which there maybe hundreds per annum.

Approximately eight out of the top ten selling drugs by revenue are biologics and the demand for biologic drugs is estimated to reach revenues of approximately \$445 billion in 2019. The rate of biologic production line installations represents a significant investment for this sector, and the Directors believe that the total market for bioprocessing equipment is currently in the region of \$15 billion. Consequently, the Board believes that the Company's highly differentiated technology represents a strong opportunity for its point of need MS detectors, with the potential to drive substantial revenues from new customers with global reach.

Markets

The Company is placing more R&D emphasis on new application areas, especially in bioprocessing, however, although we continue to operate in the traditional small molecule detection market and are committed to fully supporting Microsaic's existing OEMs and attracting new OEMs which share the Company's vision for point of use MS. The Company's 4500 MiD[®] Detector was launched during H1 2018 and provides an opportunity to attract new OEMs and open new application areas previously not accessible to the Company. The compact 4500 MiD[®] combines the complete vacuum system, electronics and computer in one box. In addition to wider OEM engagement, and in line with its stated strategy, the Company still intends to use distributors across North America, Europe and Asia Pacific.

Technology positioning and development strategy

Building on Microsaic's "all in one" small footprint detection, the MiD[®] platform is ideally placed for biomolecular confirmation throughout the bioprocessing workflow.

Microsaic's technology does not require cumbersome external pumps, and there is no need for an external PC, allowing for complete integration with third party OEMs. The Microsaic software and hardware are designed to offer easy maintenance and ease of use so that line operators can be trained to carry out the analysis in the production line. The Board believes this will significantly improve efficiency and process control compared with traditional MS detection methods.

Future product specifications will be driven by end-user requirements. This will inform Microsaic's product development strategy as its MS Detectors move from the lab into production, and front-line operating

environments. Microsaic will ensure that its strategic product development will remain focused on meeting demanding bioprocessing applications. However, many of these enhancements are expected to also provide a pipeline of competitive features able to address a wider range of application areas in small molecule detection.

Board and Management Changes

Peter Grant was appointed as Non-Executive Chairman in January 2018. The position was previously held on an interim basis by Non-Executive Director Eric Yeatman. Mr Grant has 40 years of experience, half at listed company board level, covering both the London main market (up to FTSE 250) and AIM, including Skyepharma PLC, WorldPay Group plc, Molins PLC and various senior positions at The General Electric Co. PLC Group.

Share Options

On 2 January 2018, the Company awarded 9,000,000 options to directors (5,500,000) and employees (3,500,000) at an exercise price of 4.05p.

Options awarded to employees and Executive Directors were granted under Microsaic's Enterprise Management Incentive Scheme, while options awarded to the Chairman were granted under the Company's Unapproved Share Option Scheme.

The employee options vest on the third anniversary of the date of grant. For employees there are no performance conditions.

The Directors options are subject to a three year service condition plus the following performance conditions. A tranche of options relates to each performance condition:

- Equity fundraising completed;
- Commercialisation ("Phase 3") contract signed with global partner in bioprocessing;
- Product launch with global partner in bioprocessing or another major biopharma supplier; and
- The Company reports a Net Profit pre tax for a full year.

Fundraising

The Company announced on 5 June 2018 that it had conditionally raised £5.1m through a placing of 255,000,000 new ordinary shares at a price of 2p. The placing price represented an 11.1% discount to the closing mid-market price on 4 June 2018. At the same time, to allow retail investors the opportunity to participate, the Company launched an offer for subscription to raise up to £0.4m, underwritten by N+1Singer, via PrimaryBid through the issue of 20,000,000 new ordinary shares. The Placing and PrimaryBid Offers were duly concluded on 22 June 2018, raising £5.5m before expenses and 275,000,000 new ordinary shares were admitted to trading on AIM on 25 June 2018. Following the fundraising, the Company's issued share capital comprises 456,365,146 ordinary shares.

FINANCIAL REVIEW

Comprehensive income:

In H1 2018, total revenues of £252,904 were 96.2% higher than H1 2017 (£128,884). H1 2018 saw the Company broaden its customer base, with instrument revenues derived from four customers in comparison with one customer in 2017. Two of the four customers were signed up in H1 2018. Consumable and other revenue of £54,333 is 22.1% above H1 2017 while service income of £8,796 is down £6,971 on H1 2017.

Gross profit for the period of £109,424 is 118.8% or £59,417 above H1 2017 reflecting the increased revenues in H1 2018. The gross profit margin of 43.3% is above H1 2017 (38.8%) and full year 2017 (35.4%) due to a favourable product mix and expanded customer base.

Other operating income during the period of £37,090 represented 50% of the Phase 2 research agreement that the Company signed in December 2017 with a long standing global partner in biopharma (H1 2017: £51,004).

Operating expenses of £1,614,174 in the period were up £51,510 or 3.3% on H1 2017 (£1,562,664) due to investment in marketing (£72,812), higher travel costs (£35,648), fundraising costs charged to the profit and loss (£39,962), higher payroll and contractor costs (£52,120) off-set by lower material costs (£78,066), lower building and office costs (£22,371), lower other staff costs including recruitment (£45,289) and lower other costs (£3,306). The increase was measured and is in line with the Company's 5 Year Plan.

The loss from operations in the period, before share-based payments, finance income and tax, was £1,467,660 and in line with H1 2017 (£1,461,653).

The share-based payment charge of £43,749 is £19,474 above H1 2017 as a result of the options granted in the period. No options were granted in 2017.

The comprehensive loss for the period of £1,502,410 is 1.7% higher than H1 2017 (£1,477,060). The basic loss per share of 0.79p is in line with H1 2017.

Statement of Financial Position:

Total assets of £7,899,536 are £3,526,670 above the position as at 31 December 2017, mainly due to a higher cash balance at 30 June 2018 of £6,957,080 following the successful fundraising in June 2018. The corporation tax receivable at December 2017 resulting from R&D tax credits was received in June 2018, whereas in 2017 it was received in July.

Total equity as at 30 June 2018 of £7,492,585 is £3,592,654 higher than 31 December 2017 (£3,899,931). The main movement since the year end has been an increase in share capital (£687,500) and share premium (£4,363,815) as a result of the fundraising, off-set by an increase in retained losses of £1,494,821 to £18,825,754.

Total liabilities of £406,951 as at 30 June 2018 is £65,984 below 31 December 2017 (£472,935). The reduction is mainly due to lower trade and other payables (£33,207) and a lower level of provisions (£32,777).

Statement of Cash Flows:

Net cash used in operating activities in H1 2018 of £1,233,369 is £389,674 lower than H1 2017. This is mainly due to the receipt of the annual tax credit (£246,946) in June 2018 one month earlier than last year and a smaller decrease in trade and other payables (£186,172).

Net cash used in investing activities in H1 2018 of £43,042 compares with £26,718 in H1 2017. The main movement between H1 2018 and H1 2017 was the increase in the purchases of property, plant and equipment of £17,494.

Net cash from financing activities of £5,051,315 net of share issue costs relates to the June fundraising. Other fundraising costs not directly related to the issue of shares amounted to £39,962 and are included in total comprehensive loss. There was no cash from financing in 2017.

The closing cash balance as at 30 June 2018 is £6,957,080, up £2,878,297 over 30 June 2017 and £3,774,904 higher than 31 December 2017.

Brexit

The Board has reviewed the potential impact of Brexit on the Company and its operations, under various scenarios. In summary, the Company's operations and key subcontractors are based in the UK and the majority of its sales are priced in GBP to customers globally. Apart from the effect of any potential macro economic impact, the Board does not currently anticipate that there will be a significant impact of Brexit on the Company's operations or financial performance. The Board will keep this matter under review, as more information becomes available.

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About Microsaic Systems

Microsaic Systems plc (AIM: MSYS) is a high technology company developing chip-based, bench-top and point-of-analysis mass spectrometry ("MS") instruments that are designed to improve the efficiency of pharmaceutical R&D and manufacturing. The Company is working with established global life science companies to develop and commercialise new solutions to improve productivity in the development of small molecule and novel biologic (peptides, antibodies) medicines. MS is a powerful method of analysis to enable earlier decision making relating to product identification, purity and bioactivity, and is the analytical technique of choice for biochemists across many industry sectors.

Microsaic's core product, the 4500 MiD[®], is a robust and compact MS system. It retains the functionality of larger conventional MS systems, is easier to use by non-specialists, consumes less energy and has lower running costs. For more information, please go to www.microsaic.com.

**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

		6 months to 30 June 2018	6 months to 30 June 2017	Year to 31 December 2017
	Notes	Unaudited	Unaudited	Audited
		£	£	£
Revenue	7	252,904	128,884	342,514
Cost of sales		(143,480)	(78,877)	(221,273)
Gross profit		109,424	50,007	121,241
Other operating income	8	37,090	51,004	51,004
Research and development expenses		(451,169)	(472,683)	(893,579)
Other operating expenses		(1,163,005)	(1,089,981)	(2,156,032)
Total operating expenses		(1,614,174)	(1,562,664)	(3,049,611)
Loss from operations before share based payments		(1,467,660)	(1,461,653)	(2,877,366)
Share based payments		(43,749)	(24,275)	(29,861)
Loss from operations after share based payments		(1,511,409)	(1,485,928)	(2,907,227)
Finance income		7,532	8,868	18,745
Loss before tax		(1,503,877)	(1,477,060)	(2,888,482)
Tax on loss on ordinary activities		1,467	-	245,479
Total comprehensive loss for the period		(1,502,410)	(1,477,060)	(2,643,003)
Loss per share attributable to the equity holders of the Company				
Basic and diluted loss per ordinary share	4	(0.79)p	(0.81)p	(1.46)p

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2018**

		30 June 2018 Unaudited £	30 June 2017 Unaudited £	31 December 2017 Audited £
ASSETS				
Non-current assets				
Intangible assets		62,700	75,040	65,972
Property, plant and equipment		128,710	160,757	160,743
Total non-current assets		191,410	235,797	226,715
Current assets				
Inventories		489,558	638,959	483,496
Trade and other receivables		261,488	246,172	235,000
Corporation tax receivable		-	262,710	245,479
Cash and cash equivalents		6,957,080	4,078,783	3,182,176
Total current assets		7,708,126	5,226,624	4,146,151
TOTAL ASSETS		7,899,536	5,462,421	4,372,866
EQUITY AND LIABILITIES				
Equity				
Share capital	5	1,140,913	453,413	453,413
Share premium	6	24,867,886	20,504,071	20,504,071
Share based payment reserve		309,540	254,201	273,380
Retained earnings		(18,825,754)	(16,151,397)	(17,330,933)
Total Equity		7,492,585	5,060,288	3,899,931
Current liabilities				
Trade and other payables		255,614	208,364	288,821
Non-current liabilities				
Provisions		151,337	193,769	184,114
Total liabilities		406,951	402,133	472,935
TOTAL EQUITY AND LIABILITIES		7,899,536	5,462,421	4,372,866

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
AS AT 30 JUNE 2018**

	Notes	Share capital £	Share Premium £	Share Based payment reserve £	Retained Earnings £	Total equity £
At 1 January 2017		453,413	20,504,071	302,069	(14,746,480)	6,513,073
Total comprehensive loss for the period		-	-	-	(1,477,060)	(1,477,060)
Transactions with owners:						
Shares issued		-	-	-	-	-
Share issue costs		-	-	-	-	-
Transfer in respect of lapsed share options		-	-	(72,143)	72,143	-
Share based payments - share options		-	-	24,275	-	24,275
At 30 June 2017 (unaudited)		453,413	20,504,071	254,201	(16,151,397)	5,060,288
At 1 January 2017		453,413	20,504,071	302,069	(14,746,480)	6,513,073
Total comprehensive loss for the year		-	-	-	(2,643,003)	(2,643,003)
Transactions with owners:						
Shares issued		-	-	-	-	-
Share issue costs		-	-	-	-	-
Transfer in respect of lapsed share options		-	-	(58,550)	58,550	-
Share based payments - share options		-	-	29,861	-	29,861
At 31 December 2017 (audited)		453,413	20,504,071	273,380	(17,330,933)	3,899,931
Total comprehensive loss for the period		-	-	-	(1,502,410)	(1,531,927)
Transactions with owners:						
Shares issued		687,500	4,812,500	-	-	5,500,000
Share issue costs	6	-	(448,685)	-	-	(448,685)
Transfer in respect of lapsed share options		-	-	(7,589)	7,589	-
Share based payments - share options		-	-	43,749	-	73,266
At 30 June 2018 (unaudited)		1,140,913	24,867,886	309,540	(18,825,754)	7,492,585

**STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	6 months to 30 June 2018	6 months to 30 June 2017	Year to 31 December 2017
	Unaudited	Unaudited	Audited
	£	£	£
Total comprehensive loss for the period	(1,502,410)	(1,477,060)	(2,643,003)
Amortisation of intangible assets	16,577	21,270	38,757
Depreciation of property, plant and equipment	48,478	56,473	114,186
Sales of property, plant and equipment	21,308	-	-
Profit on disposal of intangible assets	-	-	(5)
(Loss)/Profit on disposal of property, plant and equipment	-	(50)	6,907
Increase in provision for leasehold dilapidations	-	3,964	7,751
Decrease in provision for warranty	(17,777)	-	(28,442)
(Decrease)/Increase in provision for outsourced manufacturing	(15,000)	-	15,000
Share based payments	43,749	24,275	29,861
(Decrease)/Increase in inventory provision	(9,071)	-	86,055
Tax on loss on ordinary activities	(1,467)	-	(245,479)
Interest received	(8,016)	(5,424)	(9,769)
Decrease in inventories	3,009	55,329	124,737
Increase in trade and other receivables	(26,488)	(82,441)	(71,269)
Decrease in trade and other payables	(33,207)	(219,379)	(138,921)
Cash used in operations	(1,480,315)	(1,623,043)	(2,713,634)
Corporation tax received	246,946	-	262,710
Net cash used in operating activities	(1,233,369)	(1,623,043)	(2,450,924)
Cash flows from investing activities			
Purchases of intangible assets	(13,305)	(11,933)	(20,347)
Purchases of property, plant and equipment	(37,753)	(20,259)	(84,916)
Proceeds from sale of property, plant and equipment	-	50	50
Interest received	8,016	5,424	9,769
Net cash used in investing activities	(43,042)	(26,718)	(95,444)
Cash flows from financing activities			
Proceeds from share issues	5,500,000	-	-
Share issue costs	(448,685)	-	-
Net cash from financing activities	5,051,315	-	-
Net increase/(decrease) in cash and cash equivalents	3,774,904	(1,649,761)	(2,546,368)
Cash and cash equivalents at beginning of the period	3,182,176	5,728,544	5,728,544
Cash and cash equivalents at the end of the period	6,957,080	4,078,783	3,182,176

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

1. Nature of Operations

Microsaic Systems plc (the “Company”) is registered in England and Wales. The Company’s registered office is GMS House, Boundary Road, Woking, GU21 5BX. The Company has no subsidiaries so the financial information relates to the Company only. Microsaic is a high technology company developing chip-based, bench-top MS instruments that are designed to improve the efficiency of pharmaceutical R&D.

2. General Information

The interim financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and implemented in the UK. The accounting policies, methods of computation and presentation used in the preparation of the interim financial information are the same as those used in the Company’s audited financial statements for the year ended 31 December 2017.

The interim financial information in this statement does not constitute full statutory accounts as defined by Section 434 of the Companies Act 2006 and has not been audited.

The interim financial information for the six months to 30 June 2018 has been prepared using extracts from the financial statements prepared for the year ended 31 December 2017. Those financial statements have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified.

3. Basis of preparation

The financial statements are presented in GB Pounds Sterling. The financial information has been prepared on the historical cost basis, except where financial instruments are required to be carried at fair value under IFRS.

The financial information has been prepared on a going concern basis, as based on the latest forecasts the directors consider that the Company has sufficient resources to continue operations for at least 18 months from the end of the reporting period.

4. Loss per share

	6 months to 30 June 2018 Unaudited	6 months to 30 June 2017 Unaudited	12 months to 31 December 2017 Audited
Comprehensive loss attributable to equity shareholders	(1,502,410)	(1,477,060)	(2,643,003)
Weighted average number of 0.25p ordinary shares for the purpose of basic and diluted loss per share	190,481,168	181,365,146	181,365,146
Basic and diluted loss per share	(0.79)p	(0.81)p	(1.46)p

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

Potential ordinary shares are not treated as dilutive as the Company is loss making, therefore the weighted average number of ordinary shares for the purposes of the basic and diluted loss per share are the same.

5. Share capital

	30 June 2018 Unaudited £	30 June 2017 Unaudited £	31 Dec 2017 Audited £
Allotted, issued and fully paid Ordinary shares of 0.25p each	1,140,913	453,413	453,413

The number of shares in issue was as follows:

	Number of shares
Balance at 1 January 2017	181,365,146
Issued during the period	-
Balance at 30 June 2017	181,365,146
Issued during the period	-
Balance at 31 December 2017	181,365,146
Issued during the period	275,000,000
Balance at 30 June 2018	456,365,146

6. Share premium

	30 June 2018 Unaudited £	30 June 2017 Unaudited £	31 Dec 2017 Audited £
Opening balance brought forward	20,504,071	20,504,071	20,504,071
Shares issue in the period	4,812,500	-	-
Share issue costs	(448,685)	-	-
Closing balance carried forward	24,867,886	20,504,071	20,504,071

The share premium account represents the excess over the nominal value for shares allotted, less share issue costs.

Total costs associated with the fundraising amounted to £488,647, of which £39,962 were charged to the profit and loss and £448,685 to share premium.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

7. Segmental reporting

Throughout the period the Company operated in one business segment, being that of research, development and commercialisation of scientific instruments. All of the Company's assets are held in the UK and all of its capital expenditure arises in the UK. The geographical analysis of revenue by locations of customers was as follows:

	6 months to 30 June 2018 Unaudited £	6 months to 30 June 2017 Unaudited £	12 months to 31 Dec 2017 Audited £
UK	28,805	6,282	41,959
Non-UK	224,099	122,602	300,555
	252,904	128,884	342,514

One customer represented 39% of total revenue in the period (H1 2017: 58%).

8. IFRS 15 Revenue from Contracts with Customers

The adoption of IFRS 15 commenced on 1 January 2018. As per the requirement of IAS 34.16A(a), the Company confirmed that the accounting policies and methods of computation regarding revenue recognition applied in these interim financial statements are consistent with the 2017 annual financial statements.

IFRS 15 specifies how and when the Company will recognise revenue. The Company has reviewed its contracts with customers and in general these are relatively straight forward in terms of the recognition of revenue.

The Company incurs R&D costs in relation to a joint product development project with a third party collaborator. Performance obligations associated with the various project milestones are to be satisfied over a period of time. The Company has reviewed its progress towards satisfaction of these milestones and, in line with this, has recognised in H1 2018 other operating income of £37,090.

9. Share option schemes

The Company operates an EMI and an unapproved share option scheme as a means of encouraging ownership and aligning interests of staff and shareholders. The table below shows the number of options outstanding and exercisable at 30 June 2018 and the weighted average exercise price.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

	6 months to 30 June 2018		Year to 31 December 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	5,447,200	11.4p	7,897,200	11.1p
Granted during the period	9,000,000	4.1p	-	-
Forfeited/Cancelled during the period	(23,200)	129.3p	(2,450,000)	10.4p
Exercised during the period	-	-	-	-
Outstanding at period end	14,424,000	6.6p	5,447,200	11.4p
Exercisable at period end	604,000	41.0p	627,200	44.3p