17 March 2016

Vernalis plc

Unaudited Interim Results Announcement for the six months ended 31 December 2015

Significant progress in Cough Cold franchise:
Tuzistra® XR launched; two further NDAs on track for 2016 submission

Vernalis plc (LSE: VER) today announces its unaudited consolidated results for the six month period ended 31 December 2015 with 2014 comparators for the same period.

Financial Highlights for the six months ended 31 December 2015

- Revenue was £6.1 million (2014: £5.7 million):
  - Tuzistra® XR net revenue was £0.6 million and represents deliveries made to wholesalers by 31 December 2015 with trade distribution commencing in August and promotion in September 2015
  - Research collaboration income was flat at £3.8 million (2014: £3.8 million) but included an increase in FTE income offset by a reduction in milestone receipts. Our research organisation remains self-funding
  - Frovatriptan royalty income was down 10 per cent at £1.6 million (2014: £1.7 million); 5 per cent due to pricing and 5 per cent due to foreign exchange
    - As previously highlighted, major patent expiry occurred in December 2015 and subsequent generic entries are expected to significantly impact future royalty income
- Operating costs before exceptional items were £19.0 million (2014: £9.9 million); the increase was due to Tuzistra® XR sales, marketing and other US commercial infrastructure costs
- Pre-exceptional loss for the period was £10.2 million (2014: £1.7 million profit) and loss after exceptional items was £7.6 million (2014: £1.7 million profit), including an exceptional gain on the surrender of an onerous building lease; the increase in the loss was due to the additional operating cost base following the launch of Tuzistra® XR
- Cash resources including cash and cash equivalents and held to maturity assets reduced by £7.3 million in the first six months and included:
  - $3.6 million (£2.4 million) upfront payment for the acquisition of Moxatag®. A further payment is anticipated in calendar H1 2016
  - £2.5 million unrealised foreign exchange gain (2014: £4.5 million)
- Balance sheet remains strong with £54.0 million of cash resources and no debt at 31 December 2015

Operational Highlights

US Commercial Pipeline:

- Tuzistra® XR, the only 12-hour, extended-release, codeine/chlorpheniramine-based cough cold suspension product, launched in the US ahead of the 2015/16 cough cold season which, to date, has been quite mild
- Focused US primary care sales force fully recruited, trained and deployed to the field

- US rights to Moxatag®, the only US approved once-a-day formulation of amoxicillin, acquired in October 2015 demonstrating the strategy to expand the US commercial portfolio
- CCP-08 start of 12-months' stability testing announced October 2015 with New Drug Application ("NDA") submission expected in 2016
- CCP-07 pivotal single-dose comparative bioavailability study successfully completed and NDA submission remains on track for 2016
- Two further programmes in active development at Tris, with proof-of-concept ("POC") targeted by the end of 2016

Other:

- **Frovatriptan (marketed):** Underlying Menarini sales for the six months to 31 December 2015 down 5 per cent at €12.7 million (2014: €13.3 million)
- **NCE Development Pipeline:** Completion of the Phase 2 POC study of V158866 in August 2015 which ended in-house investment in NCE pipeline
- **Research Collaborations:** Five active collaborations at 31 December 2015; £0.2 million of milestones earned from Servier collaboration - business remains self-financing

Post Period End Highlights

- Corvus Pharmaceuticals, Inc. announced (in January 2016) as the worldwide licensee for the adenosine antagonist program with CPI-444 (formerly V81444), initially being developed for immuno-oncology with clinical studies expected in 2016

Expected 2015/16 Newsflow (all dates calendar year):

- CCP-07: pivotal multi-dose pharmacokinetic study results and NDA submission (2016)
- CCP-08: pivotal single and multi-dose pharmacokinetic study results and NDA submission (2016)
- Re-launch Moxatag® in the US market through our focused US primary care sales force (H1 2016)
- POCs on two remaining programmes in cough cold pipeline (CCP-05 and CCP-06) (by end of 2016)
- Achieve milestones under existing collaborations (undisclosed)
- Secure new research collaborations (undisclosed)
- Continue to leverage our US commercial infrastructure with possible complementary new product acquisitions/in-licensing (undisclosed)

Ian Garland, Chief Executive Officer, commented, "The last six months has seen a major transformation in our business as we launched the first product from our cough cold franchise, Tuzistra® XR, into the US market. This significant milestone marks the beginning of the next phase of our evolution as a commercial specialty pharmaceutical company. We have made significant investment in launching Tuzistra® XR, and this will continue as the product gains greater share of the US cough cold market. We also aim to leverage this investment and our US commercial infrastructure later in the year with the launch of the once-a-day antibiotic, Moxatag®, whose US rights we have acquired. Additionally we continue to progress the rest of the cough cold pipeline and CCP-07 and CCP-08 remain on track for potential NDA submissions in 2016.

Our overall cash position remained strong at the period end and we remain very excited about the growth potential of the business."

Presentation & Conference Call

Vernalis management will host a presentation at **9.30am** (UK) today at the offices of FTI Consulting 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. It will also be available via webcast at http://www.vernalis.com/investor-centre/presentations-and-webcasts and www.cantos.com and via conference call, which can be joined by dialling: **+44 (0) 20 3003 2666**, Passcode **5780976#** Please contact Jack Bower at FTI consulting +44 (0) 20 3727 1000 for details.

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Enquiries:

Vernalis plc:
Ian Garland, Chief Executive Officer **+44 (0) 118 938 0015**
David Mackney, Chief Financial Officer

Canaccord Genuity Limited (Nominated Adviser): **+44 (0) 20 7523 8000**
Dr Julian Feneley
Henry Fitzgerald-O'Connor
Emma Gabriel

Shore Capital (Joint Broker) **+44 (0)20 7408 4090**
Bidhi Bhoma
Toby Gibbs

FTI Consulting (Financial Communications): **+44 (0) 20 3727 1000**
Ben Atwell
Simon Conway
Stephanie Cuthbert

Notes to Editors

About Vernalis
Vernalis is a revenue generating, commercial stage pharmaceutical company with significant expertise in drug development. The Group has three approved products: Tuzistra® XR targeting the US prescription cough cold market; Moxatag®, a once-a-day formulation of the antibiotic, amoxicillin, indicated for the treatment of tonsillitis and/or pharyngitis secondary to Streptococcus pyogenes in adult and paediatric patients 12 years of age or older; and frovatriptan for the acute treatment of migraine. It has an exclusive licensing agreement to develop and commercialise multiple novel products focussed on the US prescription cough cold market as well as eight programmes in its NCE development pipeline. Vernalis has also significant expertise in fragment and structure based drug discovery which it leverages to enter into collaborations with larger pharmaceutical companies. The Company's technologies, capabilities and products have been endorsed over the last five years by collaborations with leading pharmaceutical companies, including AKP, Biogen Idec, Endo, GSK, Genentech, Lundbeck, Menarini, Novartis, Servier, Taisho and Tris.

For further information about Vernalis, please visit www.vernalis.com.

Vernalis Forward-Looking Statement
This news release may contain forward-looking statements that reflect the Company's current expectations regarding future events including the clinical development and regulatory clearance of the Company's products, the Company's ability to find partners for the development and commercialisation of its NCE pipeline, the Company's ability to successfully commercialise its cough cold products and Moxatag® through its own sales force as well as the Company's future capital raising activities. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors including the success of the Company's research strategies, the applicability of the discoveries made therein, the successful and timely completion of clinical studies, the uncertainties related to the regulatory process, the ability of the Company to identify and agree beneficial terms with suitable partners for the commercialisation and/or development of its products, as well as the achievement of expected synergies from such transactions, the acceptance of Tuzistra® XR, Moxatag®, frovatriptan and other products by consumers and medical professionals, the successful integration of completed mergers and acquisitions and achievement of expected synergies from such transactions, and the ability of the Company to identify and consummate suitable strategic and business combination transactions.

Strategic and Operational Review

In the six month period to 31 December 2015, we took another important step in our transition to a sustainable specialty pharmaceutical company with the launch of our first approved prescription cough cold product, Tuzistra® XR. Our strategy is to make this transition by developing late stage, low-development risk NDAs which we will commercialise through our own infrastructure. As highlighted in our report for the 18 months to June 2015, we have made rapid progress in this transition through a focus on the US prescription cough cold market and the collaboration deal with Tris Pharma.

The approval of Tuzistra® XR on 30 April 2015 triggered the build out of our initial US commercial infrastructure, including establishing a field-based sales force to call on high cough cold prescribing primary care physicians. An integrated launch plan, including trade distribution, payer and patient access, and brand marketing, was implemented immediately following approval. Following recruitment, the field sales force began promotion in September 2015 targeting high-prescribing physicians ahead of the start of the 2015/16 US cough cold season.

Our US commercial goals for the year to June 2016 reflect that we are not only launching a new product but we are also establishing a new US operation and new infrastructure. We have already made excellent progress against many of these goals setting up our commercial supply chain and distribution capabilities, securing national wholesale distribution and starting to build pharmacy distribution in our target geographies. Pharmacy stocking has not progressed as rapidly as we had initially hoped but it continues to build steadily, supported by field sales force calls to individual pharmacies and Tuzistra® XR prescriptions, written by an increasing number of physicians.

We have achieved the majority of our first year payer access goals with approximately 55 per cent of commercial lives covered in a tier 3 non-restricted position. The notable exception at this time is CVS Caremark where we are only covered on open formularies at present. An effective patient co-pay assistance programme has been in place since the field sales force launch, which provides assistance to patients through either a physical coupon card that is distributed to physicians or via an eVoucher in approximately 80 per cent of pharmacies that use that system.

Although still early in the launch, in the period to 31 December 2015 we have achieved net pricing per prescription in line with historical extended-release cough cold brand pricing, of approximately US$70-75 per scrip. Our net pricing is driven by our wholesale acquisition price (WAC) per 473ml bottle, the average prescription size, discounts payable for wholesale and pharmacy distribution, discounts payable to insurers and their proportion of our sales, the average patient co-pay assistant payment and product returns. The net pricing achieved in this period is based on a small volume of prescriptions and it is possible that many of the underlying drivers will vary as prescription volumes grow. This may result in fluctuations in net pricing per prescription in the future.

The number of Tuzistra® XR prescriptions achieved and our share of the total number of codeine and hydrocodone cough cold prescriptions will be important measures of launch success and the effectiveness of the field sales force. Through to 29 February 2016, there have been 4,571 Tuzistra® XR prescriptions in what has been a very mild 2015/16 cough cold season, with the weekly total codeine and hydrocodone cough cold prescriptions down between 25 per cent and 40 per cent in comparison to the equivalent weeks in 2014/15. It is too early in the launch to draw any conclusions from prescription volumes through to the end of February but we have seen steady growth in Tuzistra® XR prescriptions week-on-week which reflects the growing awareness of the product with prescribers and the growing effectiveness of the field sales force.

We will continue to focus on establishing physician relationships and building effectiveness in the field sales force throughout the remainder of this 2015/16 cough cold season and during the summer, when there will be a slight shift in positioning of the marketing towards allergy driven cough.

As reported previously, we see our US commercial infrastructure as a strategic asset that we will invest in and leverage to deliver significant value to the Company. Following our 2012 deal with Tris, we already have the potential to leverage this commercial infrastructure with five prescription cough cold products. In October 2015, we demonstrated the potential strategic value of this infrastructure through the acquisition of Moxatag®, the only US approved once-daily formulation of amoxicillin. The target physician audience and marketing characteristics of Moxatag® are very closely aligned with our prescription cough cold products. We expect to launch Moxatag® through our US commercial infrastructure in calendar H1 2016 following completion of ongoing manufacture of launch supplies and patient samples.

The remaining four US cough cold programmes under development with Tris continue to make good progress. Both CCP-07 and CCP-08 are now at pivotal bio-equivalence study stage, with CCP-07 having completed its pivotal single-dose study in December 2015. If successful, NDAs for both products are targeted to be filed in calendar year 2016. Tris continues to work on achieving POC for CCP-05 and CCP-06 and both could attain that goal by the end of the 2016 calendar year.

In August 2015, we announced that we had completed investment in our in-house NCE programmes with the conclusion of our Phase II POC study for V158866 (our FAAH inhibitor for pain) which failed to achieve its primary endpoints. We continue to seek partners for our remaining un-partnered in-house NCE programmes, including V158866, V158411 and AUY922, but we do not plan to make further in-house investment in NCEs.

Our research business continues to perform well, both operationally and financially, generating sufficient revenues in the period to 31 December 2015 to remain self-financing.

We continue to maintain a tight control of our finances, while investing in our US commercial business, the launch of Tuzistra® XR and the acquisition and launch of Moxatag®. Our financial position remained strong at the period end with £54.0 million of cash resources and no debt. Although our cash burn continues to benefit from the success of our revenue-based research strategy, our frovatriptan royalties and careful control of expenses, as expected, we saw a substantial increase in our cash burn in the six months to 31 December 2015 due to the investment in the ongoing US commercial launches. We expect our cash burn to continue at this increased level during the remainder of the financial year, as we continue to invest in the US launches and our frovatriptan royalty income declines following the expiry of the core patents at the end of December 2015. However, with the launch of Moxatag®, two NDA launches and two potential further NDA submissions anticipated in 2016, we remain well-positioned to grow a self-financing US commercial business.

We have made two new appointments to the Board since 30 June 2015. Dr Ian Gilham joined on 1 July 2015 as a Non-Executive Director and Chair of the Remuneration Committee. His depth of experience in the global pharmaceutical industry has been and will continue to be very valuable to the Board. Lisa Schoenberg joined the Board on 1 September 2015 as a Non-Executive Director. Her substantial US commercial experience, gained from her time as a senior member of AstraZeneca's US commercial operations, will also be of great benefit.

Financial Review

Total revenue of £6.1 million

Revenue for the six months ended 31 December 2015 was £6.1 million (2014: £5.7 million), an increase of 7 per cent compared to 2014 with revenue from Tuzistra® XR recorded for the first time in this period. £0.6 million was recorded for Tuzistra® XR, £1.6 million related to the supply of frovatriptan (2014: £1.7 million) and £3.9 million (2014: £4.0 million) to the research collaborations, and other collaboration income.

Tuzistra® XR

Following approval by FDA in April 2015, Tuzistra® XR was launched into the US prescription cough cold market in September 2015. Tuzistra® XR revenue is recognised when title and risk of loss passes to the customer and estimates are made for the relevant deductions and obligations so as to reflect the complete economic transaction. The revenue recognised in the six months period to 31 December 2015 totalled £0.6 million.

Net revenue reflects the gross turnover of product shipped to the wholesaler, reduced for estimates of: rebates, discounts, allowances and provision for product returns, given or expected to be given which vary by product arrangements and buying groups. These estimates have been made based on actual in-market data received pre- and post- the end of the six month accounting period and have been applied to the wholesaler and pharmacy pipeline. We will continue to refine these estimates and methodologies over time as the breadth of in-market data increases.

Frovatriptan sales

Sales of frovatriptan by Menarini in Europe and Central America were down 5 per cent in euro terms at €12.7 million for the six months to 31 December 2015, compared to 2014 (€13.3 million). Volumes of tablet sales for the six months to 31 December 2015 were marginally down at 4.899 million compared to 2014 (4.967 million). Vernalis receives 25.25 per cent of Menarini sales via a royalty linked to the supply of API, so the reported royalties do not necessarily track the underlying performance of Menarini in the market.

The reported frovatriptan royalties for the six months to 31 December 2015 of £1.6 million were slightly down on 2014 (£1.7 million) and this £0.1 million decrease was due to a 5 per cent decrease from foreign exchange and a 5 per cent price reduction. The volume of API shipped in both periods was one shipment of 12.5kg.

The composition of matter patent on frovatriptan expired in December 2015 and so Menarini anticipate that generic entrants will erode both volume and pricing in the coming months. Vernalis will continue to receive a royalty through to 2019, but on lower underlying frovatriptan sales. Menarini expects to order one further 12.5kg shipment of API for the second half of the financial year through to 30 June 2016.

Research remains self-financing
Research collaboration income was £3.8 million for the six month period to 31 December 2015 (2014: £3.8 million), flat period-on-period. Milestone income was £0.2 million, down £0.4 million compared to 2014 but this reduction was offset by an increase in FTE income following the addition of the Taisho collaboration in April 2015. We had five active research collaborations during the six months to 31 December 2015 which generated £3.6 million of FTE income (2014: £3.2 million) and, importantly, research activity remains self-financing.

Research and Development costs reduce with completion of NCE activity
Research and development expenditure decreased 22 per cent to £5.6 million for the six month period to 31 December 2015 (2014: £7.1 million) and comprised £5.3 million (2014: £6.3 million) of internally-funded research and development costs and £0.3 million (2014: £0.8 million) of external costs associated with the development pipeline. The decrease in both the internally- and externally- funded research and development costs was primarily due to the completion of our in-house investment in the NCE development pipeline, announced in August 2015, and the pre-launch costs for Tuzistra® XR included in the prior financial year and not in the current financial year. The external development pipeline costs for the period to 31 December 2015 related to the completion of the V158866 phase II study, announced in August 2015, whereas in 2014 costs, we had both V81444 and V158866 in clinical studies. These R&D costs for the six month period, annualised, are a reasonable guide for the anticipated annual ongoing costs.

Sales and Marketing costs
Following the launch of Tuzistra® XR, sales and marketing costs have been recorded for the first time and were £10.8 million for the six month period to 31 December 2015. These costs include the set up and ongoing costs of the contract sales organisation run by inVentiv Health together with the promotional costs associated with the launch of Tuzistra® XR. The sales reps were recruited, trained, equipped and deployed into the field in early September 2015. The sales and marketing costs for the six months include approximately four months of sales force activity and so the costs for the second half of this financial year will increase, with six months of sales force costs included.

G&A cost control
General and administrative expenditure before exceptional items was £2.6 million for the six months to 31 December 2015 (2014: £2.8 million), a decrease of £0.2 million for the six month period. Adjusting both periods for the share option charge and associated national insurance accrual on the exercise of share options, underlying G&A increased by £0.1 million or 5 per cent and reflects additional corporate costs in setting up and running the US commercial business. These G&A costs before exceptional items for the six month period, annualised, are a reasonable guide for the anticipated annual ongoing costs.

The exceptional gain in the six months to 31 December 2015 of £2.6 million relates to the successful settlement of an onerous lease obligation.

Operating loss increased due to investment in the US sales and marketing infrastructure
The operating loss before exceptional items increased to £13.5 million for the six months to 31 December 2015 (2014: £4.3 million), reflecting the increase in operating costs, having now established the sales force to promote Tuzistra® XR. The operating loss from continuing operations after the exceptional gain was £10.9 million (2014: £4.3 million).

Strengthening of the US dollar impacts finance income
Interest earned on cash resources for the six months to 31 December 2015 was flat at £0.1 million (2014: £0.1 million). With the majority of our cash held in US dollars in order to match our Tris and US commercial financing requirements, the yield on these deposits remained low. Finance income however continues to be significantly affected by the strengthening of the US dollar and, to a lesser degree, the recent strengthening of the euro, with a £2.7 million unrealised foreign exchange gain on the conversion of foreign currency denominated cash deposits into sterling at 31 December 2015 for financial reporting purposes (2014: £4.5 million unrealised gain). At 31 December 2015, the sterling:US dollar rate was 1.474, compared to a 30 June 2015 rate of 1.573.

R&D tax credit decreased
The tax credit of £0.5 million for the six months to 31 December 2015 was £0.9 million lower than for the same period in 2014 (2014: £1.4 million) and represents recoverable amounts under current legislation on R&D tax credits for small- and medium-sized companies. The reduction in the R&D tax credit is primarily due to the tax credits associated with the POC milestone payment on CCP-08 and the acceptance filing milestone payment for Tuzistra® XR with payments made in the six months to 31 December 2014.

Wider loss reported
The pre-exceptional loss for the six months to 31 December 2015 was £10.2 million (2014: £1.7 million profit). The widening of the loss is due to the investment in the US sales and marketing infrastructure, coupled with a smaller unrealised foreign exchange gain on the retranslation of our foreign currency balances into sterling for reporting purposes. The loss after exceptional items for the six months to 31 December 2015 was £7.6 million (2014: 1.7 million profit).

Balance sheet remains strong
Non-current assets increased to £20.2 million (30 June 2015: £15.1 million) primarily due to the intangible assets acquired as part of acquisition of Moxatag® in the six months to 31 December 2015.

Current assets decreased to £60.3 million (30 June 2015: £71.5 million) primarily due to the £7.3 million reduction in cash over the period.

Total liabilities increased to £10.3 million (30 June 2015: £9.5 million). This was primarily due to the deferred consideration on the Moxatag® acquisition, offset by a reduction in the onerous lease property provision.

Cash Resources
Cash resources comprising held-to-maturity financial assets and cash and cash equivalents at 31 December 2015, totalled £54.0 million (30 June 2015: £61.3 million). A significant proportion of these cash resources are denominated in non-sterling currencies with most of the cash denominated in US dollars.

We continue to manage cash tightly. The £7.3 million cash burn in the six months included the US$3.6 million (£2.4 million) payment to Pragma for the rights to Moxatag® as well as a £2.5 million unrealised foreign exchange gain arising from the conversion of our US dollars into sterling for reporting purposes. Excluding these amounts the net burn for the six months to 31 December 2015 was £7.4 million.

Underlying cash burn, which excludes milestone income received, milestone payments made, foreign exchange, interest and tax received, increased to £10.6 million from £2.3 million for the same six month period in 2014, reflecting the additional investment in the US launch activities for Tuzistra® XR. This amount of £10.6 million includes the receipt of cash from two batches of frovatriptan; one of which was delivered in this financial period and one of which was delivered in June 2015 and accordingly was included within trade receivables at 30 June 2015.

Outlook
We have made significant progress in the last six months in establishing our US sales and marketing infrastructure and transforming the business into a commercial specialty pharmaceutical company. In line with our strategy we have made significant investment in launching Tuzistra® XR and this will continue as we gain more traction in the US cough cold market. The overall cash position remained strong at the period end and we remain very excited about the growth potential of the business as we look to leverage the sales force as a strategic asset, with the launch of Moxatag® later in the year.

Principal Risks and Uncertainties

Vernalis considers strategic, operational and financial risks and identifies actions to mitigate these risks. The principal risks and uncertainties for the remaining six months of the financial period ending 30 June 2016 can be found in the Annual Report for the 18 months ended 30 June 2015, available on the website www.vernalis.com. There are no changes to these principal risks. No additional risks are anticipated for the remaining six months of the year.

Vernalis is a revenue generating, commercial stage pharmaceutical company with significant expertise in drug development. The Group has three approved products: Tuzistra® XR targeting the US prescription cough cold market; Moxatag®, a once-a-day formulation of amoxicillin, indicated for the treatment of tonsillitis and/or pharyngitis secondary to Streptococcus pyogenes, and frovatriptan for the acute treatment of migraine. Across the pharmaceutical industry as a whole, competition is intense in the selling of approved products

and more product candidates fail in clinical studies than produce successful marketed products. Success or failure with Vernalis' approved products and product candidates will have a significant impact on the Company's prospects including the ability to secure licensing agreements on existing products and to secure further finance in the future should this be required.

Independent review report to Vernalis plc

Report on the condensed consolidated financial information

Our conclusion
We have reviewed Vernalis plc's condensed consolidated financial information (the "interim financial statements") in the interim financial report of Vernalis plc for the six month period ended 31 December 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed
The interim financial statements comprise:

- the Unaudited consolidated balance sheet as at 31 December 2015;
- the Unaudited consolidated income statement and Unaudited consolidated statement of comprehensive income for the period then ended;
- the Unaudited consolidated statement of changes in equity for the period then ended;
- the Unaudited consolidated statement of cash flows for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The interim financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and 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.

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

PricewaterhouseCoopers LLP
Chartered Accountants
Reading
16 March 2016

Unaudited consolidated income statement
for the six months ended 31 December 2015

	Note	Six months ended 31 December 2015 Pre-exceptional items £000	Exceptional items (note 3) £000	Total £000	Six months ended 31 December 2014 Total £000
Revenue		**6,120**	**-**	**6,120**	5,704
Other income		**225**	**-**	**225**	204
Cost of sales		**(907)**	**-**	**(907)**	(238)
Sales and marketing expenditure		**(10,778)**	**-**	**(10,778)**	-
Research and development expenditure		**(5,582)**	**-**	**(5,582)**	(7,147)
General and administrative expenditure		**(2,617)**	**2,630**	**13**	(2,800)
Operating (loss)/profit		**(13,539)**	**2,630**	**(10,909)**	(4,277)
Finance income	4	**2,855**	**-**	**2,855**	4,625
Finance expense	4	**(20)**	**-**	**(20)**	(55)
(Loss)/profit before income tax		**(10,704)**	**2,630**	**(8,074)**	293
Income tax credit	5	**456**	**-**	**456**	1,385
(Loss)/profit for the period		**(10,248)**	**2,630**	**(7,618)**	1,678
(Loss)/profit per share - basic and diluted	6	**(2.3)p**	**0.6p**	**(1.7)p**	0.4p

Following the launch of Tuzistra® XR in September 2015, an additional expense category of Sales and Marketing has been introduced which includes costs related to the commercialisation of pharmaceuticals products including the sales force, marketing costs and other related expenditures. Pre-launch costs were reported as Research and Development expenses in line with group accounting policies.

The notes form part of this condensed financial information.

Unaudited consolidated statement of comprehensive income
for the six months ended 31 December 2015

	Six months ended 31 December 2015 Pre-exceptional items £000	Exceptional Items (note 3) £000	Total £000	Six months ended 31 December 2014 Total £000
(Loss)/profit for the period	**(10,248)**	**2,630**	**(7,618)**	1,678
Other comprehensive income:				
Items that may subsequently be reclassified to profit and loss:				

Exchange (loss)/gain on translation of overseas subsidiaries				
	(22)	**-**	**(22)**	1
Total comprehensive (expense)/income for the period	**(10,270)**	**2,630**	**(7,640)**	1,679

The notes form part of this condensed financial information.

Unaudited consolidated balance sheet
as at 31 December 2015

	Note	**31 December 2015 £000**	30 June 2015 £000
Assets			
Property, plant and equipment	7	**2,074**	1,637
Intangible assets	8	**16,629**	12,895
Trade and other receivables		**1,535**	534
Non-current assets		**20,238**	15,066
Inventories	9	**108**	-
Trade and other receivables		**5,645**	7,017
Tax receivable		**538**	2,933
Derivative financial instruments	11	**-**	301
Held-to-maturity financial assets		**42,722**	42,426
Cash and cash equivalents		**11,274**	18,832
Current assets		**60,287**	71,509
Total assets		**80,525**	86,575
Liabilities and shareholders' equity			
Liabilities			
Trade and other liabilities		**2,105**	744
Provisions for other liabilities and charges	10	**488**	3,510
Non-current liabilities		**2,593**	4,254
Trade and other liabilities		**5,526**	3,368
Tax payable		**61**	5
Deferred income		**1,101**	1,688
Provisions for other liabilities and charges	10	**1,012**	154
Derivative financial instruments	11	**12**	-
Current liabilities		**7,712**	5,215
Total liabilities		**10,305**	9,469
Equity attributable to owners of the parent			
Share capital	12	**4,451**	4,434
Share premium		**476,689**	476,392
Other reserves	13	**253,580**	253,365
Retained deficit		**(664,500)**	(657,085)
Total equity		**70,220**	77,106
Total liabilities and equity		**80,525**	86,575

The notes form part of this condensed financial information.

Unaudited consolidated statement of changes in equity
for the six months ended 31 December 2015

	Share capital £000	Share premium £000	Other reserves £000	Retained deficit £000	Total £000
Balance at 1 July 2014	4,423	476,455	252,773	(655,603)	78,048
Profit for the period	-	-	-	1,678	1,678
Other comprehensive income for the period	-	-	1	-	1
Total comprehensive income for the period	-	-	1	1,678	1,679
Transactions with owners:					
Exercise of share options	-	11	(11)	-	-
Share-based payments charge	-	-	452	-	452
	-	11	441	-	452
Balance at 31 December 2014	4,423	476,466	253,215	(653,925)	80,179
Balance at 1 July 2015	**4,434**	**476,392**	**253,365**	**(657,085)**	**77,106**
Loss for the period	**-**	**-**	-	(7,618)	(7,618)
Other comprehensive expense for the period	**-**	**-**	(22)	-	(22)
Total comprehensive expense for the period	**-**	**-**	**(22)**	**(7,618)**	**(7,640)**
Transactions with owners:					
Exercise of share options	17	297	(195)	203	322
Share-based payments charge	-	-	432	-	432
	17	**297**	**237**	**203**	**754**
Balance at 31 December 2015	**4,451**	**476,689**	**253,580**	**(664,500)**	**70,220**

Unaudited consolidated statement of cash flows
for the six months ended 31 December 2015

	Six months to 31 December 2015 £000	Six months to 31 December 2014 £000
Cash flows from operating activities		
(Loss)/profit for the period	**(7,618)**	1,678
Taxation	**(456)**	(1,385)
Depreciation	**291**	263
Amortisation of intangible fixed assets	**299**	-
Impairment charge on intangible fixed assets	**-**	300
Movement in provisions	**(2,308)**	(68)
Movement in deferred income	**(587)**	102
Share-based payments charge	**643**	452
Movement in derivative financial instruments	**313**	(58)
Finance income	**(2,855)**	(4,625)
Finance expense	**20**	55
Exchange gain	**(65)**	(73)
	(12,323)	(3,359)
Changes in working capital		
Inventories	**(108)**	66
Receivables	**469**	2,493
Liabilities	**1,236**	495
Cash used in operations	**(10,726)**	(305)
Taxation received	**2,912**	-
Taxation paid	**(127)**	(8)
Net cash used in operating activities	**(7,941)**	(313)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(162)**	(553)
Purchase of intangible fixed assets	**(11)**	(3,637)
Acquisition of business combination	**(2,386)**	-
Interest received on cash and cash equivalents	**11**	21
Interest received on held-to-maturity financial assets	**68**	88
Net cash used in investing activities	**(2,480)**	(4,081)
Cash flows from financing activities		
Movement in held-to-maturity financial assets	**1,549**	3,177
Issue of shares	**314**	-
Net cash generated from financing activities	**1,863**	3,177
Foreign exchange gain on cash and cash equivalents	**1,000**	1,449

Movements in cash and cash equivalents in the period	**(7,558)**	232
Cash and cash equivalents at the beginning of the period	**18,832**	25,434
Cash and cash equivalents at the end of the period	**11,274**	25,666
Held-to-maturity financial assets at the end of the period	**42,722**	44,902
Total cash, cash equivalents and held-to-maturity financial assets at the end of the period	**53,996**	70,568

Notes to the interim financial statements

1 Accounting policies and basis of preparation

Vernalis plc ('the Company') and its subsidiaries (together 'the Group') is a revenue generating, commercial stage pharmaceutical company with significant expertise in drug development.

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 100 Berkshire Place, Wharfedale Road, Winnersh, Berkshire, RG41 5RD and its primary listing is on the AIM.

This condensed consolidated financial information has been reviewed but not audited and was approved for issue on 16 March 2016.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the 18 month period ended 30 June 2015 were approved by the Board of directors on 28 September 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This condensed consolidated financial information for the six months ended 31 December 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union as if the company were listed on a market regulated under EU law. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Accruals made in respect of incentive schemes are accrued throughout the incentive scheme period using management's best estimate of the expected outcome as at the date of the interim report.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were as stated within the consolidated financial statements for the 18 month period ended 30 June 2015 but now include additional judgements related to revenue recognition associated with the US commercial business and fair value measurements in relation to business combinations for acquired assets, liabilities and consideration due.

US commercial revenue is recognised when title and risk of loss passes to the customer, estimates are made for the relevant deductions and obligations due to reflect the complete economic transaction. The US commercial revenue recognised in the consolidated income statement is disclosed net of these various sales related deductions. Net revenue reflects the gross turnover reduced for estimates of: rebates, discounts, allowances and provision for product returns, given or expected to be given which vary by product arrangements and buying groups. These provisions are calculated based on contractual obligations, available current / future market information and historic experience. Amounts are reviewed frequently but as estimates they may not fully reflect the final outcome.

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

The accounting policies applied are consistent with those of the annual financial statements for the 18 month period ended 30 June 2015, as described in those annual financial statements. Within the interim period Vernalis acquired Moxatag®, a long acting Amoxicillin product licenced for sale in the US, the accounting treatment of which is consistent with the previously stated accounting policies and IFRS. For clarity, however, the accounting treatment of Moxatag® is detailed below:

The acquisition was determined to meet the definition of a business combination per IFRS 3 (R) and is accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the total consideration is in excess of the assets acquired at fair value, goodwill is recognised. Costs related to the acquisition are charged to the income statement in the period they were incurred. The equipment acquired is being depreciated over its remaining useful life of 10 years. The intangible assets are being amortised over a period of 12 years

which reflects their useful economic life.

There are no new IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on this Group.

Going concern

At 31 December 2015, the Group had cash resources (being cash and cash equivalents and held-to-maturity financial assets) of £54.0 million.

After making enquiries and taking into account management's estimate of future revenues and expenditure, the directors have a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future.

2 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Executive Committee.

The Group has only one segment, being the research, development and commercialisation of pharmaceutical products for a range of medical disorders. All costs to acquire property, plant, equipment and intangible assets as well as all related depreciation, impairment and amortisation expense borne by the Group relate to this one segment. In addition, all other non-cash expenses incurred by the Group relate to this one segment.

3 Exceptional items

Exceptional items represent significant items of income and expense, which, due to their size, nature or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement to give a better understanding to shareholders of the elements of financial performance in the period, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Exceptional items include, but are not limited to, restructuring costs and provisions for vacant leases.

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 £000
Credit - release of provision for vacant leases	**2,630**	-

4 Finance income/expense

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 £000
Finance income		
Interest on cash, cash equivalents and held-to-maturity assets	**108**	115
Exchange gains on cash, cash equivalents and held-to-maturity assets	**2,747**	4,510
	2,855	4,625
Finance expense		
Unwinding of discount on provision	**20**	55

	20	55

5 Income tax credit
Analysis of current tax credit:

	Six months ended 31 December 2015 £000	Six months ended 31 December 2014 £000
Research and development tax credits	**538**	1,448
Corporation tax on Research and Development Expenditure Credit	**(44)**	(41)
Overseas corporation tax	**(48)**	(22)
Adjustments in respect of prior year	**10**	-
	456	1,385

6 (Loss)/profit per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted loss per share, the weighted average number of ordinary share in issue is adjusted to assume conversion for all dilutive potential ordinary shares unless their effect is antidilutive.

	Six months ended 31 December 2015	Six months ended 31 December 2014
Attributable (loss)/profit before exceptional items (£000)	**(10,248)**	1,678
Exceptional items (£000)	**2,630**	-
Attributable (loss)/profit (£000)	**(7,618)**	1,678
Weighted average number of shares (basic) in issue (000)	**444,213**	442,282
(Loss)/profit per ordinary share before exceptional items (basic)	**(2.3)p**	0.4p
Exceptional items (basic)	**0.6p**	0.0p
(Loss)/profit per share (basic)	**(1.7)p**	0.4p

	Six months ended 31 December 2015	Six months ended 31 December 2014
Weighted average number of shares (basic) in issue (000)	**444,213**	442,282
Adjustment for dilutive potential ordinary shares:		
Vernalis plc shares under employee share plans (000)	**-**	11,117
Weighted average number of shares (diluted) (000)	**444,213**	453,339
(Loss)/profit per ordinary share before exceptional items (diluted)	**(2.3)p**	0.4p
Exceptional items (diluted)	**0.6p**	0.0p
(Loss)/profit per share (diluted)	**(1.7)p**	0.4p

7 Property, plant and equipment

Additions of £0.7 million were made during the six months ended 31 December 2015 (£0.2 million in the six months ended 31 December 2014). This included plant and equipment acquired as part of the Moxatag® purchase (refer to business combinations - note 16).

There were no disposals during the six months ended 31 December 2015 (six months ended 31 December 2014: none). There were capital commitments of £0.1 million at 31 December 2015 (31 December 2014: £0.2 million).

8 Intangible assets

	Goodwill £000	Assets in use £000	Assets not yet in use £000	Total £000
Cost				
At 1 July 2015	8,954	37,570	13,042	59,566
Additions	-	4,033	-	4,033
Transferred to in use	-	9,188	(9,188)	-
At 31 December 2015	8,954	50,791	3,854	63,599
Accumulated amortisation and impairment				
At 1 July 2015	(8,954)	(37,417)	(300)	(46,671)
Amortisation charge in the period	-	(299)	-	(299)
At 31 December 2015	(8,954)	(37,716)	(300)	(46,970)
Net book value at 31 December 2015	**-**	**13,075**	**3,554**	**16,629**
Cost				
At 1 July 2014	8,954	37,408	7,609	53,971
Additions	-	-	3,631	3,631
At 31 December 2014	8,954	37,408	11,240	57,602
Accumulated amortisation and impairment				
At 1 July 2014	(8,954)	(37,408)	-	(46,362)
Impairment charge	-	-	(300)	(300)
At 31 December 2014	(8,954)	(37,408)	(300)	(46,662)
Net book value at 31 December 2014	**-**	**-**	**10,940**	**10,940**

Additions

Additions of £4.0 million were made during the six months ended 31 December 2015, relating to the Moxatag® acquisition (see note 16) and a further £9.2 million was moved to "assets in use" following the approval and subsequent launch of Tuzistra® XR. This represented the initial £3.5 million ($5.0 million) upfront payment on the signing of the Tris agreement together with £5.7 million ($9.0 million) for Tuzistra® XR development and NDA licence. Additions of £3.6 million were made to "assets not yet in use" during the six months ended 31 December 2014 and this comprised £1.8 million ($3.0 million) in relation to POC for the third collaboration programme CCP-08 and £1.8 million ($3.0 million) in for FDA acceptance of the NDA filing for Tuzistra® XR.

Impairments

During the six months ended 31 December 2015 there were no intangible asset impairment charges. During the six months ended 31 December 2014 an impairment charge of £0.3 million was made in relation to AUY922. This programme was out-licensed in 2004 to Novartis. In December 2014, Novartis ceased all development work on AUY922 and rights will revert back to Vernalis. An impairment charge of £0.3 million was made to reflect the estimated fair value of £nil.

9 Inventories

	31 December 2015 £000	30 June 2015 £000
Raw materials	**47**	-
Finished goods	**268**	-
Less provision for obsolete inventories	**(207)**	-
Inventories	**108**	-

An obsolescence charge of £0.2 million was taken during the period to 31 December 2015, where it is estimated that inventory held at 31 December 2015 will not be sold prior to becoming short dated and unsellable (six months to 31 December 2014 £nil).

10 Provisions for other liabilities and charges

	Property £000	Revenue £000	Total £000
At 1 July 2015	3,664	-	3,664
Charge during the period	-	1,169	1,169
Credit - provision released during the period (note 3)	(2,630)	-	(2,630)
Transfer to Trade and Other Liabilities	(494)	-	(494)
Utilised during the period	(72)	(182)	(254)
Unwinding of discount (note 4)	20	-	20
Exchange differences	-	25	25
At 31 December 2015	**488**	**1,012**	**1,500**

The Group holds provisions relating to property and also its US revenues.

Property
Where leasehold properties become vacant the Group provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. At 1 July 2015, this provision primarily related to properties in Cambridge and was expected to be utilised over the life of the related leases to 2019 and 2023 and had been discounted to fair value at the balance sheet date. Also included were dilapidation provisions which related to costs associated with the Group's obligation to reinstate leased buildings to their original state. During the period the group reached a settlement with regards to the onerous lease on a property in Cambridge which has resulted in an exceptional credit of £2,630,000 relating to the early termination of the contractual obligations. £494,000 has been transferred to trade and other liabilities and will be paid over the next four years, reflecting that this amount is now certain. As at 31 December 2015, the remaining amounts relate to dilapidation provisions.

Revenue
When calculating US commercial revenues, provisions are made for rebates, discounts, allowances and product returns estimated, given or expected to be given which vary by product arrangements and buying groups. These provisions are calculated based on contractual obligations, available current / future market information and historic experience. Amounts are reviewed throughout the reporting period and reflects the best estimate at each reporting date.

11 Derivative financial instruments

	31 December 2015	30 June 2015

	£000	£000
Financial (liabilities) / assets carried at fair value through profit or loss		
Held for trading derivatives that are not designated in hedge accounting relationships		
Foreign currency forward contracts	**(12)**	301

The fair value of all option contracts are based on financial reporting period-end prices in an active market. The currency options are Level 1 fair value measurements (30 June 2015: all Level 1).

12 Share capital

	Number issued '000	Number authorised '000	Price	Issued £000	Authorised £000
Ordinary					
1 July 2015	443,442	Unlimited	£0.01	4,434	Unlimited
Issue of shares	1,682	-	£0.01	17	-
31 December 2015	**445,124**	**Unlimited**	**£0.01**	**4,451**	**Unlimited**
Ordinary					
1 July 2014	442,265	Unlimited	£0.01	4,423	Unlimited
Issue of shares	52	-	£0.01	-	-
31 December 2014	**442,317**	**Unlimited**	**£0.01**	**4,423**	**Unlimited**

During the six months ended 31 December 2015, 1,681,958 shares were issued following the exercise of options under the Long Term Incentive Plan and Sharesave schemes.

13 Other reserves

	Merger reserve £000	Other reserve £000	Options reserve £000	Warrant reserve £000	Translation reserve £000	Capital redemption reserve £000	Total £000
At 1 July 2014	101,985	78,125	10,285	1,155	3,557	57,666	252,773
Share-based payments charge	-	-	452	-	-	-	452
Exercise of share option	-	-	(11)	-	-	-	(11)
Exchange gain on translation of overseas subsidiaries	-	-	-	-	1	-	1
At 31 December 2014	**101,985**	**78,125**	**10,726**	**1,155**	**3,558**	**57,666**	**253,215**

	Merger reserve £000	Other reserve £000	Options reserve £000	Warrant reserve £000	Translation reserve £000	Capital redemption reserve £000	Total £000
At 1 July 2015	101,985	78,125	10,896	1,155	3,538	57,666	253,365
Share-based payments charge	-	-	432	-	-	-	432
Exercise of share option	-	-	(195)	-	-	-	(195)

Exchange loss on translation of overseas subsidiaries	-	-	-	-	(22)	-	(22)
At 31 December 2015	**101,985**	**78,125**	**11,133**	**1,155**	**3,516**	**57,666**	**253,580**

14 Related party transactions

Key management compensation amounted to £1,077,000 for the six months ended 31 December 2015 (six months ended 31 December 2014: £1,218,000). Key management includes only executive and non-executive directors.

15 Seasonality

Prior to the launch of Tuzistra® XR, the Groups financial statements were not subject to significant seasonal trends but following the launch the Group's financial results now reflect sales revenues which should mirror the seasonality of the US cough cold market. We do not believe that seasonality will have a significant impact on the results, for the year of launch.

16 Business Combinations

On 2 October 2015, Vernalis acquired the US rights to Moxatag®, which is the only once a day formulation of the antibiotic, amoxicillin available in the US. Moxatag® expands the US product portfolio and complements Tuzistra® XR within the US commercial business. Total consideration, which was fair valued at acquisition, comprised three parts: an upfront cash payment of £2.4 million ($3.6 million); fixed deferred consideration of £1.2 million ($1.8 million) contingent on the completion of the first successful manufacture of the product; and further deferred consideration owed by Vernalis on future net revenues of Moxatag® for royalties and milestone payments which management have estimated the fair value at acquisition to be £0.9 million ($1.4 million).

The purchase has been treated as a business combination in accordance with the Company's policies under the acquisition method. The acquisition did not result in goodwill and resulted in the following fair value additions to assets and liabilities:

	Acquisition Fair Value 2 October 2015 £000
Property, plant and equipment	558
Intangible assets	4,022
Non-current assets	**4,580**
Trade and other liabilities	(99)
Current liabilities	**(99)**
Total acquisition at fair value	**4,481**
Consideration	
Cash paid	2,386
Contingent cash consideration	2,095
Total consideration at fair value	**4,481**

No book values were made available by the vendor at the date of acquisition. Fair values of the acquired assets and liabilities as at 2 October 2015 are detailed in the table above.

Since the acquisition, the Group has been focused on the manufacturing of the product and developing sales and marketing strategies for a market relaunch. No commercial sales have occurred to date. The charges for the period relate to the amortisation of the intangible asset which in accordance with group accounting policy is being amortised from the first month in which the intangible asset is available for use, and depreciation of the property, plant and equipment. A summary of the financial impact of Moxatag® from the date of acquisition in the consolidated group is:

£000

Net revenue	-
Loss for the period	**128**

A view of the potential financial impact of the Moxatag® purchase on the Group on a pro forma basis from 1 July was considered impracticable due to its significant reliance on several uncertain estimates, making the information unreliable for the purposes of comparative analysis.

The maximum amount of contingent consideration in relation to the first successful manufacture of product is £1.2 million. A further amount of contingent consideration which may be payable by Vernalis is in the form of royalties and is dependent on net sales.

In the six months period ended 31 December 2015 the Group expensed costs of £135,000 relating to the acquisition of Moxatag® which have been recorded within the consolidated income statement within operating costs.

Statement of directors' responsibilities

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

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report

The directors of Vernalis plc are listed in the Vernalis plc Report and accounts for the 18 month period ended 30 June 2015. A list of current directors is maintained on the Vernalis plc website: www.vernalis.com.

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

By order of the Board

David Mackney
Chief Financial Officer
16 March 2016