Interim Results Announced

30 May 2018

Alderley Park, May 30 2018 Redx (AIM: REDX), the drug discovery and development Group focused on cancer and fibrosis, today announces unaudited results for the six months ended 31 March 2018.

Iain Ross, Executive Chairman of Redx Pharma commented:

"I am pleased with the progress that Redx has made in the past six months. We have continued to advance our R&D programmes and achieved substantial cost savings across the business. Based upon the outcome of discussions with the regulators our plans are to re-introduce RXC004 into the clinic and we continue to expect to enrol additional patients into the amended phase I/IIa clinical trial early next year

"We are all delighted to have Lisa Anson on board as our new Chief Executive Officer. Her experience and knowledge will prove invaluable to the Group and I look forward to her taking over the reins on 1 June 2018. Her appointment, along with Dr. Andrew Saunders as our Chief Medical Officer, strengthens the Redx team as we continue to execute on our strategy.

"On 1 June I will re-assume my role as Non-Executive Chairman of the Group and would like to take this opportunity to reiterate my thanks to all at Redx for their commitment during my time as Executive Chairman."

Operational Highlights

- Exited Administration on 2 November 2017 with a cash balance of £13.9 million and shares resumed trading on AIM on 6 November 2017
- Announced strategic update and refocused R&D pipeline, consisting of two development programmes and five research programmes
- Strengthened management team and Board of Directors
    - Iain Ross appointed Executive Chairman with the former CEO stepping down as a Director of the Group
    - Dominic Jackson appointed Chief Financial Officer and Executive Director
    - Peter Presland appointed Non-Executive Director and Chair of Audit Committee
    - Dr. Andrew Saunders appointed Chief Medical Officer

- RXC004 Phase 1a/2a trial initiated and temporally suspended due to occurrence of a high level of on-target adverse events
    - Good drug exposure observed, no-off target side-effects, and expected on-target, Wnt pathway-mediated effects observed
    - Indication that the compound is hitting the target pathway
    - Pharmacokinetic evaluation suggests that, with the support of the regulators, there is a clear pathway for re-introduction of compound back into the clinic at lower dose
- Poster presentation at American Association for Cancer Research
    - Demonstrated that RXC004 enhances immune response in pre-clinical models of cancer
- Option and licence agreement signed with Deinove for Novel Bacterial Topoisomerase Inhibitor (NBTI) programme.

Post Period Highlights

- Lisa Anson, currently President of AstraZeneca UK, appointed as Chief Executive Officer, effective 1 June 2018
- Iain Ross to revert to role of Non-Executive Chairman.

Financial Highlights

- Cash balance at 31 March 2018 of £10.3m (H1 2017: £5.1m/at exit from Administration on 2 November 2017: £13.9m)
- Annualised reduction in costs of £7m
- Loss for the period £4.6m (H1 2017:£10.7m loss)

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About Redx Pharma Plc

Redx is a UK biotechnology Group whose shares are traded on AIM (AIM:REDX). Redx is focused on creating and developing first, or potentially best in class drugs, in specific areas of cancer and fibrosis that address significant unmet medical need. Redx has an in-house discovery team with proven world-class chemistry capabilities.

If you would like to sign up to regular alerts from Redx Pharma, please follow this link https://www.redxpharma.com/investors/email-alerts.

CHAIRMAN'S STATEMENT

In December 2017, when I announced the financial results for the year ended 30th September 2017, I stated that our mantra for this business going forward would be Focus, Realism and Results. It is therefore with pleasure that I present the financial results for Redx Pharma Plc for the six-month period ended 31st March 2018, which demonstrate a clear commitment to that mantra.

We have made significant progress with our R&D programmes and I believe the recent setback with our RXC004 clinical programme was dealt with transparently and we have identified a way back into the clinic. Concurrently, we have disposed of non-core assets, completed re-structuring and rationalisation initiatives, and achieved substantial cost savings across the business.

Realism and professionalism remain key to forming validating partnerships, and I am pleased to report significant progress has been made in discussions with third parties across all programmes during the period, and that our interim financial results demonstrate a tight and prudent control of costs and cash flow.

Finally, during the period we appointed Dr. Andrew Saunders as our CMO and more recently, post period and after the completion of an extensive search, we announced the appointment of our new CEO, Lisa Anson. Lisa brings invaluable, relevant experience and contacts to the business and will, as of 1st June 2018, lead us through the Group's next stage of development. From that date I will revert to my previous position as Non-Executive Chairman.

Research & Development

Last November we set some near-term milestones, most of which I am pleased to report we have achieved.

The suspension of patient recruitment in our Phase I/IIa RXC004 oncology programme, in late March, was disappointing with the first patient dosed removed from the study to allow recovery from clinically significant side effects that emerged. Importantly, good drug exposure was observed, and only expected on-target Wnt pathway mediated side-effects were noted with no-off target side-effects recorded. This indicates that the compound is hitting the target and the pharmacokinetic evaluation shows a clear pathway forward, and following discussions with the MHRA, we plan to introduce the compound back into the clinic at lower doses, where we would predict target engagement with limited on-target side-effects.

Simultaneously, publications and presentations at the recent American Association for Cancer Research (AACR) Meeting held in Chicago highlighted the role that the Wnt pathway plays in immuno-oncology resistance. We presented a poster at the meeting, which demonstrated that RXC004 enhances immune response in pre-clinical models of cancer.

It has also been specifically reported that Novartis' WNT974 competitor programme has demonstrated immuno-oncology, pharmacodynamic effects as a monotherapy in patients at a well-tolerated dose of 10mg, which augurs well for RXC004, which has a longer half-life and we would predict would have similar effects at a lower dose.

In addition, during the period, we made substantial progress in our fibrosis initiatives. In our porcupine fibrosis project, we have demonstrated robust anti-fibrotic effects in a range of industry standard models. Both our lead clinical porcupine inhibitor, RXC004, and a back-up, REDX06109 (from a distinct chemical class in comparison to RX004 and therefore protected by a different patent family), showed inhibition of fibrosis end points in disease models of kidney, liver and lung (IPF) fibrosis. In our Pan-ROCK programme we have now confirmed the good anti-fibrotic effects of our lead compound, REDX08397, in an adoptive T cell model of intestinal fibrosis.

In line with our previously announced strategy to close down our anti-infective research unit and look to partner our assets, we announced in March that we have signed an option and licence agreement with Deinove for our Novel Bacterial Topoisomerase Inhibitor (NBTI) programme, which is primarily focused on treating multi-drug resistant Gram negative bacteria.

On the IP front, we have had the Pan-ROCK inhibitor US patent granted and the RXC004 US patent notice of allowance issued.

Finance

The interim results to March 2018 are the first set of financial results to be largely free of one-off costs and adjustments of the Administration. However, I draw your attention to the cash flow, where a significant unwind relating to the payment of exceptional liabilities exists; these were accrued during the Administration and as such are legacy in nature.

In the Annual Report released last year, the Group cited £4m of targeted full-year fixed cost savings. I am pleased to report that we delivered a £7m annualised reduction in costs, all of which had been in place by March 2018.

Over the period, the Board has further adopted a robust set of financial controls, including a project-based operating model and associated rolling short-term cash flow forecasts to assist in better prioritisation of resources to projects, resulting in greater transparency and project accountability.

The cash position at the end of March 2018 was £10.3m compared with £13.9m on exit from Administration five months previously. We continue to focus on our cash balance and run-rate. However, it is worth noting that because of the delay in the RCX004 programme, the near-term cash spend on that project will now be much lower with significant costs deferred until patient accrual into the trial recommences.

The successful partnering of one of our Anti-Infective programmes with Deinove, increased our focus on the core areas of oncology and fibrosis and has created liquidity for the Group whilst retaining the potential for further upside value creation.

The Group has further demonstrated its ability to flex the cost base in line with the liquidity demands presented by the R&D programmes. One example of this is a sub-let agreement signed during the period with Cancer Research UK, which significantly reduces the operating leverage previously created by the 10-year lease and associated rates for our buildings and facilities at Alderley Park.

Outlook

In late May 2017 Redx Pharma plc and its subsidiary Redx Oncology Limited went into Administration and, as a result, we had to execute an accelerated sale of a valuable world-class development asset to meet the immediate demands of all outstanding bona fide creditors. This included Liverpool City Council, along with creditors then falling due as a result of the Administration, including the Regional Growth Funds.

This was an uncomfortable period for all involved and, as a result, your new Board has restructured the business model, as well as insisting upon transparency, realism and a change in culture in the overall management of the business.

Our science remains of the highest quality, but the management of our assets is now more rigorous and akin to that of a small, but thriving, biotech company. I believe we are now fit for purpose and I look forward to working with Lisa, our new CEO, and her team to build sustainable long-term value for shareholders.

Iain Ross
Chairman

Consolidated Statement of Comprehensive Income

		Unaudited	Unaudited	Audited
		Half Year to 31 March 2018	Half Year to 31 March 2017	Year to 30 September 20
	Note	£000	£000	£000
Revenue	2	129	–	30,474
Operating expenses		(5,172)	(10,154)	(15,768)
RGF clawback	3	–	–	(6,086)
Costs of Administration				
Write-off of derivative instrument	4	–	–	(3,560)
Other Administration costs	5	(177)	–	(2,930)

Reorganisation costs	6	(215)	(320)	(791)
Derecognition of non-current asset	7	–	–	(641)
Share based compensation	8	(162)	(3)	(13)
Other operating income		637	642	1,291
(Loss)/profit from operations		(4,960)	(9,835)	1,976
Finance costs	9	–	(1,170)	(368)
Finance income	9	16	19	38
(Loss)/profit before taxation		(4,944)	(10,986)	1,646
Income tax	10	341	293	(118)
Total comprehensive (loss)/profit for period attributable to owners of Redx Pharma plc		(4,603)	(10,693)	1,528
		pence	Pence	pence
(Loss)/earnings per share – basic	11	(3.6)	(10.7)	1.4
– diluted	11	(3.6)	(10.7)	1.4

Consolidated Statement of Financial Position

	Unaudited	Unaudited	Audited
	31 March 2018	31 March 2017	30 September 201

	Note	£000	£000	£000
Assets				
Property, plant and equipment		238	386	222
Intangible assets		427	426	430
Derivative financial instrument		–	894	–
Other receivables	7	–	623	–
Total non-current assets		665	2,329	652
Trade and other receivables		2,207	1,481	2,588
Derivative financial instrument		–	1,788	–
Cash and cash equivalents		10,318	5,106	23,806
Current tax		653	930	643
Total current assets		13,178	9,305	27,037
Total assets		13,843	11,634	27,689
Liabilities				
Trade and other payables		3,957	7,434	13,362
Borrowings		–	2,000	–
Total liabilities		3,957	9,434	13,362
Net assets		9,886	2,200	14,327
Equity				

Share capital	1,265	1,265	1,265
Share premium	33,263	33,367	33,263
Share-based compensation	1,042	870	880
Capital redemption reserve	1	1	1
Retained deficit	(25,685)	(33,303)	(21,082)
Equity attributable to shareholders	9,886	2,200	14,327

Consolidated Statement of Changes in Equity

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unauc
	Share capital	Share premium	Share-based payment	Capital redemp'n reserve	Retained deficit	Total equity
	£000	£000	£000	£000	£000	£000
Movements by half year						
As at 30 September 2016	936	22,526	867	1	(22,610)	1,720
Share options exercised	1	69	–	–	–	70
Share issue	328	11,966	–	–	–	12,294
Share issue costs	–	(1,194)	–	–	–	(1,194

Transactions with owners in their capacity as owners	329	10,841	–	–	–	11,170
Loss and total comprehensive income for the period	–	–	–	–	(10,693)	(10,69
Share-based compensation	–	–	3	–	–	3
As at 31 March 2017	1,265	33,367	870	1	(33,303)	2,200
Share issue costs	–	(104)	–	–	–	(104)
Transactions with owners in their capacity as owners	–	(104)	–	–	–	(104)
Profit and total comprehensive income for the period	–	–	–	–	12,221	12,221
Share-based compensation	–	–	10	–	–	10
As at 30 September 2017	1,265	33,263	880	1	(21,082)	14,327
Transactions with owners in	–	–	–	–	–	–

their capacity as owners						
Loss and total comprehensive income for the period	–	–	–	–	(4,603)	(4,603
Share-based compensation	–	–	162	–	–	162
As at 31 March 2018	1,265	33,263	1,042	1	(25,685)	9,886

Consolidated Statement of Cash Flows

	Unaudited	Unaudited	Audited
	Half Year to 31 March 2018	Half Year to 31 March 2017	Year to 30 September 2017
	£000	£000	£000
Net cash flow from operating activities			
(Loss)/profit for the period	(4,603)	(10,693)	1,528
Adjustments for:			
Income tax	(341)	(293)	118
Finance costs (net)	(16)	1,151	330
Depreciation and amortisation	88	178	327
Share based compensation	162	3	13

Derecognition of non-current asset	–	–	641
Write-off of derivative asset	–	–	3,560
Profit on disposal of assets	(3)	–	(107)
Movements in working capital			
Decrease/(increase) in trade and other receivables	266	71	(1,185)
(Decrease)/increase in trade and other payables	(9,269)	1,573	8,871
Cash (used in)/generated by operations	(13,716)	(8,010)	14,096
Tax credit received	358	–	–
Interest received	16	2	2
Net cash (used in)/generated by operations	(13,342)	(8,008)	14,098
Cash flows from investing activities			
Purchase of intangible assets	–	(117)	(121)
Sale of property plant and equipment	8	–	124
Purchase of property, plant and equipment	(106)	(31)	(33)
Net cash used in investing activities	(98)	(148)	(30)
Cash flows from financing activities			
Proceeds from share issues	–	12,364	12,364

Share issue costs	–	(1,194)	(1,298)
Derivative financial instrument	–	(3,666)	(3,666)
Receipt from derivative financial instrument	–	–	106
Interest paid	(48)	–	(1,551)
Loan repaid	–	–	25
LCC loan repaid	–	–	(2,000)
Net cash from financing activities	(48)	7,504	3,980
Net (decrease)/increase in cash and equivalents	(13,488)	(652)	18,048
Cash and cash equivalents brought forward	23,806	5,758	5,758
Cash and cash equivalents carried forward	10,318	5,106	23,806

Reconciliation of liabilities arising from financing activities

	Unaudited	Unaudited	Audited
	Half Year to 31 March 2018	Half Year to 31 March 2017	Year to 30 September 201
LCC loan	£’000	£’000	£’000
Balance B/fwd	–	2,000	2,000
Cash flows	–	–	(2,000)

Balance C/fwd	–	2,000	–

Notes to the Financial Statements

1. **Basis of preparation and accounting policies**

1.01 Description of Group and approval of the consolidated interim financial statements

Redx Pharma plc (”Redx” or “the Company”) is a limited liability company incorporated and domiciled in the UK. Its shares are quoted on AIM, a market operated by The London Stock Exchange. The principal activity of the Group is drug discovery, pre-clinical development and licensing.

The Group’s consolidated interim financial statements are presented in pounds sterling, which is the Group’s presentational currency, and all values are rounded to the nearest thousand (£000) except where indicated otherwise.

The consolidated interim financial statements were approved by the Board of Directors on 29 May 2018.

1.02 Basis of preparation

The Group’s consolidated interim financial statements, which are unaudited, consolidate the results of Redx Pharma plc and its subsidiary undertakings made up to 31 March 2018. TheGroup’s accounting reference date is 30 September.

These interim financial statements have not been audited and do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The information for the period ended 30 September 2017 has been extracted from the statutory accounts for the year ended 30 September 2017, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The statutory accounts were approved by the Board on 20 December 2017 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 a statement under section 498(2) or section 498(3) of the Companies Act 2006. The results for the six months ended 31 March 2017 are unaudited.

1.03 Significant accounting policies

The accounting policies used in the preparation of the financial information for the six months ended 31 March 2018 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') as adopted by the European Union and are consistent with those adopted in the annual statutory financial statements for the year ended 30 September 2017 and those which will be adopted in the annual statutory financial statements for the year ending 30 September 2018.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), the interim financial statements do not contain sufficient information to comply with IFRS's.

1.04 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors and the Chief Financial Officer are together considered the chief operating decision-maker and as such are responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group.

The Group has therefore determined that it has only one reportable segment.

1.05 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenues from the sale of intellectual property, where there are no obligations subsequent to delivery, are recognised when significant risks and rewards have transferred which is considered to be the point at which all patents and other information in accordance with the substance of the agreement are handed over.

Revenues from the grant of an option over a license agreement, where there are no obligations subsequent to the granting of the option, are recognised as soon as all information in accordance with the substance of the agreement is handed over.

1.06 Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled ”Guidance on Risk Management and Internal Control and Related Financial and Business Reporting”.

The Group made a net loss of £4.6m during the period, following the entering into an option for a license agreement of one of its Anti-infectives programmes, and after taking into account the final costs associated with two Group companies, Redx Pharma Plc and Redx Oncology Limited, entering Administration in May 2017. The Directors are satisfied, based on detailed cash flow projections and after the consideration of reasonable sensitivities, that sufficient liquidity is available to meet the Group's needs as they fall due for the foreseeable future and at least 12 months from the date of signing the interim financial statements.

The detailed cash flow assumptions are based on the Group's projections, prepared and approved by the Board, which reflects a number of key assumptions in respect of project costs, overheads and discretionary spend, underpinned by the current pipeline.

No revenue has been assumed in the forecasts, save for that generated from subletting unused space. The Group is already in discussions with third-parties in respect of partnerships and the licensing of non-core assets in addition to the Deinove option already granted. As highlighted in the Chairman's statement, delays to the RXC004 trial has meant that near term expenditure on that project will be lower & some expenditure deferred. The forecasts indicate that the Group has a cash runway through to mid calendar year 2019 and its ability to continue to develop its programmes thereafter is dependent on entering a partnership agreement or an additional fund raise. The Group is already in discussions with third-parties in respect of partnerships and the licensing of non-core assets and furthermore, the Group continues to have the ability to seek to raise additional funds on capital markets.

In the absence of such opportunities in relation to partnerships and the licensing of non-core assets coming to fruition, or of the ability to raise additional funds on capital markets before mid-calendar year 2019 or in the unlikely event of the Group becoming liable to pay tax on the disposal of the BTK Program, management has identified further discretionary spending areas which can be reduced to allow the Group to extend its cash runway further into 2019. These can be made without impinging on the ability of key programmes to reach value inflexion points.

On the basis of the above review, the Directors are confident that the Group has sufficient liquidity to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

2. Revenue

In August 2017, the Group sold its BTK inhibitor drug development programme and related IP to Loxo Oncology Inc. for $40m. The sale included certain patents, intellectual property, contracts for product manufacture, and physical materials relating to that program.

In March 2018, the Group granted an option for a license agreement with Deinove.

	Unaudited	Unaudited	Audited
	Half year to 31 March	Half year to 31 March	Year to 30 September
	2018	2017	2017
	£’000	£’000	£’000
Revenue	129	–	30,474

3. Clawback of Regional Growth Fund grant funding

The Group has, in past years, received Regional Growth Funds (RGF) grants administered by the Department of Business, Energy and Industrial Strategy of the

UK Government. Under the terms of the grant awards, clawback amounts became repayable on Redx Pharma plc entering Administration. During the course of the Administration, a full and final settlement was reached. It was repaid as part of the exit from Administration.

	Unaudited	Unaudited	Audited
	Half year to 31 March	Half year to 31 March	Year to 30 September
	2018	2017	2017
	£'000	£'000	£'000
RGF clawback	–	–	6,086

4. Write off of Derivative financial instrument

On 1 March 2017 the Company issued 11,500,000 new ordinary shares of 0.1p each ("Ordinary Shares") at a price of 37.5p per share to Lanstead Capital for £4,312,500. The Company simultaneously entered into an equity swap with Lanstead for 85 per cent of these shares with a reference price of 50p per share (the "Reference Price"). The equity swap was for an 18-month period ending in October 2018. All 11,500,000 Ordinary Shares were allotted with full rights on the date of the transaction.

Of the subscription proceeds of £4,312,500 received from Lanstead, £3,665,625 (85 per cent) was invested by the Company in the equity swap.

Investment in the equity swap was a condition of the placing with Lanstead.

In the period to 24 May 2017, which was the date of Redx Pharma plc entering Administration, £106,000 had been received by the Group under the terms of the swap.

As a consequence of entering Administration, the terms of the equity swap were such that it terminated with no further benefit to the Company. The remaining balance of £3.56m was therefore written off.

	Unaudited	Unaudited	Audited
	Half year to 31 March	Half year to 31 March	Year to 30 September
	2018	2017	2017
	£'000	£'000	£'000
Write-off of derivative financial instrument	–	–	3,560

5. Administration

On 24 May 2017, two companies within the Group, Redx Pharma plc and Redx Oncology Limited were placed into Administration as a result of the default on repaying a loan from Liverpool City Council. FRP Advisory LLP were appointed as Administrators. Dealing in the shares of the Group on the AIM market was suspended on 24 May 2017. As at 30 September 2017 those companies remained in Administration. They exited Administration on 2 November 2017, when control was returned to the Directors. The costs directly associated with the Administration (including a provision for costs up to the end of the Administration), principally Administrators' costs, legal costs and taxation costs, have been separately disclosed on the face of the Consolidated Statement of Comprehensive income.

	Unaudited	Unaudited	Audited

	Half year to 31 March 2018 £'000	Half year to 31 March 2017 £'000	Year to 30 Septemb 2017 £'000
Costs of Administration	177	–	2,930

6. Reorganisation costs

In March 2017, the Board of directors agreed a proposal to undertake a restructuring of the Group, leading to a significant reduction in headcount across all areas of operation. The non- recurring costs incurred in implementing this proposal were:

	Unaudited Half year to 31 March 2018 £'000	Unaudited Half year to 31 March 2017 £'000	Audited Year to 30 Septemb 2017 £'000
Reorganisation costs	215	320	791

7. Derecognition of non-current assets

	Unaudited 31 March 2018 £’000	Unaudited 31 March 2017 £’000	Audited 30 September 2017 £’000
Loan	–	623	641
Derecognition	–	–	(641)
	–	623	–

The loan of £714k was granted to Redag Crop Protection Ltd as part of the sale of the former subsidiary. It bears interest at 5% repayable with the principal sum. The loan is unsecured, and is only repayable on the sale, listing, or change of control of Redag Crop Protection Ltd.

At 30 September 2017, the total amount outstanding (including accrued interest), was £821k before a fair value adjustment was made to reflect the non-current nature of the asset, amounting to £180k. Following review, and as a result of the conditionality attached to the repayment of the loan, the Directors have derecognised it as an asset in accordance with International Accounting Standards.

Whilst the loan has been de-recognised as an asset, the Directors do not consider it to be extinguished and will continue to seek full repayment under its terms.

8. Share-based compensation

Share options have been issued to certain directors and staff during the period, and the charge arising is shown below. The fair value of the options granted has been calculated using a Black-Scholes model.

	Unaudited	Unaudited	Audited

	Half Year to 31 March 2018	Half Year to 31 March 2017	Year to 30 September 2017
	Number	Number	Number
Outstanding at the beginning of the period	2,963,417	3,907,784	3,907,784
Options granted and vested in period	3,760,000	–	–
Options exercised in period	–	(145,319)	(145,319)
Options Forfeited in period	(113,854)	(199,538)	(799,048)
Options granted and vesting in future periods	–	–	–
	6,609,563	3,562,927	2,963,417
	£000	£000	£000
Charge to Statement of Comprehensive Income in period	162	3	13

Assumptions used were an option life of 5 years, a risk free rate of 2% and no dividend yield. Othe inputs were:

- Volatility 40%
- Share price at date of grant in a range between 22p and 85p
- Weighted average exercise price in a range between 22p and 85p
- Weighted average fair value of each option in a range between 3.2p and 47.2p

9. Finance expense and finance income

	Unaudited Half Year to 31 March 2018	Unaudited Half Year to 31 March 2017	Audited Year to 30 Septem 2017
Finance expense			
Loan interest	–	186	319
Fair value adjustment	–	984	–
Other interest and similar charges	–	–	49
	–	1,170	368
Finance income			
Bank and other short term deposits	16	1	2
Loan interest	–	18	36
	16	19	38

10. Income tax

	Unaudited 31 March 2018 £'000	Unaudited 31 March 2017 £'000	Audited 30 Septeml 2017 £'000
Current income tax			
Corporation tax	27	–	124
Research and Development Expenditure credit		(293)	–
Prior year adjustment	(368)	–	(6)
Income tax (credit) / charge per the income statement	(341)	(293)	118

11. (Loss) / earnings per Share

Basic (loss)/earnings per share is calculated by dividing the net income for the period attributable ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

In the case of diluted amounts, the denominator also includes ordinary shares that would be issue any dilutive potential ordinary shares were issued following conversion of loans or exercise of sha options.

The basic and diluted calculations are based on the following:

	Unaudited Half Year to 31 March 2018	Unaudited Half Year to 31 March 2017	Audited Year to 30 September 2017

	£000	£000	£000
(Loss)/profit for the period attributable to the owners of the Company	(4,603)	(10,693)	1,528
	Number	Number	Number
Weighted average number of shares – basic	126,447,914	99,524,002	113,022,840
Weighted average number of shares – diluted	126,447,914	99,524,002	113,046,401
	Pence	Pence	Pence
(Loss)/earnings per share – basic	(3.6)	(10.7)	1.4
(Loss)/earnings per share – diluted	(3.6)	(10.7)	1.4

The loss and the weighted average number of shares used for calculating the diluted loss per sha in 2018 and the half year to 31 March 2017 are identical to those for the basic loss per share. This because the outstanding share options would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33 Earnings per Share.

INDEPENDENT REVIEW REPORT TO REDX PHARMA PLC

Introduction

We have been engaged by the Company to review the consolidated interim financial statements in the interim financial report for the six months ended 31 March 2018 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related explanatory Notes. 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 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 review work has been undertaken so that we might state to the Company those matters we are required to state to them 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 interim financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the interim 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 International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The consolidated interim financial statements included in this interim financial report have been prepared in accordance with the presentation, recognition and measurement criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements, as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the consolidated interim financial statements in the interim 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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements in the interim financial report for the six months ended 31 March 2018 is not prepared, in all material respects, in accordance with the presentation, recognition and measurement criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union, and the AIM Rules of the London Stock Exchange.

RSM UK Audit LLP
Chartered Accountants
9th Floor,
3 Hardman Street,
Manchester,
M3 3HF

29 May 2018

FURTHER INFORMATION FOR SHAREHOLDERS

AIM:	REDX
Company number:	07368089
Investor website:	http://redxpharma.com/investors
Registered office:	Block 33, Mereside, Alderley Park, Macclesfield, SK10 4TG
Directors:	Iain Ross (Executive Chairman)
	Dominic Jackson (CFO)
	Peter Presland (Non-Executive Director)
	Bernhard Kirschbaum (Non-Executive Director)
Company Secretary:	Andrew Booth