

ALLIED MINDS™



TRANSFORM

Academic Discoveries and
U.S. Government Research
into Commercial Product Breakthroughs



Half-Yearly Report

for the six months ended 30 June 2016

CONTENTS

Introduction 1

Period Highlights..... 3

Interim Management Report 5

Condensed Consolidated Statement of Comprehensive Loss 20

Condensed Consolidated Statement of Financial Position 21

Condensed Consolidated Statement of Changes in Equity 22

Condensed Consolidated Statement of Cash Flows..... 23

Notes to the Condensed Consolidated Interim Financial Statements 24

Statement of Directors’ Responsibilities 36

Company Information..... 36

ALLIED MINDS PLC¹

Half-Yearly Report for the six months ended 30 June 2016

INTRODUCTION

At Allied Minds, we transform academic discoveries and U.S. Government research into commercial product breakthroughs.

Disruption of the status quo is what drives us. Our **focus** is to sift through the thousands of opportunities we see each year to single out just a few that we believe will disrupt existing large and growing markets and business models. Whether it is at the forefront of the shift to shared mobile spectrum, or building a chemistry-based platform to modify existing chemical structures serving multi-billion dollar markets, we find ourselves working in the laboratories with our research partners to identify the best opportunities capable of changing the world and making people's lives better.

This focus on disruption has led to the formation of several key subsidiaries which include Allied-Bristol Life Sciences, Federated Wireless, Precision Biopsy, SciFluor Life Sciences and Spin Transfer Technologies. Each is aimed at solving major problems in multi-billion dollar markets and has taken significant strides towards commercialisation. These particular subsidiaries have made very recent progress including the raising of significant third-party funding, expanding partnerships with industry leading corporations or making significant steps in their research programmes or clinical trials.

An integral part of our process to **advance** each of our subsidiaries into product development and go-to-market activities is to partner with some of the world's most prominent players in their industries. We are proud that companies like Bristol-Myers Squibb, Google, Intel and Lockheed Martin actively work with us to help develop ecosystems in which the products and services of our subsidiaries will serve. We are gratified that these partners see the same opportunities we do.

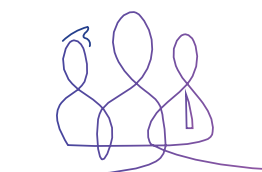
What distinguishes us from other IP Commercialisation companies is our **unparalleled** reach into U.S.-based research universities and federal government laboratories, and the nature of our access and relationships with these organisations. Our **reach** extends to over 160 research partners including Harvard University, Columbia University, NYU and Virginia Tech, to name a few. In addition, we enjoy favourable access to the Department of Defense and other U.S. government agencies through a historic public-private partnership which grants us special privileges and rights for technology transfer. This **partnership** allows us access to disruptive technologies that tend to be in a relatively advanced stage of development which facilitates adaption for commercial purposes. It has led to the formation of important subsidiaries like Federated Wireless, HawkEye 360 and Percipient Networks, and licenses for technology from Los Alamos National Laboratory, The Aerospace Corporation and MITRE as a few examples.



FORM



FUND



MANAGE



BUILD

¹Allied Minds plc is referred to as "Allied Minds" or "the Company". "The Group" refers to Allied Minds plc and its consolidated subsidiaries.

Chris Silva, Allied Minds' CEO said, "We continue to deliver on our strategy and our commitments to shareholders. Significant capital was invested into new and existing subsidiary businesses during the reporting period, with an increasing proportion of this funding now being derived from third party investors. This is testimony that the commercial value of our most promising subsidiary companies is now being recognised within the sectors they operate, a trend which is also helping us build yet further partnerships with world class corporations. We continue to add to our portfolio and several of our most promising companies are making strong strides towards commercialisation. This progress gives the Board every confidence for the future of the Group.

Since signing first public-private partnership with the U.S. Government in September 2012:

- Access to over 60 federal labs and agencies
- Formed 6 separate subsidiaries
- Invested over \$50M

Since forming J.V. with BMS in July 2014:

- 3 drug candidates to date
- First candidate moved to optimization phase
- \$110M committed to J.V. by BMS, Allied Minds and its investors.



FORM



FUND



MANAGE



BUILD

PERIOD HIGHLIGHTS

INVESTMENT HIGHLIGHTS

- The Group invested \$31.8 million into new and existing subsidiary businesses in the six months ended 30 June 2016. Three subsidiaries raised an additional \$99.2 million in funding from third-party investors (in cash and binding commitments).
- Federated Wireless closed a \$22 million Series A preferred funding round.
- Allied-Bristol Life Sciences (ABLS) entered into an agreement with New York University (NYU) for ABL3 III, LLC, d/b/a iBeCa Therapeutics (ABLS III), to exclusively license proprietary compounds from NYU School of Medicine that target the Wnt signalling pathway.
- The Group formed a new subsidiary, ABL3 Capital, and secured investment commitments of \$80 million, to fund up to ten potential lead optimisation programmes of promising drug development opportunities. The remaining 20% of lead optimisation phase investment, or up to an additional \$20 million, will be funded by Bristol-Myers Squibb Company (BMS).

CORPORATE HIGHLIGHTS

- The Group (through Allied Minds Federal Innovations (AMFI)) entered into an agreement with The MITRE Corporation that gives AMFI a first look and exclusive access to certain technologies in MITRE's intellectual property (IP) portfolio that are of interest to Allied Minds.
- Allied Minds entered into a collaboration with Pacific Northwest National Laboratory (PNNL, operated by Battelle) to identify promising early-stage technologies for startup formation and investment.

HY16 FINANCIAL HIGHLIGHTS

- Net cash and investments* at 30 June 2016: \$162.6 million (FY15: \$194.8m).
- Revenue: \$1.3 million (HY15: \$1.5m).
- Net loss: \$52.2 million (HY15: \$39.9m), of which \$41.2 million attributable to Allied Minds (HY15: \$30.7m).
- The Directors believe that there has been no significant change in the Group Subsidiary Ownership Adjusted Value since 31 December 2015, and through 30 June 2016, which was \$535.8 million as at 31 December 2015.

* includes excess cash in form of fixed income securities.

KEY SUBSIDIARY HIGHLIGHTS

- ABL3 successfully completed the drug candidate feasibility programme at ABL3 II, LLC (ABLS II), and approved an investment of \$15 million to fund further development of the lead optimisation programme.
- Federated Wireless continued its rapid progress to make mobile spectrum sharing a reality, with several notable announcements in the period:
 - It officially began the certification process with the Federal Communications Commission (FCC) for its Spectrum Access System.
 - It entered into an alliance with five other wireless industry leaders to develop, promote, and market solutions in the 3.5 GHz band. The other companies in the alliance are: Google, Intel, Qualcomm Incorporated, Nokia, and Ruckus Wireless.
 - It announced a partnership with Telrad Networks, a global provider of TD-LTE broadband solutions to undertake a trial for a comprehensive solution in compliance with the FCC Citizen's Broadband Radio Service (CBRS) 3550-3700 MHz band rules.
 - It also announced a partnership with Siemens to provide spectrum access and management to current and future Siemens customers in the 3.55 – 3.7 GHz CBRS frequency band.
- Spin Transfer Technologies (STT) announced that it had successfully demonstrated its Spin Transfer Magneto-Resistive Random Access Memory (ST-MRAM) technology through the production of a working prototype device, also proving that its advanced prototyping magnetics processing line at its facility in Fremont, California, is now fully operational. In addition, as STT progresses towards completing its first major development phase, it has expanded its team by adding two key executives, a Sr. Vice President, Business Development and a Sr. Vice President, IC Product Development.
- Precision Biopsy announced that it submitted an application to the U.S. Food and Drug Administration (FDA) for permission

to enroll patients in the Transrectal Ultrasound (TRUS) and MR/Fusion arm of the company's study, expanding the scope of a clinical trial for its ClariCore™ Biopsy System in prostate cancer patients.

BOARD AND MANAGEMENT HIGHLIGHTS

- Jill Smith was appointed to the Board as an Independent Non-Executive Director. See page 8.

POST-PERIOD-END HIGHLIGHTS

- SciFluor Life Science (SciFluor) announced that its Investigational New Drug (IND) application to the Food and Drug Administration (FDA) went into effect for SF0166 Topical Ophthalmic Solution (SF0166), which enables the company to initiate two Phase I/II clinical studies of SF0166 in age-related macular degeneration (wet-AMD) and diabetic macular edema (DME) patients.
- HawkEye 360 announced that it is collaborating with Lockheed Martin to apply HawkEye 360's radio frequency (RF) detection and mapping technology in new markets.
- RF Biocidics announced that its APEX 85 chemical-free food safety system received the Almond Board of California's Technical Expert Review Panel (TERP) certification for pasteurisation. This certification validates the company's chemical-free pasteurisation processes for raw almonds at Sran Family Orchards at Kerman, CA.
- ABLIS II completed its \$15 million preferred share fundraising for the lead optimisation programme to develop novel small molecule therapeutics for the treatment of fibrotic and autoimmune diseases.
- The Group secured a \$20 million debt facility from Silicon Valley Bank (SVB) to provide an additional source of capital, which represents an evolution in the Group's capital structure to support its future growth and development.

INTERIM MANAGEMENT REPORT

Summary

Allied Minds is a diversified holding company at the forefront of technology transfer and venture creation. Since 2006, we have formed, funded, and operated life sciences and technology companies based on breakthrough academic and federally-funded research and development.

The Group currently has 25 subsidiary businesses at varying stages of maturity across the life sciences and technology sectors. These businesses are founded on technological innovations in medical devices, biopharmaceuticals, cyber security, wireless communications, semiconductors, low Earth orbit space, and food safety markets.

The Board is encouraged by the performance of the Allied Minds' business in the first half of 2016. As detailed in this half-yearly report, Allied Minds has continued to make strong progress executing against its strategy to identify early-stage technologies and innovations from leading U.S. research facilities, form and invest in companies with differentiated intellectual property rights and key scientific, engineering and management talent, and develop the resulting subsidiaries into potentially disruptive businesses which address large and growing markets.






The Directors continue to be very encouraged by advancements across the Group as we attract further investments into the existing portfolio, welcome further partnerships with industry leaders, and continue to achieve other financial, operational and technical milestones.

Portfolio Review

Overview

During the first half of 2016, the Group invested \$31.8 million into the Company's new and existing subsidiary businesses. An additional \$99.2 million was raised from third party investors, including BMS (in cash and binding commitments), in three subsidiary fundraisings. Allied Minds currently has majority ownership in, or operating control of, all of its 25 subsidiary businesses. Below we provide an overview of our current existing subsidiary businesses, including year formed, and Allied Minds' ownership interest.

Subsidiary Businesses of Allied Minds

Subsidiary	Year Formed	Ownership Interest	Overview
Life Sciences			
 ALLIED-BRISTOL Life Sciences <small>An Allied Minds Company</small>	2014	80.00%	Created with Bristol-Myers Squibb (BMS) to identify and conduct preclinical development of therapeutic candidates which are intended to be sold to BMS prior to clinical development
ABLS I, LLC	2014	74.00%	Proprietary platform and associated small molecule lead compounds known as Antibody-Recruiting Molecules (ARMs) provide a novel approach for the treatment of prostate cancer by recruiting the body's own immune system, developed in the Yale University laboratory of Dr. David Spiegel
ABLS II, LLC	2014	35.95%	Novel small molecule therapeutics for the treatment of fibrotic and autoimmune diseases, developed in the Harvard University laboratory of Professor Malcolm Whitman
ABLS III, LLC, d/b/a iBeCa Therapeutics	2016	80.00%	Proprietary compounds developed by Dr. Ramanuj Dasgupta at the NYU School of Medicine that target the Wnt signalling pathway and nuclear beta catenin, which plays a key role in the development and progression of a number of cancers affecting large numbers of patients
ABLS Capital, LLC	2016	30.25%	Formed to fund 80% of the lead optimisation phase, with the remaining 20% funded by BMS, of up to ten new drug candidates that pass initial feasibility studies funded by ABLS
 Biotectix <small>An Allied Minds Company</small>	2007	64.35%	Aiming to enable the next generation of implantable electrostimulation and sensing products through the development of proprietary, high-performance, conducting polymer coatings
 cephalogics <small>An Allied Minds Company</small>	2006	95.00%	Developing a non-invasive, bedside neuroimaging system, which seeks to provide real-time continuous ischemia detection and perfusion status in a variety of stroke and Central Nervous System (CNS) injury settings
 CRYOxTRACT <small>An Allied Minds Company</small>	2008	93.24%	A suite of automated product solutions that seeks to allow the global scientific community to access valuable frozen biosamples without exposing them to damaging freeze/thaw cycles
 LuxCath <small>An Allied Minds Company</small>	2012	98.00%	A catheter-based real-time tissue and lesion visualisation technology for use during cardiac ablation procedures initially focused on atrial fibrillation ablation
 PRECISION BIOPSY <small>An Allied Minds Company</small>	2008	68.32%	A medical device platform, Claricore™, utilising tissue spectroscopy, which seeks to distinguish tissue characteristics in real-time and to guide clinicians toward areas of disease for optimum therapy initially focused on prostate cancer. Developing focal therapy system using Claricore for abnormal tissue targeting in the prostate
 NOVARE pharmaceuticals <small>An Allied Minds Company</small>	2008	90.38%	A biologic that aims to represent a natural approach to generate subcutaneous fat to enhance the appearance of skin using the body's own processes; developing novel peptides based on the Rhamm protein for inflammatory, fibrotic, aesthetic and other market opportunities
 SciFluor Life Sciences <small>An Allied Minds Company</small>	2010	69.89%	Developing a best-in-class portfolio of compounds based on the strategic use of fluorine initially focused on retinal, CNS, fibrotic and pain related diseases

 An Allied Minds Company	2009	84.62%	Developed an FDA-cleared consumer medical device for tinnitus therapy offering customised acoustic technology
	2013	100.00%	Developing an online audiology-based telehealth business including an expanding broad network of corporate and provider partner
Technology			
 ALLIED MINDS FEDERAL INNOVATIONS	2012	100.00%	Through a series of public-private partnerships (PPPs) with the U.S. federal government, aims to develop and commercialise the next generation of transformative technologies from U.S. federal research institutions
	2015	100.00%	Developing an optical connectivity system that aims to increase the speed, security and efficiency of data transmissions from low Earth orbit (LEO) satellites, unmanned aerial systems, and remote terrestrial infrastructure compared to traditional radio frequency solutions
	2012	73.02%	A leader in the emerging market for shared spectrum, their CINQ cloud-based platform provides coordinated shared spectrum resources to enterprise customers, network operators, and service providers
	2013	100.00%	A cyber security platform company which aims to discover, incubate and commercialise emerging technologies with greater speed and agility than the rest of the market
	2015	75.00%	Building a constellation of small satellites in low Earth orbit to generate reports on wireless signals that can be used to track and monitor global transportation networks and assist with emergencies
	2012	81.23%	Developer of mobile security technologies for the evolving cyber operating environment
	2014	100.00%	Developing threat-intelligence driven cloud-based cyber security technologies for proactive enterprise network defence
	2008	67.14%	Developer of equipment that seeks to disinfect food from insects and pathogens through a process that does not use chemicals
	2014	79.12%	Developer of semiconductor devices using a novel approach to analog-to-digital signal processing based on switched-mode signal processing technology and algorithms
	2007	48.40%	MRAM computer memory that is being developed with the aspiration of becoming a leading universal memory technology to address a segment of the \$60 billion per annum worldwide computer memory market
	2014	100.00%	Developer of the next-generation systems of data encryption that leverage advanced quantum cryptography technology

Notes:

1. Ownership interests are as at 24 August 2016 (being the latest practicable date prior to the publication of this document), and are based upon percentage interest of issued and outstanding common shares and preferred shares (on an as-converted into voting common share basis); provided, that for ABLI I, ABLI II, ABLI III and ABLI Capital, the disclosed percentage represents the Company's direct or indirect economic interest.
2. In 2016, Allied Minds ceased operations at its subsidiary SiEnergy Systems, LLC (SiEnergy). The company was formed to develop thin film Solid Oxide Fuel Cell (SOFC) technology. Allied Minds determined that the technology would not meet key milestones which were designed to measure technological and commercial progress within a reasonable timeframe and within a reasonable budget, and that the market for clean energy alternatives continued to be potentially adversely impacted by the low cost of traditional energy sources.

Current Period Notable Developments

The following is a list of notable developments at the Company and certain key subsidiaries during the period:

Allied Minds plc

During the first six months of 2016, there were several important developments at the Company, which included:

- The MITRE Corporation, a not-for-profit organisation that operates multiple federally-funded research and development centres (FFRDCs), entered into an agreement with AMFI that gives AMFI a first look and exclusive access to certain technologies in MITRE's intellectual property (IP) portfolio that are of interest to AMFI. The Group's relationship with MITRE is one of several arrangements that the Group has with federal research labs, each of which is structured to help create a platform for technology transfer, as well as new company creation.
- Pacific Northwest National Laboratory (PNNL, operated by Battelle) entered into a collaboration with Allied Minds to identify promising early-stage technologies for startup formation and investment. These efforts will help build processes for smooth, efficient transfer of emerging research to the commercial marketplace. PNNL has long been a key leader in software, energy, environmental, and national security innovation, and its researchers have been consistent winners of R&D 100 Awards. It is also a key site for LabCorps, the Department of Energy's specialised training curriculum aimed at accelerating technology transfer from national labs into the commercial sector.
- Jill Smith was appointed to the Board as an Independent Non-Executive Director. Jill has more than 25 years of experience as an international business leader, including 16 years as Chief Executive Officer of private and public companies in the technology and information services markets. Most recently, Jill served as Chairman, Chief Executive Officer and President of DigitalGlobe Inc. (NYSE:DGII), a global provider of satellite imagery products and services. Currently, Jill serves as an independent director on the Boards of Directors of Endo International plc, Hexagon and JM Huber.
- Credit Suisse International was appointed to act as the Group's joint corporate broker alongside Numis Securities Limited.

Allied-Bristol Life Sciences, LLC

Allied-Bristol Life Sciences, LLC (ABLS) is a drug discovery and development company created in August 2014 through a partnership between Allied Minds and Bristol-Myers Squibb (BMS). The company's mission is to create novel drug candidates against serious diseases with large market potential. These include fibrosis, cardiovascular, immunosciences, immuno-oncology, oncology, and genetically-defined diseases.

The first six months of 2016 were very busy for ABLS. During this period it formed one new subsidiary, ABLS III (d/b/a iBeCa Therapeutics), and in May, it announced that ABLS II, which is focused on the treatment of fibrotic diseases as an inhibitor of Prolyl sRNA Synthetase, had successfully completed its initial drug candidate feasibility programme. Also during the period, Allied Minds formed ABLS Capital, LLC (ABLS Capital) to secure funding for further drug development of ABLS-sourced drug candidates.

iBeCa Therapeutics exclusively licensed IP from New York University School of Medicine (NYU). NYU researchers have identified novel inhibitors of nuclear beta catenin, a key player in the Wnt signalling pathway and a major driver of various cancers. These molecules are targeted specifically against nuclear (versus cytoplasmic) beta

catenin with potentially better safety and efficacy profiles. The company's objective is to develop molecules with improved potency, efficacy and better pharmaceutical properties.

ABLS Capital was formed to provide the significant funding required to move up to ten (10) ABLS subsidiaries through the optimisation phase where pre-clinical development work is completed. The \$80 million fund of committed capital is to be invested in concert with the \$20 million committed by BMS. ABLS owned subsidiaries that successfully complete their initial feasibility programme are eligible to benefit from new investments made by ABLS Capital and BMS, to fund further pre-clinical drug development at such subsidiary through the optimisation phase. Successful completion of such lead optimisation programme at each ABLS subsidiary is the crucial next step prior to BMS exercising its right to acquire such subsidiary.

Finally, the completion of the feasibility programme for ABLS II, the ABLS subsidiary focused on the treatment of fibrotic diseases as an inhibitor of Prolyl sRNA Synthetase, is a significant step forward. The development of these novel small molecule therapeutics is based upon intellectual property developed in the Harvard University laboratory of Professor Malcolm Whitman. The next phase for this company, which could lead to its acquisition by BMS, is completing an optimisation programme. An additional \$15 million to fund this further development has been contributed by ABLS Capital and BMS combined.

Federated Wireless, Inc.

Federated Wireless, Inc. (Federated Wireless) provides innovative cloud-based wireless infrastructure solutions to extend the access and capacity of carrier networks through sharing of surplus wireless spectrum amongst multiple tiers of users. The allocation of spectrum employing a shared-economy model is hugely disruptive to the status quo of large spectrum block auctions. Federated Wireless is well positioned to take advantage of this movement given its proprietary sensor technology (Environmental Sensor Capability or ESC), which unlocks access to surplus 3.5 GHz spectrum owned by the U.S. military, and cloud based spectrum access system (SAS). During the first six months of 2016, there were several important milestones reached by the company.

In February 2016, Federated Wireless announced that it had raised \$22.0 million of new equity in a Series A Preferred round. The raise will enable it to complete its SAS and ESC certification process, conclude the development and accelerate the commercialisation of its cloud-hosted CINCQ platform, and conduct field trials throughout 2016 and 2017 with technology partners to include Ruckus Wireless, Google, Intel, Qualcomm, and Nokia. Allied Minds invested \$5.0 million in this fundraising, and third-party investment totalled \$17.0 million.

Also in February 2016, Federated Wireless and five other companies announced an alliance to build an ecosystem for the 3.5 GHz band (or the CBRS band). The alliance includes industry leaders: Google, Intel, Nokia, Qualcomm and Ruckus Wireless. The six companies aim to build a robust ecosystem of industry participants and make CBRS solutions as widely available as possible.

In May 2016, Federated Wireless announced that it officially began the certification process with the Federal Communications Commission (FCC) for its SAS. Certification is the final phase of the regulatory process as the company prepares its solution for commercial use. Federated Wireless continues to work closely with the FCC and leads the WInnForum in helping to establish standards for the 3.5 GHz band and shared spectrum.

Finally in June, the first two commercial agreements for Federated Wireless were announced with both Siemens and Telrad. Both companies currently operate in the 3.65 GHz band and will be early adopters of the FCC's CBRS (Citizens Broadband Radio Service) rules in order to evolve and expand their networks using the Federated Wireless CINCQ XP product. These collaborations re-affirm that the CBRS model is a commercially viable way to allocate and manage limited spectrum resources.

HawkEye 360, Inc.

HawkEye 360, Inc. (HE360) is building a constellation of small low Earth orbit (LEO) satellites capable of detecting wireless signals that can be used to track and monitor global transportation networks, assist with emergencies and provide other data analytics and reporting services to a broad range of customers. What is unique about the system is that it is capable of identifying radio frequency (RF) signals, locating them and then visualising the information in a way that no one has done before. Being able to provide this information globally and on a timely basis is distinctive and offers a solution that current terrestrial based systems or simple photos cannot provide.

Since 1 January 2016, HE360 reported four major events. The first was the formation of its advisory board in January which is comprised of several individuals including a former Director of the National Reconnaissance Office and a former Secretary of Homeland Security. The guidance that HE360 receives from this group is invaluable as it rapidly works to build its system and achieve commercialisation.

In April 2016, HE360 made two key additions to the team by hiring a vice president of sales and vice president of engineering. The addition of these two critical hires to the leadership team has helped the company to accelerate the development of its space-based RF mapping and analytics system to serve both commercial enterprises and governments.

In May 2016, HE360 took a critical step toward the launch and operation of its constellation system by announcing a partnership with Deep Space Industries to manufacture its Pathfinder small satellite cluster. Securing this partnership, only a few months after the formation of HE360 in September 2015, is key for the scheduled launch and testing of the system in late 2017. Once the constellation is launched and operational, HE360 will be operating the world's first privately-funded constellation of LEO small satellites capable of collecting data and generating reports on geolocated wireless signals.

Finally, in July 2016 (post-period), HE360 announced that it is collaborating with Lockheed Martin to apply HE360's RF detection and mapping technology in new markets. The two companies agreed to work together to apply HE360's space-based RF data and analytics capabilities in new mission solutions, potentially extending the adoption of the technology across multiple customer segments and new markets.

Precision Biopsy, Inc.

Precision Biopsy, Inc. (Precision Biopsy) is focused on a new approach to an important medical procedure that has been largely unchanged in nearly thirty years – even though it is linked to one of the most frequently diagnosed cancers in American men, with about a million such procedures conducted each year in the U.S. Prostate biopsies are still generally performed as random, 12-point searches with an ultrasound probe and a simple, spring-loaded needle gun. The samples are then sent to pathology for analysis, where it can take several days or longer to get the results.

That is why Precision Biopsy invented the ClariCore™ Biopsy System. Its real-time classification of prostate tissue is being designed to offer immediate results for the 45% to 50% of men being biopsied who do not have prostate cancer. For everyone else, ClariCore is being designed to reduce the number of samples requiring analysis to only those it classifies as suspicious.

During the first six months of 2016, Precision Biopsy expanded enrollment of patients in Cohort A of its clinical trial for the ClariCore system.

In March, Precision Biopsy submitted an Investigational Device Exemption to the FDA to expand the clinical trial by adding a second arm to the study enrolling patients for the Transrectal Ultrasound (TRUS) and MR/Fusion study. Precision Biopsy is now moving forward to enroll patients in this arm of the study.

Also during the first six months of 2016, Precision Biopsy developed its Focal Therapy strategy and assembled a team of experts to advise in areas such as prostate cancer, MR/Fusion, product development and marketing.

Finally, Precision Biopsy continued to prosecute its IP portfolio for its ClariCore system and its Focal Therapy programme.

RF Biocidics, Inc.

RF Biocidics, Inc. (RFB) manufactures equipment and processes that use specialised radio frequency (RF) technology to safely eliminate harmful contaminants from foods. The resulting process is an effective, chemical-free and environmentally friendly alternative to conventional steam heat or chemical pasteurisation methods. Through the first six months of 2016, RFB recorded sales of \$0.2 million as compared to \$0.5 million during the same period one year earlier. These results were primarily driven by (i) delays in obtaining regulatory approvals for a new generation, higher capacity machine and (ii) delays in product modifications to enable the processing of certain freshly harvested raw materials.

Subsequent to the period end, in July 2016, RFB announced that the Almond Board of California's Technical Expert Review Panel approved the non-roasting bulk pasteurisation processes from its APEX 85 Food Safety System. This certification validates RFB's chemical-free pasteurisation processes for raw almonds at Sran Family Orchards in Kerman, CA and is important as RFB can now help farmers, growers and food producers navigate a new era of food safety and federal regulation. Consumer demand and the U.S. Food Safety Modernization Act of 2010 are guiding the food industry towards organic, chemical-free processes, so we believe that the APEX 85 TERP certification at Sran Family Orchards allows for a compelling alternative for California's 6,800 almond growers because of minimal change to the taste and texture of the nut.

SciFluor Life Sciences, Inc.

SciFluor Life Sciences, Inc. (SciFluor) engages in drug discovery and development by the strategic incorporation of fluorine and is building a portfolio of proprietary fluorinated compounds seeking to serve billion dollar markets. What makes fluorine modification of an underlying chemical structure of a drug special has to do with the very nature of fluorine. Adding fluorine to an existing compound has been demonstrated to improve potency, selectivity, rates of absorption and metabolic stability in many cases. The carbon-fluorine bond is the strongest bond in organic chemistry and is widely used to block sites of metabolism to improve drug half-life. The electron-withdrawing effect of a fluorine substituent impacts the basicity of neighboring donor atoms which allows for stronger binding to receptors. Finally, the lipid-loving feature of the fluorine atom can also improve oral and topical absorption, as well as brain penetration.

SciFluor's principal products are comprised of two lead compounds SF0166 and SF0034.

Currently serious eye conditions including neovascular age-related macular degeneration (wet-AMD), diabetic macular edema (DME) and retinal vein occlusion (RVO) are treated using drugs requiring injection into the eye. These combined disease states represent an estimated 50 million patients worldwide and an estimated \$8 billion current market value. SF0166 is a patented small molecule integrin antagonist wholly owned by SciFluor intended to treat these serious diseases. However, what makes SF0166 disruptive is that it is a topical drug (administered using eye drops) intended to replace drugs requiring injection into the eye.

SF0034, a KCNQ2/3 modulator and a fluorinated derivative of retigabine, is also patented and is wholly owned by SciFluor. SF0034 could eliminate key safety issues associated with retigabine and serve markets totaling \$5.0 billion in aggregate including: epilepsy/seizures; tinnitus; amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease); and channelopathies (genetically-defined rare diseases).

In February 2016, SciFluor was granted U.S. Patent No. 9,266,884 covering methods of using SF0166 in the treatment of a range of diseases including AMD, DME and RVO. SciFluor had been previously granted U.S. Patent 8,901,144 covering compositions of matter that include SF0166.

In July 2016 (post-period), the Investigational New Drug (IND) Application to the Food and Drug Administration (FDA) went into effect for SF0166 Topical Ophthalmic Solution (SF0166). This enables the company to initiate clinical testing of SF0166 in AMD and DME patients.

Spin Transfer Technologies, Inc.

Electronic memory devices used in today's computers are specialised to handle different computing and data storage tasks. Non-volatile memories, such as Flash, retain information after power has been turned off, but Flash memory suffers from slow write speed and poor endurance. High-speed memories, such as DRAM, offer greater read and write performance, but DRAM is volatile and requires significantly higher power to operate. In addition, both Flash and DRAM have questionable scalability to finer process geometries.

Magnetoresistive random access memory (MRAM) is a promising technology for the next generation of memory applications providing the non-volatility of Flash and high read and write performance of DRAM. Spin Transfer Technologies, Inc. (STT) was formed to develop and commercialise OST-MRAM™, its spin transfer MRAM technology first discovered in the labs at our partner, New York University.

During the first six months of 2016, STT announced that it had successfully demonstrated its Spin Transfer Magnetoresistive Random Access Memory (ST-MRAM) technology through the production of a working prototype device. Supported by completion of its 'magnetic back end' wafer fabrication clean room at the end of 2015, the company's engineering development cycles have strongly accelerated, reliably achieving 2-3 week engineering cycle time for wafers, reduced by greater than 75% in comparison to the typical two month or longer cycle time that was the operating norm prior to the clean room completion. This has permitted the company to make rapid strides in its planned migration to perpendicular magnetic tunnel junction (pMTJ) technology. Specifically, the company has produced its first wafers, based on its internally developed 'Diagnostic Memory 1' (DM1) design and using pMTJ technology, demonstrating complete memory operations. These first functional pMTJ DM1 wafers have completed an initial parametric evaluation indicating performance approaching readiness for external sampling by potential customers and partners, the company's key technology objective for 2016. The company's focus on further wafer process improvements and prototyping, as well as exhaustive evaluation of the pMTJ technology and DM1 chip performance, are the key activities planned for the second half of 2016, intended to enable fruitful chip sampling of the DM1 technology demonstrator to target third parties before year end.

In addition, STT has completed development of a chip design and related prototyping collateral that will enable assessment and demonstration of the emerging pMTJ technology at megabit-level densities with accompanying performance and yield statistics. This 'megabit density' technology demonstration, along with the pMTJ DM1 samples, are essential enablers to the company's initial market outreach. The company currently plans to complete prototypes and associated performance assessments at 'megabit density' in the second half of 2016.

The above progress signals the anticipated impending completion of STT's first major phase of development, resulting in a 'baseline pMTJ technology' that the company believes will be both viable against competitors (with

typical incremental improvements) and highly credible in securing an advanced CMOS manufacturing partner, strategic joint development partner(s), and early stage license agreements. In order to prepare for this transition, the company recently announced that it has added two new key executives hiring a Sr. Vice President, IC Product Development, and also a Sr. Vice President, Business Development.

The company's early stage cooperative development arrangements with its Asian CMOS foundry partner and a large storage systems manufacturer have progressed as anticipated. STT plans to expand one or both of those relationships, as well as add additional relationships, as enabled by the impending readiness of the 'baseline pMTJ technology'.

Post-period-end Notable Developments

In addition to the post-period developments discussed above regarding HE360, RFB and SciFluor, the following important developments have occurred since the period-end:

- ABLIS II completed its \$15 million preferred share fundraising for the lead optimisation programme to develop novel small molecule therapeutics for the treatment of fibrotic and autoimmune diseases.
- The Group secured a \$20 million debt facility from Silicon Valley Bank (SVB) to provide an additional source of capital, and represents an evolution in the Group's capital structure to support its future growth and development.

Outlook

While the risks inherent in early-stage businesses are always present, the Board remains confident that there are significant opportunities to form, fund, manage and build companies to undertake research and product development and commercialise scientific research and innovations emerging from U.S. universities and U.S. federal research institutions and laboratories. The favourable long-term macro environment, coupled with the Group's access to capital and diversified intellectual property assets, continued success against commercial milestones and development partnerships, and portfolio of maturing subsidiary companies, gives the Directors confidence that the Group remains well placed to achieve its objectives.

Financial Review

Condensed Consolidated Statement of Comprehensive Loss

For the six months ended:	30 June 2016 \$'000	30 June 2015 \$'000
Revenue	1,286	1,475
Cost of revenue	(1,255)	(746)
Selling, general and administrative expenses	(25,831)	(20,684)
Research and development expenses	(25,542)	(19,663)
Finance cost, net	(872)	(239)
Loss for the year	(52,214)	(39,857)
Other comprehensive loss, net of tax	(169)	(12)
Total comprehensive loss	(52,383)	(39,869)

Revenue was lower by \$0.2 million, at \$1.3 million for the six months ended 30 June 2016 (HY15: \$1.5m), when compared to the same period in the prior year. This decrease is primarily attributable to the lower product revenue at RF Biocidics by \$0.3 million, offset by increase in revenue at CryoXtract by \$0.2 million, and Federated Wireless by \$0.1 million. Cost of revenue at \$1.3 million for the six months ended 30 June 2016 (HY15: \$0.7m) was higher as a percentage of revenue, when compared to the same period in the prior year, as a result of fair value inventory adjustments at RF Biocidics and CryoXtract.

Selling, general and administrative (SG&A) expenses increased by \$5.1 million, to \$25.8 million for the six months ended 30 June 2016 (HY15: \$20.7m), of which \$2.6 million relates to personnel expenses increasing to \$12.7 million (HY15: \$10.1m) due to overall higher headcount, \$0.5 million relates to an increase in sales and marketing costs to \$1.6 million (HY15: \$1.1m), \$0.4 million relating to professional services increasing to \$3.8 million (HY15: \$3.4m) and \$1.4 million increase in non-cash charges for depreciation and amortisation to \$3.1 million (HY15: \$1.7m). The increase is attributed to the continued overall growth of the Group compared to the same period in the prior year, namely by increase in headcount, selling, advertising and go-to market initiatives, and associated travel costs.

Research and development (R&D) expenses increased by \$5.8 million, to \$25.5 million for the six months ended 30 June 2016 (HY15: \$19.7m). The increase is attributed to the overall growth of the Group's research and development activities, attributed to higher development activities at Federated Wireless (+\$1.8m), Optio Labs (+\$1.2m) SciFluor (+\$1.0m) and Spin Transfer Technologies (+\$1.9m). This increase was reflected by higher R&D headcount, related employee costs and increased external R&D professional services costs. Ramp up in research and development activities at some of the younger portfolio companies in the ABLIS family (+\$1.2m), HawkEye 360 (+\$0.6m), and BridgeSat (+\$0.3m) has also contributed to this increase.

As a result of the above discussed factors, total comprehensive loss for the year increased by \$12.4 million to \$52.4 million for the six months ended 30 June 2016 (HY15: \$39.9m).

Condensed Consolidated Statement of Financial Position

As of the period ended:	30 June 2016 \$'000	31 December 2015 \$'000
Non-current assets	65,664	92,784
Current assets	153,133	158,427
Total assets	218,797	251,211
Non-current liabilities	630	863
Current liabilities	124,347	108,974
Equity	93,820	141,374
Total liabilities and equity	218,797	251,211

Significant performance-impacting events and business developments reflected in the Group's financial position at the half year end include:

- Non-current assets decreased by \$27.1 million, to \$65.7 million at 30 June 2016 (FY15: \$92.8m), mainly due to the decrease of \$26.4 million in the balance of excess cash invested in fixed income securities in the form of government agencies and corporate bonds. Property and equipment decreased by \$0.5 million to \$33.7 million as of 30 June 2016 (FY15: \$34.2m), mainly reflecting capital purchases for the period of approximately \$2.2 million, net of depreciation of \$2.7 million. Intangible assets, net as of 30 June 2016, remained relatively consistent at \$4.2 million compared to \$4.4 million as of 31 December 2015, decreasing as a result of their amortisation over the six months period.
- Current assets decreased by \$5.3 million, to \$153.1 million as of 30 June 2016 (FY15: \$158.4m), mainly due to the decrease in cash and cash equivalents of \$7.2 million, offset by the increase of \$1.4 million in the short-term investments of excess cash in the form of fixed income securities with maturities less than one year and an increase in inventories of \$1.5 million mainly from completion of systems at RF Biocidics. Cash and cash equivalents decreased by \$7.2 million to \$98.4 million at 30 June 2016 from \$105.6 million at 31 December 2015 due to operating cash outflows of \$48.6 million, acquisition of property and equipment and intangibles of \$2.4 million, and \$0.1 million from repayment of the loan at CryoXtract, offset by maturity into cash of \$25.0 million of the investments in fixed income securities, \$17.0 million proceeds from the financing round at Federated Wireless in January 2016 and \$1.9 million from issuance of share capital in Allied Minds, ABL Capital and HawkEye 360.
- Non-current liabilities remained relatively consistent at \$0.6 million as of 30 June 2016, compared to \$0.9 million at 31 December 2015.
- Current liabilities increased by \$15.3 million, to \$124.3 million at 30 June 2016 (FY15: \$109.0m) mainly reflecting the increase of \$17.0 million from the recognition of subsidiaries preferred shares liability from the financing round at Federated Wireless and \$1.8 million of fair value adjustment in subsidiary preferred shares liabilities at Spin Transfer, SciFluor, Precision Biopsy and Federated Wireless over the period, offset by the decrease in trade and other payables largely from the release of \$4.1 million in bonus accruals at 31 December 2015 that were paid out in January of the current period.
- Net equity decreased by \$47.6 million, to \$93.8 million at 30 June 2016 (FY15: \$141.4m) reflecting the net comprehensive loss for the period of \$52.4 million, offset by \$1.7 million of cash proceeds from issuance of share capital in ABL Capital and HawkEye 360, proceeds from the exercise of options in Allied Minds of \$0.2 million and a \$2.9 million charge from equity-settled share based payments.

Condensed Consolidated Statement of Cash Flows

For the six months ended:	30 June 2016 \$'000	30 June 2015 \$'000
Net cash outflow from operating activities	(48,601)	(39,312)
Net cash inflow/(outflow) from investing activities	22,622	(94,401)
Net cash inflow from financing activities	18,836	25,115
Net decrease in cash and cash equivalents	(7,143)	(108,598)
Cash and cash equivalents at beginning of period	105,555	224,075
Cash and cash equivalents at end of the period	98,412	115,477

The Group's net cash outflow from operating activities of \$48.6 million in the six months ended 30 June 2016 (HY15: \$39.3m) was primarily due to the net operating losses for the period of \$51.3 million (HY15: \$39.6m), plus increase in working capital and other finance costs of \$3.2 million (HY15: \$4.6m), offset by adjustment for non-cash accounting entries such as depreciation, amortisation, and share-based expenses of \$6.0 million (HY15: \$4.9m).

The Group had a net cash inflow from investing activities of \$22.6 million in the six months ended 30 June 2016 (HY15: \$94.4m outflow) predominately reflecting the maturity of fixed income securities into cash inflows of \$25.0 million, as compared to the \$84.1 million outflows from investment of excess cash in fixed income securities during the same period last year of funds raised in the initial public offering (IPO). The increase was offset by purchases of property and equipment of \$2.1 million (HY15: \$9.5m), which were lower in the first half of 2016 compared to the same period last year due to capital purchases at Spin Transfer Technologies in the prior year to support the operations in the newly built 'clean room' facility.

The Group's net cash inflow from financing activities of \$18.8 million in the six months ended 30 June 2016 (HY15: \$25.1m) largely reflects the net proceeds of \$17.0 million from the financing round at Federated Wireless received in January and issuance of share capital at ABL Capital and HawkEye 360 of \$1.7 million, as compared to \$25.2 million net inflows from the SciFluor financing in April 2015.

Total cash and deposits, including the investments in fixed income security, in total reflecting the available funds to the Group for future investments decreased to \$162.6 million at 30 June 2016 from \$194.8 million at 31 December 2015.

See Note 8 of Notes to the Condensed Consolidated Interim Financial Statements for information regarding related party transactions.

The Group's strategy is to maintain healthy, highly liquid cash balances that are readily available to support the activities of its subsidiaries in terms of working capital, maintaining the level of research and development activities required to achieve the set milestone goals, and acquiring capital equipment where necessary to support those research and development activities. To further minimise its exposure to risks, the Group does not maintain any material borrowings or cash balances in currencies other than U.S. dollars.

Portfolio Overview and Valuation

The Group has established relationships with many of the most prestigious academic research institutions across the United States. Allied Minds aims to gain direct access to technologies at the forefront of research by working to develop its existing university network and selectively adding highly regarded research centres across the U.S.

In addition, the Group has established relationships with U.S. Department of Defense laboratories and other federal agency laboratories, such as the Department of Energy, with the objective of systematically commercialising the technological inventions developed in the corresponding U.S. federal government laboratory. The Group has reviewed technologies and innovations from 160 research institutions in recent periods.

The Group currently has 25 subsidiary businesses at varying stages of maturity across the life sciences (14 companies) and technology (11 companies) sectors. These businesses are founded on technological innovations in medical devices, biopharmaceuticals, cyber security, wireless communications, semiconductors, low Earth orbit space, and food safety markets. During the period, the Group formed two new subsidiaries, iBeCa Therapeutics and ABLS Capital.

Approximately \$391.3 million of capital has been allocated to the Group's active subsidiary businesses, of which \$239.4 million was raised and deployed by Allied Minds, \$146.7 million has been contributed by third party investors directly into the subsidiary companies and \$5.2 million has been raised by subsidiaries in the form of loans from banks and federal grants.

All of the Company's subsidiary companies are currently controlled and therefore fully consolidated in the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). As a result, the Consolidated Statements of Financial Position incorporated within the Company's consolidated financial statements do not include current valuations of the Company's subsidiary companies.

At the close of each annual financial period, the Directors approve the total value of all subsidiary businesses in the Group which is used to derive the "Group Subsidiary Ownership Adjusted Value". The Group Subsidiary Ownership Adjusted Value was \$535.8 million as at 31 December 2015 (which reflects the increase in valuation as a result of the \$22.0 million Series A preferred stock financing completed by Federated Wireless in January 2016). The Directors believe that there has been no significant change in the Group Subsidiary Ownership Adjusted Value since 31 December 2015, and through 30 June 2016.

There can be no guarantee that the aforementioned valuation of the Group will be considered to be correct in light of the future performance of the various Group businesses, or that the Group would be able to realise proceeds in the amount of such valuations, or at all, in the event of a sale by it of any of its subsidiaries.

The Group has historically reported as supplementary information, including in the 2015 Annual Report and Accounts, ownership adjusted valuations of each of the Group's top ten subsidiary businesses by value, as well as an aggregated sum-of-the-parts valuation of all the Group's subsidiary businesses. The Group is considering revising its disclosure in future reports to limit the disclosure to a single sum-of-the-parts number for its life sciences companies, and a second sum-of-the-parts number for its technology companies. The Board is evaluating whether the disclosure of the top ten individual valuations may cause competitive harm to the Group, and whether the individual valuations and the short-term fluctuations of such valuations are reliable and relevant information that is useful to shareholders.

Principal Risks and Uncertainties

The principal risks and uncertainties surrounding the Group businesses are set out in detail in the Risk Management section of the Strategic Report included in the 2015 Annual Report and Accounts. There have not been any significant changes in the nature of the risks set forth therein that will affect the next six months of the financial year, therefore, such risks are applicable to the remaining six months of the financial year. Those risks can be summarised as follows:

- The science and technology being developed or commercialised by the Group's businesses may fail and/or the Group's business may not be able to develop their intellectual property into commercially viable products or technologies. There is also a risk that some of the subsidiary businesses may fail or not succeed as anticipated, resulting in an impairment of the Group's value.
- The Group expects to continue to incur substantial expenditure in further research and development activities of its businesses. There is no guarantee that the Group will become profitable and, even if it does, it may be unable to sustain profitability.
- If any of the Group's relationships with U.S. universities and federal government institutions were to break down or be terminated or expire, then the Group would lose any rights that it has to act as a private sector partner in the commercialisation of intellectual property being generated by such universities, other research-intensive institutions or U.S. federal research institutions.
- A majority of the Group's intellectual property relates to technologies originated in the course of research conducted in, and initially funded by, U.S. universities or other federally-funded research institutions. Although the Group has been granted exclusive licenses to use this intellectual property, there are certain limitations inherent in these licenses, for example as required by the Bayh-Dole Act of 1980.
- The Group currently has in place cooperative research and development agreements with certain U.S. Department of Defense laboratories and federal funded government institutions. Certain regulatory measures apply to these agreements which restrict the export of information and material that may be used for military or intelligence applications by a non- U.S. person.
- The Group operates in complex and specialised business domains and requires highly qualified and experienced management to implement its strategy successfully. All of the operations of the Group and its subsidiary businesses are located in the United States, which is a highly competitive employment market. There is a risk that the Group may lose key personnel, or fail to attract or retain new personnel. Furthermore, given the relatively small size of the senior management at the corporate level, the Group is reliant on a small number of key individuals.
- A large proportion of the overall value of the Group's businesses may be concentrated in a small proportion of the Group's businesses. If one or more of the intellectual property rights relevant to a valuable business were terminated, this would have a material adverse impact on the overall value of the Group's businesses.
- Clinical studies and other tests to assess the commercial viability of a product are typically expensive, complex and time-consuming, and have uncertain outcomes. If the Group fails to complete or experiences delays in completing tests for any of its product candidates, it may not be able to obtain regulatory approval or commercialise its product candidates on a timely basis, or at all.
- The Group expects to remain viable through December 2017 given its current cash and financial position. However, if the Group is unable to raise capital, generate sufficient revenue, appropriately

manage expenses, or exit any of its existing Group businesses prior to the end of such period, then the Group's business, financial condition, results of operations, prospects and future viability could be adversely affected.

A copy of the 2015 Annual Report and Accounts is available on the Company's website at www.alliedminds.com under "Investors – Reports & Presentations".

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the six months ended:	Note	30 June 2016 \$'000	30 June 2015 (restated, see note 1) \$'000
Revenue		1,286	1,475
Operating expenses:			
Cost of revenue		(1,255)	(746)
Selling, general and administrative expenses		(25,831)	(20,684)
Research and development expenses		(25,542)	(19,663)
Operating loss		(51,342)	(39,618)
Finance income		1,460	553
Finance cost		(520)	(24)
Finance cost from IAS 39 fair value accounting		(1,812)	(768)
Finance cost, net		(872)	(239)
Loss before tax		(52,214)	(39,857)
Taxation		–	–
Loss for the period	2	(52,214)	(39,857)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(169)	(12)
Other comprehensive loss, net of taxation		(169)	(12)
Total comprehensive loss		(52,383)	(39,869)
Loss attributable to:			
Equity holders of the parent		(41,154)	(30,659)
Non-controlling interests	6	(11,060)	(9,198)
		(52,214)	(39,857)
Total comprehensive loss attributable to:			
Equity holders of the parent		(41,323)	(30,671)
Non-controlling interests		(11,060)	(9,198)
		(52,383)	(39,869)
Loss per share		\$	\$
Basic	3	(0.19)	(0.14)
Diluted	3	(0.19)	(0.14)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of the period ended:	Note	30 June 2016 \$'000	31 December 2015 \$'000
Non-current assets			
Property and equipment		33,655	34,173
Intangible assets		4,153	4,384
Investment in equity accounted investees		1,612	1,612
Other investments		25,189	51,545
Other financial assets		942	842
Other non-current assets		113	228
Total non-current assets		65,664	92,784
Current assets			
Cash and cash equivalents		98,412	105,555
Other investments		39,010	37,648
Inventories		2,947	1,511
Trade and other receivables		6,498	7,342
Subscription receivable		6,000	6,000
Other financial assets		266	371
Total current assets		153,133	158,427
Total assets		218,797	251,211
Equity			
Share capital		3,431	3,429
Share premium		156,114	155,867
Merger reserve		185,544	185,544
Translation reserve		(185)	(16)
Accumulated deficit		(221,028)	(182,660)
Equity attributable to owners of the Company	5	123,876	162,164
Non-controlling interests	6	(30,056)	(20,790)
Total equity		93,820	141,374
Non-current liabilities			
Loans		–	112
Other non-current liabilities		630	751
Total non-current liabilities		630	863
Current liabilities			
Trade and other payables		10,796	14,268
Deferred revenue		455	395
Loans		231	228
Subsidiary preferred shares	7	112,865	94,083
Total current liabilities		124,347	108,974
Total liabilities		124,977	109,837
Total equity and liabilities		218,797	251,211

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Share Capital					Total parent equity \$'000	Non- controlling interests \$'000	Total equity \$'000
	Shares	Amount \$'000	Share premium \$'000	Merger reserve \$'000	Translation reserve \$'000	Accumulated deficit \$'000		
Balance at 31 December 2014 (restated, see note 1)	214,445,579	3,411	153,442	185,544	(61)	(107,557)	(4,946)	229,833
Total comprehensive loss for the period								
Loss from continuing operations	-	-	-	-	-	(30,659)	(9,198)	(39,857)
Foreign currency translation	-	-	-	-	(12)	-	-	(12)
Total comprehensive loss for the period					(12)	(30,659)	(9,198)	(39,869)
Gain/(loss) arising from change in non-controlling interest	-	-	-	-	-	(4,040)	4,040	-
Exercise of stock options	758,150	12	1,320	-	-	-	-	1,332
Equity-settled share based payments	-	-	-	-	-	2,666	537	3,203
Balance at 30 June 2015 (restated, see note 1)	215,203,729	3,423	154,762	185,544	(73)	(139,590)	(9,567)	194,499
Balance at 31 December 2014 (restated, see note 1)	214,445,579	3,411	153,442	185,544	(61)	(107,557)	(4,946)	229,833
Total comprehensive loss for the period								
Loss from continuing operations	-	-	-	-	-	(77,797)	(20,192)	(97,989)
Foreign currency translation	-	-	-	-	45	-	45	46
Total comprehensive loss for the period					45	(77,797)	(20,191)	(97,943)
Gain/(loss) arising from change in non-controlling interest	-	-	-	-	-	(3,228)	3,228	-
Exercise of stock options	1,191,784	18	2,425	-	-	-	-	2,443
Equity-settled share based payments	-	-	-	-	-	5,922	1,119	7,041
Balance at 31 December 2015	215,637,363	3,429	155,867	185,544	(16)	(182,660)	(20,790)	141,374
Total comprehensive loss for the period								
Loss from continuing operations	-	-	-	-	-	(41,154)	(11,060)	(52,214)
Foreign currency translation	-	-	-	-	(169)	-	-	(169)
Total comprehensive loss for the period					(169)	(41,154)	(11,060)	(52,383)
New funds into non-controlling interest	-	-	-	-	-	-	1,725	1,725
Gain/(loss) arising from change in non-controlling interest	-	-	-	-	-	218	(218)	-
Exercise of stock options	100,000	2	247	-	-	-	-	249
Equity-settled share based payments	-	-	-	-	-	2,568	287	2,855
Balance at 30 June 2016	215,737,363	3,431	156,114	185,544	(185)	(221,028)	(30,056)	93,820

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended:	Note	30 June 2016 \$'000	30 June 2015 \$'000
Cash flows from operating activities:			
Net operating loss		(51,342)	(39,618)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation		2,662	1,386
Amortisation		459	296
Share-based compensation expense	4	2,855	3,203
Changes in working capital:			
(Increase)/decrease in inventory		(1,436)	427
Decrease/(increase) in trade and other receivables		963	(3,167)
Decrease in trade and other payables		(3,472)	(2,427)
(Decrease)/increase in other non-current liabilities		(121)	285
Increase/(decrease) in deferred revenue		60	(216)
Interest received		1,453	553
Interest paid		(516)	(22)
Other finance cost		(166)	(12)
Net cash used in operating activities		(48,601)	(39,312)
Cash flows from investing activities:			
Purchases of property and equipment, net of disposals		(2,144)	(9,461)
Purchases of intangible assets, net of disposals		(228)	(810)
Redemptions/(purchases) of other investments		24,994	(84,130)
Net cash provided by/(used in) investing activities		22,622	(94,401)
Cash flows from financing activities:			
Proceeds from exercise of stock options		–	37
Repayment of notes payable		(109)	(104)
Proceeds from issuance of share capital	5	249	–
Proceeds from issuance of share capital in subsidiaries	6	1,725	–
Proceeds from issuance of preferred shares in subsidiaries	7	16,971	25,182
Net cash provided by financing activities		18,836	25,115
Net decrease in cash and cash equivalents		(7,143)	(108,598)
Cash and cash equivalents at beginning of period		105,555	224,075
Cash and cash equivalents at end of period		98,412	115,477

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

(a) Reporting entity

Allied Minds Group comprises of Allied Minds plc and its subsidiaries ("Allied Minds", the "Group" or the "Company"). The Company is publicly listed on the Main Market of the London Stock Exchange ("LSE"). Allied Minds plc is engaged in the development of various technologies for commercial applications. As of 30 June 2016, Allied Minds had 30 active subsidiaries to which the Company provided funding, comprising 25 operating businesses. The subsidiaries have entered into agreements with universities, scientists, and U.S. federal research institutions to develop and commercialise products. In exchange for licenses, time, and expertise already provided, certain universities and/or scientists received an equity ownership in the subsidiaries. The cash contributed by Allied Minds is used to fund additional research and to create a management structure and operations. Allied Minds dissolved two subsidiaries in the first half of 2015 to which funding had previously been provided, and no subsidiaries were dissolved in the year ended 31 December 2014.

(b) Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial information included in the annual report and accounts as at and for the year ended 31 December 2015.

As reported in the annual report and accounts as at and for the year ended 31 December 2015, at the end of 2014 one of the Group's subsidiaries issued preferred shares to existing shareholders of the Group. These subsidiary preferred shares were accounted for as equity (Non-controlling interests ("NCI") and Accumulated deficit) in 2014. During 2015, management further analysed the subsidiary preferred shares and determined that, due to the nature of their conversion features, they should have been accounted for as subsidiary preferred shares in current liabilities. As a result, management increased current liabilities as at 31 December 2014 by \$50.0 million, reduced NCI by \$36.9 million and increased accumulated deficit by \$13.1 million in the consolidated statement of financial position. This adjustment had no material effect on the Group's consolidated comprehensive loss for 2014. As of 30 June 2015, the preferred shares, which are classified as fair value through profit and loss, were remeasured to fair value of \$50.8 million resulting in a \$0.8 million increase in finance cost. The Group's consolidated statement of comprehensive loss for the six months ended 30 June 2015 increased by the same amount to \$39.9 million.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. The financial information of the subsidiaries is prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Investments in associates are carried at cost less impairment unless it is demonstrated that the group exercises significant influence over the entity and then it is equity accounted.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The financial information presented in these half-yearly results has been prepared under the historical cost convention. The reporting currency adopted by Allied Minds is U.S. dollar ('\$') as this is the functional currency of the entities in the Group. In preparing these interim financial statements, management has made 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information included in the Group annual report and accounts as at and for the year ended 31 December 2015.

The Company has prepared trading and cash flow forecasts for the Group covering the period to 31 December 2017. After making enquiries and considering the impact of risks and opportunities on expected cash flows, the Directors have a reasonable expectation that the Group has adequate cash to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing these half-yearly results.

The financial information contained in this half-yearly report does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The condensed consolidated financial statements are neither audited nor reviewed and the results for the six months ended 30 June 2016 are not necessarily indicative of results for future operating periods.

Certain financial information has been extracted from the annual report and accounts as at and for the period ended 31 December 2015 and has been included for comparative purposes in this half-yearly report.

These interim financial statements are unaudited and were approved by the Board of Directors and authorised for issue on 25 August 2016 and are available on the Company's website at www.alliedminds.com under "Investors - Reports and Presentations".

(c) Accounting policies

The accounting policies applied by the Group in these half-yearly results are the same as those which formed the basis of the 2015 Annual Report and Accounts. No new standards that have become effective in the period have had a material effect on the Group's financial statements.

2. Operating segments

(a) Information about reportable segments

For management purposes, the Group's principal operations are currently organised in two reportable segments:

- i. Early stage companies – subsidiary businesses that are in the early stage of their lifecycle characterised by incubation, research and development activities; and
- ii. Commercial stage companies – subsidiary businesses that have substantially completed their research and development activities and that have developed one or more products that are actively marketed.

Due to their size and nature, Spin Transfer Technologies, Inc. (or "STT", an early stage company) and RF Biocidics, Inc. (or "RFB", a commercial stage company) are not aggregated and presented as two additional separate reportable segments. The Group's principal operations are therefore presented as four reportable segments being early stage company – STT, early stage companies – other, commercial stage company – RFB, and commercial stage companies – other. Other operations include the management function of the head office at the parent level of Allied Minds.

The Group's chief operating decision maker ("CODM") reviews internal management reports on these operating segments at least quarterly in order to make decisions about resources to be allocated to the segment and to assess its performance.

The following provides detailed information of the Group's reportable segments:

For the six months ended:	30 June 2016					
	Early stage		Commercial		Other	Consolidated
	STT	Other	RFB	Other	operations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statement of Comprehensive Loss						
Revenue	–	303	169	814	–	1,286
Cost of revenue	–	(101)	(540)	(614)	–	(1,255)
Selling, general and administrative expenses	(3,863)	(8,473)	(2,957)	(2,718)	(7,820)	(25,831)
Research and development expenses	(6,917)	(17,854)	(112)	(659)	–	(25,542)
Finance income/(cost), net	(797)	(935)	–	(15)	875	(872)
Loss for the year	(11,577)	(27,060)	(3,440)	(3,192)	(6,945)	(52,214)
Other comprehensive income	–	–	(47)	–	(122)	(169)
Total comprehensive loss	(11,577)	(27,060)	(3,487)	(3,192)	(7,067)	(52,383)
Total comprehensive loss attributable to:						
Equity holders of the parent	(6,302)	(23,363)	(1,990)	(2,601)	(7,067)	(41,323)
Non-controlling interests	(5,275)	(3,697)	(1,497)	(591)	–	(11,060)
Total comprehensive loss	(11,577)	(27,060)	(3,487)	(3,192)	(7,067)	(52,383)

For the six months ended:

30 June 2015
(restated, see note 1)

	Early stage		Commercial		Other	Consolidated
	STT	Other	RFB	Other	operations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statement of Comprehensive Loss						
Revenue	–	488	464	523	–	1,475
Cost of revenue	–	–	(583)	(163)	–	(746)
Selling, general and administrative expenses	(3,172)	(5,407)	(2,276)	(2,440)	(7,389)	(20,684)
Research and development expenses	(4,973)	(13,591)	(141)	(958)	–	(19,663)
Finance income/(cost), net	(756)	–	–	(22)	539	(239)
Loss for the year	(8,901)	(18,510)	(2,536)	(3,060)	(6,850)	(39,857)
Other comprehensive income	–	–	(27)	–	15	(12)
Total comprehensive loss	(8,901)	(18,510)	(2,563)	(3,060)	(6,835)	(39,869)
Total comprehensive loss attributable to:						
Equity holders of the parent	(4,090)	(15,887)	(1,431)	(2,428)	(6,835)	(30,671)
Non-controlling interests	(4,811)	(2,623)	(1,132)	(632)	–	(9,198)
Total comprehensive loss	(8,901)	(18,510)	(2,563)	(3,060)	(6,835)	(39,869)

As of the period ended:

30 June 2016

	Early stage		Commercial		Other	Consolidated
	STT	Other	RFB	Other	operations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statement of Financial Position						
Total assets	53,345	68,359	8,051	3,429	85,613	218,797
Total liabilities	(53,543)	(66,164)	(2,024)	(602)	(2,644)	(124,977)
Net assets	(198)	2,195	6,027	2,827	82,969	93,820

As of the period ended:

31 December 2015

	Early stage		Commercial		Other	Consolidated
	STT	Other	RFB	Other	operations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statement of Financial Position						
Total assets	66,223	57,158	7,878	3,461	116,491	251,211
Total liabilities	(55,378)	(49,096)	(1,411)	(1,264)	(2,688)	(109,837)
Net assets	10,845	8,062	6,467	2,197	113,803	141,374

At the end of 2015, the Group's CODM has determined that Biotectix reached commercial stage and

as such its financial information has been presented in the respective reportable segment as of and for the six months and year ended 30 June 2016 and 31 December 2015, respectively.

Allied Minds, as the Manager of ABL Capital, effectively controls the policies and management of ABL Capital and is the largest single member of the voting rights of ABL Capital (99.98%), which gives the Company a substantial influence over the outcome of all actions which require a shareholder vote. Allied Minds also has a 30.25% share in the economic interest of ABL Capital. Allied Minds therefore continues to exercise effective control over ABL Capital and as such, the company will continue to be fully consolidated within the group's financial statements. The financial information of ABL Capital is presented in the Early stage – Other reportable segment as of and for the six months and year ended 30 June 2016 and 31 December 2015, respectively.

(b) Portfolio valuation

At the close of each annual financial period, the Directors approve the total value of all subsidiary businesses in the Group, which is used to derive the "Group Subsidiary Ownership Adjusted Value". This Group Subsidiary Ownership Adjusted Value is a sum-of-the-parts ("SOTP") valuation of all the subsidiaries that make up the Group.

Ownership adjusted value represents Allied Minds' interest in the equity value of each subsidiary: = (Business Enterprise Value – Long Term Debt + Cash) x Allied Minds' percentage ownership plus the value of debt provided by Allied Minds plc to each subsidiary business. Allied Minds commits post-seed funding to its subsidiaries in the form of loans. Further details about the Group valuation methodology are disclosed in 2015 Annual Report and Accounts.

The Group Subsidiary Ownership Adjusted Value ("GSOAV") was \$535.8 million as at 31 December 2015. The Directors believe there has been no significant change in the Group Subsidiary Ownership Adjusted Value since 31 December 2015 and through 30 June 2016.

There can be no guarantee that the aforementioned valuation of the Group will be considered to be correct in light of the future performance of the various Group businesses, or that the Group would be able to realise proceeds in the amount of such valuations, or at all, in the event of a sale by it of any of its subsidiaries. Whilst the Board considers the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuations, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant.

In addition to the Group Subsidiary Ownership Adjusted Value, the Directors believe that Allied Minds' established partner network and significant pipeline of future opportunities to form and develop new subsidiary companies will enable it to create and realise further value for Shareholders. The Directors believe that Allied Minds has created significant brand value and name recognition providing access to new deal opportunities and potential partners for its subsidiaries, together with a suite of operational standards, processes and know-how that enable the Group to apply its business model and create shareholder value in a capital efficient manner.

3. Earnings per share

The calculation of basic and diluted earnings per share has been calculated by dividing the loss for the period attributable to ordinary shareholders of \$41.2 million (HY15: \$30.7m), by the weighted average number of ordinary shares outstanding of 215,646,704 (HY15: 214,495,830) during the six-month period ended 30 June 2016:

Loss attributable to ordinary shareholders:

For the six months ended:	30 June 2016		30 June 2015 (restated, see note 1)	
	Basic \$'000	Diluted \$'000	Basic \$'000	Diluted \$'000
Loss for the year attributed to the owners of the Company	(41,154)	(41,154)	(30,659)	(30,659)
Loss for the year attributed to the ordinary shareholders	(41,154)	(41,154)	(30,659)	(30,659)

Weighted average number of ordinary shares:

For the six months ended:	30 June 2016		30 June 2015	
	Basic	Diluted	Basic	Diluted
Issued ordinary shares on 1 January	215,637,363	215,637,363	214,445,579	214,445,579
Effect of share options exercised	9,341	9,341	50,251	50,251
Weighted average ordinary shares	215,646,704	215,646,704	214,495,830	214,495,830

Loss per share:

For the six months ended:	30 June 2016		30 June 2015	
	Basic \$	Diluted \$	Basic \$	Diluted \$
Loss per share	(0.19)	(0.19)	(0.14)	(0.14)

The Group has only one class of potentially dilutive ordinary shares. These are contingently issuable shares arising under the UK Long Term Incentive Plan ("LTIP"). Based upon information available at the end of the reporting period, no portion of the awards under the LTIP has vested. Consequently, there are no potentially dilutive shares outstanding at the period end.

4. Share-based payments

The share-based payments expense for the period was \$2.9 million (HY15: \$3.2m) comprising charges related to the LTIP and the other subsidiary plans. The primary changes affecting the half year period were related to the following:

(a) UK Long Term Incentive Plan

On 19 June 2014, Allied Minds plc established the UK Long Term Incentive Plan (LTIP). Under the LTIP, awards over ordinary shares may be made to employees, officers and Directors of, and other individuals providing services to the Company and its subsidiaries. Awards may be granted in the form of share options, share appreciation rights, restricted or unrestricted share awards, performance share awards, restricted share units, phantom-share awards and other share-based awards, with the intent that awards will normally vest only after a minimum period of three years from the date of grant. Awards were made under the LTIP upon the Company's admission to the LSE at the IPO. Vesting is subject to the achievement of performance conditions and continued services of the participant. In respect of these initial awards made to employees at the IPO, vesting is dependent upon performance metrics as follows:

- 60 per cent of each award is subject to performance conditions based on the Company's total shareholder return ("TSR") performance over a three year period; and
- 40 per cent of each award is subject to performance conditions based on a basket of shareholder value metrics ("SVM").

In respect of these initial awards, at the end of the three year period, performance against the relevant measures will be calculated to determine the number of ordinary shares which have satisfied the vesting criteria and 50 per cent of the award will then vest at that time. The remaining 50 per cent will vest in two equal tranches in years 4 and 5 subject to the relevant participant still being employed within (or being a director of a company within) the Group at the relevant vesting date (or being an earlier good leaver as described further in the LTIP).

Subsequently, in the first half of 2015, annual awards were made to employees under the LTIP that vest 100 per cent after the three year measurements period subject to both the TSR and SVM performance conditions. In the first half of 2016, annual awards were made to employees under the LTIP that vest 100 per cent after the three year measurements period subject to the TSR performance conditions only.

A summary of stock option activity under the UK LTIP for the six months ended 30 June 2016 and 2015, respectively, is shown below:

For the six months ended:	30 June 2016		30 June 2015	
	TSR	SVM	TSR	SVM
Number of shares granted at maximum ('000)	1,443	56	170	280
Weighted average fair value per share (£)	2.19	3.37	7.01	5.99
Fair value measurement basis	Monte Carlo	Market Value	Monte Carlo	Market Value

The share grants that vest upon the occurrence of a market condition (i.e. the TSR performance) and service condition were adjusted to current market price at the date of the grant to reflect the effect of the market condition on the non-vested shares' value. The Company used a Monte Carlo simulation analysis utilising a Geometric Brownian Motion process with 50,000 simulations to value those shares. The model takes into account share price volatilities, risk-free rate and other covariance of comparable UK public companies and other market data to predict distribution of relative share performance. This is applied to the reward criteria to arrive at expected value of the TSR awards.

The share grants that vest only upon the occurrence of a performance condition (i.e. the SVM grants) and service condition were valued at the fair value of the shares on the date of the grants. The SVM grants in the six months ended 30 June 2016 included 56,595 restricted units (HY15: 24,508) issued to the non-executive Directors of the Company that vest annually over three years conditional on their continued participation on the Board of Allied Minds.

The accounting charge does not necessarily represent the intended value of share-based payments made to recipients, which are determined by the Remuneration Committee according to established criteria. The share-based payment charge for the period related to the UK LTIP was \$1.6 million (HY15: \$1.4m).

(b) U.S. Stock Option/Stock Issuance Plan

The U.S. Stock Option/Stock Issuance Plan ("U.S. Stock Plan") was originally adopted by Allied Minds, Inc. in 2008. The U.S. Stock Plan provides for the grant of share option awards, restricted share awards, and other awards to acquire common stock of Allied Minds, Inc. (now Allied Minds, LLC). All stock options granted to employees under this plan are equity settled, for a ten-year term. In 2014, Allied Minds plc adopted and assumed the rights and obligations of Allied Minds, Inc. (now Allied Minds LLC) under this plan except that the obligation to issue Common Stock is replaced with an obligation to issue ordinary shares to satisfy awards granted under the U.S. Stock Plan.

A summary of stock option activity in the U.S. Stock Plan for the six months ended 30 June 2016 and 2015, respectively, is presented in the following table:

For the six months ended:	30 June 2016		30 June 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as of 1 January	9,204,712	\$2.10	10,396,496	\$2.09
Granted during the period	–	–	–	–
Exercised during the period	(100,000)	\$2.49	(758,150)	\$1.75
Forfeited during the period	–	–	–	–
Outstanding as of period end	9,104,712	\$2.10	9,638,346	\$2.12
Exercisable at period end	9,104,712	\$2.10	9,638,346	\$2.12
Intrinsic value of exercisable	\$25.6 million		\$61.8 million	

As of 19 June 2014, the maximum number of options reserved under the plan were issued and outstanding and fully vested. The Company does not intend to make any further grants under the U.S. Stock Plan. Accordingly, there were no new grants under the U.S. Stock Plan for the six months ended 30 June 2016 and 2015.

For the six months ended 30 June 2016, employees exercised options to purchase and sold 100,000 shares (HY15: 758,150) of the Company stock, resulting in \$0.2 million (HY15: \$1.3m) additional share premium for the period.

Restricted share awards for 118,800 ordinary shares are outstanding, which were granted under the U.S. Stock Plan to the non-executive Directors. These ordinary shares vest in three equal tranches on each

of the first three anniversaries of the Company's admission to the Main Market of the LSE ("Admission") provided that the non-executive Director in question is still providing services to the Group on the relevant vesting date.

5. Share capital, share premium and reserves

As noted in note 4(b), various option holders in the U.S. Stock Plan exercised their options, resulting in additional share premium of \$0.2 million (HY15: \$1.3m). Movements below explain the movements in share capital:

As of the period ended:	30 June 2016 \$'000	31 December 2015 \$'000
Equity		
Share capital, £0.01 par value, issued and fully paid 215,737,363 and 215,637,363, respectively	3,431	3,429
Share premium	156,114	155,867
Merger reserve	185,544	185,544
Translation reserve	(185)	(16)
Accumulated deficit	(221,028)	(182,660)
Equity attributable to owners of the Company	123,876	162,164
Non-controlling interests	(30,056)	(20,790)
Total equity	93,820	141,374

6. Non-controlling interests

The following summarises the changes in the non-controlling ownership interest in subsidiaries by reportable segment, calculated on the basis of percentage ownership of non-controlling interest in voting stock on an as converted basis, excluding liability classified preferred shares:

	Early stage		Commercial		Consolidated
	STT \$'000	Other \$'000	RFB \$'000	Other \$'000	\$'000
Non-controlling interest as of 31 December 2015	(4,281)	(3,550)	(7,031)	(5,928)	(20,790)
New funds into non-controlling interest	–	1,725	–	–	1,725
Share of comprehensive loss	(5,275)	(3,697)	(1,497)	(591)	(11,060)
Effect of change in Company's ownership interest	62	(295)	15	–	(218)
Equity-settled share based payments	217	69	–	1	287
Non-controlling interest as of 30 June 2016	(9,277)	(5,748)	(8,513)	(6,518)	(30,056)

7. Subsidiary preferred shares

Certain of the Group's subsidiaries have outstanding preferred shares which have been classified as a subsidiary preferred shares in current liabilities in accordance with IAS 39 as the subsidiaries have a contractual obligation to deliver cash or other assets to the holders under certain future liquidity event and/or a requirement to deliver an uncertain number of common shares upon conversion.

The following summarises the subsidiary preferred shares balance:

As of the period ended:	30 June 2016 \$'000	31 December 2015 \$'000
Spin Transfer Technologies	52,361	51,518
SciFluor Life Science	26,136	25,583
Precision Biopsy	17,304	16,982
Federated Wireless	17,064	–
Subsidiary preferred shares	112,865	94,083

In January 2016, Federated Wireless successfully raised \$22.0 million in Series A preferred stock financing, of which Allied Minds participated with \$5.0 million for 2,727,580 shares of the preferred stock and the remainder was provided by existing shareholders of the Group.

The following presents the quantitative information about the significant unobservable inputs used in the fair value measurement of the Group's subsidiary preferred shares liability:

Option Pricing Model Inputs

Measurement Date	Time to Liquidity	Volatility	Risk-Free Rate
31 – Dec – 2015	3.78 – 4.76 years	60.0% – 70.0%	1.48% – 1.71%
30 – Jun – 2016	2.56 – 4.26 years	31.7% – 70.0%	0.86% – 1.12%

The change in fair value of the subsidiary preferred shares is recorded in Finance cost from IAS 39 fair value accounting in the consolidated statement of comprehensive loss.

The minimum liquidation preference that would be payable to the subsidiary preferred holders upon a liquidation event of the subsidiaries, is as follows:

As of the period ended:	30 June 2016 \$'000	31 December 2015 \$'000
Spin Transfer Technologies	50,000	50,000
SciFluor Life Science	25,200	25,200
Precision Biopsy	17,000	17,000
Federated Wireless	17,000	–
Subsidiary preferred shares	109,200	92,200

8. Related party transactions

(a) Key management personnel compensation

For the six months ended:	30 June 2016 \$'000	30 June 2015 \$'000
Short-term employee benefits	915	2,394
Share-based payments	2,073	1,708
Total	2,988	4,102

Compensation of the Group's key management personnel includes salaries, health care and other non-cash benefits. Share-based payments are subject to vesting terms over future periods.

(b) Key management personnel transactions

For the six months ended:	30 June 2016 \$'000	30 June 2015 \$'000
Non-executive Directors' fees	245	147
Non-executive Directors' share-based payments	275	225
Total	520	372

Executive management and Directors of the Company control 2.1% (FY15: 2.2%) of the voting shares of the Company as of 30 June 2016.

The Group has not engaged in any other transactions with key management personnel.

(c) Other related party transactions

Condensed Consolidated Statement of Comprehensive Loss

For the six months ended:	30 June 2016 \$'000	30 June 2015 \$'000
Purchase of goods		
Equity-accounted investee	684	1,200

Consolidated Statement of Financial Position

As of the period ended:	30 June 2016 \$'000	31 Dec 2015 \$'000
Purchase of goods outstanding balance		
Equity-accounted investee	600	171

9. Subsequent events

The Company has evaluated subsequent events through 25 August 2016, which is the date the Condensed Consolidated Interim Financial Statements are available to be issued.

ABLS II, LLC

In August 2016, ABLS II secured an investment of \$15.0 million, in exchange for 6,410,256 preferred shares of the company, of which ABLS Capital provided \$12.0 million and the balance was provided by BMS. The funds will provide the required resources for the lead optimisation programme to develop novel small molecule therapeutics for the treatment of fibrotic and autoimmune diseases.

As a result of the transaction, the economic interest of Allied Minds in ABLS II changed to 35.95% through its indirect holdings of ABLS and ABLS Capital interest. The Company continues to exercise effective control over ABLS II and as such will continue to be fully consolidated in the group's financial statements.

Concurrently, in August 2016, ABLS Capital issued 12,000,000 Class B Units to its members for \$12.0 million in order to secure its share of the funding in ABLS II. Allied Minds provided its pro rata share of 22.5% of this issue and the balance was provided by the remaining subscribed members of ABLS Capital.

SVB line of credit

In August 2016, the Group secured a \$20 million debt facility from Silicon Valley Bank ("SVB") to provide an additional source of capital, which represents an evolution in the Group's capital structure to support its future growth and development. No moneys have been drawn from this facility as of the date of the half-yearly report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm to the best of their knowledge that:

- (a) the Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the FCA's Disclosure Guidance and Transparency Rules (4.2.4R); and
- (b) the Interim Management Report includes a fair review of the information required by the FCA's Disclosure Guidance and Transparency Rules (4.2.7R and 4.2.8R).

The Directors of Allied Minds plc and their functions are listed below.

By order of the Board

Peter Dolan,
Non-Executive Chairman

Christopher Silva,
Chief Executive Officer

25 August 2016

COMPANY INFORMATION

Company Registration Number
08998697

Registered Office
40 Dukes Place
London EC3A 7NH

Website
www.alliedminds.com

Board of Directors
Peter Dolan (*Non-Executive Chairman*)
Chris Silva (*Chief Executive Officer*)
Rick Davis (*Senior Independent Director*)
Jeffrey Rohr (*Independent Non-Executive Director*)
Kevin Sharer (*Independent Non-Executive Director*)
Jill Smith (*Independent Non-Executive Director*)

Company Secretary
Michael Turner