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Physiomics plc

("Physiomics" or "the Company")

**Interim Results Statement
for the six month period ended 31 December 2010**

Oxford, UK, 9th March 2011: The Board of Physiomics plc (AIM: PYC), a European systems biology company, today announces the financial results for the six months ended 31 December 2010. Physiomics plc is a computational systems biology services company, applying simulations supporting pharmaceutical decision making throughout the entire drug discovery process, particularly for cancer therapies.

Chairman's Statement

The six months to December 2010 saw a significant fall in revenues to £14,088 compared to revenues of £116,892 for the same period last year. This has resulted in a loss of £360,034 in the first half compared with a loss of £113,070 for the corresponding period last year.

Trading conditions have proved to be difficult over the past 12 months as a consequence of uncertainty in the pharmaceutical sector, which the Company services. In particular, the sector has seen the re-structuring of some key players and strategic reviews of a number of research strategies which in some cases has resulted in drug discovery activities being put on hold. However, the Directors believe that as a result of the following they are now better placed to exploit the market when it does recover:

- using Physiomics' Virtual Tumour, the Company's proprietary integrated PK/PD simulation platform (and in collaboration with a major pharmaceutical company) Physiomics accurately predicted the results of *in vivo* drug combination experiments. These new developments of Virtual Tumour were presented at the EORTC-NCI-AACR symposium on "Molecular Targets and Cancer Therapeutics" (19 November 2010).
- a proposed Alliance with Jubilant Biosys Limited ("Jubilant"), an India-based Contract Research Organisation, to offer both companies services jointly to pharmaceutical and biotechnology companies.

- a funded collaboration between The Carbon Trust, Green Biologics Limited and North Energy Associates Limited to improve the microbial fermentation process for producing renewable bio-fuels. Physiomics will receive royalties upon commercialisation of this technology.
- the appointment of Dr. Mark Chadwick as Chief Executive Officer; and
- good progress with the Company's proof of concept *in vitro* and *in vivo* studies.

The Company has reviewed its current strategy and made three key observations:

- (1) The Company's computational models always need experimental calibration. This calibration is normally an 'extra' effort that needs to be managed either by the customer or by a third party. The directors believe that bringing this calibration under the Company's control by adding in-house experimental capabilities alongside the experimental capabilities that Jubilant offer would provide an unique 'one-stop-shop' for the market place.
- (2) Physiomics' customers use the results of pre-clinical studies (xenografts) to assist in making decisions about dosing, scheduling and combinations for clinical studies. The correlation between xenograft and clinical outcomes is relatively poor, so any improvements the Company can make to render its models more clinically relevant will be valuable to customers.
- (3) While lucrative, the Pharma Industry 2010 yearbook estimates the oncology market to represent only 18% of the global pharmaceutical market. A move into other therapeutic areas is therefore likely to add value.

The Company is therefore pursuing strategies to address all three of these observations.

Outlook

Interest from big pharmaceuticals in the Company's technology continues to pick up pace as Physiomics progresses conversations with a number of companies interested in utilising the Company's services. Of particular note, two new potential customers (both large pharmaceutical companies) have recently agreed to sign confidentiality agreements so that they can openly discuss the potential application of Physiomics' technology to their projects.

The directors propose to pursue a three-fold strategy in line with the observations noted above:

- (1) The anticipated completion of the Alliance deal with Jubilant and incorporation of in-house experimental capabilities. The latter will be progressed by acquisitions and the board are currently considering potential targets.
- (2) The first initiative to improve the clinical relevance of the Company's models will be the creation of a drug combinations database. This will be progressed in collaboration with a partner and a further announcement will be released when an agreement is executed.
- (3) Extending the Company's business scope into other therapeutic areas by making key hires to leverage its existing computational expertise. The Company envisages forming a new Scientific Advisory Board to set and review strategy in this area.

Finally, the directors believe the Company's sales effort will be further leveraged by completing the alliance deal with Jubilant, as both parties have now agreed to move into the commercial phase of the project. A contract to that effect is in negotiation.

Dr Paul Harper

Non-executive Chairman

9th March 2011

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Unaudited Income Statement for the half year ended 31 December 2010

| | Unaudited Half year to 31-Dec-10 £'000 | Unaudited Half year to 31-Dec-09 £'000 | Audited Year ended 30-Jun-10 £'000 |
|--|---|---|---|
| Revenue | 14 | 117 | 153 |
| Net operating expenses | -388 | -238 | -496 |
| Share-based compensation | - | - | -50 |
| Operating loss | -374 | -121 | -393 |
| Finance income | 4 | - | 5 |
| Finance costs | - | -2 | -3 |
| Loss before taxation | -370 | -123 | -391 |
| UK corporation tax | 10 | 10 | 23 |
| Loss for the period attributable to equity shareholders | -360 | -113 | -368 |
| Loss per share (pence) Basic and diluted | -0.0360 p | -0.0158 p | -0.043 p |

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Unaudited Balance Sheet as at 31 December 2010

| | Unaudited As at 31-Dec-10 £'000 | Unaudited As at 31-Dec-09 £'000 | Audited As at 30-Jun-10 £'000 |
|-------------------------------|--|--|--|
| Non-current assets | | | |
| Intangible assets | 29 | 33 | 30 |
| Property, plant and equipment | <u>1</u> | <u>1</u> | <u>2</u> |
| | 30 | 34 | 32 |
| Current assets | | | |
| Trade and other receivables | 68 | 67 | 110 |
| Cash and cash equivalents | <u>484</u> | <u>1,173</u> | <u>780</u> |
| | 552 | 1,240 | 890 |
| Total assets | <u>582</u> | <u>1,274</u> | <u>922</u> |
| Current liabilities | | | |
| Trade and other payables | -148 | -246 | -114 |
| Deferred income | <u>-7</u> | <u>-35</u> | <u>-21</u> |
| Total liabilities | -155 | -281 | -135 |
| Net assets | <u>427</u> | <u>993</u> | <u>787</u> |
| Capital and reserves | | | |
| Share capital | 399 | 399 | 399 |
| Capital reserves | 2,846 | 2,798 | 2,846 |
| Profit & loss account | <u>-2,818</u> | <u>-2,204</u> | <u>-2,458</u> |
| Equity shareholders' funds | <u>427</u> | <u>993</u> | <u>787</u> |

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Statement of changes in equity for the half year ended 31 December 2010

| | Share capital £'000 | Share premium account £'000 | Share-based compensation reserve £'000 | Retained earnings £'000 | Total shareholders' funds £'000 |
|----------------------------|------------------------|--------------------------------|---|----------------------------|------------------------------------|
| At 30 June 2009 | 250 | 1,756 | - | -2,091 | -85 |
| Share issue (net of costs) | 149 | 1,040 | - | - | 1,189 |
| Loss for the year | - | - | - | -367 | -367 |
| Share-based compensation | - | - | 50 | - | 50 |
| At 30 June 2010 | 399 | 2,796 | 50 | -2,458 | 787 |
| Loss for the period | - | - | - | -360 | -360 |
| At 31 December 2010 | 399 | 2,796 | 50 | -2,818 | 427 |

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Unaudited Cash Flow Statement for the half year ended 31 December 2010

| | Unaudited Half year to 31-Dec-10 £'000 | Unaudited Half year to 31-Dec-09 £'000 | Audited Year ended 30-Jun-10 £'000 |
|--|---|---|---|
| Cash flows from operating activities: | | | |
| Operating loss | -374 | -121 | -393 |
| Amortisation and depreciation | 4 | 3 | 6 |
| Share-based compensation | - | - | 50 |
| Decrease in receivables | 19 | 67 | 37 |
| Increase (decrease) in payables | 34 | 52 | -74 |
| Decrease in deferred income | -14 | -58 | -72 |
| Cash generated from operations | <u>-331</u> | <u>-57</u> | <u>-446</u> |
| UK corporation tax received | 33 | 20 | 20 |
| Interest paid | - | - | -8 |
| Net cash generated from operating activities | <u>-298</u> | <u>-37</u> | <u>-434</u> |
| Cash flows from investing activities: | | | |
| Interest received | 4 | - | 5 |
| Purchase of non-current assets | -2 | - | -1 |
| Net cash used by investing activities | <u>2</u> | <u>-</u> | <u>4</u> |
| Cash outflow before financing | -296 | -37 | -430 |
| Cash flows from financing activities: | | | |
| Issue of ordinary share capital (net of costs) | - | 1,115 | 1,115 |
| Net cash from financing activities | <u>-</u> | <u>1,115</u> | <u>1,115</u> |
| Net increase (decrease) in cash and cash equivalents | -296 | 1,078 | 685 |
| Cash and cash equivalents at beginning of period | 780 | 95 | 95 |
| Cash and cash equivalents at end of period | <u>484</u> | <u>1,173</u> | <u>780</u> |

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Notes to the Interim Financial Statements

1. General information

Physiomics plc is a public limited company ("the Company") incorporated in England & Wales under the Companies Act 1985 (registration number 4225086). The Company is domiciled in the United Kingdom and its registered address is The Magdalen Centre, Oxford Science Park, Oxford, OX4 4GA. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange ("AIM"). Copies of the interim report are available from the Company's website, www.physiomics-plc.com. Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

The Company's principal activity is the provision of services to pharmaceutical companies in the area of outsourced systems and computational biology.

2. Basis of preparation

The interim financial statements of the Company for the six months ended 31 December 2010, which are unaudited, have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 30 June 2010, which were prepared under International Financial Reporting Standards ("IFRS").

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the year ended 30 June 2010. Those accounts, upon which the auditors, Shipleys LLP, issued an unqualified audit opinion, have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and not in accordance with IAS 34 "Interim Financial Reporting" therefore it is not fully compliant with IFRS.

The interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.