Physiomics plc
The Magdalen Centre
The Oxford Science Park
Robert Robinson Avenue
Oxford
OX4 4GA
UK

Tel 01865 784980
Fax 08701 671931

Physiomics plc

("Physiomics" or "the Company")

Interim Results Statement
for the six month period ended 31 December 2009

Oxford, UK, 1 March 2010: The Board of Physiomics plc (AIM:PYC), a European systems biology company, today announces the financial results for the six months ended 31 December 2009. 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.

Highlights during the period from 1 July 2009 to 31 December 2009 (and comparative period to 31 December 2008):

Financial Highlights:

- Total revenue of £116,892, (2008: £210,624),
- Loss after tax of £113,070, (2008: Profit after tax £2,922)
- December 2009: Placing of shares for a consideration of £1,116,417 (net of costs)
- August and December 2009: Conversion into equity of all remaining loan note liabilities of £63,500

Operational Highlights:

- Ongoing collaboration with Eli Lilly.
- Completion of the TEMPO programme with the addition of chronotherapy to our modelling expertise. This new approach has the potential to improve the performance of standard drugs, extending their useful life as well as reducing the toxicity to the patient.
- Collaboration with the Institute of Life Science (ILS) of Swansea University, update on poster presented at the 2009 AACREORTC-NCI “Molecular Targets and Cancer Therapeutics” Conference (16 November 2009). Using the Physiomics cell population simulator SystemCell® on the “Blue C” high performance computer at the ILS, it was possible to reproduce the effects of an anti cancer agent measured using conventional lab methods.
- New developments of our stand-alone simulation platform (“ModelPlayer®”) and our SystemCell™ platform, including enhanced capabilities for the simulation of anti cancer drugs combinations and schedules.

Dr Paul Harper, Chairman of Physiomics commented:

The six months to December has been quiet commercially with revenues of £116,892 compared to revenues of £210,624 for the same period last year. This has resulted in a loss of £113,070 in the first half compared with a small profit for the corresponding period last year. We also took steps to convert both loan notes, with the consequent improvement in our balance sheet and the removal of a significant uncertainty in the business.

Physiomics technology is used by the pharma and biotech companies to aid their drug discovery programmes. Whilst we have been in discussion with a number of major players in the sector, these discussions have become protracted. A number of such companies are reducing head-count by several thousand staff world wide. The Directors believe this has had an impact primarily on research and development in these businesses resulting in the temporary freezing of budgets, a pause whilst R&D strategies are re-visited and in some cases key staff with which we have been negotiating programmes have been lost. Whilst this is a temporary phenomenon, it has impacted on the timings we normally allow for the signing of new contracts. We had anticipated some impact and in the last Chairman's statement I had indicated that we would expect a flat 2009/10 in terms of revenue generation. The Board and senior research team concluded that this was an opportunity to consolidate the benefits of an intensive research and development effort to add new and unique functionality to our platform and to establish a strategy for rolling this out to the Industry. This was one of the principal drivers for seeking new funding and we raised more than £1.1m net of costs. Meanwhile we are working hard to bring a number of discussions with potential clients to a satisfactory conclusion.

Business development activities are opening up potential new opportunities as well as pursuing on-going discussions. We are also exploring a new business model that has the potential to increase our access to clients and new business on a global basis. We hope to bring these discussions to a satisfactory conclusion before the end of H2 2010.

The business development activities are driven initially by engaging the attention of potential client companies, explaining what our SystemCell® model can do for them and by providing convincing evidence that we can achieve what we claim for our technology. The new funds raised from the placement are being used to recruit a full time business development specialist who can open doors and create the opportunities for the technical team to explain how the modelling process can speed up and enhance drug discovery.

The revenues that we generate are used mainly to add additional functionality to our SystemCell® platform to provide a broader and more comprehensive service to client companies. If these companies are to use the new features of SystemCell® then they must be confident that the data being produced and that the decisions made using that data are soundly based. Large sums of drug discovery cash and time can be wasted if the data is flawed. We are using some of our new cash to fund an accelerated programme of validation experiments where we show that our modelling approach is capable of predicting outcomes as effectively as tried and tested *in vitro* and *in vivo* methods used at present. We aim to show, for example that modelling the dosing of two cancer drugs used in combination will provide optimal dosing schedules. We are able to simulate thousands of dosing scenarios, well beyond anything which conventional experimentation is capable of doing, in just a few weeks, using a super computer to make the task more manageable. Add to this the use of our chronotherapy model and we move into a position where we can address much more complex modelling studies and drive the excellence of drug discovery science to a new level.

There is a trend in the industry to move away from small molecule drugs in favour of advanced biologicals based upon antibodies, recombinant proteins and so on. Herceptin, which has featured in the press over recent months, is a good example of this trend. The recent development of the SystemCell® platform has the potential to model the activity of these complex molecules as effectively as conventional anti-cancer drugs.

By the third quarter of this calendar year we expect to have accrued, and submitted for publication, validation data needed to convince the pharma industry that Physiomics can provide them with a unique competitive edge in their oncology programmes.

We successfully developed our ModelPlayer™ system as another route by which we might commercialise our technology. This is a much simplified version of our modelling software that can be used by research scientists on their PCs. Each version is customised to a particular application and we generate licensing revenues from this activity without disclosing our code.

Outlook

We are using our intellectual and financial resources to add functionality to the SystemCell® platform and to provide the validation evidence that will convince potential client companies that our approach to modelling can improve their development process whilst saving both time and cost. This represents a powerful incentive to adopt the modelling approach. Not only will our increased functionality make our offering more attractive but we are hoping to be able to announce a new business development paradigm that will improve our ability to access client companies globally. Whilst these benefits are unlikely to influence revenue generation in H2, we look forward further growth in our business in the next fiscal period.

Dr Paul Harper

Non-executive Chairman

1 March 2010

Physiomics plc

Unaudited Income Statement for the half year ended 31 December 2009

	Unaudited Half year to 31-Dec-09 £'000		Unaudited Half year to 31-Dec-08 £'000		Audited Year ended 30-Jun-09 £'000	
Revenue	117		211		460	
Net operating expenses	-238		-208		-451	
Other operating income	-		-			
Operating profit (loss)	-121		3		9	
Finance income	-		-		-	
Finance costs	-2		-2		-4	
Profit (loss) before taxation	-123		1		5	
UK corporation tax	10		2		20	
Profit (loss) for the period attributable to equity shareholders	-113		3		25	
Earnings (loss) per share (pence)						
Basic and diluted	-0.0158	p	0.0007	p	0.005	p

Physiomics plc

Unaudited Balance Sheet as at 31 December 2009

	Unaudited As at 31-Dec-09 £'000	Unaudited As at 31-Dec-08 £'000	Audited As at 30-Jun-09 £'000
Non current assets			
Intangible assets	33	37	35
Property, plant and equipment	1	3	2
	34	40	37
Current assets			
Trade and other receivables	67	72	144
Cash and cash equivalents	1,173	103	95
	1,240	175	239
Total assets	1,274	215	276
Current liabilities			
Trade and other payables	-246	-199	-205
Loans	-	-63	-63
Deferred income	-35	-55	-93
	-281	-317	-361
Non current liabilities			
Other non-current liabilities	-	-	-
Total liabilities	-281	-317	-361
Net (liabilities) assets	993	-102	-85
Capital and reserves			
Share capital	399	249	250
Share premium account	2,798	1,761	1,756
Profit & loss account	-2,204	-2,112	-2,091
Equity shareholders' funds	993	-102	-85

Physiomics plc

Statement of changes in equity for the half year ended 31 December 2009

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total shareholders' funds £'000
At 30 June 2008	150	1,611	-2,115	-354
Share issue (net of costs)	100	145	-	245
Profit for the period	-	-	24	24
At 30 June 2009	250	1,756	-2,091	-85
Share issue (net of costs)	149	1,042	-	1,191
Loss for the period	-	-	-113	-113
At 31 December 2009	399	2,798	-2,204	993

Physiomics plc

Unaudited Cash Flow Statement for the half year ended 31 December 2009

	Unaudited Half year to 31-Dec-09 £'000	Unaudited Half year to 31-Dec-08 £'000	Audited Year ended 30-Jun-09 £'000
Cash flows from operating activities:			
Operating profit (loss)	-121	3	9
Amortisation and depreciation	3	3	7
(Increase) decrease in receivables	67	-10	-69
Increase (decrease) in payables	51	-111	-14
Increase (decrease) in deferred income	-58	55	93
Cash generated from operations	-58	-60	26
UK corporation tax received	20	-	-
Interest paid	-	-	-
Net cash generated from operating activities	-38	-60	26
Cash flows from investing activities:			
Interest received	-	-	-
Purchase of non-current assets	-	-	-1
Net cash used by investing activities	-	-	-1
Cash (outflow) before financing	-38	-60	25
Cash flows from financing activities:			
(Reduction) receipt of loans	-	-8	30
Issue of ordinary share capital (net of costs)	1,116	249	31
(Repayment) receipt (to)/from related parties	-	-87	-
Net cash from financing activities	1,116	154	61
Net increase in cash and cash equivalents	1,078	94	86
Cash and cash equivalents at beginning of period	95	9	9
Cash and cash equivalents at end of period	1,173	103	95

Physiomics plc

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 Companies 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 2009, 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 2009, 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 2009. 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.