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Physiomics plc

("Physiomics" or "the Company")

Interim Results Statement
for the six month period ended 31 December 2007

Oxford, UK 28 March 2008: The Board of Physiomics plc (AIM:PYC), a European systems biology simulation company, today announces the financial results for the six months ended 31st December 2007. 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 of the period:

- Turnover of £55,271
- Losses after tax of £194,160
- September 2007: Collaboration announced with Eli Lilly, a global pharmaceutical company
- December 2007: Memorandum of Understanding (MoU) with Swansea University for access to their IBM supercomputer, "Blue C"
- Significant technical progress made in developing virtual tumour models
- Appointment of Dr Paul Harper as non-executive Chairman

Post-period end highlights:

- Appointment of Mr Roger Jones as Financial Controller and Company Secretary

Dr Paul Harper, Chairman of Physiomics commented:

The six months to December has been a very positive period, with the achievement of significant commercial and technological milestones. Eli Lilly, a major pharmaceutical company has joined our growing list of partners and our SystemCell® Technology has been adapted to enable simulation on supercomputer architecture, reducing tasks that would take many hours to complete to just a few minutes. Following a strategic review of technology progress, the competitive environment and the improvement in business prospects engendered by the landmark deal with Lilly, we have aligned our internal programmes to match new opportunities. This has resulted in a re-structuring of the board, in particular the appointment of myself as Chairman and of Mr. Roger Jones as Group Financial Controller and Company Secretary.

In August 2007 we completed a project for ValiRx Plc (formally Cronos Therapeutics). Our apoptosis model technology has supported both "no-go" and "go" decisions for therapeutic targets in record time (seven months). As a result of this project, we are in the process of filing a joint patent application on a combination of drug targets.

In September 2007 we secured a contract with the US-based pharmaceutical company Eli Lilly. We are obviously excited about the possibilities of working with a prestigious global company such as Eli Lilly. The Directors see this as an important endorsement of our technology platform by a pharmaceutical company that already has major in-house investment in systems biology and therefore is well able to assess the quality of the Physiomics' package.

We have continued to further our relationship with the Institute of Life Science at Swansea University, with the signature of 3 year MoU to secure access to their IBM supercomputer. This is one of the most powerful computers in the world dedicated to life science and will reinforce Physiomics' modelling framework and help address the ever increasing computing requirements in the field of systems biology.

During the period we have also reached a long-term agreement with Bayer Technical Services over the use of their ground breaking "MoBi" technology to assist us in the pharmacokinetics (PK)/pharmacodynamics (PD) analysis of our work. Physiomics has continued to develop its oncology model portfolio and virtual tumour project by extending our expertise to include the apoptosis processes. Apoptosis is one of the processes in living cells which leads to cell death and the biochemical pathways responsible for this are primary targets for anti-cancer treatments. We are currently integrating this new apoptosis model with our existing cell cycle model to provide a more complete picture of the balance between cell proliferation and cell death, which is the key to attacking diseases such as cancer.

In recent months we have also seen a significant increase in expressions of interest from pharmaceutical and biotechnology companies concerning our fee-for-service consultancy. We are looking forward to securing additional contracts and repeat business from existing partners and to adding new customers to our portfolio.

Dr Paul Harper

Non-executive Chairman

28 March 2008

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Unaudited Income Statement for the half year ended 31 December 2007

	Unaudited Half year to 31-Dec-07 £'000	Unaudited Half year to 31-Dec-06 £'000	Audited Year ended 30-Jun-07 £'000
Revenue	55	48	216
Net operating expenses	-262	-202	-466
Other operating income	6	-	-
Operating loss	-201	-154	-250
Finance income	1	-	1
Finance costs	-4		-3
Loss before taxation	-204	-154	-252
UK corporation tax	10	-	59
Loss for the period attributable to equity shareholders	-194	-154	-193
Loss per share (pence)			
Basic and diluted	0.05 p	0.04 p	0.06 p

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Unaudited Balance Sheet as at 31 December 2007

	Unaudited Half year to 31-Dec-07 £'000	Unaudited Half year to 31-Dec-06 £'000	Audited Year ended 30-Jun-07 £'000
Non current assets			
Intangible assets	43	49	46
Property, plant and equipment	4	7	8
	47	56	54
Current assets			
Trade and other receivables	156	56	173
Cash and cash equivalents	3	263	75
	159	319	248
Total assets	206	375	302
Current liabilities			
Trade and other payables	-164	-136	-84
Short-term provisions	-24	-13	-38
Bank and other loans	-5	-	-
Government grants	-	-	-
	-193	-149	-122
Non current liabilities			
Other non-current liabilities	-107	-100	-82
Total liabilities	-300	-249	-204
Net assets	-94	126	98
Capital and reserves			
Share capital	150	151	150
Share premium account	1,611	1,617	1,611
Other reserves	20	-	18
Profit & loss account	-1,875	-1,642	-1,681
Equity shareholders' funds	-94	126	98

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Unaudited reconciliation of Income Statement for the half year ended 31 December 2007

There are no conversion effects arising from the transition from UK GAAP to IFRS.

Unaudited reconciliation of Balance Sheet for the half year ended 31 December 2007

	Unaudited Half year to 31-Dec-07 £'000	Unaudited Half year to 31-Dec-06 £'000	Audited Year ended 30-Jun-07 £'000
Conversion effects comprise:			
IAS38 - reclassification of software from tangible to intangible assets			
Non current assets			
Intangible assets			
UK GAAP	42	46	44
Effect of transition to IFRS	1	3	2
IFRS	43	49	46
Property, plant and equipment			
UK GAAP	5	10	10
Effect of transition to IFRS	-1	-3	-2
IFRS	4	7	8

There are no other conversion effects arising from the transition from UK GAAP to IFRS.

Statement of changes in equity for the half year ended 31 December 2007

	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total shareholders' funds £'000
At 30 June 2006 as previously stated	93	1,329	-	-1,488	-66
Prior period effect of adoption of IFRS	-	-	-	-	-
At 30 June 2006 as restated	93	1,329	-	-1,488	-66
Share issue	57	282	-	-	339
Equity element of loan notes	-	-	18	-	18
Loss for the year	-	-	-	-193	-193
At 30 June 2007	150	1,611	18	-1,681	98
Equity element of loan notes	-	-	2	-	2
Loss for the period	-	-	-	-194	-194
At 31 December 2007	150	1,611	20	-1,875	-94

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Unaudited Cash Flow Statement for the half year ended 31 December 2007

	Unaudited Half year to 31-Dec-07 £'000	Unaudited Half year to 31-Dec-06 £'000	Audited Year ended 30-Jun-07 £'000
Cash flows from operating activities:			
Operating loss	-201	-154	-252
Amortisation and depreciation	6	6	14
(Increase) decrease in debtors	-	-	-58
Increase (decrease) in creditors	85	-50	-104
Increase (decrease) in provisions	-14	-12	13
Cash generated from operations	-124	-210	-387
UK corporation tax received	27	-	-
Net cash generated from operating activities	-97	-210	-387
Cash flows from investing activities:			
Purchase of non-current assets, net of grants	-	-	-4
Disposal of non-current assets	-	1	-
Net cash used by investing activities	-	1	-4
Cash inflow (outflow) before financing	-97	-209	-391
Cash flows from financing activities:			
Issue of equity share capital	-	429	429
Payment for share issue costs	-	-83	-89
Loans from related parties	25	100	100
Net cash from (used by) financing activities	25	446	440
Net increase (decrease) in cash and cash equivalents	-72	237	49
Cash and cash equivalents at beginning of period	75	26	26
Cash and cash equivalents at end of period	3	263	75

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Notes to the Interim Financial Statements

1. General information

Physiomics plc is a public limited company ("the Company") incorporated in the United Kingdom under the Companies Act 1985 (registration number 4225086). The Company is domiciled in the United Kingdom and its registered address is The Magdalen Centre, Robert Robinson Avenue, 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 providing services to pharmaceutical companies in the areas of outsourced systems and computational biology.

2. Basis of preparation

Physiomics plc has adopted International Financial Reporting Standards ("IFRS") with effect from 1 July 2006. The Company will apply IFRS in its financial statements for the year ending 30 June 2008. Therefore, these interim statements are the Company's first financial statements prepared in accordance with IFRS. These financial statements may need updating for subsequent amendments to IFRS required for first time adoption or for new standards issued post balance sheet date.

The basis of preparation and accounting policies followed in this interim report differ from those set out in the Annual Report and Accounts 2007 which were prepared in accordance with United Kingdom accounting standards (UK GAAP). A summary of the significant accounting policies used in preparation of this interim report under IFRS is provided in note 3 below.

As permitted, this interim report has been prepared in accordance with AIM rules and not in accordance with IAS34 'Interim Financial Reporting', therefore they are not fully compliant with IFRS. The interim financial statements do not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

3. Accounting policies

Going concern

The Directors consider that the company is a going concern and as a result the financial statements have been prepared on a going concern basis. This assumption is made in the expectation of sufficient cash generation from existing investors, exploitation of the Company's intellectual property assets, further access to the capital markets in the current period, and substantially improved prospects of further fee-for- service consultancy.

Revenue recognition

The revenue shown in the income statement relates to amounts received and receivable from the provision of products and services.

In the event of a lump sum payment being received at the start of a contract, this sum is deferred over the life of the contract, with an equal amount released to the income statement each month over the life of the contract to ensure that the income is recognised in accordance with the services provided.

Intangible Assets

Intangible Patents and Trademarks are included at cost and amortised on a straight line basis over their useful economic life, which is estimated to be 15 years. It is the opinion of the directors that the value of the company's intellectual property is not less than the carrying value in these accounts.

Property, plant and equipment

All items are initially recorded at cost

Depreciation

Depreciation is calculated to write off the cost of an asset over its useful economic life as follows:

Plant and machinery	- three years, straight-line basis
Fixtures and computers	- three years, straight-line basis

Research and development expenditure

Expenditure on research activity is recognised as an expense in the period in which it is incurred.

Internally-generated intangible assets arising from the Company's business development is recognised where it can be readily identified and quantified, of future value and where resources will be present to complete.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is considered to be remote.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Leased assets and obligations

Payments made under operating lease contracts are charged to the income statement on a straight-line basis over the lease term.

Retirement Benefits

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the income statement.

Share based payments

Goods and services received in the course of share-based payment transactions for material amounts are to be measured at fair value and recognised in the financial statements with a corresponding credit to equity, unless the transaction is settled in cash. When applied to employee share-based compensation, this leads to the recognition of share options which have been granted and are expected to vest as an expense in the income statement.

Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay further tax, or a right to pay less tax in future. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Further notes on reporting under International Financial Reporting Standards.

This interim report is the first to be prepared under IFRS. The comparative figures have been prepared on the same basis and have therefore been restated from those previously prepared under UK GAAP. The commentary below details the key changes that have arisen due to the transition to reporting under IFRS. The Company's date of transition is 1 July 2006, which is the beginning of the comparative period for the 2007 financial year. Therefore the opening balance sheet for IFRS purposes is that reported at 30 June 2006 as amended for changes due to IFRS.

First time adoption

The Group has applied the provisions of IFRS1 – First Time Adoption of International Financial Reporting Standards which, generally, requires that IFRS accounting policies be applied retrospectively in determining the opening balance sheet at the date of transition.

The following reconciliation is included in these statements:

Reconciliation of unaudited balance sheets at 31 December 2007 and 31 December 2006 and audited balance sheet to 30 June 2007.

The transition from UK GAAP to IFRS does not affect the cash flows generated by the Company. The IFRS cash flow statement is presented in a different format to that required under UK GAAP.

The balance sheet has the following reconciling item between the UK GAAP format and the IFRS format:

Intangible assets

At transition the Company followed the provisions of IAS36 and reclassified separately identifiable computer software assets from tangible assets to intangible assets.

There are no reconciling items between the UK GAAP format and the IFRS format for the income statement and the cash flow statement