PHYSIOMICS
rational therapeutics

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Physiomics Plc

("Physiomics" or "the Company")

Interim Results Statement
for the six month period ended 31 December 2015

Oxford, UK, 31 March 2016: The Board of Physiomics Plc (AIM: PYC), a UK-based systems biology company, today announces its financial results for the six months ended 31 December 2015. 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.

Summary financial results

- Turnover £175,810 (2014 H1: £131,306)
- Operating loss £147,360 (2014 H1: £240,525)
- Shareholders' funds £423,317 as at 31 December 2015 (31 December 2014: £245,727)

Operational highlights

The Company has made significant progress in the period. Highlights include:

- Signed up our 4th large pharmaceutical company as a customer
- Further extended our collaboration with an existing large pharma customer for the 5th time
- Signed up a new speciality pharma customer outside oncology
- Strengthened our SAB with the addition of Professor Mark Middleton
- Raised £250,000 (£220,000 net of costs) as announced on 18th December 2015
- Launched our new strategy to develop oncology therapeutics in-house

Subsequent to the period:

- Signed a non-binding Heads of Terms Agreement with BioMoti Limited (see announcement of earlier today).

Chairman and CEO's statement

Introduction

The translation of Virtual Tumour into a clinical application with our pharmaceutical partners has accelerated in the period and we hope to have scientific results to publish in due course. The customer base is steadily increasing as evidenced by the addition of our 4th large pharma and a new speciality pharma customer. We have also broadened our modelling offering into a new therapeutic area that of drugs used to treat pain. The service side of the business is therefore well positioned for future growth. We also have a stronger pipeline of companies with new oncology programmes where selection of suitable test candidates is in progress.

A most significant development in the period was delivering on our project to find a suitable acquisition target to allow us to use our in-house models to identify and progress oncology therapeutics in-house. We signed non-binding Heads of Terms agreement recently with BioMoti Ltd. Their technology potentially allows the precise targeting of anti-cancer drugs to tumours while minimising side effects. The Directors believe that combining the optimising power of Virtual Tumour to BioMoti's candidates will drive the growth of a new oncology platform technology company. Contingent upon, amongst other items, raising sufficient funds to support the new company from new investors, the Directors anticipate closing the acquisition within 6 months. However there can be no guarantee at this stage that the acquisition will complete.

Business development strategy

Modelling

Following the successful validation of the Virtual Tumour to provide clinical predictions with academic partners, and in particular with Professor Mark Middleton at the University of Oxford, the Company has significantly increased its average transaction deal value with pharmaceutical companies by 5-6 fold. The next stage in the development of the business model will be to gain sufficient traction with a customer to close a licence and subscription deal for the technology, to run over several years. The Directors believe that such a transaction could be another order of magnitude larger in value than our current service deals. The first Virtual Tumour Clinical collaboration could proceed to such a deal if the scientific results are sufficiently impressive. We have good hope that it will be the case, as the ongoing development of the Virtual Tumour Clinical, includes a personalised medicine aspect now with the use of derived patient data. Once one large pharma company has licensed the technology, the Directors believe that others are likely to follow.

In parallel to our commercial collaboration Physiomics is looking to develop a software tool in order to determine which cancer drugs to give to which groups of patients based on particular individual patient data. This represents our entry into personalised medicine. The software will use pharmacological information for the anticancer and supporting drugs as an input, coupled with physiological, genomic, and metabolic information about the patient, including tumour genomic data (when available), and focus on predicting which treatment and schedule are likely to lead to an increase in survival. The Company is in talks with leading clinicians and collaborators regarding the required data and is seeking grant funding to develop the software tool.

Oncology Therapeutics

We believe that using Virtual Tumour to progress an in-house oncology therapeutics pipeline alongside the existing service business is the best approach to deliver significant value creation. In addition to the first asset that could be acquired from the proposed BioMoti acquisition, the directors believe that the combination of BioMoti's Oncojans^{TM} targeting platform with Virtual Tumour optimisation should provide the Company with a unique ability to find, assess and progress oncology therapeutics.

If the acquisition of Biomoti was to complete the Directors believe that the joint company would provide a number of key synergies to deliver value:

(i) Virtual Tumour could be utilised to increase the potency of internal drug candidates via optimised regimens.

(ii) Targeting CD95L on tumours could provide a way to personalise cancer treatment to appropriate patients. Additionally, Physiomics could employ its state of the art modelling techniques to predict the patients who will benefit most from the Company's drug candidates.

(iii) The Oncojans^{TM} platform could be used in conjunction with Virtual Tumour to develop further targeted therapies for different cancer indications and drug combinations. Biomoti's proprietary Oncojans^{TM} platform uses nanoparticle technology to deliver therapeutic drugs targeted to specific tumours. The particles contain anti-cancer drugs and are coated with antigens that specifically hone in on cancer cells and the surrounding tissue. This technique can be used to enhance the performance of tried and tested anti-cancer compounds. Physiomics would focus on the potent generic compounds reducing risk and maximising return.

Growth Strategy

If the proposed transaction was to complete, the Company will implement a 3-fold strategy:

(i) Progress the Virtual Tumour services business and develop licence/subscription options.

(ii) Progress BioMoti's lead candidate through to phase II (efficacy) trials.

(iii) In-licence, develop and progress a further pipeline of oncology candidates based on the use of BioMoti's technology and expertise.

Outlook

The Directors believe that the proposed strategy could significantly improve the Company's prospects. The Directors have noted that companies that have pursued the therapeutics and service combined business model successfully have valuations that are significantly higher than that of Physiomics. The Directors believe that, while the pursuit of oncology therapeutics is a higher risk endeavour, the potential rewards are far greater than would be possible from developing a pure service play.

For further information please contact:

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Unaudited Income Statement for the half year ended 31 December 2015

	Unaudited Half year to 31-Dec-15 £'000	Unaudited Half year to 31-Dec-14 £'000	Audited Year ended 30-Jun-15 £'000
Revenue	176	131	235
Net operating expenses	(323)	(372)	(631)
Share-based compensation	-	-	(19)
Operating loss	(147)	(241)	(415)
Finance income	-	1	-
Finance costs	-	-	-
Loss before taxation	(147)	(240)	(415)
UK corporation tax	25	25	57
Loss for the period attributable to equity shareholders	(122)	(215)	(358)
Loss per share (pence)			
Basic and diluted	(0.004) p	(0.011) p	(0.017) p

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Unaudited Statement of financial position as at 31 December 2015

	Unaudited As at 31-Dec-15 £'000	Unaudited As at 31-Dec-14 £'000	Audited As at 30-Jun-15 £'000
Non-current assets			
Intangible assets	5	9	7
Property, plant and equipment	3	3	2
	8	12	9
Current assets			
Trade and other receivables	370	159	103
Cash and cash equivalents	179	153	267
	549	312	370
Total assets	557	324	379
Current liabilities			
Trade and other payables	(75)	(78)	(53)
Deferred income	(58)	-	-
Total liabilities	(133)	(78)	(53)
Net assets	424	246	326
Capital and reserves			
Share capital	1,033	813	993
Capital reserves	4,439	4,217	4,259
Profit & loss account	(5,048)	(4,784)	(4,926)
Equity shareholders' funds	424	246	326

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Unaudited Statement of changes in equity for the half year ended 31 December 2015

	Share Capital £'000	Share premium account £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total shareholders' Funds £'000
At 30 June 2014	688	3,925	93	(4,569)	137
Share issue (net of costs)	305	222	-	-	527
Loss for the year	-	-	-	(357)	(357)
Share-based compensation	-	-	19	-	19
At 30 June 2015	993	4,147	112	(4,926)	326
Share issue (net of costs)	40	180	-	-	220
Loss for the period	-	-	-	(122)	(122)
At 31 December 2015	1,033	4,327	112	(5,048)	424

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Unaudited Cash Flow Statement for the half year ended 31 December 2015

	Unaudited Half year to 31-Dec-15 £'000	Unaudited Half year to 31-Dec-14 £'000	Audited Year ended 30-Jun-14 £'000
Cash flows from operating activities:			
Operating loss	(147)	(241)	(415)
Amortisation and depreciation	3	3	7
Share-based compensation	-	-	19
(Increase) decrease in receivables	(242)	(37)	4
Increase / (decrease) in payables	22	(29)	(54)
Increase in deferred income	58	-	-
Cash generated from operations	(306)	(304)	(439)
UK corporation tax received	-	-	47
Interest paid	-	-	-
Net cash generated from operating activities	(306)	(304)	(392)
Cash flows from investing activities:			
Interest received	-	-	1
Purchase of non-current assets, net of grants received	(2)	-	(1)
Net cash used by investing activities	(2)	-	-
Cash outflow before financing	(308)	(304)	(392)
Cash flows from financing activities:			
Issue of ordinary share capital (net of costs)	220	325	527
Net cash from financing activities	220	325	527
Net (decrease) / increase in cash and cash equivalents	(88)	21	135
Cash and cash equivalents at beginning of period	267	132	132
Cash and cash equivalents at end of period	179	153	267

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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 (registration number 4225086). The Company is domiciled in the United Kingdom and its registered address is The Magdalen Centre, Robert Robinson Avenue, The 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 2015, 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 2015, 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 2015. 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.