

ValiRx plc

("ValiRx" or the "Company")

ValiRx announces successful outcome to the first phase of the Eurostar GeneICE programme together with a new strategic product delivery system.

ValiRx is pleased to announce that it has successfully completed the initial phase of the GeneICE Eurostar programme and the progress has been audited and approved against agreed, and achieved, development milestones. This permits the reimbursement of monies due to the Company for its continued cancer therapeutic product development.

Following this first phase of the Eurostar programme an acceleration of the programme timelines and the claims for its development have been approved and the Company will report further progress in due course.

ValiRx is leading the consortium to take the Company's leading GeneICE product toward human trials and commercialisation. GeneICE compounds are based on proprietary technology designed for the long-term silencing of genes, which cause cancers including prostate, lung, pancreatic and ovarian cancers; ValiRx's results have shown a reduction of tumour size in cancer models administered with GeneICE.

As part of the programme a proprietary database construction for GeneICE has been completed and tested successfully. This will allow the Company to expand and enhance its product portfolio so that it can seek further licensing and partnering opportunities. The database allows the identification of both therapeutic targets and product candidates rapidly and allows the effective analysis of various programme outcomes. The speed and simplicity of analysis will improve development timelines and results. As part of the product portfolio strategy, new compounds have been designed and tested *in silico*. This will allow the expansion of the product range and efficacy along with the intellectual portfolio, including new patent filings.

The design of an optimised second generation GeneICE compound has already been completed. As a result, GeneICE II is anticipated to have lower production costs and to be more effective. These factors are crucial to attract partners for the successful commercialisation and adoption by the medical profession of a GeneICE product.

To enhance the therapeutic activities associated with the Eurostar programme ValiRx has entered into a joint venture with Vivamer Ltd. ("Vivamer"), a Cambridge based biotechnology company focused on drug delivery. Vivamer, which holds approximately 2% of the Company's issued share capital, will apply its proprietary Cell Penetrating Polymer technology in the development of a delivery system for the GeneICE compound. These systems will be evaluated within the next phases of the Eurostar programme.

The bio-therapeutic market is currently valued in excess of \$56 billion and is the fastest growing pharmaceutical sector estimated to account for up to 60% of Pharma's revenue this year. The therapeutic gene-silencing segment of this market is estimated to reach a value of about \$580m by 2012.

Dr Satu Vainikka, Chief Executive Officer of the Company, commented, "GeneICE is progressing well in the area of personalised medicine, which is a key trend in the biopharmaceutical industry. The successful completion of the first part of the Eurostar programme lays a firm foundation for our strategy to become a significant player in the personalised, gene based, therapeutic field. The Company is continuing with this exciting development programme with the aim of creating a portfolio of commercially successful cancer therapeutics."

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