

31 May 2011

ValiRx Plc
(“ValiRx” or “the Company”)

Final Results

Valirx Plc (AIM: VAL), a life science company with a focus on cancer diagnostics and therapeutics for personalised medicine, announces its final results for the year ended 31 December 2010.

HIGHLIGHTS

- Revenue for the year increased to £177,297 (2009: £29,326)
- Solid progress with pre-clinical programmes of leading therapeutic compounds, VAL101 and VAL201
- Expansion of the Company's SELFCheck home diagnostics kits including launch of Chlamydia detection test kit
- Successful \$1.0 million disposal of ValiRx's non-core diagnostic subsidiary, ValiBIO S.A.
- During the financial year, the Company raised further capital of £0.25 million and, since the year end, the Company has completed a placing to raise £3.3 million to accelerate the development of its therapeutic compound programmes

Dr Satu Vainikka, CEO of ValiRx, commented:

“Looking to the future and in line with our board’s strategic decision, we will continue to progress and focus operations on building value in our anti-cancer lead drug candidates VAL 101 and VAL 201 and companion diagnostics, as well as building our home SELFCheck kits. With a further capital increase of £3.3 million this year, the Company is well positioned to direct the therapeutics programmes toward clinical trials. ValiRx continues to look for further commercial opportunities and partners in our sector with the aim of being at the forefront of developments in specific personalised oncology diagnostic and therapeutic medicine.”

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CHAIRMAN'S REPORT

I am pleased to report that during the period under review for the twelve months ended December 2010 your company continued to make solid progress with our leading therapeutics compounds Val 101 and Val 201 and to bring these therapies closer to in-human clinical trials. Your company also successfully completed the sale of Valibio SA, our wholly owned Belgian subsidiary, to a Singaporean-registered company, Singapore Volition Pte. Limited ("Volition"), for a total consideration of \$1 million (£625,000), of which \$400,000 was in staged cash payments with the balance in ordinary shares in Volition.

I believe this sale was a timely disposal for your company and it has enabled the management to refocus on more immediate value-creating areas. This, along with the more recent £3.3 million fund raising, will enable your company to accelerate the development and commercialization of the lead drug candidates Val 101 and 201 and we expect that one or possibly both of these compounds should be ready to enter Phase 1 trials sometime during the next twelve months.

ValiMedix, our new diagnostic product trading subsidiary, had a reasonably successful year with the expansion of the SELFCheck range of products, the latest addition to the range being for the detection of Chlamydia. We also appointed a contract sales force to promote the entire range to the retail pharmacies and other buyers nationwide. HPV, the human papilloma test to detect the onset of cervical cancer, is progressing well in validation studies and it is the company's aim to market this product.

The group's revenues for 2010 were £177,297 v £29,326 for 2009 and we made a small profit for the year of £133,644, mainly as a result of the sale of our Belgian subsidiary. As a result of this disposal, the group's operating costs have been substantially reduced and your company is now a much leaner and fitter business than it was at the start of the financial year. With a balance sheet considerably strengthened by the recent £3.3 million fund raising we are now well positioned to progress the business.

Jake Micallef and Norman Hardman both resigned as directors during the year and I would like to thank them for their wise counsel and contribution to the business over the last few years.

On a personal note I would also like to thank the executive team and the non-executive directors for the significant contribution both groups have made to the business over the last twelve months.

N Thorniley
Chairman

31 May 2011

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to report that over the year we continued to make progress in terms of developing our cancer therapeutics, and sales of diagnostic kits.

My report highlights the main operational activities, whilst the Chairman's report concentrates on the strategic outline.

Significant progress has been made in advancing both therapeutic compounds, Val101 and Val201, in their respective pre-clinical programme, gaining solid information on potential advantages they bring to the treatment of those cancers for which they are being developed.

We have continued the Eurostars programme of Val101 as the leading partner of the consortium. Together with our partners, Pentabase and Genosyst we have met the milestones as set out in a programme and quarterly reports have been accepted; the funds due from the grant have been paid as planned. Our GeneICE approach has a potential to "freeze" the rebellious genes, which cause problems in biological cascade leading to unfortunate outcomes such as cancerous growth.

Following the completion of an in-licencing agreement with Cancer Research Technology Ltd. (CRT), Valirx has continued with preclinical development of Val201, which has a potential therapeutic application in hormone-induced cancers. The compound has shown efficacy in live in-vivo models and we are progressing the studies together with our first class institutional partners.

With respect to Valimedix, the trading division of ValiRx, the company is pleased to see steadily growing acceptance of our SELFCheck home diagnostic kits both by retail pharmacies and wholesalers. The market for home testing kits is reported to have a value of circa £100m in the UK alone, and with a range comprising nine products, Valimedix is now better positioned to compete for sales in this sector. The Company continues to apply its expertise in diagnostics to the optimisation of our HPV diagnostic technology; validation studies, which are pivotal to the successful launch of the technology, are progressing.

In October 2010, your company completed the sale of its diagnostic subsidiary, Valibio S.A. to Singapore Volition Pte. Ltd ("Volition"). Along with the improvement in free cash flow, the disposal has enabled us to focus our scientific skills and resources on accelerating the pace of development of our drug candidates. ValiRx will continue to benefit of the future development of Valibio by having a considerable stake in Volition.

During the period, the Company also raised further capital of £250,000 in November. Overall, the Company made a small net profit during the last 12 months.

Looking to the future, we will continue to progress the development programmes and grow the sales of SelfCheck kits. With a further capital increase of £3.3m this year the Company is well positioned to direct the therapeutics programmes toward clinical trials. The Company continues to look for further commercial opportunities and partners with the aim of ultimately being in the forefront of specific personalised oncology diagnostic and therapeutics.

Satu Vainikka
Chief Executive Officer

31 May 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
Revenue		
Continuing operations	177,297	7,969
Discontinued activities	-	21,357
	<u>177,297</u>	<u>29,326</u>
Cost of sales	(56,518)	(2,968)
	<u>120,779</u>	<u>26,358</u>
Gross profit		
Administrative expenses	(662,919)	(1,389,010)
	<u>(542,140)</u>	<u>(1,362,652)</u>
Operating loss		
Continuing operations	(462,345)	(1,021,426)
Discontinued activities	(79,795)	(341,226)
	<u>(542,140)</u>	<u>(1,362,652)</u>
Profit on disposal of subsidiary	649,078	-
Amounts written off investments	-	(240,737)
	<u>106,938</u>	<u>(1,603,389)</u>
Profit/(loss) on ordinary activities before interest		
Finance income	1	55
Finance costs	(7,832)	(3,180)
	<u>99,107</u>	<u>(1,606,514)</u>
Profit/(loss) on ordinary activities before taxation		
Income tax expense	34,537	163,423
	<u>133,644</u>	<u>(1,443,091)</u>
Profit/(loss) for the year and total comprehensive income		
	<u><u>133,644</u></u>	<u><u>(1,443,091)</u></u>
Earnings/(loss) per share - basic and diluted		
From continuing operations	0.07p	(0.09)p
From discontinued operations	(0.03)p	(0.05)p
	<u><u>0.04p</u></u>	<u><u>(0.14)p</u></u>

There are no recognised gains and losses other than those passing through the statement of comprehensive income.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Share capital	Share premium	Merger reserve	Reverse acquisition	Share option reserve	Retained earnings	Total
	£	£	£	£	£	£	£
Balance at 1 January 2009	3,479,986	71,120	637,500	602,413	2,801	(3,421,408)	1,372,412
Changes in equity for 2009							
Loss for the year	-	-	-	-	-	(1,443,091)	(1,443,091)
Movement in the year	-	-	-	-	7,646	-	7,646
Issue of shares	970,382	(2)	-	-	-	-	970,380
Balance at 31 December 2009	4,450,368	71,118	637,500	602,413	10,447	(4,864,499)	907,347
Changes in equity for 2010							
Profit for the year	-	-	-	-	-	133,644	133,644
Movement in the year	-	-	-	-	10,956	-	10,956
Issue of shares	381,354	616,102	-	-	-	-	997,456
Other movements	-	(52,151)	-	-	-	-	(52,151)
Balance at 31 December 2010	4,831,722	635,069	637,500	602,413	21,403	(4,730,855)	1,997,252

Merger reserve

The merger reserve of £637,500 exists as a result of the acquisition of Valirx Bioinnovation Limited. The merger reserve represents the difference between the nominal value of the share capital issued by the company and the fair value of Valirx Bioinnovation Limited at 3 October 2006, the date of acquisition.

Reverse acquisition reserve

The reverse acquisition reserve exists as a result of the method of accounting for the acquisition of Valirx Bioinnovation Limited and Valipharma Limited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010		2009	
	£	£	£	£
ASSETS				
Non current assets				
Intangible assets		1,574,319		1,466,297
Property, plant and equipment		4,165		8,039
		<hr/>		<hr/>
		1,578,484		1,474,336
		<hr/>		<hr/>
Current assets				
Inventories	8,257		15,659	
Trade and other receivables	806,158		159,879	
Cash and cash equivalents	107,799		15,911	
	<hr/>		<hr/>	
		922,214		191,449
LIABILITIES				
Current liabilities				
Trade and other payables		(503,446)		(712,254)
Borrowings		-		(46,184)
		<hr/>		<hr/>
Net current assets/(liabilities)		418,768		(566,989)
		<hr/>		<hr/>
Net assets		1,997,252		907,347
		<hr/> <hr/>		<hr/> <hr/>
SHAREHOLDERS' EQUITY				
Called up share capital		4,831,722		4,450,368
Share premium		635,069		71,118
Merger reserve		637,500		637,500
Reverse acquisition reserve		602,413		602,413
Share option reserve		21,403		10,447
Profit and loss account		(4,730,855)		(4,864,499)
		<hr/>		<hr/>
Total shareholders' equity		1,997,252		907,347
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	£	2010 £	£	2009 £
Cash outflows from operating activities		(592,288)		(1,017,395)
Taxation		104,142		93,818
Investing activities				
Interest received	1		55	
Interest paid	(7,832)		(3,180)	
Payments to acquire intangible assets	(135,618)		(65,512)	
Payments to acquire tangible assets	(5,181)		(3,990)	
Sale of subsidiary	71,999		-	
		<hr/>		<hr/>
Cash flows used in investing activities		(76,631)		(72,627)
Financing activities				
Issue of ordinary share capital	755,000		970,382	
Cost of share issue	(52,151)		(2)	
Capital element of hire purchase contracts	(1,615)		(1,647)	
		<hr/>		<hr/>
Net cash generated from financing activities		701,234		968,733
		<hr/>		<hr/>
Net decrease in cash and cash equivalents		136,457		(27,471)
Cash and cash equivalents at beginning of period		(28,658)		(1,187)
		<hr/>		<hr/>
Cash and cash equivalents at end of period		107,799		(28,658)
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Notes to the Financial Statements

1 Accounting policies and basis of information

The financial information contained in this document does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The figures for the year ended 31 December 2010 have been extracted from the audited statutory financial statements. The financial statements for the year ended 31 December 2010 received an unqualified auditors' report which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

