

ValiRx plc

Unaudited interim results for the six months ended 30 June 2010

30 September 2010, London. ValiRx plc (AIM: VAL) ('ValiRx' or 'the Company') the cancer therapeutics and diagnostics company, announces its unaudited interim results for the six months ended 30 June 2010.

Highlights

- Successfully continued GeneICE preclinical development with Eurostars grant
- Secured funding and partnership agreement for personalised medicine companion diagnostic development
- Raised additional £500k before expenses through an equity placing
- Concluded sales and distribution licence agreements for the SELFCheck range of products
- Finalised the analytical validation of HPV prototype kit and started the clinical sample validation

Dr Satu Vainikka, Chief Executive, commented that:

"We have continued to make progress with our development programmes: GeneICE, Val201 hormonal related cancer therapeutics and our HPV diagnostics. During the period we raised additional funds and continued being funded by the Eurostars grant. The Company is focusing on its core development programmes and on revenue generation. Our trading platform, Valimedix, has concluded several distribution agreements and has expanded from Europe to North America."

"Overall, the healthcare sector continues moving forward. The personalised medicine approach is increasingly required within the marketplace and we believe that ValiRx is well placed to deliver better and targeted therapeutics and diagnostics to more safely and effectively meet the needs of clinicians and cancer patients."

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Chairman's statement

Strategic overview

I am pleased to report that during the period under review we continued to make solid progress on our therapeutic compounds to bring these closer to first in-human clinical trials. In particular it should be noted that all milestones associated with the GeneICE Eurostars programme have been reached on time, which is resulting in the Company being able to accelerate GeneICE development. Also the progress and recent licensing of the compound (Val201) from Cancer Research Technology is of significant importance to the Company's development.

The Company' external spend on research & development in the six months to 30 June 2010 was £44k (2009 £51k). Administrative expenses for the six months were £336k (2009: £717k). This reduction in administrative costs resulted from a significant and sustained effort to reduce overhead and salary costs while maintaining R&D activity. The group reported a loss after tax of £293k (2009: £681k), in line with the Board's expectation and, as at 30 June 2010, had cash reserves of £149k (2009: £336k) and generated revenues of £64k (2009: nil).

The Group completed an equity financing in April 2010, raising £500k before expenses. Since the period-end we have entered into an agreement for the sale of our wholly-owned Belgium subsidiary ValiBio SA ("ValiBio") to Singapore Volition Pte. Limited for US \$ 1,000,000, of which \$400k will be received in staged cash payments, with the balance in shares. The agreement is conditional upon the receipt of the first instalment of the cash consideration and is expected to be completed in the near future.

While we have substantially reduced our exposure to diagnostic development costs, the Company continues to retain its interest in this area through companion diagnostics for applications alongside our anti-cancer therapies.

As a result of the disposal of ValiBio, the group's operating costs have been substantially reduced and ValiRx is now a leaner business with the main focus on moving forward our anti-cancer therapeutics, which continue to show potential in pre-clinical studies to drive value.

The Directors believe that the divestment of ValiBio together with grants from Eurostars and other incomes provide adequate working capital to take our therapeutics to the next stage of development.

N Thorniley (Chairman)

30 September 2010

Consolidated statement of comprehensive income

For the six months ended 30 June 2010

	<i>Notes</i>	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
		2010 <i>(unaudited)</i> £	2009 <i>(unaudited)</i> £	2009 <i>(audited)</i> £
Revenue		64,474	-	29,326
Cost of sales		<u>(20,569)</u>	-	<u>(2,968)</u>
Gross profit		43,905	-	26,358
Administrative expenses		<u>(335,560)</u>	<u>(716,533)</u>	<u>(1,389,010)</u>
Operating loss		(291,655)	(716,533)	(1,362,652)
Amounts written off investments		<u>-</u>	<u>-</u>	<u>(240,737)</u>
Loss before interest		(291,655)	(716,533)	(1,603,389)
Finance income		1	18	55
Finance costs		<u>(1,264)</u>	<u>(863)</u>	<u>(3,180)</u>
Loss before taxation		(292,918)	(717,378)	(1,606,514)
Taxation	3	<u>-</u>	<u>36,118</u>	<u>163,423</u>
Loss after taxation and total comprehensive loss for the period		<u>(292,918)</u>	<u>(681,260)</u>	<u>(1,443,091)</u>
Loss per share - basic and diluted	4	<u>(0.13)p</u>	<u>(0.67)p</u>	<u>(1.14)p</u>

Consolidated statement of changes in equity

For the six months ended 30 June 2010

	Share capital £	Share premium £	Retained earnings £	Merger reserve £	Share option reserve £	Reverse acquisition reserve £	Total £
<i>Unaudited</i>							
Balance at 1 January 2010	4,450,368	71,118	(4,864,499)	637,500	10,447	602,413	907,347
Loss for the period	-	-	(292,918)	-	-	-	(292,918)
Issue of shares	226,571	446,721	-	-	-	-	673,292
Expenses on issue of shares	-	(42,965)	-	-	-	-	(42,965)
Share based payment	-	-	-	-	6,594	-	6,594
Balance at 30 June 2010	4,676,939	474,874	(5,157,417)	637,500	17,041	602,413	1,251,350
<i>Unaudited</i>							
Balance at 1 January 2009	3,479,986	71,120	(3,421,408)	637,500	2,801	602,413	1,372,412
Loss for the period	-	-	(681,260)	-	-	-	(681,260)
Issue of shares	970,382	34,235	-	-	-	-	1,004,617
Expenses on issue of shares	-	(62,095)	-	-	-	-	(62,095)
Balance at 30 June 2009	4,450,368	43,260	(4,102,668)	637,500	2,801	602,413	1,633,674
<i>Audited</i>							
Balance at 1 January 2009	3,479,986	71,120	(3,421,408)	637,500	2,801	602,413	1,372,412
Loss for the period	-	-	(1,443,091)	-	-	-	(1,443,091)
Issue of shares	970,382	(2)	-	-	-	-	970,380
Share based payment	-	-	-	-	7,646	-	7,646
Balance at 31 December 2009	4,450,368	71,118	(4,864,499)	637,500	10,447	602,413	907,347

Consolidated statement of financial position

As at 30 June 2010

	30 June		31 December
	2010	2009	2009
	(unaudited)	(unaudited)	(audited)
	£	£	£
ASSETS			
Non current assets			
Intangible assets	1,476,950	1,433,782	1,466,297
Property, plant and equipment	8,535	8,503	8,039
Investments	-	240,737	-
	<u>1,485,485</u>	<u>1,683,022</u>	<u>1,474,336</u>
Current assets			
Stock	9,684	-	15,659
Trade and other receivables	106,674	50,516	159,879
Cash and cash equivalents	148,997	336,189	15,911
	<u>265,355</u>	<u>386,705</u>	<u>191,449</u>
TOTAL ASSETS	<u>1,750,840</u>	<u>2,069,727</u>	<u>1,665,785</u>
LIABILITIES			
Current liabilities			
Borrowings	-	(704)	(46,184)
Trade and other payables	(338,490)	(433,946)	(712,254)
	(338,490)	(434,650)	(758,438)
Non-current liabilities			
Borrowings	-	(1,403)	-
Other payables	(161,000)	-	-
	(499,490)	(436,053)	(758,438)
NET ASSETS	<u>1,251,350</u>	<u>1,633,674</u>	<u>907,347</u>
SHAREHOLDERS' EQUITY			
Share capital	4,676,939	4,450,368	4,450,368
Share premium account	474,874	43,260	71,118
Merger reserve	637,500	637,500	637,500
Reverse acquisition reserve	602,413	602,413	602,413
Share option reserve	17,041	2,801	10,447
Retained earnings	(5,157,417)	(4,102,668)	(4,864,499)
Total shareholders' equity	<u>1,251,350</u>	<u>1,633,674</u>	<u>907,347</u>

Consolidated cash flow statement

For the six months ended 30 June 2010

	Six months ended 30 June 2010 <i>(unaudited)</i> £	Six months ended 30 June 2009 <i>(unaudited)</i> £	Year ended 31 December 2009 <i>(audited)</i> £
Operating activities			
Operating loss	(291,655)	(716,533)	(1,362,652)
Depreciation of tangible assets	2,612	2,622	5,148
Amortisation of intangible assets	11,298	8,400	20,422
Decrease/(increase) in stock	5,975	-	(15,659)
Decrease in debtors	53,205	43,643	3,885
(Decrease)/increase in creditors within one year	(212,764)	67,783	323,404
Other non-cash movement	168	649	411
Share option charge	6,594	-	7,646
Cash outflows from operating activities	<u>(424,567)</u>	<u>(593,436)</u>	<u>(1,017,395)</u>
Taxation	<u>-</u>	<u>36,118</u>	<u>93,818</u>
Investing activities			
Interest received	1	18	55
Interest paid	(1,264)	(863)	(3,180)
Payments to acquire intangible assets	(21,951)	(2,165)	(65,512)
Payments to acquire tangible assets	(3,276)	(20,975)	(3,990)
Net cash used in investing activities	<u>(26,490)</u>	<u>(23,985)</u>	<u>(72,627)</u>
Financing activities			
Issue of ordinary share capital	673,292	980,999	970,382
Expenses on issue of shares	(42,965)	(62,095)	(2)
Capital element of hire purchase contracts	(1,615)	(225)	(1,647)
Net cash generated from financing activities	<u>628,712</u>	<u>918,679</u>	<u>968,733</u>
Net increase/(decrease) in cash and cash equivalents	177,655	337,376	(27,471)
Cash and cash equivalents at start of period	<u>(28,658)</u>	<u>(1,187)</u>	<u>(1,187)</u>
Cash and cash equivalents at end of period	<u><u>148,997</u></u>	<u><u>336,189</u></u>	<u><u>(28,658)</u></u>

Notes to the interim financial statements

1. General information

ValiRx Plc is a company incorporated in the United Kingdom, which is listed on the AIM. The address of its registered office is 24 Greville Street, London EC1N 8SS.

2. Financial information

The interim consolidated financial information for the six months ended 30 June 2010 has not been audited or reviewed and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2009 have been delivered to the Registrar of Companies. The report of the independent auditors on those financial statements was unqualified and did not contain a statement under Sections 498 (2) or (3) of the Companies Act 2006.

The interim financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and under the historical cost convention. The accounting policies applied in preparing the interim financial information are consistent with those set out in the statutory accounts of the Company for the year ended 31 December 2009.

The interim consolidated financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

3. Taxation

	Six months ended 30 June 2010 (<i>unaudited</i>) £	Six months ended 30 June 2009 (<i>unaudited</i>) £	Year ended 31 December 2009 (<i>audited</i>) £
United Kingdom corporation tax at 28%	-	-	-
Current period - R & D Tax credit	-	36,118	69,605
Prior period - R & D Tax credit	-	-	93,818
Tax credit	-	36,118	163,423

4. Loss per ordinary shares

The loss and number of shares used in the calculation of loss per share are as follows:

	Six months ended 30 June 2010 (<i>unaudited</i>)	Six months ended 30 June 2009 (<i>unaudited</i>)	Year ended 31 December 2009 (<i>audited</i>)
Basic:			
Loss for the financial period	292,918	681,260	1,443,091
Weighted average number of shares	226,497,358	102,299,837	127,071,384
Loss per share	<u>0.13p</u>	<u>0.67p</u>	<u>1.14p</u>

On 16 February 2010, the Company issued 900,000 ordinary shares of 1p each at 1p per share to satisfy a liability of £9,000.

On 5 March 2010, the Company issued 3,600,000 ordinary shares of 1p each at 1p per share to satisfy a liability of £36,000.

On 21 April 2010 each issued ordinary share of 1p each was sub-divided and reclassified as one ordinary share of 0.1p each and one deferred share of 0.9p each.

On the same day, the authorised share capital was replaced with the authorised share capital as shown above.

On 21 April 2010, the Company raised £500,000, before expenses, by placing 142,857,143 new ordinary shares of 0.1p each at 0.35p per share.

On 21 April 2010, the Company issued 35,714,284 new ordinary shares of 0.1p per share to satisfy a liability of £125,000 due to the directors.

The deferred shares effectively have no rights or value.

7. Copies of interim results

Copies of the interim results can be obtained from the website www.valirx.com. From this site you may access our financial reports and presentations, recent press releases and details about the Company and its operations.