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ValiRx Plc

(“ValiRx”, “the Company” or “the Group”)

Half Yearly Report

ValiRx Plc (AIM: VAL), a life science company with a focus on cancer diagnostics and personalised therapeutic development announces its unaudited results for the half year ended 30 June 2013.

HIGHLIGHTS

- Revenues for the half-year - £103,999 (2012: £157,535);
- Administrative expenses - £683,593 (2012: £709,148);
- Loss after taxation - £1,497,699 (2012: loss £1,088,122) reflecting an increased expenditure of £972,219 (2012: £540,211) being spent during the half-year on Research and Development;
- Development programmes across the Group are progressing well on all fronts and these include ValiRx's leading anti-cancer therapeutic VAL201; its first GeneICE-derived compound VAL101 and Biomarker development to complement the Company's therapeutics;
- VAL201 continues to progress in a “First-in-(Hu)Man study” Phase I trial involving cancer patients – results anticipated before the end of 2013;
- VAL101 continues to show good progress in the pre-clinical phase – the programme is to benefit from a second Eurostars grant for up to €1.6 million;
- Biomarker development programme, to support clinical and pre-clinical development, is progressing well and producing preliminary results. The programme is supported extensively by Finnish Government regional funding; and
- Appointment of Dr. Alan Boyd as Medical Monitoring Officer to oversee VAL201 clinical development and further collaboration with internationally respected centres of excellence.

Nicholas Thorniley, Non-Executive Chairman of ValiRx, commented:

“The Company has made some very encouraging progress over the past half year with some excellent advances in our clinical and pre-clinical development pipeline. We have also taken the opportunity of further establishing the Group's scientific base with internationally respected advisers and research partners. These steps forward permit your Company an increasingly confident

perspective and I also look forward to reporting on the results of our clinical trial, which are anticipated in late December 2013”.

- ENDS -

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Notes for Editors

ValiRx Plc

ValiRx Plc is a biopharmaceutical company developing novel technologies and products in oncology therapeutics and diagnostics. The product focus is in the epigenomic analysis and treatment of cancer, but the technologies can be applied to other fields as well, such as neurology and inflammatory diseases.

The Company listed on AIM in October 2006 and is creating a portfolio of innovative products through investment in specific development projects. It actively manages projects within this portfolio as a trading company and is not an investment vehicle. The ValiRx business model spreads the risks of life

science technology developments by minimising financial exposure and running a set of projects to defined commercial endpoints. This maximises returns to shareholders by adding value at the earlier stages where value increases per investment unit are the greatest.

The Company operates through the following divisional companies:

1. ValiFinn is the biomarkers and diagnostic development division
2. ValiPharma is the therapeutics division with two embedded technologies primarily directed at the treatment of cancers.

Chairman's Statement

I am pleased to report solid progress during the half year ended 30 June 2013. The Group has seen progress across a number of fronts and has seen VAL201 advancing into a Phase I first in-human trial. We were pleased to provide several updates during the period, reporting on the respective clinical and pre-clinical developments of our lead compounds, VAL201 and VAL101, from both regulatory and production perspectives.

Administrative costs have been kept under control, with an increase in expenditure seen on research and development; investing in the Company's future. Revenues for the half-year were £103,999 (2012: £157,535). Administrative expenses were £683,593 (2011: £709,148). Loss after taxation was £1,497,699 (2012: loss £1,088,122). In the half-year £972,219 (2012: £540,211) was spent on Research and Development, which contributed to the higher loss.

The Company was pleased to confirm that VAL201, its leading anti-cancer therapeutic, continues to progress through its clinical development on all fronts. This is a "First-in-(Hu)Man" study involving cancer patients, as opposed to healthy volunteers and is a Phase 1 trial. As previously reported on 31 July 2013, ValiRx anticipates that results from the Phase 1 trial will be available before the end of 2013.

VAL101, the Company's lead candidate deriving from the GenelCE platform, continues to show good progress in the pre-clinical phase and its development programme moves ahead as planned. The €1.4 million Eurostars development programme has been successfully completed (announced 31/07/13). Subsequently, ValiRx and its Finnish partner, Pharmatest Services Limited, have won an additional Eurostars grant for up to €1.6 million (announced 15/08/13) and the funds will be used to progress the pre-clinical studies of VAL101 and to build the associated cancer models.

Our Biomarker development programme in support of clinical and pre-clinical development progressed well during the half year and we are now seeing some preliminary results. This division provides the Company with exposure to the Biomarker market, a key and increasingly exciting field within our industry, and with a potential revenue stream, derived from the provision of contract services. Our programme continues to be supported by Finnish Government regional funding.

The period has seen the continued strengthening of our IP portfolio with VAL201 granted a new patent in Australia and we were delighted to see the further strengthening of the Group's scientific base with the appointment of Dr. Alan Boyd, a world-class medical monitoring officer to oversee the VAL201 clinical development. The growing of our scientific credentials has been enhanced further

with our collaboration with internationally respected centres of excellence, including Imperial College, London, Heidelberg Cancer institute, Germany, Cancer Research UK and the Paoli-Calmettes Cancer Institute in France.

The Company has made some very encouraging progress over the past half year with some excellent advances in our clinical and pre-clinical development pipeline. We have also taken the opportunity of further establishing the Group's scientific base with internationally respected advisers and research partners. These steps forward permit your Company an increasingly confident perspective and I also look forward to reporting on the results of our clinical trial, which are anticipated in late December 2013.

Nick Thorniley

Non-executive Chairman

5 September 2013

Consolidated statement of comprehensive income

	Note	Six months ended 30 June 2013 (unaudited) £	Six months ended 30 June 2012 (unaudited) £	Year ended 31 December 2012 (audited) £
Revenue		103,999	157,535	216,269
Cost of sales		(25,179)	(48,291)	(72,960)
Gross profit		78,820	109,244	143,309
Research and development		(972,219)	(540,211)	(1,010,476)
Administrative expenses		(683,593)	(709,148)	(1,481,717)
Operating loss		(1,576,992)	(1,140,115)	(2,348,884)
Finance income		4,319	11,993	19,001
Finance costs		(26)	-	(21)
Loss before taxation		(1,572,699)	(1,128,122)	(2,329,904)
Income tax credit	3	75,000	40,000	165,956
Loss for the period		(1,497,699)	(1,088,122)	(2,163,948)
Other comprehensive income				
Change in fair value of available-for-sale assets		(134,400)	282,068	13,893
Loss for the period and total comprehensive income		(1,632,099)	(806,054)	(2,150,055)
Loss per share - basic and diluted	4	(0.09)p	(0.09)p	(0.17)p

Statement of changes in shareholders' equity

	Share capital £	Share premium £	Retained earnings £	Merger reserve £	Share option reserve £	Reverse acquisition reserve £	Total £
<i>Unaudited</i>							
Balance at 1 January 2013	6,051,607	5,337,152	(7,665,683)	637,500	73,852	602,413	5,036,841
Loss for the period	-	-	(1,497,699)	-	-	-	(1,497,699)
Change in fair value of available-for-sale assets	-	-	(134,400)	-	-	-	(134,400)
Share based payment	-	-	-	-	21,002	-	21,002
Balance at 30 June 2013	6,051,607	5,337,152	(9,297,782)	637,500	94,854	602,413	3,425,744
<i>Unaudited</i>							
Balance at 1 January 2012	5,399,984	3,247,539	(5,515,628)	637,500	52,140	602,413	4,423,948
Loss for the period	-	-	(1,088,122)	-	-	-	(1,088,122)
Statement of changes in shareholders' equity	-	-	282,068	-	-	-	282,068
Issue of shares	200,000	700,000	-	-	-	-	900,000
Movement in period	-	(56,129)	-	-	-	-	(56,129)
Share based payment	-	-	-	-	14,270	-	14,270
Balance at 30 June 2012	5,599,984	3,891,410	(6,321,682)	637,500	66,410	602,413	4,476,035
<i>Audited</i>							
Balance at 1 January 2012	5,399,984	3,247,539	(5,515,628)	637,500	52,140	602,413	4,423,948
Loss for the year	-	-	(2,163,948)	-	-	-	(2,163,948)
Change in fair value of available-for-sale assets	-	-	13,893	-	-	-	13,893
Issue of shares	651,623	2,280,675	-	-	-	-	2,932,298
Movement in period	-	(191,062)	-	-	-	-	(191,062)
Share based payment	-	-	-	-	21,712	-	21,712
Balance at 31 December 2012	6,051,607	5,337,152	(7,665,683)	637,500	73,852	602,413	5,036,841

Consolidated statement of financial position

	As at 30 June		31 December
	2013 (<i>unaudited</i>) £	2012 (<i>unaudited</i>) £	2012 (<i>audited</i>) £
ASSETS			
Non current assets			
Intangible assets	1,850,735	1,788,134	1,803,405
Property, plant and equipment	1,126	6,394	4,363
Financial assets: available-for-sale investments	738,943	1,141,518	873,343
	<u>2,590,804</u>	<u>2,936,046</u>	<u>2,681,111</u>
Current assets			
Inventories	3,789	15,035	2,727
Trade and other receivables	477,928	360,629	353,855
Cash and cash equivalents	1,172,191	1,383,653	2,260,783
	<u>1,653,908</u>	<u>1,759,317</u>	<u>2,617,365</u>
TOTAL ASSETS	<u>4,244,712</u>	<u>4,695,363</u>	<u>5,298,476</u>
LIABILITIES			
Current liabilities			
Trade and other payables	<u>(818,968)</u>	<u>(219,328)</u>	<u>(261,635)</u>
	<u>(818,968)</u>	<u>(219,328)</u>	<u>(261,635)</u>
NET ASSETS	<u>3,425,744</u>	<u>4,476,035</u>	<u>5,036,841</u>
SHAREHOLDERS' EQUITY			
Share capital	6,051,607	5,599,984	6,051,607
Share premium account	5,337,152	3,891,410	5,337,152
Merger reserve	637,500	637,500	637,500
Reverse acquisition reserve	602,413	602,413	602,413
Share option reserve	94,854	66,410	73,852
Retained earnings	<u>(9,297,782)</u>	<u>(6,321,682)</u>	<u>(7,665,683)</u>
Total shareholders' equity	<u>3,425,744</u>	<u>4,476,035</u>	<u>5,036,841</u>

Cash flow statement

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2013	2012	2012
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
Operating activities			
Operating loss	(1,576,992)	(1,140,115)	(2,348,884)
Depreciation of property plant and equipment	3,277	3,438	6,762
Amortisation of intangible assets	22,490	11,764	48,579
Loss on disposal of property, plant and equipment	-	-	93
Loss on disposal of intangible assets	-	-	25,218
(Increase)/decrease in inventories	(1,062)	4,449	16,757
Increase in receivables	(49,073)	(41,771)	(25,344)
Increase in creditors within one year	557,333	77,635	119,942
Other non-cash movements	627	5,466	3,420
Share option charge	21,002	14,270	21,712
Cash outflows from operating activities	(1,022,398)	(1,064,864)	(2,131,745)
Taxation	-	16,050	132,353
Investing activities			
Interest received	4,319	11,993	19,001
Interest paid	(26)	-	(21)
Payments to acquire intangible assets	(70,447)	(56,880)	(132,145)
Payments to acquire property plant and equipment	(40)	(665)	(2,579)
Receipts from sale of property plant and equipment	-	-	535
Net cash outflow for acquisitions and disposals	(66,194)	(45,552)	(115,209)
Financing activities			
Issue of ordinary share capital	-	900,000	2,932,298
Cost of share issue	-	(56,129)	(191,062)
Net cash generated from financing activities	-	843,871	2,741,236
Net (decrease)/increase in cash and cash equivalents	(1,088,592)	(250,495)	626,635
Cash and cash equivalents at start of period	2,260,783	1,634,148	1,634,148
Cash and cash equivalents at end of period	1,172,191	1,383,653	2,260,783

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 market of the London Stock Exchange Plc. 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 2013 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 2012 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 2012.

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	Six months ended 30 June	Year ended 31 December
	2013	2012	2012
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	£	£	£
United Kingdom corporation tax at 24%			
Current period - R & D Tax credit	<u>(75,000)</u>	<u>(40,000)</u>	<u>(165,956)</u>
Income tax credit	<u><u>(75,000)</u></u>	<u><u>(40,000)</u></u>	<u><u>(165,956)</u></u>

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	Six months ended 30 June	Year ended 31 December
	2013	2012	2012
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Basic:			
Loss for the financial period	(1,497,699)	(1,088,122)	(2,163,948)
Weighted average number of shares	1,711,184,409	1,159,562,609	1,288,079,027
Loss per share	<u><u>(0.09)p</u></u>	<u><u>(0.09)p</u></u>	<u><u>(0.17)p</u></u>

5 Dividends

The directors do not propose to declare a dividend in respect of the period.

