ValiRx plc

Unaudited interim results for the six months ended 30 June 2009

28 September 2009, London. ValiRx plc (AIM: VAL, 'ValiRx', 'the Company) the cancer therapeutics and diagnostics company, announces its unaudited interim results for the six months ended 30 June 2009.

Highlights

- Secured a Eurostar Grant for taking the Company's lead compound GeneICE through preclinical phase and for optimisation. Our Consortium's application for £270k was rated fourth in the EU;
- Acquisition of a range of self check kits to be marketed by a new wholly owned trading venture, ValiMedix;
- Raised additional £981k before expenses through an equity placing; and
- Australian patent grant for diagnostics and new patent filing to strengthen the portfolio.

Dr Satu Vainikka, Chief Executive, commented that:

"We have continued to make progress with our two complementary divisions: ValiBio and ValiPharma, despite the difficult economic climate. During the period we strengthened our cash resources raising additional funds and receiving a Eurostar grant. With this funding we are pleased to move our lead compound, VAL 101, into late preclinical development and are on track for the market launch of a range of diagnostic kits through our trading platform, ValiMedix. We have also strengthened our patent portfolio.

"Overall, even with challenging times the healthcare sector is moving forward. As an increasing number of personalised approaches to therapeutics and diagnostics are required in the marketplace we are confident that, with our expertise and trading platform, we are well positioned within the marketplace. Our aim continues to be the delivery of earlier and more accurate diagnostics and more targeted and effective therapies in the oncology sector."

Enquiries:

ValiRx Plc www.valirx.com Tel: +44 (0) 20 3008 4416
Dr. Satu Vainikka

WH Ireland Limited – Nominated Adviser Tel: +44 (0) 161 832 2174
Adrian Kirk

Notes to Editors

ValiRx plc is a biopharmaceutical company developing novel technologies and products in oncology therapeutics and diagnostics. It is headquartered in London and admitted to AIM in October 2006. The Group has a portfolio of innovative epigenetic technologies and products with worldwide exclusive rights and patents.

ValiRx operates through three divisions, ValiPharma, a UK-based epigenetic drug discovery and development business, ValiBio, a Belgium-based oncology diagnostics and biomarker business and ValiMedix, UK based trading business.

Chairman's statement

Strategic overview

ValiRx is building a portfolio of complementary cancer-related diagnostic and therapeutic products based on patented and potentially market-changing technologies. It aims to exploit the shift in healthcare regimes towards more personalised approaches to medicine, by being at the forefront of personalising disease management in the oncology arena. Personalised medicine refers to tailoring treatment strategies to work differently in different individuals, dependent upon factors such as their genetic profile, epigenetic profile, environment and the presence of other diseases in the individual.

The Company's own products are rooted in the Epigenomic analysis and treatment of cancer, and has furthermore acquired and market launched a trading platform for complementary diagnostics. Epigenetic is the emerging science that seeks to understand how, why and when genes are switched on and off.

The Company's business model is executed through three complementary operating divisions: ValiBio, developing and marketing diagnostics that indicate a patient's individual disease profile; ValiPharma, developing novel treatment therapies based on its proprietary epigenomics platform and ValiMedix, a wholly owned subsidiary established to commercialise a range of self diagnostic test kits.

During the last six months the Company completed a number of important milestones; these include raising an additional £981k, securing a Eurostar grant for GeneICE development of £279k and had a market launch for a new diagnostic product trading platform, ValiMedix. We also strengthened our patent portfolio.

Therapeutics

ValiPharma, the therapeutic discovery and development business made good progress in its pre-clinical pipeline in the period. Its business model is to in-license early stage products, develop them through to proof of concept in man, and then seek out-licensing partners for further development and marketing. The Company has secured access to a number of technologies and products, as well as expertise through a number of alliances and partnerships.

GeneICE™ (Gene Inactivation by Chromatin Engineering) is the Company's gene-silencing and discovery platform. Gene silencing ('switching off') potentially represents an innovative and ground breaking new approach to cancer treatment as it allows for the development of targeted, personalised medicine and treatment for patients. GeneICE™ is also applicable to a wide variety of other genetic disorders such as in the fields of neurology and inflammatory diseases. This platform is being applied in both the development of an in-house pipeline of drugs and seeking discovery collaborations with others.

During the previous period, the Company was pleased to announce promising in vivo results for its lead molecule VAL 101, and during this period announced that it has received a Eurostar grant for further preclinical studies with the aim of progressing VAL 101 toward Phase I regulatory filing. The project was ranked fourth highest in the EU by the judging panel of experts.

GeneICE™ technology platform has been shown to utilise the cells' own inherent gene control machinery to effectively silence genes involved in cancer cell progression, in the case of VAL 101, targeting the cancer cell killing (anti-apoptotic) gene BCL-2. These latest in vivo results follow on from studies earlier in the period which provided evidence that GeneICE™ could trigger cell death in ovarian, pancreatic and prostate cancer cells. The application of GeneICE™ technology in both studies targeted the BCL-2 gene, which is often over-expressed in certain types of cancer and may lead to the development of chemotherapeutic cell-death resistance. This will be the first GeneICE™ generated compound to enter human trials.

The Company has also expanded its product portfolio with the development of a second anti-cancer molecule. In July, the Company announced that it had entered into a Licence Agreement with Cancer Research Technology (CRT) to evaluate a novel prostate cancer compound (VAL 201) that has been found *in vivo* (pre-clinical) to arrest prostate cancer growth. Under the terms of the License Agreement with CRT, ValiRx has now identified a secondary indication for the compound, with highly unmet medical needs.

The Directors continue to believe that VAL 201 has the potential to add significant value to the Company's pipeline. Early studies have thus far indicated that this lead drug candidate may also stop tumour growth in patients who are unresponsive to current treatments.

Diagnostics

ValiBio, the diagnostic division, continued to make good progress with a number of diagnostic activities in the oncology sector. Its business model is to in-license and develop in-house epigenetic diagnostic platforms and products in the field of oncology. Currently ValiBio has three product streams: HPV testing, Nucleosomics™ and HyperGenomics™.

Nucleosomics™ is a non invasive (blood) epigenomic diagnostic platform that has the potential to screen for early signs of a broad number of cancers using blood samples. The Company is on track to create a high throughput, rapid, and affordable testing mechanism for the very early detection of cancer. .

HyperGenomics™, the Company's third diagnostic platform is at an early stage of development. It is being developed as a high throughput biomarker and diagnostic platform for epigenomic profiling. The Group has filed for patents worldwide.

ValiMedix is a company sourcing and creating a portfolio of innovative *In Vitro* Diagnostic (IVD) products in a strong, multi-billion euro market that is undergoing rapid expansion. The company focuses on global diagnostic distribution with products directed at four market tiers ranging from direct to consumer sales through retail distributers, healthcare professional and international distribution partners. The IVD market growth is driven by the emergence of new technologies and consumer demand. The IVD market has a relatively low political risk and a reduced exposure to economic cycles.

HPV - In March, the Company announced an update to the terms with Biofield Corp for the distribution of the Company's Human Papilloma Virus (HPV) test kit. Discussions are still ongoing with Biofield for the distribution of the Company's diagnostic products and it anticipates revenues being generated in 2010.

There are over 100 subtypes of HPV. Most do not cause significant disease in humans. However, some subtypes, notably types 16 and 18, 31 and 33, have been confirmed as agents which cause cervical cancer. 'High risk' HPV types have been found to be present in close to 100% of all cervical cancers.

Research has indicated that women with a mild or borderline test result who have no evidence of high risk HPV infection are very unlikely to develop cervical cancer. HPV testing has therefore been proposed as a means of distinguishing women in this group who have a higher risk of developing cervical cancer from those who have very low risk.

Financials

The Group's external spend on research & development in the six months to 30 June 2009 was £51k (2008: £78k). Administrative expenses for the first six months were £629k (2008: £452k). The Group reported loss of £681k (2008: £528k), in line with the Board's expectations and, as at

30 June 2009, had cash reserves of £336k. The Group generated no revenues in the period (2008: £nil).

The Group completed an equity financing in May 2009, raising £981k before expenses.

Outlook

Overall, the Company has the potential to create new markets in the very early detection of cancer, diagnostics that can drive tailored therapies, and therapeutics that prevent or arrest cancer that offer significantly improved treatments. With the first diagnostic product about to be launched and a range of therapeutic compounds well on the way to the initial trials, ValiRx is making good progress.

N Thorniley
Chairman

Consolidated income statement
For the six months ended 30 June 2009

	Notes	Six months ended 30 June 2009 (unaudited) £	Six months ended 30 June 2008 (unaudited) £	Year ended 31 December 2008 (audited) £
Revenue		-	-	30,748
Administrative expenses		(680,415)	(530,066)	(1,258,063)
Other operating income				1,400
Operating loss		(680,415)	(530,066)	(1,225,915)
Amounts written off investments		-	-	(664,239)
Loss before interest		(680,415)	(530,066)	(1,890,154)
Finance income		18	2,210	5,092
Finance costs		(863)	(485)	(2,725)
Loss before taxation		(681,260)	(528,341)	(1,887,787)
Taxation	3	-	-	-
Loss after taxation		(681,260)	(528,341)	(1,887,787)
Minority interest		-	66,413	31,890
Loss for the period		(681,260)	(461,928)	(1,855,897)
Loss per share - basic and diluted	4	(0.67)p	(1.36)p	(4.13)p

Consolidated statement of comprehensive income

There was no further income or expenditure in the period other than as presented in the Income Statement

Consolidated statement of changes in equity
For the six months ended 30 June 2009

	Share capital	Share premium	Retained earnings	Merger reserve	Share option reserve	Reverse acquisition reserve	Total
	£	£	£	£	£	£	£
Unaudited							
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
Movement in period	-	(62,095)	-	-	-	-	(62,095)
Share based payment	-	-	-	-	-	-	-
Balance at 30 June 2009	4,450,368	43,260	(4,102,668)	637,500	2,801	602,413	1,633,674
Unaudited							
Balance at 1 January 2008	1,896,786	145,643	(1,593,692)	637,500	-	602,413	1,688,650
Loss for the period	-	-	(461,928)	-	-	-	(461,928)
Issue of shares	893,199	(69,164)	-	-	-	-	824,035
Movement in period	-	-	-	-	1,325	-	1,325
Balance at 30 June 2008	2,789,985	76,479	(2,055,620)	637,500	1,325	602,413	2,052,082
Audited							
Balance at 1 January 2008	1,896,786	145,643	(1,593,692)	637,500	-	602,413	1,688,650
Loss for the period	-	-	(1,855,897)	-	-	-	(1,855,897)
Issue of shares	1,583,200	(74,613)	-	-	-	-	1,508,587
Movement in period	-	90	28,181	-	2,801	-	31,072
Balance at 31 December 2008	3,479,986	71,120	(3,421,408)	637,500	2,801	602,413	1,372,412

Consolidated balance sheet
As at 30 June 2009

	As at 30 June		31 December
	2009	2008	2008
	(unaudited)	*(unaudited)*	*(audited)*
	£	£	£
ASSETS			
Non-current assets			
Intangible assets	1,433,782	637,598	1,421,207
Property, plant and equipment	8,503	11,071	9,608
Investments	240,737	904,976	240,737
	1,683,022	1,553,645	1,671,552
Current assets			
Trade and other receivables	50,516	104,146	94,159
Cash and cash equivalents	336,189	468,121	15,722
	386,705	572,267	109,881
TOTAL ASSETS	2,069,727	2,125,912	1,781,433
LIABILITIES			
Current liabilities			
Borrowings	(704)	(1,898)	(2,332)
Trade and other payables	(433,946)	(156,332)	(406,689)
	(434,650)	(158,230)	(409,021)
Non-current liabilities			
Borrowings	(1,403)	(1,436)	-
	(436,053)	(159,666)	(409,021)
NET ASSETS	1,633,674	1,966,246	1,372,412
SHAREHOLDERS' EQUITY			
Share capital	4,450,368	2,789,985	3,479,986
Share premium account	43,260	76,479	71,120
Merger reserve	637,500	637,500	637,500
Reverse acquisition reserve	602,413	602,413	602,413
Share option reserve	2,801	1,325	2,801
Retained earnings	(4,102,668)	(2,055,620)	(3,421,408)
Total shareholders' equity	1,633,674	2,052,082	1,372,412
Minority interest	-	(85,836)	-
	1,633,674	1,966,246	1,372,412

Consolidated cash flow statement
For the six months ended 30 June 2009

	Six months ended 30 June 2009 (unaudited) £	Six months ended 30 June 2008 (unaudited) £	Year ended 31 December 2008 (audited) £
Operating activities			
Operating loss	(680,415)	(530,066)	(1,225,915)
Depreciation of tangible assets	2,622	2,226	5,302
Amortisation of intangible assets	8,400	4,500	14,158
Decrease in debtors	43,643	49,159	59,146
Increase in creditors within one year	67,783	62,358	295,440
Other non-cash movement	649	-	57,259
Share option charge	-	1,325	2,800
Cash outflows from operating activities	(557,318)	(410,498)	(791,810)
Investing activities			
Interest received	18	2,210	5,092
Interest paid	(863)	(485)	(2,725)
Payments to acquire intangible assets	(2,165)	(30,591)	(80,590)
Payments to acquire tangible assets	(20,975)	(4,505)	(6,118)
Cost of minority interest share in subsidiary undertaking	-	-	(31,988)
Net cash used in investing activities	(23,985)	(33,371)	(116,329)
Financing activities			
Issue of ordinary share capital	980,999	893,199	893,200
Cost of share issue	(62,095)	(69,164)	(74,523)
Capital element of hire purchase contracts	(225)	(320)	-
Net cash generated from financing activities	918,679	823,715	818,677
Net increase/(decrease) in cash and cash equivalents	337,376	379,846	(89,462)
Cash and cash equivalents at start of period	(1,187)	88,275	88,275
Cash and cash equivalents at end of period	336,189	468,121	(1,187)

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 financial information set out above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. It has been prepared under applicable International Financial Reporting Standards adopted by the European Union ('IFRS').

The accounting policies applied in preparing the interim financial information are consistent with those set out in the statutory accounts of the Group for the year ended 31 December 2008. The comparative figures for the year ended 31 December 2008 are extracted from the statutory accounts for that period which have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified.

IAS 1(revised) Presentation of Financial Statements. The revised statement prohibits the presentation of items of income and expense (that is 'non-owner changes in equity') in the statement of changes in equity, requiring the 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be presented in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has decided to present two statements. The interim results have been prepared under the revised disclosure requirements.

The financial information for the six months ended 30 June 2009 and the six months ended 30 June 2008 has not been audited. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing this interim financial information.

3 Taxation

On the basis of these accounts there is no tax charge for the period.

4 Loss per share

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**
	2009 *(unaudited)*	2008 *(unaudited)*	2008 *(audited)*
Basic:			
Loss for the financial period	681,274	461,928	1,855,897
Weighted average number of shares	102,299,837	33,953,736	44,965,094
Loss per share	0.67p	1.36p	4.13p

There was no dilutive effect from the share options outstanding during the period.

5 Dividends

The directors do not propose to declare a dividend for the period.

6 Share capital

	30 June 2009		30 June 2008	
	Number	**£**	**Number**	**£**
Authorised	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
Ordinary shares of 1p each	428,108,175	4,281,082	-	-
Ordinary shares of 6p each	-	-	85,000,000	5,100,000
Deferred shares of 5p each	28,378,365	1,418,918	-	-
		5,700,000		5,100,000
Allotted, called up and fully paid				
Ordinary shares of 1p each	153,145,035	1,531,450	-	-
Ordinary shares of 6p each	-	-	46,499,759	2,789,985
Deferred shares of 5p each	58,378,370	2,918,918	-	-
		4,450,368		2,789,985

	31 December 2008	
	Number	**£**
Authorised	*(audited)*	*(audited)*
Ordinary shares of 1p each	-	-
Ordinary shares of 6p each	85,000,000	5,100,000
Deferred shares of 5p each	-	-
		5,100,000
Allotted, called up and fully paid		
Ordinary shares of 1p each	-	-
Ordinary shares of 6p each	57,999,764	3,479,986
Deferred shares of 5p each	-	-
		3,479,986

On 5 January 2009, the company issued 378,606 ordinary shares of 6p each to certain of its creditors to satisfy £23,618 of liabilities.

On 13 February 2009, each issued ordinary share of 6 pence each was sub-divided and reclassified as one ordinary share of 1 pence each and one deferred share of 5 pence each.

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

During the period, the company raised £980,999 before expenses via a placing of 94,766,665 ordinary shares of 1 each at a price of either 1p per share or 1.2p per share.

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.

INDEPENDENT REVIEW REPORT TO VALIRX PLC

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2009, which comprises the Consolidated Income Statement, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Balance Sheet and the Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review, for this report, or for the conclusions we have formed.

Directors' responsibilities
The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the AIM Rules of the London Stock Exchange.

Our responsibilities
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

Adler Shine LLP
Chartered Accountants and Statutory Auditors
London
25 September 2009