



VALIRX PLC

("ValiRx", "the Company" or "the Group")

HALF YEARLY REPORT FOR THE PERIOD ENDED 30 JUNE 2015

London, UK 17 September 2015 - ValiRx Plc (AIM: VAL), a life science company with a focus on cancer therapeutics and diagnostics for personalised medicine, today announces its Half Yearly Report for the period ended 30 June 2015.

HIGHLIGHTS

Operational Highlights

- VAL201 clinical trial progressing and continuing to show favourable safety profile with early indications of efficacy even at low dosage
- VAL401 entering the clinical trial pathway
- Substantial extension of the Group's global patent coverage to provide a strong platform for future global commercialisation of ValiRx's therapeutic and biomarker technologies
- Acquisition of TRAC, a gene expression and biomarker technology, broadens ValiFinn's service offering for growing revenue streams
- Invited to participate at the 2015 BIO International Convention in Philadelphia with other leading UK biotech and biopharma companies – to build relationships and explore partnering opportunities with leading pharmaceutical and biotechnology companies

Financial Highlights

- Placing raised £800,000 in March 2015;
- Legal, due diligence and administration expenses increased following acquisition of new technologies, & licensing deals executed, expansion of ValiFinn R&D team, upgrading of IT capabilities and engaging with US drug licensing consultants;
- Loss after taxation increased marginally to £1.37m (H1 2014: £1.34m);
- Total comprehensive loss for the period reduced by 23% to £1.34m (H1 2014: £1.75m); and
- Cash and cash equivalents as at 30 June 2015 of £391,884 (H1 2014: £757,589).

Post Period Highlights

- Fundraising and equity swap to raise £2.45 million gross in September 2015

Oliver de Giorgio-Miller, Non-Executive Chairman of ValiRx, commented:

“We continue to make progress across all areas of our business and I am particularly pleased to see VAL201’s development proceeding well and as planned in the clinical trial at UCLH; VAL401, our second therapeutic compound, entering the clinical trial pathway; and our biomarker division in Finland substantially boosted by the acquisition of TRAC, a gene expression and biomarker technology”.

“We have entered the second half of the year well placed to maintain our growth momentum and we look forward to reporting further advancements”.

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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 has undertaken to develop a novel and groundbreaking class of therapeutics across a number of fields in oncology and has taken its lead compound, Val201, into Phase I/II clinical trials. The Company listed on the AIM Market of the London Stock Exchange in October 2006.

The Company has a pipeline of other therapeutic drugs, which are currently progressing towards clinical trials. The product focus is in the targeted analysis and treatment of cancer, but the technologies can be applied to other fields as well, such as neurology and inflammatory diseases.

It actively manages projects within its portfolio as a trading company. The ValiRx business model spreads the risks of life science technology development 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. ValiPharma is the therapeutics division, with two embedded technologies primarily directed at the treatment of cancers.
2. ValiFinn is the biomarkers and diagnostic development division. ValiRx acquired through its ValiFinn subsidiary, the complimentary TRAC technology later in the year to strengthen the portfolio.
3. ValiSeek is a joint venture between ValiRx and Tangent Ltd to develop Val401 in lung cancer and potentially other indications.

CHAIRMAN'S STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2015

We continue to make progress across all areas of our business and I am particularly pleased to see VAL201's development proceeding well and as planned in the clinical trial at UCLH; VAL401, our second therapeutic compound, entering the clinical trial pathway; and our biomarker division in Finland substantially boosted by the acquisition of TRAC, a gene expression and biomarker technology.

VAL201

Our lead compound, VAL201, is in a Phase I/II dose escalation clinical trial, which is approved to include patients with locally advanced or metastatic prostate cancer and other advanced solid tumours. In recent months, the approved incremental dose escalation has caused no significant adverse effects and continued to demonstrate safety and tolerability. As a result the next dose escalation has been approved, which may prove sufficient to show anti-tumour activity. This would follow the trend seen in our pre-clinical studies.

VAL401

Just after the period end, ValiSeek announced that following the completion of its pre-clinical studies, a clinical trial contract had been established with Clinical Accelerator, a UK-based clinical trial management organisation, to manage and execute the Phase 2b clinical trial of VAL401 in patients with non-small-cell lung adenocarcinoma. The parameters to be assessed during the trial will include (i) effectiveness of the treatment (as observed by measurements of disease progression, quality of life and survival); (ii) pharmacokinetics of VAL401 and (iii) safety and tolerability of the VAL401 treatment in the patient population. The trial is on track and is proceeding according to timetable.

TRAC & ValiFinn

The acquisition of TRAC six months ago is already delivering revenues and benefit to our biomarker business in Finland. We announced in May 2015 that Admescope Limited ("Admescope") had purchased a global, non-exclusive licence from ValiFinn to use the TRAC technology in its provision of toxicological testing services to drug discovery and development companies. This was the first contract for TRAC technology under the ownership of ValiRx and, since the period end, we are delighted to report the signing of further contracts for access to this technology.

Patent Protection

Extension of the Group's patent coverage has continued during the period, both in terms of new geographies and across our therapeutic compound and biomarker portfolio.

In February 2015, we received patent approval by the European Patent Office covering the means for diagnosing and monitoring of patients using biomarker testing for B-cell lymphomas and its prognostic outcome. The Patent is based around the NAV3 gene and comprises a novel method to permit early diagnosis by use of the biomarker for diagnosing and separating types of B-cell lymphomas into different prognostic groups.

In the same month, the Company also received patent approval by the UK Patent Office regarding its lead therapeutic compound VAL201 for a further indication in endometriosis or hormone induced abnormal cell growth in women. Based on results in endometrial models, VAL201 has been shown to reduce abnormal endometrial growth, whilst leaving other hormone-induced activities working normally and this grant will expand the opportunities for the compound beyond solid tumours. Endometriosis, an excessively debilitating gynaecological medical condition, is typically seen during the reproductive years and it represents one of the major causes of female infertility.

Then in May 2015, we reported that the Group, through ValiSeek Limited ("ValiSeek"), our joint venture with Tangent Reprofile Limited ("Tangent"), had received patent approval from the US Patent Office covering the composition of formulation for ValiSeek's novel cancer treatment VAL401 and that such a grant significantly strengthened and validated the science, novelty and founding basis behind the VAL401 project.

These latest patent grants substantially extend the Group's patent protection, both domestically and internationally and they provide a strong platform for the future global commercialisation of ValiRx's therapeutic and biomarker technologies.

2015 BIO International Convention in Philadelphia

In June 2015, we were delighted to be invited to join with leading UK biotechnology and biopharmaceutical businesses and to participate in a 'Market Visit' to the 2015 BIO International Convention in Philadelphia, Pennsylvania.

The Market Visit had been organised by the Mayor of London's Export Programme, in partnership with UK Trade & Investment (UKTI) to offer London SMEs an opportunity to attend this major industry international event and a chance to partner with the world's leading pharmaceutical and biotechnology companies.

Not only was it gratifying to be in such esteemed company, but it provided ValiRx with an excellent opportunity to build profile and relationships on the US biotech stage and a chance to explore partnering opportunities with the world's leading pharmaceutical and biotechnology companies.

We have entered the second half of the year well placed to maintain our growth momentum and we look forward to reporting further advancements.

Oliver de Giorgio-Miller

Non-Executive Chairman

17 September 2015

Consolidated statement of comprehensive income

	<i>Note</i>	Six months ended 30 June 2015 (unaudited) £	Six months ended 30 June 2014 (unaudited) £	Year ended 31 December 2014 (audited) £
Revenue		153,099	59,574	87,558
Cost of sales		(25,639)	-	(61,025)
Gross profit		127,460	59,574	26,533
Research and development	3	(859,391)	(672,127)	(2,008,513)
Administrative expenses	3	(989,846)	(526,475)	(1,366,953)
Other income		158,623	-	210,802
Operating loss		(1,563,154)	(1,139,028)	(3,138,131)
Fair value loss on derivative financial assets		-	(361,218)	(72,202)
Finance income		660	7,214	8,023
Loss on disposal of finance assets		-	-	(437,493)
Finance costs		(7)	-	(1,532)
Loss before income taxation		(1,562,501)	(1,493,032)	(3,641,335)
Income tax credit	4	190,000	150,000	396,864
Loss on ordinary activities after taxation		(1,372,501)	(1,343,032)	(3,244,471)
Non-controlling interests		35,557	32,044	84,440
		(1,336,944)	(1,310,988)	(3,160,031)
Other comprehensive income				
Change in fair value of available-for-sale assets		-	(437,492)	-
Loss for the period and total comprehensive income attributable to owners of the parent		(1,336,944)	(1,748,480)	(3,160,031)
Loss per share - basic and diluted	5	(4.80)p	(5.71)p	(10.25)p

Statement of changes in shareholders' equity

	Share capital £	Share premium £	Retained earnings £	Merger reserve £	Share option reserve £	Reverse acquisition reserve £	Non-controlling interest £	Total £
<i>Unaudited</i>								
Balance at 1 January 2015	7,281,806	7,604,732	(13,518,940)	637,500	154,144	602,413	26,374	2,788,029
Loss for the period	-	-	(1,336,944)	-	-	-	(35,557)	(1,372,501)
Movement in period	-	-	-	-	-	-	41,876	41,876
Issue of shares	830,770	849,231	-	-	-	-	-	1,680,001
Movement in period	-	(121,023)	-	-	-	-	-	(121,023)
Share based payment	-	-	-	-	49,375	-	-	49,375
Balance at 30 June 2015	8,112,576	8,332,940	(14,855,884)	637,500	203,519	602,413	32,693	3,065,757
<i>Unaudited</i>								
Balance at 1 January 2014	6,359,357	5,925,231	(10,367,941)	637,500	73,852	602,413	-	3,230,412
Loss for the period	-	-	(1,310,988)	-	-	-	(32,044)	(1,343,032)
On acquisition of subsidiary	-	-	-	-	-	-	30	30
Change in fair value of available-for-sale assets	-	-	(437,492)	-	-	-	-	(437,492)
Issue of shares	922,448	2,069,701	-	-	-	-	-	2,992,149
Costs in respect of shares issued	-	(390,200)	-	-	-	-	-	(390,200)
Share based payment	-	-	-	-	54,542	-	-	54,542
Balance at 30 June 2014	7,281,805	7,604,732	(12,116,421)	637,500	128,394	602,413	(32,014)	4,106,409
<i>Audited</i>								
Balance at 1 January 2014	6,359,357	5,925,231	(10,367,941)	637,500	73,852	602,413	-	3,230,412
Loss for the year	-	-	(3,160,031)	-	-	-	(84,440)	(3,244,471)
Change in fair value of available-for-sale assets	-	-	-	-	-	-	110,814	110,814
Issue of shares	922,449	2,069,701	-	-	-	-	-	2,992,150
Costs in respect of shares issued	-	(390,200)	-	-	-	-	-	(390,200)
Movement in period	-	-	-	-	89,324	-	-	89,324
Transfer between share option reserve and retained earnings	-	-	9,032	-	(9,032)	-	-	-
Balance at 31 December 2014	7,281,806	7,604,732	(13,518,940)	637,500	154,144	602,413	26,374	2,788,029

Consolidated statement of financial position

	As at 30 June		31 December
Note	2015 (unaudited) £	2014 (unaudited) £	2014 (audited) £
ASSETS			
Non current assets			
Intangible assets	2,537,881	2,074,111	2,380,021
Property, plant and equipment	1,359	657	1,507
Derivative financial assets	-	63,440	-
	<u>2,539,240</u>	<u>2,138,208</u>	<u>2,381,528</u>
Current assets			
Inventories	30,107	6,255	11,150
Trade and other receivables	770,961	568,670	777,602
Derivative financial assets	-	761,282	-
Cash and cash equivalents	391,884	757,589	452,824
	<u>1,192,952</u>	<u>2,093,796</u>	<u>1,241,576</u>
LIABILITIES			
Current liabilities			
Trade and other payables	<u>(666,435)</u>	<u>(125,595)</u>	<u>(835,075)</u>
NET CURRENT ASSETS	<u>526,517</u>	<u>1,968,201</u>	<u>406,501</u>
NET ASSETS	<u>3,065,757</u>	<u>4,106,409</u>	<u>2,788,029</u>
SHAREHOLDERS' EQUITY			
Share capital	8,112,576	7,281,805	7,281,806
Share premium account	8,332,940	7,604,732	7,604,732
Merger reserve	637,500	637,500	637,500
Reverse acquisition reserve	602,413	602,413	602,413
Share option reserve	203,519	128,394	154,144
Retained earnings	<u>(14,855,884)</u>	<u>(12,116,421)</u>	<u>(13,518,940)</u>
	3,033,064	4,138,423	2,761,655
Non-controlling interest	<u>32,693</u>	<u>(32,014)</u>	<u>26,374</u>
Total equity	<u>3,065,757</u>	<u>4,106,409</u>	<u>2,788,029</u>

Cash flow statement

	Six months ended 30 June		Year ended 31 December
	2015 <i>(unaudited)</i> £	2014 <i>(unaudited)</i> £	2014 <i>(audited)</i> £
Operating activities			
Operating loss	(1,563,154)	(1,139,028)	(3,138,131)
Depreciation of property plant and equipment	-	-	517
Amortisation of intangible assets	44,938	26,998	90,697
Increase in inventories	(18,957)	(2,177)	(7,072)
Decrease/(increase) in receivables	196,641	71,725	(199,884)
Decrease in payables within one year	(88,640)	(718,354)	(158,873)
Other non-cash movements	11,236	4,593	6,710
Share option charge	49,375	54,542	89,324
Cash outflows from operating activities	(1,368,561)	(1,701,701)	(3,316,712)
Taxation	-	-	309,541
Investing activities			
Interest received	660	7,214	8,023
Interest paid	(7)	-	(1,532)
Payments to acquire intangible assets	(172,010)	(162,881)	(273,846)
Payments to acquire property plant and equipment	-	-	(1,408)
Receipts from sale of financial investments	-	330,830	330,830
Net cash (outflow)/inflow from investing activities	(171,357)	175,163	62,067
Acquisitions and disposals			
Non-controlling interest	-	-	63
Net cash inflow for acquisitions and disposals	-	-	63
Financing activities			
Issue of ordinary share capital	1,600,000	2,900,000	2,900,000
Cost of share issue	(121,022)	(390,200)	(390,200)
Payments to acquire derivative financial assets	-	(1,500,000)	(1,500,000)
Receipts from issue of derivative financial assets	-	314,060	1,427,798
Net cash generated from financing activities	1,478,978	1,323,860	2,437,598
Net decrease in cash and cash equivalents	(60,940)	(202,678)	(507,443)
Cash and cash equivalents at start of period	452,824	960,267	960,267
Cash and cash equivalents at end of period	391,884	757,589	452,824

Notes to the interim financial statements

1 General information

Valirx Plc is a company incorporated in the United Kingdom, which is listed on the Alternative Investment 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 2015 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 2014 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 2014.

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 Comparative figures for research and development and administrative expenses

The comparative figures for research and development and administrative expenses for the six months ended 30 June 2014 and the year ended 31 December 2014 have been adjusted by transferring £113,925 and £236,175 from administrative expenses to research and development respectively. This represents the proportion of directors' remuneration which is allowable as a research and development expense. The charge for the six months ended 30 June 2015 was £200,856.

The re-analysis has no impact on the loss for the periods concerned.

4 Taxation

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2015 <i>(unaudited)</i> £	2014 <i>(unaudited)</i> £	2014 <i>(audited)</i> £
United Kingdom corporation tax at 23%			
Current period - R & D Tax credit	(190,000)	(150,000)	(396,864)
Income tax credit	(190,000)	(150,000)	(396,864)

5 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
	2015 <i>(unaudited)</i>	2014 <i>(unaudited)</i>	2014 <i>(audited)</i>
Basic:			
Loss for the financial period	(1,372,501)	(1,343,032)	(3,160,031)
Weighted average number of shares	28,603,733	23,531,060	30,837,844

Loss per share (4.80)p (5.71)p (10.25)p

Following the consolidation of share capital (note 7 below) the loss per share for the comparative periods have been recalculated as if the consolidation had occurred in those periods, to make the loss per share comparable.

6 Dividends

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

7 Share capital

	30 June 2015		30 June 2014	
	Number <i>(unaudited)</i>	£ <i>(unaudited)</i>	Number <i>(unaudited)</i>	£ <i>(unaudited)</i>
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	30,177,214	30,177	2,941,382,514	2,941,381
Deferred shares of 5.0p each	58,378,365	2,918,918	58,378,365	2,918,918
Deferred shares of 0.9p each	157,945,030	1,421,505	157,945,030	1,421,505
Deferred shares of 12.4p each	<u>30,177,214</u>	<u>3,741,976</u>	<u>-</u>	<u>-</u>
		<u>8,112,577</u>		<u>7,281,804</u>
	31 December 2014			
	Number <i>(unaudited)</i>	£ <i>(unaudited)</i>		
Ordinary shares of 0.1p each	2,941,382,514	2,941,383		
Deferred shares of 5.0p each	58,378,365	2,918,918		
Deferred shares of 0.9p each	<u>157,945,030</u>	<u>1,421,505</u>		
		<u>7,281,806</u>		

The shareholders approved of the following capital reorganisation at the 2015 Annual General Meeting:

- Every 125 existing ordinary shares of 0.1p each was consolidated into one consolidated share of 12.5p each ("Consolidation"); and
- Immediately following the consolidation, each consolidated share was sub-divided into one new ordinary share of 0.1p and one new deferred share of 12.4p.

The deferred shares effectively have no rights or value.

8 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.