20 September 2012

ValiRxPlc

("ValiRx" or "the Company")

Half Yearly Report

ValiRxPlc (AIM: VAL), a life science company with a focus on cancer diagnostics and therapeutics for personalised medicine, announces its unaudited results for the half-year ended 30 June 2012.

HIGHLIGHTS

- Late stage pre-clinical R&D programmes have generated positive results to support therapeutic potential of our lead compounds, VAL201 and VAL101 (GeneICE).
- VAL201, which has shown significant inhibition of aggressive tumour cell proliferation in prostate cancer, also reduces spread of secondary tumours.
- Manufacturing of VAL201 to regulatory standards has also been successful and the drug is currently undergoing regulatory toxicology studies prior to entering clinical trials.
- Focusing on potential indication for GeneICE drug candidate.
- Secured additional shareholder support with a gross investment of GBP 900,000.
- Acquisition by Finnish subsidiary, ValiRx Finland OY ("ValiFinn"), of biomarkers business unit together with several families of patents and patent applications and related intellectual property ("IP").
- Material Transfer Agreement ("MTA") concluded with a distinguished cancer treatment and research centre, the Institut Paoli & Calmettes ("IPC") in Marseille, France to conduct translational and developmental studies on ValiRx's lead compound, VAL201 and assist with its progression towards clinical trials.
- Establishment of Scientific Advisory Board ("SAB") to advise and assist the Company in the further development of its technologies and products in oncology therapeutics and diagnostics and provide world-class clinical expertise.
- Continued collaboration with Imperial College, Cancer Research UK and Oxford University.

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

"Our progress during the period under review has been very encouraging. VAL201, which has been shown to significantly inhibit the aggressive tumour growth in prostate cancer, also reduces the spread of secondary tumours (metastasis) by up to 50 per cent. These findings

are a major step forward, since patients with prostate cancer typically develop metastasis. The Company believes that this further strengthens the product offering."

"I am pleased that one of a number of our compounds is expected to be entering clinical trials. The preclinical results on VAL201 have exceeded our expectations and the Company is assessing its options; one of which is to conduct its own Phase I trial rather than out-licensing at this stage. We believe that we can drive greater shareholder value in conducting Phase I trials ourselves, but we continue to consider all options. With the Company's costs under control and with the Group and its lead therapeutics and other assets moving forward, as planned, I look forward to the future with growing confidence."

For more information, please contact:

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Chairman's Statement

I am pleased to report that during the half year ended 30 June 2012, the Company has continued its strong progress in the development of a sustainable platform for drug development. Costs have been kept under control and the Company and its compounds have moved forward as planned and we are particularly pleased to see the continuing development of our lead therapeutic compounds VAL101 and VAL201, and especially VAL201 towards the commencement of in-human clinical trials.

Revenues for the half-year were £157,535 (2011: £418,263). Administrative expenses were £709,148 (2011: £417,508). Losses after taxation were £1,088,122 (2011: losses £161,392). In the half-year £540,211 (2011: £152,935) was spent on Research and Development, which contributed to the higher losses.

In April 2012, we completed a placing through our broker Hybridan, to raise GBP 900,000 (before expenses) which has provided ValiRx with a secure base of funding from which the Company could accelerate and complete its pre-clinical work on VAL201 and also to continue pre-clinical work for VAL101 among other activities. Furthermore, the placing has enabled the Company to continue development of companion diagnostics methods and expand its IP portfolio and value, alongside providing scope for an increase in the marketing of our biomarkers business.

The period also saw our Finnish subsidiary, ValiRx Finland OY, acquire from Pharmatest Services Oy of Oulu, Finland, its biomarkers business unit together with several patents and patent applications and related intellectual property. Strategically, the acquisition will enhance the Company's R&D capability, as the specialist biomarker expertise within the unit is leveraged to advance in-house the development of companion biomarker diagnostics to complement ValiRx's therapeutics. This acquisition also provides ValiRx with an increased exposure to the Biomarker market, a key and increasingly exciting field within our industry, and to a revenue stream, derived from the provision of contract services.

At the end of March 2012, ValiRx concluded a Material Transfer Agreement ("MTA") with the Institut Paoli & Calmettes ("IPC") in Marseille, France. Under the terms of the MTA, the IPC has been conducting translational and developmental studies on ValiRx's lead compound, VAL201 and will assist the Company in the progression towards clinical trials.

The manufacturing of VAL201 to regulatory standards has been successful and during the period VAL201 has been undergoing regulatory toxicology studies.

Our progress during the period under review has been very encouraging and the advances in the development of our drug programmes represent a major step forward to further strengthen our product offering.

I am delighted that one of a number of our compounds is expected to be entering clinical trials imminently and based upon this increasingly secure corporate platform, I look forward to the future with growing confidence.

Nick Thorniley
Non-executive Chairman
20 September 2012

Consolidated statement of comprehensive income

For the six months ended 30 June 2012

	Note	**30 June** 2012 *(unaudited)* £	**30 June** 2011 *(unaudited)* £	**31 December** 2011 *(audited)* £
Revenue				
Continuing operations		157,535	418,263	455,226
Cost of sales		(48,291)	(11,625)	(26,507)
Gross profit		109,244	406,638	428,719
Research and development		(540,211)	(152,935)	(420,683)
Administrative expenses		(709,148)	(417,508)	(1,092,492)
Operating loss		(1,140,115)	(163,805)	(1,084,456)
Finance income		11,993	2,413	20,726
Finance costs		-	-	(1,308)
Loss before taxation		(1,128,122)	(161,392)	(1,065,038)
Income tax credit	3	40,000	-	132,353
Loss for the period		(1,088,122)	(161,392)	(932,685)
Other comprehensive income				
Change in fair value of available -for-sale assets		282,068	-	147,912
Loss for the period and total comprehensive income		(806,054)	(161,392)	(784,773)
Loss per share - basic and diluted	4	(0.09)p	(0.07)p	(0.10)p

Statement of changes in shareholders' equity

	Share capital	Share premium	Retained earnings	Merger reserve	Share option reserve	Reverse acquisition reserve	Total
	£	£	£	£	£	£	£
Unaudited							
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)
Change in fair value of available-for-sale assets	-	-	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
Unaudited							
Balance at 1 January 2011	4,831,722	635,069	(4,730,855)	637,500	21,403	602,413	1,997,252
Loss for the period	-	-	(161,392)	-	-	-	(161,392)
Issue of shares	553,263	2,752,958	-	-	-	-	3,306,221
Movement in period	-	(237,592)	-	-	-	-	(237,592)
Share based payment	-	-	-	-	5,792	-	5,792
Balance at 30 June 2011	5,384,985	3,150,435	(4,892,247)	637,500	27,195	602,413	4,910,281
Audited							
Balance at 1 January 2011	4,831,722	635,069	(4,730,855)	637,500	21,403	602,413	1,997,252
Loss for the year	-	-	(932,685)	-	-	-	(932,685)
Change in fair value of available-for-sale assets	-	-	147,912	-	-	-	147,912
Issue of shares	568,262	2,815,957	-	-	-	-	3,384,219
Movement in period	-	(203,487)	-	-	-	-	(203,487)
Share based payment	-	-	-	-	30,737	-	30,737
Balance at 31 December 2011	5,399,984	3,247,539	(5,515,628)	637,500	52,140	602,413	4,423,948

Consolidated statement of financial position

	As at 30 June		31 December
	2012	2011	2011
	(unaudited)	*(unaudited)*	*(audited)*
	£	£	£
ASSETS			
Non current assets			
Intangible assets	1,788,134	1,588,161	1,748,484
Property, plant and equipment	6,394	11,181	9,167
Financial assets: available-for-sale investments	1,141,518	-	859,450
	2,936,046	1,599,342	2,617,101
Current assets			
Inventories	15,035	15,956	19,484
Trade and other receivables	360,629	1,083,851	294,908
Cash and cash equivalents	1,383,653	2,323,910	1,634,148
	1,759,317	3,423,717	1,948,540
TOTAL ASSETS	4,695,363	5,023,059	4,565,641
LIABILITIES			
Current liabilities			
Trade and other payables	(219,328)	(112,778)	(141,693)
	(219,328)	(112,778)	(141,693)
NET ASSETS	4,476,035	4,910,281	4,423,948
SHAREHOLDERS' EQUITY			
Share capital	5,599,984	5,384,985	5,399,984
Share premium account	3,891,410	3,150,435	3,247,539
Merger reserve	637,500	637,500	637,500
Reverse acquisition reserve	602,413	602,413	602,413
Share option reserve	66,410	27,195	52,140
Retained earnings	(6,321,682)	(4,892,247)	(5,515,628)
Total shareholders' equity	4,476,035	4,910,281	4,423,948

Consolidated cash flow statement

For the six months ended 30 June 2012

	Six months ended 30 June 2012 (unaudited) £	Six months ended 30 June 2011 (unaudited) £	Year ended 31 December 2011 (audited) £
Operating activities			
Operating loss	(1,140,115)	(163,805)	(1,084,456)
Depreciation of tangible assets	3,438	1,354	3,829
Amortisation of intangible assets	11,764	13,798	30,096
Decrease/(increase) in inventories	4,449	(7,699)	(11,227)
Increase in receivables	(41,771)	(277,693)	(215,513)
Increase/(decrease) in creditors within one year	77,635	(390,668)	(361,753)
Other non-cash movements	5,466	-	147,912
Share option charge	14,270	5,792	30,737
Cash outflows from operating activities	(1,064,864)	(818,921)	(1,460,375)
Taxation	16,050	-	-
Investing activities			
Interest received	11,993	2,413	20,726
Interest paid	-	-	(1,308)
Payments to acquire intangible assets	(56,880)	(27,640)	(193,511)
Payments to acquire tangible assets	(665)	(8,370)	(8,831)
Payment to acquire subsidiary	-	-	(13,546)
Net cash acquired with subsidiary undertaking	-	-	2,462
Net cash outflow for acquisitions and disposals	(45,552)	(33,597)	(194,008)
Financing activities			
Issue of ordinary share capital	900,000	3,306,221	3,384,219
Cost of share issue	(56,129)	(237,592)	(203,487)
Net cash generated from financing activities	843,871	3,068,629	3,180,732
Net (decrease)/increase in cash and cash equivalents	(250,495)	2,216,111	1,526,349
Cash and cash equivalents at start of period	1,634,148	107,799	107,799
Cash and cash equivalents at end of period	1,383,653	2,323,910	1,634,148

Notes to the interim financial statements

1 General information

Valirx Plc is a company incorporated in the United Kingdom, which is quoted on the AIM market of the London Stock Exchange. The address of its registered office is 24 Greville Street, London EC1N 8SS.

2 Financial information

The financial information for the six months ended 30 June 2012 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 2011 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 financial information for the six months ended 30 June 2012 has 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 2011.

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**
	2012	2011	2011
	(unaudited)	*(unaudited)*	*(audited)*
	£	*£*	*£*
United Kingdom corporation tax at 28%			
Current period - R & D Tax credit	(40,000)	-	(116,303)
Prior period - R & D Tax credit	-	-	(16,050)
Tax charge	(40,000)	-	(132,353)

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**
	2012	2011	2011
	(unaudited)	*(unaudited)*	*(audited)*
Basic:			
Loss for the financial period	(1,088,122)	(161,392)	(932,685)
Weighted average number of shares	1,159,562,609	226,497,358	945,478,035
Loss per share	(0.09)p	(0.07)p	(0.10)p

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

5 Dividends

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

6 Share capital

	30 June 2012		30 June 2011	
	Number	**£**	**Number**	**£**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	1,259,562,609	1,259,561	1,044,562,609	1,044,562
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
		5,599,984		5,384,985

	31 December 2011	
	Number	**£**
Allotted, called up and fully paid	*(unaudited)*	*(unaudited)*
Ordinary shares of 0.1p each	1,059,562,609	1,059,561
Deferred shares of 5.0p each	58,378,365	2,918,918
Deferred shares of 0.9p each	157,945,030	1,421,505
		5,399,984

On 1 April 2012, 200 million ordinary shares of 0.1p each were issued at 0.45p per share, raising £900,000 before expenses.

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.