15 November 2010

Physiomics Plc

("Physiomics" or "the Company")

Final Results for the year ended 30 June 2010

Chairman's and Chief Operating Officer's Statement

Summary of Results

The efforts of the company have been rewarded by an improvement in our balance sheet, the highlights of which are noted below.

In the year ended 30 June 2010:

- Successful fundraising in late 2009 generated cash of £1,197,500 before issue expenses
- The turnover of the Company decreased to £152,694 (2009: £459,550)
- The operating loss was £393,010 (operating profit 2009: £8,569)
- At the 30 June 2010 the surplus of shareholders' funds was £786,825 - a substantial improvement from the deficit of £85,347 at 30 June 2009

A key element of the improved financial position is the successful fundraising. In addition, the conversion of the remaining balance of the loan of £13,500 together with accumulated interest from EiRx Pharma Limited (in members' voluntary liquidation) and of the loan of £50,000 from Energiser Investments (formally known as Billam PLC) into ordinary shares not only removed liabilities but substantially reduced our gearing with the consequent positive impact on the balance sheet.

This past year has been more difficult than we had anticipated. The pharmaceutical industry has seen a period of re-structuring and of reassessment of strategic priorities that has, in the majority of cases, resulted in discovery and development programmes being put on hold. This philosophy appears to have been applied to businesses across the field whether they are global players or smaller independent companies. We have maintained a steady dialogue with many of the key players throughout the year to ensure that we are well placed to move forward as strategies are settled and plans implemented. There is good evidence that oncology programmes continue to assume a high priority in the drug portfolio of the major players. It is also clear that use of funds will be very carefully managed and that there will be an increasing focus on outsourcing and use of technologies that will optimise both the R&D spend and time taken to complete development programmes.

Whilst these activities have impacted on the conversion of technical discussions into signed contracts, the Physiomics team had spent time in discussions with their opposite numbers in client companies to help formulate the most effective strategy going forward so that as matters begin to move again, Physiomics is well placed to provide the support most needed. It is clear from these discussions that there is confidence in the Physiomics oncology model. This has resulted in some pressure to extend and enhance the model to answer much more complex problems than those addressed to date. Whilst there are clearly applications in the early R&D phase there are some very key questions that also lend

themselves to modelling to develop solutions and reduce unproductive experimentation.

Combination Therapies in Oncology

We have described previously the strategy of combining an anti-cancer drug with a compound targeted at inhibiting the cellular repair mechanisms that can reverse some of the cellular damage caused by the anti-cancer drug.

The programme that we have completed with CRT, ICR and Sareum on CHK1 is an example of this approach. A number of potential client companies are working on similar strategies and are requiring us to address much more challenging questions using the Physiomics SystemCell® technology. To this end, we have invested considerable time into adding new levels of functionality to the model such that we can confidently address these new challenges. We have used some of our new funds to finance proof of concept studies in *in vitro* and *in vivo* models to generate the evidence that our model is capable of addressing these important questions. This is an essential pre-requisite to offering this facility to client companies who want to see clear evidence that the model can predict outcomes.

An initial demonstration of this capacity has already been completed in collaboration with a major pharmaceutical company that recently provided us with data for two drugs taken individually in a xenograft (a mouse model bearing a human tumour). We were asked to predict the tumour growth when the two separate drugs were used in two different combinations. Our predictions were then compared against experimental data in a single-blind test (*Using Predictive Mathematical Models to Optimise the Scheduling of Anti-Cancer Drugs. David Orrell and Eric Fernandez, Innovations in Pharmaceutical Technology, June 2010*). The figures below show the results for the two different schedules. The predictions are in good agreement with the experimental data, and accurately capture the schedule dependency. An advantage of the computational approach is that we can quickly simulate thousands of possible schedules for combinations of different drugs. This allows our partners to prioritise the most effective drug combinations and the best schedules for validation.

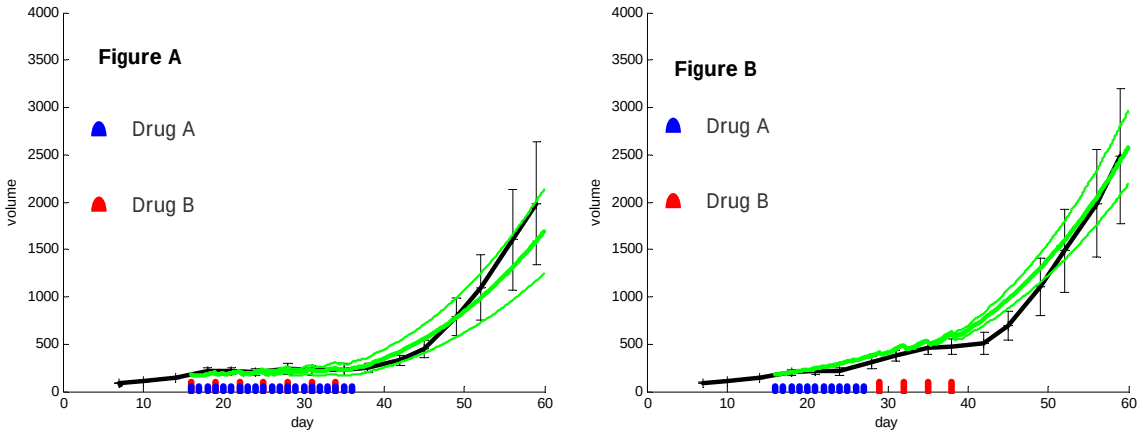

Figure A and B: Green lines: median, upper and lower bounds of predicted tumour growth; Upper and lower bounds give 95% confidence interval; Black line: Experimental measurement – error bars represent 95% confidence interval.

We have been working to extend the applications for our modelling system to provide a more comprehensive package to potential clients. These include the scaling-up from mice to man of our combined pharmacokinetics (profile of drug concentrations in the blood and tissues following administration of a dose) and tumour growth models. This can then be used to provide a rational design for a clinical trial programme with the potential to predict possible outcomes. Empirical evidence shows that altering a drug schedule can have a significant effect on drug efficacy. This is

especially the case when drugs are used in combination.

The simulations generated would provide the rationale for the clinical study design submitted to regulatory authorities for approval. Given the potential complexity of dosing drug combinations it is vitally important to provide as much support as possible to justify the study design, in particular the dosing regimen. Moreover, given the cost of clinical studies and the negative impact on the valuation of a sponsor company in the event of a poor study outcome, data from modelling studies has the potential to minimise these risks to the sponsor company.

Chronotherapy

Whilst work on the European TEMPO project has now concluded, we believe that it is important to validate what has been done by designing and executing a clinical study with a suitable consortium. We are presently in discussion with partners who would be interested in exploring the TEMPO approach to dosing to see whether it is possible to use a drug already in clinical trials as the basis for a grant-supported study. The aim of such a study would be to improve the toxicity and/or the efficacy profile of an existing drug regimen by changing the administration time of a drug during the day.

Non-Pharmaceutical Applications

We are exploring, as part of a consortium of other companies, a process for the production of bio-fuels. The process would lend itself to a modelling approach and would draw on our extensive expertise in designing model systems. Any progress in this area would depend on the granting of sponsorship. If this proceeds, or if sponsorship is granted, a further announcement will be made.

Business Development Strategy

We have undertaken periodic reviews to our approach of engaging the attention of potential client companies. We have concluded that our approach to date has been appropriate but that greater flexibility is needed to ensure that we offer the most appropriate package of support. It is increasingly clear that potential client companies have target and development strategies that are sufficiently different to need a more individual service from Physiomics. Some see the application of modelling in the early research phase whilst others see it as an aid to compound selection or in the later stages of development, especially in the clinical research phase.

We have taken a number of steps to address these issues. As noted above, we are extending the application of our model into later stages of development to give an integrated approach by investing in laboratory studies that will provide the proof of principle evidence to support our claims.

We have added additional business development resource by retaining a further individual with a close knowledge of the sector to facilitate our efforts. Our literature has been upgraded to keep pace with our development activities.

We remain of the opinion that scientific meetings where we can present the results of our work continue to be our best shop window. The current programmes are generating a flow of data for inclusion into these scientific symposia.

We have, over the past few months, been undertaking the recruitment of a Director of Business Development to take full-time responsibility for co-ordinating and leading our activities in this area and we expect to make an announcement in due course.

Collaboration with Jubilant

Physiomics recently announced the signing of a non-binding Heads of Terms with Jubilant Biosys Limited. These discussions have been on-going for some many months in order to reach this point. The collaboration will mean that Jubilant will add our modelling capabilities to their extensive portfolio of drug discovery capabilities and market the package to pharma companies globally. Physiomics will also reciprocate by offering to its partners a comprehensive package with the access to an experimental platform to gather the inputs needed to calibrate our models and to validate experimentally our predictions. This has the potential to raise the profile of Physiomics. If an agreement is completed, it will allow us to access Jubilant's current customer base and potentially open doors that have thus far been difficult for us to access.

If an agreement is finalised it will represent a first for both businesses and the Directors see it as a major coup for Physiomics.

Jubilant Biosys ("Jubilant") describes itself as an integrated discovery collaborator to major pharmaceutical and biotech companies, accelerating global discovery efforts across multiple therapeutic areas and engaging in a range of functional discovery services and shared-risk collaborations with multiple global partners.

Located in Bangalore, India, Jubilant also describes its Discovery Research Centre as a state-of-the-art integrated discovery research facility (125,000 sq. ft.) with over 350 experienced scientists specialising in various aspects of the discovery process that include Discovery Biology, Medicinal Chemistry, Structural Biology, ADME, Toxicology, Pharmacology, Molecular Modelling, and Information Technology.

Jubilant explain that they offer an integrated and collaborative platform of drug discovery and development services to the global pharmaceutical industry; and that their business is integrated via three operating subsidiaries across the entire value chain of drug discovery and development to manage a portfolio from Target Identification to Point of Care across a number of therapeutic areas.

Jubilant Chemsys provide medicinal chemistry services to the pharmaceutical industry and state that operating from its 75,000 sq. ft. state-of-the-art facilities and employing more than 400 chemists it is able to offer a full range of drug discovery services. Jubilant Clinsys is described as having an integrated workforce across the US, Europe and India supplying the full range of clinical research activities necessary to take a compound through to submission of a marketing application.

Physiomics believe its modelling expertise could enhance the efficient selection of lead candidate compounds and together with our ability to develop dosing solutions and validate clinical trial design would provide client companies with a unique offering.

Physiomics are now working with the Jubilant team to produce a collaboration agreement whilst at the same time undertaking a series of studies aimed at demonstrating the synergies which can accrue from this relationship. Physiomics have high hopes that this collaboration will provide the breakthrough we have been seeking in gaining a global platform for our SystemCell® model.

Outlook

The directors believe that the new functionality that we are offering to client companies, coupled with the validation data demonstrating the capabilities of our modelling platform in real situations, should provide a strong rationale for potential clients to use the data to build a more efficient and

cost effective discovery programme. We continue to add functionality which can be used at different points in the research and development process, providing more opportunities to target support where individual clients feel that it can be most useful. We have taken steps to increase our business development activities including the anticipated appointment of an experienced director with full-time responsibility for leading this activity. Finally, we expect to agree an exciting collaboration with Jubilant Biosys Limited.

We said in our previous report that we would be cautious in our revenue forecasts in view of the continuing upheaval in the pharmaceutical sector. As a consequence we decided to devote our resources to extending our service offering to better match the needs of potential customers. The Directors believe that this will be highly-beneficial going forward and will allow us to take full advantage of the potential of the relationship with Jubilant.

Dr Paul Harper

Non-Executive Chairman

Dr Christophe Chassagnole

Chief Operating Officer

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Income Statement for the year ended 30 June 2010

	Year ended	Year ended
	30-Jun-10	30-Jun-09
	£	£
Revenue	**152,694**	459,550
Net operating expenses	**(495,827)**	(450,981)
Share-based compensation	**(49,877)**	-
Operating (loss) profit	**(393,010)**	8,569
Finance income	**5,360**	67
Finance costs	**(2,948)**	(4,021)
(Loss) profit before taxation	**(390,598)**	4,615
UK corporation tax	**23,037**	19,969
(Loss) profit for the year attributable to equity shareholders	**(367,561)**	24,584
(Loss) profit per share (pence)		
Basic and diluted	**(0.043)** p	0.005 p

Balance Sheet as at 30 June 2010

Company Number: 4225086

	Year ended 30-Jun-10	Year ended 30-Jun-09
	£	£
Non-current assets		
Intangible assets	**30,244**	34,932
Property, plant and equipment	**1,964**	2,142
Investments	**1**	1
	32,209	37,075
Current assets		
Trade and other receivables	**109,741**	143,402
Cash and cash equivalents	**780,054**	95,080
	889,795	238,482
Total assets	**922,004**	275,557
Current liabilities		
Trade and other payables	**(114,047)**	(203,996)
Loans	**-**	(63,500)
Deferred income	**(21,132)**	(93,408)
	(135,179)	(360,904)
Total liabilities	**(135,179)**	(360,904)
Net assets	**786,825**	(85,347)
Capital and reserves		
Share capital	**399,690**	249,856
Capital reserves	**2,845,612**	1,755,713
Retained earnings	**(2,458,477)**	(2,090,916)
Equity shareholders' funds	**786,825**	(85,347)

Statement of changes in equity for the year ended 30 June 2010

	Share capital £	Share premium account £	Share-based compensation reserve £	Retained earnings £	Total shareholders' funds £
At 30 June 2008	149,989	1,611,436	-	(2,115,500)	(354,075)
Share issue (net of costs)	99,867	144,277	-		244,144
Profit for the year	-	-	-	24,584	24,584
At 30 June 2009	249,856	1,755,713	-	(2,090,916)	(85,347)
Share issue (net of costs)	149,834	1,040,022	-	-	1,189,856
Loss for the year	-	-	-	(367,561)	(367,561)
Share-based compensation	-	-	49,877	-	49,877
At 30 June 2010	399,690	2,795,735	49,877	(2,458,477)	786,825

Cash Flow Statement for the year ended 30 June 2010

	Year ended 30-Jun-10 £	Year ended 30-Jun-09 £
Cash flows from operating activities:		
Operating (loss) profit	**(393,010)**	8,569
Amortisation and depreciation	**6,298**	7,049
Share-based compensation	**49,877**	-
Decrease (increase) in receivables	**36,729**	(68,998)
Decrease in payables	**(73,925)**	(14,071)
(Decrease) increase in deferred income	**(72,276)**	93,408
Cash generated from operations	**(446,307)**	25,957
UK corporation tax received	**19,969**	-
Interest paid	**(7,912)**	-
Net cash generated from operating activities	**(434,250)**	25,957
Cash flows from investing activities:		
Interest received	**5,360**	67
Purchase of non-current assets, net of grants received	**(1,432)**	(580)
Net cash used by investing activities	**3,928**	(513)
Cash (outflow) inflow before financing	**(430,322)**	25,444
Cash flows from financing activities:		
Receipt of loans	**-**	30,000
Issue of ordinary share capital (net of expenses)	**1,115,296**	30,920
Net cash from financing activities	**1,115,296**	60,920
Net increase in cash and cash equivalents	**684,974**	86,364
Cash and cash equivalents at beginning of year	**95,080**	8,716
Cash and cash equivalents at end of year	**780,054**	95,080

Earnings per share

The calculations of (loss) profit per share are based on the following (losses) profits and numbers of shares.

	2010	2009
	£	£
(Loss) profit on ordinary activities after tax	**(367,561)**	24,584
	No.	No.
Weighted average no of shares:		
For basic (loss) profit per share	**855,464,575**	512,460,174
For diluted profit per share	**-**	540,799,685
Basic and diluted (loss) profit per share	**(0.043p)**	0.005p

Notes

1. Extract from Annual Report and Accounts

The financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006.

2. Basis of preparation

Physiomics Plc has adopted International Financial Reporting Standards ("IFRS"), IFRIC interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS.

3. Report Distribution

Copies of the annual report will be sent to shareholders on Friday 19 November 2010 and will be available for a period of one month to the public at the offices of Physiomics Plc, The Magdalen Centre, Robert Robinson Avenue, Oxford Science Park, Oxford, OX4 4GA, and at the Company's website www.physiomics-plc.co.uk

4. Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Bircham Dyson Bell, 50 Broadway, London, SW1H 0BL at 10.00 am on Monday 13 December 2010.