30 September 2015

Phorm Corporation Limited

("Phorm" or the "Company")

Interim Results for the six months ended 30 June 2015

Phorm (AIM: PHRM), an advertising-technology company, announces its unaudited interim results for the six months ended 30 June 2015.

Highlights:

- Gross revenue $0.9m (2014: $0.5m)
- Operating loss $16.3m (2014: $22.8m)
- Loss after taxation $16.3m (2014: $23.0m)
- Loss per share was $0.02 (2014: $0.04)
- During the first 6 months of the year, average monthly cash burn (excluding financing activity) was $2.5m (2014: $3.6m)
- Actively pursuing the implementation of further cost saving initiatives throughout the remainder of 2015 that are currently intended to reduce the monthly recurring cash burn rate to a level of approximately $1.3m by the end of 2015
- Exploring funding options, with the Board confident of securing additional working capital in the short term, with current cash reserves expected to last until the end of October 2015.

For further information please contact:

Phorm Corporation Limited Timothy Smith (Chief Executive Officer)	**+44 (0)20 3397 6001**
Mirabaud Securities LLP (Broker) Jason Woollard Peter Krens	**+44 (0)20 7321 2508**
Strand Hanson Limited (Nominated Adviser) James Harris Matthew Chandler James Dance	**+44 (0)20 7409 3494**

Chief Executive Officer's Statement

I am pleased to present the group's unaudited consolidated interim results for the six month period to 30 June 2015. The results show a further reduction in the group's financial loss versus the equivalent reporting period in 2014. This is a reflection of both higher revenue and a meaningful reduction in operating expenses, which is ongoing.

Technological Advancement: the Company made a significant technological and commercial leap forward in the first half of 2015 via the expansion of its advertising technology software platform with the introduction of Machine-Learning, a form of Artificial Intelligence ("AI"). This technological evolution has provided the Company with a web-based offering enabling it to immediately compete in the U.S. online advertising market as well as increasing its competitiveness and improving its positioning in the Russian marketplace.

The Company's research and development and sales efforts have previously been predominately focused on incorporating the group's technology with Internet Service Providers ("ISPs") for the purpose of serving digital advertisements. Whilst the market for the ISP offering has evolved slower than anticipated, we believe we are a leading player in the ISP niche and remain very optimistic that the ISP opportunity will ultimately prove to be significant.

The group is already converting its AI offering into commercial revenue in both the United States and Russia and the Board believes that this dual path approach positions the Company to start generating more meaningful revenue in the near future. AI enables us to compete in the world of digital display advertising by selling our services to advertising agencies and publishers.

Internet Service Providers: the group's technology is currently deployed with seven ISPs in Russia. Discussions with several U.S. based ISPs to potentially deploy our technology are ongoing and we are encouraged by negotiations to date, although there can be no assurance at this stage that our technology will eventually be adopted.

Russia: our progress to date in Russia continues to demonstrate the potential power of our technology platform. Sales in Russia increased 61% year-on-year for the first six months of 2015. This performance is particularly encouraging in the context of the recessionary backdrop in the Russian economy that is causing many businesses and consumers to rein in their spending. During the second quarter of 2015, the Russian economy declined 4.6% in terms of Gross Domestic Product but our Russian operations nevertheless continued to increase average daily unique users to 35.5m in Q2 2015 from 12.5m in Q3 2014. Furthermore, as the business continues to gain traction, the number of advertising requests has more than doubled from 40.3bn in Q1 2015 to 83.1bn in Q2 2015. As at 30 September 2015, our sales pipeline in Russia is approximately $0.98m.

United States: during the second quarter of 2015, the Company commenced commercial operations in the U.S. The U.S. business is being established to compete in both the cookie based and ISP marketplaces and we are confident that our Machine-Learning AI offering makes us a formidable competitor. The Company has received a commitment from a major U.S. publisher to implement the Company's technology on its web properties to allow the publisher to discover new audiences which the publisher can then monetize. Talks are also progressing with other large U.S. publishers to commence similar relationships and run advertising campaigns using Phorm's platform. The Company has also entered into a channel partner agreement with Insomnis Media Limited ("Insomnis"). Insomnis recently secured commitments for Phorm to run a campaign in the U.S. and one in the U.K. These campaigns are slated for the Autumn of 2015. After a few months of operations in the U.S., our sales pipeline exceeds $0.5m.

China: as previously announced in April 2015, the Company has encountered a number of operational challenges in this market and has therefore concluded that the most effective way to achieve its objectives in China is through the establishment of a partnership with a local company and we continue to seek to secure a suitable candidate.

Cash Burn Reduction: during the first half of 2015, the Company has reduced its monthly cash burn rate (excluding financing activity) to $2.5m from $3.6m per month for the equivalent reporting period in 2014. The group is actively pursuing the implementation of further cost saving initiatives throughout the remainder of 2015 including a reduction in its global workforce, salary adjustments and various other measures that are currently intended to reduce the monthly recurring cash burn rate to a level of approximately $1.3m by the end of 2015.

Chief Revenue Officer: the Company is pleased to announce that David Paquette has recently agreed to join the management team and accepted the position of Chief Revenue Officer. Mr Paquette will be based in Boston and will be responsible for growing both U.S. and world-wide sales. Mr Paquette has deep experience in technology sales and marketing. Mr. Paquette comes to Phorm from BlueConic, where he held the role of Senior Vice President of Sales at BlueConic, Inc.

Board and Management Changes: a number of other Board and management changes occurred both during and subsequent to the reporting period. In February 2015, Lord Lamont stepped down from the

Board and Lex Fenwick was appointed as a Non-Executive Director, subsequently assuming the role of Non-Executive Chairman in July 2015. In March 2015, Mark Schneider resigned as a Non-Executive Director to pursue his other business interests, whilst Michael Alkin joined the Company as a Non-Executive Director in July 2015. I was also delighted to be appointed as Chief Executive Officer in July 2015 with Kent Ertugrul and Andy Croxson stepping down from their roles as CEO & Executive Chairman and CFO respectively.

Funding and Going Concern: the Company successfully completed a number of subscriptions/placings of new equity with certain existing and new institutional and other investors in January, April and August 2015 raising gross amounts of £6.25m, £6.0m and £3.2m respectively. The Company continues to explore its funding options and anticipates conducting a further round of fund raising to secure additional working capital in the short term, with the group's current cash reserves expected to last until 30 October 2015. The Board is confident that further funding will be obtained as required and continue to adopt the going concern basis in preparing the group's financial statements, further details of which are set out in note 1 below.

Looking ahead, we are enthusiastic about the revenue and profit generating potential for the business. Our entry into the key U.S. market with our AI offering is a significant development for the Company representing an exciting opportunity to monetise our leading technology platform.

Timothy Todd Smith

Chief Executive Officer

30 September 2015

Unaudited consolidated income statement
for the six months ended 30 June 2015

	6 months ended 30 June 2015 (Unaudited) $	6 months ended 30 June 2014 (Unaudited) $	Year ended 31 December 2014 (Audited) $
Continuing operations			
Revenue	854,713	528,750	351,054
Cost of sales	(2,716,113)	(3,955,967)	(5,708,984)
Gross loss	(1,861,400)	(3,427,217)	(5,357,930)
Research and development *	(2,973,228)	(3,585,842)	(7,496,649)
Sales and administrative expenses **	(11,420,381)	(15,780,920)	(27,324,006)
Operating loss	(16,255,009)	(22,793,979)	(40,178,585)
Investment revenues	14,533	5,356	11,967
Finance costs	(93,664)	(162,964)	(320,798)
Loss before taxation	(16,334,140)	(22,951,587)	(40,487,416)
Tax on loss on ordinary activities	-	-	-
Loss for the period	(16,334,140)	(22,951,587)	(40,487,416)
Loss for the period from discontinued operations	-	-	(7,412,563)
Loss for the period attributable to equity shareholders	(16,334,140)	(22,951,587)	(47,899,979)
Basic and diluted loss per share	(0.02)	(0.04)	(0.08)

* Research and development includes a nil charge for share-based payment expense (6 months ended 30 June 2014: $0.3m; year ended 31 December 2014: $0.5m).

** Sales and administrative expenses includes a charge for share-based payment expense of $1.3m (6 months ended 30 June 2014: $2.2m; year ended 31 December 2014: $1.8m).

Unaudited consolidated statement of comprehensive income
for the six months ended 30 June 2015

	6 months ended 30 June 2015 (Unaudited) $	6 months ended 30 June 2014 (Unaudited) $	Year ended 31 December 2014 (Audited) $
Loss for the period attributable to equity shareholders	(16,334,140)	(22,951,587)	(47,899,979)
Exchange (loss)/gain on translation of foreign operations	282,996	(26,114)	220,015
Total comprehensive loss for the period	(16,051,144)	(22,977,701)	(47,679,964)
Attributable to equity holders of the Company	(16,051,144)	(22,977,701)	(47,679,964)

Unaudited consolidated statement of changes in equity

Six months ended 30 June 2015 (Unaudited)

	Share capital	Warrants	Translation reserve	Accumulated deficit	Total
	$	$	$	$	$
1 January 2015	307,443,719	623,490	(13,287,203)	(302,264,942)	(7,484,936)
Total comprehensive loss for the period	-	-	282,996	(16,334,140)	(16,051,144)
Share-based payments charge	-	-	-	1,340,681	1,340,681
Issue of warrants	-	-	-	-	-
Issue of new stock	16,184,852	-	-	-	16,184,852
Exercise of warrants	-	-	-	-	-
30 June 2015	323,628,571	623,490	(13,004,207)	(317,258,401)	(6,010,547)

Six months ended 30 June 2014 (Unaudited)

	Share capital	Warrants	Translation reserve	Accumulated deficit	Total
	$	$	$	$	$
1 January 2014	277,744,986	869,430	(13,507,218)	(256,663,090)	(8,444,108)
Total comprehensive loss for the period	-	-	(26,114)	(22,951,587)	(22,977,701)
Share-based payments charge	-	-	-	2,587,124	2,587,124
Issue of warrants	-	25,268	-	-	25,268
Issue of new stock	15,793,683	-	-	-	15,793,683
Exercise of warrants	271,208	(271,208)	-	-	-
30 June 2014	293,809,877	623,490	(13,533,332)	(277,027,553)	3,872,482

Year ended 31 December 2014 (Audited)

	Share capital	Warrants	Translation reserve	Accumulated deficit	Total
	$	$	$	$	$
1 January 2014	277,744,986	869,430	(13,507,218)	(256,663,090)	8,444,108
Total comprehensive loss for the period	-	-	220,015	(47,899,979)	(47,679,964)
Share-based payments charge	-	-	-	2,298,127	2,298,127
Issue of new stock	29,698,583	25,268	-	-	29,723,851
Exercise of Warrants	150	(271,208)	-	-	(271,058)
31 December 2014	307,443,719	623,490	(13,287,203)	(302,264,942)	(7,484,936)

Unaudited consolidated statement of financial position
as at 30 June 2015

	30 June 2015 (Unaudited) $	30 June 2014 (Unaudited) $	31 December 2014 (Audited) $
Non-current assets			
Property, plant and equipment	313,213	1,248,769	677,846
Total non-current assets	313,213	1,248,769	677,846
Current assets			
Trade and other receivables	3,341,569	4,791,392	1,857,578
Cash and cash equivalents	1,353,235	5,858,814	562,190
Total current assets	4,694,804	10,650,206	2,419,768
Total assets	5,008,017	11,898,975	3,097,614
Current liabilities			
Trade payables	(4,272,304)	(2,555,224)	(3,591,617)
Other payables	(3,112,467)	(1,770,437)	(3,457,167)
Secured convertible loan notes	-	(3,700,832)	(3,533,766)
Total current liabilities	(7,384,771)	(8,026,493)	(10,582,550)
Non-current liabilities			
Secured convertible loan notes	(3,633,794)	-	-
Total liabilities	(11,018,564)	(8,026,493)	(10,582,550)
Net (liabilities)/assets	(6,010,547)	3,872,482	(7,484,936)
Equity			
Share capital	323,628,571	293,809,877	307,443,719
Warrants	623,490	623,490	623,490
Translation reserve	(13,004,207)	(13,533,332)	(13,287,203)
Accumulated deficit	(317,258,401)	(277,027,553)	(302,264,942)
Shareholders' (deficit)/equity	(6,010,547)	3,872,482	(7,484,936)

Unaudited consolidated statement of cash flows
for the six months ended 30 June 2015

	6 months ended 30 June 2015 (Unaudited) $	6 months ended 30 June 2014 (Unaudited) $	Year ended 31 December 2014 (Audited) $
Net cash used in operating activities			
Net cash used in operations	(14,847,441)	(21,573,240)	(40,193,929)
Income tax paid	-	-	-
Net cash used in operating activities	(14,847,441)	(21,573,240)	(40,193,929)
Cash flows from / (used in) investing activities			
Interest received	14,533	5,356	11,967
Repayment on settlement of warrants	-	-	-
Proceeds on disposal of property, plant and equipment	-	-	-
Purchase of property, plant and equipment	-	(438,582)	(723,533)
Net cash from/(used in) investing activities	14,533	(433,226)	(711,566)
Cash flows from financing activities			
Interest paid	-	-	-
Redemption of warrants	-	247	-
Proceeds from issue of ordinary shares	15,676,765	18,286,753	31,613,779
Proceeds from loan	562,500	-	-
Repayment of loan	(615,375)	-	-
Net cash from financing activities	15,623,890	18,287,000	31,613,779
Net increase/(decrease) in cash and cash equivalents	790,982	(3,719,466)	(9,291,716)
Cash and cash equivalents brought forward	562,190	9,662,828	9,662,828
Effect of foreign exchange rates	63	(84,548)	191,078
Cash and cash equivalents carried forward	1,353,235	5,858,814	562,190
Represented by:			
Positive cash balances	1,353,235	5,858,814	562,190

Notes to the interim financial statements for the six months ended 30 June 2015

1. Basis of preparation

The annual consolidated financial statements of the Company are prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the European Union.

These interim consolidated financial statements include the income statement, statement of comprehensive income, the statement of financial position, the statements of cash flows and the statement of changes in equity of Phorm Corporation Ltd (the "Company") and its subsidiaries (together, "the Group") as at and for the six months ended 30 June 2015. The same accounting policies, presentation and methods of computation are followed in the interim consolidated financial statements as applied in the Group's latest annual audited consolidated financial statements.

The AIM Rules for Companies do not require the interim consolidated financial statements to be prepared in compliance with IAS 34 "Interim Financial Reporting" and these interim consolidated financial statements have not been prepared under that standard.

These interim consolidated financial statements have not been audited or reviewed.

The information for the year ended 31 December 2014 does not constitute a complete set of financial statements. A copy of the full audited financial statements for that year are available on Phorm's web-site, www.phorm.com. The auditor's report on those statements was not qualified, but did include reference to uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, to which the auditors drew attention by way of an emphasis of matter without qualifying their opinion.

The financial statements have been prepared in U.S. dollars.

Going concern

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements.

In January, April and August 2015, the Company announced that it had successfully completed subscriptions/placings of £6.25m gross, £6.0m gross and £3.2m gross respectively in shares.

These subscriptions/placings included participation by certain U.S. investors, as previously announced, and have allowed the business to progress towards the generation of large-scale revenue. However, the Company has experienced some delays and setbacks that has meant that revenue has not grown as rapidly as expected which has necessitated raising further funds.

The Company anticipates conducting a further round of fund raising in the near term.

The latest business plan approved by the Board forecasts the need for such further funding and access to sufficient working capital to enable the group's operating businesses to reach their full commercial scale. This is the principal risk to the business at the current time.

At the date of approval of these financial statements, the Group has yet to secure the additional funding requirements set out in its business plan and is, therefore, not fully-funded at the current time. However, given the success of the recent fund raising activities and recent operational progress that has been achieved, particularly in the U.S. marketplace, the Directors are confident that this further funding will be obtained as required. As at 31 August 2015, the Group held cash and cash equivalents of approximately $2.4m.

In preparing these financial statements, the Directors have therefore assumed that sufficient further funding will be made available to the Group to enable it to execute its business plan and realise the forecast inflows from its operations in Russia and the U.S.

In common with similar businesses at this stage of their development, and in light of the Group's dependence on further financing being made available to it from its existing and/or new shareholders or other providers of finance, the Directors consider that the combination of these circumstances represent a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, after making due enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Group will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Group’s financial statements.

The interim consolidated financial statements do not reflect any adjustments that would be required if the Group was unable to secure such financing to enable the Group to achieve profitability and positive cash flow, such that the going concern basis of preparation ceases to be appropriate.

2. Loss per share

The calculation of the basic loss per share and diluted loss per share is based on the loss attributable to equity shareholders of $16,334,140 (30 June 2014: $22,951,587; 31 December 2014: $47,899,979) divided by the weighted average number of shares in issue during the period.

The weighted average number of shares used in the calculations is set out below:

6 months ended 30 June 2015 Number of shares	6 months ended 30 June 2014 Number of shares	Year ended 31 December 2014 Number of shares
790,910,084	568,151,060	615,057,689

3. Reconciliation of operating loss to net cash used in operating activities

	6 months ended 30 June 2015 $	6 months ended 30 June 2014 $	Year ended 31 December 2014 $
Operating loss	(16,255,009)	(22,793,979)	(40,178,585)
Depreciation and amortization	367,480	602,566	1,230,590
(Profit)/Loss on disposal of property, plant and equipment	-	-	1,475
Impairment of plant and equipment	-	-	7,583
Share-based payment expense	1,340,681	2,587,124	2,298,127
Impairment of discontinuing operations	-	-	(7,412,563)
(Increase)/decrease in other receivables	(636,580)	(1,078,052)	1,996,139
(Decrease)/increase in trade payables and other payables	335,987	(890,899)	1,863,305
Net cash used in operating activities	(14,847,441)	(21,573,240)	(40,193,929)

4. Share-based payments

The Group issues equity-settled share-based payments to certain employees and consultants.

The cost of share-based compensation awards is recognised as an expense. Equity-settled share-based payments are measured at fair value, excluding the impact of non-market vesting conditions at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

For equity-settled share-based payments with market-based vesting conditions, the fair value is determined at the date of grant, having regard to the expected achievement of such performance conditions. Once determined, the expected achievement is not adjusted, even where the market-based vesting conditions are not subsequently met.

The charges arising under IFRS 2 included in the income statement are:

	6 months ended 30 June 2015 $	**6 months ended 30 June 2014 $**	**Year ended 31 December 2014 $**
Share-based payment expense	(1,340,681)	(2,587,124)	(2,298,127)

5. Dividend

The Directors do not propose to pay an interim dividend.

6. Other information

Copies of this statement will be posted on Phorm's website www.phorm.com and will be made available from the Company's UK principal office at Henry Woodhouse, 2 Riding House Street, London, W1W 7FA.