PROVEXIS plc
(“Provexis” or the “Company”)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

Provexis plc (PXS.L), the life-science business that discovers, develops and licenses scientifically-proven functional food, medical food and dietary supplement technologies, announces its unaudited interim results for the six months ended 30 September 2010.

Key highlights

- Fruitflow® launched by commercial partner DSM, supply chain secured and discussions are in progress with range of potential major customers
- £2.4m of additional working capital raised in October by drawing down on our equity financing facility, increasing current cash reserves to £8.3m
- Two new trial centres opened for Crohn’s disease trial, with the target of achieving efficacy visibility in 2011
- Strong progress with new cardiovascular inflammation technology, human trial to commence in Spring 2011
- Significant focus on acquisition strategy to strengthen pipeline further

Key financial results

- Loss for the period of £1,038,196 (2009: loss of £642,349) due to increased R&D spend
- Cash balance at 30 September £6.3m (2009: £2.3m), current cash balance £8.3m
- Loss per share 0.09p (2009: 0.08p)

Stephen Moon, Chief Executive Officer of Provexis plc, commented:

“We have continued to make progress with our lead Fruitflow technology in the first half of the year. Our strategic partner DSM launched the product at the important Health Ingredients Europe Conference in Madrid recently, where the technology also received an innovation award. Additionally, DSM are in discussions with a wide range of potential customers for the product. We continue to develop our pipeline, with extra centres being opened for the Crohn’s disease trial and our cardiovascular inflammation project is proceeding well. Significant management resource is being given to identifying acquisitions which will further increase the value of the pipeline. Our focus for the second half of the year is on building and developing our pipeline.”

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Chairman's statement

I am pleased to say that Provexis continued to make progress in the first half of the year despite the challenges of the economy and uncertainty surrounding the impact of regulatory changes on our industry.

Our strategic partner, DSM, has made significant advances in the commercialisation of Fruitflow®, having secured the supply chain for the technology and launching a marketing and selling campaign which has resulted in strong interest from a range of potential customers.

The Company continues to develop its broader pipeline with new trial centres being opened to expedite the NSP#3G Crohn's disease trial and good progress is being made with the cardiovascular inflammation project at the Institute of Food Research.

We strengthened our balance sheet, raising a further £2.4m in October 2010 by drawing down on our equity financing facility. This will help support our strategy of building a strong and diversified gastrointestinal and cardiovascular technology pipeline. The executive team are highly focused on technology acquisitions for the pipeline.

The Directors remain focused on overhead control and cash management within our agreed budget. We believe that our working capital is sufficient for us to be able to extract maximum shareholder value from the pipeline. The Board believes that Provexis can develop into a leading company in the functional food, medical food and dietary supplement technology markets.

Dawson Buck
Chairman

Chief Executive's statement

Strategy

We remain focused on the execution of our strategy of discovery, development and licensing functional food, medical food and dietary supplements, in line with our aim to become a leading company in these sectors.

A significant amount of attention in the first half of the year has been given to seeking the acquisition of new technologies or technology companies to integrate into our pipeline, in order to further develop shareholder value. These opportunities may include, but are not limited to, acquiring functional food, medical food and dietary supplement technologies and companies.

While it is disappointing that no acquisitions have been made during the period, the Board will continue to maintain a strict assessment of opportunities based around scientific credibility, intellectual property protection, value and commercial potential. The Directors believe that only by adopting these high standards can Provexis continue to establish itself as a leading functional food, medical food and dietary supplement company. Until attractive acquisitions can be found the Board will continue to invest in developing the Company's existing pipeline where a number of active and potential opportunities are available.

The Company raised £2.4m in October 2010 by way of a drawdown from our equity financing facility, giving us current cash reserves of £8.3m. The Directors believe that the cash resources are currently sufficient for the Company to be able to commercialise its existing technologies.

The Board believes that the economic conditions and the uncertainty caused in our sector by the new European Commission health claims legislation has continued to contribute to brand owners remaining cautious towards innovation strategies. Despite such difficulties, our strategic partner DSM is now commercialising Fruitflow® and is having discussions with potential customers in all major global markets. We believe that our pipeline provides revenue opportunities in substantial healthcare sectors in the medium and longer term.

We have strengthened our scientific team in Liverpool, with both a new research and development director and a senior formulation scientist now in place to support our gastrointestinal and broader development programmes.

Investment in R&D increased to £612,171 in the period, up from £289,125 in the same period last year, this increase reflecting our strategy of developing a broad pipeline. The management team continue to monitor and manage expenditure closely within budgets agreed and monitored by the Board.

Fruitflow®

The Company announced on 1 June 2010 that it had entered into a long-term alliance with DSM to develop Fruitflow® in all major global markets, through an effective commercialisation of current formats and pioneering new and significant applications (the "Alliance"). Strategy, co-ordination, organisation and implementation for the Alliance is governed by an Alliance Board comprising two members from each partner company. The agreement extends initially until 2022 at which time the partners will review the arrangement. DSM will put substantial efforts into the Alliance and will be responsible for: manufacturing; marketing; and selling Fruitflow® via its substantial sales force. Provexis will be responsible for contributing scientific expertise necessary for the successful commercialisation of the product.

The Alliance will operate on a profit sharing basis with cost of goods and a fixed amount of operating expenses being deducted from revenues, resultant profits will be distributed to the partners on an agreed basis which is linked to certain performance targets. All other commercial terms of the Alliance remain confidential between the two parties.

Since the long term alliance announcement, DSM has secured a manufacturing platform and supply chain for Fruitflow® syrup, which is suitable for the beverages and dairy formats, and is also developing a manufacturing solution for Fruitflow® powder for use in the dietary supplement sector. In addition, DSM has commenced marketing and selling the technology in all major markets and is attracting interest from a range of potential customers.

Fruitflow® was awarded the overall award for 'Most Innovative Health Ingredient' and won the best innovation in the 'Heart Health' category at the recent important Health Ingredients Europe Conference in Madrid.

Outside of the global agreement with DSM, Provexis maintains its contract to supply and license Fruitflow® to Multiple Marketing Limited, owners of the Sirco brand. Sirco continues to extend its distribution in the UK and a 250ml pack has recently been launched alongside the existing one litre pack. Royalties payable to Provexis are non-material at this stage in the development of the Sirco brand.

NSP#3G plantain extract

The company has recently extended its NSP#3G trial for Crohn's disease patients into two further UK centres, following slower than planned recruitment of patients in the existing two centres since the commencement of the trial in December 2009. The recruitment of patients for clinical trials in the area of inflammatory bowel disease is recognised as being challenging across the industry. With four patient centres now in place, we plan to carry out a review on the patient data in the first quarter of the next financial year in order to assess the efficacy of the technology prior to the conclusion of the trial. This review, if promising, together with the continuing trial, will support initial commercial discussions.

The research and development team is assessing the application of NSP#3G for C.difficile, the so called hospital 'super bug'. In parallel we are assessing whether other applications may provide a more effective route to market given the regulatory frameworks for medical and functional foods. This development work should be completed by the end of the calendar year and the appropriate route will be selected at this time.

Isothiocyanates

Our collaboration with the Institute of Food Research is progressing well. The initial focus for this valuable intellectual property portfolio in the area of systemic inflammation is cardiovascular inflammation. The collaboration partners are currently identifying an extract to take into human trial in Spring 2011 and we expect to complete this initial trial during the calendar year.

Longer-term planning of an extension of this portfolio into other claim areas such as the reduction of risk of certain cancers, as well as looking at a wide range of potential commercial sectors, is continuing concurrently. The Directors believe that the Company's technology platform has broad potential across a number of areas related to systemic inflammation and also a number of sectors and consequently the Company plans to accelerate its investment in this area.

Pipeline

In addition to our significant efforts in seeking acquisitions to strengthen the pipeline, we are working with our strategic partner DSM Nutritional Products to establish if there are technologies within DSM's portfolio that may provide a good fit with our strategic goals and where we can use our scientific and regulatory expertise to accelerate technologies to commercial readiness.

Outlook

The commercial launch of Fruitflow® is an important milestone for the Company and its Alliance partner DSM and we expect to see further progress in 2011. We will also devote significant resources and investment to driving the development of the NSP#3G in Crohn's disease, as well as moving forward with a second claim area. The isothiocyanate technology platform will become increasingly important given the strong progress made in recent months and the commercial potential.

Significant efforts to further develop our current pipeline through acquisitions will continue and the management team will remain focused on this important area of medium and long-term shareholder value creation.

Stephen Moon
Chief Executive

Finance Director's statement

Revenue and grant income
Revenue for the six months ended 30 September 2010 was £7,163 (2009: £10,328).

Grant income was £Nil (2009: £80,000).

Research and development costs
Research and development costs for the six months ended 30 September 2010 were £612,171 (2009: £289,125) including £9,796 capitalised under IAS 38 (2009: £254), reflecting an increase in R&D activity for the Group's NSP#3G technology for Crohn's disease, and the commencement of work on the Company's isothiocyanates collaboration with the Institute of Food Research.

R&D expenditure comprises in-house costs (staff, R&D consumables, intellectual property, facilities and depreciation of R&D assets) and external costs (preclinical studies, manufacturing, regulatory affairs and clinical trials).

The Group aims to achieve cost effective research and development and to bring products to market through licensing partners as soon as is practicable.

Administrative costs
Expenditure on administrative costs for the six months ended 30 September 2010 increased to £538,447, from £486,581 in the six months ended 30 September 2009.

The Group's cost base and its resources have been and will continue to be tightly managed within budgets approved and monitored by the Board.

Taxation
A research and development tax credit of £25,000 (2009: £24,000) in respect of research and development expenditure incurred has been recognised in the financial statements for the period and is shown as a debtor at 30 September 2010. A £61,844 tax credit claim for the year ended 31 March 2009 was paid to the Group during the period.

Loss for the period
The overall loss after taxation for the six months ended 30 September 2010 was £1,038,196 (2009: £642,349) and the basic and diluted loss per share was 0.09p (2009: 0.08p).

Principal risks and uncertainties
The principal risks and uncertainties facing the Group remain those set out on pages 12 and 13 of the 2010 annual report and accounts, a copy of which is available on the Company's website www.provexis.com. The Group's principal risks and uncertainties are expected to remain the same for the second half of the financial year.

Capital structure and funding
On 31 March 2010 the Company announced that it had secured a 3 year equity financing facility of up to £25m (the "EFF").

The EFF agreement, which was arranged by Darwin Strategic Limited ("Darwin"), provides the Company with a facility which (subject to certain limited restrictions) can be drawn down at any time over the 3 years ending on 29 March 2013, the timing and amount of any draw down being at the discretion of Provexis.

Provexis is under no obligation to make a draw down and may make as many draw downs as its wishes, up to the total value of the EFF, by way of issuing subscription notices to Darwin.

The subscription price for any ordinary shares to be subscribed by Darwin under a subscription notice will be at a 7.5% discount to an agreed reference price determined during 5, 10 or 15 trading days following delivery of a subscription notice (the 'pricing period'). The length of the pricing period is at the discretion of Provexis and is set at each relevant subscription notice. Provexis is also obliged to specify in each subscription notice a minimum price below which ordinary shares will not be issued.

On 22 June 2010 the Company announced that it had raised a net £88,869 by drawing down on the EFF, allotting 2,135,000 new ordinary shares of 0.1p each to Darwin.

Cash and cash equivalents at 30 September 2010 were £6.3m (30 September 2009: £2.3m).

On 4 October 2010 the Company announced that it had raised a further net £2.4m by drawing down on the EFF, allotting 86,300,000 new ordinary shares of 0.1p each to Darwin.

Cash and cash equivalents at 16 December 2010, following receipt of funds from the 4 October 2010 EFF drawdown, were £8.3m.

Further details of the EFF agreement and the drawdowns made from it are available to download from the announcements section of the Company's website www.provexis.com.

The Directors are of the opinion that at 16 December 2010, the Company's liquidity and capital resources are adequate to deliver the current strategic objectives and 2011 business plan and that the Group and Company remain a going concern.

Ian Ford
Finance Director

Consolidated statement of comprehensive income

Six months ended 30 September 2010

	Notes	**Unaudited six months ended 30 September 2010 £**	Unaudited six months ended 30 September 2009 £	Audited year ended 31 March 2010 £
Revenue		**7,163**	10,328	14,767
Grant income		**-**	80,000	80,000
Research and development costs		**(602,375)**	(288,871)	(697,822)
Administrative costs		**(538,447)**	(486,581)	(1,184,859)
Loss from operations		**(1,133,659)**	(685,124)	(1,787,914)
Finance income		**70,463**	18,775	85,326
Loss before taxation		**(1,063,196)**	(666,349)	(1,702,588)
Taxation		**25,000**	24,000	54,408
Loss and total comprehensive expense for the period		**(1,038,196)**	(642,349)	(1,648,180)
Attributable to:				
Owners of the parent		**(1,038,196)**	(642,349)	(1,648,180)
Minority interest		**-**	-	-
Loss and total comprehensive expense for the period		**(1,038,196)**	(642,349)	(1,648,180)
Loss per share to owners of the parent				
Basic and diluted – pence	2	**0.09**	0.08	0.18

All amounts relate to continuing operations.

Consolidated statement of financial position

30 September 2010	**Unaudited**	Unaudited	Audited
	30 September	30 September	31 March
	2010	2009	2010
	£	£	£
Non-current assets			
Goodwill	**3,802,685**	3,802,685	3,802,685
Other intangible assets - development costs	**67,729**	37,541	57,933
Plant and equipment	**75,429**	57,573	61,182
Total non-current assets	**3,945,843**	3,897,799	3,921,800
Current assets			
Trade and other receivables	**204,578**	114,413	274,638
Corporation tax asset	**75,000**	81,436	111,844
Cash and cash equivalents	**6,304,365**	2,279,932	7,049,134
Total current assets	**6,583,943**	2,475,781	7,435,616
Liabilities			
Current liabilities			
Trade and other payables	**(377,653)**	(339,907)	(295,498)
Total liabilities	**(377,653)**	(339,907)	(295,498)
Total net assets	**10,152,133**	6,033,673	11,061,918
Capital and reserves attributable to owners of the parent company			
Share capital	**4,725,736**	4,479,029	4,723,601
Share premium reserve	**14,614,011**	8,996,187	14,527,277
Warrant reserve	**115,980**	-	115,980
Merger reserve	**6,273,909**	6,273,909	6,273,909
Retained earnings	**(15,577,503)**	(13,715,452)	(14,578,849)
Total equity	**10,152,133**	6,033,673	11,061,918

Consolidated statement of cash flows
Six months ended 30 September 2010

	Unaudited six months ended 30 September 2010 £	Unaudited six months ended 30 September 2009 £	Audited year ended 31 March 2010 £
Cash flows from operating activities			
Loss after tax	**(1,038,196)**	(642,349)	(1,648,180)
Adjustments for:			
Depreciation	**13,034**	9,833	20,908
Net finance income	**(70,463)**	(18,775)	(85,326)
Taxation	**(25,000)**	(24,000)	(54,408)
Share-based payment charge	**39,542**	83,475	225,909
Operating cash outflow before changes in working capital	**(1,081,083)**	(591,816)	(1,541,097)
Changes in trade and other receivables	**70,060**	(37,471)	(66,737)
Changes in trade and other payables	**82,155**	37,854	61,525
Cash used in operations	**(928,868)**	(591,433)	(1,546,309)
Tax credits received	**61,844**	46,215	46,215
Net cash outflow from operating activities	**(867,024)**	(545,218)	(1,500,094)
Cash flows from investing activities			
Purchase of plant and equipment	**(27,281)**	(465)	(15,149)
Purchase of intangible assets	**(9,796)**	(254)	(20,646)
Interest received	**70,463**	18,775	70,347
Cash generated by investing activities	**33,386**	18,056	34,552
Cash flows from financing activities			
Proceeds from issue of share capital	**96,075**	1,024,235	7,130,293
Expenses paid on share issue	**(7,206)**	-	(401,779)
Proceeds from exercise of share options	**-**	104,596	107,899
Cash generated by financing activities	**88,869**	1,128,831	6,836,413
Net (decrease) / increase in cash and cash equivalents	**(744,769)**	601,669	5,370,871
Opening cash and cash equivalents	**7,049,134**	1,678,263	1,678,263
Closing cash and cash equivalents	**6,304,365**	2,279,932	7,049,134

Consolidated statement of changes in equity

30 September 2010

	Share capital	Share premium	Warrant reserve	Merger reserve	Retained earnings	Total equity attributable to owners of the parent	Minority interests	Total Equity
	£	£	£	£	£	£	£	£
At 31 March 2009	4,434,907	7,979,558	-	6,273,909	(13,156,578)	5,531,796	-	5,531,796
Share-based charges	-	-	-	-	83,475	83,475	-	83,475
Issue of shares - exercise of share options	3,153	101,444	-	-	-	104,597	-	104,597
Issue of shares - subscription 30 September 2009	40,969	915,185	-	-	-	956,154	-	956,154
Total comprehensive expense for the period	-	-	-	-	(642,349)	(642,349)	-	(642,349)
At 30 September 2009	**4,479,029**	**8,996,187**	**-**	**6,273,909**	**(13,715,452)**	**6,033,673**	**-**	**6,033,673**
Share-based charges	-	-	-	-	142,434	142,434	-	142,434
Issue of shares - exercise of share options	329	2,973	-	-	-	3,302	-	3,302
Issue of shares - subscription 16 October 2009	159,031	3,633,544	-	-	-	3,792,575	-	3,792,575
Issue of shares - open offer 22 December 2009	85,212	1,894,573	-	-	-	1,979,785	-	1,979,785
Issue of warrants - equity financing facility 30 March 2010	-	-	115,980	-	-	115,980	-	115,980
Total comprehensive expense for the period	-	-	-	-	(1,005,831)	(1,005,831)	-	(1,005,831)
At 31 March 2010	4,723,601	14,527,277	115,980	6,273,909	(14,578,849)	11,061,918	-	11,061,918
Share-based charges	-	-	-	-	39,542	39,542	-	39,542
Issue of shares - equity financing facility 28 June 2010	2,135	86,734	-	-	-	88,869	-	88,869
Total comprehensive expense for the period	-	-	-	-	(1,038,196)	(1,038,196)	-	(1,038,196)
At 30 September 2010	**4,725,736**	**14,614,011**	**115,980**	**6,273,909**	**(15,577,503)**	**10,152,133**	**-**	**10,152,133**

1. General information, basis of preparation and accounting policies

General information

Provexis plc is a public limited company incorporated and domiciled in the United Kingdom (registration number 05102907). The address of the registered office is Thames Court, 1 Victoria Street, Windsor, Berkshire SL4 1YB, UK.

The main activities of the Group are those of discovering, developing and licensing scientifically-proven technologies for the global functional food, medical food and dietary supplement sectors.

Basis of preparation

The financial information presented in this document has been prepared in accordance with the Group's accounting policies as described below.

The interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and has neither been audited nor reviewed by the Company's auditors BDO LLP pursuant to guidance issued by the Auditing Practices Board.

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS). The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements. While the financial figures included in this half-yearly report have been computed in accordance with IFRS applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The results for the year ended 31 March 2010 are not statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006.

The interim report for the six months ended 30 September 2010 can be downloaded from the Company's website www.provexis.com. Further copies of the interim report and copies of the 2010 annual report and accounts can be obtained by writing to the Company Secretary, Provexis plc, Thames Court, 1 Victoria Street, Windsor, Berkshire SL4 1YB, UK.

This announcement was approved by the Board of Provexis plc for release on 16 December 2010.

Going concern

The Directors are of the opinion that at 16 December 2010, the Group and Company's liquidity and capital resources are adequate to deliver the current strategic objectives and 2011 business plan and that the Group and Company remain a going concern.

Use of estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

The estimates and assumptions used are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The Directors believe the main accounting judgements relate to the capitalisation of development expenditure under IAS38, the share-based payments charge and the recoverable amount of goodwill. Fuller information concerning the use of estimates and assumptions is provided in the 2010 annual report and accounts which can be found on the Company's website www.provexis.com.

Accounting policies
The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2010, as described in those annual financial statements.

The following standards and amendments were also effective for the current period, but the adoption of these did not have a material impact on these condensed financial statements:

- IFRS 2 'Share-based Payments';
- IAS 27 'Consolidated and Separate Financial Statements'; and
- IFRS various Annual improvements 2010.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending 31 March 2011. The new standards, amendments to standards and interpretations will be relevant to the Group but they have not been adopted early as the Directors do not expect these standards and interpretations to have a material effect on the financial statements:

- IFRS 9 'Financial Instruments' - effective for annual periods beginning on or after 1 January 2013;
- IAS 24 'Related Party Disclosures' - effective for annual periods beginning on or after 1 January 2011;

There are a number of standards, interpretations and amendments to published accounts not listed above which the Directors consider not to be relevant to the group.

Revenue, net assets and results are wholly attributable to the principal activity of the Group and arise solely within the United Kingdom, therefore no segmental analysis has been reported.

2. Loss per share
Basic and diluted loss per share amounts are calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

There are 62,471,648 share options and 10,000,000 warrants in issue (2009: 62,801,948 share options) that are currently anti-dilutive and have therefore been excluded from the calculations of the diluted loss per share.

	Unaudited six months ended 30 September 2010	**Unaudited six months ended 30 September 2009**	**Audited Year ended 31 March 2010**
Loss for the period - £	**1,038,196**	642,349	1,648,180
Weighted average number of shares	**1,109,178,596**	819,782,706	937,060,783
Basic and diluted loss per share – pence	**0.09**	0.08	0.18

3. Post statement of financial position date event
On 4 October 2010 the Company announced that it had raised £2.4m after share issue costs from the issue of 86,300,000 new ordinary shares of 0.1p each, by drawing down on its equity financing facility with Darwin Strategic Limited.