

17 December 2013

Provexis plc

UNAUDITED INTERIM RESULTS FOR SIX MONTHS TO 30 SEPTEMBER 2013

Provexis plc (“**Provexis**” or the “**Company**”), the business that develops and licenses the proprietary, scientifically-proven Fruitflow® heart-health functional food ingredient, announces its unaudited interim results for the six months ended 30 September 2013.

Key highlights

- Demerger of Science in Sport, delivering an initial 25% return on Provexis’ original investment, with shareholders receiving underlying one SiS share for each Provexis share
- Dawson Buck takes up role of Executive Chairman with immediate effect and CEO Stephen Moon steps down to focus on demerged SiS business
- Restructuring of Company resulting in a low overhead licensing business model
- Over 20 regional consumer healthcare brands containing Fruitflow® now having been launched by DSM customers
- Over 12 further brand owners engaged in new commercial projects with the Company’s Alliance partner DSM
- Fruitflow® powder for tablets, gel capsules and dietary supplements commercially launched by DSM and manufacturing plant in place
- Revenues from profit sharing Alliance for the period £Nil (2012: £11k) largely due to high scale-up costs in the powder manufacturing setup phase
- Cash £558k (2012: £1.4m) following fundraising of £287k using Equity Financing Facility in September 2013

Provexis Executive Chairman Dawson Buck commented:

“2013 has seen substantial change, as we created shareholder value by demerging Science in Sport during the first half of the year. We have continued to reduce costs in the Provexis business and have sufficient cash to take the Company to early 2016, before taking into account future revenue. In parallel, our Alliance partner DSM continues to make progress marketing Fruitflow, with over 20 regional consumer brands worldwide containing our novel, patented technology having been launched, and more than 12 further commercial projects having been initiated with prospective customers.

While DSM’s high scale-up related costs of powder manufacturing negated our share of profits in the period, having capacity in place for this format is a strategically important milestone. With DSM making progress in the marketplace and the Company having very low operational costs, we are positive about the outlook for the Fruitflow business.”

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Chairman's statement

2013 has seen substantial change, as we restructured the business to maximise shareholder value. In August we demerged Science in Sport from the business, delivering an initial 25% return on the original acquisition price. Provexis shareholders were given shares in SiS on an equivalent one-for-one basis (the new SiS shares being consolidated on a 1 SiS share for each 100 Provexis shares basis, on completion of the demerger).

With the demerger complete, Stephen Moon our CEO, is to step down from the Company with immediate effect to focus his efforts on the SiS business. I have taken up the role of Executive Chairman and will be responsible for managing the relationship with DSM on a day to day basis. I would like to thank Stephen for his leadership of Provexis in recent years which has been concentrated on maximising value for shareholders, and has included the delivery of key milestones such as the EFSA claim for Fruitflow®, the long term Alliance Agreement with DSM and the acquisition and subsequent demerger of SiS.

During the first half of the year we substantially reduced the cost base of the legacy Provexis business, including the closure of the Aberdeen R&D facility and reduction of staff costs. In September we raised £287,000 net funds using our Equity Financing Facility, to bolster our cash reserves and give us sufficient funds to operate the business until early 2016, excluding any revenues.

Our Alliance partner DSM Nutritional Products continues to make progress marketing Fruitflow®, with over 20 regional consumer brands worldwide containing our novel, patented technology having been launched. Over 12 further commercial projects have been initiated by DSM with prospective customers, with good prospects for these projects to be launched as consumer products. Interest in the technology exists in all major global markets.

DSM has invested substantial resource into establishing a commercial scale supply chain for powder manufacturing, resulting in sufficient capacity now being available to meet future demand for this format, which is required for a wide range of tablet, gel capsule and dietary supplement products. Cost of goods was high in this start-up phase, on a low volume base, which is typical for a new ingredient launch. This resulted in our share of profits for the period being negated. Under the terms of the Alliance Agreement cost of goods is deducted ahead of any profit distribution to either Provexis or DSM. DSM's manufacturing and technical teams are highly focused on reducing Fruitflow® costs, and as manufacturing volume increases unit costs will decrease, thus enabling more positive margins.

It remains our belief that products addressing blood flow and circulation issues represent a long-term opportunity in the functional food sector. With DSM making progress in the marketplace and Provexis' very low operational cost base, we are positive about the outlook for the Company.

Dawson Buck

Chairman

Consolidated statement of comprehensive income
Six months ended 30 September 2013

Unaudited six months ended 30 September 2013 £	Unaudited six months ended 30 September 2012 £	Audited year ended 31 March 2013 £
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Notes

Revenue	-	11,343	37,351
Research and development costs	(93,365)	(180,952)	(324,468)
Administrative costs	(316,145)	(487,346)	(882,150)
Underlying operating loss	(409,510)	(656,955)	(1,169,267)
Amortisation and impairment charges	-	-	(2,781,499)
Costs of demerger of SiS (Science in Sport)	(49,824)	-	-
Restructuring costs	-	(27,047)	(135,787)
Share based payment charges	(119,480)	(89,887)	(179,283)
Loss from operations	(578,814)	(773,889)	(4,265,836)
Finance income	1,835	7,604	12,407
Loss before taxation	(576,979)	(766,285)	(4,253,429)
Taxation	5,000	44,370	83,087
Loss for the period from continuing operations	(571,979)	(721,915)	(4,170,342)
Discontinued operation			
Profit / (loss) for the period from discontinued operation	1,434,983	24,563	(221,364)
Loss for the period	863,004	(697,352)	(4,391,706)
Attributable to:			
Owners of the parent	887,444	(670,781)	(4,338,600)
Non-controlling interests	(24,440)	(26,571)	(53,106)
Loss and total comprehensive expense for the period	863,004	(697,352)	(4,391,706)

Earnings per share from continuing and discontinued operations to owners of the parent

Basic and diluted - pence	3	0.06	(0.05)	(0.29)
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Earnings per share from continuing operations to owners of the parent

Basic and diluted - pence	3	(0.04)	(0.05)	(0.27)
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Consolidated statement of financial position 30 September 2013	Unaudited 30 September 2013 £	Unaudited 30 September 2012 £	Audited 31 March 2013 £
Assets			
Non-current assets			
Intangible assets	-	9,410,672	6,553,502
Plant and equipment	5,436	650,170	634,920
Deferred tax	-	128,948	110,348
Total non-current assets	5,436	10,189,790	7,298,770
Current assets			
Inventories	-	782,304	913,387
Trade and other receivables	111,097	1,353,337	1,253,305
Corporation tax asset	70,740	182,000	288,801
Cash and cash equivalents	558,317	1,412,925	616,612
Total current assets	740,154	3,730,566	3,072,105
Total assets	745,590	13,920,356	10,370,875
Liabilities			
Current liabilities			
Trade and other payables	(106,691)	(1,609,094)	(1,787,569)
Borrowings	-	(64,774)	(64,774)
Current tax liabilities	-	(39,133)	-
Total current liabilities	(106,691)	(1,713,001)	(1,852,343)
Net current assets	633,463	2,017,565	1,219,762
Non-current liabilities			
Borrowings	-	(193,795)	(161,871)
Deferred tax	-	(502,730)	(450,789)
Total non-current liabilities	-	(696,525)	(612,660)
Total liabilities	(106,691)	(2,409,526)	(2,465,003)
Total net assets	638,899	11,510,830	7,905,872
Capital and reserves attributable to owners of the parent company			
Share capital	1,553,066	5,134,170	5,134,170
Share premium reserve	16,134,870	20,769,423	20,769,423
Warrant reserve	26,200	60,000	60,000
Merger reserve	6,599,174	6,599,174	6,599,174
Retained earnings	(23,378,133)	(20,806,634)	(24,385,057)
	935,177	11,756,133	8,177,710
Non-controlling interest	(296,278)	(245,303)	(271,838)
Total equity	638,899	11,510,830	7,905,872

Consolidated statement of cash flows
30 September 2013

	Unaudited	Restated	Restated
	six months	unaudited	unaudited
	ended	six months	year
	30 September	ended	ended
	2013	30 September	31 March
	£	2012	2013
		£	£
Cash flows from operating activities			
Loss after tax	(571,979)	(721,915)	(4,170,342)
Amortisation and impairment	-	-	2,781,499
Impairment of fixed assets	-	-	37,876
Depreciation	3,704	19,461	35,026
Loss on disposal of intangible assets	-	673	-
Loss / (profit) on sale of fixed assets	-	-	1,556
Net finance income	(1,835)	(7,604)	(12,407)
Taxation	(5,000)	(44,370)	(83,087)
Share-based payment charge	119,480	89,887	179,283
Changes in inventories	-	-	-
Changes in trade and other receivables	161,354	(82,931)	(2,913)
Changes in trade and other payables	(65,190)	67,280	(452,151)
Net cash flow from continuing operations	(359,466)	(679,519)	(1,685,660)
Cash flow from discontinued operations	(35,859)	(286,374)	89,943
Tax credits received	154,977	162,369	162,369
Total cash flow from operations	(240,348)	(803,524)	(1,433,348)
Cash flow from investing activities			
Purchase of property, plant and equipment	-	(1,019)	(3,037)
Proceeds from sale of property, plant and equipment	-	-	-
Purchase of intangible assets	-	(8,706)	(25,545)
Interest received	1,835	7,604	12,427
Net cash flow from continuing operations	1,835	(2,121)	(16,155)
Cash flow from discontinued operations	(118,225)	(308,826)	(426,082)
Total cash flow from investing activities	(116,390)	(310,947)	(442,237)
Cash flow from financing activities			
Proceeds from issue of share capital	286,750	785,447	785,447
Proceeds from exercise of share options	-	36,000	36,000
Interest paid	-	-	-
Net cash flow from continuing operations	286,750	821,447	821,447
Cash flow from discontinued operations	-	258,544	223,345
Total cash flow from financing activities	286,750	1,079,991	1,044,792
Net decrease in cash and cash equivalents			
- from continuing operations	84,096	302,176	(717,999)
- from discontinued operations	(154,084)	(336,656)	(112,794)
- add: bank overdraft held by SiS business at demerger	11,693	-	-
Net decrease in cash and cash equivalents	(58,295)	(34,480)	(830,793)
Opening cash and cash equivalents	616,612	1,447,405	1,447,405
Closing cash and cash equivalents	558,317	1,412,925	616,612

Consolidated statement of changes in equity	Share capital	Share premium	Warrant reserve	Merger reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
30 September 2013	£	£	£	£	£	£	£	£
At 31 March 2012	5,085,352	19,998,832	60,000	6,599,174	(20,225,740)	11,517,618	(218,732)	11,298,886
Share-based charges	-	-	-	-	89,887	89,887	-	89,887
Issue of shares - share options exercised 27 April 2012	4,000	32,000	-	-	-	36,000	-	36,000
Issue of shares - equity financing facility 23 May 2012	13,198	230,504	-	-	-	243,702	-	243,702
Issue of shares - equity financing facility 3 September 2012	31,620	508,087	-	-	-	539,707	-	539,707
Total comprehensive expense for the period	-	-	-	-	(670,781)	(670,781)	(26,571)	(697,352)
At 30 September 2012	5,134,170	20,769,423	60,000	6,599,174	(20,806,634)	11,756,133	(245,303)	11,510,830
Share-based charges	-	-	-	-	89,396	89,396	-	89,396
Total comprehensive expense for the period	-	-	-	-	(3,667,819)	(3,667,819)	(26,535)	(3,694,354)
At 31 March 2013	5,134,170	20,769,423	60,000	6,599,174	(24,385,057)	8,177,710	(271,838)	7,905,872
Share-based charges	-	-	-	-	119,480	119,480	-	119,480
Demerger of SiS (Science in Sport) - issue SiS cancellation shares	1,518,651	(1,518,651)	-	-	-	-	-	-
Demerger of SiS (Science in Sport) - issue redeemable shares	50,000	-	-	-	-	50,000	-	50,000
Demerger of SiS (Science in Sport) - redeem redeemable shares	(50,000)	-	-	-	-	(50,000)	-	(50,000)
Demerger of SiS (Science in Sport) - transfer to Science in Sport plc	(5,134,170)	(3,370,275)	-	-	-	(8,504,445)	-	(8,504,445)
Warrants cancelled during the period - equity financing facility	-	2,038	(60,000)	-	-	(57,962)	-	(57,962)
Warrants issued during the period - equity financing facility	-	-	26,200	-	-	26,200	-	26,200
Issue of shares - equity financing facility 11 September 2013	31,000	255,750	-	-	-	286,750	-	286,750
Issue of shares - equity financing facility fee 11 September 2013	3,415	(3,415)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	887,444	887,444	(24,440)	863,004
At 30 September 2013	1,553,066	16,134,870	26,200	6,599,174	(23,378,133)	935,177	(296,278)	638,899

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 Kings Road House, 2 Kings Road, Windsor, Berkshire SL4 2AG, UK.

The main activities of the Group are those of developing and licensing the proprietary, scientifically-proven Fruitflow® heart-health functional food ingredient.

Group reorganisation and demerger

SiS (Science in Sport) Ltd was demerged from Provexis plc with effect from 9 August 2013 and transferred to a new parent company, Science in Sport plc.

This was achieved by the reduction of capital and repayment of capital to the shareholders of Provexis, the latter being satisfied by the transfer of SiS (Science in Sport) Limited to Science in Sport plc in consideration for which Science in Sport plc issued its entire share capital to the shareholders of Provexis plc.

Provexis plc shareholders received one share in Science in Sport plc for each one hundred ordinary shares in Provexis plc that they held at the demerger record date. Provexis plc shareholders continued to own their existing Provexis plc shares.

Prior to the demerger, Provexis plc converted £448,000 of an intercompany debt into share capital by way of a capital contribution. At the date of the demerger, a payment of £250,000 was made to Provexis plc to settle the remaining outstanding intercompany debt.

Science in Sport plc was admitted to the AIM segment of the London Stock Exchange's market for listed securities on 9 August 2013.

Further information on the demerger may be obtained from a circular to shareholders dated 28 June 2013 which is available to download from the Provexis plc website.

Basis of preparation

This condensed financial information has been prepared using accounting policies consistent with International Financial Reporting Standards in the European Union (IFRS). The same accounting policies, presentation and methods of computation are followed in this condensed financial information as are applied in the Group's latest annual audited financial statements, except as set out below. 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 interim financial information does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and has been neither audited nor reviewed by the Company's auditors Chantrey Vellacott DFK pursuant to guidance issued by the Auditing Practices Board.

The results for the year ended 31 March 2013 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, but drew attention by way of emphasis to the ability of the company to continue as a going concern, and did not contain a statement under section 498 of the Companies Act 2006.

The interim report for the six months ended 30 September 2013 can be downloaded from the Company's website www.provexis.com. Further copies of the interim report and copies of the 2013 annual report and accounts can be obtained by writing to the Company Secretary, Provexis plc, Kings Road House, 2 Kings Road, Windsor Berkshire SL4 2AG, UK.

This announcement was approved by the Board of Provexis plc for release on 17 December 2013.

Going concern

The Directors are of the opinion that at 17 December 2013, the Group and Company's liquidity and capital resources are adequate to deliver the current strategic objectives and 2014 business plan and that the Group and Company remain a going concern.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2013, as described in those annual financial statements.

2. Segmental reporting

The Directors have determined that only one operating segment exists under the terms of International Financial Reporting Standard 8 'Operating Segments', as the Group is organised and operates as a single business unit.

3. Earnings per share

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

There are 126,221,648 share options (2012: 90,071,648) and 10,000,000 warrants (2012: 10,000,000) in issue 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 2013 £	Unaudited six months ended 30 September 2012 £	Audited Year ended 31 March 2013 £
Earnings per share from continuing and discontinued operations to owners of the parent			
Profit / (loss) for the period attributable to owners of the parent - £	887,444	(670,781)	(4,338,600)
Weighted average number of shares	1,521,095,734	1,487,282,971	1,502,924,005
Basic and diluted profit / (loss) per share - pence	0.06	(0.05)	(0.29)
Earnings per share from continuing operations to owners of the parent			
Loss for the period attributable to owners of the parent - £	(547,539)	(695,344)	(4,117,236)
Weighted average number of shares	1,521,095,734	1,487,282,971	1,502,924,005
Basic and diluted loss per share - pence	(0.04)	(0.05)	(0.27)