

30 December 2014

Provexis plc

UNAUDITED INTERIM RESULTS FOR SIX MONTHS TO 30 SEPTEMBER 2014

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 2014.

Key highlights

- Over 30 regional consumer healthcare brands containing Fruitflow® have now been launched by DSM customers.
- An increasing number of further commercial projects have been initiated by the Company’s Alliance partner DSM with prospective customers; interest in the technology exists in all major global markets.
- A reduction in Fruitflow® powder production costs was realised towards the close of the quarter ended 30 June 2014, and a further significant production cost reduction has been identified which is expected to take effect in 2015.
- Revenues from profit sharing Alliance for the period £8k (2013: £Nil); the production cost reductions realised in the period and the further significant cost reductions subsequently identified are expected to be commercially beneficial for Fruitflow® and the Provexis business.
- Underlying operating loss* reduced to £180k in line with management expectations (2013: Underlying operating loss of £410k), reflecting prior year restructuring to a low overhead licensing business model.
- Marketing efforts for Fruitflow® have seen the product being promoted at several major trade shows, to include Health ingredients Europe in December 2014.
- Marketing initiatives in 2015 are expected to include a new DSM product video which is currently in production; some of the underlying scientific studies for Fruitflow® will also be submitted for publication, a significant opportunity to promote Fruitflow® more widely.
- Collaboration agreement with the University of Oslo signed in November 2014 to undertake further research into the relationship between Fruitflow® and blood pressure regulation.
- Professor Asim Duttaroy, the original inventor of Fruitflow®, re-appointed to the Company’s Scientific Advisory Board in December 2014.
- Cash £366k at 30 September (2013: £558k) following fundraising of £45k using Equity Financing Facility in April 2014.
- Further fundraising of £125k using Equity Financing Facility in December 2014.

*before share based payments and exceptional costs of £31k (2013: £169k), as set out on the face of the Consolidated Statement of Comprehensive Income

Provexis Executive Chairman Dawson Buck commented:

“While DSM’s high scale-up related costs of powder manufacturing reduced our share of profits in the period, it is pleasing to note that a reduction in production costs for Fruitflow powder has now been realised. A further, significant reduction in Fruitflow powder production costs has recently been identified and this is expected to take effect in 2015 to the commercial advantage of the Fruitflow product and the Provexis business.

The number of international brands containing Fruitflow continues to steadily increase, with over 30 regional consumer healthcare brands now having been launched by DSM customers, and an increasing number of further commercial projects having been initiated with prospective customers.

The Company and DSM are committed to a number of marketing initiatives for Fruitflow in 2015 to include a new product video for Fruitflow, and the expected publication of a number of underlying scientific studies for the product which should be a significant opportunity to promote Fruitflow more widely, particularly in light of the US Food and Drug Administration’s guidance in May 2014 concerning the use of low dose Aspirin.

The Company's collaboration with the University of Oslo to undertake further research into the relationship between Fruitflow and blood pressure regulation is an important step in maximising the opportunities available to commercialise Fruitflow, aided by the return of Professor Asim Duttaroy to the Company's Scientific Advisory Board.

With DSM making good progress in the marketplace it remains our belief that products addressing blood flow and circulation issues represent a long-term opportunity in the functional food sector. With the Company's very low operational costs we are well positioned to drive value for shareholders, and we remain positive about the outlook for the business."

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Chairman's statement

The Company has had a strong first six months of the year, building on the low overhead strategy which was adopted in 2013. The Company's Alliance partner DSM Nutritional Products has continued to develop the market actively for the Company's novel, patented Fruitflow® heart-health ingredient in all global markets, with over 30 regional consumer healthcare brands now having been launched by DSM customers.

Revenues from the profit sharing Alliance for the period were £8k (2013: £Nil) largely due to high scale-up costs in the initial Fruitflow® powder manufacturing setup phase, which were reduced significantly towards the close of the quarter ended 30 June 2014. A further significant reduction in production costs for Fruitflow® powder has recently been identified, and this is expected to take effect in 2015.

The cost reduction actions taken in 2013 were as envisaged reflected in a 56% reduction in underlying operating loss from continuing operations for the year, which fell to £180k.

We used our equity financing facility to draw down £45k in April 2014 to strengthen the balance sheet, and help fund the Company's patent and trade mark costs for Fruitflow®. The company raised a further £125k using its Equity Financing Facility in December 2014, which will help fund the collaboration agreement with the University of Oslo, undertaking further research into the relationship between Fruitflow® and blood pressure regulation.

Fruitflow®

The Company's Alliance partner DSM Nutritional Products has continued to make good progress marketing Fruitflow®, with over 30 regional consumer brands worldwide containing our novel, patented technology having been launched since the Alliance Agreement was signed in 2010.

An increasing number of 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.

The Company's long-term Alliance Agreement with DSM Nutritional Products for Fruitflow® includes a financial model which is based upon the division of profits between the two partners on an agreed basis, linked to certain revenue targets, following the deduction of the cost of goods and a fixed level of overhead from sales. Under the terms of the Alliance Agreement the fixed level of overhead deduction from sales will decrease from 1 January 2016, which will increase the profit share payable to the Company.

DSM has invested substantial resource into establishing a commercial scale supply chain for powder manufacturing and cost of goods has been high in this start-up phase, on a low volume base, which is typical for a new ingredient launch. DSM's manufacturing and technical teams have been highly focused on reducing Fruitflow® production costs and as manufacturing volume increases unit costs will decrease, enabling more positive margins and thus profit distributions to Provexis.

The initial powder manufacturing setup phase for Fruitflow® has now been concluded, and a reduction in Fruitflow® powder production costs was realised towards the close of the quarter ended 30 June 2014. A further significant reduction in Fruitflow® powder production costs has now been identified and this reduction is expected to take effect in 2015, to the expected commercial benefit of Fruitflow® and the Provexis business.

We collaborated with DSM in 2013 to complete a substantial piece of consumer research to understand more fully consumer attitudes to Fruitflow® and blood flow, in order to support potential customers in understanding the key success factors for any new brand launches. The DSM marketing and sales teams are using the findings from this research to assist their customers with potential brand positioning.

Marketing efforts for Fruitflow® have seen the product being promoted at several major trade shows, to include Health ingredients Europe, in December 2014. The product has been featured in numerous publications and it has been the subject of several trade seminars and presentations.

Marketing initiatives in 2015 are expected to include a new DSM product video for Fruitflow® which is currently in production. Further, some of the underlying scientific studies for Fruitflow®, to include the Company's Aspirin Comparison Human Trial for Fruitflow®, will be submitted for publication in 2015, in appropriate scientific journals. Publication of the studies is expected to be a significant opportunity to promote Fruitflow® more widely, particularly given the US Food and Drug Administration's guidance in May 2014 concerning the use of low dose Aspirin.

In November 2014 the Company signed a collaboration agreement with the University of Oslo to undertake further research into the relationship between Fruitflow® and blood pressure regulation. Recent work undertaken by the University has shown that the Company's Fruitflow® technology has a potential new

bioactivity, leading to blood pressure lowering effects which would be of relevance to a large number of consumers and patients with a wide range of cardiovascular conditions. This new collaboration is an important step in maximising the opportunities available to commercialise Fruitflow®.

In December 2014 we were pleased to announce that Professor Asim Duttaroy, the original inventor of Fruitflow®, had been re-appointed to the Company's Scientific Advisory Board, further strengthening Professor Duttaroy's longstanding relationship with the Company and the product.

Outlook

While DSM's high scale-up related costs of powder manufacturing reduced our share of profits in the period, it is pleasing to note that a reduction in production costs for Fruitflow® powder has now been realised. A further, significant reduction in Fruitflow® powder production costs has recently been identified and this is expected to take effect in 2015 to the commercial advantage of the Fruitflow® product and the Provenis business.

The number of international brands containing Fruitflow® continues to steadily increase, with over 30 regional consumer healthcare brands now having been launched by DSM customers, and an increasing number of further commercial projects having been initiated with prospective customers.

The Company and DSM are committed to a number of marketing initiatives for Fruitflow® in 2015 to include a new product video for Fruitflow®, and the expected publication of a number of underlying scientific studies for the product which should be a significant opportunity to promote Fruitflow® more widely, particularly in light of the US Food and Drug Administration's guidance in May 2014 concerning the use of low dose Aspirin.

The Company's collaboration with the University of Oslo to undertake further research into the relationship between Fruitflow® and blood pressure regulation is an important step in maximising the opportunities available to commercialise Fruitflow®, aided by the return of Professor Asim Duttaroy to the Company's Scientific Advisory Board.

With DSM making good progress in the marketplace it remains our belief that products addressing blood flow and circulation issues represent a long-term opportunity in the functional food sector. With the Company's very low operational costs we are well positioned to drive value for shareholders, and we remain positive about the outlook for the business.

Dawson Buck
Chairman

Consolidated statement of comprehensive income
Six months ended 30 September 2014

Unaudited six months ended 30 September 2014 £	Unaudited six months ended 30 September 2013 £	Audited year ended 31 March 2014 £
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Notes

Revenue	8,261	-	3,967	
Research and development costs	(44,952)	(93,365)	(142,985)	
Administrative costs	(173,890)	(485,449)	(879,958)	
Underlying operating loss	(179,920)	(409,510)	(577,961)	
Costs of demerger of SiS (Science in Sport) Limited	-	(49,824)	(49,824)	
Share based payment charges	(30,661)	(119,480)	(391,191)	
Loss from continuing operations	(210,581)	(578,814)	(1,018,976)	
Finance income	3,039	1,835	4,889	
Loss before taxation	(207,542)	(576,979)	(1,014,087)	
Taxation	1,500	5,000	15,823	
Loss for the period from continuing operations	(206,042)	(571,979)	(998,264)	
Discontinued operation				
Profit for the period from discontinued operation	-	1,434,983	1,434,983	
(Loss) / profit and total comprehensive (expense) / income for the period	(206,042)	863,004	436,719	
Attributable to:				
Owners of the parent	(181,096)	887,444	488,353	
Non-controlling interests	(24,946)	(24,440)	(51,634)	
(Loss) / profit and total comprehensive (expense) / income for the period	(206,042)	863,004	436,719	
(Loss) / earnings per share to owners of the parent				
From continuing and discontinued operations				
Basic - pence	3	(0.01)	0.06	0.03
Diluted - pence	3	(0.01)	0.05	0.03
From continuing operations				
Basic - pence	3	(0.01)	(0.04)	(0.06)
Diluted - pence	3	(0.01)	(0.04)	(0.06)

Consolidated statement of financial position
30 September 2014

	Unaudited 30 September 2014 £	Unaudited 30 September 2013 £	Audited 31 March 2014 £
Assets			
Non-current assets			
Plant and equipment	-	5,436	-
Total non-current assets	-	5,436	-
Current assets			
Trade and other receivables	99,970	146,097	112,637
Corporation tax asset	17,323	70,740	15,823
Cash and cash equivalents	365,572	558,317	514,827
Total current assets	482,865	775,154	643,287
Total assets	482,865	780,590	643,287
Liabilities			
Current liabilities			
Trade and other payables	(85,295)	(106,691)	(108,212)
Total current liabilities	(85,295)	(106,691)	(108,212)
Net current assets	397,570	668,463	535,075
Total liabilities	(85,295)	(106,691)	(108,212)
Total net assets	397,570	673,899	535,075
Capital and reserves attributable to owners of the parent company			
Share capital	1,561,816	1,553,066	1,554,816
Share premium reserve	16,222,145	16,169,870	16,183,870
Warrant reserve	26,200	26,200	26,200
Merger reserve	6,599,174	6,599,174	6,599,174
Retained earnings	(23,663,347)	(23,378,133)	(23,505,513)
	745,988	970,177	858,547
Non-controlling interest	(348,418)	(296,278)	(323,472)
Total equity	397,570	673,899	535,075

Consolidated statement of cash flows
30 September 2014

Unaudited	Unaudited	Audited
six months	six months	Year
ended	ended	ended
30 September	30 September	31 March
2014	2013	2014
£	£	£

Cash flows from operating activities			
Loss after tax	(206,042)	(571,979)	(998,264)
Depreciation	-	3,704	9,140
Net finance income	(3,039)	(1,835)	(4,889)
Taxation	(1,500)	(5,000)	(15,823)
Share-based payment charge	30,661	119,480	391,191
Changes in trade and other receivables	5,161	29,794	63,177
Changes in trade and other payables	(22,917)	(226,981)	(225,460)
Net cash flow from continuing operations	(197,676)	(652,817)	(780,928)
Tax credits received	-	154,977	220,717
Cash flow from discontinued operations	-	(13,133)	(13,133)
Total cash flow from operations	(197,676)	(510,973)	(573,344)
Cash flow from investing activities			
Interest received	3,018	1,632	4,763
Net cash flow from continuing operations	3,018	1,632	4,763
Cash flow from discontinued operations	-	(113,599)	(113,599)
Total cash flow from investing activities	3,018	(111,967)	(108,836)
Cash flow from financing activities			
Proceeds from issue of share capital	45,403	286,750	286,750
Proceeds from exercise of share options	-	-	15,750
Net cash flow from continuing operations	45,403	286,750	302,500
Cash flow from discontinued operations	-	(23,797)	(23,797)
Total cash flow from financing activities	45,403	262,953	278,703
Net decrease in cash and cash equivalents			
- from continuing operations	(149,255)	(209,458)	(252,948)
- from discontinued operations	-	(150,529)	(150,529)
	(149,255)	(359,987)	(403,477)
- add: inter company debt repaid by SiS at demerger	-	290,000	290,000
- add: bank overdraft held by SiS business at demerger	-	11,692	11,692
Net decrease in cash and cash equivalents	(149,255)	(58,295)	(101,785)
Opening cash and cash equivalents	514,827	616,612	616,612
Closing cash and cash equivalents	365,572	558,317	514,827

Consolidated statement of changes in equity	Share	Share	Warrant	Merger	Retained	Total equity	Non-	Total
30 September 2014	capital	premium	reserve	reserve	earnings	attributable to	controlling	equity
						owners of	interests	
						the parent		
	£	£	£	£	£	£	£	£
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	31,585	-	-	-	35,000	-	35,000
Total comprehensive income for the period	-	-	-	-	887,444	887,444	(24,440)	863,004
At 30 September 2013	1,553,066	16,169,870	26,200	6,599,174	(23,378,133)	970,177	(296,278)	673,899
Share-based charges	-	-	-	-	271,711	271,711	-	271,711
Issue of shares - share options exercised 22 November 2013	1,750	14,000	-	-	-	15,750	-	15,750
Total comprehensive expense for the period	-	-	-	-	(399,091)	(399,091)	(27,194)	(426,285)
At 31 March 2014	1,554,816	16,183,870	26,200	6,599,174	(23,505,513)	858,547	(323,472)	535,075
Share-based charges	-	-	-	-	30,661	30,661	-	30,661
Equity financing facility fee 10 September 2013 - charge for period	-	-	-	-	(7,399)	(7,399)	-	(7,399)
Issue of shares - equity financing facility 29 April 2014	7,000	38,275	-	-	-	45,275	-	45,275
Total comprehensive expense for the period	-	-	-	-	(181,096)	(181,096)	(24,946)	(206,042)
At 30 September 2014	1,561,816	16,222,145	26,200	6,599,174	(23,663,347)	745,988	(348,418)	397,570

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 Prospect House, 58 Queens Road, Reading, Berkshire RG1 4RP, 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.

Use of non-GAAP profit measure - underlying operating profit

The directors believe that the operating loss before amortisation and impairment of acquired intangibles, share based payments and exceptional items measure provides additional useful information for shareholders on underlying trends and performance. This measure is used for internal performance analysis. Underlying operating loss is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to IFRS measurements of profit.

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 2014 are not statutory accounts. The statutory accounts for the last year ended 31 March 2014 were approved by the Board on 20 August 2014 and are filed at Companies House. The report of the auditors on those accounts 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 2014 can be downloaded from the Company's website www.provexis.com. Further copies of the interim report and copies of the 2014 annual report and accounts can be obtained by writing to the Company Secretary, Provexis plc, Prospect House, 58 Queens Road, Reading, Berkshire RG1 4RP, UK.

This announcement was approved by the Board of Provexis plc for release on 30 December 2014.

Going concern

The Directors are of the opinion that at 30 December 2014, the Group and Company's liquidity and capital resources are adequate to deliver the current strategic objectives and 2015 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 2014, 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 earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group.

There were 110,640,510 share options in issue at 30 September 2014 (2013: 126,221,648) and 10,000,000 warrants (2013: 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 2014 £	Unaudited six months ended 30 September 2013 £	Audited year ended 31 March 2014 £
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(Loss) / profit - £			
Continuing operations	(181,096)	(547,539)	(946,630)
Discontinued operations	-	1,434,983	1,434,983
Total operations - attributable to owners	(181,096)	887,444	488,353
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Weighted average number of shares - undiluted	1,560,706,324	1,521,095,734	1,537,655,373
Potentially dilutive:			
- share options	110,640,510	126,221,648	110,640,510
- warrants	10,000,000	10,000,000	10,000,000
	120,640,510	136,221,648	120,640,510
Weighted average number of shares - diluted	1,681,346,834	1,657,317,382	1,658,295,883
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(Loss) / earnings per share to owners of the parent			
From continuing and discontinued operations			
Basic - pence	(0.01)	0.06	0.03
Diluted - pence	(0.01)	0.05	0.03
<hr/>			
From continuing operations			
Basic - pence	(0.01)	(0.04)	(0.06)
Diluted - pence	(0.01)	(0.04)	(0.06)

4. Share capital

On 23 April 2014 the Group announced that it had raised net proceeds of £45,403 by drawing down on its Equity Financing Facility ("EFF") with Darwin Strategic Limited ("Darwin"). Under the terms of the EFF agreement the Company allotted 7,000,000 new ordinary shares of 0.1p each to Darwin which were admitted to AIM on 29 April 2014.

On 9 December 2014 the Group announced that it had raised net proceeds of a further £125,000 by drawing down on its EFF with Darwin. Under the terms of the EFF agreement the Company allotted 23,030,330 new ordinary shares of 0.1p each to Darwin which were admitted to AIM on 15 December 2014.

At 30 December 2014, the date of this announcement, the Company's issued share capital comprises 1,584,845,944 ordinary shares with voting rights. The Company does not hold any shares in treasury.

5. Cautionary statement

This document contains certain forward-looking statements with respect to the financial condition, results and operations of the business. These statements involve risk and uncertainty as they relate to events and depend on circumstances that will incur in the future. Nothing in this interim report should be construed as a profit forecast.