

PRESS RELEASE

30th September, 2008

RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2008

HIGHLIGHTS

I am pleased to set out below the full text of the Company's half yearly statement which was released to the Stock Exchange on 30th September, 2008. The main events of the period can be summarised as follows :

- **Commercial**
 - Thermo Fisher Sciences Inc. licences TMT[®] reagents.
 - Successful launch and commencement of shipping TMT[®] products in June, 2008.
 - Major TMT[®] marketing campaign in USA and Europe. Strong second half uptake and demand.
 - Allowance of TMT2 patent in USA.
 - Focus on custom applications of TMTcalibrator[™] and TMT Reference Materials[™].
 - ProteoSHOP[®] to launch novel screening products in early 2009.
 - Three grants approved totalling €1.3m.
 - Convincing progress from external stroke panel evaluation.
 - Conversion of stroke research programme to commercial licences underway.
 - Raised AD licensing interest and discussions.

- **Financial**
 - Unaudited revenue in period rose 409% over 2007 to £0.81m (2007 : £0.20m).
 - Sharp reduction in cash burn to £1.38m (2007 : £2.02m).
 - Reduced loss for period £2.29m (2007 : £2.32m).
 - Level of costs unchanged in second half.

- **Outlook**
 - First major step in realising value from IP portfolio through TMT[®] license.
 - Key milestone to provide strong cash flow from TMT[®] reagents until 2021.
 - Strong revenue growth from ProteoSHOP[®], custom TMT[®] applications and assay development.
 - Commercial interest in biomarker licenses stimulated by results from technology developments.
 - High confidence in future prospects and set to build further on revenue platforms now firmly established.

Commenting on these results, Christopher Pearce, Chief Executive of Proteome Sciences, said:

“Our main corporate goal was achieved in the first half of the year with the completion of an outstanding license agreement with Thermo Fisher Scientific Inc. for global distribution of TMT[®] catalogue products. Following the successful launch of TMT[®] in June, we are delighted by the uptake and the major international marketing drive being undertaken by Thermo Fisher.

“This now enables us to more fully concentrate our efforts to exploit and develop further custom applications for isobaric mass tags, in particular rapid assay development, and to apply the technology in our own biomarker programmes and through the ProteoSHOP[®] services division.

“The introduction of our universal reference standards and internal controls will be the driving force behind clinical proteomics, the application of these technologies in biological samples in clinical settings, and these will have a profound effect across drug development, disease management and personalised medicine, opening up significant new opportunities and revenues for the Company.”

ENDS

Attached: Full text of Chairman's statement, consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement and notes to the financial information.

For further information please contact:

Proteome Sciences plc

www.proteomics.com

Christopher Pearce, Chief Executive

Email: christopher.pearce@proteomics.com

Tel: +44 (0)1932 865065

James Malthouse, Finance Director

Email: james.malthouse@proteomics.com

Public Relations

IKON Associates

Adrian Shaw

Tel: +44 (0)1483 535102

Mobile: +44 (0)797 9900733

Email: adrian@ikonassociates.com

Coast Communications

Matt Baldwin

Tel: +44 (0)1233 503200

Mobile: +44 (0)7930 439739

Email: matt@coastcommunications.com

Nominated Adviser

Landsbanki Securities (UK) Ltd.

Shaun Dobson / Claes Spång

Tel: +44 (0)20 7426 9000

Notes to Editors:

About Proteome Sciences:

Proteome Sciences plc (LSE : PRM) is a global leader in applied proteomics, using high sensitivity proprietary techniques to detect and characterise differentially expressed proteins in diseases for diagnostic, prognostic and therapeutic applications.

ProteoSHOP[®] provides integrated proteomic services for biomarker discovery, validation and measurement in clinical trials and in vitro diagnostics. Key features include the proprietary isobaric tandem mass tag technology TMT[®] for accurate and reliable biomarker quantification and the ability to rapidly develop highly reproducible quantitative biomarker assays.

The main focus of its research addresses neurological, oncology and cardiovascular conditions and has discovered blood biomarkers in stroke, brain damage, solid organ transplant rejection and Alzheimer's disease. Proteome Sciences is based in Cobham, UK with facilities in London and Frankfurt.

Chairman's Statement :

Reagents

The exclusive license agreement concluded with Thermo Fisher Scientific Inc. for our isobaric tandem mass tagging technology (TMT[®]) was the most significant event for the Company in the first half of 2008. This has transformed its prospects and will provide long term revenue from a range of applications including healthcare, life sciences, biotechnology and environmental.

Proteome Sciences manufactures the TMT[®] reagents exclusively for Thermo Fisher Scientific which markets and sells the products globally. Under the terms, Proteome Sciences receives a mixture of signature fees, contract manufacturing payments and royalties on sales with additional sales milestones from the license. Thermo Fisher Scientific completed the successful launch and started shipping TMT[®] products following the ASMS meeting for mass spectrometry in Denver, USA in June. Only part of the signature fee was reflected in first half revenue and the broader cash flow benefits from TMT[®] reagents will become increasingly visible as we move into 2009. Proteome Sciences retained the use of TMT[®] for custom labelling services through its ProteoSHOP[®] division and for its own research.

The earliest TMT[®] patents extend to 2021 and the license enables Thermo Fisher Scientific to provide third party commercial licenses for use of any type of isobaric tandem mass tags. In June, Proteome Sciences was issued a Notice of Allowance for its US patent application "Mass Labels" Serial No. 10/489/341 (TMT2) for its tandem mass tags. This followed the grants of corresponding cases in Europe and the other main jurisdictions.

TMTcalibrator[™] and TMT Reference Materials[™] deliver high value, high volume bespoke applications that address and open up substantial new markets and opportunities and are predicted to bring considerable additional revenue as the pharmaceutical industry and its regulators require increasing access to technologies that improve the quality and throughput of biomarker discovery, validation and assay development. The wider use profile further increases the potential market size and value for TMT[®] and the field of isobaric tandem mass tagging over the patent lives, with the bespoke ProteoSHOP[®] tagging applications generating higher returns than the catalogue sales.

Since the launch of TMT[®] at ASMS, Thermo Fisher Scientific is actively marketing the TMT[®] range with full page adverts in key journals including Proteomics, Journal of Mass Spectrometry, Science, Molecular and Cellular Proteomics, Nature Methods and Journal of Proteome Research in the second half of 2008. An extensive road show is underway in the USA to most of the major commercial and academic customers with a similar programme planned in Europe. The marketing campaign has been further supported by high profile presentations and scientific papers/abstracts from peer leaders across a range of different applications and settings. These have confirmed and further demonstrated the outstanding performance of TMT[®] and were extensively highlighted at the 8th Genome to Proteome Meeting, in Siena in September. Copies of these papers/abstracts are available on the company's website www.proteomics.com.

Cellzome AG, one of the global leaders in proprietary chemical proteomics for protein-drug and protein-protein interactions switched to using TMT[®] in April and has since announced research alliances with major pharmaceutical companies. These factors have combined to establish a strong demand and uptake for TMT[®] in the second half and the rising visibility of isobaric mass tags which will become increasingly apparent in future revenues.

Other than the TMT[®] reagents, Thermo Fisher Scientific's license encompasses Proteome Sciences' granted patents for TMT[®] across isobaric tagging. The catalyst created by the recent proposed acquisition of ABI by Invitrogen may accelerate the uptake of third-parties taking licenses for the use of any type of isobaric tandem mass tags and such licenses would provide substantial additional revenue.

ProteoSHOP[®]

Our ProteoSHOP[®] services division in 2007 raised its profile and penetration as a result of increased marketing principally through attendance at the major biomarker business and scientific meetings in the USA and Europe and also through the trade press and publication in scientific journals.

The process has continued in the current year and has been considerably assisted by the addition of TMTcalibrator™ and TMT Reference Materials™, the customised labelling services and products of the ProteoSHOP® services division, following Thermo Fisher Scientific's launch of TMT® catalogue reagents at ASMS, Denver, USA in June. This has been reflected with a corresponding sharp rise in the level of enquiries and quotations requested.

Proteome Sciences can now focus its full attention on the bespoke application of TMTcalibrator™ and TMT Reference Materials™ and these are predicted to add considerable additional revenue as the pharmaceutical industry and its regulators require increasing access to technology that improves the quality and throughput of biomarker development, validation and assay development. Until now, custom applications have not been available and these should considerably expand the market size of isobaric mass tagging and provide appreciably higher returns than the TMT® catalogue reagents, opening up substantial new markets and opportunities. Like TMT®, these revenues will become increasingly evident going into 2009. Within this context, multiplex assays using TMT®-MRM can be rapidly and inexpensively developed in several months and provide a highly cost-effective alternative to traditional antibody based immunoassays. The Company is also developing a range of screening products based on TMTcalibrator™ and TMT®-MRM assay formats with launches planned in early 2009.

At the 8th Siena Proteomics meeting, impressive data and results were presented that demonstrated the skill and performance of the ProteoSHOP® services division. By labelling a reference peptide with different TMT® tags in tissues and body fluids, it was shown how to rapidly create reproducible calibration curves covering different dynamic ranges with excellent assay characteristics matching those of individual ELISA-type assays.

TMT® labelling was also used quantitatively to tag the blood levels of the bacteria associated with meningitis. Quantitative workflows for biomarker discovery and validation using TMT Reference Materials™ from human body fluids with TMT® revealed how scientists can now establish quality control in their experiments and share their results worldwide for the first time regardless of instrumentation or workflow design. The message common to each of the presentations was that standard/universal references and quality control for peptides and proteins is now a reality and accessible to customers from the ProteoSHOP® services division through custom applications of TMT® reagents and labelling.

Proteome Sciences has been notified that it has been successful in three grant applications. In May it was selected for the Framework 6 EU programme SENS-IT-IV and has been awarded a grant of €571,000 over the period to 2010. The goal of SENS-IT-IV is to replace animal experimentation by *in-vitro* assays for skin and respiratory responses relating to the use of safe ingredients by the chemical, cosmetic and pharmaceutical industries to comply with new EU legislation for classification and labelling.

The Company has been recruited to a second Framework 6 EU programme Diogenes, a programme targeting the obesity problem from a dietary perspective and seeking new insights and new routes to prevention. A grant of €340,000 is expected, with samples arriving September, 2008.

A third grant has been accepted by the German Ministry of Research (BMBF) in a chemoproteomics project Bio Tag associated with siRNA model systems. Proteome Sciences will develop high sensitivity TMT based assays to discover and validate candidate biomarkers for certain protein kinases in oncology to support drug development and individual patient therapy. Proteome Sciences will receive a grant of €390,000. Further grant applications are in process. The combined grant payments are most welcome since they provide three main benefits: they make a useful contribution to research costs, they generate high-profile scientific data and publications and additionally provide participation in prospective commercial revenues.

Biomarkers

In the last Annual Report and Accounts, we commented that our biomarker programmes had benefited appreciably from the developments in ProteoSHOP®, in particular from the application of TMT® workflows and their integration with other complementary technologies. These demonstrated that in a matter of weeks it was possible to re-run one of the original sample sets in stroke and to reproduce the great majority of proteins previously discovered, but at the same time considerably increasing the total number of differentially expressed proteins.

The external evaluation of the stroke panel through the earlier research licenses has progressed convincingly, with recent data lending further support to the excellent results already generated. We believe that the biomarkers that we have discovered and extensively validated, and where we have secured a strong intellectual property position around their utility, resolve the global requirement for a sensitive stroke test in blood. We expect the major clinical diagnostics companies with whom we had entered into research licenses to now progressively convert these into full commercial licenses. We are actively pushing to expedite and complete this process and these should generate significant revenue from licensing fees and royalties for the Company.

In order to further extend the coverage on stroke, two sets of exciting new data were presented at the recent 8th Siena meeting from our collaboration with the Biomedical Proteomics Research Group, Geneva. In the first study, patients with stroke aneurismal subarachnoid haemorrhage (aSAH), a devastating event that accounts for 5% of stroke incidence, were screened for our stroke biomarkers with the aim of developing a multi-parameter prognostic panel to facilitate early outcome prediction following aSAH. This study demonstrated the power of proteomics strategies using TMT[®] for the rapid discovery of biomarkers of cerebral injury and highlighted the value of such a multi-parameter panel with specificity and sensitivity already of 100% and 70% respectively.

A second novel approach was presented using human microdialysates (from the infarct contralateral and penumbra regions of the brain *in-vivo*). Such microdialysates are an extremely rare and highly valuable sample source for the discovery of protein biomarkers associated to cerebrovascular diseases. Again using TMT[®], it was possible to compare and quantitate the proteins released around the infarct core compared to the healthy contralateral brain region. Respectively 18 and 59 of these proteins were significantly increased confirming a number of proteins previously discovered and patented for stroke including heart and brain fatty acid binding proteins (H- and B-FABP), GFAP and cystatin-C. Further validation of the protein marker candidates is underway, but the results demonstrate the power and performance of such a proteomics approaches using TMT[®] isobaric mass tagging.

Since 2007, the high profile failure of several experimental drugs to treat Alzheimer's disease (AD) in pivotal trials has resulted in a marked shift in the research approach being used to target the disease. The trend has gained further momentum following some promising results from these other approaches, with the focus of attention now centering around the proteins Tau and GSK3. The hyperphosphorylation of Tau proteins and pathways has been at the centre of Proteome Sciences' AD research over the last four years, with the discovery and mapping of differentially expressed proteins and over 15 novel phosphorylation sites in Tau underpinned by a broad intellectual property position. We are delighted that this appears now to be an area of considerable commercial interest and we are in discussions with third parties to licence our Alzheimer biomarkers portfolio. Notwithstanding this, we continue to make good progress with our AD research programmes at KCL, London and the development of a tau phospho screening assay that should have considerable utility and value to the pharma industry.

No material events of significance have taken place at Veri-Q over the period, however, VIRxSYS Inc., which acquired the assets and IP from Intronn Inc., recently provided a very positive scientific update to its Phase 2b clinical trial in HIV. Shareholders will be notified of further developments

Financial Results

The financial results for the six months to the 30th June, 2008 show a loss for the period of £2,292,811 compared with £2,320,876 in the corresponding period in 2007.

Costs, as in previous years, have remained tightly controlled and there has been a sharp reduction in the cash used in operations which has fallen in the period from £2,015,909 to £1,383,506. This demonstrates how rapidly the groups' rate of cash burn has benefited from the increased level of turnover that rose to £813,420 in the six months to 30th June, 2008 (2007 : £198,718) and from the continuing non-payment of certain directors salaries. Subject to unforeseen circumstances, we expect the level of costs to remain broadly unchanged in the second half of the year.

Three new grants have been approved thus far in 2008 which will provide a contribution of €1.3m to the Company over their respective durations.

As previously announced, a claim was filed in the District Court of Frankfurt am Main against Sanofi-Aventis Deutschland GmbH (“Sanofi-Aventis”) under which the Company is seeking damages of up to €30m for the breach of certain warranties provided by Sanofi-Aventis at the time of the acquisition of Xzillion Proteomics GmbH & Co KG (now Proteome Sciences R&D GmbH & Co KG) on 4th July, 2002. A date for a hearing has now been arranged for June 2009. Whilst it is not possible to predict the outcome of this matter, the Directors are continuing to pursue this action vigorously and will keep shareholders informed of material developments.

Current Outlook

We regard the achievement of the license agreement with Thermo Fisher Scientific Inc. in the first half of 2008 as the first major step in realising some of the value of the Proteome Sciences intellectual property portfolio. As seen in the interim results, the increased revenue has made a considerable positive impact on the business, and resulted in a sharp reduction in the rate of annual cash burn.

The license was a key milestone that should provide strong cash flow to Proteome Sciences from its isobaric tandem mass tagging technology through to 2021, the earliest expiry of the first TMT[®] patent. Revenue from TMT[®] reagents, custom applications of TMT[®] and rapid assay development through the ProteoSHOP[®] services division should be increasingly visible moving into 2009. This has been evidenced by the increased levels of enquiries and quotations.

In parallel, the biomarker research programmes have been great beneficiaries of the technology developments within the ProteoSHOP services division. This has yielded excellent results and is driving the commercial interest in our proprietary stroke and AD biomarkers and from which we expect to shortly conclude licenses and revenue.

The emerging profile and importance of biomarkers makes us believe that we can build further on the excellent performance achieved in the first half of 2008 and we remain highly confident about our future prospects.

R.S. Harris
Chairman

30th September, 2008

Unaudited consolidated income statement
For the six months ended 30th June, 2008

	Six months ended 30th June 2008 £	Six months ended 30th June 2007 £	Year ended 31st December 2007 £
Continuing operations			
Revenue	813,420	198,718	265,593
Cost of sales	<u>(200,627)</u>	<u>(109,295)</u>	<u>(112,976)</u>
	612,793	89,423	152,617
Gross profit			
Administrative expenses	<u>(2,751,726)</u>	(2,548,017)	(5,449,722)
Share of results of associates	<u>(6,947)</u>	<u>62,742</u>	<u>123,928</u>
Operating loss	(2,145,880)	(2,395,852)	(5,173,177)
Investment revenues	5,708	4,021	10,839
Finance costs	<u>(247,639)</u>	<u>(104,045)</u>	<u>(302,095)</u>
Loss before taxation	(2,387,811)	(2,495,876)	(5,464,433)
Tax	<u>95,000</u>	<u>175,000</u>	<u>212,404</u>
Loss for the period from continuing operations	(2,292,811)	(2,320,876)	(5,252,029)
Attributed to shareholders of the company	<u>(2,292,811)</u>	<u>(2,320,876)</u>	<u>(5,252,029)</u>
Loss per share			
Basic and diluted	<u>(1.74p)</u>	<u>(1.76p)</u>	<u>(3.99p)</u>

Unaudited consolidated statement of recognised income and expense
For the six months ended 30th June, 2008

	Six months ended 30th June 2008 £	Six months ended 30th June 2007 £	Year ended 31st December 2007 £
Exchange differences on translation of foreign operations	<u>123,936</u>	<u>76,766</u>	<u>30,773</u>
Net income/(expense) recognised directly in equity	123,936	76,766	30,773
Loss for the period	<u>(2,292,811)</u>	<u>(2,320,876)</u>	<u>(5,252,029)</u>
Total recognised income and expense for the period	<u>(2,168,875)</u>	<u>(2,244,110)</u>	<u>(5,221,256)</u>

Unaudited consolidated balance sheet
As at 30th June, 2008

	Six months ended 30th June 2008 £	Six months ended 30th June 2007 £	Year ended 31st December 2007 £
Non-current assets			
Goodwill	4,218,241	4,218,241	4,218,241
Property, plant and equipment	397,201	468,187	438,413
Interest in associates	<u>770,632</u>	<u>818,767</u>	<u>777,577</u>
	<u>5,386,074</u>	<u>5,505,195</u>	<u>5,434,231</u>
Current assets			
Inventories	190,959	-	106,529
Trade and other receivables	587,011	509,788	562,410
Cash and cash equivalents	<u>108,414</u>	<u>598,173</u>	<u>530,195</u>
	<u>886,384</u>	<u>1,107,961</u>	<u>1,199,134</u>
Total assets	<u>6,272,458</u>	<u>6,613,156</u>	<u>6,633,365</u>
Current liabilities			
Trade and other payables	(1,119,522)	(830,662)	(1,097,784)
Current tax liabilities	(39,691)	(13,254)	(42,673)
Short-term borrowings	(6,583,853)	(3,738,644)	(5,936,599)
Short-term provisions	(1,752,645)	(1,069,319)	(1,235,039)
Deferred grant income	<u>(261,663)</u>	<u>(278,697)</u>	<u>(261,663)</u>
	<u>(9,757,374)</u>	<u>(5,930,576)</u>	<u>(8,573,758)</u>
Net current liabilities	<u>(8,870,990)</u>	<u>(4,822,615)</u>	<u>(7,374,624)</u>
Non-current liabilities			
Deferred grant income	(188,043)	(188,043)	(188,043)
Long-term provisions	-	(19,460)	(36,531)
	<u>(188,043)</u>	<u>(207,503)</u>	<u>(224,574)</u>
Total liabilities	<u>(9,945,417)</u>	<u>(6,138,079)</u>	<u>(8,798,332)</u>
Net (liabilities)/assets	<u>(3,672,959)</u>	<u>475,077</u>	<u>(2,164,967)</u>
Equity			
Share capital	1,327,236	1,314,654	1,314,654
Share premium account	29,638,138	29,150,563	29,150,563
Equity reserve	1,995,558	1,926,987	1,834,832
Other reserve	10,755,000	10,755,000	10,755,000
Translation reserve	62,334	(15,609)	(61,602)
Retained loss	<u>(47,451,225)</u>	<u>(42,656,518)</u>	<u>(45,158,414)</u>
Total (deficit)/equity	<u>(3,672,959)</u>	<u>475,077</u>	<u>(2,164,967)</u>

Unaudited consolidated cash flow statement
For six months 30th June, 2008

	Six months ended 30th June 2008 £	Six months ended 30th June 2007 £	Year ended 31st December 2007 £
Cash flows from operating activities			
Cash used in operations	(1,383,506)	(2,015,909)	(4,166,151)
Interest paid	(247,639)	(104,045)	(302,094)
Tax refunded	<u>-</u>	<u>300,000</u>	<u>375,010</u>
Net cash outflow from operating activities	<u>(1,631,145)</u>	<u>(1,819,954)</u>	<u>(4,093,235)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	(11,231)	(4,813)	(23,277)
Interest received	<u>5,708</u>	<u>4,021</u>	<u>10,839</u>
Net cash outflow from investing activities	<u>(5,523)</u>	<u>(792)</u>	<u>(12,438)</u>
Financing activities			
Proceeds on issue of shares	500,158	-	-
New loans raised	<u>647,254</u>	<u>2,113,848</u>	<u>4,301,962</u>
Net cash from financing activities	<u>1,147,412</u>	<u>2,113,848</u>	<u>4,301,962</u>
Net increase/(decrease) in cash and cash equivalents	(489,256)	293,102	196,289
Cash and cash equivalents at beginning of period	530,195	304,225	304,225
Effect of foreign exchange rate changes	<u>67,475</u>	<u>846</u>	<u>29,681</u>
Cash and cash equivalents at end of period	<u>108,414</u>	<u>598,173</u>	<u>530,195</u>

Notes to the unaudited interim results

For six months 30th June, 2008

1. The information for the period ended 30 June, 2008 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the year to 31st December, 2007 is extracted from the statutory accounts for that year. These accounts, upon which the auditors issued an unqualified opinion, and which did not contain any statement under Section 237(2) of (3) of the Companies Act 1985, have been delivered to the Registrar of Companies.

The interim financial report has been prepared with accounting policies consistent with International Financial Reporting Standards.

2. Loss per share from continuing operations

The calculation of the basic and diluted loss per share is based on the following data:

	Unaudited first half 2008	Unaudited first half 2007	Year ended 31st December 2007
Loss			
Loss for the purpose of basic loss per share being net loss attributable to equity holders of the parent	<u>(2,292,811)</u>	<u>(2,320,876)</u>	<u>(5,252,029)</u>
Number of shares			
		No.	No.
Weighted average number of ordinary shares for the purpose of basic loss per share	132,032,294	131,465,447	131,467,466
Share options	_____ -	_____ -	_____ -
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>132,032,294</u>	<u>131,465,447</u>	<u>131,467,466</u>

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss would only be increased by the exercise of out-of-the-money options. Since it seems inappropriate to assume that the option holders would act irrationally, no adjustment has been made to diluted EPS for out-of-the-money share options.

Notes to the unaudited interim results (continued)
For six months 30th June, 2008

3 Note to the consolidated cash flow statement

	Unaudited first half 2008 £	Unaudited first half 2007 £	Year ended 31st December 2007 £
Operating loss	(2,145,880)	(2,395,852)	(5,173,177)
Adjustments for:			
Depreciation of property, plant and equipment	83,889	83,132	172,060
Share of loss /(profit) of associates	6,947	(62,742)	(123,928)
Share-based payment expense	<u>160,725</u>	<u>131,016</u>	<u>468,118</u>
Operating cash flows before movements in working capital	(1,894,319)	(2,244,446)	(4,656,927)
Increase in inventories	-	-	(106,529)
(Increase)/decrease in receivables	(41,654)	39,211	(19,096)
Increase in payables	588,998	219,147	629,152
Decrease in provisions	<u>(36,531)</u>	<u>(29,821)</u>	<u>(12,751)</u>
Cash used in operations	<u>(1,383,506)</u>	<u>(2,015,909)</u>	<u>(4,166,151)</u>

4 Consolidated statement of changes in equity

	Six months ended 30th June 2008 £	Six months ended 30th June 2007 £	Year ended 31st December 2007 £
Total recognised income and expense for the period	(2,168,875)	(2,244,110)	(5,221,256)
Effect of share-based payment adjustment	160,725	131,016	468,118
New share capital subscribed (net of issue costs)	500,158	-	-
Equity shareholders' funds brought forward	<u>(2,164,967)</u>	<u>2,588,171</u>	<u>2,588,171</u>
Equity shareholders' funds carried forward	<u>(3,672,959)</u>	<u>475,077</u>	<u>(2,164,967)</u>