PRESS RELEASE

30th September, 2014

Proteome Sciences plc
("Proteome Sciences" or the "Company")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2014

HIGHLIGHTS

- **Commercial**
  - Strong underlying growth in biomarker services
  - TMT® reagents sales increased 98%
  - Blood test predicting progression from MCI to Alzheimer's Disease (AD)
  - Biological results underline performance of CK1d compounds reducing tau damage
  - SysQuant® coverage increased 4-fold to over 23,000 phosphorylation sites
  - SysQuant® delivered outstanding results in pancreatic cancer and in Alzheimer's – CK1d compounds

- **Financial**
  - Revenue to 30th June £0.78m (2013: (£0.89m)
  - Licenses/Sales/Services revenue £0.71m (2013: £0.75m)
  - Loss after tax £1.84m (2013: £1.66m)
  - Cash at 30th June was £3.47m (31 December 2013: £0.60m)

- **Outlook**
  - Positioned to maximise revenues for three core divisions
  - Rapidly expanding order book and activity in SysQuant®
  - TMT® growing fast - moving into mainstream systems biology and higher plexing Completion of CK1d dossier final stage to secure pharma licence for compounds in AD
  - Access to the 10-protein MCI/AD panel for patient stratification and drug development
  - $2m biomarker services and assay development contract with GentingTauRx in September
  - Excellent toxicity results for PS110 and PS278-05 in Alzheimer's – CK1d
  - HUPO Science and Technology Award for TMT®
  - Strong growth in revenues expected in 2015

Following the growth in licensing, services and TMT® sales in 2013 we have seen further underlying strengthening in our core technologies and services in the first half of 2014. Inevitably, several of the contracts we were expecting earlier in the year have experienced delays in commencement and as such because of their size it is difficult to be precise when the full revenue contributions will be reflected. We are delighted that the recently announced $2 million assay development contract signals the expansion in our orders and that the scale and number of such contracts is growing steadily.

TMT® reagents continue to show rapid growth and increase their market share as they continue to be adopted in mainstream systems biology. The 10-protein MCI/AD panel announced in July opens up entirely new horizons in patient stratification and gives the opportunity to develop and outlicense a simple blood test with several interested parties already engaged. Completion of the dossier on our CK1d compounds in AD including excellent recent toxicity data will enhance our ongoing efforts to secure a pharma licensee for completion of pre-clinical studies. This will provide considerable signature and milestone fees and royalty payments.

Having established Proteome Sciences at the forefront of proteomics with the development of SysQuant® and TMT® calibrator workflows over the last two years, we are ideally positioned to capitalise through our three core activities. We expect to see strong growth in orders and that performance should continue in 2015.

- End -

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Notes to Editors:

About Proteome Sciences

Proteome Sciences is a global leader in applied proteomics and peptidomics offering high sensitivity, proprietary technologies for protein and peptide biomarker discovery, validation and assay development. Its PS Biomarker Services™ uses isobaric and isotopic Tandem Mass Tag® (TMT®) workflows developed on the latest Orbitrap® Velos Pro and TSQ Vantage mass spectrometers to deliver rapid, robust and reproducible biomarker assay development for customers in the pharmaceutical, diagnostic and biotechnology sectors. Services are provided from its ISO 9001: 2008 accredited facilities in Frankfurt, Germany. By combining Selected Reaction Monitoring (SRM) and TMT® workflows highly multiplexed assays can be developed rapidly and are suitable for screening hundreds of candidate biomarkers in larger validation studies and can be transferred for immunoassay development. The Company's own research has discovered a large number of novel protein biomarkers in key human diseases and is focused mainly in neurological/neurodegenerative conditions and in cancer. It has discovered and patented blood biomarkers, including Alzheimer's disease, stroke, brain damage and lung cancer for diagnostic and treatment applications that are available for license or are already outlicensed. Proteome Sciences, based in Cobham, UK, with facilities in London and Frankfurt, delivers outsourced proteomics services and proprietary biomarkers/biomarker assays to pharmaceutical, biotechnology and diagnostics companies.

Visit: http://www.proteomics.com

Chairman's Update

Our science and main business activities have made considerable progress in 2014.

In the period under review 14 client projects were undertaken and we anticipate a number of follow-on studies to be signed before the end of the year. We are particularly pleased that PS Biomarker Services has been selected to develop new diagnostic assays for Alzheimer's disease in the context of treatment with LMTX a drug that affects tau tangles in the brain. We are seeing high levels of interest in our SysQuant and TMT-MS3 biomarker discovery workflows as well as for TMTcalibrator which can be combined with any of our discovery workflows to increase the numbers of biomarkers found in body fluids.

TMT products continue to increase their presence in the marketplace and the introduction of TMT® 10-plex reagents into the Thermo Scientific 2014 catalogue has allowed TMT® to become the market leader.

We have also made substantial progress with our internal research programs with several key publications this year. The original SysQuant® workflow analysis of pancreatic cancer was published in PLOS ONE in January and we filed new patents covering the novel biomarkers and drug targets discovered. A study validating our discovery in 2013 of Tubulin β-III as a marker of drug resistant liver cancer was published in July.

Also in July a breakthrough publication in Alzheimer's and Dementia: Journal of the Alzheimer's Association disclosed that a 10-protein panel in blood predicted the progression from mild cognitive impairment to Alzheimer's disease with 87% accuracy and made global headline news.

We have recently completed analysis of the effects of our patented CK1d inhibitors in a model of human tauopathies. Results confirm that they have a wide mode of action with beneficial effects on a number of key aspects of Alzheimer's disease pathology.

The 10th Siena Meeting "From Genome to Proteome: 20 years of Proteomics" at the end of August is the leading global proteomics workshop for proteomics and provided an extensive backcloth as to the current status of developments in protein and peptide biomarkers and what was expected over the next five years.

It is pleasing to report that many of the themes and applications being projected to be undertaken are workflows and applications that Proteome Sciences has completed over the last two years and a number of these were presented at Siena. We saw no new technology that would undermine our technology platform and the meeting endorsed Proteome Sciences' position at the forefront of proteomics.

Perhaps the most significant factor highlighting the importance of proteomics for personalised medicine was the publication in Nature in May 2014 of the Protein Atlas. It provides an A to Z of proteins which, for the first time, will allow genomics researchers to complement their research with information on changes in protein and peptide expressions that cannot be obtained through genomics but that are central to personalised medicine. Since the sequence of the human genome, genomics has driven the growth and value of the pharmaceutical industry over the last 10-15 years. Proteins and proteomics can play a much larger and more long-lasting role and may prove to be the key value driver for drug development, diagnosis and patient management.

The combination of these developments and the accelerating drive for better drugs and diagnostics for personalised medicine provide a great backcloth for revenue growth in our business and prospects.

Revenue
First half revenue from three main areas totalled £0.78 (2013: £0.89m). Licenses/Sales/Services revenues totalled £0.71m (2013: £0.75m), Grant Services were £0.07m (2013: £0.13m) and TMT® reagent sales increased 98% against the corresponding period in 2013. A more significant contribution is expected in the second half, in particular from Licenses, Sales and Services that should result in a considerable improvement for the full year with continued strong growth from TMT®.

Alzheimer's disease
Publication of the long awaited results of the 1000 patient study, co-authored with King's College London, in Alzheimer's and Dementia: Journal of the Alzheimer's Association achieved a high level of media attention globally.

Blood samples from three international studies of 1,148 individuals (476 with AD; 220 with mild cognitive impairment (MCI) and 452 elderly controls without dementia) were analysed for 26 proteins previously shown to be associated with Alzheimer's disease. A sub-group of 476 individuals across all three groups also had an MRI brain scan.

Of the 26 proteins measured, 16 were strongly associated with brain shrinkage in either MCI or AD and could be useful in assessing the extent of damage without needing to repeatedly take brain scans. A second series of tests was run that, based on the levels of just 10 blood proteins, could predict with 87% accuracy which of the individuals with MCI would go on to develop Alzheimer's.

How does this affect drug development and treatment?

Being able to predict with a high level of accuracy whether someone with early symptoms of memory loss or MCI will or will not develop Alzheimer's within 12-18 months is important for a number of reasons:

- Currently only around 20-30% of patients recruited into drug trials will progress to AD in 12 to 18 months
- A large number of patients are needed and they have to be followed for a long time
- There is more probability without the use of this new test that patients receiving the placebo will perform just as well as those on the drug, even though the drug may be working in the rapidly converting population
- The window between MCI and AD currently offers the best chance for successful treatment. This is the key target time for the drug to act and to administer it to the patient
- Earlier and accurate identification of MCI should lead to faster and better patient outcomes

What is the next stage?

A simple blood test could help identify patients at a much earlier stage to be enrolled in new trials and hopefully develop treatments which could prevent the progression of the disease. The next step will be to further validate the findings in larger sample sets to see if the accuracy can be improved and to reduce the risk of misdiagnosis to develop a reliable test suitable for use by doctors. That process will get underway from samples available from the UK and Europe in biobanks.

How does Proteome Sciences monetise these results?

The potential for AD diagnostic and prognostic tests in blood is considerable with industry estimates of around $1-2 billion per annum.

There are three main applications:

- Patient stratification for clinical trials
- Research assays for drug development/testing
- Clinical diagnostics

The first two applications should be available in 2015 with the clinical diagnostic to be developed in the next two to five years. The process to commence commercial discussions to outlicense diagnostic applications has already started with interested parties.

AD – CK1d
We continue to make very good progress with our CK1d programme. Smart biological testing to determine the effects that the changes have on target safety, selectivity and activity, is an important step to optimise

compounds prior to testing in humans. The SysQuant® study revealed that our CK1d compounds have modified certain key cell pathways linked to amyloid processing, oxidative phosphorylation and energy production and these have reduced tau damage. We are delighted to report that the results of a toxicity study just received confirm that PS110 and PS278-05 have come through with excellent safety characteristics. After successful in vivo trials, we can confirm that the compounds can be delivered orally, have good stability and absorption, are long-lasting with excellent toxicity results and, most importantly, reduce amyloid aggregation and tau tangles. The last two rounds of testing lock in incremental value for the outlicensing processing.

With this additional data available, we will shortly complete the CK1d dossier and move to the next stage of marketing to progress the outlicensing programme with pharmaceutical companies following our presentations at the Alzheimer's Association International Conference (AAIC) in July. It was timely news that Astra Zeneca (AZ) announced that it had partnered with Lilly on a BACE inhibitor AZD 3293 in Phase 1 trials with Lilly paying $500 million to AZ (including milestones) and will also cover half of the costs of future clinical trials for joint ownership of the programme. This is a good benchmark of the current value of a drug for Alzheimer's disease.

$2m Biomarker Services and assay development contract

PS Biomarker Services™ Division (PS) has been selected to develop an AD blood test for Genting TauRx Diagnostics (GTD). The project will involve PS analyzing blood samples from patients enrolled in a phase 3 trial of the experimental Alzheimer's drug LMTX, targeting the tau pathway, developed by TauRx Pharmaceuticals Ltd, an affiliate of GTD.

Key to selecting PS was its established portfolio of blood biomarkers for predicting the progression of patients with Mild Cognitive Impairment and Alzheimer's disease along with its proprietary TMTcalibrator plasma proteomics workflows. The study will involve blood proteomic profiling of approximately 1000 individuals and construction of a targeted protein panel for AD diagnosis and monitoring of treatment efficacy.

Under the terms of the agreement announced on 25th September, Proteome Sciences is to receive research fees totaling $2 million including upfront and milestone payments. GTD will receive a license to PS's existing blood biomarkers for AD and the companies will share commercialisation rights to the diagnostic assays.

TMT®

The profile of TMT® continues to rise, having already become the global market leader in 2014. The strong revenue growth in the first half reflected the general introduction of TMT® 10-plex in January 2014 and this was helped by the considerable favourable exposure received at the American Society of Mass Spectrometry meeting (ASMS) in June. We were also delighted that TMT® isobaric mass tags will receive the prestigious accolade of the HUPO (Human Proteome Organisation) Science and Technology Award at the forthcoming congress in Madrid. This should further increase the visibility and penetration of TMT® into mainstream systems biology and will be assisted in 2015 by the development of higher plexing-rates.

SysQuant®

Much of our focus in 2014 has been directed at expanding and developing our SysQuant® and TMT® calibrator workflows in new disease areas and applications. SysQuant® provides a helicopter view over cell signaling pathways and allows Proteome Sciences to measure changes in phosphorylation and to track the expression of important drug targets and signaling pathways. It is a powerful proprietary workflow combining our TMT® reagents with high resolution mass spectrometry that can accurately map over 23,000 of the switches (phosphorylation sites) and more than 7,000 individual proteins regulating cell signaling pathways in up to 10 samples in a single run. When the patient sample is analysed, various parameters are measured to predict the most relevant drug targets and potential causes of recurrence of tumours highlighting which mechanisms might be used to elude anti-cancer therapies. This will allow doctors to quickly focus on the right resources for each patient and should dramatically improve the efficacy of treatment but, most importantly, without increasing the overall cost. These workflows are particularly applicable to cancer, but will work equally well in all the major disease areas.

The first SysQuant® study published was in pancreatic cancer in PLOS ONE in March 2014, in which we analysed the tumours of 12 patients with collaborators at King's College Hospital, London. In this study we reported a total of 6,284 unique phosphorylation sites and 2,101 individual proteins. We were able to identify multiple cancer-generating pathways that were activated, with some pathways highly active in all 12 patients whilst others were only found in a subset of the patients. In each case we were able to identify unique combinations of targets for existing anti-cancer drugs which could potentially have provided a superior treatment outcome.

We subsequently presented SysQuant® for the first time in a CNS application at the Alzheimer's Association International Conference in Copenhagen in July where we obtained 100,000 peptide IDs and over 22,000 phosphopeptides from a single experiment. Several key cell signaling pathways were identified and these changes supported a much wider mode of action for our CK1d compounds in preventing tau mediated damage.

The combination of having successfully completed SysQuant® commercial and pilot work earlier in the year and the high profile and attention it is receiving at meetings and in publications has built a substantial volume of customer interest and orders that should be strongly reflected in increased revenues in 2015.

Management

With the impending retirement of James Malthouse, the Finance Director, in November after 20 years with the company, we are pleased to announce the appointment of Mr. Geoffrey Ellis as Finance Director with effect from 1st October. Mr. Ellis is a chartered accountant with over 30 years' experience in a range of senior financial, operational, sales and business development roles. He spent 15 years at Walt Disney where he was Chief Financial Officer of the Network of Disney Channels in EMEA and Managing Director of Disney Chanel Scandinavia, Middle East and Emerging Markets.

In addition to a strong financial background, he brings considerable international sales, marketing and licensing expertise and a key part of his role will be managing and expanding our commercial sales and marketing activities in USA and Europe.

James Malthouse will remain as a director of the company until his retirement on 30th November, 2014.

An in-house patent counsel, a specialist in biomarkers, has been recruited to bring the management of our 600+ patent portfolio in-house. This non-Board appointment will make the management of the patent portfolio far more efficient and provide a considerable saving in the level of patent costs. These two appointments are intended to distribute parts of Dr. Ian Pike's responsibilities in order to free up more time for him to focus on the rapid growth in contracts and the key interface of our technology development, workflows and applications with our customers.

Financial Review

Financial Performance
Revenue for the six month period ended 30th June, 2014 totalled £0.78m (2013: £0.89m). In the breakdown of revenue, Licenses/Sales/Services were £0.71m (2013: £0.75m), Grant Services were £0.07m (2013: £0.13m) and TMT® reagent sales increased 98% over the period. Due to timing issues, larger contributions are expected in the second half of 2014 from Licenses/Sales/Services. The loss before tax in the first six months was £2.10m (2013: £1.90m).

Costs and available cash
Costs at £2.46m (2013: £2.34m) were running marginally ahead of the figure reported in 2013. After the R&D tax credit, the loss after taxation for the period reduced to £1.84m (2013: £1.66m). Cash at 30th June was £3.47m (31 December 2013: £0.60m).

Outlook

With no new technology apparent at the 10th Siena meeting to rival its technology platform and position at the forefront of proteomics, we believe that Proteome Sciences is ideally placed to maximise revenue from its three core divisions.

The early focus and development of our SysQuant® and TMTcalibrator workflows give Proteome Sciences a unique advantage and position in personalised medicine that has been recognised and has quickly gained considerable external traction. This is reflected in the volume and variety of prospective customer contracts that have been pro-actively received and is increasingly reflected in rapidly expanding order book and customer enquiries for PS Biomarker Services™.

Our TMT® reagents continue to show rapid growth and their market penetration into mainstream systems biology will be extended by the HUPO Science and Technology Award and the introduction of higher plexing levels in 2015.

The excellent toxicity results for PS110 and PS278-05 provide the last elements required to complete the dossier for the CK1d programme in Alzheimer's to move the outlicensing strategy to its final stages and to secure a licence with a pharmaceutical company which should provide considerable signature fees, milestones and royalty payments. We are actively engaged to obtain the external resources necessary from key stakeholders to accelerate the development of the clinical diagnostic for MCI/AD detection from the 10-protein panel in blood and in the meantime we are actively promoting the access to our biomarker panel for research applications to customers to undertake patient stratification and obtain assays for drug development and testing through PS Biomarker Services™.

It is difficult to be precise over the timing of when the full revenue contributions will be reflected but the scale and number of contracts in our order book is growing steadily and that performance is expected to continue in 2015.

C.D.J. Pearce
Chairman **30th September, 2014**

Unaudited consolidated income statement
For the six months ended 30th June, 2014

	Note	Six months ended 30th June 2014 (unaudited) £	Six months ended 30th June 2013 (unaudited) £	Year ended 31st December 2013 (audited) £
Continuing operations				
Revenue				
Licences/sales/services		711,713	751,964	1,916,123
Grant services		72,563	133,511	220,558
Revenue		784,276	885,475	2,136,681
Cost of sales		(306,310)	(337,661)	(592,656)
Gross profit		477,966	547,814	1,544,025
Administrative expenses		(2,464,105)	(2,339,198)	(4,916,540)
Operating loss		(1,986,139)	(1,791,384)	(3,372,515)
Investment revenues		3,833	573	1,677
Finance costs		(119,067)	(106,692)	(225,350)
Loss before taxation		(2,101,373)	(1,897,503)	(3,596,188)
Tax		261,340	237,144	447,029
Loss for the period from continuing operations		(1,840,033)	(1,660,359)	(3,149,159)
Attributed to shareholders of the company		(1,840,033)	(1,660,359)	(3,149,159)
Loss per share				
Basic and diluted	2	(0.88p)	(0.86p)	(1.62p)

Unaudited consolidated statement of comprehensive income
For the six months ended 30th June, 2014

	Six months ended 30th June 2014 (unaudited) £	Six months ended 30th June 2013 (unaudited) £	Year ended 31st December 2013 (audited) £
Exchange differences on translation of foreign operations	(37,446)	11,282	(42,962)
Other comprehensive expense for the year	(37,446)	11,282	(42,962)
Loss for the period	(1,840,033)	(1,660,359)	(3,149,159)
Total comprehensive expense for the period attributable to equity holders of the company	(1,877,479)	(1,649,077)	(3,192,121)

Unaudited consolidated balance sheet
As at 30th June, 2014

	30th June 2014 (unaudited) £	30th June 2013 (unaudited) £	31st December 2013 (audited) £
Non-current assets			
Goodwill	4,218,241	4,218,241	4,218,241
Property, plant and equipment	854,112	432,051	1,055,183
	5,072,353	4,650,292	5,273,424
Current assets			
Inventories	388,495	367,696	402,581
Trade and other receivables	1,158,247	1,225,767	778,944
Cash and cash equivalents	3,473,707	514,375	600,262
	5,020,449	2,107,838	1,781,787
Total assets	10,092,802	6,758,130	7,055,211
Current liabilities			
Trade and other payables	(711,325)	(775,517)	(792,631)
Current tax liabilities	(14,559)	(16,408)	(15,264)
Short-term borrowings	(8,070,257)	(7,832,576)	(7,951,234)
Short-term provisions	(230,208)	(230,823)	(240,512)
	(9,026,349)	(8,855,324)	(8,999,641)
Net current liabilities	(4,005,900)	(6,747,486)	(7,217,854)
Non-current liabilities			
Long-term provisions	(262,406)	(218,592)	(255,382)
Total liabilities	(9,288,755)	(9,073,916)	(9,255,023)
Net assets/(liabilities)	804,047	(2,315,786)	(2,199,812)
Equity			
Share capital	2,141,056	1,924,985	1,962,485
Share premium account	46,736,905	40,602,808	42,121,558
Equity reserve	3,273,152	3,082,964	3,185,732
Other reserve	10,755,000	10,755,000	10,755,000
Translation reserve	(156,187)	(64,497)	(118,741)
Retained loss	(61,945,879)	(58,617,046)	(60,105,846)
Total equity/(deficit)	804,047	(2,315,786)	(2,199,812)

Unaudited consolidated statement of changes in equity
For the six months ended 30th June, 2014

	Share capital £	Share Premium account £	Equity reserve £	Translation reserve £	Other reserve £	Retained loss £	Total £
At 1st January 2014	1,962,485	42,121,558	3,185,732	(118,741)	10,755,000	(60,105,846)	(2,199,812)
Loss for the period	-	-	-	-	-	(1,840,033)	(1,840,033)
Exchange differences on translation of foreign operations	-	-	-	(37,446)	-	-	(37,446)
Total comprehensive expense for the period	-	-	-	-	-	-	(1,877,479)
Issue of share capital	178,571	4,615,347	-	-	-	-	4,793,918
Credit to equity for share-based payment	-	-	87,420	-	-	-	87,420
Balance at 30th June 2014 (unaudited)	2,141,056	46,736,905	3,273,152	(156,187)	10,755,000	(61,945,879)	804,047

Consolidated statement of changes in equity
For the year ended 31st December, 2013

	Share Capital £	Share Premium account £	Equity reserve £	Translation reserve £	Other Reserve £	Retained loss £	Tota
At 1st January 2013	1,924,985	40,602,808	2,983,142	(75,779)	10,755,000	(56,956,687)	(766,53
Loss for the year	-	-	-	-	-	(3,149,159)	(3,149,15
Exchange differences on translation of foreign operations	-	-		(42,962)	-	-	(42,96
Total comprehensive expense for the year	-	-		-	-	-	(3,192,12
Issue of share capital	37,500	1,518,750		-	-	-	1,556,25
Credit to equity for share-based payment	-	-	202,590	-	-	-	202,59
Balance at 31st December 2013	1,962,485	42,121,558	3,185,732	(118,741)	10,755,000	(60,105,846)	(2,199,81

Unaudited consolidated statement of changes in equity
For the six months ended 30th June, 2013

	Share capital £	Share Premium account £	Equity reserve £	Translation reserve £	Other reserve £	Retained loss £	Tota
At 1st January 2013	1,924,985	40,602,808	2,983,142	(75,779)	10,755,000	(56,956,687)	(766,531
Loss for the period	-	-	-	-	-	(1,660,359)	(1,660,359
Exchange differences on translation of foreign operations	-	-	-	11,282	-	-	11,28
Total comprehensive expense for the period	-	-	-	-	-	-	(1,649,077
Credit to equity for share-based payment charge	-	-	99,822	-	-	-	99,82
Balance at 30th June 2013 (unaudited)	1,924,985	40,602,808	3,082,964	(64,497)	10,755,000	(58,617,046)	(2,315,786

Unaudited consolidated cash flow statement
For the six months to 30th June, 2014

	Note	Six months ended 30th June 2014 (unaudited) £	Six months ended 30th June 2013 (unaudited) £	Year ended 31st December 2013 (audited) £
Cash flows from operating activities	**4**			
Cash used in operations		(1,859,906)	(1,370,319)	(3,201,138)
Interest paid		(44)	-	-
Tax (paid)/refunded		(8,107)	10,872	434,151
Net cash outflow from operating activities		(1,868,057)	(1,359,447)	(2,766,987)
Cash flows from investing activities				
Purchases of property, plant and equipment		(7,933)	(3,422)	(9,202)
Interest received		3,833	573	1,677
Net cash outflow from investing activities		(4,100)	(2,849)	(7,525)
Financing activities				
Proceeds on issue of shares		4,793,918	-	1,556,244
New loans raised		-	1,000,000	1,000,000
Net cash from financing activities		4,793,918	1,000,000	2,556,244
Net increase/(decrease) in cash and cash equivalents		2,921,761	(362,296)	(218,268)
Cash and cash equivalents at beginning of period		600,262	858,249	858,249
Effect of foreign exchange rate changes		(48,316)	18,422	(39,719)
Cash and cash equivalents at end of period		3,473,707	514,375	600,262

Notes to the unaudited interim results
For the six months to 30th June, 2014

1. These interim financial statements have been prepared using policies based on International Financial Report Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31st December 2013 Annual Report. The financial information for the half years ended 30th June 2014 and 30th June 2013 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of Proteome Sciences plc are prepared in accordance with IFRS as adopted by the European Union. The comparative financial information for the year ended 31st December 2013 included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for 2013 have been filed with the Registrar of Companies. The independent Auditors' Report on that Annual Report and Financial Statement for 2013 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

After making enquiries, the directors have concluded that the Group has adequate resources to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly consolidated financial statements.

The same accounting policies, presentation and methods of computation are followed in these interim consolidated financial statements as were applied in the Group's latest annual audited financial statements. In addition, the IASB have issued a number of IFRS and IFRIC amendments or interpretations since the last Annual Report was published. It is not expected that any of these will have a material impact on the Group. The Board of Directors approved this interim report on 29th September 2014.

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 2014 £	Unaudited first-half 2013 £	Year ended 31st December 2013 £
Loss per share			
Loss for the purpose of basic loss per share being net loss attributable to equity holders of the parent	(1,840,033)	(1,660,539)	3,149,159
Number of shares			
Weighted average number of ordinary shares for the purpose of basic loss per share	208,679,416	192,498,477	194,015,055
Weighted average number of ordinary Shares for the purpose of diluted loss per share	208,679,416	192,498,477	194,015,055

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 the six months to 30th June, 2014

3 Notes to the consolidated cash flow statement

	Six months ended 30th June, 2014 (unaudited) £	Six months ended 30th June, 2013 (unaudited) £	Year ended 31st December, 2013 (audited) £
Operating loss	(1,986,139)	(1,791,384)	(3,372,515)
Adjustments for:			
Depreciation of property, plant and equipment	200,142	86,128	167,798
Non-cash item – equipment provided to the Group	-	-	(710,000)
Share-based payment expense	87,420	99,822	202,590
Operating cash flows before movements in working capital	(1,698,577)	(1,605,434)	(3,712,127)
Decrease/(Increase) in inventories	14,086	(36,263)	(71,150)
(Increase)/decrease in receivables	(114,766)	55,449	284,977
(Decrease)/increase in payables	(57,369)	278,343	313,097
(Decrease) in provisions	(3,280)	(62,414)	(15,935)
Cash used in operations	(1,859,906)	(1,370,319)	(3,201,138)

4 Cautionary statement on forward-looking statements

This document contains certain forward-looking statements relating to the Group. The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Group to differ materially from those contained in any forward-looking statement. These statements are made by the directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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