PRESS RELEASE

30th September, 2013

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

RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2013

HIGHLIGHTS

- **Commercial**
  - Licenses/Sales/Services showed 50% growth
  - Largest contract to date with Thermo Fisher Scientific to develop advanced methods/assays to profile changes in key cancer pathways
  - After the EU ban in March, SensiDerm™ multiplex assay selected by Cosmetics Europe as an *in vitro* priority test for optimisation as a replacement for animal testing in cosmetics
  - TMT® reagents sales increased 25% - 50 abstracts from key opinion leaders at ASMS
  - Significant new tests launched in breast cancer and Amyloid Beta, Tau and Phosphotau in AD
  - SysQuant® coverage of phosphorylation sites increased from 2,200 to 11,000
  - Our PS110 and PS278-05 compounds against CK1d caused a dramatic drop in tau protein in AD

- **Financial**
  - Revenue to 30th June increased 10% to £0.89m (2012: £0.81m)
  - Licenses/Sales/Services revenue rose 50% to £0.75m (2012: £0.50m)
  - Loss after tax £1.66m (2012: £1.62m after adding back £0.34m of additional R&D tax credit for a prior year adjustment)
  - Cash at 30th June was £0.51m. Issuance of 3.75m new shares in August added £1.56m to cash

- **Outlook**
  - Positioned to maximise revenues from each of our three core areas
  - Strong growth in Licenses/Sales/Services
  - SysQuant® 'Real Time Clinical Patient Management' should make a considerable contribution to revenues
  - Biomarker assays growing sharply again in 2013
  - Buoyant current TMT® sales, with further range extension planned in 2014
  - Stroke test progressing with Randox. Also in licensing discussions with manufacturers of rt-PA for use of GSTP
  - Targeting to outlicence CK1d inhibitors that block tau protein phosphorylation in AD for substantial license fees, milestones and royalties
  - Considerable increase projected for revenues in 2013

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

"We remain focused to maximise revenue from our three core areas: PS Biomarker Services™, Proprietary Biomarkers and TMT®.

The number of biomarkers covered by our assays continues to grow sharply with significant new tests added in the first half in Alzheimer's and breast cancer with more to come in the second half.

Helped by the strong supporting data generated during the year, we are pushing hard to bring forward the outlicensing process for our CK1d compounds that inhibit tau protein phosphorylation to a pharmaceutical partner from whom we expect to command very substantial license fees, milestones and royalties.

TMT® sales are benefiting from the arrival of TMT® 10-plex and these will be supplemented by further extensions to the range in 2014. There is a broad and rapidly expanding pipeline at PS Biomarker Services™ and we expect strong growth in Licenses, Sales and Services in the second half of the year.

Our core activities are performing well and we hope to show a considerable increase in revenue for the full year with that performance continuing in 2014."

Ends

Attached: Chairman's operational and financial update, unaudited consolidated income statement, unaudited consolidated balance sheet, unaudited consolidated statement of changes in equity, unaudited consolidated cash flow statement and unaudited notes to the financial statements.

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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 Operational & Financial Update

Our main business divisions have made good progress in the first half of 2013 with a number of key highlights.

We concluded our largest contract to date with Thermo Fisher Scientific to develop advanced methods to profile changes in key cancer pathways. This was a strategically important agreement from which Proteome Sciences was provided with cash and state of the art equipment to develop mass spectrometry pathway assays.

Our SensiDerm™ 10 protein multiplex TMT®-SRM assay was selected by Cosmetics Europe in the first set of *in vitro* priority tests for development and optimisation as replacement for animal testing following the EU ban in March 2013. The priority is to introduce fast, accurate and cost effective *in vitro* assays for cosmetics and other products containing sensitizers in chemical ingredients and household products. This opens up the prospects of substantial additional revenue streams for a broad range of industrial testing applications in addition to cosmetics.

Results from our two lead compounds targeting tau inhibition through CK1d in Alzheimer's have demonstrated that they are orally available, they obtain therapeutic levels *in vivo* in an Alzheimer's model and improve cognitive behaviour. Recent results presented at the Alzheimer's Association International Conference confirmed that the compounds caused a dramatic drop in the amount of tau protein in the brain, an effect increasingly recognised as key to the development of effective Alzheimer's treatments.

The number of phosphorylation sites covered by our 'game-changing' SysQuant® workflow has increased from 2,200 in 2012 to 11,000 in the first half of 2013 and has gained considerable accolade with excellent results from cell lines, experimental tumours and clinical tissue and the first two commercial contracts with pharmaceutical companies delivering outstanding results. Potentially greater value lies in its application in 'Real Time Clinical Patient Management' as SysQuant® operates at a global level and can be applied to all diseases where there are changes in signalling and the value can be multiply replicated.

The number of biomarkers covered by our assays doubled last year and this number is expected to grow sharply again with significant new tests (Breast Cancer Triplex Assay, CSF 16-plex TMT®-SRM, assays in AD for Amyloid Beta, Tau and Phospho-Tau) introduced in H1 2013.

The penetration of TMT® continues with over 50 abstracts from key opinion leaders at the ASMS meeting in June and its rapid growth in being stimulated by novel applications for profiling complex diseases in mainstream systems biology.

Against this background we expect strong commercial growth to be reflected in revenue in 2013 from our three main business divisions.

Revenue Growth
First half revenue from three main areas increased 10% to £0.89m (2012: £0.81m). Licenses/Sales/Services grew impressively by 50% to £0.75m (2012: £0.50m), Grant Services were lower at £0.13m (2012: £0.30m) as a result of timing issues and TMT® reagent sales increased a further 25% against the very strong 171% corresponding performance in the first half of 2012. 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 strong further growth from TMT®.

Alzheimer's disease
A subset of 90 patients from the 1,000 patient study at King's College, London in 2012 undertaken by Proteome Sciences in H1 2013, generated novel sets of peptide markers in blood with very high positive and negative predictive accuracy (94% and 83% respectively for AD and 88% and 86% in MCI). This impressive data was presented at the AAIC meeting in Boston in July and created considerable commercial and academic interest. The analysis of a second and expanded subset of samples should be completed in Q4 as we continue biomarker optimisation for the development and commercialisation of a clinical blood test for Alzheimer's.

Quite separate to this study, King's College, London have continued their analysis of the major 1,000 patient study and we look forward to new data and results being released in Q4, 2013. This should assist and accelerate the biomarker panel optimisation process.

CK1d

We continue to make strong and rapid progress with CK1d. Further results and data for the small molecule inhibitors of CK1d in the tau pathway were presented in July at the AAIC in Boston and the most recent data presented at the HUPO meeting in Yokohama in September. The results have shown that the two lead compounds PS110 and PS278-05 are orally available, obtain therapeutic levels in the brain of experimental Alzheimer's models and improve cognitive behaviour. When the tau protein of treated animals was analysed, a dramatic drop was seen in both total levels of tau protein as well as tau phosphorylation and deposition. The significant reduction of tau is increasingly recognised as a major goal for the development of effective Alzheimer's disease treatments.

We have been actively sharing the recent tau data from CK1d with prospective pharmaceutical partners and the success that we have achieved in reducing tau phosphorylation and deposition is highly opportune and will enhance our outlicensing discussions.

New Assays at PS Biomarker Services™

The pace of assay growth and development continues to move ahead rapidly with a sizeable number of important new tests added in Q1 2013.

The Breast Cancer Triplex Stratification Assay (BTSA) measures changes in three key proteins – oestrogen, progesterone and HER2. These have been recognised as being of key importance in monitoring changes in breast cancer to help guide clinicians as to what is driving each tumour and which therapies would be best suited to the individual patient and should be combined with regular monitoring and resistance markers during treatment. With this approach the outcome for breast cancer can significantly improve.

We have continued the development of a comprehensive range of biomarker tools and services in Alzheimer's disease for pharma as they increasingly switch their focus and programmes to address the importance of the tau pathway in combination with beta amyloid for the next generation of drugs and patient management.

Our CSF 16-plex TMT®-SRM is a mass spectrometry assay that processes multiple markers in a single test. 16 protein markers can be measured simultaneously from a small volume of CSF without any cross-reactivity. The Universal Reference Standard Assay based on normal human CSF has been developed to ensure consistent inter-laboratory performance over lengthy and multiple studies in clinical trials. Assays have been introduced for Amyloid Beta, Tau and Phospho-tau in CSF as well as the MS3 TMT® workflow in tissue, plasma and cell lysates.

The expansion of our assays and workflows puts PS Biomarker Services™ in a pre-eminent position in Alzheimer's disease to provide a comprehensive range of tools and services to the pharmaceutical and diagnostic industries. This is being reflected in the orders and pipeline with fast rates of growth in revenue for Licenses, Sales and Services.

SensiDerm™

We were delighted the SensiDerm™ 10 protein multiplex TMT®-SRM assay was selected by Cosmetics Europe in April in the first set of priority tests for further development and optimisation. Since that time, we have been actively engaged with Cosmetics Europe and a number of industrial partners in the process and further announcements are anticipated in Q4. The priority is to introduce fast, accurate and cost effective *in vitro* assays not only for cosmetics but for other products manufactured with sensitizers/allergens including chemical ingredients and household products all affected by the EU ban on animal testing in March 2013. Similar policies and pressures relating to animal testing are following close behind in the US and Asia. With a novel *in vitro* SRM testing method and the patents filed over 100 skin and 100 respiratory markers each, Proteome Sciences now has the prospect of substantial additional revenue streams as animal testing replacements are introduced for a broad range of *in vitro* applications in industrial testing, with contributions from cosmetics commencing in 2013.

Cancer Pathway Profiling Assays
Proteome Sciences announced it largest contract to date, a $2.1m contract with Thermo Fisher Scientific to develop advanced methods to profile changes in key cancer pathways. Under the agreement, Proteome Sciences receives cash and equipment to develop pathway assays through a no cost mass spectrometry equipment lease. Proteome Sciences provided Thermo Fisher access to its patents covering a three stage mass spectrometry (MS3) fragmentation methodology to deliver significantly improved analysis and accuracy in TMT experiments and continues to develop the TMT® range exclusively distributed by Thermo Fisher.

TMT®
We are now 5 years on from the launch of TMT and it has become a well established reagent for multiplexed proteomics studies. The strong market performance of TMT in 2012 was reflected by over 50 abstracts with TMT® at the American Society for Mass Spectrometry meeting this June. The wide diversity in application areas and the global distribution of users combined with the introduction of TMT® 8-plex and TMT® 10-plex in the first half of the year should provide further strong sales performance in the rest of the year and generate substantial new and additional revenue.

SysQuant®
SysQuant®, which we have portrayed as having 'game-changing' capability to map cell signalling pathways for drug response and treatment selection and management, has quickly gained traction with excellent results in cell lines, experimental tumours and clinical tissue. The first commercial SysQuant® contracts with pharmaceutical companies have generated excellent results and further contracts in the pipeline. We presented new data at the September HUPO meeting in Yokohama in pancreas cancer. From that data we were able to predict tumour recurrence, to identify individual drug targets and to discover and file IP on novel drug targets. To date we have mainly concentrated in cancer but SysQuant® can be applied to any of the major disease types.

SysQuant® clearly is very useful for any company developing drugs, especially in oncology. Potentially greater value lies in its application for 'Real Time Clinical Management' of patients. As healthcare providers increasingly focus on payment by results, any tests that better match patients to the most effective treatment will obtain high market pricing and widespread adoption. Since SysQuant® operates at a global level it can be applied to all diseases where there are changes in signalling and so the value can be multiply replicated. Proteome Sciences is engaged with key stakeholders in this area (NHS, NICE, DoH, CRC (UK) etc.) and is expected to initiate research trials in 2014 after applying for a number of grants to support and more rapidly exploit a variety of different applications in different diseases with leading clinical researchers. SysQuant® significantly differentiates PS Biomarker Services™ in the marketplace and we believe will make a considerable contribution to our assay portfolio and revenues.

Financial Review

Financial Performance
Revenue for the six month period ended 30th June, 2013 increased 10% to £0.90m (2012: £0.81m). In the breakdown of revenue, licenses/sales/services rose 50% to £0.75m (2012: £0.50m), Grant Services were lower at £0.13m (2012: £0.30m) and TMT® reagent sales increased 25% over the period. Due to timing, larger contributions are expected in the second half of 2013 from TMT® and Grant Services. The loss before tax in the first six months was £1.90m (2012 : £1.70m).

Costs and available cash
Costs at £2.34m (2012: £2.23m) were running marginally ahead of the figure reported in 2012. After the R&D tax credit, the loss after taxation for the period reduced to £1.66m. The loss after taxation in 2012 of £1.28m included (£0.34m) of additional R&D tax credit for a prior year adjustment resulting from a successful appeal to HM Revenue & Customs. Without this adjustment the loss after taxation in 2012 was £1.62m, a figure little changed from the £1.66m loss after tax reported for the six months to 30th June 2013.

Cash at 30th June was £0.51m. The cash position increased in August by £1.56m through the issuance of 3.75m new shares at 41.5p following the approach of an institutional investor.

Outlook

We remain intent on maximising revenue from our three core areas: PS Biomarker Services™, Proprietary Biomarkers and TMT® chemical reagents. The number of assays/products has continued to grow at a fast pace in 2013 and with a broad and rapidly expanding pipeline and orders at PS Biomarker Services™, we expect that there will be strong growth in Licenses, Sales and Services in the second half of 2013.

Proteome Sciences' biomarker assays and services may take on a whole new meaning with the impending changes due to take place in the UK. Value based payment of drugs (VBP) will be introduced into the UK in 2014. This may transform the landscape for patient treatment and change out of recognition how pharmaceutical companies will be reimbursed. The challenge is to provide value by better matching patients to the most effective treatments rather than as in the past giving drugs to a large number of people in the knowledge that some of them will benefit but not knowing who that will be.

Through SysQuant®, Proteome Sciences is ideally positioned to provide guidance for 'Real Time Clinical Patient Management' as a result of changes in the cell signalling pathways in disease. The initial applications will be grant funded early stage research trials in selected cancers initiated in 2014 with key clinical opinion leaders in the UK. SysQuant® can then be quickly transferred to the global market and rapidly applied across a broad range of major diseases and these should make a considerable contribution to our revenues and assay portfolio.

The number of biomarkers covered by our assays continues to grow sharply again in 2013 with significant new tests added in the first half in breast cancer and Alzheimer's and with more to come in the second half. TMT® sales are benefiting from the arrival of TMT® 10-plex and this will be supplemented by the launch of TMT® 20-plex and TMT® 30-plex at the end of 2013 or early 2014. Randox recently presented excellent results at the American Association of Clinical Chemistry meeting in the US confirming our earlier data on GST-P and NDKA, two stroke biomarkers that we licensed to them in 2012, as a precursor to them completing the development of the first blood test for stroke. Licensing discussions in stroke with other diagnostics companies and pharmaceutical companies producing the anti-thrombolytic rt-PA are ongoing and we are actively pursuing licences for a number of other biomarkers covered by our proprietary IP.

We are confident that we will show a considerable increase in revenue in 2013, particularly from our biomarker services activities and TMT®. Helped by the strong supporting data generated during the year we are also pushing hard to bring forward the outlicencing of our CK1d compounds that inhibit tau protein to the right pharmaceutical partner from whom we expect to command very substantial license fees, milestones and royalties. Our core activities are performing well with strong revenue growth in the second half and we expect that performance to continue in 2014.

R.S. Harris
Chairman **30th September, 2013**

Unaudited consolidated income statement
For the six months ended 30th June, 2013

	Note	Six months ended 30th June 2013 £	Six months ended 30th June 2012 £ Re-Stated *	Year ended 31st December 2012 £
Continuing operations				
Revenue				
Licences/sales/services		751,964	502,025	808,235
Grant services		133,511	304,266	344,732
Revenue		885,475	806,291	1,152,967
Cost of sales		(337,661)	(231,595)	(385,468)
Gross profit		547,814	574,696	767,499
Administrative expenses		(2,339,198)	(2,232,054)	(5,008,493)
Operating loss		(1,791,384)	(1,657,358)	(4,240,994)
Other gains and losses		-	-	(763,502)
Investment revenues		573	5,659	8,633
Finance costs		(106,692)	(98,233)	(199,624)
Loss before taxation		(1,897,503)	(1,749,932)	(5,195,487)
Tax		237,144	470,728	941,893
Loss for the period from continuing operations		(1,660,359)	(1,279,204)	(4,253,594)
Attributed to shareholders of the company		(1,660,359)	(1,279,204)	(4,253,594)
Loss per share				
Basic and diluted	2	(0.86p)	(0.66p)	(2.21p)

*See note 5 for details of the prior year restatement.

Unaudited consolidated statement of comprehensive income
For the six months ended 30th June, 2013

	Six months ended 30th June 2013 £	Six months ended 30th June 2012 £ Restated *	Year ended 31st December 2012 £
Exchange differences on translation of foreign operations	11,282	(28,752)	(33,074)
Other comprehensive expense for the year	11,282	(28,752)	(33,074)
Loss for the period	(1,660,359)	(1,279,204)	(4,253,594)
Total comprehensive expense for the period attributable to equity holders of the company	(1,649,077)	(1,307,956)	(4,286,668)

*See note 5 for details of the prior year restatement.

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 £	Total £
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	-	-	11,282
Total comprehensive expense for the period	-	-	-	-	-	-	(1,649,077)
Credit to equity for share-based payment	-	-	99,822	-	-	-	99,822
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)

Consolidated statement of changes in equity
For the year ended 31st December, 2012

	Share Capital £	Share Premium account £	Equity reserve £	Translation reserve £	Other Reserve £	Retained loss £	Total £
At 1st January 2012	1,921,724	40,582,138	2,785,744	(42,705)	10,755,000	(52,703,093)	3,298,808
Loss for the year	-	-	-	-	-	(4,253,594)	(4,253,594)
Exchange differences on translation of foreign operations	-	-		(33,074)	-	-	(33,074)
Total comprehensive expense for the year	-	-		-	-	-	(4,286,668)
Issue of share capital	3,261	20,670		-	-	-	23,931
Credit to equity for share-based payment	-	-	197,398	-	-	-	197,398
Balance at 31st December 2012	1,924,985	40,602,808	2,983,142	(75,779)	10,755,000	(56,956,687)	(766,531)

Restated unaudited consolidated statement of changes in equity
For the six months ended 30th June, 2012

	Share capital £	Share Premium account £	Equity reserve £	Translation reserve £	Other reserve £	Retained loss £	Total £
At 1st January 2012	1,921,724	40,582,138	2,785,744	(42,705)	10,755,000	(52,703,093)	3,298,808
Loss for the period	-	-	-	-	-	(1,279,204)	(1,279,204)
Exchange differences on translation of foreign operations	-	-	-	(28,752)	-	-	(28,752)
Total comprehensive expense for the period	-	-	-	-	-	-	(1,307,956)
Issue of share capital	3,261	20,670	-	-	-	-	23,931
Credit to equity for share-based payment charge	-	-	77,448	-	-	-	77,448
Balance at 30th June 2012 (unaudited)	1,924,985	40,602,808	2,863,192	(71,457)	10,755,000	(53,982,297)	2,092,231

Unaudited consolidated balance sheet
As at 30th June, 2013

	30th June 2013 £	30th June 2012 £ Restated *	31st December 2012 £
Non-current assets			
Goodwill	4,218,241	4,218,241	4,218,241
Property, plant and equipment	432,051	567,517	494,633
Other investments	-	763,502	-
	4,650,292	5,549,260	4,712,874
Current assets			
Inventories	367,696	479,794	331,431
Trade and other receivables	1,225,767	1,395,131	1,047,347
Cash and cash equivalents	514,375	2,406,554	858,249
	2,107,838	4,281,479	2,237,027
Total assets	6,758,130	9,830,739	6,949,901
Current liabilities			
Trade and other payables	(775,517)	(858,860)	(478,147)
Current tax liabilities	(16,408)	(6,604)	(572)
Short-term borrowings	(7,832,576)	(6,624,493)	(6,725,884)
Short-term provisions	(230,823)	(91,421)	(209,267)
	(8,855,324)	(7,581,378)	(7,413,870)
Net current liabilities	(6,747,486)	(3,299,899)	(5,176,843)
Non-current liabilities			
Long-term provisions	(218,592)	(157,130)	(302,562)
Total liabilities	(9,073,916)	(7,738,508)	(7,716,432)
Net liabilities	(2,315,786)	2,092,231	(766,531)
Equity			
Share capital	1,924,985	1,924,985	1,924,985
Share premium account	40,602,808	40,602,808	40,602,808
Equity reserve	3,082,964	2,863,192	2,983,142
Other reserve	10,755,000	10,755,000	10,755,000
Translation reserve	(64,497)	(71,457)	(75,779)
Retained loss	(58,617,046)	(53,982,297)	(56,956,687)
Total deficit	(2,315,786)	2,092,231	(766,531)

*See note 5 for details of the prior year restatement.

Unaudited consolidated cash flow statement
For the six months to 30th June, 2013

	Note	Six months ended 30th June 2013 £	Six months ended 30th June 2012 £	Year ended 31st December 2012 £
Cash flows from operating activities	**4**			
Cash used in operations		(1,370,319)	(1,612,228)	(4,209,832)
Interest paid		-	-	-
Tax refunded/(paid)		10,872	(36,946)	856,465
Net cash outflow from operating activities		(1,359,447)	(1,649,174)	(3,353,367)
Cash flows from investing activities				
Purchases of property, plant and equipment		(3,422)	(8,036)	(14,603)
Interest received		573	5,659	8,633
Net cash outflow from investing activities		(2,849)	(2,377)	(5,970)
Financing activities				
Proceeds on issue of shares		-	23,930	23,930
New loans raised		1,000,000	-	-
Net cash from financing activities		1,000,000	23,930	23,930
Net decrease in cash and cash equivalents		(362,296)	(1,627,621)	(3,335,407)
Cash and cash equivalents at beginning of period		858,249	4,064,080	4,064,080
Effect of foreign exchange rate changes		18,422	(29,905)	129,576
Cash and cash equivalents at end of period		514,375	2,406,554	858,249

Notes to the unaudited interim results
For the six months to 30th June, 2013

1. The information for the period ended 30th June, 2013 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. It has been prepared in accordance with the accounting policies set out in, and is consistent with, the audited financial statements for the year to 31st December, 2012. These statutory accounts, upon which the auditors issued an unmodified opinion, but which contained an emphasis of matter statement regarding the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, have been delivered to the Registrar of Companies.

The interim financial report has been prepared with accounting policies consistent with International Financial Reporting Standards. The financial statements have been prepared under the historical cost basis.

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 2013	Unaudited first-half 2012 Restated *	Year ended 31st December 2012
	£	£	£
Loss per share			
Loss for the purpose of basic loss per share being net loss attributable to equity holders of the parent	(1,660,539)	(1,279,204)	(4,253,594)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic loss per share	192,498,477	192,402,278	192,452,555
Weighted average number of ordinary Shares for the purpose of diluted loss per share	192,498,477	192,402,278	192,452,555

*See note 5 for details of the prior year restatement.

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.

3. Tax credit for the period

The tax credit for the six months to the 30th June, 2012 included a tax credit of £337,728 for the year ended 31st December, 2010 following the re-submission of the tax computations for that year.

Notes to the unaudited interim results (continued)
For the six months to 30th June, 2013

4 Note to the consolidated cash flow statement

	Unaudited first-half 2013 £	Re-stated Unaudited first-half 2012 £	Year ended 31st December 2012 £
Operating loss	(1,791,384)	(1,657,358)	(4,240,994)
Adjustments for:			
Depreciation of property, plant and equipment	86,128	85,831	166,437
Share-based payment expense	99,822	77,448	197,398
Operating cash flows before movements in working capital	(1,605,434)	(1,494,079)	(3,877,159)
Increase in inventories	(36,263)	(179,273)	(30,910)
Decrease/(increase) in receivables	55,449	(7,846)	(79,427)
Increase/(decrease) in payables	278,343	68,970	(341,284)
Decrease in provisions	(62,414)	-	118,948
Cash used in operations	(1,370,319)	(1,612,228)	(4,209,832)

5. The grant income credited in the unaudited income statement for the six months to the 30th June, 2012 has been restated to reflect the accounting treatment adopted in the audited financial statements for the year to 31st December, 2012.

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