15th September 2016

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

INTERIM RESULTS

Proteome Sciences today releases its unaudited interim results for the six months ended 30th June 2016.

Financial highlights:

- Revenues to 30th June increased 32% to £1.12m (2015: £0.85m)
- Licences/sales/services revenues increased 44% to £1.08m (2015: £0.75m)
- TMT® reagent sales increased 27%
- Administrative expenses increased to £2.27m (2015: £2.07m) to fund new equipment and recruitment
- Loss after tax £1.49m (2015: £1.44m)

Commenting on these results, Jeremy Haigh, Chief Executive Officer of Proteome Sciences, said:

"We are pleased to report that performance during the first six months of 2016 has been in line with expectations, and it is encouraging that revenues remain well ahead of the equivalent period in 2015 despite some delays to significant service contracts which are now scheduled to generate income later in the year. Managing the progress and delivery of a limited number of these core projects remains fundamental to the performance of our business. Our exclusive license to provide isobaric tagging reagents (TMT®) to Thermo Scientific is increasingly profitable and sales growth is projected for the foreseeable future.

The widespread adoption of proteomics as a critical enabling technology for the discovery and development of targeted therapeutics continues to gather pace, and with it the opportunity for new entrants to this market which will require us to be more competitive with our service offering, more efficient in the use of our resources, and potentially more radical as we re-evaluate the core elements of our business.

This is the first set of results since my appointment as CEO and I would like to thank all the staff at Proteome Sciences, our customers and collaborators, for their support over the last three months".

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About Proteome Sciences plc. (www.proteomics.com)

Proteome Sciences is a leader in applied proteomics offering high sensitivity, proprietary technologies and workflows for mapping cell signalling pathways (SysQuant®, TMTcalibrator™) and for the discovery, validation and assay development of protein biomarkers. The company has its headquarters in Cobham, UK, with laboratory facilities in London, UK and in Frankfurt, Germany from where the PS Biomarker Services™ division provides outsourced proteomics services and proprietary biomarker assays to biopharmaceutical and diagnostics companies and to academia.

Proteome Sciences has patented a number of novel protein biomarkers for diagnostic and treatment applications in important areas of human therapeutics such as cancer, stroke and Alzheimer's disease, and these are available for license.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

Chief Executive Officer's Report

Biomarker Services

Our services business has been solid during the first six months, with new inquiries significantly directed towards the use of TMTcalibrator™ as clients search for particularly challenging biomarkers to support their drug development programs. We have measured non-human proteins in pre-clinical studies, enabling better-informed decisions about the promise of experimental medicines, and analysed clinical trial samples from two phase 1 studies confirming mechanism of action and providing insight into biomarker changes that may be useful in monitoring treatment effect. SysQuant® continues to perform well as the advent of precision medicine fuels the need to understand changes in protein expression and activity. However, the conversion of client interest into formal contract work and repeat business has been less reliable than anticipated for both our major service platforms. Moreover, some established contracts have been slower to reach agreed milestones than expected, delaying revenues into the second half although we don't anticipate this will have a material impact on 2016.

Bioinformatics

Following development of SysQuant® and TMTcalibrator™ we identified the importance of simplifying data outputs for our clients, and have now completed the production and testing of a suite of new bioinformatics tools which can extract the most pertinent knowledge from high-complexity proteomics studies with minimal user interaction. We are now able to reduce the data processing and analysis times in internal research programs by more than 50% while improving the quality of information generated, and we anticipate that these new bioinformatics products will enhance the value of SysQuant® and TMTcalibrator™ and open up new commercial opportunities for the analysis of third-party data sets.

Licences

Orders for our TMT® reagents have grown strongly during the first half and are principally responsible for our overall year on year growth in revenues as research groups recognise the benefits of multiplexing samples. However, isobaric tagging represents only a small part of the total proteomics market and scope remains for considerable further growth in TMT® revenues as adoption by several key opinion leaders spreads through the wider research community. Reagent synthesis in Frankfurt is running near capacity while work continues to develop new reagents which will enable the parallel analysis of more biological samples (so called 'higher plexing' solutions). Introduction of such follow-on products is clearly important for the isobaric tagging market and we are working closely with our exclusive licensee, Thermo Scientific, to introduce such improvements as soon as possible. While progress has been slower than anticipated, and delivery is unlikely before the end of 2017, continued TMT® sales growth is projected for the foreseeable future.

As communicated in the recent trading update, launch of the CE marked stroke diagnostic is now scheduled for the second half of 2017 to allow the incorporation of a new class of antibodies generated during the first half by Randox. These antibodies have been validated against all the stroke marker proteins covered by our IP and of interest for this diagnostic, and they deliver significantly improved assay sensitivity. Trials to generate the necessary registration data will be performed after assembly of the final array and a Research Use Only product is still expected to be available ahead of the CE marked assay.

Cancer

As clinical evidence accumulates that different tumour types respond well to targeted therapeutics, cancer continues to be a focus of our current research programs aimed at validating the utility of proteomics. Data collection from 15 hepatocellular carcinoma samples was completed in June for the retrospective trial using SysQuant® to predict a response to the kinase inhibitor sorafenib. Preliminary analysis of these data is encouraging, showing differences in both the expression and activation of several proteins which may ultimately allow the prediction of a drug response, and a prospective trial is being planned to address this.

Alzheimer's Disease

Attention has recently been focused on the tau protein in advance of the long awaited LMTX Phase 3 trial results from TauRx which proved equivocal. Efficacy in a subset of treatment naïve patients analysed retrospectively was sufficient to generate media enthusiasm despite the failure to meet co-primary endpoints, but the consequence of this for broader biopharmaceutical interest in the tau pathway remains unclear, particularly as the companion trial in fronto-temporal dementia was negative. We continue to discuss the treatment potential of our CK1D inhibitors, which recently entered a due diligence review, and to develop a general diagnostic test for Alzheimer's disease on behalf the Genting TauRx Diagnostic Centre.

Increasing public and private investment in Alzheimer's disease research over recent years is leading to greater optimism about the potential for disease-modifying agents and a spate of publications about the critical importance of identifying early blood-borne predictors of neurodegeneration. A recent study performed at the Universities of Oxford, Cardiff and King's College Hospital has further demonstrated the utility of the protein clusterin, a blood biomarker jointly discovered by Proteome Sciences and King's College London, in the prediction of Alzheimer's disease progression from mild cognitive impairment. Not only do these data add value to our intellectual property covering clusterin but they should also inspire interest in our broader biomarker portfolio for Alzheimer's disease.

Outlook

The importance of early diagnosis and accurate patient selection have never been greater in a healthcare environment now dominated by the expectations of patients and the demands of payers. Proteomics will be routinely employed as an enabling technology critical to the provision of targeted therapeutics and the prediction of treatment response, and as a consequence the true value of our services and workflows is being recognised by many of our clients. We anticipate that the number and scale of SysQuant® and TMTcalibrator™ contracts should increase as more companies embed the philosophy of precision medicine at the heart of their research and development activities. While this represents a compelling opportunity, there is a fundamental need for us to broaden our customer base in an increasingly competitive sector, to initiate significant, long term contracts with established pharmaceutical and diagnostic companies, and to attract more repeat business from those with whom we have worked for the first time. Success requires that we simplify our message and communicate more directly to those who stand to benefit most from our expertise. To this end we are currently revising and updating our website, with a view to relaunching it in Q4 2016, and working with our partners and collaborators to ensure that the results of studies using our platform technologies reach the widest possible audience.

We have achieved good revenue growth over the first six months and expect this to continue for the full year. We look forward to broadening our customer base as the adoption of proteomics accelerates.

Jeremy Haigh
Chief Executive Officer
14th September 2016

Chief Financial Officer's Report

Revenues in the first half are 32% ahead of the equivalent period in 2015, increasing to £1.12m from £0.85m. This significant increase is driven principally by strong sales of our TMT® reagents. We received our largest ever TMT® order and associated royalty payment in Q2. The first half performance would have been better still but for the delay to a major service contract which has started three months later than expected. However, administrative expenses in the period have also increased by 9.3% from £2.1m to £2.3m due to the costs associated with a new Fusion mass spectrometer, and recruitment of the new Chief Executive Officer who joined the company on June 1st.

The loss before taxation of £1.8m is broadly similar to last year and cash outflows were reduced to £1.4m. As at 30th June 2016, the Group had cash resources of £0.6m and the directors are confident that they will be able to raise additional financing should it be required.

There have been large movements to both Dollar and Euro foreign exchange rates since the Brexit vote on 24th June, but they did not impact the first half and are not expected to have a material effect on the overall financial performance given increases both in our foreign denominated revenues and in the costs of our Frankfurt facility.

Geoff Ellis
Chief Financial Officer
14th September 2016

Consolidated income statement
For the six months ended 30th June, 2016

	Note	Six months ended 30th June 2016 (unaudited) £'000	Six months ended 30th June 2015 (unaudited) £'000
Continuing operations			
Revenue			
Licences/sales/services		1,082	748
Grant services		40	102
Revenue		1,122	850
Cost of sales		(527)	(372)
Gross profit		595	478
Administrative expenses		(2,265)	(2,073)
Operating loss		(1,670)	(1,595)
Finance income		1	1
Finance costs		(127)	(123)
Loss before taxation		(1,796)	(1,717)
Tax credit		300	275
Loss for the period		(1,496)	(1,442)
Attributed to shareholders of the Company		(1,496)	(1,442)
Loss per share			
Basic and diluted	3	(0.66p)	(0.67p)

Consolidated statement of comprehensive income
For the six months ended 30th June, 2016

	Six months ended 30th June 2016 (unaudited) £'000	Six months ended 30th June 2015 (unaudited) £'000
Loss for the period	(1,496)	(1,442)
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	48	(57)
Total comprehensive expense for the period attributable to equity holders of the company	(1,448)	(1,499)

Consolidated balance sheet
As at 30th June, 2016

	30th June 2016 (unaudited) £'000	31st December 2015 (audited) £'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	729	857
Equipment on loan	118	237
	5,065	5,312
Current assets		
Inventories	364	291
Trade and other receivables	1,413	1,318
Cash and cash equivalents	610	1,808
	2,387	3,417
Total assets	7,452	8,729
Current liabilities		
Trade and other payables	(859)	(779)
Short-term borrowings	(8,570)	(8,443)
Short-term provisions	(35)	0
	(9,464)	(9,222)
Net current liabilities	(7,077)	(5,805)
Non-current liabilities		
Hire purchase payables	(249)	(386)
Long-term provisions	(306)	(276)
	(555)	(662)
Total liabilities	(10,019)	(9,884)
Net liabilities	(2,567)	(1,155)
Equity		
Share capital	2,280	2,280
Share premium account	48,986	48,986
Share-based payment reserve	3,438	3,402
Other reserve	10,755	10,755
Translation reserve	(140)	(188)
Retained loss	(67,886)	(66,390)
Total equity (deficit)	(2,567)	(1,155)

Consolidated cash flow statement
For the six months to 30th June, 2016

	Note	Six months ended 30th June 2016 (Unaudited) £'000	Six months ended 30th June 2015 (Unaudited) £'000
Cash flows from operating activities			
Cash used in operations	4	(1,252)	(1,460)
Tax paid		(1)	(20)
Net cash outflow from operating activities		(1,253)	(1,480)
Cash flows from investing activities			
Purchases of property, plant and equipment		(13)	(42)
Interest received		1	1
Net cash outflow from investing activities		(12)	(41)
Financing activities			
Repayment of hire purchase payables		(137)	-
Net cash outflow from financing activities		(137)	-
Net decrease in cash and cash equivalents		(1,402)	(1,521)
Cash and cash equivalents at beginning of period		1,808	1,868
Effect of foreign exchange rate changes		204	120
Cash and cash equivalents at end of period		610	467

Notes
For the six months to 30th June, 2016

1. These interim consolidated financial statements have been prepared using accounting policies based on International Financial Reporting 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 2015 Annual Report. The financial information for the half years ended 30th June 2016 and 30th June 2015 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 2015 included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for 2015 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31st December 2015 was unqualified, but did include a reference to the uncertainty surrounding going concern, to which the auditors drew attention by way of emphasis and did not contain a statement under 498(2) - (3) of the Companies Act 2006.

Going Concern for the six-month period to 30th June 2016 is considered in note 2.

The same accounting policies, presentation and methods of computation are followed in these interim consolidated financial statements as were applied in the Group's 31st December 2015 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. The directors have not yet considered whether any of these will have a material impact on the Group. The Board of Directors approved this interim report on 14th September 2016.

2. Going Concern

These interim financial statements have been prepared on the going concern basis. The Directors have reviewed the Group's going concern position taking account of its current business activities, budgeted performance and the factors likely to affect its future development.

As at 30th June 2016, the Group had cash resources of £0.6m, realised a loss for the six months ended 30th June 2016 ("the half-year") of £1.5m, had net cash outflows from operating activities of £1.25m for the half-year and had net current liabilities of £7.1m.

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of the interim financial statements. If the forecast is achieved, the Group will be able to operate within its existing facilities, however the timeline required to close sales contracts and the order value of individual sales continues to vary considerably, which constrain the ability to accurately predict revenue performance. Furthermore, the Group's products are still in the research and development phase and as such the directors consider that costs could exceed income in the short term. The directors therefore consider the group may need to raise financing within the next 12 months. The directors are confident they will be able to raise sufficient financing, should it be required, though a placement of shares or other funding. The directors have a history of successfully raising financing.

The Group is also dependent on the unsecured loan facility provided by the Chairman of the Group, which under the terms of the facility, is repayable on demand. Further details of this facility are set out in note 19(b) to the 31 December 2015 annual statutory financial statements. The Directors have received confirmation from the Chairman that he has no intention of seeking its repayment, with the facility continuing to be made available to the Group, on the existing terms, for at least 12 months from the date of approval of these interim financial statements.

The directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the group's ability to continue as a going concern. However, they believe that taken as a whole, the factors described above enable the group to continue as a going concern for the foreseeable future. The interim financial statements do not include the adjustments that would be required if the group was unable to continue as a going concern.

3. Loss per share from continuing operations

	Six months Ended 30th June 2016 (unaudited)	Six months Ended 30th June 2015 (unaudited)
	£	£
Loss per share		
Loss for the purpose of basic loss per share being net loss attributable to equity holders of the parent (£'000)	(1,496)	(1,442)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	227,966,732	214,105,600
Weighted average number of ordinary shares for the purpose of diluted loss per share	227,966,732	214,105,600

4. Cash flow: Reconciliation of operating loss to cash used in operations

	Six months ended 30th June, 2016 £'000	Six months ended 30th June, 2015 £'000
Operating loss	(1,670)	(1,595)
Adjustments for:		
Depreciation of property, plant and equipment	276	210
Share-based payment expense	36	36
Operating cash flows before movements in working capital	(1,358)	(1,349)
(Increase)/Decrease in inventories	(73)	45
(Increase) in receivables	(95)	(202)
Increase in payables	209	92
Increase/(Decrease) in provisions	65	(46)
Cash used in operations	(1,252)	(1,460)

5. Cautionary statement

This document contains certain forward-looking statements relating to Proteome Sciences plc ('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.