25th July 2017

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

Interim results for the six months ended 30 June 2017

Proteome Sciences is pleased to announce its unaudited interim results for the six months ended 30 June 2017.

Financial highlights:

- Total revenues increased 21% to £1.36m (2016: £1.12m)
- TMT® reagent sales and royalties increased 40% to £0.96m (2016: £0.69m)
- Gross profit increased 30% to £0.78m (2016: £0.60m)
- Administrative expenses were £2.45m (2016: £2.27m), including £0.14m of exceptional items to fund laboratory consolidation, relocation and recruitment activities
- Loss after tax £1.45m (2016: £1.50m)

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 2017 has been broadly in line with expectations, and revenues significantly ahead of the equivalent period in 2016 driven by strong growth in TMT® sales. This was achieved despite predictable disruption resulting from the consolidation of our laboratory capabilities in Frankfurt and the relocation of our head office to London; these activities increased our administrative expenses for the period compared with 2016 but are expected to generate cost savings from the second half of 2017 onwards.

The presentation of promising data from a prospective trial using the Randox Rapid Stroke Array was sufficient to trigger an important contractual milestone late in the first half and, more critically, also suggest the utility of a future diagnostic including stroke biomarkers covered by our intellectual property.

Commercialisation of our biomarker services remains fundamental to the growth of the company over the next 12 months and has been significantly improved by the arrival in April of Richard Dennis as our Chief Commercial Officer. He brings a deep understanding of our sector and an entirely fresh approach to sales. As we continue to expand the range of our enabling technologies we are convinced that our long-term commitment to proteomics, combined with a renewed focus on the speed, cost and quality of our service delivery, will enable us to remain highly competitive in an increasingly dynamic market.

We have achieved good revenue growth over the first six months and, as in previous years, expect a stronger second half with further progress"

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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®) and for the discovery, validation and assay development of protein biomarkers (TMTcalibrator™). The company has its headquarters in London, UK, with laboratory facilities 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 purpose of Article 7 of EU Regulation 596/2014.

Chief Executive Officer's Report

Following the scheduled closure of our laboratory at the Institute of Psychiatry in London on 30 April, with a reduction of four staff members, all equipment and capabilities have been successfully consolidated at our existing facility in Frankfurt without significantly compromising the delivery of any contracts or projects. In addition, our head office was finally relocated from Cobham to the developing 'knowledge quarter' of London in June with a consequent change in our registered address. These combined actions are fundamental to the strategy of Proteome Sciences, enabling much needed internal efficiency and increasing our external visibility within the bioscience ecosystem. Cost containment continues to be a core principle: the increase in spending required to support the organisational changes over the last six months was anticipated, an obvious corollary of fund-raising in 2016, but does not change our basic premise that we can run the organisation more economically, a philosophy which has been well supported by our principal investors and suppliers.

Services

The appointment of our first Chief Commercial Officer, Richard Dennis, on 1 April heralded a fresh approach to the commercialisation of our technology and services. He brings over 30 years' experience of strategic sales and marketing, combined with significant technical knowledge gained in competitor companies. In his first three months' he has already changed the nature and frequency of our customer engagement across the US and Europe with a focus on face to face selling. In that time, 25 customer visits in four countries have included 14 new clients and resulted in at least 10 business opportunities, further demonstrating the potential market for our services and generating momentum which will be carried into the second half of the year.

During this commercial leadership transition, which has also seen the departure of Glenn Barney (VP Sales & Marketing), our services business has been solid, although the conversion of initial client interest into formal contract work must still be strengthened for our major service platforms. Understanding customer needs is obviously a fundamental driver of success: a review of our pricing structure and an investment in our project management capability have both been responses to important feedback. In addition, significant progress has been made towards Good Clinical Laboratory Practice accreditation across the company, with installation of a critical Laboratory Information Management System scheduled for completion in the third quarter. This will allow us to compete more effectively for clinical stage contracts where data required for regulatory submission must be generated in a properly compliant environment, and where budgets are routinely larger.

Licences

The first results from a prospective trial of 192 subjects using the Randox Rapid Stroke Array were presented at the EuroMedLab meeting in Athens on 14 June 2017. This array, which includes biomarkers developed by us in association with the Biomedical Proteomics Research Group at the University of Geneva, showed excellent performance in identifying stroke from mimic conditions and healthy controls, and in differentiating between ischaemic and haemorrhagic strokes. Randox has agreed that a milestone (worth £100,000) for the delivery of a research grade stroke array has now been achieved according to contractual terms established in April 2012. These clinical results are very encouraging and confirm the potential of such biomarkers to provide clinicians with a clearer diagnosis and therefore to improve patient management. With over 150,000 cases of stroke per year in the UK alone, and an estimated societal impact of £9 billion, the market opportunity for a diagnostic which aids clinical intervention is compelling.

The application for a CE (Conformité Européene) marked array, upon which depend a further milestone payment and double-digit royalties for in-market sales, awaits registration data from the successful outcome of a clinical validation study. This trial will take significantly longer for Randox to complete than initially anticipated and, consequently, we do not now expect this application to be made before the end of 2018.

Orders for our TMT® reagents were again strong during the first half, with revenues increasing 40% compared with 2016, and growth is projected for the foreseeable future. Restocking our 10-plex supplies remains the priority and is on schedule, but reagent synthesis is running near capacity in Frankfurt leaving

limited resources for the development of new ('higher plexing') reagents which are clearly important for the future isobaric tagging market. We are collaborating closely on a strategy for such improvements with our exclusive licensee, Thermo Scientific, although progress has recently been hampered by the unreliable delivery of key chemical precursors from our suppliers. As a result, the commercial availability of any novel tags is not now expected before the second half of 2018.

Research

Due diligence on our CK1D (casein kinase 1 delta) inhibitor molecules has finally been completed by a European-based biopharmaceutical company that was evaluating them for potential in the treatment of sleep disorders (rather than the indication for which they were originally developed). Unfortunately, when compared with a reference standard, the company found insufficient activity in an animal circadian rhythm model to warrant their continued interest. We had not forecast any revenues from this programme and will continue to review our options.

Management

I am sorry to announce that Geoff Ellis has tendered his resignation after nearly three years as our Finance Director and Company Secretary. He will leave the organisation at a date to be agreed later in the summer. Stefan Fuhrmann, currently Head of Finance & Administration at our Frankfurt facility, will assume the role of Interim Finance Director from 1 August 2017 and is well qualified to discharge this responsibility having held the position of Financial Controller in previous organisations. The Board has appointed Victoria Birse as Company Secretary also with effect from 1 August 2017.

Outlook

The first half of 2017 has seen the conclusion of a much-anticipated program of consolidation and relocation, substantially changing the footprint of the company after many years and providing a simpler structure upon which the organisation can grow. While these activities were inevitably disruptive, they were completed without incident and on schedule, and will quickly enable greater efficiency and connectivity for all our functions.

With the organisation reset, we are well placed to pursue the business strategy more aggressively, and our clear focus remains customer engagement and the growth of service-based revenues. The introduction of a new sales approach is fundamental to this: in particular, our intention to engage a sales agent across the US will give us primary access to a much larger customer base in what is still, undeniably, our largest potential market. Furthermore, the increasing importance of our exclusive collaboration with Thermo Scientific cannot be underestimated and we will ensure that this remains a priority as TMT® revenues continue to grow.

We have achieved good revenue growth over the first six months and, as in previous years, expect a stronger second half with further progress.

Jeremy Haigh
Chief Executive Officer

24 July 2017

Finance Director's Report

Revenues in the first half are 21% ahead of the equivalent period in 2016, increasing to £1.36m from £1.12m. This significant increase is driven principally by strong sales of our TMT® reagents which have shown consistent growth in orders and associated royalties quarter on quarter.

After adjusting for non-recurring items associated with laboratory consolidation and office relocation to central London, our administrative expenses of £2.31m are broadly in line with the equivalent spend in 2016. The benefit of cost reduction associated with these organisational changes is expected to flow through from the second half of 2017.

The loss before taxation of £1.80m is also broadly similar to last year. As at 30 June 2017, the Group had cash resources of £0.87m. We expect a positive cash inflow in the first part of the third quarter as payments are collected from customers for significant sales billed in June.

Geoff Ellis
Finance Director

24 July 2017

Consolidated income statement
For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 (unaudited) £'000	Six months ended 30 June 2016 (unaudited) £'000
Continuing operations			
Revenue			
Licences, sales & services		1,352	1,082
Grant services		5	40
Revenue- Total		1,357	1,122
Cost of sales		(580)	(527)
Gross profit		777	595
Restructuring expenses (exceptional items)		(137)	-
Administrative expenses (other)		(2,311)	(2,265)
Administrative expenses- Total		(2,448)	(2,265)
Operating loss		(1,671)	(1,670)
Finance Income		1	1
Finance costs		(131)	(127)
Loss before taxation		(1,801)	(1,796)
Tax		350	300
Loss for the period		(1,451)	(1,496)
Loss per share			
Basic and diluted	2	(0.49p)	(0.66p)

Consolidated statement of comprehensive income
For the six months ended 30 June 2017

	Six months ended 30 June 2017 (unaudited) £'000	Six months ended 30 June 2016 (unaudited) £'000
Loss for the period	(1,451)	(1,496)
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	46	48
Total comprehensive expense for the period	(1,405)	(1,448)

Consolidated balance sheet
As at 30 June 2017

	30 June 2017 (unaudited) £'000	31 December 2016 (audited) £'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	431	592
	4,649	4,810
Current assets		
Inventories	556	600
Trade and other receivables	2,280	1,406
Cash and cash equivalents	869	2,884
	3,705	4,890
Total assets	8,354	9,700
Current liabilities		
Trade and other payables	(578)	(662)
Borrowings	(8,831)	(8,700)
	(9,409)	(9,362)
Net current liabilities	(5,704)	(4,472)
Non-current liabilities		
Hire purchase payables	(101)	(166)
Provisions	(385)	(361)
	(486)	(527)
Total liabilities	(9,895)	(9,889)
Net liabilities	(1,541)	(189)
Equity		
Share capital	2,946	2,943
Share premium account	51,451	51,451
Share-based payment reserve	3,486	3,436
Other reserve	10,755	10,755
Translation reserve	(58)	(104)
Retained loss	(70,121)	(68,670)
Total equity (deficit)	(1,541)	(189)

Consolidated cash flow statement
For the six months to 30 June 2017

	Six months ended 30 June 2017 (unaudited) £'000	Six months ended 30 June 2016 (unaudited) £'000
Loss before tax	(1,801)	(1,796)
Adjustments for:		
Net finance costs	130	126
Depreciation of property, plant and equipment	176	276
Share-based payment expense	50	36
Operating cash flows before movements in working capital	(1,445)	(1,358)
Decrease/(increase) in inventories	44	(73)
Increase in receivables	(524)	(95)
(Decrease)/increase in payables	(84)	208
Increase in provisions	24	66
Cash used in operations	(1,985)	(1,252)
Tax paid	-	(1)
Net cash outflow from operating activities	(1,985)	(1,253)
Cash flows from investing activities		
Purchases of property, plant and equipment	(18)	(13)
Interest received	1	1
Net cash outflow from investing activities	(17)	(12)
Financing activities		
Proceeds on issue of shares	3	-
Repayment of hire purchase payables	(65)	(137)
Net cash outflow from financing activities	(62)	(137)
Net decrease in cash and cash equivalents	(2,064)	(1,402)
Cash and cash equivalents at beginning of period	2,884	1,808
Effect of foreign exchange rate changes	49	204
Cash and cash equivalents at end of period	869	610

Notes

For the six months to 30 June 2017

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 31 December 2016 Annual Report. The financial information for the half years ended 30 June 2017 and 30 June 2016 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 31 December 2016 included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for 2016 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 December 2016 was unqualified, did not include a reference to uncertainty surrounding going concern, and did not contain a statement under 498(2) - (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 31 December 2016 annual audited financial statements. In addition, the IASB has 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 24 July 2017.

2. Loss per share from continuing operations

	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Loss per share		
Loss for the purpose of basic loss per share being net loss attributable to equity holders of the parent (£'000)	(1,451)	(1,496)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	294,486,738	227,966,732
Weighted average number of ordinary shares for the purpose of diluted loss per share	294,486,738	227,966,732

3. 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.