

**PROXIMAGEN NEUROSCIENCE PLC**  
("Proximagen" or "the Company")

**Interim results for the six months  
ended 31 May 2008**

London, UK, 13 August 2008 – Proximagen Neuroscience plc (AIM: PRX), the drug discovery and development company focused on neurodegenerative diseases, today announces its interim results for the six months ended 31 May 2008.

**Operational highlights:**

- \$232 million licensing agreement signed in July 2008 with Upsher-Smith to develop the PRX1 programme, following pre-clinical studies which revealed significant improvement over the Gold Standard treatment for Parkinson's disease.
- Strategic Partnership Agreement signed with Boehringer Ingelheim to apply development resource and expertise to a variety of novel central nervous system treatments.
- Proprietary compounds from the PRX5 programme show efficacy in models of Parkinson's disease and cognition.
- Proximagen's neuroprotective gene therapy programme, PRX4, shows delivery of the gene product to neurons which may restore normal brain function in patients with Parkinson's disease.

**Financial highlights**

- Increased R&D investment to £1.37 million (2007: £1.03 million).
- Cash and other financial assets of £6.77 million at 31 May 2008 (2007: £10.4 million).

**Commenting on the Group's interim results, Kenneth Mulvany, Chief Executive Officer, said:** "I am delighted to report that Proximagen has had strong validation of its technology with industry partners. The licensing deal with Upsher-Smith demonstrates Proximagen's ability to leverage our expertise in Parkinson's disease to discover first class drug candidates, as well as our ability to commercialise early stage products. The strategic partnership with Boehringer Ingelheim, signed during the period, is consistent with our overall strategic plan to move multiple indications forward simultaneously by collaborating with high-quality partners. Through these industry partnerships and with a strong cash balance, Proximagen is well positioned to continue investment in our pipeline and exploit commercial opportunities as they arise."

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## **Chairman's and Chief Executive's Statement**

### **Overview**

The six months to 31 May 2008 have seen substantial progress as well as strong validation of our research and development (R&D) programmes from pharmaceutical companies. A key achievement, which occurred at the very beginning of the period, was the signature of our Strategic Partnership Agreement with Boehringer Ingelheim, one of the world's leading global pharmaceutical companies. Under the agreement, Boehringer Ingelheim and Proximagen will jointly apply their development resource and expertise to a variety of novel central nervous system (CNS) treatments, including those associated with Parkinson's disease (PD). The agreement underlines the value of our pipeline and serves as a strong endorsement of the scientific excellence on which our programmes are based.

The second half of our 2008 financial year is off to a very strong start with the recent announcement of the Licensing Agreement with Upsher-Smith, a US-based company which develops, manufactures and markets pharmaceuticals in a number of therapeutic areas. The agreement covers the development and commercialisation of Proximagen's proprietary PRX1 programme for the symptomatic treatment of PD. Since the period end, Proximagen has received an upfront payment and is entitled to milestone payments totalling up to \$232 million plus royalties on global product sales. Under the terms of the agreement, Upsher-Smith expects to make a \$6 million equity investment in Proximagen at c.£2 per share with the premium pricing reflecting what the two parties agree to be the net present value of the PRX1 programme at its current stage of development. Following this first equity investment, Upsher-Smith will hold 7.1% of the enlarged issued share capital of Proximagen. Upsher-Smith is responsible for the worldwide development and commercialisation of PRX1 under the direction of a joint steering committee on which there will be representation from Proximagen.

### **Pipeline advances**

Proximagen remains committed to maximising returns from our pipeline of promising drug candidates for the treatment of CNS and neurodegenerative diseases. Considerable progress has been made in our five leading drug discovery programmes during the first half of 2008. Our most advanced programme, PRX1, a platform of levodopa (L-DOPA) prodrugs for symptomatic treatment of PD, is expected to begin its proof-of-concept clinical trial study next year. The global market for the treatment of PD is worth more than \$2 billion annually with the potential for a longer acting L-DOPA drug with a reliable absorption profile to make significant headway into this market. Results generated to date have been very encouraging and have met our stringent criteria for a development candidate, with a pre-clinical profile showing a reliable onset of activity, a significantly increased duration of action, and an overall improved efficacy compared to L-DOPA plus entacapone. Importantly, these benefits occur with a reduction in the unwanted side-effect of dyskinesia, an improvement which could prove to be a major breakthrough for patients suffering from PD.

The PRX2 programme is designed as a novel treatment for the uncontrollable movements (dyskinesia) that are frequently seen in PD. Our pre-clinical studies indicate that our drug candidates are effective in significantly reducing dyskinesia without interfering with the beneficial effects of anti-Parkinsonian medication, and have been shown to be safe and well-tolerated in experimental models. In 2008, we anticipate further data on efficacy and safety with our most advanced compounds ready to support our pre-clinical dossier. Future clinical trials are expected to demonstrate a drug candidate that will provide a novel treatment that greatly reduces the incidence and severity of debilitating involuntary movements.

The PRX2 programme was recently expanded to target a second therapeutic area - the treatment of neuropathic pain, a market worth \$2.7 billion. Although our compounds to treat pain leverage our growing expertise with selective neuronal nitric oxide synthase inhibitors, these compounds necessitate a different pharmacological profile than those to treat dyskinesia. Lead optimisation continues to improve the pharmacokinetic profile of these compounds, which have been shown to be potent pain relievers. We expect that the pain indication will be given its own "PRX" programme designation number in the near future.

The Company's PRX4 gene therapy programme is aimed at slowing and/or preventing the inevitable progression of cell loss in neurodegenerative disorders. Previous studies have shown that this gene is implicated in the control mechanisms associated with the degeneration of neurons. Recent studies by Proximagen show that delivery of the gene product to neurons may reduce degeneration of these neurons, indicating that this treatment may prevent further degeneration in diseases such as PD. Furthermore, data suggests that treatment may restore normal brain function to patients, reversing the difficulties in movement that characterise PD.

The PRX5 programme is addressing both the symptomatic treatment of PD and the control of cognitive decline. Compounds from this programme are novel D1 dopamine agonists and have been shown to be orally active, selective, highly potent and effective in models of improving cognition and in treating PD. Data suggests that decreased dopaminergic function in parts of the brain in PD patients, and to a lesser extent as part of the normal ageing process, leads to impaired working memory and cognitive awareness which can be alleviated by the administration of D1 receptor agonists. It is our intention to develop these compounds through to Phase II proof-of-concept in human patient studies.

We are pleased to report that there has been strong commercial interest in our programmes which have been designed to be effective over the entire duration of the illnesses and to avoid side-effects associated with existing therapies. We are also addressing the need for treatments that will stop or slow the otherwise inevitable progression of neurodegenerative disease. Investment in these programmes will continue, as will investment in promising new programmes to provide us with a platform for continued growth.

### **Financial review**

Our expenditure on R&D was £1.37 million, compared with £1.03 million for the same period last year and £1.57 million for the second half of 2007. The rate of expenditure has slowed compared with the second half of 2007, largely owing to the completion in early 2008 of the PRX5 discovery chemistry programme.

Revenue from service contracts for the first six months of the year was £0.06 million (2007: £0.2 million). We continue to use most of our available capacity for our own R&D but we do expect our capacity to increase in the relative near-term as the PRX1 programme progresses towards its clinical phase.

Our cash and other financial assets at the period end were £6.77 million, a reduction of £1.74 million since the year end. We remain committed to managing all our resources very carefully and recognise the value of cash at a time when there are many pressures on the capital markets.

### International Financial Reporting Standards

This is the first set of interim accounts to be produced under International Financial Reporting Standards (IFRS) as adopted by the European Union. Comparative numbers in the financial information have been restated and a reconciliation of the previously reported UK GAAP information to that compiled under IFRS is shown in note 3 to the financial information.

### **Outlook**

We are confident about Proximagen's prospects for the remainder of 2008 and beyond, and believe that the Company has a strong platform from which to build value for the future. We have a very valuable partnership in place with Upsher-Smith for our PRX1 programme with milestone payments totalling up to \$232 million payable upon the PRX1 programme reaching certain milestones, together with up to double digit royalties. We also have two other valuable collaborations with leading pharmaceutical companies and the level of commercial interest from potential partners in all our programmes is extremely encouraging. The Board is confident that the Company's clear strategic focus, coupled with the progress made in the first half of 2008, leaves Proximagen well placed for the future.

Bruce Campbell  
Kenneth Mulvany  
13 August 2008

**CONSOLIDATED INCOME STATEMENT (unaudited)**

**For the six months ended 31 May 2008**

	Note	Six months ended 31 May 2008	Six months ended 31 May 2007	Year ended 30 November 2007
		£'000	£'000	£'000
<b>Revenue</b>		56	191	282
Cost of sales		(18)	(86)	(117)
<b>Gross profit</b>		38	105	165
Net operating costs				
Research and development		(1,373)	(1,033)	(2,604)
Administrative expenses		(546)	(440)	(1,092)
		(1,919)	(1,473)	(3,696)
Other operating income		42	-	42
<b>Operating loss</b>		(1,839)	(1,368)	(3,489)
Finance income		227	276	550
<b>Loss before income tax</b>		(1,612)	(1,092)	(2,939)
Income tax expense		-	-	(32)
<b>Loss for the period attributable to equity shareholders</b>		(1,612)	(1,092)	(2,971)
<b>Earnings per share</b>				
<b>Basic and diluted loss per share attributable to equity shareholders of the company (pence)</b>	2	(8.0)	(5.4)	(14.8)

All group activities relate to continuing operations.

**CONSOLIDATED INTERIM BALANCE SHEET AT 31 MAY 2008 (unaudited)**

	<b>31 May 2008</b>	<b>31 May 2007</b>	<b>30 November 2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	307	213	354
<b>Current assets</b>			
Trade and other receivables	595	547	636
Other financial assets	6,000	10,300	8,000
Cash and cash equivalents	769	81	507
<b>Total current assets</b>	<b>7,364</b>	<b>10,928</b>	<b>9,143</b>
<b>Total assets</b>	<b>7,671</b>	<b>11,141</b>	<b>9,497</b>
<b>Current liabilities</b>			
Trade and other payables			
Trade payables	(426)	(553)	(497)
Other taxation and social security	(37)	(30)	(34)
Accruals and deferred income	(135)	(54)	(312)
<b>Total current liabilities</b>	<b>(598)</b>	<b>(637)</b>	<b>(843)</b>
<b>Net current assets</b>	<b>6,766</b>	<b>10,291</b>	<b>8,300</b>
<b>Net assets</b>	<b>7,073</b>	<b>10,504</b>	<b>8,654</b>
<b>Equity</b>			
Ordinary shares	201	200	201
Share premium	12,661	12,660	12,661
Merger reserve	299	299	299
Share based payment reserve	157	99	126
Retained earnings	(6,245)	(2,754)	(4,633)
<b>Total equity</b>	<b>7,073</b>	<b>10,504</b>	<b>8,654</b>

**CONSOLIDATED INTERIM CASH FLOW STATEMENT (unaudited)**

**For the six months ended 31 May 2008**

	<b>Six months ended 31 May 2008</b>	<b>Six months ended 31 May 2007</b>	<b>Year ended 30 November 2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Cash flows from operating activities</u></b>			
Loss before tax	(1,612)	(1,092)	(2,939)
Adjustments for:			
Depreciation	45	27	63
Finance income	(227)	(276)	(550)
Share based payment	31	35	62
Decrease/(increase) in trade and other receivables	58	161	(151)
(Decrease)/increase in trade and other payables	(245)	(47)	159
	<hr/>	<hr/>	<hr/>
Cash used in operations	(1,950)	(1,192)	(3,356)
Income taxes received	-	-	76
	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(1,950)	(1,192)	(3,280)
<b><u>Cash flow from investing activities</u></b>			
Financial assets realised	2,000	700	3,000
Interest received	210	95	484
Purchase of property, plant and equipment	(1)	(9)	(185)
Proceeds from sale of property, plant and equipment	3	-	-
	<hr/>	<hr/>	<hr/>
Net cash generated from investing activities	2,212	786	3,299
<b><u>Cash flows from financing activities</u></b>			
Proceeds from the issue of ordinary shares	-	1	2
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	-	1	2
	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	262	(405)	21
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period	507	486	486
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of the period	769	81	507
	<hr/>	<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

	Ordinary Shares	Share Premium	Merger reserve	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Six months ended 31 May 2008</b>						
<b>Balance at 1 December 2007</b>	201	12,661	299	126	(4,633)	8,654
Loss for the period	-	-	-	-	(1,612)	(1,612)
Total recognised income and expense for the period	-	-	-	-	(1,612)	(1,612)
Share based payments	-	-	-	31	-	31
<b>Balance at 31 May 2008</b>	<b>201</b>	<b>12,661</b>	<b>299</b>	<b>157</b>	<b>(6,245)</b>	<b>7,073</b>
<b>Six months ended 31 May 2007</b>						
<b>Balance at 1 December 2006</b>	200	12,659	299	64	(1,662)	11,560
Loss for the period	-	-	-	-	(1,092)	(1,092)
Total recognised income and expense for the period	-	-	-	-	(1,092)	(1,092)
Share based payments	-	-	-	35	-	35
Issue of share capital	-	1	-	-	-	1
<b>Balance at 31 May 2007</b>	<b>200</b>	<b>12,660</b>	<b>299</b>	<b>99</b>	<b>(2,754)</b>	<b>10,504</b>
<b>Year ended 30 November 2007</b>						
<b>Balance at 1 December 2006</b>	200	12,659	299	64	(1,662)	11,560
Loss for the period	-	-	-	-	(2,971)	(2,971)
Total recognised income and expense for the period	-	-	-	-	(2,971)	(2,971)
Share based payments	-	-	-	62	-	62
Issue of share capital	1	2	-	-	-	3
<b>Balance at 30 November 2007</b>	<b>201</b>	<b>12,661</b>	<b>299</b>	<b>126</b>	<b>(4,633)</b>	<b>8,654</b>

## Notes

### 1. Basis of preparation

These unaudited interim financial statements are for the six months ended 31 May 2008. They have been prepared in accordance with the requirements of International Financial Reporting Standards 1 'First-time Adoption of International Financial Reporting Standards' relevant to interim reports. They have been prepared on this basis as they will form part of the period covered by the group's first IFRS financial statements for the year ended 30 November 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 30 November 2007.

These interim financial statements have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue and as adopted by the European Union (EU) and are effective or are expected to be adopted and effective at 30 November 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

The policies have changed from the previous year when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS. The changes to accounting policies are explained in note 3 with the transition statement which shows the reconciliation of opening balances. The date of transition to IFRS was 1 December 2006.

The group has taken advantage of certain exemptions available under IFRS 1. The exemptions used are explained under the respective accounting policy.

The results for the six months to 31 May 2008 are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 30 November 2007 has been derived from the group's audited financial statements for the year as filed with the Registrar of Companies. The auditor's report on the statutory financial statements for the year ended 30 November 2007 was not qualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

#### Accounting policies

The accounting policies have been applied consistently throughout the group for the purposes of preparation of these interim financial statements.

The financial statements have been prepared under the historical cost convention.

#### Basis of consolidation

Proximagen Neuroscience plc acquired the entire share capital of Proximagen Limited on 9 March 2005 by way of a share for share exchange. The financial information is presented as though the merged business had always been a single group.

All intra-group transactions and balances are eliminated on consolidation.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Subsequent to the date of transition to IFRS, acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On the initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair value, which are also used as the basis for subsequent measurement in accordance with the group accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

### **Business combinations completed prior to date of transition to IFRS**

The group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition at 1 December 2006. Accordingly the classification of the combination (acquisition) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax and minority interest are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

### **Revenue recognition**

#### a) Services rendered

Revenue represents the value of services provided to third parties after deducting Value Added Tax. Revenue is derived from a range of services aimed at accelerating the drug discovery process in neurology. Services are generally provided through specific research agreements with distinct milestones, each with a typical study duration of three to six months.

Revenue from these services is recognised on a percentage to completion basis. Fixed price contracts are assessed on a contract by contract basis and reflected in the income statement by recording revenue and related costs as contract activity progresses. Revenue is recognised so as to reflect the right to consideration as contract activity progresses by reference to the value of work performed. The amount by which revenue exceeds payments on account is included in trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included as deferred income. Provisions for estimated losses, if any, on uncompleted contracts are recognised in the period in which the likelihood of such losses is determined.

#### b) Grant income

Grant income is recognised when there is reasonable assurance that the conditions attaching to the grant have been met and that the grant will be received. Grant income is shown in the income statement as other operating income.

### **Research and development**

The criteria for development costs to be recognised as an asset, as set out in IAS 38 “Intangible Assets”, are not met until a product has been submitted for regulatory approval and it is probable that future economic benefit will flow to the group. With its research and development programmes still at the pre-clinical stage, the group currently has no such qualifying expenditure.

Expenditure on pure and applied research is charged to the income statement in the period in which it is incurred.

### **Property, plant and equipment**

All property, plant and equipment is stated at cost, less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of property, plant and equipment less its estimated residual value over its expected useful life, as follows:

Laboratory equipment over £500: 10%-25% straight line

Computer and office equipment over £500: 25% straight line

The need for any property, plant and equipment impairment write down is assessed by comparing the carrying value of property, plant and equipment against the higher of its realisable value and its value in use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Financial assets**

Financial assets are divided into the following categories: trade and other receivables, other financial assets and cash and cash equivalents.

a) **Trade and other receivables**

Trade receivables are measured subsequent to initial recognition at amortised cost, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement. Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of the receivable. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

b) **Other financial assets**

Other financial assets comprise short-term deposits not meeting the IAS 7 definition of a cash equivalent and are treated as loans and receivables and are measured at amortised cost.

c) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are really convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Foreign currency**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

### **Deferred taxation**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

### **Employee benefits**

All employee benefit costs, notably holiday pay, bonuses and contributions to personal defined contribution pension schemes are charged to the consolidated income statement on an accruals basis.

### **Share based payments**

In accordance with IFRS 2 "Share-based payment", the group measures the fair value of equity settled transactions with employees at the grant date of the equity instruments. The fair value is calculated using the Black-Scholes model and requires assumptions regarding dividend yields, risk-free interest rates, share price volatility and expected life of an employee share option. The arising expense is charged to the income statement on a straight-line basis over the expected vesting period. At each balance sheet date, the group revises its estimate of the number of options that are expected to become exercisable.

## **2. Loss per share**

The calculation of loss per share for the period ended 31 May 2008 is based upon the loss after tax for the period of £1,612k divided by the weighted average number of 20,058,872 shares in issue during the six month period to 31 May 2008. The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33.

### **3. Explanation of transition to IFRS**

As stated in the Basis of Preparation, these are the group's first consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the group's financial position and financial performance is set out below.

#### **Explanation of adjustments**

- (a) With reference to IAS 7, cash held on deposit with a maturity of three months or more cannot be classified as 'Cash and cash equivalents' and such amounts are therefore classified as 'Other financial assets'. Their value is measured at amortised cost.
- (b) IAS 19 requires the recording of a holiday pay accrual. This has been included for each of the reporting periods. For the twelve months to 30 November 2006 the impact on the income statement was £11k (accrual included within accruals and deferred income: £11k), for the 6 months to 31 May 2007 the impact on the income statement was £3k (accrual included within accruals and deferred income: £14k) and for the 12 months to 30 November 2007 the impact on the income statement was £5k (accrual included within accruals and deferred income: £16k).

**Reconciliation of equity as at 1 December 2006 (unaudited)**

	<b>Note</b>	<b>UK GAAP £'000</b>	<b>Adj £'000</b>	<b>IFRS £'000</b>
<b>Non-current assets</b>				
Property, plant and equipment		232	-	232
<b>Current assets</b>				
Trade and other receivables		527	-	527
Other financial assets	3 (a)	-	11,000	11,000
Cash and cash equivalents	3 (a)	11,486	(11,000)	486
<b>Total current assets</b>		<b>12,013</b>	<b>-</b>	<b>12,013</b>
<b>Total assets</b>		<b>12,245</b>	<b>-</b>	<b>12,245</b>
<b>Current liabilities</b>				
Trade and other payables				
Trade payables		(449)	-	(449)
Other taxation and social security		(24)	-	(24)
Accruals and deferred income	3 (b)	(201)	(11)	(212)
<b>Total current liabilities</b>		<b>(674)</b>	<b>(11)</b>	<b>(685)</b>
<b>Net current assets</b>		<b>11,339</b>	<b>(11)</b>	<b>11,328</b>
<b>Net assets</b>		<b>11,571</b>	<b>(11)</b>	<b>11,560</b>
<b>Equity</b>				
Ordinary shares		200	-	200
Share premium		12,659	-	12,659
Merger reserve		299	-	299
Share based payment reserve		64	-	64
Retained earnings	3 (b)	(1,651)	(11)	(1,662)
<b>Total equity</b>		<b>11,571</b>	<b>(11)</b>	<b>11,560</b>

**Reconciliation of equity as at 31 May 2007 (unaudited)**

	Note	UK GAAP £'000	Adj £'000	IFRS £'000
<b>Non-current assets</b>				
Property, plant and equipment		213	-	213
<b>Current assets</b>				
Trade and other receivables		547	-	547
Other financial assets	3 (a)	-	10,300	10,300
Cash and cash equivalents	3 (a)	10,381	(10,300)	81
<b>Total current assets</b>		10,928	-	10,928
<b>Total assets</b>		11,141	-	11,141
<b>Current liabilities</b>				
Trade and other payables				
Trade payables		(553)	-	(553)
Other taxation and social security		(30)	-	(30)
Accruals and deferred income	3 (b)	(40)	(14)	(54)
<b>Total current liabilities</b>		(623)	(14)	(637)
<b>Net current assets</b>		10,305	(14)	10,291
<b>Net assets</b>		10,518	(14)	10,504
<b>Equity</b>				
Ordinary shares		200	-	200
Share premium		12,660	-	12,660
Merger reserve		299	-	299
Share based payment reserve		99	-	99
Retained earnings	3 (b)	(2,740)	(14)	(2,754)
<b>Total equity</b>		10,518	(14)	10,504

**Reconciliation of equity as at 30 November 2007 (unaudited)**

	<b>Note</b>	<b>UK GAAP £'000</b>	<b>Adj £'000</b>	<b>IFRS £'000</b>
<b>Non-current assets</b>				
Property, plant and equipment		354	-	354
<b>Current assets</b>				
Trade and other receivables		636	-	636
Other financial assets	3 (a)	-	8,000	8,000
Cash and cash equivalents	3 (a)	8,507	(8,000)	507
<b>Total current assets</b>		<b>9,143</b>	<b>-</b>	<b>9,143</b>
<b>Total assets</b>		<b>9,497</b>	<b>-</b>	<b>9,497</b>
<b>Current liabilities</b>				
Trade and other payables				
Trade payables		(497)	-	(497)
Other taxation and social security		(34)	-	(34)
Accruals and deferred income	3 (b)	(296)	(16)	(312)
<b>Total current liabilities</b>		<b>(827)</b>	<b>(16)</b>	<b>(843)</b>
<b>Net current assets</b>		<b>8,316</b>	<b>(16)</b>	<b>8,300</b>
<b>Net assets</b>		<b>8,670</b>	<b>(16)</b>	<b>8,654</b>
<b>Equity</b>				
Ordinary shares		201	-	201
Share premium		12,661	-	12,661
Merger reserve		299	-	299
Share based payment reserve		126	-	126
Retained earnings	3 (b)	(4,617)	(16)	(4,633)
<b>Total equity</b>		<b>8,670</b>	<b>(16)</b>	<b>8,654</b>

**Reconciliation of the consolidated income statement for the 6 months ended 31 May 2007 (unaudited)**

	Note	UK GAAP £'000	Adj £'000	IFRS £'000
<b>Revenue</b>		191	-	191
Cost of sales	3 (b)	(87)	1	(86)
<b>Gross profit</b>		104	1	105
Research & development	3 (b)	(1,027)	(6)	(1,033)
Administrative expenses	3 (b)	(442)	2	(440)
		(1,469)	(4)	(1,473)
<b>Operating loss</b>		(1,365)	(3)	(1,368)
Finance income		276	-	276
<b>Loss before income tax</b>		(1,089)	(3)	(1,092)
Income tax expense		-	-	-
<b>Loss for the period</b>		(1,089)	(3)	(1,092)

**Reconciliation of the consolidated income statement for the year ended 30 November 2007 (unaudited)**

	Note	UK GAAP £'000	Adj £'000	IFRS £'000
<b>Revenue</b>		282	-	282
Cost of sales	3 (b)	(118)	1	(117)
<b>Gross profit</b>		164	1	165
Research & development	3 (b)	(2,601)	(3)	(2,604)
Administrative expenses	3 (b)	(1,089)	(3)	(1,092)
		(3,690)	(6)	(3,696)
<b>Other operating income</b>		42	-	42
<b>Operating loss</b>		(3,484)	(5)	(3,489)
Finance income		550	-	550
<b>Loss before income tax</b>		(2,934)	(5)	(2,939)
Income tax expense		(32)	-	(32)
<b>Loss for the year</b>		(2,966)	(5)	(2,971)

**4. Availability of information**

Copies of this interim report are available at the Registered Office of the Company, Hodgkin Building, Guy's Campus, King's College, London SE1 1UL and on the Company's website, [www.proximagen.com](http://www.proximagen.com).

The interim results were approved by the Board of Directors on 12 August 2008.