PHYSIOMICS

rational therapeutics

Annual Report and Financial Statements

For the Year Ended 30 June 2014

Company Registration No. 4225086

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Officers and Professional Advisors

DIRECTORS

Dr P B Harper
Chairman

Dr M P Chadwick
Chief Executive Officer

Dr C D Chassagnole
Chief Operating Officer

SECRETARY

E C King

REGISTERED OFFICE

The Magdalen Centre
Robert Robinson Avenue
Oxford Science Park
Oxford
OX4 4GA

AUDITOR

Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

REGISTRAR

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
BR3 2YU

BANKER

National Westminster Bank Plc
Woollen Hall
Castle Way
Southampton
SO14 2DE

NOMINATED ADVISOR, BROKER AND FINANCIAL ADVISER

WH Ireland Limited
11 St James's Square
Manchester
M2 3WH

SOLICITOR

Taylor Vinters LLP
Merlin Place,
Milton Road,
Cambridge
CB4 0DP

Physiomics Plc is a limited liability company incorporated in England & Wales and domiciled in United Kingdom.

Chairman's Statement

Summary of results in the year ended 30 June 2014

- The turnover of the Company increased by 12% to £267,903 (2013: £240,000).
- The operating loss reduced by 15% to £465,265 (2013: £548,342).
- On 30 June 2014 the surplus of shareholders' funds was £136,487 (2013: £255,821).

This year, Physiomics has made good progress advancing Virtual Tumour Clinical and has broadened its offering into the personalised medicine market.

In summary we have

- Delivered two case studies validating Virtual Tumour Clinical, partially funded by a Technology Strategy Board Biomedical Catalyst grant.
- Won further pre-clinical projects from our existing large pharma customer base.
- Identified potential Virtual Tumour Clinical projects to follow-on from this pre-clinical work.
- Signed a deal with a speciality pharma company to determine the mechanism of action or one of their candidates.
- Gained our first large pharma customer for our cardiotoxicity platform. Launched a web-based portal "EasyAP™" to provide access to literature models of cardiotoxicity.
- Continued discussions with relevant partners around increasing the scope of the business by way of M&A.
- Initiated a new project with a large pharma client to develop an immunomodulatory module for Virtual Tumour. Immunomodulatory agents are being pursued by several large pharmas following the clinical success of agents targeting PD-1 and CTLA-4.
- Signed a heads of terms agreement with Diatech Pharmacogenomics to enter the personalised medicine field, initially in Italy.
- Initiated discussions with a large software provider to determine if part or all of Virtual Tumour could be sold as part of their offering.

Dr Paul Harper, Non-Executive Chairman

Chairman and Chief Executive Officer's Statement

Introduction

During the period Physiomics successfully applied Virtual Tumour to clinical predictions for the first time. This was an important step forward for a number of reasons:

Firstly, there was a large degree of direct interest from customers and potential customers for this service. Secondly, the unmet need for better clinical dosing schedules is driven by the need to accelerate development programmes, reduce costs and bring forward potential revenues by designing clinical protocols that are already optimised for patient dosing.

Typically the current most commonly used method for determining the clinical regimen is to increase the dosage of the most effective regimen from animal studies to human scale. Animal models often poorly reflect the situation in a human patient due to for example disparities in relative sizes, physiology and pharmacokinetics, parameters that are all fundamental to drug efficacy. The approximations generated through this approach, when used to design a clinical study, can contribute to the failure of a clinical trial. Thirdly the cost of failure in the clinical setting vastly outweighs that in the pre-clinical setting.

Given the high cost and the subsequent consequences arising from a failed clinical trial, if customers can be shown (through pilot projects) that a predictive technology is able to improve the chances of clinical success, then they are likely to progressively adopt the new paradigm. Drug development has for so long relied almost exclusively on extrapolating data from studies in animal models to direct dosing in patients that embracing a new 'black box' based technology approach is a major policy change, despite the fact that adoption of system modelling is being encouraged by FDA and similar agencies.

The predictive power of Virtual Tumour Clinical has been demonstrated in two different indications so far. Initial marketing of the results to large pharmaceutical companies has led to a positive expression of interest. There has also been a desire to see how the technology performs across a number of further indications. Therefore it is the intention of the Company to perform further validation studies in other types of cancer, in addition to initiating collaborations with large pharma companies. Discussions with collaborators to set up such case studies are well advanced.

Relationships with our existing large pharma customer base were strengthened in the period with a number of new pre-clinical projects. These projects have the potential to be extended into the first large pharma Virtual Tumour Clinical projects in due course.

Chairman and Chief Executive Officer's Statement - continued

The Company's activities in the cardiotoxicity arena have gathered pace. Early stage drug candidates are now routinely screened for cardiotoxic effects, as required by the regulatory authorities. In particular, all candidate drugs must be screened for activity against the hERG potassium channel. However, such screening is time-consuming and costly. It is also known that a large number of candidates are incorrectly progressed or discarded based on hERG activity alone.

Physiomics' *in silico* platform takes into account activity against hERG and two additional ion channels to deliver better predictions of action potential time courses and duration based on several literature models. *In silico* prediction of cardiotoxic side effects is therefore a more effective way of helping to select which candidates to progress. In addition to Physiomics' cardiotoxicity simulation service, we have now launched our web-based EasyAP™ application. EasyAP™ allows access to the service to a broad range of customers, by allowing customers to run simulations on their own computers on a pay-per-compound or annual subscription basis. Physiomics gained its first large pharma customer for cardiotoxicity prediction in the period and the directors hope that this new platform will attract further customers.

A heads of terms agreement with Diatech Pharmacogenomics was signed in the period. If translated into a full agreement, this collaboration would provide Physiomics with access to the majority of clinical centres in Italy and also an opportunity to develop personalised medicine models. When combined with Physiomics' Virtual Tumour, which provides information on how much drug to give and when to give it, we believe it will provide an industry-leading platform to support oncology clinical trials worldwide.

The search for an appropriate M&A partner to further build Physiomics and provide the best outcome for shareholders has continued in the period and significant discussions have taken place.

Finally, after the period ended Physiomics gained its first large pharma project to model immunomodulatory agents using Virtual Tumour. Immunomodulatory, or 'immune therapy' agents have been described as an extremely hot topic in the oncology field at present. A number of high profile clinical trials are ongoing and several large pharma companies are entering the field for the first time. The directors believe that, if the project is successful, this will lead to further interest in Virtual Tumour from other large pharma companies who are active in this area.

Technology development

(i) Virtual Tumour product improvements

The immune system can play a significant role in the course of a cancer. While in some cases the immune system does not seem to recognise and attack a tumour, in many other patients the cells of the immune system are recruited to the vicinity of the tumour, but fail to kill enough cancer cells to be really effective. Over the last few years a number of drug candidates have emerged aimed at activating the latent immune response to a tumour or removing a 'brake' on the immune response created by the cancer itself. Several large pharmaceutical companies have targeted this response, with some notable successes in the clinic. Given this burgeoning interest from our primary customer base, Physiomics started to develop an immune system module to work in tandem with Virtual Tumour, to model the effects of these agents. It became clear that one pharma partner in particular was very keen to develop such a model and so our first commercial project in this area was initiated in September 2014. This project should provide all the data required to develop a functional model which could be sold on to other potential customers.

(ii) Virtual Tumour Clinical

Two critical case studies were completed in the period, allowing us to develop, test and validate Virtual Tumour Clinical for the first time. The first study related to prostate cancer and the data came from the National Institutes of Health (NIH) in the USA. This study allowed us to determine which of the key parameters of the model needed to be modified in order to make accurate clinical predictions. The second project, in collaboration with Oxford University, was a blind validation study in melanoma. Here we showed that we could make accurate predictions of the outcome of combination therapies in a clinical trial. This was achieved by priming Virtual Tumour with key human data and gaining a deep understanding of the relevant tumour growth rates from the literature. Both case studies were extremely encouraging, demonstrating that the basic architecture of the existing pre-clinical Virtual Tumour could be translated into a clinical setting with the appropriate modifications. The melanoma case study was supported by a Technology Strategy Board Biomedical Catalyst grant award.

(iii) Cardiac toxicity prediction service

During the period Physiomics gained its first large pharma customer for cardiotoxicity prediction. Feedback obtained during the project and from other potential customers suggested that, in addition to predicting the overall risk of cardiac side effects, customers may also like to predict the outcome of scientific experiments that provide the direct effect of a candidate on a particular ion channel on a particular cell line, which may also provide an useful insight into cardiac toxicity risk. The regulatory agencies are also taking a keen interest in such predictions. For this reason we extended the scope of our cardiotoxicity predictions to include literature models which predict 'action potentials' on cell lines, in our web-based EasyAP™ platform, which was launched recently.

Chairman and Chief Executive Officer's Statement - continued

Outlook

The landscape of the pharmaceutical sector remains mixed, with a number of notable companies downsizing and closing key sites. The failed Pfizer bid for Astra Zeneca and the Abbvie bid for Shire, interfered with the decision making processes in each of the companies, shelving or at least delaying any significant plans. Events that have an impact on decision making have occurred throughout the Industry, slowing the pace of development and deferring the need for third party services. Fortunately oncology remains an important indication in those companies that have programmes. Certain key pharma clients have made significant pipeline and resource decisions, most notably focusing efforts on immunomodulatory agents for the treatment of cancers. Physiomics has aligned itself with this trend and the Directors are confident that this will allow us to engage with new customers. We believe the interest displayed in Virtual Tumour Clinical has vindicated our strategy to develop further the technology into the clinical arena and large pharma collaborations are also expected in this regard. The pipeline of potential opportunities is the strongest that we have seen in recent years.

In addition the Company has the opportunity to extend the scope of its predictive technology for oncology through its collaboration with Diatech Pharmacogenomics. Initially focusing on the delivery of already marketed drugs to patients, the work could be extended in future to help support decisions on appropriate patient populations for clinical trials.

Finally interest from large software providers in the Virtual Tumour platform, the launch of our first web-based models and the continued search for the right M&A deal suggest that the next period will be an exciting one in the development of Physiomics.

Dr Paul Harper, Non-Executive Chairman

Dr Mark Chadwick, Chief Executive Officer

Our strategy

Physiomics has evolved a strategy that combines lower risk service activities which support the development of client drugs with a risk sharing approach to gain a share in the development of novel drugs in development. This is coupled with development of new models to extend our predictive skills from pre-clinical development, through clinical development to treatment of patients. We have also added ancillary modelling activities to look at the cardiotoxicity and pharmacokinetic profile of new drugs in man in a bid to provide a more comprehensive support package for client companies.

These can be summarised as follows:

- Modelling in oncology
    - o Virtual Tumour
        - to direct and optimise candidate selection
    - o Virtual Tumour Clinical
        - to optimise the design of clinical trials
        - provide a rationale for dosing of drug combinations
- Customised medicine
    - o New model development to forecast the optimal drug regimen for treatment of patients on an individual basis
    - o DrugCard database to help identify successful drug regimens in particular cancer types
- Drug molecule parameters
    - o Models to predict potential cardiotoxicity as an aid to optimisation of drug design and selection of viable candidate compounds
    - o Options to evaluate cardiotoxicity using simple on-line models through to in depth evaluation using more complex models thereby providing cost effective predictions matched to different stages of the drug discovery and optimisation process.
    - o Models capable of forecasting the pharmacokinetic profile of a new drug molecule

We generate revenues from these activities. However, we will also adopt a risk sharing model where the fee is satisfied by part ownership of a novel drug in development. There are already two examples of this approach.

As an extension of our strategy to risk share, we have an active programme to identify compounds that can be in-licensed and developed by Physiomics or through a joint ownership collaboration.

Strategic Report

Business review

The Company is principally engaged in providing services to pharmaceutical companies in the areas of outsourced systems and computational biology.

- The turnover of the Company increased to £267,903 (2013: £240,000)
- The operating loss was £465,265 (2013 £548,342)
- At the 30 June 2014 the surplus of shareholders' funds was £136,487 (2013: £255,821)

Strategic and financial performance indicators

The Company is focused on the creation of long-term value for its shareholders.

The directors consider that the key performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being revenue, profitability and shareholders' funds.

The Company faces many risks on the way to building shareholder value. The process of winning major contracts in a competitive environment is rarely simple and can be delayed for reasons outside the Company's control. This means the Company faces major uncertainties in its cash flow.

Addressing the risks

The board addresses the financial uncertainties by careful budget monitoring and by quickly responding to variations. If there are delays in signing contracts then recruitment and capital expenditure is frozen until the anticipated income is achieved.

Interest rate risk

The Company finances its operations by cash and short term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an ongoing basis.

Other creditors, accruals and deferred income values do not bear interest.

Interest rate profile

The Company had no bank borrowings at the 30 June 2014.

Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair values

Fair values of financial instruments equate to the best value as disclosed in the financial information. There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

Regulatory risk

There is a risk that the business model is impacted by future changes in regulations in the medical and pharmaceutical industry. Major agencies such as the FDA are actively promoting the use of system modelling and issue advisory papers which set out their thinking. The Company regularly reviews activity in this area through proactive discussions with key industry officials, professional advisors and regulatory bodies where appropriate. The Company's customers are predominately pharmaceutical companies who market and sell outsourced systems and computational biology to their customers on a worldwide basis.

Skills risk

The success and future growth of the Company is in part dependent on the continued performance and delivery of certain directors, managers and key staff.

The Company seeks to recruit, develop, and manage talent at the highest levels in order to meet the continuing demand for innovative and leading edge developments in specialised modelling solutions within the pharmaceutical industry. The ability of the Company to attract and retain highly skilled employees requires the Company to offer and maintain competitive employment packages and personal development opportunities. It is considered essential to implement a system of succession planning processes to ensure key roles are identified and career development opportunities established. The Company therefore invests in the recruitment of highly skilled individuals and operates a proactive system of training and performance management across the business. The Company has built a network of contracted specialists who can contribute a unique combination of skills as required.

Systems & infrastructure

The Company is dependent on its IT technical infrastructure and systems for the management of its core operations and research and development programmes. Risks of system outages, loss of connectivity and impact on data integrity are regularly reviewed and a business continuity plan has been established for the effective management of unforeseen disruption to the business. Continuity of access to data and integrity of data is maintained through the implementation of a rigorous system of data storage, backup and monitoring of key coding and modelling data.

By order of the board

Dr Paul Harper
Chairman
18 November 2014

Directors' Report

The directors submit their report and the audited financial statements of Physiomics Plc for the year ended 30 June 2014.

Results

There was a loss for the year after taxation amounting to £425,621 (2013 loss: £500,571). In view of accumulated losses, and given the stage of the Company's development, the directors are unable to recommend the payment of a dividend.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK company law requires the directors to prepare financial statements for the Company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 2006 and Article 4 of the IAS Regulation.

The financial statements are required by law, and IFRS as adopted by the EU, to give a true and fair view of the state of affairs of the Company.

In preparing the Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRS as adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Physiomics Plc website.

Substantial shareholdings

The Company has been informed that on 30 June 2014 the following shareholders held substantial holdings in the issued ordinary shares of the Company.

	Number of Ordinary shares	Holding %
Barclayshare Nominees Limited*	375,592,781	21.8%
TD Direct Investing Nominees (Europe) Limited	309,996,909	18.0%
HSDL Nominees Limited	276,830,252	16.1%
Hargreaves Lansdown (Nominees) Limited	126,511,489	7.4%
LR Nominees Limited	50,383,597	3.3%
HSBC Client Holdings Nominee (UK) Limited	79,780,603	4.6%
Dr Paul Harper	52,570,787	3.1%

** Includes shares 70,750,000 held by Mr Peter Hoskins representing a holding of 4.1%*

No other person has reported an interest of more than 3% in the ordinary shares.

On 30 June 2014 Dr Mark Chadwick held 3,970,151 ordinary shares and Dr Christophe Chassagnole held 15,189,740 ordinary shares. The holding percentages were 0.23% and 0.89% respectively.

Directors' remuneration

Details of directors' remuneration in the year ended 30 June 2014 is set out below:

	Emoluments	Benefits	Pension contributions	Total
	£	£	£	£
Dr P B Harper	35,000	-	-	35,000
Dr M P Chadwick	108,570	1,137	-	109,707
Dr C D Chassagnole	58,532	1,193	3,030	62,755
Total	**202,102**	**2,330**	**3,030**	**207,462**

Company Secretary

On 7 July 2014 Roger Jones resigned as Company Secretary and Elizabeth King was appointed.

Directors' Report - continued

Post balance sheet events

On 23 July 2014, the Company entered into an Equity Swap Agreement with YA Global Master SPV Ltd ("Yorkville") under which Yorkville agreed to subscribe for 312,500,000 ordinary shares of 0.04p at a subscription price of £0.18p per share. As part of this agreement the Company paid £289,688 as a swap payment to Yorkville on 31 July 2014. In consideration for this payment the Company will receive 15 monthly payments between the date of admission to trading on AIM and 1 November 2015 the amounts of which will vary depending on the average weighted price of the ordinary shares in the preceding 10 days prior to the payment falling due.

Statement as to disclosure of information to auditors

The directors in office on 18 November 2014 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Corporate governance

The Board of directors is accountable to the Company's shareholders for good corporate governance. The Company takes corporate governance seriously and the statement below sets out how the board apply the principles of good corporate governance.

Directors

The Company supports the concept of an effective board leading and controlling the Company. The board is responsible for formulating and approving the strategy of the business and meets at least six times per year. Various matters are specifically reserved for board decision, ensuring that the board maintains full control over strategic, financial, organisational, risk and compliance issues. Management supply the board with appropriate and timely information, while the directors are encouraged to seek any further information they consider necessary.

The board comprises two executive directors, who fulfil the main operational roles in the Company, and a non-executive Chairman. Due to the size of the Company, the board does not consider the appointment of a senior non-executive director to be necessary. A full list of the directors is shown above.

Accountability

The board endeavours to present a balanced and comprehensible assessment of the Company's situation and prospects in all of its published statements, including interim reports, price-sensitive announcements, reports to regulators and information supplied to comply with statutory requirements.

The Audit Committee consists of Christophe Chassagnole and Elizabeth King and is chaired by Dr Paul Harper. The committee meets at least three times per year to consider matters relating to the Company's financial position and financial reporting. The Audit Committee reviews the independence and objectivity of the external auditors, as well as the amount of non-audit work undertaken by Shipleys LLP to satisfy the Committee that this will not compromise their independence. Details of the fees paid to Shipleys LLP during the current accounting period are given in note 3 to the accounts. There are no areas of work where Shipleys LLP are prohibited from carrying out work.

Remuneration Committee

The Remuneration Committee has been established primarily to determine the remuneration, terms and conditions of employment of the executive directors of the Company. The Committee comprises Dr Mark Chadwick and Elizabeth King and is chaired by Dr Paul Harper. It meets at least twice a year. The primary concern of the Committee is to establish a system of rewards and incentives that aim to align the interests of the executive directors with the long-term interests of the share-holders. These are based on the achievement of both scientific and commercial milestones while taking no account the financial position of the Company at this stage in its development. Any remuneration issues concerning non-executive directors are resolved by this Committee and no director participates in decisions that concern his own remuneration.

Going Concern

After making appropriate enquiries, the directors have a reasonable expectation that the Company will safeguard the Company's assets. The risk management process and internal control systems are designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the Company's system of internal control are as follows:

- a clearly defined organisational structure and set of objectives.
- the executive directors play a significant role in the day to day operation of the business.
- detailed monthly management accounts are produced by an independent third party for the board to review and take appropriate action.

Internal Control

The Company values the views of its shareholders and recognises their interest in the Company's strategy, performance and the ability of the board. The AGM provides an opportunity for two-way communication and all shareholders are encouraged to attend and participate. Separate resolutions will be put to shareholders at the AGM, giving them the opportunity to discuss matters of interest. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after each has been dealt with on a show of hands.

The Company uses its website www.physiomics-plc.com as another means of providing information to shareholders and other interested parties. The website displays the annual report and accounts, interim results and other relevant announcements.

Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Taylor Vinters LLP, Tower 42, 33rd Floor, 25 Old Broad Street, London, EC2N 1HQ at 11.00 am on 15 December 2014.

By order of the board

Dr Paul Harper
Chairman
18 November 2014

Independent Auditors Report to the shareholders of Physiomics Plc

We have audited the financial statements of Physiomics Plc for the year ended 30 June 2014 which comprise the income statement, the statement of financial position, the cash flow statement, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law and not made; or
- we have not received all the information and explanations we require for our audit.

Benjamin Bidnell (senior statutory auditor)

For and on behalf of Shipleys LLP statutory auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

18 November 2014

PHYSIOMICS
rational therapeutics

Income Statement for the year ended 30 June 2014

	Notes	Year ended 30-Jun-14	Year ended 30-Jun-13
		£	£
Revenue	2	**267,903**	240,000
Net operating expenses		**(733,168)**	(776,520)
Share-based compensation		-	(11,822)
Operating loss	3	**(465,265)**	(548,342)
Finance income	4	1,013	4,551
Finance costs	5	-	-
Loss before taxation		**(464,252)**	(543,791)
UK corporation tax	7	**38,631**	43,220
Loss for the year attributable to equity shareholders		**(425,621)**	(500,571)
Loss per share (pence) Basic and diluted	8	**(0.026) p**	(0.033) p

Statement of financial position as at 30 June 2014

Company Number: 4225086

	Notes	Year ended 30-Jun-14 £	Year ended 30-Jun-13 £
Non-current assets			
Intangible assets	10	**11,669**	16,336
Property, plant and equipment	11	**3,589**	4,250
Investments		**1**	1
		15,259	20,587
Current assets			
Trade and other receivables	12	**96,576**	180,717
Cash and cash equivalents		**132,358**	179,162
	9	**228,934**	359,879
Total assets		**244,193**	380,466
Current liabilities			
Trade and other payables	9,12	**(107,706)**	(124,645)
Total liabilities		**(107,706)**	(124,645)
Net assets		**136,487**	255,821
Capital and reserves			
Share capital	14	**687,663**	602,620
Capital reserves	15	**4,017,602**	3,796,358
Retained earnings	16	**(4,568,778)**	(4,143,157)
Equity shareholders' funds		**136,487**	255,821

The financial statements were approved by the Board of Directors and authorised for issue on 18 November 2014 and are signed on its behalf by:

Dr Paul Harper
Chairman

Statement of changes in equity for the year ended 30 June 2014

	Share capital £	Share premium account £	Share-based compensation reserve £	Retained earnings £	Total shareholders' funds £
At 1 July 2012	599,420	3,697,169	80,567	(3,642,586)	734,570
Share issue (net of costs)	3,200	6,800	-	-	10,000
Loss for the year	-	-	-	(500,571)	(500,571)
Share-based compensation	-	-	11,822	-	11,822
At 30 June 2013	602,620	3,703,969	92,389	(4,143,157)	255,821
Share issue (net of costs)	85,043	221,244	-	-	306,287
306,287	-	-	-	(425,621)	(425,621)
Share-based compensation	-	-	-	-	-
At 30 June 2014	687,663	3,925,213	92,389	(4,568,778)	136,487

Cash Flow Statement for the year ended 30 June 2014

	Year ended 30-Jun-14 £	Year ended 30-Jun-13 £
Cash flows from operating activities:		
Operating loss	(465,265)	(548,342)
Amortisation and depreciation	7,925	8,540
Share-based compensation	-	11,822
(Decrease) increase in receivables	85,833	(47,994)
Decrease in payables	(16,939)	19,114
Cash generated from operations	(388,446)	(556,860)
UK corporation tax received	36,939	32,373
Interest paid	-	-
Net cash generated from operating activities	(351,507)	(524,487)
Cash flows from investing activities:		
Interest received	1,013	4,551
Purchase of non-current assets, net of grants received	(2,597)	(1,852)
Net cash received by investing activities	(1,584)	2,699
Cash outflow before financing	(353,091)	(521,788)
Cash flows from financing activities:		
Issue of ordinary share capital (net of expenses)	306,287	10,000
Net cash from financing activities	306,287	10,000
Net decrease cash and cash equivalents	(46,804)	(511,788)
Cash and cash equivalents at beginning of year	179,162	690,950
Cash and cash equivalents at end of year	132,358	179,162

Notes on the Financial Statements

Basis of preparation

Physiomics Plc has adopted International Financial Reporting Standards (“IFRS”), IFRIC interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis. The significant accounting policies are set out below.

Accounting policies

Revenue recognition

The revenue shown in the income statement relates to amounts received or receivable from the provision of outsourced systems and computational biology services to pharmaceutical companies.

Revenue from the provision of its principal activities are recognised when the Company has transferred to the buyer the significant risks and rewards of ownership, has no continuing managerial involvement or control to the degree normally associated with ownership and can reliably measure the economic benefits of the transaction.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Going concern

The accounts have been prepared on the going concern basis. The Company primarily operates in the relatively defensive pharmaceutical industry which we expect to be less affected by current economic conditions compared to other industries.

The Company had £132,358 of cash and cash equivalents as at 30 June 2014 (2013: £179,162). The Board operates an investment policy under which the primary objective is to invest in low-risk cash or cash equivalent investments to safeguard the principal. The Company’s forecasts, taking into account likely revenue streams, show that the Company has sufficient funds to operate for the foreseeable future.

After reviewing the Company’s forecasts, the directors believe that the Company is adequately placed to manage its business and financing risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Intangible assets

Intangible assets acquired separately from third parties are recognised as assets and measured at cost.

Following initial recognition, intangible assets are measured at cost or fair value at the date of acquisition less any amortisation and any impairment losses. Amortisation costs are included within the net operating expenses disclosed in the income statement.

Intangible assets are amortised over their useful lives as follows:

	Useful Life	Method
Software	15 years	Straight line

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Company does not have any intangible assets with indefinite lives.

Property, plant and equipment

All items are initially recorded at cost.

Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets that do not individually generate cash flows are assessed as part of the cash generating unit to which they belong. Cash generating units are the lowest levels for which there are cash flows that are largely independent of the cash flows from other assets or groups of assets.

Depreciation

Depreciation is calculated to write off the cost of an asset over its useful economic life as follows:

Leasehold improvements	- the remaining life of the lease
Fixtures and computers	- three years, straight-line basis

Research and development expenditure

Expenditure on research activity is recognised as an expense in the period in which it is incurred.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is considered to be remote.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Notes on the Financial Statements - continued

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease terms. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss in proportion to the remaining balance outstanding.

All other leases are 'operating leases' and the annual rentals are charged to the income statement on a straight-line basis over the lease term.

Government Grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the income statement over the estimated useful life of the assets to which they relate.

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Share based payments

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over an estimated vesting period. Fair value is measured by use of a binomial model.

Investments

Participating interests are stated at cost less amounts written off in the Company balance sheet.

Taxation

Tax currently payable is based on the taxable profit for the period which may differ from net profit reported in the income statement.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay further tax, or a right to pay less tax in future. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the gains or losses in tax assessments in period different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Adoption of international accounting standards

The following new and revised Standards and Interpretations have been adopted in the current financial year as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC):

IAS 12 Amendment - Deferred Tax: Recovery of Underlying Assets

IAS 19 (revised) – Employee Benefits

IAS 27 (revised 2011) - Separate Financial Statements

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

IFRS 9 – Financial Instruments (issued 2010)

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosures of Interest in Other Entities

IFRS 13 - Fair Value Measurement

Adoption of these Standards and Interpretations did not have any effect on the financial statements of the Company, or result in changes in accounting policy or additional disclosure.

The IASB and IFRIC have issued a number of Standards and Interpretations with an effective date after the date of these financial statements. The new Standards and Interpretations issued include:

IFRS 1 (amended) Government Loans

IFRS 10 Consolidated Financial Statements; Investment Entities

IAS 1 (amended) Presentation of Items of Other Comprehensive Income

IAS 28 (revised) Investments in Associates and Joint Ventures

IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Company’s financial statements.

Notes on the Financial Statements - continued

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

There were no material accounting estimates or areas of judgements required.

2 REVENUE AND SEGMENTAL REPORTING

The principal activities are the provision of outsourced systems and computational biology services to pharmaceutical companies.

This activity comprises a single segment of operation of a sole UK base and entirely UK based assets.

Revenue was derived in the UK, USA and European Union from its principal activity.

3 OPERATING LOSS

	2014	2013
	£	£
Operating loss is stated after charging		
Research and development		
Current year expenditure	**259,918**	186,486
Depreciation charge for the year		
- Owned assets	**3,258**	3,829
Amortisation charge for the year	**4,667**	4,711
Audit services, refer to below	**12,000**	12,000

	Payable to:	**2014** £	2013 £
Amounts payable for both audit and non-audit services			
Audit services – Statutory audit	Shipleys LLP	**10,000**	10,000
Tax services – Compliance services	Shipleys LLP	**2,000**	2,000
		12,000	12,000

4 FINANCE INCOME

	2014	2013
	£	£
Bank interest receivable	**1,013**	4,551

5 FINANCE COSTS

	2014	2013
	£	£
Interest payable	**-**	-

6 STAFF COSTS

	2014	2013
	£	£
Staff costs during the year		
Wages and salaries	**154,006**	147,995
Social security costs	**14,939**	16,086
Pension costs	**-**	-
	168,945	164,081
Average number of employees	**5**	4

Details of the remuneration of directors are included in the Directors' report on page 14.

Notes on the Financial Statements - continued

7 TAXATION

(a) Analysis of charge in the year	**2014**	2013
	£	£
Research and Development tax credit: current year	**45,000**	43,308
Research and Development tax credit: prior year	**(6,369)**	(88)
Total current tax	**38,631**	43,220

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The timing differences are explained below:

	2014	2013
	£	£
Loss on ordinary activities before taxation	**(464,252)**	(543,791)
Tax on loss on ordinary activities at standard corporation tax rate of 20% (2013: 20%)	**(92,850)**	(108,758)
Expenses not deductible for tax purposes	**-**	480
Capital allowances (in excess of) less than depreciation	**(152)**	687
Unrelieved tax losses and other deductions arising in the year	**54,371**	107,591
Research and Development tax credit: current and prior year	**38,631**	43,220
Total current tax	**38,631**	43,220

At 30 June 2014 tax losses of approximately £3,170,000 (2013: £2,851,000) remained available to carry forward against future taxable trading profits.

8 EARNINGS PER SHARE

The calculations of loss per share are based on the following losses and numbers of shares.

	2014	2013
	£	£
Loss on ordinary activities after tax	**(425,621)**	(500,571)
	No.	No.
Weighted average no of shares:		
For basic and diluted loss per share	**1,666,241,670**	1,502,013,088
Basic and diluted loss per share	**(0.026p)**	(0.033p)

9 FINANCIAL INSTRUMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

	Held for trading	
	2014	2013
	£	£
Current financial assets		
Trade and other receivables	**96,576**	180,717
Cash and cash equivalents	**132,358**	179,162
	228,934	359,879
Current financial liabilities		
Trade and other payables	**107,706**	124,645
	107,706	124,645

10 INTANGIBLE FIXED ASSETS

	Patents, trade marks and software
	£
Cost	
At 1 July 2013	75,646
Additions	-
At 30 June 2014	**75,646**
Amortisation	
At 1 July 2013	59,310
Provided in the year	4,667
At 30 June 2014	**63,977**
Net book value	
30 June 2014	**11,669**
30 June 2013	16,336

Notes on the Financial Statements - continued

11 PROPERTY PLANT AND EQUIPMENT

	Fixtures and computers £
Cost	
At 1 July 2013	50,433
Additions	2,597
Disposals	-
At 30 June 2014	**53,030**
Depreciation	
At 1 July 2013	46,183
Provided in the year	3,258
Disposals	-
At 30 June 2014	**49,441**
Net book value	
30 June 2014	**3,589**
30 June 2013	4,250

12 OTHER FINANCIAL ASSETS AND LIABILITIES

	2014 £	2013 £
Trade and other receivables are as follows:		
Trade receivables	**13,135**	98,000
Prepayments	**27,501**	28,283
Other receivables	**10,940**	11,126
Corporation tax recoverable	**45,000**	43,308
	96,576	180,717
Trade and other payables are as follows:		
Amounts payable relating to the purchase of goods and services	**55,422**	56,727
Other payables	**12,122**	26,403
Accruals	**40,162**	41,515
	107,706	124,645

13 LOANS

There were no loans with directors at 30 June 2014 and 30 June 2013.

14 SHARE CAPITAL

Ordinary shares of 0.04p each	**2014 Number**	2013 Number
Authorised:	**25,000,000,000**	25,000,000,000
Issued and fully paid:	**£**	£
Balance at 1 July 2012	**599,420**	451,420
Issue of share capital	**3,200**	148,000
As at 30 June 2013	**602,620**	599,420
Issue of share capital	**85,043**	3,200
As at 30 June 2014	**687,663**	602,620

The Company has one class of ordinary shares which carry no right to fixed income.

On 30 July 2014 the Company issued 312,500,000 ordinary shares of 0.04p at a price of 0.18p per ordinary share under an Equity Swap Agreement dated 23 July 2014.

Notes on the Financial Statements - continued

15 CAPITAL RESERVES

	Share premium account £	Share-based compensation reserve £	Total £
Balance at 1 July 2012	3,697,169	80,567	3,777,736
Issue of share capital	6 800	-	6,800
Share issue costs	-	-	-
Share-based compensation	-	11,822	11,822
Balance at 30 June 2013	3,703,969	92,389	3,796,358
Issue of share capital	221,244	-	221,244
Share issue costs	-	-	-
Share-based compensation	-	-	-
Balance at 30 June 2014	3,925,213	92,389	4,017,602

The share premium account consists of proceeds from the issue of shares in excess of their par value (which is included in the share capital account).

The share-based compensation reserve represents the credit arising on the charge for share options calculated in accordance with IFRS 2.

16 RETAINED EARNINGS

	£
Balance at 1 July 2012	(3,642,586)
Loss for the year	(500,571)
Balance at 30 June 2013	(4,143,157)
Loss for the year	(425,621)
Balance at 30 June 2014	(4,568,778)

17 CAPITAL COMMITMENTS

At 30 June 2013 and 30 June 2014 the Company had no capital commitments.

18 SHARE BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme under the Enterprise Management Initiative Scheme (“EMI”). The following share options have been granted over ordinary shares of 0.04p each and remain exercisable under the scheme:

	Granted at 30 June 2013	Awarded	Exercised in year	Cancelled	Granted at 30 June 2014	Exercisable at 30 June 2014	Exercise price p	Expiry date	Date of grant
Christophe Chassagnole	7,499,453				7,499,453	7,499,453	0.383	06-Sep-17	07-Sep-07
Christophe Chassagnole	5,624,590				5,624,590	5,624,590	0.15	18-Dec-18	18-Dec-08
Christophe Chassagnole	11,856,584				11,856,584	11,856,584	0.40	28-Feb-20	28-Feb-10
Christophe Chassagnole	3,233,125				3,233,125	-	0.34	08-Nov-21	09-Nov-11
Christophe Chassagnole	12,938,121				12,938,121	12,938,121	0.132	11-Feb-23	11-Feb-13
Mark Chadwick	19,984,500				19,984,500	14,988,375	0.27	05-Dec-20	06-Dec-10
Mark Chadwick	3,233,127				3,233,127	-	0.34	08-Nov-21	09-Nov-11
Mark Chadwick	4,996,125				4,996,125	-	0.293	18-Dec-21	19-Dec-11
Mark Chadwick	12,938,121				12,938,121	12,938,121	0.132	11-Feb-23	11-Feb-13
Other staff	3,490,000				3,490,000	3,490,000	0.383	06-Sep-17	07-Sep-07
Other staff	3,448,824				3,448,824	3,448,824	0.15	18-Dec-18	18-Dec-08
Other staff	10,547,616				10,547,616	10,547,616	0.40	28-Feb-20	28-Feb-10
Other staff	10,727,314				10,727,314	-	0.34	08-Nov-21	09-Nov-11
Other staff	23,935,522				23,935,522	23,935,522	0.132	11-Feb-23	11-Feb-13
Total	**134,453,022**	**-**	**-**	**-**	**134,453,022**	**107,267,206**			

Certain performance conditions for EMI share options are unmet at the date of these statements. All other options are vested in full.

The Company also operates an unapproved share option scheme. The following share options have been granted over ordinary shares of 0.04p each and remain exercisable under the scheme:

	Granted at 30 June 2013	Awarded	Exercised in year	Cancelled	Granted at 30 June 2014	Exercisable at 30 June 2014	Exercise price p	Expiry date	Date of grant
Paul Harper	2,327,710				2,327,710	2,327,710	0.15	18-Dec-18	18-Dec-08
Paul Harper	7,664,541				7,664,541	7,664,541	0.40	28-Feb-20	28-Feb-10
Paul Harper	1,293,250				1,293,250	-	0.34	08-Nov-21	09-Nov-11
Paul Harper	5,175,248				5,175,248	5,175,248	0.132	11-Feb-23	11-Feb-13
Total	**16,460,749**	**-**	**-**	**-**	**16,460,749**	**15,167,499**			

All performance conditions for unapproved options have been met and are vested in full.

The fair value of share options awarded during the previous years were determined using the Black-Scholes pricing model. In addition to the information disclosed above, the assumptions employed in the pricing model were as follows – expected volatility: 20%, expected dividends: nil, risk-free interest rate: 2% per annum. Where performance conditions are unmet a probability of success factor has been applied to such awards.

Notes to the Financial Statements - continued

19 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and short term deposits. The Company has various other financial instruments, such as trade debtors and creditors that arise directly from its operations, which have been excluded from the disclosures other than the currency disclosures.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The policies for managing these are regularly reviewed and agreed by the board.

It is and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The Company finances its operations by cash and short term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an ongoing basis.

Other creditors, accruals and deferred income values do not bear interest.

Interest rate profile

The Company had no bank borrowings at the 30 June 2014.

Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair values

Fair values of financial instruments equate to the best value as disclosed in the financial information. There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

20 POST BALANCE SHEET EVENTS

On 23 July 2014, the Company entered into an Equity Swap Agreement with YA Global Master SPV Ltd ("Yorkville") under which Yorkville agreed to subscribe for 312,500,000 ordinary shares of 0.04p at a subscription price of £0.18p per share. As part of this agreement The Company paid £289,688 as a swap payment to Yorkville on 31 July 2014. In consideration for this payment the Company will receive 15 monthly payments between the date of admission to trading on AIM and 1 November 2015 the amounts of which will vary depending on the average weighted price of the ordinary shares in the preceding 10 days prior to the payment falling due.

21 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out on page 14.

Notes on the Financial Statements - continued

22 ULTIMATE CONTROLLING PARTY

The Company does not currently have an ultimate controlling party and did not have one in this reporting year or the preceding reporting year.

PHYSIOMICS
rational therapeutics

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting (AGM) of Physiomics Plc (the Company) will be held on 15 December 2014 at 11.00am at the offices of Taylor Vinters LLP, Tower 42, 33rd Floor, 25 Old Broad Street, London, EC2N 1HQ for the following purposes

ORDINARY BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

1. To receive and adopt the Directors' and Auditor's Report and the Company's Financial Statements for the year ended 30 June 2014.
2. To re-appoint Dr Mark Chadwick as a Director of the Company.
3. To confirm the appointment of Shipleys LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which annual accounts of the Company are laid and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the resolutions set out in paragraphs 4 to 6 (inclusive):

Ordinary resolution - power to allot securities

4. That the Directors be and they are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 2006 Act) to exercise all the powers of the Company to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company (relevant securities), up to an aggregate nominal amount of £225,000 provided that this authority is for a period expiring at the next annual general meeting of the Company but the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act, but without prejudice to the allotment of any shares already made or to be made pursuant to such authorities.

Special resolution - disapplication of pre-emption rights

5. That subject to the passing of resolution 4 in the Notice the Directors be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006 (the 2006 Act)) for cash pursuant to the authority conferred by resolution 4 in the Notice as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of such securities by way of rights or other pro-rata offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £225,000;

and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

Special resolution – notice period for general meetings

6. That a general meeting of the Company, other than an annual general meeting, may be called on 14 clear days' notice provided this authority expires at the conclusion of the next annual general meeting of the Company after the date of passing of this resolution.

By order of the board
Elizabeth King
Company Secretary
18 November 2014

NOTES

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:

    - 6.00pm on 12 December 2014; or,
    - if this Meeting is adjourned, at 6.00pm on the day two business days prior to the adjourned meeting,

    shall be entitled to attend and vote at the Meeting.

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 11) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the proxy card and return all multiple proxies in one envelope.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed, signed and sent or delivered to the Company's Registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU and received no later than 11.00am on 12 December 2014.

    In the case of a member who is a company, the proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Notice of Annual General Meeting - continued

8. In the case of joint holders the signature of any one holder is sufficient. If more than one joint holder of any share is present at the meeting personally or by proxy, that one present whose name stands first on the register of members in respect of that share is alone entitled to vote in respect of that share.

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see below) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company at its registered office.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

10. In order to revoke a proxy instruction you will need to inform the Company's Registrars, Capita Asset Services by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment and addressed to them at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Capita Asset Services no later than 12 December 2014 at 11.00am.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

11. CREST members who wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service may do so for the Meeting and any adjournment of it by using the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita (ID RA10) not later than 48 hours before the time fixed for the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. In order to be valid, any form of proxy, power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's Registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time of the meeting.

13. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

14. You may not use any electronic address provided either in this notice of annual general meeting, or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

15. On 18 November 2014, the Company's issued share capital comprised 2,031,657,920 ordinary shares of 0.04p each. Each ordinary share carries the right to vote at the AGM and, therefore, the total number of voting rights in the Company on 18 November 2014 is 2,031,657,920 ordinary shares.

16. The Directors' letters of appointment and service contracts will be available for inspection at Tower 42, 33rd Floor, 25 Old Broad Street, London, EC2N 1HQ from 18 November 2014 until the time of the Meeting.

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PHYSIOMICS
rational therapeutics

Form of Proxy

I/We (block capital)

of (block capital)

Being a member/members of Physiomics Plc hereby appoint the chairman of the meeting or (see note 1 and 2)

in respect of Ordinary Shares

☐ (Please indicate here with an 'X' if this appointment is one of multiple appointments being made.)

as my/our proxy to attend and on a poll to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 15 December 2014 at 11.00am and at any adjournment thereof. I/we direct, by inserting a cross or other mark in the appropriate box below, how my/our votes are to be cast on each of the resolutions to be proposed at the meeting as indicated below. If no indication is given, the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting. Please complete, sign and date this form where indicated below (see notes below).

ORDINARY RESOLUTIONS	For	Against	Withheld
1. To receive and adopt the Directors' and Auditor's report and the Company's financial statements for the year ended 30 June 2014.			
2. To re-appoint Dr Mark Chadwick as a Director.			
3. To confirm the appointment of Shipleys LLP as auditors of the Company to hold office until the conclusion of the next general meeting of the Company at which annual accounts are laid and to authorise the Directors to fix their remuneration.			
4. That the Directors be and they are generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £225,000.			
SPECIAL RESOLUTIONS			
5. That the Directors be given the general power to allot equity securities for cash pursuant to the authority conferred by the resolution 4 as if section 561(1) of the Companies Act 2006 did not apply to any such allotment.			
6. To authorise the Company to convene general meetings (other than annual general meetings) on 14 clear days' notice.			

Signature(s)

Date 2014

NOTES

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish you proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy is one of multiple instructions being given.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. Any alteration to the form of proxy should be initialled.
7. All forms of proxy should be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a Company, either under seal or under hand of a duly authorised officer or attorney of the Company and returned in the same envelope.
8. In the case of joint holders the signature of any one holder is sufficient. If more than one joint holder of any share is present at the meeting personally or by proxy, that one present whose name stands first on the register of members in respect of that share is alone entitled to vote in respect of that share.
9. To be valid this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be lodged at the offices of the Company's Registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time of the meeting.
10. CREST members should use the CREST electronic proxy appointment service and refer to Note 10 of the Notice of Annual General Meeting in relation to the submission of a proxy appointment via CREST.
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
12. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
13. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

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