Press Release **8 March 2011**

Syntopix Group plc

("Syntopix" or "the Group")

Interim Results

Syntopix Group plc (AIM: SYN), the speciality pharmaceutical research and development company focused on topical antimicrobial innovations for products in the medicine and consumer healthcare markets, today announces its interim results for the six months ended 31 January 2011.

Financial Highlights

- Increased sales revenue from commercial agreements to £161,000 (2009: £104,000)
- Operating loss of £559,000 (2009: £517,000)
- Loss per share reduced to 4.7p (2009: 5.9p)
- Cash balance of £1,068,000 as at 31 January 2011

Operational Highlights

- Lead compound, SYN1113, compared favourably versus a global brand in recent clinical study against acne
- SYN1113 currently under exclusivity agreement with global consumer healthcare company
- Entered into partnership agreements with Sinclair Pharma and Beiersdorf AG among others
- Grown compound library to over 3,000 candidates
- Won challenge to develop new microemulsions for skincare products, backed by Intelligent Formulation

Dr Stephen Jones, Chief Executive Officer, commented: "I am pleased to report higher revenues in the first half of this year than the last full year as our antimicrobial compound library grows and our screening programmes broaden our data. Our compounds continue to be of wide interest to the pharmaceutical and healthcare industry and we have signed a number of exclusivity deals across the acne, oral hygiene and deodorant markets. We are also pleased to be involved in joint development projects with several of our partners, demonstrating that our partners see the value of the expertise within the Group.

"The Board is currently exploring ways in which Syntopix can expand its business offering and strengthen its revenue streams, and we believe that 2011 could be a transformational year for the Group. I look forward to updating shareholders in due course."

- Ends -

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The interim results will be available electronically on the Group's website: www.syntopix.com.

Notes to editors

About Syntopix Group plc

Syntopix is a specialised research and development business, focusing on topical antimicrobial innovations for products in consumer healthcare and pharmaceutical markets. The Group was founded in 2003 as a spin-out from the University of Leeds.

Syntopix has a robust pipeline, with a growing library of over 3,000 compounds screened and characterised for antimicrobial activity. Its strategy is to seek to reduce the risks and costs of drug discovery and development by discovering novel uses for known compounds and combinations of compounds, which have established safety profiles.

From this library, Syntopix has identified compounds that have multiple potential uses across a number of large consumer healthcare markets including skincare, hair-care and oral health. The Group's development focus is on taking these lead antimicrobial compounds through to clinical studies and subsequent licensing. Syntopix has developed strong working relationships with a number of major consumer healthcare companies and is now actively seeking to out-license these products to commercial partners. The Group adopts an ongoing filing process that has resulted in 24 core patents/applications.

The Group is based at the Institute of Pharmaceutical Innovation in Bradford, giving access to the expertise in skin biology, formulation and toxicology at the Universities of Bradford and Leeds.

Syntopix' shareholders include IP Group plc, The Wellcome Trust Limited, The University of Leeds and Ridings Early Growth Investment Company Limited. Syntopix joined the AIM market of the London Stock Exchange in March 2006.

For more information, please visit our website at www.syntopix.com.

Chief Executive Officer’s Statement

Introduction

The Group is pleased to report the interim results for the six months ended 31 January 2011.

Syntopix continues to identify and screen compounds for their antimicrobial potential in the treatment and maintenance of several dermatological healthcare conditions. Our focus of expertise continues to be acne and our lead compound is SYN1113. In a recent clinical study, this compound and its novel vehicle have performed equally well and in some cases better than a global brand. The Group’s exclusivity agreement with a world leader in personal care brands continues as our partner company conducts a consumer feedback trial on the market opportunity which will complement the clinical study. It is anticipated that this work will finish in Q2 2011 when the decision on whether to enter into a licensing agreement will be taken. We are optimistic about the outcome.

Additionally, over the last period the Group has entered into agreements with Sinclair Pharma and Beiersdorf AG, both of which offer significant potential for revenue in the future. Work under the current agreements will be finished before summer 2011.

Development programme

The Group continues to add selectively to its library of development candidates, which now stands in excess of 3,000 compounds. The antimicrobial areas of interest for selected compounds are being widened to eight other microorganisms, in addition to the key organism involved in acne, *Propionibacterium acnes.* These additional data, coupled with the physicochemical data for all compounds of interest, is expanding the capability of the database and its ability to search for data that may offer insight to antimicrobial activity. The commercial application of this database is under active consideration and has clear revenue-generating potential.

Clinical programme

SYN1113 was the subject of a Phase II clinical study examining acne, which took place in Q4 2010, involving 30 subjects for six weeks and demonstrated excellent efficacy against inflamed skin lesions. These data are the subject of a current exclusivity agreement.

Work to optimise the delivery of compounds in order to improve efficacy continues, enabling the Group to pursue compound opportunities that offer promise for the treatment of acne. SYN0693 has been the most recent candidate that successfully underwent a clinical study for proof of efficacy and SYN0693 with SYN0269 and SYN2081 are in the final pre-clinical phase of development.

Intellectual Property

Our patent portfolio continues to be strengthened by careful strategic management. Syntopix currently has 24 core families of patents/applications. Of these 14 are granted in the UK and they are all at various stages of application in key international territories.

Financial and operational review

Income statement

A summary of the Group's results is set out below:

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Revenue	**161**	104	151
Operating loss	**(559)**	(517)	(1,106)
Loss for the period	**(507)**	(453)	(996)

During the period the Group increased sales revenue from commercial deals with partner companies as described in more detail above.

The Group has reduced administrative overhead costs from £290,000 for the period to 31 January 2010 to £255,000 for the period to 31 January 2011.

Further clinical studies have been undertaken in the period as set out above and this has increased the research costs from £331,000 in the period to 31 January 2010 to £471,000 in the period ended 31 January 2011.

Whilst the increase in revenue for the period helps partly offset the research study costs, the overall operating loss for the half-year to 31 January 2011 is higher than the previous period.

However, the overall loss per ordinary share has fallen from 5.9p for the period to 31 January 2010 to 4.7p for the period to 31 January 2011.

Balance sheet

The accounting period to 31 January 2011 ends with the Group having net assets of £1,289,000 (31 January 2010: £387,000). The Group has no external borrowings and cash reserves of £1,068,000 (31 January 2010: £396,000).

Cash

Cash balances have decreased in the period from £1,737,000 at 31 July 2010 to £1,068,000 at 31 January 2011 with the principal elements of the movement being:

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Net cash from operations	**(668)**	(639)	(1,218)
Net cash used in investing activities	**(1)**	-	(4)
Issue of share capital	**-**	-	1,924
Tax received	**-**	141	141
Movement during the period	**(669)**	(498)	843

The Group continues to manage its operational expenditure prudently and plans its research and development programme to ensure that it continues to have sufficient cash resources for the foreseeable future.

Taxation

The Group continues to qualify for Research and Development tax credits and the financial statements contain a debtor of £160,000 (31 January 2010: £64,000) in respect of research costs.

Principal risks and uncertainties

A detailed explanation of the principal risks and uncertainties faced by the Group and the steps taken to manage them is set out in Syntopix Group plc's 2010 Annual Report and Accounts. The principal risks and uncertainties are summarised as follows:

- Early stage of operations
- Research and development risk
- Intellectual property protection
- Risks that the Group will not achieve commercial success

There have been no significant changes in the nature of these risks that will affect the next six months of the financial year.

Outlook

The Board is pleased to be involved in development projects and hold exclusivity agreements with a number of high profile healthcare companies, such as Beiersdorf AG and Sinclair Pharma, as a result of the Group's promising compounds and clinical trial results obtained to date. The Board is also currently assessing a variety of ways to expand the business, develop its offering and increase revenues, thereby increasing shareholder value. I look forward to updating shareholders on our plans in due course.

Dr Stephen Jones
Chief Executive Officer

Condensed consolidated interim income statement - unaudited

For the six months ended 31 January 2011

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Revenue	**161**	104	151
Other operating income	**6**	-	58
Administrative expenses:			
Research and development costs	**(471)**	(331)	(757)
Other administrative expenses	**(255)**	(290)	(558)
Total administrative expenses	**(726)**	(621)	(1,315)
Operating loss before share-based payment charges	**(554)**	(493)	(1,059)
Share-based payment charges	**(5)**	(24)	(47)
Operating loss	**(559)**	(517)	(1,106)
Financial income	**2**	-	-
Loss before tax	**(557)**	(517)	(1,106)
Income tax credit	**50**	64	110
Loss for the period	**(507)**	(453)	(996)
Attributable to:			
Owners of the parent	**(507)**	(453)	(996)
Loss per share			
Basic and diluted	**(4.7p)**	(5.9p)	(11.4p)

All Group activities relate to continuing operations.

Condensed consolidated statement of comprehensive income - unaudited

For the six months ended 31 January 2011

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Loss for the period	**(507)**	(453)	(996)
Other comprehensive income net of tax	**-**	-	-
Total comprehensive loss for the period	**(507)**	(453)	(996)
Attributable to:			
Owners of the parent	**(507)**	(453)	(996)

Condensed consolidated interim statement of financial position - unaudited

As at 31 January 2011

	At 31 January 2011 £'000	At 31 January 2010 £'000	At 31 July 2010 £'000
Non-current assets			
Property, plant and equipment	**20**	39	29
Current assets			
Trade and other receivables	**126**	60	60
Income tax	**160**	64	110
Cash and cash equivalents	**1,068**	396	1,737
Total current assets	**1,354**	520	1,907
Total assets	**1,374**	559	1,936
Current liabilities			
Trade and other payables	**(85)**	(172)	(145)
Total liabilities	**(85)**	(172)	(145)
Net assets	**1,289**	387	1,791
Capital and reserves attributable to equity holders of the company			
Share capital	**1,071**	772	1,071
Share premium reserve	**6,282**	4,657	6,282
Merger reserve	**338**	338	338
Share-based payments reserve	**230**	202	225
Retained losses	**(6,632)**	(5,582)	(6,125)
Total equity	**1,289**	387	1,791

Consolidated statement of changes in equity - unaudited

For the six months ended 31 January 2011

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Share Based Payments Reserve £'000	Retained (losses)/ Earnings £'000	Total £'000
At 1 August 2009	772	4,657	338	178	(5,129)	816
Loss for the six month period ended 31 January 2010	-	-	-	-	(453)	(453)
Total comprehensive income for the period	-	-	-	-	(453)	(453)
Transactions with owners:						
Share option charge in the period	-	-	-	24	-	24
At 31 January 2010	772	4,657	338	202	(5,582)	387
At 1 August 2009	772	4,657	338	178	(5,129)	816
Loss for the year ended 31 July 2010	-	-	-	-	(996)	(996)
Total comprehensive income for the year	-	-	-	-	(996)	(996)
Transactions with owners:						
Shares issued	299	1,708	-	-	-	2,007
Expenses of share issue	-	(83)	-	-	-	(83)
Share option charge in the year	-	-	-	47	-	47
At 31 July 2010	1,071	6,282	338	225	(6,125)	1,791
At 1 August 2010	1,071	6,282	338	225	(6,125)	1,791
Loss for the six month period ended 31 January 2011	-	-	-	-	(507)	(507)
Total comprehensive income for the period	-	-	-	-	(507)	(507)
Transactions with owners:						
Share option charge in the period	-	-	-	5	-	5
At 31 January 2011	1,071	6,282	338	230	(6,632)	1,289

Condensed consolidated interim statement of cash flows - unaudited

for the six months ended 31 January 2011

	Six months ended 31 January 2011 £'000	Six months ended 31 January 2010 £'000	Year ended 31 July 2010 £'000
Cash flows from operating activities			
Loss before tax	(507)	(453)	(1,106)
Interest received	(2)	-	-
Depreciation	12	17	31
Share–based payment charges	5	24	47
Operating cash outflow before changes in working capital	(492)	(412)	(1,028)
Movement in trade and other receivables	(66)	(2)	(2)
Movement in trade and other payables	(60)	(161)	(188)
Cash flow from operations	(668)	(639)	(1,218)
Tax received	-	141	141
Net cash flows used in operating activities	(668)	(498)	(1,077)
Investing activities			
Purchase of property, plant and equipment	(3)	-	(4)
Interest received	2	-	-
Net cash flow from investing activities	(1)	-	(4)
Financing activities			
Issue of share capital	-	-	2,007
Expenses of share issue	-	-	(83)
Net cash flows from financing activities	-	-	1,924
Net (decrease)/increase in cash and cash equivalents	(669)	(498)	843
Cash and cash equivalents at start of period	1,737	894	894
Cash and cash equivalents at end of period	1,068	396	1,737

Notes to the consolidated interim report

For the six months ended 31 January 2011

Basis of preparation

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 July 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The interim financial information for each of the six month periods ended 31 January 2011 and 31 January 2010 has not been audited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The information for the year ended 31 July 2010 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but is based on the statutory accounts for that year, on which the Group's auditors have reported on and which have been filed with the Registrar of Companies.

Their audit report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498 (2) or (3) Companies Act 2006. This interim financial report has neither been audited nor reviewed pursuant to the International Standard on Review Engagements (UK and Ireland) 2410.

The condensed consolidated interim financial information was approved for issue on 8 March 2011.

Accounting Policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 July 2010 and which will form the basis of the 2011 Annual Report except as described below. The basis of consolidation is set out in the Group's accounting policies in those financial statements.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended 31 July 2010.

Changes in accounting policies

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

This interpretation is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group as it has not had any 'debt for equity swaps'.

Amendments resulting from April 2009 Annual Improvements to IFRSs

On 16 April 2009, the International Accounting Standards Board issued Improvements to IFRSs 2009 – incorporating amendments to 12 International Financial Reporting Standards (IFRSs). The majority of these amendments are effective from annual periods beginning on or after 1 January 2010. Amongst these improvements were amendments to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 8 'Operating Segments', IAS 1 'Presentation of Financial Statements' IAS 7 'Statement of Cash Flows', IAS 17 'Leases', IAS 36 'Impairment of Assets', and IAS 39 'Financial Instruments Recognition and Measurement'. Whilst the Group adopted these amendments with effect from 1 August 2010, none of them have had an impact as yet given the Group's operations.

Amendments resulting from May 2010 Annual Improvements to IFRSs

On 6 May 2010, the International Accounting Standards Board issued Improvements to IFRSs 2010 – incorporating amendments to 7 International Financial Reporting Standards (IFRSs). The majority of changes are effective for annual periods beginning on or after 1 January 2011, but some are effective for annual periods beginning on or after 1 July 2010, namely amendments to IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements'. The Group has adopted these amendments, but they have not had any impact as yet given the Group's operations.

Other changes

IFRS 1 'First-time Adoption of International Financial Reporting Standards' was revised in July 2009 and January 2010 with amendments effective for annual periods beginning on or after 1

January 2010 and 1 July 2010 respectively. These amendments are not applicable to the Group.

IFRS 2 'Share-based Payment' was amended in June 2009 and is effective for annual periods beginning on or after 1 January 2010. There are no implications of these amendments for the Group.

IAS 32 'Financial Instruments: Presentation' was amended in 2009 relating to classification of rights issues. The changes were effective for annual periods beginning on or after 1 February 2010. This did not have an impact on the Group as it has not carried out a rights issue.

Business segments

The Chief Operating Decision Maker is defined as management, including the board of Directors.

Management considers that the Group's research and development activity constitutes one operating and reporting segment, as defined under IFRS 8. Management review the performance of the Group by reference to group-wide results against budget.

The group-wide profit measures are operating loss and loss for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the group financial statements. There is no allocation of revenues, operating expenses, profit measures, assets and liabilities to individual commercial agreements.

All of the revenues generated relate to commercial agreements and are wholly generated within the UK. Accordingly there are no additional disclosures provided to the primary statements.

Loss per share

The calculation of basic and diluted loss per share is based upon the loss after tax divided by the weighted average number of shares in issue during the period. Due to the losses incurred there is no dilutive effect from the issue of share options.

Basic and diluted loss per share	**Loss after tax £'000**	**Weighted average number of shares**	**EPS (pence)**
6 months ended 31 January 2011	(507)	10,714,844	(4.7p)
6 months ended 31 January 2010	(453)	7,717,831	(5.9p)
12 months ended 31 July 2010	(996)	8,719,572	(11.4p)

At 31 January 2011 there were 898,001 share options granted but not yet exercised (31 January 2010: 703,616).

Related party transactions

The following transactions took place during the year with other related parties:

	Purchase of goods and services			**Amounts owed to related parties**		
Group	**H1 2011 £000**	H1 2010 £000	FY 2010 £000	**H1 2011 £000**	H1 2010 £000	FY 2010 £000
The University of Leeds[1]	**8**	44	45	**-**	**21**	1
Atraxa Consulting Limited[2]	**18**	18	39	**-**	**4**	6
Top Technology Ventures Limited[3]	**-**	-	46	**-**	**-**	-

1 – The University of Leeds is a significant shareholder and supplies the services of Dr Jon Cove to the Group through a secondment agreement for the period from 1 August 2009 to 28 February 2010. Additionally the University has provided the services of a research student during the period.

2 – Atraxa Consulting Limited provides accountancy services to the Group. One of the Company's directors, Darren Bamforth, is a director and shareholder of Atraxa Consulting Limited.

3 – Top Technology Ventures Limited is part of IP Group plc which is a significant shareholder in Syntopix Group plc.

Statement of Directors' Responsibilities

The directors confirm to the best of their knowledge that:

i) The condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and

ii) The interim management report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors of Syntopix Group plc and their functions are listed below.

Further information for Shareholders

Company number:	05656604
Registered office:	Institute of Pharmaceutical Innovation Tumbling Hill Street, Bradford BD7 1DP
Directors:	Thomas Bannatyne (Chairman) Dr Stephen Jones (Chief Executive Officer) Dr Jon Cove (Research Director) Darren Bamforth (Group Finance Director) Dr Gwyn Humphreys (Non-Executive Director) Michael Townend (Non-Executive Director)
Company Secretary:	Darren Bamforth