Press Release **28 March 2013**

Evocutis plc

("Evocutis" or "the Company" and with its subsidiaries the "Group")

Interim Results

Evocutis plc (AIM: EVO), the company focussed on advanced laboratory and clinical evaluations of skincare products for the health and cosmetic markets, today announces its unaudited interim results for the six months ended 31 January 2013.

Financial Highlights

- Revenue achieved of £226,000 (H1 2012: £344,000).
- Adjusted operating loss* of £476,000 (H1 2012: loss of £346,000).
- Basic loss per share of 0.28p per share (H1 2012: 0.21p).
- Cash balance of £1,030,000 at 31 January 2013 (H1 2012: £1,849,000).

Operational Highlights

- LabSkin™ launched for direct sale as a product in September 2012.
- Laboratory studies of LabSkin™ have demonstrated its value as a living model system for studies of transdermal drug delivery, complementing the use of excised, non-living human or pig skin systems.
- New contract research agreements secured in areas of LabSkin™ and skin microbiology with several multinational companies.
- Initiated search for strategic partner in December 2012.

* Operating loss before share-based payment charge, depreciation and amortisation

- Ends –

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

Notes to editors

About Evocutis plc

With a rich portfolio of new product opportunities, Evocutis offers antimicrobial and dermatological expertise to the cosmetic, consumer healthcare and pharmaceutical industries. Being uniquely able to combine research for laboratory testing, advanced skin models and clinical testing, Evocutis offers a complete service for the development of skin care products and ingredients. Through research and testing we enable our clients to advance the discovery of skin care products that actually work.

Offering high quality contract research services, Evocutis specialises in Human Skin Microbiology, tissue culture systems and Human Volunteer and Clinical Dermatology Research. Unique characteristics of its colonised full thickness model of human skin (LabSkin™) allow rapid, cost effective screening of, for example, anti-ageing, anti-inflammatory and antimicrobial ingredients and products for use on skin. Additionally, the clinical, human volunteer testing facility that is housed on-site provides rapid, bespoke evaluation of dermatological products.

When it comes to advanced laboratory and clinical evaluations of skincare products for the health and cosmetic markets, the Evocutis focus is simple: intelligent and specialised R&D input.

For further information, please see www.evocutis.com

About LabSkin™

LabSkin™ is an animal-replacement technology, that emulates living skin tissue and is a high value research and product testing tool for the cosmetic and healthcare industries. It is a full thickness human skin model, comprised of both dermal and epidermal layers, and is produced exclusively and reproducibly on site at Evocutis from primary human cells (keratinocytes & fibroblasts). The model exhibits a fully differentiated epidermal layer, which provides a completely dry surface for tailored testing requirements.

LabSkin™ is highly versatile, and alongside its antimicrobial model, Evocutis is developing models to test anti-ageing and moisturising products. The antimicrobial LabSkin™ model allows testing using pathogenic microorganisms which would not be possible in human clinical studies. In addition, methods have been developed to allow LabSkin™ to be inoculated with skin washings taken directly from human skin, thus providing a step-change in the quality of data possible from a laboratory model. By benchmarking activity against best-in-class products, the activity of new ingredients and formulations can be assessed for several antimicrobial endpoints, including immediate kill, rate of kill and residual activity.

Recent research indicates that our natural microflora is an integral part of our skin and makes a significant contribution to skin health. LabSkin™ provides a unique living skin surface which is validated for microbial applications and can simultaneously provide information on irritation, penetration, barrier function and skin structure.

Chairman's and Chief Executive Officer's Report

Introduction

We are pleased to report the interim results for the six months ended 31 January 2013. It has been a period of change for Evocutis, as the Company has transitioned from a purely contract-research organisation to also sell our LabSkin™ units as a consumable product to the pharmaceutical and consumer health industries.

LabSkin™ technology

There has been significant development of LabSkin™ over the past six months. The Company has increased its capacity to produce LabSkin™ such that it can meet our internal needs as well as servicing customer orders. Collaboration with the London School of Pharmacy has demonstrated that LabSkin™ is a good reproducible model to study transdermal delivery of small molecule pharmaceuticals, and we have also initiated a collaboration with the University of Bradford to develop a LabSkin™ variant containing melanocytes. Further studies in our own laboratories have also continued and our aim is to characterise LabSkin™ in as many ways as possible. We expect this to facilitate its adoption by consumer health and pharmaceutical companies as a predictive model for the behaviour of cosmetic products on human skin.

The unique properties of LabSkin™ in particular with regard to its ability to support the growth of skin micro-organisms have allowed Evocutis to secure continuing contract research business, much of it with major multinational companies.

The completion, on 11 March 2013, of the European regulatory framework banning the testing of cosmetic ingredients on animals will continue to make skin models such as LabSkin™ important tools in this industry. This ban is applicable to products sold within the EU irrespective of whether the product was produced within or outside the EU.

Skin microbiology services

There continues to be recognition in the marketplace of the expert skin microbiology skills and services at Evocutis. During the period the Company carried out several studies for UK, European and US companies on diverse projects relating to toxic shock syndrome, anti-acne candidate compounds and screening of our compound database for synergies with customer compounds of interest in the consumer health arena. We have also undertaken microbiological laboratory studies in collaboration with Cutest, our partner in offering patient based studies of topical treatments.

In the 2012 Annual Report we stated that we had ceased to carry out clinical evaluation of skin products at Evocutis but would seek to support such activities at Clinical Research Organisations by providing specialist skin microbiology services to such organisations. This remains our objective, but revenues have not been secured in this area in the past six months.

Income statement

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

	Six months ended 31 January 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Revenue	**226**	344	457
Adjusted operating loss*	**(476)**	(346)	(910)
Operating loss	**(531)**	(446)	(1,707)
Loss for the period	**(481)**	(373)	(1,519)

* Operating loss before share-based payment charge, acquisition costs, depreciation, amortisation and impairment charges.

Balance sheet

The accounting period to 31 January 2013 ends with the Group having net assets of £1,482,000 (H1 2012: £3,081,000). The Group has no external borrowings and cash reserves of £1,030,000 (H1 2012: £1,849,000).

Cash

Cash balances have decreased in the period by £449,000 with the principal elements of the movement being:

	Six months Ended 31 January 2013 £'000	Six months ended 31 January 2012 £'000	Year ended 31 July 2012 £'000
Net cash from operations	**(562)**	(530)	(879)
Net cash used in investing activities	**2**	(30)	(51)
Tax received (net of tax paid)	**111**	93	93
Movement during the period	**(449)**	(467)	(837)

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 £40,000 (H1 2012: £47,000) in respect of research costs incurred in the first six months.

Principal risks and uncertainties

A detailed explanation of the principal risks and uncertainties faced by the Group and the process taken to manage them is set out in Evocutis plc's 2012 Annual Report and Accounts. The principal risks and uncertainties are summarised as follows:

- Risk that the Group will not achieve commercial success
- Risk that the Group's intellectual property will not be adequately protected
- Risk that the Group cannot attract or retain key staff

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

Ongoing strategic review

On 3 December 2012 the Company announced that it had appointed consultants to assist the Company in reviewing and evaluating strategic options open to the Company to maximise value for shareholders. Options include securing long term strategic partners for the business and may include an offer being made for the Company. This process is still underway and the Company will update shareholders in due course.

Thomas Bannatyne	**Dr Gwyn Humphreys**
Chairman	**Interim Chief Executive Officer**

28 March 2013

Condensed consolidated statement of comprehensive income - unaudited

For the six months ended 31 January 2013

	Unaudited Six months ended 31 January 2013 £'000	Unaudited Six months ended 31 January 2012 £'000	Audited Year ended 31 July 2012 £'000
Revenue	**226**	344	457
Cost of sales	**(102)**	(137)	(222)
Gross profit	**124**	207	235
Research and development	**(191)**	(241)	(509)
General and administration	**(464)**	(412)	(1,433)
Adjusted operating loss*	**(476)**	(346)	(910)
Share-based payment charges	**(11)**	(36)	(36)
Impairment of goodwill	**-**	-	(489)
Impairment of other intangible assets	**-**	-	(144)
Depreciation and amortisation	**(44)**	(64)	(128)
Operating loss	**(531)**	(446)	(1,707)
Financial income	**6**	12	26
Loss before tax	**(525)**	(434)	(1,681)
Income tax credit	**44**	61	162
Loss after tax for the year and total comprehensive income attributable to equity shareholders	**(481)**	(373)	(1,519)
Loss per ordinary share			
Basic and diluted	**(0.28p)**	(0.21p)	(0.88p)

* Operating loss before share-based payment charge, acquisition costs, depreciation, amortisation and impairment losses.

All Group activities relate to continuing operations.

Condensed consolidated interim statement of financial position - unaudited

As at 31 January 2013

	Unaudited At 31 January 2013 £'000	Unaudited At 31 January 2012 £'000	Audited At 31 July 2012 £'000
Non-current assets			
Property, plant and equipment	**139**	184	166
Goodwill	**-**	489	-
Other intangible assets	**229**	415	242
Total non-current assets	**368**	1,088	408
Current assets			
Trade and other receivables	**198**	314	129
Current tax recoverable	**40**	47	110
Cash and cash equivalents	**1,030**	1,849	1,479
Total current assets	**1,268**	2,210	1,718
Total assets	**1,636**	3,298	2,126
Current liabilities			
Trade and other payables	**(83)**	(105)	(117)
Current tax payable	**-**	-	-
Total current liabilities	**(83)**	(105)	(117)
Non-current liabilities			
Deferred tax liabilities	**(71)**	(112)	(74)
Total non-current liabilities	**(71)**	(112)	(74)
Total liabilities	**(154)**	(217)	(191)

Net assets	**1,482**	3,081	1,935
Equity attributable to equity holders of the company			
Called up share capital	**1,747**	1,732	1,732
Share premium reserve	**7,634**	7,632	7,632
Merger reserve	**979**	979	979
Share-based payments reserve	**222**	315	211
Retained earnings	**(9,100)**	(7,577)	(8,619)
Total equity	**1,482**	3,081	1,935

Consolidated statement of changes in equity - unaudited

For the six months ended 31 January 2013

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Share Based Payment Reserve £'000	Retained (Losses)/ Earnings £'000	Total £'000
Unaudited						
At 1 August 2011	1,732	7,632	979	279	(7,204)	3,418
Loss and total comprehensive income for the six month period ended 31 January 2012	-	-	-	-	(373)	(373)
Transactions with owners:						
Share option charge in the period	-	-	-	36	-	36
At 31 January 2012	1,732	7,632	979	315	(7,577)	3,081
Audited						
At 1 August 2011	1,732	7,632	979	279	(7,204)	3,418
Loss and total comprehensive income for the year ended 31 July 2012	-	-	-	-	(1,519)	(1,519)
Transactions with owners:						
Shares options lapsed	-	-	-	(104)	104	-
Share option charge in the year	-	-	-	36	-	36
At 31 July 2012	1,732	7,632	979	211	(8,619)	1,935

Unaudited

At 1 August 2012	1,732	7,632	979	211	(8,619)	1,935
Loss and total comprehensive income for the six month period ended 31 January 2013	-	-	-	-	(481)	(481)
Transactions with owners:						
Issue of shares	15	2	-	-	-	17
Share option charge in the period	-	-	-	11	-	11
At 31 January 2013	1,747	7,634	979	222	(9,100)	1,482

Condensed consolidated interim statement of cash flows - unaudited

for the six months ended 31 January 2013

	Unaudited Six months ended 31 January 2013 £'000	Unaudited Six months ended 31 January 2012 £'000	Audited Year ended 31 July 2012 £'000
Cash flows from operating activities			
Loss before tax	**(525)**	(434)	(1,681)
Interest received	**(6)**	(12)	(26)
Depreciation	**31**	35	70
Amortisation of intangible assets	**13**	29	58
Impairment losses	**-**	-	633
Share-based remuneration	**17**	-	-
Share–based payment charges	**11**	36	36
Operating cash outflow before changes in working capital	**(459)**	(346)	(910)
Movement in trade and other receivables	**(69)**	(113)	90
Movement in trade and other payables	**(34)**	(71)	(59)
Cash flow from operations	**(562)**	(530)	(879)
Tax received	**111**	123	123
Tax paid	**-**	(30)	(30)
Net cash flows used in operating activities	**(451)**	(437)	(786)
Cash flow from investing activities			
Purchase of property, plant and equipment	**(4)**	(42)	(59)
Finance income	**6**	12	8

Net cash outflow from investing activities	**2**	(30)	(51)
Net decrease in cash and cash equivalents	**(449)**	(467)	(837)
Cash and cash equivalents at start of period	**1,479**	2,316	2,316
Cash and cash equivalents at end of period	**1,030**	1,849	1,479

Notes to the consolidated interim report

For the six months ended 31 January 2013

1 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 2012, 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 2013 and 31 January 2012 has neither been reviewed nor audited pursuant to guidance issued by the Auditing Practices Board within the meaning of Section 435 of the Companies Act 2006. The information for the year ended 31 July 2012 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 for the year ended 31 July 2012 was unqualified and did not contain a statement under Section 498 (2) or (3) Companies Act 2006. Their report for the year ended 31 July 2012 included reference to the material uncertainty in respect of achieving forecast sales revenues together with the Group's ability to find a third party with a potential interest in making an offer for, merging with or proposing other forms of corporate transaction which they drew attention to by way of emphasis of matter without qualifying their report.

The condensed consolidated interim financial information was approved for issue on 28 March 2013.

2 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 2012 and which will form the basis of the 2013 Annual Report, other than as required from changes in accounting standards as discussed in note 3. 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 2012.

3 Changes in accounting policies

The following amendments to financial reporting standards were adopted from 1 August 2012. None of them have had a significant impact on the Group:

- Amendment to IAS 1 'Presentation of financial statements' - Presentation of items in other comprehensive income.

- Amendments to IAS 12 'Income Taxes' - Recovery of underlying assets.

4 Segment information

The Group's revenue and loss was derived from its principal activity which is the provision of contract microbiology research services and clinical evaluation studies using its proprietary advanced living skin equivalent model, LabSkin™ and from initial sales of LabSkin™ units following the launch of this product in September 2012.

Operating segment information is reported in accordance with IFRS 8 'Operating Segments' based on the financial information provided to the Board of Directors, which is regarded as the 'Chief Operating Decision Maker' (CODM) as all key strategic and operating decisions are made by the Board.

Operating segments are determined based on the internal reporting information and management structure within the Group. The CODM considers that the Group operates as a single operating segment and internal management information is presented on that basis. Due to the small size and low complexity of the business, profitability is not analysed in further detail beyond the operating segment level and is not allocated by revenue stream.

An analysis of revenue streams is presented to the CODM on a monthly basis and as such, this information has been provided below.

Geographical information

The UK is the Group's country of domicile.

	Six months ended 31 January 2013 £000	Six months ended 31 January 2012 £000	Year ended 31 July 2012 £000
Revenue			
LabSkin™ and microbiology services	**208**	250	353
LabSkin™ product sales	**18**	-	-
Clinical evaluation services	**-**	94	104
Total revenue	**226**	344	457

Geographical information

The UK is the Group's country of domicile.

	Six months ended 31 January 2013 £000	Six months ended 31 January 2012 £000	Year ended 31 July 2012 £000
Revenue by location of customer			
UK	**87**	164	168
USA	**19**	22	57
Belgium	**10**	38	75
France	**97**	77	77
Germany	**-**	33	69
Spain	**13**	-	-
Sweden	**-**	10	11
Total revenue	**226**	344	457

	Six months ended 31 January 2013 £000	Six months ended 31 January 2012 £000	Year ended 31 July 2012 £000
Revenue by location of group entity			
UK	**226**	344	457
Total revenue	**226**	344	457

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Information regarding the results of the reportable segment is included below. Performance is based on segment operating profit or loss before share-based payment charges, depreciation, amortisation and acquisition costs, as reported in the internal management reports that are reviewed by the CODM. The segment operating profit or loss is used to measure performance. Revenues disclosed below represent revenues to external customers.

	Six months ended 31 January 2013 £000	Six months ended 31 January 2012 £000	Year ended 31 July 2012 £000
Revenues			
Total revenue for reportable segments	**226**	344	457
Consolidated revenue	**226**	344	457
Loss			
Total loss for reportable segments	**(476)**	(346)	(910)
Loss before share-based payment charges, depreciation, amortisation, impairment losses and acquisition costs	**(476)**	(346)	(910)

	Six months ended 31 January 2013 £000	Six months ended 31 January 2012 £000	Year ended 31 July 2012 £000
Assets			
Total assets for reportable segments	**1,636**	2,809	2,126
Unallocated assets:			
Goodwill	**-**	489	-
Consolidated total assets	**1,636**	3,298	2,126
Liabilities			
Total liabilities for reportable segments	**83**	105	117
Unallocated liabilities:			
Deferred tax	**71**	112	74
Consolidated total liabilities	**154**	217	191

Other information

Revenue for both the current and previous financial periods was generated from the rendering of research services. Additionally, during the current financial year, revenue was also generated from sales of LabSkin™ units.

For the six months ended 31 January 2013, two customers each generated revenues over 10% of total revenues, being 43% and 22% respectively.

For the six months ended 31 January 2012, four customers each generated revenues over 10% of total revenues, being 24%, 22%, 15% and 11% respectively.

For the year ended 31 July 2012, our three largest customers accounted for approximately 18%, 16% and 16% of total revenues respectively.

Non-current assets all relate to the Group's single operating segment.

5 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 2013	(481)	174,225,378	(0.28)
6 months ended 31 January 2012	(373)	173,179,690	(0.21)
12 months ended 31 July 2012	(1,519)	173,179,690	(0.88)

At 31 January 2013 there were 11,552,310 share options granted but not yet exercised (31 January 2012: 8,560,110; 31 July 2012: 5,257,110).

6 Seasonality

The Group's revenues are subject to the timing and fulfilment of major contracts for fee based research services which can have a significant impact on the revenues in any given period and are difficult to predict.

7 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 2013**	H1 2012	FY 2012	**H1 2013**	H1 2012	FY 2012
	£000	£000	£000	**£000**	£000	£000
Atraxa Consulting Limited[1]	**30**	40	63	**-**	**20**	9
The University of Leeds[2]	**7**	-	7	**-**	**-**	-

1 – 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.
2 – The University of Leeds is a shareholder.

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 Evocutis plc and their functions are listed below.

Further information for Shareholders

Company number: 05656604

Registered office: Sandbeck Lane
Wetherby
LS22 7TW

Directors:	Thomas Bannatyne (Chairman)
	Dr Gwyn Humphreys (Interim Chief Executive Officer)
	Dr Richard Bojar (Chief Scientific Officer)
	Darren Bamforth (Group Finance Director)
	Michael Townend (Non-Executive Director)
Company Secretary:	Darren Bamforth