

## **Angel Biotechnology Holdings Plc ("Angel" or the "Company")**

### **Interims results for the six month period ended 30 June 2008**

Angel Biotechnology Holdings Plc, (AIM: ABH) the biopharmaceutical contract manufacturer, is pleased to announce its financial results for the six month period ended 30 June 2008.

Business Highlights during period 1 January to 30 June 2008:

- 8 new and 1 extended contracts with a total value of £728,778 were secured in the period, two of which were with new clients.
- Successful delivery in new technologies such as stem cells, autologous and allogeneic cell therapies, antibody-based therapies and bacteriophage as a treatment for antibiotic-resistant organisms.
- Manufacturing consolidated at Angel's substantially enlarged Pentlands facility.
- Major collaboration with EPhaG AS following a £1m investment in Angel.

Gordon Sherriff, COO of Angel Biotechnology Holdings Plc, said: "Angel has enjoyed a productive and successful first half to 2008. Of particular importance is the growth in revenues over the comparative period in 2007 and high quality delivery of projects to clients, reflected in repeat contracts. With the rationalisation steps substantially complete, we are well placed to focus on further development of the success of our Pentlands base. The Company expects to announce new collaborations and the successful completion of ongoing projects during the remainder of 2008".

For further information, please call:

Angel Biotechnology Holdings Plc	Tel 0131 445 6077
Gordon Sherriff, COO	Tel 07951 057016
Grant Thornton UK LLP, Nominated Adviser	
Colin Aaronson	Tel 020 7383 5100

## CHAIRMAN'S STATEMENT

Angel Biotechnology Holdings Plc offers process development and manufacturing services to pre-GMP and GMP standards. Our customer base comprises biotechnology and pharmaceutical companies worldwide. Angel's principal activity is the manufacture and supply of bio-materials for use in clinical trials through all phases of the drug development process and for manufacture of product for market launch. The Company has shown in this period that it has the ability to deliver the specialist technical services and products our customers require, on time and within budget.

Recognised revenues in the first half of 2008 were £478,996. This compares with revenues of £108,712 for the comparative period in 2007. The company made a pre-tax loss of £462,485 compared to a pre-tax loss of £665,074 for the comparative period in 2007. Revenues and costs prior to the announcement of the Company's re-organisation announced on 27 June 2007 are excluded from the comparative figures at 30 June 2007 and 31 December 2007. New business to the value of £728,778 was signed in H1 2008.

With the restructuring of the business largely concluded and our new headquarters established at Pentlands (Edinburgh), the first half of 2008 has seen the company focus on consolidating its operations and ensuring that our commercial offering meets current and future client needs. We have maintained a low cost base which, coupled with the award of an Manufacturers' and Importers Authorisation (MIA) from the MHRA, has allowed us to access new market segments and to remain competitive in difficult market conditions. We have continued to grow relationships with existing clients and generating new business that fits with our growth strategy and technical capabilities. The investment in Angel by EPhaG AS benefits Angel with new business coupled with the opportunity to expand our fully licensed operations and grow the business rapidly.

### Business Development

The prevailing financial environment has made the signing of new business more difficult. Many of the client companies that would normally bring business to Angel are SME's with products in development, where the funding of that development is largely reliant on funds from investors rather than revenue from marketed products. Angel has been successful in signing a number of contracts but the time from first approach to a signed contract is now longer than in the past. However, Angel's low cost base, its broad technical capabilities and ability to respond quickly to client needs positions the Company to better address the current business climate.

Angel continued its ongoing relationship with ReNeuron Group Plc, and signed new contracts for manufacturing stem cell batches to GMP standard. Angel has improved the manufacturing process and cell banking activities for two of their leading neural stem cell programmes. This relationship has continued to grow and has culminated in Angel being named as Reneuron's manufacturing partner for nominated clinical trials.

Angels' expertise in the specialist area of phage manufacture for the treatment of resistant bacteria is increasingly recognised by the signing of a contract with Novolytics Ltd to manufacture GMP material for their Phase I clinical trial for treatment of MRSA. Work on this contract commenced in June 2008 and is expected to complete early in 2009. We are currently in advanced discussions with other companies involved in this interesting new technology and look forward to signing new contracts in the future.

Our two contracts with the Russian company Materia Medica to produce bulk materials for use in fully licensed products within the EU are progressing. Angel has forged a regulatory path for these products, bringing significant relevant experience to the Company. Materia Medica has a pipeline of such products and Angel is well positioned to gain future contracts.

In April, the Company agreed a significant investment by Estonian pharmaceutical company, EPhaG AS who wanted to secure a manufacturing partner. The agreement provided for a £1m investment in

Angel that would be used to develop the capacity and resource to manufacture three bio-molecules, for use in key areas of medicine, over a three year period. One contract was signed in June, with the others expected to be signed in the future.

Angel has maintained its regulatory approvals (MHRA and HTA) in the first half of 2008. These approvals are required to establish and grow its business. The HTA, (Human Tissue Authority), has an independent approval procedure to that used by MHRA. The granting by the MHRA of a Manufacturers' and Importers Authorisation, allowing Angel to manufacture licensed products for export or sale within the EU, was a significant achievement in early 2008. These licences are an important differentiating factor for Angel. .

A milestone payment was made by ACE Biosciences AS relating to work performed by Angel on their vaccine which successfully went through Phase I clinical trials. This represents an endorsement of Angel's strategy to work in creative partnership with its clients

### **Outlook**

Whilst the trading climate is more difficult than usual, Angel's low cost base, fully licensed status and ability to take on a wide range of project types places the Company in a good position to attract profitable business through competitive pricing and a track record of delivering technically challenging programmes to the satisfaction of our clients. The Directors believe that the relationship with EPhaG AS will not only provide business in the short-to-medium term but also has the potential to open up exciting possibilities that may take Angel beyond the boundaries of being solely a contract manufacturing operation.

Dr Paul Harper  
Chairman, Angel Biotechnology Holdings Plc

**Angel Biotechnology Holdings Plc****Unaudited Income Statement for the half year ended 30 June 2008**

	Unaudited Half year to 30-Jun-08 £'000	Unaudited Half year to 30-Jun-07 £'000	Audited Year ended 31-Dec-07 £'000
Revenue	479	109	443
Cost of sales	-254	-53	-242
Gross profit	225	56	201
Net operating expenses	-632	-151	-600
Restructuring costs	-48	-570	-809
Operating loss	-455	-665	-1,208
Finance income	4	-	1
Finance costs	-11	-	-1
Loss before taxation	-462	-665	-1,208
UK corporation tax	-	-	-
Loss for the period attributable to equity shareholders	-462	-665	-1,208
Loss per share (pence)			
Basic and diluted	0.04 p	0.11 p	0.11 p

## Angel Biotechnology Holdings Plc

### Unaudited Balance Sheet as at 30 June 2008

	Unaudited As at 30-Jun-08 £'000	Unaudited As at 30-Jun-07 £'000	Audited As at 31-Dec-07 £'000
<b>Non current assets</b>			
Intangible assets	1	-	1
Property, plant and equipment	<u>354</u>	<u>-</u>	<u>355</u>
	355	-	356
<b>Current assets</b>			
Trade and other receivables	343	127	127
Cash and cash equivalents	<u>644</u>	<u>159</u>	<u>42</u>
	987	286	169
<b>Total assets</b>	<u>1,342</u>	<u>286</u>	<u>525</u>
<b>Current liabilities</b>			
Trade and other payables	-799	-202	-557
Finance leases	-120	-	-120
Loans	-426	-56	-23
Deferred income	<u>-197</u>	<u>-123</u>	<u>-140</u>
	-1,542	-381	-840
<b>Non current liabilities</b>			
Other non-current liabilities	-75	-	-126
<b>Total liabilities</b>	<u>-1,617</u>	<u>-381</u>	<u>-966</u>
<b>Net (liabilities) assets</b>	<u>-275</u>	<u>-95</u>	<u>-441</u>
<b>Capital and reserves</b>			
Share capital	1,433	1,080	1,194
Share premium account	3,569	3,097	3,180
Profit & loss account	<u>-5,277</u>	<u>-4,272</u>	<u>-4,815</u>
Equity shareholders' funds	<u>-275</u>	<u>-95</u>	<u>-441</u>

**Angel Biotechnology Holdings Plc**

**Statement of changes in equity for the half year ended 30 June 2008**

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total shareholders' funds £'000
At 31 December 2006	840	2,767	-3,607	-
Share issue (net of costs)	354	413		767
Loss for the year			-1,208	-1,208
At 31 December 2007	1,194	3,180	-4,815	-441
Share issue (net of costs)	239	389		628
Loss for the period			-462	-462
At 30 June 2008	1,433	3,569	-5,277	-275

**Angel Biotechnology Holdings Plc****Unaudited Cash Flow Statement for the half year ended 30 June 2008**

	Unaudited Half year to 30-Jun-08 £'000	Unaudited Half year to 30-Jun-07 £'000	Audited Year ended 31-Dec-07 £'000
Cash flows from operating activities:			
Operating loss	-455	-665	-1,208
Amortisation and depreciation	20	-	17
(Increase) in receivables	-216	-127	-127
Increase in payables	235	202	557
Increase in deferred income	57	123	140
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Cash generated from operations	-359	-467	-621
UK corporation tax received	-	-	-
Interest paid	-4	-	-1
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	-363	-467	-622
Cash flows from investing activities:			
Interest received	4	-	1
Purchase of non-current assets	-19	-	-104
	<hr/>	<hr/>	<hr/>
Net cash used by investing activities	-15	-	-103
Cash (outflow) before financing	-378	-467	-725
Cash flows from financing activities:			
Receipt of loans	403	56	23
Finance lease payments	-51	-	-23
Issue of ordinary share capital	628	570	767
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Net cash from financing activities	980	626	767
Net increase in cash and cash equivalents	602	159	42
Cash and cash equivalents at beginning of period	42	-	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	644	159	42

## **Angel Biotechnology Holdings Plc**

### **Notes to the Interim Financial Statements**

#### **1. General information**

Angel Biotechnology Holdings Plc is a public limited company (“the Company”) incorporated in the United Kingdom under the Companies Act 1985 (registration number 5383314). The Company is domiciled in the United Kingdom and its registered address is 50 Broadway, London, SW1H 0BL. The Company’s ordinary shares are traded on the AIM Market of the London Stock Exchange (“AIM”). Copies of the interim report are available from the Companies website, [www.angelbio.com](http://www.angelbio.com). Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

The Company’s principal activity is the manufacture and supply of bio-materials for use in clinical trials and at product launch.

#### **2. Basis of preparation**

The interim financial statements of the Company for the six months ended 30 June 2008, which are unaudited, have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 31 December 2007.

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the year ended 31 December 2007. Those accounts, upon which the auditors, Baker Tilly UK Audit LLP, issued an unqualified audit opinion, have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and not in accordance with IAS 34 “Interim Financial Reporting” therefore it is not fully compliant with IFRS.

The interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£’000) except when otherwise indicated.