

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

### Interims results for the six month period ended 30 June 2009

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 2009.

Business highlights during period 1 January to 30 June 2009:

- Increase in revenues of 25% compared with same period in 2008.
- Signed Contracts with combined value in excess of £2.2M
- Pipeline continues to grow in quality and is the best we have seen to date

*Gordon Sherriff, COO of Angel Biotechnology Holdings Plc, said:*

*"The first half of 2009 saw our recognised revenues grow 25% compared to the first half of 2008. We signed contracts with a combined value in excess of £2.2M with Materia Medica and ReNeuron. This has cemented the strong relationship we have with these important customers and emphasises the diversity of Angel's service offering and ability to deliver. Our Advanced Biologics service offering and business development strategy have yielded positive results through 2009. We have seen our pipeline of prospective business grow to the best it has been so far with projects at various stages of negotiation. The current global financial conditions have had an impact on the business, lengthening the time contracts take to sign. However, we are confident of a good conversion rate of prospects to customers and coupled with revenues from contracts signed earlier in the year, look forward to stronger results through the remainder of 2009 and into 2010".*

For further information, please call:

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Grant Thornton Corporate Finance, Nominated Adviser	
Colin Aaronson	Tel 020 7383 5100

### Chairman's and Chief Operating Officer's Statement

Following the restructuring of Angel Biotechnology Holdings Plc ("Angel" or "the Company") in July 2007 the Company has focused its development and cGMP manufacturing services on advanced biologics. These include mammalian and microbial biologics, cell based therapies and bacteriophage. Our customers are mainly biotechnology and pharmaceutical companies, worldwide, with innovative discovery and development programmes based upon use of biomolecules, cells and viruses to address diseases where there is no satisfactory treatment or where the current treatments fail to deal adequately with the diseases process. These include, for example, novel treatments for MRSA and Clostridium difficile, antibodies and virus-based treatments for solid cancer tumours, and stem cells potentially capable of addressing a myriad of disease conditions ranging from stroke to regeneration of muscle following a heart attack. In this connection, Angel has successfully manufactured autologous cell therapy and stem cell materials to cGMP for clinical studies in the UK.

The drive towards cost-effective healthcare has stimulated the development of lower cost generic drugs and has made the development of new small molecule drugs that show modest performance improvements over their generic counterparts a higher risk strategy. Innovative

new medicines that offer major performance advantages over existing therapies are more likely to gain reimbursement from healthcare payers. These are, in the main, advanced biologics of the type described above. Angel is well placed in terms of expertise, resource, regulatory understanding and licensed status to capitalise on this area of high added value medicines.

Whilst Angel is well placed to take advantage of the growth in biologicals-based drugs it has not been exempt from the general downturn in the manufacturing sector. This has been compounded by the fact that even large and well financed biotechnology businesses have cut back their research programmes or delayed spending on their early stage development activities. The current difficult investment environment, particularly in the UK, has resulted in companies deciding to conserve their cash resources until market conditions improve and share prices recover sufficiently to make replacement of those funds possible. The consequence, across the entire biomanufacturing sector, is that over the past 18-24 months, the time from a client's first approach to signing of a contract and initiation of a programme has increased from an average of six months to twelve months.

Sales in H1 2009 of £600,000 increased by £121,000, or 25%, over the same period in 2008. This yielded a H1 2009 pre-tax loss of £516,000 compared with a loss of £462k in the corresponding period in 2008. Whilst the increase in sales is modest, it represents a significant achievement against a difficult economic backdrop. The nature of our newer projects means that revenue recognition accounting principles will result in a major proportion of the revenue from the contracts from our Russian customer appearing in H2 2009 and H1 2010. The level of pre-tax losses reflects in part the need to increase personnel and facilities resources to accommodate the new programmes.

## **Business Development**

The business development team have continued to work diligently to cover a major revenue gap left by the delay in receipt of anticipated orders from EPhaG. Whilst we now have a pipeline of prospects, the time taken to convert these into signed contracts is still longer than forecast. A conspicuous exception was the signing of a new contract and the significant extension of an existing contract with Materia Medica. Due to the nature and unusual structure of these contracts, a major part of the revenues will not be recognised until later in 2009 and into 2010. A contract for ReNeuron's clinical study (stems cells in stroke patients) was also signed. Together, these contracts were worth approximately £2.2 million.

The prospects for new contracts from new and existing customers in H2 2009 and into 2010 are good. We believe that our focus on high added value advanced biologics and reduced cost base is starting to work in our favour. Our pipeline continues to grow in quality and is the best we have seen to date with a number of new contracts at an advanced stage of negotiation as well as quotations for a number of new projects a number of which are with existing customers.

The current economic situation is generating a number of potential collaboration and acquisition opportunities where partially developed biopharmaceutical products cannot be progressed through lack of cash to sponsor the all-important first step of process development and production of the GMP product needed for pre-clinical and clinical studies. Angel reviewed a number of these in H1 2009 and has an on-going initiative, spearheaded by Gavin Clark, Gordon Sherriff and myself to identify value adding opportunities for Angel. We are currently in discussion with third parties but cannot say as yet whether these will be successful.

## **Outlook**

The trading climate remains particularly difficult. Angel's lower cost base as a consequence of re-structuring, 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.

Due to the structure of contracts we currently have, revenue recognition is necessarily delayed resulting in lower figures for H1 2009 than might have been expected with the value of business signed. This situation is expected to be rectified in H2 2009 and into 2010 as the revenues from these projects are recognised.

The business development activities are delivering a quality pipeline and we are making good progress at turning these into contracted manufacturing programmes. We are also working to realise the original strategy of the Company to be not only a best in class biomanufacturer but to have beneficial collaborative partnerships developing new medicines. In these circumstances, Angel would benefit both from commercialisation as well as revenues from manufacturing the product.

The Directors believe that Angel is well positioned to take advantage of the manufacturing opportunities that are emerging in this changing environment. Careful cost management, our comprehensive licensed status and the ability to deliver even the most challenging advanced biologics programmes makes Angel an attractive manufacturing and development partner. The current order book together with the pipeline of potential new business underpins our confidence for the future.

Dr Paul Harper  
Chairman, Angel Biotechnology Holdings Plc

Gordon Sherriff  
Chief Operating Officer, Angel Biotechnology Holdings Plc

**Angel Biotechnology Holdings Plc****Unaudited Income Statement for the half year ended 30 June 2009**

	Unaudited Half year to 30-Jun-09 £'000	Unaudited Half year to 30-Jun-08 £'000	Audited Year ended 31-Dec-08 £'000
Revenue	600	479	953
Cost of sales	-422	-254	-559
Gross profit	178	225	394
Net operating expenses	-670	-632	-1,403
Restructuring costs	-	-48	-48
Operating loss	-492	-455	-1,058
Finance income	-	4	7
Finance costs	-24	-11	-34
Loss before taxation	-516	-462	-1,085
UK corporation tax	-	-	-
Loss for the period attributable to equity shareholders	-516	-462	-1,085
Loss per share (pence)			
Basic and diluted	0.04 p	0.04 p	0.08 p

**Angel Biotechnology Holdings Plc****Unaudited Balance Sheet as at 30 June 2009**

	Unaudited As at 30-Jun-09 £'000	Unaudited As at 30-Jun-08 £'000	Audited As at 31-Dec-08 £'000
Non current assets			
Intangible assets	1	1	1
Property, plant and equipment	<u>384</u>	<u>354</u>	<u>406</u>
	385	355	407
Current assets			
Trade and other receivables	233	343	199
Cash and cash equivalents	<u>83</u>	<u>644</u>	<u>73</u>
	316	987	272
Total assets	<u>701</u>	<u>1,342</u>	<u>679</u>
Current liabilities			
Trade and other payables	-1,035	-799	-857
Finance leases	-81	-120	-92
Loans	-432	-426	-416
Deferred income	<u>-548</u>	<u>-197</u>	<u>-173</u>
	-2,096	-1,542	-1,538
Non current liabilities			
Other non-current liabilities	-	-75	-40
Total liabilities	<u>-2,096</u>	<u>-1,617</u>	<u>-1,578</u>
Net (liabilities) assets	<u>-1,395</u>	<u>-275</u>	<u>-898</u>
Capital and reserves			
Share capital	1,444	1,433	1,433
Share premium account	3,577	3,569	3,569
Profit & loss account	<u>-6,416</u>	<u>-5,277</u>	<u>-5,900</u>
Equity shareholders' funds	<u>-1,395</u>	<u>-275</u>	<u>-898</u>

**Angel Biotechnology Holdings Plc**

**Statement of changes in equity for the half year ended 30 June 2009**

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total shareholders' funds £'000
At 31 December 2007	1,194	3,180	-4,815	-441
Share issue (net of costs)	239	389		628
Loss for the year			-1,085	-1,085
At 31 December 2008	1,433	3,569	-5,900	-898
Share issue (net of costs)	11	8		19
Loss for the period			-516	-516
At 30 June 2009	1,444	3,577	-6,416	-1,395

**Angel Biotechnology Holdings Plc**

**Unaudited Cash Flow Statement for the half year ended 30 June 2009**

	Unaudited Half year to 30-Jun-09 £'000	Unaudited Half year to 30-Jun-08 £'000	Audited Year ended 31-Dec-08 £'000
Cash flows from operating activities:			
Operating loss	-492	-455	-1,058
Amortisation and depreciation	24	20	41
(Increase) in receivables	-33	-216	-72
Increase in payables	160	235	273
Increase in deferred income	374	57	34
	<hr/>	<hr/>	<hr/>
Cash generated from operations	33	-359	-782
UK corporation tax received	-	-	-
Interest paid	-5	-4	-9
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	28	-363	-791
Cash flows from investing activities:			
Interest received	-	4	7
Purchase of non-current assets	-2	-19	-91
	<hr/>	<hr/>	<hr/>
Net cash used by investing activities	-2	-15	-84
	<hr/>	<hr/>	<hr/>
Cash inflow/(outflow) before financing	26	-378	-876
Cash flows from financing activities:			
Receipt of loans	16	403	20
Repayment of loans			-10
Issue of convertible loan			383
Finance lease payments	-52	-51	-113
Issue of ordinary share capital	20	628	627
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	-16	980	907
	<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents	10	602	31
Cash and cash equivalents at beginning of period	73	42	42
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	83	644	73

## **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 2009, 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 2008.

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 2008. 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.