

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

### **Interims results for the six month period ended 30 June 2010**

Angel Biotechnology Holdings Plc, (AIM: ABH) the specialist contract manufacturer of advanced biologics, is pleased to announce its interim results for the six month period ended June 30<sup>th</sup> 2010.

Business Highlights for the period are:

- The Company made a net profit in H1 2010 of £106,737. We expect this trend to continue and look forward to announcing a net profit for the full year 2010.
- Net liabilities have reduced from £1.6m (Dec 09) to £100,000.
- Eight new contracts were signed and two contracts were extended in the period, with a total value of more than £3.3m.
- More than 92% of 2010 budgeted business has been signed and almost 40% of the business budgeted for 2011.
- Three of the new contracts signed were specifically to provide regulatory support.
- Successfully raised £1.425m before expenses through Hybridan acting as broker, to provide working capital and to facilitate an expansion of the companies resource
- Appointed Lorna Peers as Group Financial Controller and Company Secretary

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

“Angel has enjoyed a successful and productive first 6 months of 2010. In addition to making our first ever half year profit, we have now secured most of the business required to deliver our plan for 2010.

The business development team continue to secure new business for 2011, currently amounting to almost 40% of our target and we expect to remain profitable in H2 of 2010, to record the first annual profit in our history. This is a remarkable achievement by the Company in a market that remains challenging. This is a testament to the determined efforts of the business development team to secure new business and the operational team to deliver our clients milestones. The Directors are confident that the business has turned an important corner and we expect to be able to build on this success.

We are actively assessing the options we have to increase our manufacturing capacity and will update the market when our plans are complete.”

For further information, please call:

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## **CHAIRMAN and COO's STATEMENT**

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 which include mammalian and microbial biologics, cell based therapies, including stem cells and bacteriophage. Angel is able to capitalise on this area of high added value medicines in terms of expertise, resource, regulatory understanding and EU licensed status.

Angel has demonstrated that it is now well placed to take advantage of the growth in biological-based drugs. Despite this, the business has not been exempt from the general downturn in the manufacturing sector. Even large and well financed biotechnology businesses have cut back their research programmes or delayed spending on their early stage development activities. The investment environment, particularly in the UK, has resulted in companies deciding to conserve their cash resources.

Sales in H1 2010 of £1.451m increased by £0.851m or 142%, over the same period in 2009. This yielded a H1 2010 pre-tax profit of £106k compared with a loss of £516k in the corresponding period in 2009. Net balance sheet liabilities have reduced to £100k from an opening position of £1.6m.. The increase in sales and movement to profitability represent good progress against a difficult economic backdrop. It is hoped therefore that the share price can once again begin to reflect the true value of the business and provide the returns that loyal investors deserve.

### **Business Development**

The change of policy on stem cell research and related sciences, by the Obama administration is now beginning to show an effect. There is an apparent increase in the number of US companies seeking manufacturing resources and larger attendances at bio-partnering meetings have resulted in Angel having more direct discussions with potential clients. The regulatory environment in the UK is seen to be much more pragmatic than that in the US and more advanced in its thinking than agencies in other EU countries. In addition, China which is seen as a low cost, accessible location to undertake early clinical studies has now confirmed a change in their approach which means that materials for clinical research need to be made to a recognised standard of cGMP.

The business development team have continued to work diligently to deliver major revenue streams to ensure that the Company has a strong pipeline, high revenue capabilities and ultimately, profitability. 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 new contracts and the significant extension of existing contracts 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 2010 and through 2011. We continue to sign new contracts with ReNeuron and expect to commence work on their clinical study (stems cells in stroke patients) in the next months.

The prospects for new contracts from new and existing customers in H2 2010 are good. We believe that our focus on high added value advanced biologics and reduced cost base is working in our favour. Our pipeline continues to grow in quality and to maximise its continued growth we are making an investment to grow our Business Development team.

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 has continued to monitor a number of these in H1 2010 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 challenging and Angel's positioning as an experienced, full service, specialist biomanufacturer combining a lower cost base with flexibility and high levels of customer service continues to provide an important commercial advantage. This is reflected in the value of contracts signed in 2009 and H1 2010 and the strength of the forward order book. Business development activities are focused more on bringing new business in from the US, taking advantage of the sea change there, and the operational team have a sharp focus on delivering the revenue generating milestones.

The Directors believe that Angel is about to enter an important new phase in its growth and development. Improvement in our overall balance sheet and forward revenue generating position provide a good platform for shaping our business by pursuing significant new opportunities.

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 2010**

	Unaudited Half year to 30-Jun-10 £'000	Unaudited Half year to 30-Jun-09 £'000	Audited Year ended 31-Dec-09 £'000
Revenue	1,451	600	1,476
Cost of sales	-645	-422	-864
Gross profit	<u>806</u>	<u>178</u>	<u>612</u>

Net operating expenses	-693	-670	-1,321
Restructuring costs	-	-	-
	<hr/>	<hr/>	<hr/>
Operating profit/loss	113	-492	-709
Finance income	-	-	-
Finance costs	-7	-24	-44
	<hr/>	<hr/>	<hr/>
Profit/loss before taxation	106	-516	-753
UK corporation tax	-	-	-
	<hr/>	<hr/>	<hr/>
Profit/loss for the period attributable to equity shareholders	106	-516	-753
Profit/loss per share (pence)			
Basic and diluted	0.005 p	-0.04 p	-0.05 p

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

	Unaudited As at 30-Jun-10 £'000	Unaudited As at 30-Jun-09 £'000	Audited As at 31-Dec-09 £'000
Non current assets			
Intangible assets	1	1	1
Property, plant and equipment	<u>359</u>	<u>384</u>	<u>362</u>
	360	385	363
Current assets			
Trade and other receivables	342	233	239
Cash and cash equivalents	<u>971</u>	<u>83</u>	<u>59</u>
	1,313	316	298
Total assets	<u>1,673</u>	<u>701</u>	<u>661</u>
Current liabilities			
Trade and other payables	-640	-1,035	-1,137
Finance leases	6	-81	-36
Loans	-555	-432	-548
Deferred income	<u>-593</u>	<u>-548</u>	<u>-528</u>
	-1,782	-2,096	-2,249
Non current liabilities			
Other non-current liabilities	-	-	-
Total liabilities	<u>-1,782</u>	<u>-2,096</u>	<u>-2,249</u>
Net (liabilities) assets	<u>-109</u>	<u>-1,395</u>	<u>-1,588</u>
Capital and reserves			
Share capital	2,081	1,444	1,491
Share premium account	4,357	3,577	3,575
Profit & loss account	<u>-6,547</u>	<u>-6,416</u>	<u>-6,654</u>
Equity shareholders' funds	<u>-109</u>	<u>-1,395</u>	<u>-1,588</u>

**Angel Biotechnology Holdings Plc**

**Statement of changes in equity for the half year ended 30 June 2010**

	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)	58	6		64
Loss for the period			-754	-754
At 31 December 2009	1,491	3,575	-6,654	-1,588
Share issue (net of costs)	590	782		1,372
Profit for the period			107	107
At 30 June 2010	2,081	4,357	-6,547	-109

**Angel Biotechnology Holdings Plc****Unaudited Cash Flow Statement for the half year ended 30 June 2010**

	Unaudited Half year to 30-Jun-10 £'000	Unaudited Half year to 30-Jun-09 £'000	Audited Year ended 31-Dec-09 £'000
Cash flows from operating activities:			
Operating profit/loss	113	-492	-710
Amortisation and depreciation	25	24	48
(Increase) in receivables	-103	-33	-40
Increase/(decrease) in payables	-498	160	308
Increase in deferred income	65	374	354
Cash generated from operations	<u>-398</u>	<u>33</u>	<u>-40</u>
UK corporation tax received	-	-	-
Interest paid	-7	-5	-6
Net cash generated from operating activities	<u>-405</u>	<u>28</u>	<u>-46</u>
Cash flows from investing activities:			
Interest received	-	-	-
Purchase of non-current assets	-23	-2	-4
Net cash used by investing activities	<u>-23</u>	<u>-2</u>	<u>-4</u>
Cash inflow/(outflow) before financing	-428	26	-50
Cash flows from financing activities:			
Receipt of loans		16	68
Repayment of loans			-
Issue of convertible loan			-
Finance lease payments	-32	-52	-96
Issue of ordinary share capital	1,372	20	64
Net cash from financing activities	<u>1,340</u>	<u>-16</u>	<u>-36</u>
Net increase in cash and cash equivalents	912	10	-14
Cash and cash equivalents at beginning of period	59	73	73
Cash and cash equivalents at end of period	<u>971</u>	<u>83</u>	<u>59</u>

## 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 Company’s 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 2010, 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 2009.

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 2009. 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.