

Angel Biotechnology Holdings Plc
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended
31 December 2010

Angel Biotechnology Holdings Plc

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Angel Biotechnology Holdings Plc

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr P B Harper	Executive Chairman
G T Sherriff	Chief Operating Officer and Business Development Director
G D Clark	Non-Executive Director
N J Smith	Non-Executive Director

SECRETARY

L A Peers

REGISTERED OFFICE

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London
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AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
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BANKER

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NOMINATED ADVISERS

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SOLICITOR

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BROKERS AND FINANCIAL ADVISERS

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LONDON
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Matrix Corporate Capital LLP
One Vine Street
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Angel Biotechnology Holdings Plc

CHAIRMAN AND CHIEF OPERATING OFFICERS REPORT

The Company implemented a number of strategic decisions this year. Most were designed to build our business in the medium term and to lay down plans to provide a step change in manufacturing and business development resources to provide longer term growth in revenues and profitability. A proportion of the funds raised in the placement in through Hybridan LLP, February 2010 were used to support these goals. The Company was also pleased to announce the appointment of Lorna Peers as Group Financial Controller and Company Secretary. This appointment was made to reinforce the Company's financial planning and management.

We noted in the annual report and accounts for 2009, that the pipeline of prospects had improved and in the interim statement released on the 19th July 2010, we commented again on the strength of the pipeline. We have noticed an improvement in our marketplace with a number of clients discussing new projects or re-starting programmes delayed through a lack of funding. This contributed to a substantial improvement in the performance of the Company in 2010 as signed contracts began to generate revenues throughout the year.

Finance

Highlights

- Maiden pre-tax profit of £193,291
- Revenue of £2.945million (2009: £1.476 million, 100% increase)
- Gross profit of £1.907million (2009: £0.612 million, 212% increase)
- New contracts signed totalling £5.3 million (2009: £3.8 million, 40% increase)

2010 proved to be a year of significant positive change for Angel in both financial and operational terms. The benefits of decisions taken in previous years are coming to fruition and the achievements made in 2010 will provide a stable platform from which to further grow the business.

Successful delivery of our projects enabled the Company to achieve its first annual profit and considerably strengthen the Balance Sheet. Over the course of the year total assets increased by almost £1 million whilst total liabilities decreased to £1.5 million resulting in a positive Net Assets value at 31 December 2010 of £74,875.

Effective financial control and cash management have seen our debtor days decrease to an average of 18 days (2009: 39 days) and creditor days stabilise at a manageable 58 days (2009: 100 days).

Growth of the business in 2010 and beyond

The increase in recognised revenues is the largest in the Company's history to date and represents a considerable achievement. The move into profitability for the first time in the Company's history reflects:

- the importance of our decision in 2006 to target the advanced biologics market;
- our decision to raise funds to permit expansion of the manufacturing and business development resource with increased spend on new personnel and facility resources to accommodate the new programmes; and
- our decision to target the US market in anticipation of rapid growth in the regenerative medicine space.

Angel undertook a placement in February 2010, through Hybridan LLP raising £1.475 million before expenses. This funding was required to service Angel's increased need for working capital, resulting from the significant up-front costs associated with winning new business and to provide capital to expand the business.

Angel Biotechnology Holdings Plc

CHAIRMAN AND CHIEF OPERATING OFFICERS REPORT (continued)

The Board became increasingly aware that the Company was not communicating its achievements as effectively as possible and this was reflected in a share price and market capitalisation that did not match the performance of our business. We therefore decided to appoint public relations advisers and were pleased to announce the selection of Communications Portfolio to undertake this task. As a consequence, the Company has received considerable coverage in the financial press and newspapers. The awareness created by this coverage combined with the commentary in the Analyst's report on Angel prepared by Matrix, was of considerable assistance when we undertook the recent placing in January 2011, post the year end.

The additional challenge for 2010 was to decide upon the best long term strategy to provide significant additional manufacturing capacity to meet the growth in the regenerative medicine market that we and others are forecasting. It has taken the Board and senior management team some time to settle on a strategy. Options ranged from progressive growth of our Edinburgh base, finding an existing facility that could be adapted to our requirements or considering a totally new build and accept the three year time line that would go with that decision. Whilst the US market is now showing considerable potential, it was difficult to see at the start of the year how this would shape in terms of the nature and volume of potential business. The political changes brought in by the Obama Administration have taken time to stimulate the research community but by mid-year there was clear evidence of the awakening of a sleeping giant. This influenced the formulation of our strategy.

It was clear from discussions with current clients who had programmes moving into later stages of development and with potential new clients, that they would all require larger scale production than Angel could currently provide without compromising our commitment to current clients/projects. In other cases, where US companies wanted to take advantage of the European approach to regulating advanced therapies compared to the FDA, they needed certainty that a manufacturing partner could provide the scale-up capacity that their programmes might ultimately require. It progressively became clear that piecemeal expansion of our current site at Pentlands Science Park would not meet these needs. Similarly, a new build would take too long to become operational; we clearly needed to find or acquire a facility that could be adapted to meet our forecast needs for growth.

The facility that Angel designed, built and subsequently vacated in Cramlington, on the outskirts of Newcastle upon Tyne, moved to the stewardship of One North East and has remained empty since Angel moved out. At approximately 13,500 sq ft it provides a combination of development labs and GMP manufacturing space which is well suited to our current and future needs with scope for further on site expansion if required. As currently configured, the GMP facility represents approximately a five fold increase over our current capacity. The GMP facility was granted a GMP licence from the MHRA when operational so we are confident that this can be achieved again once the facility is re-commissioned. The GMP equipment and plant were new when installed and only used for about a year before being professionally de-commissioned. We would plan to commission the facility in phases to match the nature of projects being signed. This will help us to manage our costs and to match resource to demand. We expect the first phase to generate approximately 10 new jobs in an area that has had a long and rich history of pharmaceutical manufacturing. Under these circumstances, Pentlands would remain our headquarters and continue to provide finance, administration, human resources, Quality assurance, Quality control and Business Development support meaning that the new site would be predominantly a direct cost centre and therefore increase the overall profitability of the business.

Preliminary discussions to assess feasibility began in April 2010 and in detail towards the end of the year. Whilst we have not yet legally concluded negotiations, we believe that we have an agreed position with all the parties concerned and have progressed to preparing legal agreements. There is a break in the current lease at the end of March 2011 and this provides a convenient deadline for completion. We believe that it will be possible to have the first phase operational by Q4 2011. We already have contracted work that will be planned into that facility but we will be in a position to sell the new capacity once we have completed on the new lease. As the new facility comes on line late in 2011, we expect a small positive impact on revenues for the year. 2012 however, should see a major contribution to revenues and overall profitability from the new facility.

Angel Biotechnology Holdings Plc

CHAIRMAN AND CHIEF OPERATING OFFICERS REPORT (continued)

The Board stipulated that the decision to take over the lease to the Cramlington facility was contingent on the Company being able to convince shareholders and investors that the expansion strategy was sound and to raise additional new funds to allow us to re-commission the whole of the Cramlington facility, in a series of phases.

The Company appointed Hybridan LLP as joint broker and agreed a funding strategy in late 2010. This was implemented in January 2011 and the message was well received. As a consequence, our fund raising target of £1 million to £1.5 million was oversubscribed and we successfully raised approximately £1.94 million before expenses.

Business Development

Highlights

- The total value of contracts signed in 2010 was £5.3m, representing a 40% increase on the value of contracts signed in 2009. This is the best annual performance in the Company's history. A significant part of the related revenues will be recognised over the 2011 and 2012 financial years.
- 15 new contracts were signed comprising a mixture of cell therapy programmes, therapeutic antibodies, therapeutic bacteriophage and regulatory consultancy projects. 17 contracts were also signed for additional work on previously signed contracts.
- 81% of the 2011 forecast has already been signed.
- A contract with a new US cell therapy client was announced in January 2011.
- Angel's Business Development team was significantly expanded with the addition of a commercial assistant in April and the addition of two new experienced business development managers in September and November.
- The Company attended nine conferences in the year, four in the USA and was invited to give five presentations at four of these meetings revealing the increase in awareness of Angel's profile, particularly in relation to stem cell manufacturing.
- Angel signed two new contracts plus a significant extension of an existing contract with Materia Medica. The Company also signed four regulatory consultancy projects with this Company in the year.

We increased the size of the Business Development team to target the anticipated growth in cell-based regenerative medicine products, especially stem-cell products, and the awakening of the US market in the development of such products. We believed that the change of Government in the United States and the relaxing of rules governing stem cell research would lead to a rapid development of that US stem cell market in 2010. Our experience at conferences and with targeted potential clients has borne out our assessment, leading to the signing of a contract with a new US client for Angel and also the development of a strong pipeline of potential clients with whom we expect to sign contracts in 2011.

Concerns have been expressed that Angel has an over dependence on one major client. This must be seen in context. Programmes with early stage companies such as Novolytics and Azellon often have more modest price tags but lead to larger and higher value programmes as their clinical development proceeds and scale-up is required. We now have a number of such relationships for example with ReNeuron and continue to build on this approach which is very much a sweet spot for Angel's corporate culture. Materia Medica for example brought a number of late stage development projects and a requirement to manufacture product for market. The nature and size of these projects mean that they contribute disproportionately to revenues at present. However, we fully expect that some of our other customers with currently smaller programmes will be major revenue

Angel Biotechnology Holdings Plc

CHAIRMAN AND CHIEF OPERATING OFFICERS REPORT (continued)

generators for the future.

The influx of enquiries from US companies has the potential to add further diversity with new clients and new technologies. A number of these are of significant value and would require a major resource commitment from Angel.

The additional business development resource provides us with a much greater ability to quickly generate leads in both Europe and North America, ultimately delivering the growth that the Company is forecasting. 2010 has been our most successful year to date. With our increased market penetration and the rapid growth of the advanced biologics market, we expect that to continue through 2011 and beyond. As noted above, we had our best year to date signing 40% more business in 2010 compared to 2009.

Operations

Highlights

- We successfully manufactured clinical doses for ReNeuron's stem cell stroke trial in man being conducted at Glasgow's Southern General hospital.
- We successfully manufactured 3 batches of GMP-grade, commercially-licensed products under our Manufacturers and Importers Authorisation (MIA) licence which Angel gained from the Medicines Healthcare Products Regulatory Authority (MHRA) in 2008.
- Angel's regulatory consultancy business grew in 2010 reinforcing our acknowledged expertise and through having a good rapport with the MHRA to formally represent our clients and to agree the regulatory needs for the manufacture of novel biologicals.
- Our operational resources have grown during 2010 in order to meet the increasing volume of business. This growth has included enhancements to the current facilities, the appointment of additional experienced staff and the purchase of the necessary specialised equipment needed for the work.
- We continued to implement and validate a number of new technologies over the period. Whilst these new technologies are required for specific projects, they are of interest to potential clients and this broadening of our offering continues to further establish our track record and attracts new enquiries.

Our development and GMP operations yielded revenues of £2.945 million in 2010. This represents growth of 100% over 2009, a remarkable achievement. Operations were profitable in the year, providing the company with a maiden net profit of £193,291.

The Company worked on different contracts with nine customers in 2010. Additional resource was brought in through the year to facilitate the high throughput in both the development laboratories and GMP manufacturing. Due to operating at close to the capacity of the current facilities, very careful management of contracts was required to optimise utilisation whilst providing the level of customer service that clients expect from Angel. We believe that the results for the year reflect the strength of our technical and project management capabilities and therefore confidence in our ability to deliver again in 2011.

The key operational challenge for the Company in 2011 will be the addition of GMP manufacturing capacity to come on stream in Q4. The facility at Cramlington will provide the company with a 5 fold increase over its current GMP capacity. Due to the experience of the senior management team and our familiarity with the facility, we are confident of our ability to deliver the facility, licensed by the MHRA, on time. The new facility will enhance our current offering significantly in terms of increased capacity allowing the business to grow but also by offering our clients a clear route to market with their

Angel Biotechnology Holdings Plc

CHAIRMAN AND CHIEF OPERATING OFFICERS REPORT (continued)

products as Angel will be able to accommodate their later stage clinical studies and commercial manufacture.

Proposed Cancellation of Share Premium Account

As you will see from the Notice of Annual General Meeting, the Board is proposing a cancellation of the Company's share premium account ("Cancellation"). However, in order for the Cancellation to become effective it must first be approved by Shareholders and subsequently confirmed by the Court.

The financial statements show there was a deficit on the Company's profit and loss account as at 31 December 2010 of £6,420,408.

In contrast, the balance on the share premium account was £4,384,487. Since the year end this has risen to £5,673,075, due mainly to the share premiums generated by the placement of shares in January 2011. The balance on the share premium account is attributable to the difference, or 'premium', between the nominal value of the Ordinary Shares issued by the Company from time to time and the price at which the Ordinary Shares were issued.

Subject to the Cancellation taking effect the Company will be able to move the sum which results from the cancellation of the share premium account to its profit and loss account, where it may be set against the existing deficit. This would reduce the profit and loss account shown in the balance sheet to £747,333 prior to current year results. The Board are, therefore, of the opinion that it would be beneficial to undertake the Cancellation as it will improve the position of Company's profit and loss account. However, it should be noted that the Cancellation will not, in itself, involve any distribution or repayment of capital by the Company to any Shareholder or involve any reduction in the Company's underlying assets. Whilst the Board has no current intention to make distributions to shareholders whilst it is investing in growth, the cancellation of the share premium account should go some way to removing a constraint should future circumstances justify a change in dividend policy.

As I mention above, the Cancellation will require the confirmation of the Court and in order to obtain this the Company may be required to satisfy the Court that existing creditors of the Company who do not consent to the Cancellation are suitably protected. Subject to the terms required, the Company may put in place such form of creditor protection as the Court may deem appropriate. The Board reserves the right to abandon or discontinue (in whole or in part) any application to the court if the Board believes that the terms required to obtain confirmation of the cancellation or reduction are unsatisfactory to the Company.

The Company intends to apply to the Court for an order confirming the Cancellation as soon as practicable after the Annual General Meeting, assuming the Shareholders pass the resolution approving the Cancellation.

Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the Form of Proxy, in accordance with the instructions printed thereon to the Company's registrars, Capita Registrars, as soon as possible and in any event to arrive not later than 10 am on Monday 18 April 2011.

Outlook

We believe that our decision to re-structure the business with a focus on advanced biologics is now starting to pay off. Angel has for the first time become a profitable business showing robust rates of growth and positive movement in the key measures of business performance. We have a substantial book of signed business, a robust pipeline of potential new business and evidence that we are capable of breaking into the potentially lucrative North American market.

Angel Biotechnology Holdings Plc

CHAIRMAN AND CHIEF OPERATING OFFICERS REPORT (continued)

The provision of new capital shows that we have investor support for our expansion strategy. We are well advanced in our negotiation to take over the lease of the Cramlington facility and we are building the book of business required to progressively utilise that facility. The new challenge for the Board and senior team is to implement the Cramlington plan to time and within budget and to manage the cost effective integration of our two facilities and new staff.

The Board is of the view that we are successfully positioning Angel to open a new chapter in the growth of the Company that will see us achieve a share price and valuation which the business deserves.

Dr Paul Harper
Chairman, Angel Biotechnology Holdings Plc

Gordon Sherriff
Chief Operating Officer, Angel Biotechnology Holdings Plc

25 February 2011

Angel Biotechnology Holdings Plc

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of Angel Biotechnology Holdings Plc for the year ended 31 December 2010.

Angel Biotechnology Holdings Plc is a public listed company, incorporated and domiciled in England and quoted on the Alternative Investment Market.

Principal Activities

The principal activity continues to be the manufacture and supply of biologics – biological products whose active ingredients cannot be chemically synthesized. The Company supplies the biopharmaceuticals contract manufacturing sector of the biologics market and within that sector is focusing on the early stage drug development work such as Chemistry, Manufacturing and Controls, and pre-clinical studies, along with drug products for Phases I, II and III of clinical trials.

Results and dividends

The Company profit for the year was £193,291 (2009: -£753,730).

The directors do not recommend the payment of a dividend.

History of share issues

During the year the Company allotted and issued ordinary shares of 0.1p each as follows

Date	Number	Price (p)
3 February	590,200,000	0.25
10 February	714,285	0.175
17 September	18,500,000	0.20
20 December	1,363,380	0.1775
23 December	1,385,172	0.1775
30 December	7,706,640	0.1775

Review of the business

The Board of Directors judge the Company's financial performance by reference to the budget that it established. During the year the board proactively managed its expenditure according to the revenue achieved. A comprehensive review of the year is given in the Chairman and Chief Operating Officer's Report on pages 3 to 8.

The board of Angel Biotechnology Holdings Plc routinely monitor a number of key performance indicators to assess the effectiveness of the business and to determine future strategy and planning:

- The pipeline of prospective clients is monitored regularly by the board. The nature of our business and its prospective client base mean this pipeline can frequently change. The pipeline is separated into two sections: those prospects closest to signing (within three months) and the larger number of prospects which are further in the future. The overall level of potential revenue is monitored along with its associated risk, based on the certainty around signing. The board will also consider the nature of the prospect, its financial viability and its ability to fit with the current resource or whether adaptations are required.
- Project milestones are monitored and reviewed regularly by the board to assess the capability of the organisation to deliver in line with client expectations.

DIRECTORS' REPORT (continued)

- Capacity utilisation is divided into two areas, our GMP manufacturing facility and our
- development laboratory. This results in a complex mix, and measurement is undertaken through review of the forward order book, available resource and milestone monitoring. The objective is to manage the business to ensure that no unnecessary gaps develop in the revenue plan and that capacity utilisation is maximised for the work available to Angel.
- Technical audits by regulators and clients are reviewed to ensure that the Company is fully compliant with requirements and that future trends are noted and planned for.

Future developments are given in the Chairman and Chief Operating Officer's Report on pages 3 to 8.

Risks and uncertainties

The Company's financial instruments include cash and short term deposits. The Company has various other financial instruments, such as trade receivables, trade payables and loans that arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The policies for managing these are regularly reviewed and agreed by the board.

It is and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The Company finances its operations by cash and short term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an ongoing basis. Additionally, certain plant and equipment has been purchased under finance leases. For the year ended 31 December 2010 the average effective finance cost of these finance leases was 7% per annum.

Other creditors and accruals do not bear interest. Interest is charged, on a commercial basis, on convertible loans at a fixed rate.

Liquidity risk

The Company's liquidity policy throughout the year has been to ensure continuity of funding by means of generating funds supported by raising capital.

Fair values

There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

Angel Biotechnology Holdings Plc

DIRECTORS' REPORT (continued)

Substantial shareholdings

The Company has been informed that on 31 December 2010 the following shareholders held substantial holdings in the issued ordinary shares of the Company.

	Number of Ordinary shares	Holding %
HSDL Nominees Limited	338,083,601	16.0%
TD Waterhouse Nominees (Europe) Limited	337,060,663	15.9%
Barclayshare Nominees Limited	265,557,832	12.6%
Hargreaves Lansdown (Nominees) Limited	137,428,634	6.5%
James Capel (Nominees) Limited	121,909,956	5.8%
LR Nominees Limited	98,187,074	4.7%
Share Nominees Limited	88,838,961	4.2%
Dr Paul Harper	80,348,884	3.8%

No other person has reported an interest of more than 3% in the ordinary shares.

DIRECTORS

The following directors have held office since 1 January 2010 (unless otherwise stated):

Dr P B Harper	Executive Chairman
G T Sherriff	Chief Operating Officer and Business Development Director
G D Clark	Non-Executive Director
N J Smith	Non-Executive Director

Payment policy

The Company supports initiatives aimed at ensuring good practice in this area. Trade payables of the Company were equivalent to 58 days purchases, based on the average daily amount invoiced by suppliers to the Company during the year

Third party indemnity provisions for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

DIRECTORS' REPORT (continued)

Post balance sheet event

On 27 January 2011, the Company announced the placing of 553,435,720 ordinary shares of 0.1 pence each at 0.35 pence per share to raise £1,937,025 before expenses. In addition, 7,142,857 ordinary shares of 0.1 pence each at 0.35 pence per share were allotted to Dr P B Harper, Chairman of Angel, as payment for amounts owing to him by the Company.

Auditors

Baker Tilly UK Audit LLP has indicated it's willingness to continue in office.

Statement as to disclosure of information to auditors

The directors in office on the date of approval of the Financial Statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

On behalf of the board

Dr Paul Harper
Chairman
25 February 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS as adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Angel Biotechnology Holdings plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Angel Biotechnology Holdings Plc

CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of corporate governance. The board is accountable to the Company's shareholders for good corporate governance. The Company has complied substantially throughout the year with the code of best practice set out in the Combined Code 2008 (effective for periods commencing on or after 29 June 2008) appended to the Listing Rules of the Financial Services Authority. Details are provided below of how the Company applies the Code.

The Board

The board is responsible to shareholders for the proper management of the Company. A statement of directors' responsibilities in respect of the financial statements is set out on page 13.

The Board of Directors comprises two Executive Directors and two independent non-executive Directors.

The board meets monthly and receives reports covering finance, business development, operations and technical matters together with any other material deemed necessary for the board to discharge its duties. It is the board's responsibility to review and approve the Company's strategy, budgets, major items of expenditure and acquisitions.

Under the Articles of Association, all Directors must offer themselves for re-election at least once every three years. One third of Directors retire by rotation at every Annual General Meeting and are eligible for re-appointment.

Board committees

The board has established an Audit Committee and a Remuneration Committee, both with delegated responsibilities. The terms of reference are as close to the model terms of the Institute of Chartered Secretaries and Administrators as is possible for a board with two independent non-executive Directors. Each meeting was fully attended during the year.

Audit committee

The Audit Committee comprises, Mr Nicholas Smith, as Chairman and Mr Gavin Clark, the independent senior non-executive Director. It is scheduled to meet twice a year. It is the Audit Committee's role to provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles of the code, whilst maintaining an appropriate relationship with the independent auditors of the Company.

The Committee is responsible for monitoring the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on, meeting with the auditors and reviewing reports from the auditors.

Remuneration Committee

The Remuneration Committee comprises the Chairman, Dr Paul Harper, Mr Gavin Clark and Mr Nicholas Smith. It meets at least once a year. It is the Remuneration Committee's role to establish a formal and transparent policy on Executive remuneration and to set remuneration packages for individual directors.

Shareholder Relations

The Company meets with its institutional shareholders and analysts as appropriate and will use the AGM to encourage the communication with private shareholders. In addition the Company intends to use the annual report and accounts, interim statements and web site to provide further information to shareholders.

The Company publishes information for shareholders on its website.

Angel Biotechnology Holdings Plc

CORPORATE GOVERNANCE REPORT (continued)

Internal risks and management

The board is responsible for the system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risk and can provide only reasonable and not absolute assurance against material misstatement or loss. Each year, on behalf of the board, the Audit Committee reviews the effectiveness of systems. This is achieved primarily by considering the risks potentially affecting the Company and from discussions with the external auditors.

The Company does not currently have an internal audit function due to the small size of the administration function, which amounts to three people, and the detailed level of Director review and authorisation of transactions.

A comprehensive budgeting process is completed once a year and reviewed and approved by the board. The company revisits this budget every six months. The results, as compared against budget are reported to the board on a monthly basis and are discussed in detail.

The Company maintains appropriate insurance cover in respect of lives of the Executive Directors as well as against material loss or claims against the Company and reviews the adequacy of cover regularly.

Going Concern

The directors' assessment of the going concern position of the Company has been prepared in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', published by the Financial Reporting Council in October 2009.

The directors believe that the Company is in its strongest position since listing with equity funding of £1.9m in January 2011 and a significant amount of contracted business secured during 2010. As such the directors confirm that they are satisfied that the Company have adequate resources to continue in business for the foreseeable future.

Corporate Social Responsibility

Angel Biotechnology Holdings Plc is a small dedicated team of professional people who operate to high standards. Included within those standards is a commitment to best practice on meeting the Company's social responsibilities.

Health and Safety

The Company is proactive in considering the safety of staff, visitors and the public. It operates a safety committee and has regular inspections by an independent specialist adviser. It had no notifiable safety incidents during the period.

Employees

Angel Biotechnology is committed to a policy of equal opportunities in the recruitment, engagement and treatment of its staff.

The motivation of staff and the maintenance of an environment, where innovation and team working is encouraged, are seen as key objectives by the board. Regular company meetings are held with staff where issues are discussed in an open manner.

Environment

The Company disposes of its waste products through regulated channels using reputable agents.

Compliance statement

The board has reviewed compliance with the Combined Code.

Angel Biotechnology Holdings Plc

CORPORATE GOVERNANCE REPORT (continued)

The Company has complied substantially with the other Code Provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the UK Listing Authority since the date of admission to AIM.

Dr Paul Harper
Chairman

25 February 2011

DIRECTORS REMUNERATION REPORT

Introduction

The Company recognises the value of the Combined Code on Corporate Governance issued by the London Stock Exchange. It seeks to comply with the Combined Code so far as practicable and appropriate for a public company of its size and nature. The Company also seeks to follow the Corporate Governance Guidelines for AIM companies issued by the Quoted Companies Alliance in February 2007.

The Remuneration Committee of the board is responsible for considering staff and Directors' remuneration packages and makes its recommendations to the board. The Committee comprises the Chairman and two non-executive Directors. It meets at least once a year to review salaries and share option schemes for staff and Directors.

Remuneration policies

Remuneration packages are designed to be competitive and to reward above average performances. At present Executive Directors receive salary and a 10-12% pension contribution. The Chief Operating Officer is entitled to a performance related bonus. He also holds 2 grants of share options, the first being issued prior to the Company being listed and a further grant during 2010.

Service contracts

The Executive Directors have executive service agreements with the Company dated 11 November 2005. The service agreements are subject to termination with six months' notice being given by either party.

Pensions

The Company operates a defined contribution pension scheme for employees.

Share Option Scheme

The Company operates an HM Revenue & Customs approved EMI share option scheme that entitles directors, senior management and employees to purchase shares in the Company.

Grants of share options have been awarded in 2005 and 2010. The options are exercisable at the market price of the shares at the date of grant.

During the year 31,276,422 share options were granted to directors resulting in an equity-settled share base payment charge to operating expenses of £29,000.

Non-executive Directors

The Non-Executive Directors have entered into letters of engagement with the Company. Members may request copies of these letters by sending a stamped addressed envelope to the Company Secretary. The appointments can be terminated upon six months' notice being given by either party.

Angel Biotechnology Holdings Plc

DIRECTORS REMUNERATION REPORT (continued)

Directors' remuneration

Details of Directors' remuneration in the year ended 31 December 2010 is set out below:

	Salary £	Benefits £	Emoluments £	Pension £	Total £
Executive					
Dr P Harper	55,516	-	55,516	-	55,516
G Sherriff	115,000	-	115,000	12,000	127,000
Non-executive					
G Clark	12,938	-	12,938	-	12,938
N Smith	12,000	-	12,000	-	12,000
Total	195,454	-	195,454	12,000	207,454

One director is accruing benefits under the defined contribution pension scheme.

Directors Share Options

	Options at 01.01.10	Options granted in year	Options at 31.12.10	Exercise Price (p)	Exercise Period	Expiry date
Dr P Harper	-	3,107,410	3,107,410	0.22	10 years	29/07/20
G Sherriff	-	16,901,408	16,901,408	0.22	10 years	29/07/20
G Sherriff	550,000	-	550,000	0.5	10 years	19/07/15
G Clark	-	5,633,802	5,633,802	0.22	10 years	29/07/20
N Smith	-	5,633,802	5,633,802	0.22	10 years	29/07/20

The market price of the shares at 31 December 2010 was 0.35p and the range during the year was 0.17p to 0.46p

By order of the board

Dr Paul Harper
Chairman

25 February 2011

Angel Biotechnology Holdings Plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGEL BIOTECHNOLOGY HOLDINGS PLC

We have audited the financial statements on pages 20 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

ALAN AITCHISON (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

25 February 2011

Angel Biotechnology Holdings Plc

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31-Dec-10 £	Year ended 31-Dec-09 £
Revenue	2	2,945,201	1,475,696
Cost of sales		-1,038,447	-864,123
Gross profit		1,906,754	611,573
Net operating expenses		-1,645,006	-1,321,402
Operating profit/(loss)	3	261,748	-709,829
Finance income	4	1,239	600
Finance costs	5	-69,696	-44,501
Profit/(Loss) before taxation		193,291	-753,730
UK corporation tax	7	-	-
Profit /(Loss) for the year and total comprehensive income attributable to owners of the Company		193,291	-753,730
Profit/(Loss) per share (pence)			
Basic	8	0.01 p	-0.05 p
Diluted	8	0.01 p	-0.05 p

Angel Biotechnology Holdings Plc

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	31-Dec-10 £	31-Dec-09 £
Non-current assets			
Intangible assets	10	6,873	399
Property, plant and equipment	11	416,155	362,051
		423,028	362,450
Current assets			
Trade and other receivables	13	532,190	239,296
Cash and cash equivalents		613,339	59,000
		1,145,529	298,296
Total assets		1,568,557	660,746
Current liabilities			
Trade and other payables	13	-377,938	-1,137,514
Finance leases	12	-	-36,144
Loans	14	-358,108	-547,556
Deferred income		-757,636	-527,665
Total liabilities		-1,493,682	-2,248,879
Net assets/(liabilities)		74,875	-1,588,133
Capital and reserves			
Share capital	15	2,110,796	1,490,926
Share premium account	16	4,384,487	3,574,640
Retained earnings	17	-6,420,408	-6,653,699
Equity attributable to owners of the Company		74,875	-1,588,133

The financial statements on pages 20 to 39 were approved by the Board of Directors and authorised for issue on 25 February 2011 and are signed on its behalf by:

Dr Paul Harper
Chairman

Angel Biotechnology Holdings Plc

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2010

	Share capital £	Share premium account £	Retained earnings £	Total shareholders' funds £
At 31 December 2008	1,432,945	3,568,618	-5,899,969	-898,406
<i>Transactions with owners:</i>				
Share issue (net of costs)	57,981	6,022	-	64,003
<i>Total comprehensive income:</i>				
Loss for the year	-	-	-753,730	-753,730
At 31 December 2009	1,490,926	3,574,640	-6,653,699	-1,588,133
<i>Transactions with owners:</i>				
Share issue (net of costs)	619,870	809,847	-	1,429,717
Share based payment	-	-	40,000	40,000
<i>Total comprehensive income:</i>				
Profit for the year	-	-	193,291	193,291
At 31 December 2010	2,110,796	4,384,487	-6,420,408	74,875

Angel Biotechnology Holdings Plc

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Year ended 31-Dec-10 £	Year ended 31-Dec-09 £
Cash flows from operating activities:		
Operating profit/(loss)	261,748	-709,829
Amortisation and depreciation	54,691	48,204
Share based payment expense	40,000	-
Increase in receivables	-292,894	-39,904
(Decrease)/increase in payables	-759,576	307,460
Increase in deferred income	229,971	354,246
Cash used in operations	<u>-466,060</u>	<u>-39,823</u>
Interest paid	-69,696	-6,206
Net cash used in operating activities	<u>-535,756</u>	<u>-46,029</u>
Cash flows from investing activities:		
Interest received	1,239	600
Purchase of non-current assets	-115,269	-4,139
Net cash used by investing activities	<u>-114,030</u>	<u>-3,539</u>
Cash outflow before financing	-649,786	-49,568
Cash flows from financing activities:		
Receipt of loans	40,865	67,750
Repayment of loans	-230,313	-
Finance lease payments	-36,144	-96,408
Issue of ordinary share capital	1,429,717	64,003
Net cash from financing activities	<u>1,204,125</u>	<u>35,345</u>
Net increase in cash and cash equivalents	554,339	-14,223
Cash and cash equivalents at beginning of year	59,000	73,223
Cash and cash equivalents at end of year	<u>613,339</u>	<u>59,000</u>

Angel Biotechnology Holdings Plc

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS"), IFRIC interpretations and the requirements of the Companies Act applicable to Companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

Going concern

The directors believe that the Company is in its strongest position since listing with recent equity funding of £1.9m and a significant amount of contracted business secured during 2010.

The Company has built repeat business with clients who quote Angel as their manufacturing partner. These have further projects to service in the future. Angel's marketing strategy has been to focus on Advanced Biologics such as cell therapies and other live biologics. These new technologies are regarded as the next critical growth phase of the biotechnology market and continue to experience strong financial support, in spite of the current global financial situation.

Angel has a strong pipeline of prospective business which is in advanced stages of negotiation.

Revenue recognition

The revenue shown in the statement of comprehensive income relates to amounts received or receivable from the provision of biologics products and services.

On signing a new contract, part of the total service value of the contract is immediately recognised as revenue, reflecting the work carried out in advance of the contract. The remaining balance is recognised over the life of the contract on a straight line basis as work tends to proceed during the contract at a constant rate.

Revenue from the provision of products and services is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership, has no continuing managerial involvement or control to the degree normally associated with ownership and can reliably measure the economic benefits of the transaction.

Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with the reports made to the chief operating decision maker which are consistent with the reported results.

The Company considers that the role of chief operating decision maker is performed by the Board of Directors.

Accounting policies (continued)

Intangible assets

Intangible assets acquired separately from third parties are recognised as assets and measured at cost.

Following initial recognition, intangible assets are measured at cost at the date of acquisition less any amortisation and any impairment losses. Amortisation costs are included within the net operating expenses disclosed in the statement of comprehensive income.

Intangible assets are amortised over their useful lives as follows:

	Useful Life	Method
Software	5 years	Straight line

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Company does not have any intangible assets with indefinite lives.

Property, plant and equipment

All items are initially recorded at cost.

Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets that do not individually generate cash flows are assessed as part of the cash generating unit to which they belong. Cash generating units are the lowest levels for which there are cash flows that are largely independent of the cash flows from other assets or groups of assets.

Depreciation

Depreciation is calculated to write off the cost of an asset over its useful economic life as follows:

Laboratory equipment - ten years, straight-line basis

Fixtures and computers - four years (computers) and ten years (fixtures), straight-line basis

Depreciation expense is included within the net operating expenses disclosed in the statement of comprehensive income.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is considered to be remote.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Pension costs

The contributions payable to the defined contribution scheme in respect of employee service rendered during each year is recognised as an expense in that year. All contributions have been paid.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease terms. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the statement of comprehensive income in proportion to the remaining balance outstanding.

All other leases are 'operating leases' and the annual rentals are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Share based payments

The Company issues equity settled share based payments to employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over an estimated vesting period. Fair value is measured by use of the Black-Scholes model.

Taxation

Tax currently payable is based on the taxable profit for the year. Taxable profit differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay further tax, or a right to pay less tax in future. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the gains or losses in tax assessments in period different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Angel Biotechnology Holdings Plc

Accounting policies (continued)

Adoption of International accounting standards

The following standards have been issued by the IASB. They become effective after the current year and have not been early-adopted by the Company.

<i>International Financial Reporting Standard</i>	Effective date	To be adopted by the Company during the year commencing
IAS 32 Financial Instruments: Presentation – Amendment; Classification of Rights Issues	1 Feb 2010	1 Jan 2011
IAS 24 Revised IAS 24 Related Party Disclosures	1 Jan 2011	1 Jan 2011
IFRS 7 Financial Instruments: Disclosures – Amendment; Disclosures Transfer of Financial Assets	1 July 2011	1 Jan 2012
IAS 12 Income Taxes: Amendment Deferred Tax and Recovery of Underlying Assets	1 July 2011	1 Jan 2012
IFRS 9 Financial Instruments	1 Jan 2013	1 Jan 2014
<i>International Financial Reporting Interpretations Committee (“IFRIC”)</i>	Effective date	To be adopted by the Company during the year commencing
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	1 Jan 2011
IFRIC 14 Amendment – Preparation of Minimum Funding Requirement	1 Jan 2011	1 Jan 2011

The impact of the adoption of the above new standards is not expected to be material on the Company's financial statements.

Angel Biotechnology Holdings Plc

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The Company issues equity settled share based payments to employees. In calculating the share based payment charge to the statement of comprehensive income the management have exercised judgement in assessing the inputs to the Black-Scholes model used to calculate the fair value of the equity settled share based payments.

2 REVENUE AND SEGMENTAL REPORTING

The principal activity is the manufacture and supply of biological products whose active ingredients cannot be chemically synthesized.

This activity comprises a single segment of operation of a sole UK base and entirely UK based assets. Revenue was derived in the UK from its principal activity.

An analysis of revenue by geographical destination is given below:

	2010	2009
	£	£
Revenue		
United Kingdom	1,230,015	295,849
Russia	1,704,986	1,179,847
USA and Canada	10,200	-
	2,945,201	1,475,696

Approximately 58% of revenue was generated by one customer (2009: 80%)

3 OPERATING PROFIT/(LOSS)

	2010	2009
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation charge for the year		
- Owned assets	25,643	21,001
- Leased assets	27,751	26,941
Amortisation charge for the year	1,297	262
Staff costs, refer to note 6	1,257,037	768,995
Audit services, refer to below	21,900	20,750
Rentals under operating leases: Land and buildings	146,057	146,057

Angel Biotechnology Holdings Plc

3 OPERATING PROFIT/(LOSS) (continued)

		2010 £	2009 £
	Payable to:		
Amounts payable for both audit and non-audit services			
Audit services – Statutory audit	Baker Tilly UK Audit LLP	21,900	20,750
Tax services – Compliance services	Baker Tilly Tax and Accounting Limited	1,900	2,575
Tax services – Advisory	Baker Tilly Tax and Accounting Limited	1,000	-
		<u>-</u>	<u>-</u>
		24,800	23,325

4 FINANCE INCOME

	2010 £	2009 £
Interest receivable	1,239	600

5 FINANCE COSTS

	2010 £	2009 £
Finance lease contracts	3,619	4,804
Interest on convertible loan	32,265	38,397
Other similar charges	13,450	-
Other interest	20,362	1,300
	<u>69,696</u>	<u>44,501</u>

6 STAFF COSTS

	2010 £	2009 £
Staff costs during the period (including Directors) :		
Wages and salaries	968,990	652,928
Social security costs	181,996	69,808
Pension costs	66,051	46,259
Equity settled share based transactions	40,000	-
	<u>1,257,037</u>	<u>768,995</u>
Average number of employees :		
Management, administration and finance	8	8
Research and development and production	17	10
	<u>25</u>	<u>18</u>

Details of the remuneration of directors are included in the Directors Remuneration report on page

Angel Biotechnology Holdings Plc

18.

7 TAXATION

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax:	-	-

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK.
The timing differences are explained below:

	2010 £	2009 £
Profit/(Loss) on ordinary activities before taxation	193,291	-753,730
Tax on profit/(loss) on ordinary activities at standard corporation tax rate of 28% (2009: 28%)	54,141	-211,044
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	-	-13,321
Unrelieved tax losses and other deductions arising in the period		224,365
Tax losses utilised in the period	-54,141	-
Total tax (note 7(a))	-	-

At 31 December 2010 tax losses of approximately £2,029,000 (2009: £2,222,000) remained available to carry forward against future taxable trading profits.

8 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2010 £	2009 £
Earnings:		
Profit/(Loss) on ordinary activities after tax	193,291	-753,730
	No.	No.
Weighted average no of shares:		
For basic	2,033,232,751	1,439,014,403
Effect of dilutive potential ordinary shares:		
Share options	26,587,990	-
For diluted	2,059,820,741	1,439,014,403
Basic profit/(loss) per share	0.01p	-0.05p
Diluted profit/(loss) per share	0.01p	-0.05p

Angel Biotechnology Holdings Plc

9 FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

	Loans and receivables	
	2010	2009
	£	£
Current financial assets		
Trade and other receivables	444,744	183,474
Cash and cash equivalents	613,339	59,000
	<u>-</u>	
	1,058,083	242,474
	<u><u>1,058,083</u></u>	<u><u>242,474</u></u>
	Other financial liabilities	
	2010	2009
	£	£
Current financial liabilities		
Trade and other payables	377,938	1,137,514
Finance leases	-	36,144
Loans	358,108	547,556
	<u>736,046</u>	<u>1,721,214</u>
	<u><u>736,046</u></u>	<u><u>1,721,214</u></u>

10 INTANGIBLE FIXED ASSETS

	Software
	2010
	£
Cost	
At 1 January 2010	1,047
Additions	7,771
	<u>8,818</u>
At 31 December 2010	8,818
Amortisation	
At 1 January 2010	648
Charge in year	1,297
	<u>1,945</u>
At 31 December 2010	1,945
Net book value	
31 December 2010	6,873
31 December 2009	399
	<u><u>6,873</u></u>
	<u><u>399</u></u>

Angel Biotechnology Holdings Plc

10 INTANGIBLE FIXED ASSETS (continued)

	Software 2009
	£
Cost	
At 1 January 2009	1,047
At 31 December 2009	<u>1,047</u>
Amortisation	
At 1 January 2009	386
Charge in year	262
At 31 December 2009	<u>648</u>
Net book value	
31 December 2009	399
31 December 2008	<u>661</u>

11 PROPERTY PLANT AND EQUIPMENT

	Laboratory equipment £	Fixtures and computers £	2010 Total £
Cost			
At 1 January 2010	457,775	10,079	467,854
Additions	96,953	10,545	107,498
At 31 December 2010	<u>554,728</u>	<u>20,624</u>	<u>575,352</u>
Depreciation			
At 1 January 2010	102,555	3,248	105,803
Charge in the year	49,458	3,936	53,394
At 31 December 2010	<u>152,013</u>	<u>7,184</u>	<u>159,197</u>
Net book value			
31 December 2010	<u>402,715</u>	<u>13,440</u>	<u>416,155</u>
31 December 2009	<u>355,220</u>	<u>6,831</u>	<u>362,051</u>

11 PROPERTY PLANT AND EQUIPMENT (continued)

	Laboratory equipment £	Fixtures and computers £	2009 Total £
Cost			
At 1 January 2009	456,540	7,175	463,715
Additions	1,235	2,904	4,139
At 31 December 2009	<u>457,775</u>	<u>10,079</u>	<u>467,854</u>
Depreciation			
At 1 January 2009	56,798	1,063	57,861
Charge in the year	45,757	2,185	47,942
At 31 December 2009	<u>102,555</u>	<u>3,248</u>	<u>105,803</u>
Net book value			
31 December 2009	355,220	6,831	362,051
31 December 2008	399,742	6,112	405,854

The net book value of laboratory equipment includes £nil (2009: £203,180) in respect of assets held under finance lease contracts. The depreciation charge in respect of these assets was £27,751 (2009: £26,941).

12 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2010 £	2009 £	2010 £	2009 £
Amounts payable under finance leases				
Within one year	-	39,378	-	36,144
	<u>-</u>	<u>39,378</u>	<u>-</u>	<u>36,144</u>
Less future finance charges	-	3,954	N/A	N/A
Present value of lease obligations	<u>-</u>	<u>36,144</u>	<u>-</u>	<u>36,144</u>
Amount due for settlement within 12 months			<u>-</u>	<u>36,144</u>

The finance liabilities in connection with laboratory equipment were fully discharged during the year. There are no further obligations under finance leases.

Angel Biotechnology Holdings Plc

13 OTHER FINANCIAL ASSETS AND LIABILITIES

	2010 £	2009 £
Trade and other receivables are as follows:		
Trade receivables	150,038	138,625
Prepayments	87,446	55,822
Accrued Income	189,456	-
Other receivables	105,250	44,849
	<u>532,190</u>	<u>239,296</u>

The average period of credit taken on sales is 18 days (2009:39 days). The directors consider the carrying amount of trade and other receivables approximates to their fair value. An allowance has been made for estimated irrecoverable amounts of £nil (2009: £8,679). Amounts past due but not impaired total £45,485 (2009: £24,158). The Company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers. The balance can be analysed as amounts up to three months past due £45,485.

	2010 £	2009 £
Trade and other payables are as follows:		
Amounts payable relating to the purchase of goods and services	264,910	622,647
Other payables	22,119	382,655
Accruals	90,909	132,212
	<u>377,938</u>	<u>1,137,514</u>

Trade payables of the Company were equivalent to 58 days (2009: 100 days) of purchases. The directors consider the carrying amount of trade payables approximates to their fair value.

All of the above balances are denominated in Sterling.

14 LOANS

	2010 £	2009 £
Convertible loan	279,071	446,806
Other loans	79,037	100,750
	<u>358,108</u>	<u>547,556</u>

The Company had a convertible loan agreement with EPhaG AS, an Estonian pharmaceutical company. In July 2010 an amendment was made to the terms of that agreement whereby EPhaG AS agreed not to convert the loan into equity and the company has arranged a repayment schedule which will discharge the loan by 1 June 2011. The amount outstanding at the year end includes interest at a fixed commercial rate.

During the year the Company repaid a loan of £21,713 (2009: £67,750) from Dr. P B Harper, a director. The amount due to Dr. P B Harper at 31 December 2010 was £79,037 (2009: £100,750). There is no interest payable on this loan and there is no fixed repayment date.

All of the above balances are denominated in Sterling.

Angel Biotechnology Holdings Plc

15 SHARE CAPITAL

Ordinary shares of 0.1p each	2010 Number	2009 Number
Authorised:	5,000,000,000	5,000,000,000
Issued and fully paid:	£	£
As at 1 January	1,490,926	1,432,945
Issue of share capital	619,870	57,981
As at 31 December	2,110,796	1,490,926

The Company has one class of ordinary shares which carry no right to fixed income.

On 3 February, the Company allotted and issued 590,200,000 ordinary shares of 0.1p each, at a price of 0.25p per share.

On 10 February, the Company allotted and issued 714,285 ordinary shares of 0.1p each, following the exercise of warrants at a price of 0.175p per share.

On 17 September, the Company allotted and issued 18,500,000 ordinary shares of 0.1p each, at a price of 0.20p per share.

On 20 December, the Company allotted and issued 1,363,380 ordinary shares of 0.1p each, at a price of 0.1775p per share.

On 23 December, the Company allotted and issued 1,385,172 ordinary shares of 0.1p each, at a price of 0.1775p per share.

On 30 December, the Company allotted and issued 7,706,640 ordinary shares of 0.1p each, at a price of 0.1775p per share.

During the year warrants for 714,285 ordinary shares have been exercised. As at 31 December no warrants for ordinary shares remain outstanding.

16 CAPITAL RESERVES

	Share premium £
Balance at 1 January 2009	3,568,618
Issue of shares	85,831
Share issue costs	-79,809
Balance at 31 December 2009	3,574,640
Issue of shares (note 15)	912,438
Share issue costs	-102,591
Balance at 31 December 2010	4,384,487

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17 RETAINED EARNINGS

	£
Balance at 1 January 2009	-5,899,969
Loss for the year	-753,730
Balance at 31 December 2009	<u>-6,653,699</u>
Profit for the year	193,291
Share based payment	40,000
Balance at 31 December 2010	<u><u>-6,420,408</u></u>

18 DEFERRED TAXATION

	2010 £	2009 £
Accelerated capital allowances	5,666	5,666
Tax losses	-5,666	-5,666
	<u><u>0</u></u>	<u><u>0</u></u>

19 OPERATING LEASE ARRANGEMENTS

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

	2010 £	2009 £
Amounts due:		
Within one year	146,057	146,057
Between one and five years	160,000	-
	<u><u>306,057</u></u>	<u><u>146,057</u></u>

Operating lease payments represent rentals payable by the Company for its properties.

20 CAPITAL COMMITMENTS

At 31 December 2010 and 31 December 2009 the Company had no capital commitments.

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21 SHARE BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme under the Enterprise Management Initiative Scheme ("EMI"). The following share options have been granted over ordinary shares of 0.1p each and remain exercisable under the EMI scheme:

	2010 Options	Weighted average exercise price	2009 Options	Weighted average exercise price
Outstanding at 1 January	1,430,000	0.5p	1,430,000	0.5p
Granted during year	60,099,498	0.1996p	-	-
Exercised during year	-10,455,192	0.1775p	-	-
	<hr/>		<hr/>	
Outstanding at 31 December	51,074,306		1,430,000	
Exercisable at 31 December	51,074,306			

The weighted average share price at the date of exercise for share options exercised during the year was 0.1775p. The options outstanding at 31 December 2010 had an exercise price of between 0.1775p and 0.5p, and a weighted average contractual life of 2.3 Years

The fair value of options granted in the year was £40,000

The inputs for the Black-Scholes model are as follows:

	2010 May grant	2010 July grant
Weighted average share price	0.1775p	0.22p
Weighted average exercise price	0.1775p	0.22p
Expected volatility	43%	66%
Expected life	2years	3.75years
Risk free rate	3.5%	3.5%
Expected dividends	-	-

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 11 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

During the year 60,099,498 share options have been granted. The Company recognised total expenses of £40,000 (2009:£nil) for equity-settled share-based payments transactions in the year.

22 FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and short term deposits. The Company has various other financial instruments, such as trade receivables, trade payables and loans that arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The policies for managing these are regularly reviewed and agreed by the board.

It is and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company has an agreement with Trafalgar Capital Advisers to provide up to £4 million of financing in the form of a Committed Equity Facility (CEF). The agreement will last for thirty months from November 2009. Cash can be called as required by the Company through the placing of new ordinary shares in the Company. The value of shares to be placed on each occasion cannot exceed the lower of £200,000 and an amount calculated using a formula based upon 15 per cent of the value of stock traded during the 20 business days prior to the call. The placing price will be determined by the share price during the five business days prior to each call. The agreement does not permit Trafalgar to short sell the stock.

Interest rate risk

The Company finances its operations by cash and short term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an on going basis. Additionally, certain plant and equipment has been purchased under finance leases. For the year ended 31 December 2010 the average effective finance cost of these finance leases was 7% per annum.

Other creditors, accruals and deferred income values do not bear interest.

Interest rate profile

The Company has cash deposits of £613,339 (2009: £59,000) which are part of the financing arrangements of the Company.

The Company had no bank borrowings at 31 December 2010.

Liquidity risk

The Company's policy throughout the year has been to ensure continuity of funding by means of generating funds supported by raising capital.

Fair values

Fair values of financial instruments equate to the best value as disclosed in the financial information. There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

23 RELATED PARTY TRANSACTIONS

The remuneration of the directors, who are the key management personnel of the Company, is set out on page 18. Details of amounts owed to directors are set out on page 34.

24 RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company by the scheme manager.

The total cost charged to the statement of comprehensive income of £66,051 (2009: £46,259) represents contributions payable to the scheme at rates specified in the rules of the scheme. As at 31 December 2010, contributions of £nil (2009: £22,323) due in respect of the current reporting period had not been paid over.

25 POST BALANCE SHEET EVENT

On 27 January 2011, the Company announced the placing of 553,435,720 ordinary shares of 0.1 pence each at 0.35 pence per share to raise £1,937,025 before expenses.

In addition, 7,142,857 ordinary shares of 0.1 pence each at 0.35 pence per share were allotted to Dr P B Harper, Chairman of Angel, as payment for amounts owing to him by the Company.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2011 annual general meeting (AGM) of Angel Biotechnology Holdings Plc (the Company) will be held on Wednesday 20 April 2011 at 10 am at the offices of Bircham Dyson Bell, 50 Broadway, London SW1H 0BL for the following purposes

ORDINARY BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 December 2010.
2. To reappoint Gavin Clark as a director of the Company, who retires by rotation in accordance with Articles 76 and 77 of the Company's Articles of Association.
3. To reappoint Nicholas Smith as a director of the Company, who retires by rotation in accordance with Articles 76 and 77 of the Company's Articles of Association
4. To confirm the appointment of Baker Tilly UK Audit LLP as auditors of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company and to authorize the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the resolutions set out in paragraphs 5, 6 and 7:

Ordinary resolution – power to allot securities

5. That the Directors be and they are generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate maximum nominal amount equal to the authorised but unissued share capital of the Company (including in respect of the allotment of any ordinary shares in connection with any options to subscribe for ordinary shares granted by the Company) provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the Company's next AGM but the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all earlier authorities conferred upon the directors pursuant to section 80 of the Companies Act 1985 and section 551 of the Act but without prejudice to the allotment of any shares already made or to be made pursuant to such authorities.

Special resolution – disapplication of pre-emption rights

6. That subject to the passing of resolution 5, the Directors be and they are empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) wholly for cash pursuant to the authority conferred by resolution 5 as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £750,000 and shall expire on the conclusion of the next AGM of the Company after the

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passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by the previous resolution" were omitted.

Special resolution – cancellation of the Share Premium Account

7. That the sum of £5,673,075.80, standing to the credit of the share premium account of the Company be and is hereby cancelled.

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 6.00 pm on 18 April 2011; or,
 - if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in notes 10 and 11) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. If a member appoints more than one person to act as his proxy the appointment of each proxy shall specify the shares held by the member in respect of which each proxy is to vote and no member may appoint more than one proxy (save in the alternate) to vote in respect of any one share held by that member. When two or more valid but differing appointments of proxy are received for the same share for use at the same meeting, the one which is last validly received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which of any of such two or more valid but differing instruments of proxy was last received, none of them shall be treated as valid in respect of that share.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
7. In the case of joint holders the signature of any one holder is sufficient. If more than one joint holder of any share is present at the meeting personally or by proxy, that one present whose name stands first on the register of members in respect of that share is alone entitled to vote in respect of that share.
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out in notes 10 and 11. Note that the cut-off time for receipt of proxy appointments (see

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below) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company at its registered office.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registered office. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company at least 24 hours before the time fixed for holding the Meeting or adjourned meeting at which the vote is given or the poll demanded or (where the poll is taken other than on the same day as the Meeting or adjourned meeting) the time fixed for the taking of the poll at which the vote is cast.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita (ID RA10) not later than 48 hours before the time fixed for holding the AGM or adjourned meeting or the taking of a poll at which the person named in the appointment proposes to vote. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. EUI does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001

11. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote. To appoint a proxy, using the proxy form, the form must be:
 - (i) completed and signed;

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- (ii) sent or delivered to the Company's Registrars, Capita Registrars Limited, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- (iii) received by Capita Registrars Limited no later than 48 hours before the time fixed for the Meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. ,

- 12. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that:
 - (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation to appoint the chairman as a corporate representative as described in (i) above.

- 13. On 25 February 2011, the Company's authorised issued share capital comprised 2,671,374,236 ordinary shares of 1p each. Each ordinary share carries the right to one vote at the AGM and, therefore, the total number of voting rights in the Company on 20 April 2011 is 2,671,374,236.
- 14. The following documents will be available for inspection at 50 Broadway, Westminster, London, SW1H 0BL from 23 March 2011 until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:
 - (i) copies of the service contracts of executive directors of the Company; and
 - (ii) copies of the letters of appointment of the non-executive directors of the Company.
- 15. You may not use any electronic address provided either in this notice of AGM; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated. If you have any general queries about the AGM please send all communications by post to the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and no other methods of communication will be accepted.

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Form of Proxy

I/We (block capital).....

Of (block capital)

Being a member/members of Angel Biotechnology Holdings Plc hereby appoint the chairman of the meeting or (see notes 1 to 3)

For the following number of ordinary shares:

as my/our proxy to attend and on a poll to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 20 April 2011 at 10 am and at any adjournment thereof.

I/We direct, by inserting a cross or other mark in the appropriate box below, how my/our votes are to be cast on each of the resolutions to be proposed at the meeting as indicated below. If no indication is given, the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting.

(Please indicate here with an 'X' if this appointment is one of multiple appointments being made.)

The proxy is directed to vote as follows:

ORDINARY RESOLUTIONS	For	Against	Withheld
1. To receive and adopt the Directors' report and financial statements for the year ended 31 December 2010.			
2. To reappoint Gavin Clark as a director of the Company who retires by rotation.			
3. To reappoint Nicholas Smith as a director of the Company who retires by rotation.			
4. To confirm the appointment of Baker Tilly UK Audit LLP as auditors of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.			
5. That the Directors be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot shares up to an aggregate maximum nominal amount equal to the authorised but unissued share capital of the Company provided that this authority is for a period expiring at the conclusion of the Company's next AGM			
SPECIAL RESOLUTIONS			
6. That subject to the passing of resolution 5, the Directors be empowered in accordance with section 571 of the Act to allot equity securities wholly for cash pursuant to the authority conferred by the previous resolution as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities: (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion to their respective holdings of such shares; and (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £750,000 and shall expire on the conclusion of the next AGM of the Company after the passing of this resolution			
7. That the sum of £5,673,075.80 standing to the credit of the share premium account be and is hereby cancelled			

Signature(s).....

Date 2011

NOTES

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, strike out the words "chairman of the meeting" and insert underneath the full name and address of the proxy you wish to appoint and initial the alteration. If you sign and return this proxy form with no name inserted, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting the Company's registrars, Capita Registrars Limited at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Please indicate underneath the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy is one of multiple instructions being given.
- To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- Any alteration to the form of proxy should be initialled.
- All forms of proxy should be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a company, either under seal or under hand of a duly authorised officer or attorney of the company and returned in the same envelope.
- In the case of joint holders the signature of any one holder is sufficient. If more than one joint holder of any share is present at the meeting personally or by proxy, that one present whose name stands first on the register of members in respect of that share is alone entitled to vote in respect of that share.

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9. To be valid this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be lodged at the offices of the Company's Registrars, Capita Registrars Limited, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time of the meeting. Please refer to note 11 of the Notice of Annual General Meeting.

10. CREST members should use the CREST electronic proxy appointment service and refer to Note 10 of the Notice of Annual General Meeting in relation to the submission of a proxy appointment via CREST.

11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the Notice of Annual General Meeting.

13. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

