ANGLE

ANGLE plc Interim Results for the six months ended 31 October 2011

ANGLE plc
Interim Results

Parsortix and other portfolio companies progressing strongly

ANGLE plc ("ANGLE" or "the Company" - AIM: AGL), which focuses on the commercialisation of technology, today announces unaudited interim results for the six months ended 31 October 2011.

Operational Highlights

Parsortix Cancer Diagnostics

- During the half year, ANGLE increased its holding in Parsortix to 90%.
- The Parsortix separation technology, already proven for foetal cells, was successfully used to capture cultured cancer cells added to healthy blood (spiked blood) and ANGLE initiated a product development programme for a cancer diagnostic device to capture circulating tumour cells (CTCs) in cancer patient blood.
- The Parsortix separation device successfully captured cultured breast cancer cells, prostate cancer cells and lung cancer cells in spiked blood, offering the potential for a simple, effective and affordable technique, irrespective of cancer type, for early detection of cancer, monitoring of cancer patients during treatment, and post-treatment monitoring of cancer patients in remission.
- The US Patent Office granted Parsortix a US patent on its separation technology and patents are pending in all major economic territories worldwide.
- Parsortix established its first research partnership, with the University of Surrey's Oncology Department.
- As announced on 23 January 2012, Parsortix has recently demonstrated the Parsortix separation device's capability to capture CTCs in cancer patient blood. Development of the Parsortix separation technology is proceeding to plan and the next key milestones are on track.

Other portfolio companies

- **Geomerics (33%) (computer games middleware and computer graphics):** Geomerics' Enlighten technology is now being employed in 20 titles worldwide and is currently in evaluation for many more. Geomerics has secured sales in Korea and Japan and is an integrated partner for Epic Games' Unreal Engine 3. There was wide acclaim for the major titles, Battlefield 3 and Need for Speed: The Run, which have recently been released using Enlighten.
- **Novocellus (92%) (IVF embryo viability)** Novocellus' product EmbryoSure® offers the potential for increased pregnancy rates in IVF. ANGLE has negotiated new terms with ORIGIO to accelerate the progress of the EmbryoSure® product to market and has increased its holding of Novocellus to 92%.

Financial Highlights

- After a planned increase in ventures and controlled investments costs, primarily in relation to Parsortix, to £0.5 million and an impairment of the holding value for the Acolyte Biomedica earn-out, of £1.3 million, the loss before tax was £1.8 million (H1 2011: profit £0.1 million).
- Cash balance increased to £1.1 million at 31 October 2011 (30 April 2011: £0.6 million).
- Further fundraising of £1.2 million.

Garth Selvey, Chairman, commented:

ANGLE is entering an important period for value enhancement. Each of its three major investments has the potential to deliver strong shareholder returns. The Parsortix opportunity, in particular, is exceptional as it has the potential to provide a simple, effective and affordable solution to a major medical need delivering an important improvement to cancer care.

These Interim Results may contain forward looking statements. These statements reflect the Board's current view, are subject to a number of material risks and uncertainties and could change in the future. Factors which could cause or contribute to such changes include, but are not limited to, the general economic climate and market conditions, as well as specific factors relating to the financial or commercial prospects or performance of individual portfolio companies within the Group's portfolio of investments.

Chairman's Statement

Introduction

The first six months of the year saw significant developments. There was a major step forward in ANGLE's Parsortix cancer diagnostic subsidiary and good progress elsewhere in the portfolio.

Additional funding has been raised to develop the portfolio further and progress has been encouraging.

ANGLE has three major investments under development: Parsortix in cancer diagnostics, Novocellus in IVF embryo viability and Geomerics in computer graphics. Each one of these has the potential to deliver exceptional returns.

Results

The loss before tax of £1.8 million (H1 2011: profit £0.1 million) reflects:

- a planned increase in ventures and controlled investments costs, primarily in relation to Parsortix, to £0.5 million (H1 2011: £0.3 million); and
- an impairment of the holding value for the Acolyte Biomedica earn-out, following the Court judgement, of £1.3 million (H1 2011: fair value gain on investments £0.2 million).

During the half year, the cash balance increased to £1.1 million at 31 October 2011 (30 April 2011: £0.6 million).

Share issues

A fundraising completed during the half year raised £1.25 million to strengthen the Company's balance sheet and allow the Company to progress Parsortix.

Subsequent to the half year-end, shareholders and new investors have agreed a further fundraising of £1.2 million, conditional on HMRC Advance Assurance and AIM listing of shares issued. Funds raised are intended principally to support ongoing development of the Parsortix cancer diagnostic product and to provide funding for the revitalised Novocellus agreement with ORIGIO.

Portfolio companies

ANGLE has made substantial progress with its portfolio during the half year.

The Parsortix cancer diagnostic device has been validated using spiked blood for three major cancers (breast cancer, prostate cancer and lung cancer) and has successfully captured circulating tumour cells (CTCs) in experiments with cancer patient blood, paving the way for the work needed to develop a product for research purposes.

Geomerics has succeeded in strengthening the sales of its Enlighten product in the market, with sales to leading computer games publishers. Geomerics' Enlighten lighting solution was incorporated in two of the year's most successful computer games Battlefield3 and Need for Speed: The Run and received critical acclaim.

ANGLE has successfully negotiated new terms with ORIGIO to kick-start the retrospective study for Novocellus' EmbryoSure®, which offers the potential for increased pregnancy rates in IVF and reduced health risks.

More details of progress are given in the Operations Summary.

Outlook for the full financial year

ANGLE is entering an important period for value enhancement. Each of its three major investments has the potential to deliver strong shareholder returns. Funding has been secured to cover the next stage of development, which, if successful, should lead to an overall reduction in project risk and a substantial increase in shareholder value.

The Parsortix opportunity, in particular, is exceptional as it has the potential to provide a simple, effective and affordable solution to a major medical need delivering an important improvement to cancer care.

Garth Selvey
Chairman
25 January 2012

Operations Summary

Introduction

During the half year, ANGLE progressed its portfolio companies through key milestones and developed a major opportunity in cancer diagnostics.

Portfolio value

ANGLE's portfolio of investments comprises Geomerics, which is shown on the statement of financial position at a fair value of £2.4 million at 31 October 2011 (30 April 2011: £2.4 million) and NeuroTargets, Novocellus and Parsortix, which as controlled investments are consolidated and are excluded from the fair value of the investment portfolio.

Parsortix (90%) (cancer diagnostics)

Parsortix has developed an innovative cell separation platform technology for the isolation of cells in blood, including cells which occur in very low numbers.

This technology was previously proven in the separation of intact foetal cells from peripheral maternal blood and is now being developed by ANGLE as a cancer diagnostic tool for the capture of circulating tumour cells in cancer patient blood.

During the half year, ANGLE increased its holding in Parsortix to 90% and made substantial progress, as follows:

- The Parsortix separation technology was successfully used to capture cultured cancer cells added to healthy blood (spiked blood) and ANGLE initiated a product development programme for a cancer diagnostic device to capture circulating tumour cells (CTCs) in cancer patient blood.
- The Parsortix separation device successfully captured cultured breast cancer cells, prostate cancer cells and lung cancer cells in spiked blood, offering the potential for a simple, effective and affordable technique, irrespective of cancer type, for early detection of cancer, monitoring of cancer patients during treatment, and post-treatment monitoring of cancer patients in remission.
- The US Patent Office granted Parsortix a US patent on its separation technology and patents are pending in all major economic territories worldwide.

Since the period end, Parsortix has continued to make strong progress including:

- establishing its first research partnership, with the University of Surrey's Oncology Department; and
- successfully capturing CTCs in experiments with cancer patient blood, demonstrating the Parsortix device's capability to separate patient blood and its potential for clinical use.

The Parsortix separation device captures cells based on their physical characteristics. We believe Parsortix's technology has the potential to be both significantly cheaper and more effective than identified competitor products, which utilise antibody affinity capture.

Antibody affinity capture technology requires advance knowledge of the cancer that the patient is suffering in order that the specific antibody for that particular cancer can be used. It is subject to false negatives (i.e. failing to identify CTCs when they are present in the blood sample) where there is a weak epithelial marker and it cannot be used at all in cases, such as ovarian cancer, where there is no established antibody for the cancer.

The Parsortix separation technology is not dependent on antibody affinity capture. It offers the potential to capture CTCs, without knowing in advance which cancer is to be identified and regardless of whether there is a strong epithelial marker or not, or whether there is an identified antibody for the particular cancer.

The Parsortix separation technology offers the potential for a CTC isolation, capture and characterisation device, irrespective of cancer type for:

- Early detection of cancer;
- Monitoring of cancer patients during treatment; and
- Post-treatment monitoring of cancer patients in remission.

The next key milestones for the development of the Parsortix CTC separation technology are:

- Validation of the separation device for other cancer types, particularly those where the existing antibody affinity capture technology is unable to capture CTCs, such as ovarian cancer;
- The optimisation of the separation device to allow its easy use in the laboratory addressing critical factors of increasing the volume of blood that can be screened and the speed of blood flow through the device; and
- Independent third party validation of the performance of the Parsortix CTC separation device by leading cancer research centres.

Operations Summary
Continued

Once these milestones have been achieved, the aim is to launch a CTC capture product for research purposes, which does not require regulatory approval. Potential customers are major cancer research centres investigating the development of cancer and pharmaceutical companies developing new cancer drugs.

Thereafter it is intended that the research product will be subjected to comparative studies with the established antibody based detection techniques with a view to securing CE Marking in Europe and FDA approval in the United States to allow the launch of a clinical product to be used in the treatment of cancer patients worldwide.

Other portfolio companies

Geomerics (33%) (computer games middleware and computer graphics)
During the half year, Geomerics continued to make good progress. Sales continued to grow at an encouraging rate. Geomerics' Enlighten technology is now being employed in 20 titles worldwide (including Electronic Arts' Battlefield 3 and Need for Speed: The Run) and is currently in evaluation and under consideration for many more. Geomerics has secured sales with leading games developers in Korea and Japan and is an integrated partner for Epic Games' Unreal Engine 3. Geomerics' Enlighten engine empowers game developers by providing the ability to update all aspects of indirect lighting in real time, in game, on PC and console. Enlighten is optimised to run on Playstation®3, Xbox 360™ and PC. It is available as a stand-alone product, or pre-integrated into UE3. Finally, Geomerics has been awarded European grant funding to research applications of its technology on mobile devices.

Novocellus (92%) (IVF embryo viability)
Novocellus has agreed a partnership with ORIGIO, a leading supplier of specialised IVF products, to bring its embryo selection product, EmbryoSure® to market. ORIGIO then have the right to license the EmbryoSure® IP in exchange for milestone payments and a royalty on future sales. Novocellus' product EmbryoSure® offers the potential for increased pregnancy rates in IVF and reduced health risks.

ANGLE has negotiated new terms with ORIGIO to accelerate the progress of the EmbryoSure® product to market and ANGLE has also increased its ownership of Novocellus to 92%. ANGLE will share the financial risk of the retrospective study and development of the analysis module with ORIGIO up to a maximum of £0.5 million on condition that the study is progressed without undue delay and, once CE marking is obtained, the product is launched in the UK market. Both parties have the option to review their continuing involvement after completion of the retrospective study. All rights will revert to Novocellus if ORIGIO do not progress the product rapidly to the next stage of development.

Novocellus has the potential for milestone payments of up to £4.5 million and royalty income of up to 25% on EmbryoSure® sales. The retrospective study is now expected to be completed mid-year 2013. ANGLE has allocated funding from the new fundraising to cover its contribution to the costs.

NeuroTargets (65%) (neuropathic pain, Alzheimer's and multiple sclerosis)
NeuroTargets has through Professor David Wynick's research at the University of Bristol had positive pre-clinical results for the treatment of multiple sclerosis (MS) and Alzheimer's disease (AD). NeuroTargets has secured a granted patent in Australia for the use of galanin to treat MS and AD and applications in other territories are ongoing. NeuroTargets has long term potential that requires partnering. Whilst ANGLE is not currently providing any significant investment, Professor Wynick is working with the Medical Research Council seeking to progress these opportunities.

*Percentage shareholdings based on issued share capital as at 31 October 2011, with the exception of Novocellus, which was 82% at 31 October 2011.

Operations Summary
Continued

Other receivables

ANGLE has deferred consideration due in respect of the sale of its investment in Acolyte Biomedica (medical diagnostics / MRSA detection), which is subject to dispute between the former Acolyte shareholders and the purchaser. During the half year, legal action undertaken by the major former Acolyte shareholder (the claimant) completed. The judge found in favour of the claimant that the purchaser was "in breach of its obligation diligently to seek regulatory approval for BacLite in the US" and "in material breach of its obligation actively to market (BacLite)".

There is now the potential for ANGLE to pursue its own claim against the purchaser. However the damages award was lower than expected and may be subject to appeal. We have impaired the value held in Other receivables to reflect the damages award but intend to await any possible further developments, prior to seeking settlement by the purchaser of our outstanding earn-out.

ANGLE made the decision not to commit capital to pursue this case and we are therefore not subject to any legal costs. ANGLE's business plan is not dependent on this settlement and any payment from the purchaser would be additional to current cashflow plans.

Management services

As highlighted in the Company's recent reports, the Management services business has been constrained by Government cut backs. It has however remained profitable throughout and made a modest profit of £0.04 million in the period (H1 2011: £0.2 million).

There are now some encouraging signs that the market may be beginning to improve.

Summary

Each of ANGLE's major investments offer the potential for substantial return.

Parsortix and Novocellus have patent-protected products targeting highly attractive medical markets whilst Geomerics is a revenue generating computer graphics focused business.

This diversification protects against the risk associated with any single investment.

Consolidated Statement of Comprehensive Income

	Note	Six months ended 31 October 2011 (Unaudited) £	Six months ended 31 October 2010 (Unaudited) £	Year ended 30 April 2011 (Audited) £
Revenue	2	703,143	1,362,944	2,419,613
Other operating income		37,217	–	9,267
Change in fair value	3	(1,346,073)	174,814	174,814
Operating costs				
Management services		(623,393)	(1,118,347)	(2,064,485)
Ventures		(143,893)	(219,964)	(429,270)
Controlled investments		(404,248)	(124,703)	(339,366)
Share based payments		(84,333)	(12,602)	(24,920)
		(1,255,867)	(1,475,616)	(2,858,041)
Operating profit/(loss) from continuing operations		**(1,861,580)**	**62,142**	**(254,347)**
Finance income		57	**670**	**782**
Finance costs		28,838	**(3,940)**	**(7,747)**
Net finance income/(cost)		28,895	**(3,270)**	**(6,965)**
Profit/(loss) before tax from continuing operations		**(1,832,685)**	**58,872**	**(261,312)**
Profit/(loss) before controlled investments and tax		(1,492,568)	200,642	80,250
Controlled investments		(340,117)	(141,770)	(341,562)
Tax	4	**–**	**–**	**–**
Profit/(loss) for the period from continuing operations		**(1,832,685)**	**58,872**	**(261,312)**
Loss from discontinued operations		–	(213,352)	(171,096)
Profit/(loss) for the period		**(1,832,685)**	**(154,480)**	**(432,408)**
Other comprehensive income				
Exchange differences on translating foreign operations		(10,417)	24,069	22,741
Other comprehensive income		**(10,417)**	**24,069**	**22,741**
Total comprehensive income for the period		**(1,843,102)**	**(130,411)**	**(409,667)**

Consolidated Statement of Comprehensive Income
Continued

	Note	Six months ended 31 October 2011 (Unaudited) £	Six months ended 31 October 2010 (Unaudited) £	Year ended 30 April 2011 (Audited) £
Profit/(loss) for the period attributable to:				
Owners of the parent				
From continuing operations		(1,766,365)	93,254	(183,066)
From discontinued operations		–	(213,352)	(171,096)
Non-controlling interests				
From continuing operations		(66,320)	(34,382)	(78,246)
From discontinued operations		–	–	–
Profit/(loss) for the period		(1,832,685)	(154,480)	(432,408)
Total comprehensive income for the period attributable to:				
Owners of the parent				
From continuing operations		(1,772,433)	116,527	(182,796)
From discontinued operations		–	(213,352)	(171,096)
Non-controlling interests				
From continuing operations		(70,669)	(33,586)	(55,775)
From discontinued operations		–	–	–
Total comprehensive income for the period		(1,843,102)	(130,411)	(409,667)
Earnings/(loss) per share	5			
From continuing operations				
Basic and Diluted (pence per share)		(5.53)	(0.22)	(0.90)
From discontinued operations				
Basic and Diluted (pence per share)		–	(0.79)	(0.60)
From continuing and discontinued operations				
Basic and Diluted (pence per share)		(5.53)	(0.57)	(1.50)

Consolidated Statement of Financial Position

	Note	31 October 2011 (Unaudited) £	31 October 2010 (Unaudited) £	30 April 2011 (Audited) £
ASSETS				
Non-current assets				
Non-controlled investments	6	2,360,811	2,360,811	2,360,811
Other receivables	6	153,927	1,500,000	1,500,000
Property, plant and equipment		8,763	11,829	8,523
Intangible assets		443,574	524,699	443,027
Total non-current assets		2,967,075	4,397,339	4,312,361
Current assets				
Trade and other receivables		398,974	868,146	322,949
Cash and cash equivalents		1,093,036	893,366	619,118
Total current assets		1,492,010	1,761,512	942,067
Total assets		**4,459,085**	**6,158,851**	**5,254,428**
EQUITY AND LIABILITIES				
Equity				
Issued capital	7	3,590,884	3,043,728	3,043,728
Share premium account	7	14,777,535	14,128,114	14,126,365
Share based payments reserve		328,385	957,285	623,440
Other reserve		2,553,356	2,553,356	2,553,356
Translation reserve		(7,469)	21,602	(1,401)
Retained earnings		(16,834,634)	(15,533,240)	(15,455,253)
ESOT shares		(307,987)	(342,115)	(307,987)
Equity attributable to equity shareholders of parent		4,100,070	4,828,730	4,582,248
Non-controlling interests		(119,208)	(26,350)	(48,539)
Total equity		3,980,862	4,802,380	4,533,709
Liabilities				
Non-current liabilities				
Controlled investments – loans		131,752	225,384	221,625
Total non-current liabilities		131,752	225,384	221,625
Current liabilities				
Trade and other payables		346,471	1,131,087	499,094
Total current liabilities		346,471	1,131,087	499,094
Total liabilities		478,223	1,356,471	720,719
Total equity and liabilities		**4,459,085**	**6,158,851**	**5,254,428**

Consolidated Statement of Cash Flows

	Six months ended 31 October 2011 (Unaudited) £	Six months ended 31 October 2010 (Unaudited) £	Year ended 30 April 2011 (Audited) £
Operating activities			
Profit/(loss) before tax from continuing operations	(1,832,685)	58,872	(261,312)
Adjustments for:			
Depreciation of property, plant and equipment	3,408	9,341	13,173
(Profit)/loss on disposal of fixed assets	–	–	661
Amortisation and impairment of intangible assets	403	525	81,030
Exchange differences	(6,238)	(6,167)	(12,552)
Net finance (income)/cost	(28,895)	3,270	6,965
Change in fair value	1,346,073	(174,814)	(174,814)
Share based payments	84,333	12,602	24,920
Operating cash flows before movements in working capital:	(433,601)	(96,371)	(321,929)
(Increase)/decrease in trade and other receivables	44,171	(386,812)	45,895
Increase/(decrease) in trade and other payables	(138,289)	(105,388)	(547,239)
Operating cash flows	(527,719)	(588,571)	(823,273)
Research and development tax credits received	–	12,809	12,809
Net cash from/(used in) operating activities	(527,719)	(575,762)	(810,464)
Investing activities			
Purchase of property, plant and equipment	(3,560)	(1,723)	(2,911)
Purchase of intangible assets	–	(1,801)	(1,801)
Repayment of convertible loans	(96,197)	–	–
Purchase of loan	(94,500)	–	–
Cash and cash equivalents acquired on deemed acquisition	–	2,664	2,664
Interest received	61	176	801
Net cash from/(used in) investing activities	(194,196)	(684)	(1,247)
Financing activities			
Net proceeds from issue of share capital	1,205,922	760,000	754,865
Net cash from/(used in) financing activities	1,205,922	760,000	754,865
Net increase/(decrease) in cash and cash equivalents from continuing operations	**484,007**	**183,554**	**(56,846)**
Discontinued operations			
Net cash from/(used in) operating activities	(12,311)	(136,282)	(169,536)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	**(12,311)**	**(136,282)**	**(169,536)**
Net increase/(decrease) in cash and cash equivalents	**471,696**	**47,272**	**(226,382)**
Cash and cash equivalents at start of period	619,118	846,784	846,784
Effect of exchange rate fluctuations	2,222	(690)	(1,284)
Cash and cash equivalents at end of period	**1,093,036**	**893,366**	**619,118**

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Group									
	Issued capital (Unaudited) £	Share premium (Unaudited) £	Share based payments reserve (Unaudited) £	Other reserve (Unaudited) £	Translation reserve (Unaudited) £	Retained earnings (Unaudited) £	ESOT shares (Unaudited) £	Total Share-holders' equity (Unaudited) £	Non-controlling interests (Unaudited) £	Total equity (Unaudited) £
At 1 May 2010	**2,713,293**	**13,701,935**	**1,156,874**	**2,553,356**	**(1,671)**	**(15,625,605)**	**(342,115)**	**4,156,067**	**–**	**4,156,067**
For the period to 31 October 2010										
Consolidated profit/(loss)						(120,098)		(120,098)	(34,382)	(154,480)
Other comprehensive income										
Exchange differences in translating foreign operations					23,273			23,273	796	24,069
Total comprehensive income					**23,273**	**(120,098)**		**(96,825)**	**(33,586)**	**(130,411)**
Issue of shares	330,435	426,179						756,614		756,614
Share based payments			12,874					12,874		12,874
Released on forfeiture/lapse			(212,463)			212,463		–		–
Deemed acquisition of subsidiary								–	7,236	7,236
At 31 October 2010	**3,043,728**	**14,128,114**	**957,285**	**2,553,356**	**21,602**	**(15,533,240)**	**(342,115)**	**4,828,730**	**(26,350)**	**4,802,380**
For the period to 30 April 2011										
Consolidated profit/(loss)						(234,064)		(234,064)	(43,864)	(277,928)
Other comprehensive income										
Exchange differences in translating foreign operations					(23,003)			(23,003)	21,675	(1,328)
Total comprehensive income					**(23,003)**	**(234,064)**		**(257,067)**	**(22,189)**	**(279,256)**
Issue of shares		(1,749)						(1,749)		(1,749)
Share based payments			12,334					12,334		12,334
Released on forfeiture/lapse			(299,053)			299,053		–		–
Utilised on share schemes			(47,126)			12,998	34,128	–		–
At 30 April 2011	**3,043,728**	**14,126,365**	**623,440**	**2,553,356**	**(1,401)**	**(15,455,253)**	**(307,987)**	**4,582,248**	**(48,539)**	**4,533,709**
For the period to 31 October 2011										
Consolidated profit/(loss)						(1,766,365)		(1,766,365)	(66,320)	(1,832,685)
Other comprehensive income										
Exchange differences in translating foreign operations					(6,068)			(6,068)	(4,349)	(10,417)
Total comprehensive income					**(6,068)**	**(1,766,365)**		**(1,772,433)**	**(70,669)**	**(1,843,102)**
Issue of shares	547,156	658,766						1,205,922		1,205,922
Share based payments		(7,596)	91,929					84,333		84,333
Released on forfeiture/lapse			(336,493)			336,493		–		–
Utilised on share schemes			(50,491)			50,491	–	–		–
At 31 October 2011	**3,590,884**	**14,777,535**	**328,385**	**2,553,356**	**(7,469)**	**(16,834,634)**	**(307,987)**	**4,100,070**	**(119,208)**	**3,980,862**

Consolidated Statement of Changes in Equity
Continued

Share premium
Represents amounts subscribed for share capital in excess of the nominal value, net of directly attributable share issue costs.

Other reserve
The other reserve is a "merger" reserve arising from the acquisition of the former holding company.

Translation reserve
The translation reserve account comprises cumulative exchange differences arising on consolidation from the translation of the financial statements of international operations. Under IFRS this is separated from retained earnings.

ESOT shares
These relate to shares purchased by the ANGLE Employee Share Ownership Trust (ESOT) and used to assist in meeting the obligations under employee remuneration schemes.

Non-controlling interests
Represents amounts of profits or losses attributed to non-controlling interests.

Share based payments reserve
The share based payments reserve account is used for the corresponding entry to the share based payments charged through: a) the statement of comprehensive income for staff incentive arrangements in the Group; b) the statement of financial position for third party professional advisors fee arrangements in the Group c) the statement of comprehensive income for staff incentive arrangements in the controlled investments; and d) the statement of financial position for acquired intangible assets in the controlled investments comprising intellectual property (IP). These components are separately identified in the table below.

Transfers are made from this reserve to retained earnings as the related share options are exercised, lapse or expire or as a controlled investment becomes non-controlled (a deemed disposal).

Share based payments reserve

	ANGLE employees £	ANGLE advisors £	Controlled investments employees £	Controlled investments IP £	Total £
At 1 May 2010	**837,296**	**161,814**	**40,529**	**117,235**	**1,156,874**
Charge for the period	12,874	–	–	–	12,874
Released on forefeiture/lapse	(212,463)	–	–	–	(212,463)
At 31 October 2010	**637,707**	**161,814**	**40,529**	**117,235**	**957,285**
Charge for the period	8,589	–	3,745		12,334
Released on forefeiture/lapse	(137,239)	(161,814)	–	–	(299,053)
Utilised on share schemes	(47,126)	–	–	–	(47,126)
At 1 May 2011	**461,931**	**–**	**44,274**	**117,235**	**623,440**
Charge for the period	84,333	7,596	–	–	91,929
Released on forefeiture/lapse	(332,748)	–	(3,745)	–	(336,493)
Utilised on share schemes	(50,491)	–	–	–	(50,491)
At 31 October 2011	**163,025**	**7,596**	**40,529**	**117,235**	**328,385**

For continuing and discontinued operations

Notes to the Interim Financial Information

1 Basis of preparation and accounting policies

These Condensed Interim Financial Statements are the unaudited interim consolidated financial statements (the "Condensed Interim Financial Statements") of ANGLE plc, a company incorporated in Great Britain and registered in England and Wales, and its subsidiaries (together referred to as the "Group") for the six month period ended 31 October 2011 (the "interim period").

The Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), as adopted by the EU, and on the basis of the accounting policies set out in the Report and Accounts 2011. Where necessary, comparative information has been reclassified or expanded from the previously reported Condensed Interim Financial Statements to take into account any presentational changes made in the Report and Accounts 2011.

These Condensed Interim Financial Statements do not constitute statutory financial statements as defined in section 434 of the Companies Act 2006 and are unaudited. The comparative information for the six months ended 31 October 2010 is also unaudited. The comparative figures for the year ended 30 April 2011 have been extracted from the Group financial statements as filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006. The accounting policies applied are consistent with those described in the annual financial statements for the year ended 30 April 2011.

The Condensed Interim Financial Statements were approved by the Board and authorised for issue on 25 January 2012.

Going concern

The Financial Statements have been prepared on a going concern basis which assumes that the Group will be able to continue its operations for the foreseeable future.

The Directors have prepared and reviewed the financial projections for the 12 month period from the date of signing of these Condensed Interim Financial Statements and based on the level of existing cash, projected income and expenditure, funds raised (see Note 8) and other sources of funding, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in business for the foreseeable future. Accordingly the going concern basis has been used in preparing the Condensed Interim Financial Statements.

Critical accounting estimates and judgements

The preparation of the Condensed Interim Financial Statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on management's best knowledge of the amounts, events or actions, and are believed to be reasonable, actual results ultimately may differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to 1) the valuation of unlisted investments held at fair value – see Note 6, and in accordance with IAS39 and on the basis of the accounting policies in the Report and Accounts 2011 2) the valuation of Other receivables held at fair value – see Note 6 and 3) the valuation and impairment of intangible assets.

2 Revenue and operating segment analysis

The Group operates in the commercialisation of intellectual property and the development of technology industry.

For management reporting purposes, the Group is divided into the following operating segments:

- **Management services** – provision of Management services to clients including research organisations, corporate and governmental organisations on a fee-for-service basis. This business segment provides a platform for the Ventures activities.

- **Ventures** – activities to establish, develop and create value in technology companies. The Group uses a proprietary Progeny® process to develop these companies, which are referred to as Progeny® companies. ANGLE's unique business model involves ANGLE founding new companies which it controls during the critical early stages of development, and either develops as a trading subsidiary or secures third party funding and builds for trade sale or IPO.

- **Progeny® companies** – under IFRS, the accounting for Progeny® companies divides into controlled investments and non-controlled investments.

  - **Controlled investments** – Progeny® companies where the Group has control, typically as a result of owning in excess of 50% of the equity. These are consolidated and the Group's investment costs are expensed in the statement of comprehensive income.
  - **Non-controlled investments** – Progeny® companies where the Group does not have control. These investments are held on the statement of financial position at fair value, with changes in fair value passing through the statement of comprehensive income.

The nature of each of the operations described above is significantly different to each other.

In assessing performance and making resource allocation decisions, the Board of Directors reviews each operating segment. The tables below show the operating results for continuing operations by segment together with the assets.

Notes to the Interim Financial Information
Continued

			Investment		
	Management Services £	Ventures £	Controlled investments £	Non-controlled investments £	Total £
Period ended 31 October 2011					
Statement of Comprehensive Income					
Revenue	663,161	39,982	–		703,143
Other operating income	–	–	37,217		37,217
Change in fair value				(1,346,073)	(1,346,073)
Operating costs	(623,393)	(143,893)	(404,248)		(1,171,534)
Operating profit/(loss) before share based payments and tax	39,768	(103,911)	(367,031)	(1,346,073)	(1,777,247)
Statement of Financial Position					
Assets					
Investments (non-current)				2,360,811	2,360,811
Other receivables (non-current)				153,927	153,927
Property, plant and equipment and Intangible assets	326,478		125,859		452,337
Trade and other receivables	392,323		6,651		398,974
Cash and cash equivalents	1,058,809		34,227		1,093,036
Total	1,777,610		166,737	2,514,738	4,459,085
Liabilities					
Trade and other payables	(296,923)		(49,548)		(346,471)
Loans and borrowings	–		(131,752)		(131,752)
Total	(296,923)		(181,300)		(478,223)
Period ended 31 October 2010					
Statement of Comprehensive Income					
Revenue	1,341,048	21,896	–		1,362,944
Change in fair value		(17,067)		191,881	174,814
Operating costs	(1,118,347)	(219,964)	(124,703)		(1,463,014)
Operating profit/(loss) before share based payments and tax	222,701	(215,135)	(124,703)	191,881	74,744
Statement of Financial Position					
Assets					
Investments (non-current)				2,360,811	2,360,811
Other receivables (non-current)				1,500,000	1,500,000
Property, plant and equipment and Intangible assets	13,687		522,841		536,528
Trade and other receivables	867,706		440		868,146
Cash and cash equivalents	845,616		47,750		893,366
Total	1,727,009		571,031	3,860,811	6,158,851
Liabilities					
Trade and other payables	(1,028,655)		(102,432)		(1,131,087)
Loans and borrowings	–		(225,384)		(225,384)
Total	(1,028,655)		(327,816)		(1,356,471)

Notes to the Interim Financial Information
Continued

	Management Services £	Ventures £	Investment: Controlled investments £	Investment: Non-controlled investments £	Total £
Period ended 30 April 2011					
Statement of Comprehensive Income					
Revenue	2,358,273	61,340	–		2,419,613
Other operating income	–	–	9,267		9,267
Change in fair value		(17,067)	–	191,881	174,814
Operating costs	(2,064,485)	(429,270)	(339,366)		(2,833,121)
Operating profit/(loss) before share based payments and tax	293,788	(384,997)	(330,099)	191,881	(229,427)
Statement of Financial Position					
Assets					
Investments (non-current)				2,360,811	2,360,811
Other receivables (non-current)				1,500,000	1,500,000
Property, plant and equipment and Intangible assets	329,876		121,674		451,550
Trade and other receivables	322,573		376		322,949
Cash and cash equivalents	583,656		35,462		619,118
Total	1,236,105		157,512	3,860,811	5,254,428
Liabilities					
Trade and other payables	(376,781)		(122,313)		(499,094)
Loans and borrowings	–		(221,625)		(221,625)
Total	(376,781)		(343,938)		(720,719)

3 Change in fair value through statement of comprehensive income

	Six months ended 31 October 2011 £	Six months ended 31 October 2010 £	Year ended 30 April 2011 £
Change in fair value (Note 6)	(1,346,073)	–	–
Fair value gain/(loss) on deemed disposal of subsidiaries	–	(17,067)	(17,067)
Fair value gain/(loss) on deemed acquisition of subsidiaries	–	191,881	191,881
Change in fair value	**(1,346,073)**	**174,814**	**174,814**

4 Tax

The Group is eligible for the substantial shareholdings relief UK corporation tax exemption. This results in the gain from any disposals of UK investments where the Group has an equity stake greater than 10%, and subject to certain other tests, being free of corporation tax.

Tax is therefore based on the profits in the Management services business as relieved by losses incurred in the establishment and development of new ventures. Loss relief may not absorb the tax in relation to all of the profits and where this occurs tax is provided on the basis of the estimated effective tax rate for the full year.

Controlled investments undertake research and development activities. In the UK these activities qualify for tax relief and result in tax credits.

5 Earnings/(loss) per share

The basic and fully diluted earnings/(loss) per share is calculated on an after tax loss of £1.8 million (6 months to 31 October 2010: loss £0.2 million, year to 30 April 2011: loss £0.4 million) from continuing and discontinuing operations.

The basic and fully diluted earnings/(loss) per share are based on 33,121,558 weighted average ordinary 10p shares (6 months to 31 October 2010: 27,173,877; year to 30 April 2011: 28,732,148). Due to the losses in the periods, share options are non-dilutive for the respective periods and therefore the diluted loss per share is equal to the basic loss per share.

Notes to the Interim Financial Information
Continued

6 Non-controlled investments and Other receivables
The Group's investment portfolio comprises investments in Progeny® companies.

Where the Group has control of a Progeny® company (typically owning more than 50% of the equity), these are defined as controlled investments and are consolidated as subsidiaries. At the point control no longer exists, a deemed profit arises and the non-controlled investment is held at fair value in the statement of financial position. In the six months to 31 October 2011 costs relating to controlled investments of £0.4 million (6 months to 31 October 2010: £0.1 million) were charged to the statement of comprehensive income.

Where the Group does not control a Progeny® company (typically owning less than 50% of the equity), these are defined as non-controlled investments and held on the statement of financial position at fair value, as set out in the table below:

Non-controlled investments

	Non-current assets Unquoted (Unaudited) £	Current assets Quoted (Unaudited) £	Total Non-controlled Investments (Unaudited) £
At 1 May 2010	**2,200,311**	**–**	**2,200,311**
Investments	160,500	–	160,500
At 31 October 2010	**2,360,811**	**–**	**2,360,811**
At 1 May 2011	**2,360,811**	**–**	**2,360,811**
At 31 October 2011	**2,360,811**	**–**	**2,360,811**

Other receivables
ANGLE's Progeny® company Acolyte Biomedica (medical diagnostics/MRSA detection) was sold in February 2007. ANGLE was due an earn-out but this is subject to dispute between the former Acolyte shareholders and the purchaser.

The legal action by the former major Acolyte shareholder, Porton Capital, in the UK courts against the purchaser, 3M, in respect of its share of the earn-out concluded on 7 November 2011 when the judge handed down his judgement.

ANGLE was pleased that the judge found in favour of Porton Capital and in particular that 3M was both "in breach of its obligation diligently to seek regulatory approval for BacLite in the US" and "in material breach of its obligation actively to market (BacLite)".

ANGLE was surprised however that the damages awarded against 3M were limited to only US$1.3 million, which on a comparable basis would equate to US$0.25 million for ANGLE's earn-out. ANGLE is currently awaiting any possible further developments in the case and in particular whether the judgment is appealed by Porton Capital which may lead to a change in the level of the award.

Once the situation is known, ANGLE expects to pursue its own claim against the purchaser. At present ANGLE has no exposure to legal costs.

A fair value of £1.5 million was included in relation to this in ANGLE's statement of financial position under the "Other receivables" category at 30 April 2011 and 31 October 2010. In present circumstances, the Directors believe that it is appropriate to impair the value of the asset to £0.15 million being the fair value based on the Court judgement, but note that the value may be revised in the future as further information becomes available.

7 Share capital
On 14 July 2011, the Company issued 5,020,000 Ordinary shares of £0.10 each at an issue price of £0.25. On 15 September 2011, the Company issued 227,160 Ordinary shares of £0.10 each in consideration for Parsortix shares. On 6 October 2011, the Company issued 224,403 Ordinary shares of £0.10 each in consideration of the 2008 Deferred Annual Bonus scheme.

The Company's issued share capital at 31 October 2011 was 35,908,842 Ordinary shares of £0.10 each. On 30 August 2011, the Company cancelled certain existing share options and issued new options over 1,856,000 shares with performance and vesting conditions.

8 Post reporting date events
The Group entered into a convertible loan for £0.2 million with a non-controlled investment by conversion of trade receivables and additional funding.

The Company issued 200,000 new Ordinary shares of £0.10 each on 14 November 2011 at £0.25 in relation to the exercise of an option granted to advisors in respect of the July 2011 placing.

The Company issued options on 18 November 2011 over 1,910,000 shares with performance and vesting conditions.

As explained in the Chairman's Statement and Operations Summary, the Company has agreed revised terms for Novocellus with ORIGIO, increased its shareholding in Novocellus to 92%, and completed a fundraising of £1.2 million net of costs.

Shareholder communications

The announcement is being sent to all shareholders on the register on 23 January 2012. Copies of this announcement are posted on the Company's website www.ANGLEplc.com and are available from the Company's registered office: 3 Frederick Sanger Road, Surrey Research Park, Guildford, Surrey, GU2 7YD.

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