

Maelor plc

Interim Results

Maelor plc, the specialist healthcare products company, is pleased to announce its interim results for the six months ended 30th September 2006.

Financial Highlights

- Turnover up 44% to £1.33 million (H1 2005: £923,000)
- Operating loss significantly reduced to £93,000 (H1 2005: £429,000)
- Interim loss per share of 0.22p (H1 2005: 1.17p)
- Cash balance maintained at £1.25 million (H1 2005: £1.24 million)

Operational Highlights

Good progress in implementation of new strategy:

- Building a specialist critical care business
 - 1st six months of active Volplex® promotion – sales increase 43% vs H1 2005
 - Decision taken to develop ISOplex™, a late stage complementary critical care product
 - MHRA approve licence to supply unlicensed medicines (“specials”)
- Leveraging non critical care portfolio through efficient partnerships
 - 10% increase in OptiFlo in-market sales vs H1 2005
 - Collaboration with Plethora for micelle nanotechnology progressing well

Commenting on the results CEO, Tim Wright, said:

“Five months ago, the Board outlined its vision of establishing Maelor as an ambitious new force in specialist critical care medicine, while commercialising our non-critical care portfolio through efficient partnerships.

“The new management team has worked determinedly over the last period to ensure delivery against this vision. We have driven significant growth in our recently launched brand Volplex, taken the decision to develop ISOplex, a late stage complementary critical care product and been granted a licence by the MHRA to sell unlicensed medicines (“specials”). In parallel we continue to see the benefits of selecting and supporting capable partners, with the continued growth of OptiFlo and exploitation of our micelle nanotechnology through Plethora Solutions.

“The interim results reinforce the rapid progress our business is now making, enabling the management team to look forward with confidence to realising our vision of building a successful, profitable, specialist critical care business.”

For further information contact:

Maelor plc

Tim Wright, Chief Executive Officer 01978 810 153

Financial Dynamics

Billy Clegg / Ed Westropp 020 7831 3113

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

We are pleased to report that the Company's interim results for the six months to 30th September 2006 show substantially increased revenues, reduced losses and a strong cash balance.

In June, together with our year end results, we announced the outcome of the Board's strategic review, outlining our vision to establish Maelor as an ambitious new force in specialist critical care medicine, while commercialising our non-critical care portfolio through efficient partnerships.

In the last period the new management team has worked determinedly to ensure delivery against this vision.

We have driven significant growth in our recently launched brand Volplex, taken the decision to develop ISOplex, a late stage, complementary, critical care product and been granted a licence by the Medicines and Healthcare products Regulatory Agency ("MHRA") to supply unlicensed medicines ("specials"). In parallel we continue to see the benefits of selecting and supporting capable partners, with the continued growth of OptiFlo and exploitation of our micelle nanotechnology through Plethora Solutions.

The 44% increase in turnover, significant reduction of operating losses to £93,000, improved gross margin and sustained strong cash balance (£1.25 million) reinforce the rapid progress our business is now making, enabling Maelor to look forward with confidence to realising our vision of building a successful, profitable, specialist critical care business.

Financial summary

Turnover for the six months to 30th September 2006 was £1.33 million (H1 2005: £923,000) representing an increase of 44% over the period last year. This significant increase can be attributed to the re-acquisition and growth of Volplex, the continued sales and market share growth of OptiFlo, as well as the licensing milestone payment received for our micelle lidocaine nanotechnology.

The Group's operating loss for the period was again significantly reduced to £93k driven by the continued healthy sales growth, as well as the above milestone payment. This milestone payment combined with further efficiencies in manufacturing and supply has contributed to the improvement in gross margin.

Group cash balances at 30th September 2006 were £1.25 million, an improvement on last year's H1 balance of £1.24 million, demonstrating that measures taken at the end of calendar year 2005 to ensure efficient management of cash flow continue to be effective.

Business summary

"Building a specialist critical care business"

During the period the management team has focused on growing sales of Volplex, currently used in operating theatres and hospital wards to maintain blood volume. The results of these efforts have seen a number of new hospitals purchasing Volplex with in-market sales up 43% versus H1 2005. With substantial room for market share growth the team is confident that we can continue to win further new accounts and continue to grow our sales of Volplex.

Maelor is also focused on adding new products to the portfolio either through in-licensing or development of late stage opportunities, which reinforce our development and commercial expertise and presence. A critical aspect of this strategy is building strong relationships with the critical care community to identify potential products that will benefit their patients.

As a result of customer research the decision has been taken to develop ISOplex. ISOplex in common with Volplex will be used in situations where an increase in blood volume is required. ISOplex has been designed to very closely mimic natural blood plasma, particularly in the balance of electrolytes. The use of these more "isotonic" formulations is an area of significant interest amongst critical care clinicians. The introduction of ISOplex will support Maelor's strategy of driving both market share and market size in the gelatin segment of the UK blood volume replacement market. Given Maelor's experience and existing data in this sector it is anticipated that development will be relatively rapid and inexpensive for a pharmaceutical product, with approval possible by the end of 2008.

During the period Maelor has succeeded in gaining a licence from the MHRA to sell un-licensed medicines. Generally known as “specials” these products can be requested by physicians for use in patients where there is a specific requirement and no medicine licensed in the UK to fulfill it. “Specials” can either be products which have been licensed elsewhere in Europe and imported or those that are manufactured in specifically approved UK facilities. This initiative is intended to be a support service to critical care patients and physicians; products provided are likely to fulfill niche areas of unmet need. In addition to establishing closer relationships with the critical care community this strategy will enable Maelor to gauge demand for products and where this demand is sufficient, progress these to licence. An agreement has recently been concluded to offer a portfolio of fluid support products, currently licensed in Germany.

“Commercialising the non-critical care portfolio through efficient partnerships”

OptiFlo, the UK brand of catheter flushing solutions distributed by Bard, continues to perform well, with sales up 10% versus H1 2005, and remains the UK market leader with market share of 54% versus 49% (H1 2005) in a market that has itself grown by 5%.

H1 2006 turnover incorporates the licensing milestone for our proprietary micelle nanotechnology, micelle lidocaine. The agreement with Plethora, a specialist urology company, is progressing well. Under the terms of the agreement Plethora is responsible for product development and distribution and Maelor is entitled to milestone and royalty payments. Micelle lidocaine is in development for the treatment of interstitial cystitis and painful bladder syndrome. These conditions are estimated to afflict up to two million women in the United States and Europe.

As we identified in the recent strategic review, a primary activity of recent months has been to provide clarity and focus to the business. The product portfolio has been rationalised in line with this plan as has our geographical focus to prioritise our efforts in the UK. While assessment of the opportunity for ContiSol in the US and regulatory process for Volplex in China continue, these activities are considered secondary to our focus of building a specialist critical care business in the UK.

OUTLOOK

The announcement of our 2005/06 results on 1st June enabled us to set out a clear vision for Maelor and to clarify a number of outstanding questions from shareholders. We committed at that time to delivering the milestones that will enable us to become established as a successful, profitable, specialist critical care business. The Board is acutely aware of the importance of Maelor delivering against these promises.

The growth of Volplex, the addition of ISOplex and the in-licensing of a specials portfolio, coupled with the continued exploitation of the non-critical care products are the first steps towards delivering against this commitment.

The Board is confident that Maelor is now delivering against clear objectives, an achievement which is reinforced by continued positive trading since the period end. We are confident that Maelor will continue to make progress and the Board wishes to thank all members of the Maelor team for their commitment as we continue building a leading, specialist critical care business.

Geoff McMillan
Chairman

Tim Wright
Chief Executive Officer

Consolidated Profit and Loss Account
for the six months ended 30 September 2006

	Unaudited Six months ended 30 September 2006 £	Unaudited Six months ended 30 September 2005 £	Audited Year ended 31 March 2006 £
Turnover	1,332,966	923,272	1,858,750
Cost of sales	(714,094)	(559,172)	(1,117,782)
Gross profit	618,872	364,100	740,968
Research and development	(44,502)	(79,606)	(89,888)
Sales and administrative expenses	(667,070)	(713,177)	(1,259,627)
Operating loss	(92,700)	(428,683)	(608,547)
Interest receivable and similar income	23,929	28,324	51,784
Interest payable	(6,170)	(6,907)	(13,351)
Loss on ordinary activities before taxation	(74,941)	(407,266)	(570,114)
Taxation	—	9,581	(90,478)
Retained loss attributable to the Group	(74,941)	(397,685)	(660,592)
Basic loss per ordinary share	(0.22)p	(1.17)p	(1.93)p
Diluted loss per ordinary share	(0.22)p	(1.17)p	(1.93)p

The Group's activities are classified as continuing.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Consolidated Profit and Loss Account.

Consolidated Balance Sheet
at 30 September 2006

	Unaudited 30 September 2006 £	Unaudited 30 September 2005 £	Audited 31 March 2006 £
Fixed assets			
Tangible assets	375,551	392,004	383,305
Current assets			
Stock	129,546	125,305	205,590
Debtors – due within one year	457,174	808,915	379,374
– due after more than one year	—	80,000	—
Cash at bank and in hand	1,251,980	1,235,727	1,296,463
	1,838,700	2,249,947	1,881,427
Creditors: amounts falling due within one year	(733,152)	(801,674)	(696,553)
Net current assets	1,105,548	1,448,273	1,184,874
Total assets less current liabilities	1,481,099	1,840,277	1,568,179
Creditors: amounts falling due after more than one year	(161,760)	(183,090)	(173,899)
Net assets	1,319,339	1,657,187	1,394,280
Capital and reserves			
Called up share capital	3,428,083	3,428,083	3,428,083
Shares to be issued	23,017	23,017	23,017
Share premium account	12,154,094	12,154,094	12,154,094
Revaluation reserve	149,909	153,689	151,169
Profit and loss account	(14,435,764)	(14,101,696)	(14,362,083)
Shareholders' funds – equity	1,319,339	1,657,187	1,394,280

Consolidated Cash Flow Statement
for the six months ended 30 September 2006

	Unaudited Six months ended 30 September 2006 £	Unaudited Six months ended 30 September 2005 £	Audited Year ended 31 March 2006 £
Cash flow from operating activities	(50,236)	(244,260)	(300,746)
Returns on investments and servicing of finance	17,759	19,326	38,433
Taxation received	—	—	108,487
Capital expenditure	(1,276)	(15,272)	(15,857)
Cash outflow before management of liquid resources and financing	(33,753)	(240,206)	(169,683)
Financing	(10,730)	8,241	(1,546)
Decrease in cash in the period/year	(44,483)	(231,965)	(171,229)

Reconciliation of Net Cash Flow to Movement in Net Funds

for the six months ended 30 September 2006

	Unaudited Six months ended 30 September 2006 £	Unaudited Six months ended 30 September 2005 £	Audited Year ended 31 March 2006 £
Decrease in cash in the period/year	(44,483)	(231,965)	(171,229)
Cash outflow from decrease in debt and lease financing	10,730	9,384	19,171
Changes in funds resulting from cash flows	(33,753)	(222,581)	(152,058)
Movement in net funds in the period/year	(33,753)	(222,581)	(152,058)
Net funds at the start of the period/year	1,103,663	1,255,721	1,255,721
Net funds at the end of the period/year	1,069,910	1,033,140	1,103,663

Reconciliation of Operating Loss to Operating Cash Flows

for the six months ended 30 September 2006

	Unaudited Six months ended 30 September 2006 £	Unaudited Six months ended 30 September 2005 £	Audited Year ended 31 March 2006 £
Operating loss	(92,700)	(428,683)	(608,547)
Depreciation charge	9,030	7,861	16,898
Loss on disposal of fixed asset	—	—	247
Charge for share options	—	23,017	23,017
Decrease/(increase) in stocks	76,044	6,833	(73,452)
(Increase)/decrease in debtors	(77,800)	(136,461)	162,443
Increase in creditors	35,190	283,173	178,648
Net cash flow from operating activities	(50,236)	(244,260)	(300,746)

Notes to the Financial Statements

1. The interim results for the six months ended 30 September 2006 are unaudited. The financial information set out in this statement does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the financial year ended 31 March 2006 are not the statutory accounts for the financial year but are abridged from those accounts which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.
2. The interim results, which were approved by the Board of Directors on 1 November 2006, are prepared on the basis of the accounting policies that will be applied in the statutory accounts of the Group for the year ending 31 March 2007, in accordance with UK GAAP.
3. Whilst further progress has continued to be made by the Group during the period, profitable trading is yet to be established. Cash will continue to be absorbed until at least that point in time. The Board will continue to monitor the financial position in order to ensure that the Group has sufficient funding to remain in business. For this reason, they continue to adopt the going concern basis in preparing the financial statements.
4. Copies of this interim report are available from the Group's registered office at:

Riversdale
Cae Gwilym Road
Newbridge
Wrexham LL14 3JG

Company Information

Directors

H G McMillan	(Non-executive Chairman)
T Wright	(Chief Executive Officer)
N J Goldsmith	(Finance Director – appointed 12 June 2006)
A Hardy	(Operations Director)
J H Gregory	(Non-executive Director)
P Murray	(Non-executive Director)

Secretary

N J Goldsmith	(appointed 12 June 2006)
T Wright	(appointed 24 May 2006 – resigned 12 June 2006)
M A Cope	(resigned 24 May 2006)

Registered office

Riversdale
Cae Gwilym Road
Newbridge
Wrexham LL14 3JG

Company registration number

3337415

Brokers

Lewis Charles Securities Limited
4-7 Chiswell Street
London EC1Y 4UP

Solicitors

Brabners Chaffe Street
1 Dale Street
Liverpool L2 2ET

Nominated advisors

City Financial Associates Limited
Pountney Hill House
6 Laurence Pountney Hill
London EC4R 0BL

Principal bankers

HSBC
17–19 Regent Street
Wrexham LL11 1RY

Auditors

Baker Tilly
Number One
Old Hall Street
Liverpool L3 9SX

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU