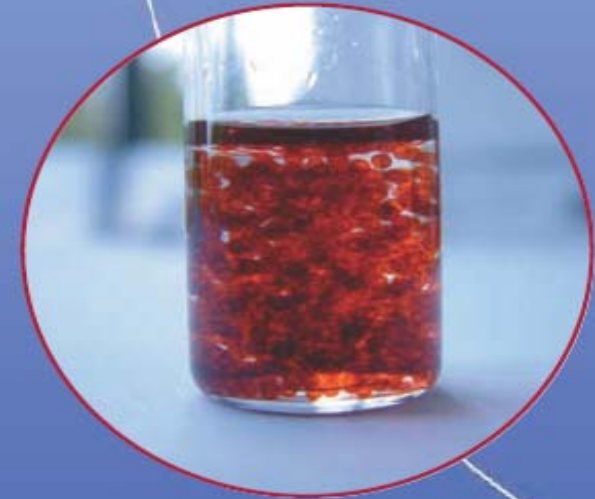




Biocompatibles International plc Preliminary Results 2007

March 2008



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Agenda

- Overview and News
- Four Key Programmes
- Other Activities
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Today's News

- mCRC Programme in the US
 - FDA grants approval for PARAGON I clinical trial
- Non-vascular delivery Programme
 - Orphan Drug designation granted for the treatment of Glioma with Drug-Eluting Beads with Irinotecan
- 2008 Guidance re-confirmed:
 - Revenue £12-15m
 - Year end cash £30m
 - Principal annual goals on track

Second Half Highlights and 2008 To Date

- PRECISION V recruitment complete (July)
- Positive data from the Italian mCRC trials (September)
- Adult Stem Cell Product approved for Clinical Trial (November)
- Revenue increase of 53% to £9.1m
- Cash of £34.3m compared with updated guidance of £33m

So far in 2008:

- FDA approves Medtronic's Endeavor® DES (February)
- Completion of recruitment in pivotal Cosmetic Bead Trial (February)
- FDA approves PARAGON I trial in mCRC (February)

H2 2007 Report Card

- Good - new:
 - Paragon Bead IDE approval
 - In-market Bead sales
- Good - already announced:
 - Medtronic US launch
 - Stroke trial approval
 - Dermal filler bead trial completion
 - Guidance delivered
- Not so good
 - Invoiced Bead sales
 - PRECISION Bead approval process

Overview: 2008 Goals

Financial

1. Revenue in the range of £12m to £15m
2. Closing net funds of £30m

Biocompatibles UK Programmes

3. Presentation of randomised Phase II data from the PRECISION V trial at CIRSE
4. Start of US registration programme for a pre-loaded bead
- ✓ Report of US launch of Medtronic's Endeavor® Drug-Eluting Stent

CellMed Programmes

- ✓ Completion of recruitment in the CE Mark trial for the cosmetic dermal filler bead
7. Completion of recruitment in the CellBeads™ stroke trial

Our Value Drivers

- Drug-Eluting Stents/Medtronic....2008
- Drug-Eluting Beads....2008
 - **Doxorubicin/HCC Programme**
 - **Irinotecan/mCRC Programme**
- Cosmetic Beads....2009
 - **Cosmetic Dermatology/Merz**
- Drug-Eluting Beads....Pipeline
 - **GLP1/Neuro Bead Programme**
- Other Activities.....Pipeline
- Sales and Sales Growth
- Financial
 - Cash
 - Small equity base



High Level Goals

- “...A Medical Technology company focused on drug device combination products principally for use in oncology.”
- ...Our Vision for Biocompatibles as a whole is the development of a high margin, high growth business based on a range of valuable drug device combination products.
- ...The vision of the Biocompatibles business based in Farnham is the creation and leadership of a market for Drug Eluting Beads and the recognition of our products as a Gold Standard treatment for HCC and mCRC...”

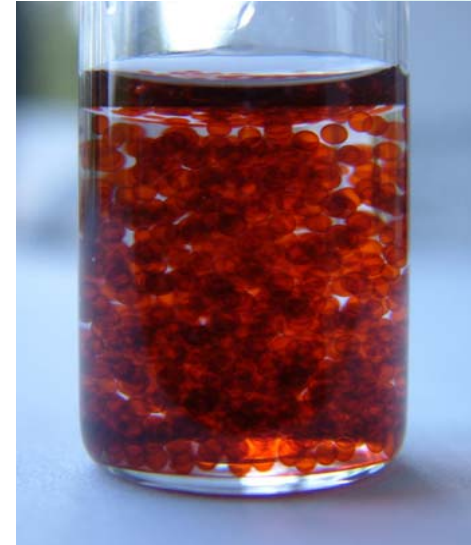
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1. Drug-Eluting Beads: Oncology

Overview





- Not licensed, but distribution-partnered
- DC Bead sold in US, EU
- \$400m medium-term opportunity in HCC
- “Bigger opportunity” in mCRC
- Full value realisation requires Phase III data



News

- 74% unit sales growth in-market in 2007
- 12% penetration of initial \$70m short term opportunity in HCC
- Precision V data due September
- Mt. Sinai (New York) neo-adjuvant study now under way

Peer reviewed clinical data on Biocompatibles products published in the previous 6 months

Journal	Lead Author	Indication
 <small>International Journal of Experimental and Clinical Pathophysiology and Drug Research</small> International Journal of Experimental and Clinical Pathophysiology and Drug Research	G. Fiorentini * Medical Oncologist Florence	mCRC
 <small>Official Journal of the Society of Interventional Radiology</small> Journal of Vascular and Interventional Radiology	T.J. Kroncke * Interventional Radiologist Berlin	Uterine Fibroids
 <small>The Official Clinical Practice Journal of the American Gastroenterological Association</small> Clinical Gastroenterology and Hepatology	R.T. Poon ** Surgeon Hong Kong	HCC
 Abdominal Imaging	K. Malagari * Interventional Radiologist Athens	HCC

* Independent Trial

** Company Sponsored Trial

Quotations from Dr Malagari's Paper

- 'Three patients were down-staged and were sent to surgery (4.2%)'.
- 'Alpha Foetoprotein levels decreased significantly in measurements 1 month post each procedure ($p < 0.001$)'.
- 'Survival rates of our study are higher compared with conventional TACE'.

PRECISION TACE with DC Bead™ % Probability of Survival		
12 Months	24 Months	Publication
98	91	Malagari et al, Abdominal Imaging 2007
93	89	Varela et al, J Hep 2007
Conventional TACE % Probability of Survival		
12 Months	24 Months	Publication
82	63	Llovet et al, Lancet 2002
24	15	Groupe CHC, Journal Hepatology 1998
57	31	Lo et al, Hepatology 2002

Paragon I

- FDA approved IDE
- Randomised Phase II
- mCRC patients who have failed first line chemo
- Design
 - DEBIRI + systemic irinotecan
 - systemic irinotecan
- Primary end-point: Progression-free survival
- Secondary end-points: safety, tumour response and overall survival

Colorectal Hepatic Metastases: Chemotherapy

**Wells Messersmith, MD
Director, GI Medical Oncology Program
University of Colorado Cancer Center**

History of Treatment for Colorectal Cancer

- ~**1960**: 5-FU is a cornerstone of first-line therapy; bolus/infusion
- ~**1985**: Addition of LV (biomodulator) to 5-FU bolus regimens
- **1998**: Irinotecan as single agent approved as second-line
- **2000**: Irinotecan approved as first-line in CRC (bolus IFL)
- **2001**: Capecitabine approved as first-line in CRC in selected pts
- **2002**: Oxaliplatin approved as second-line agent (FOLFOX)
- **2004**: Oxaliplatin approved as first-line agent in infusional regimen
- **2004**: Approval of Cetuximab (Erbix) & Bevacizumab (Avastin)
- **2006**: Approval of Panitumumab (Vectibix)

“Approved” = US FDA Approval

capecitabine = **Xeloda**; irinotecan = **camptosar**; oxaliplatin = **Eloxatin**

IFL = irinotecan/5-FU/LV; FOLFOX = 5-FU/LV/Oxaliplatin

Drugs for Advanced Colorectal Cancer

“Cytotoxics”

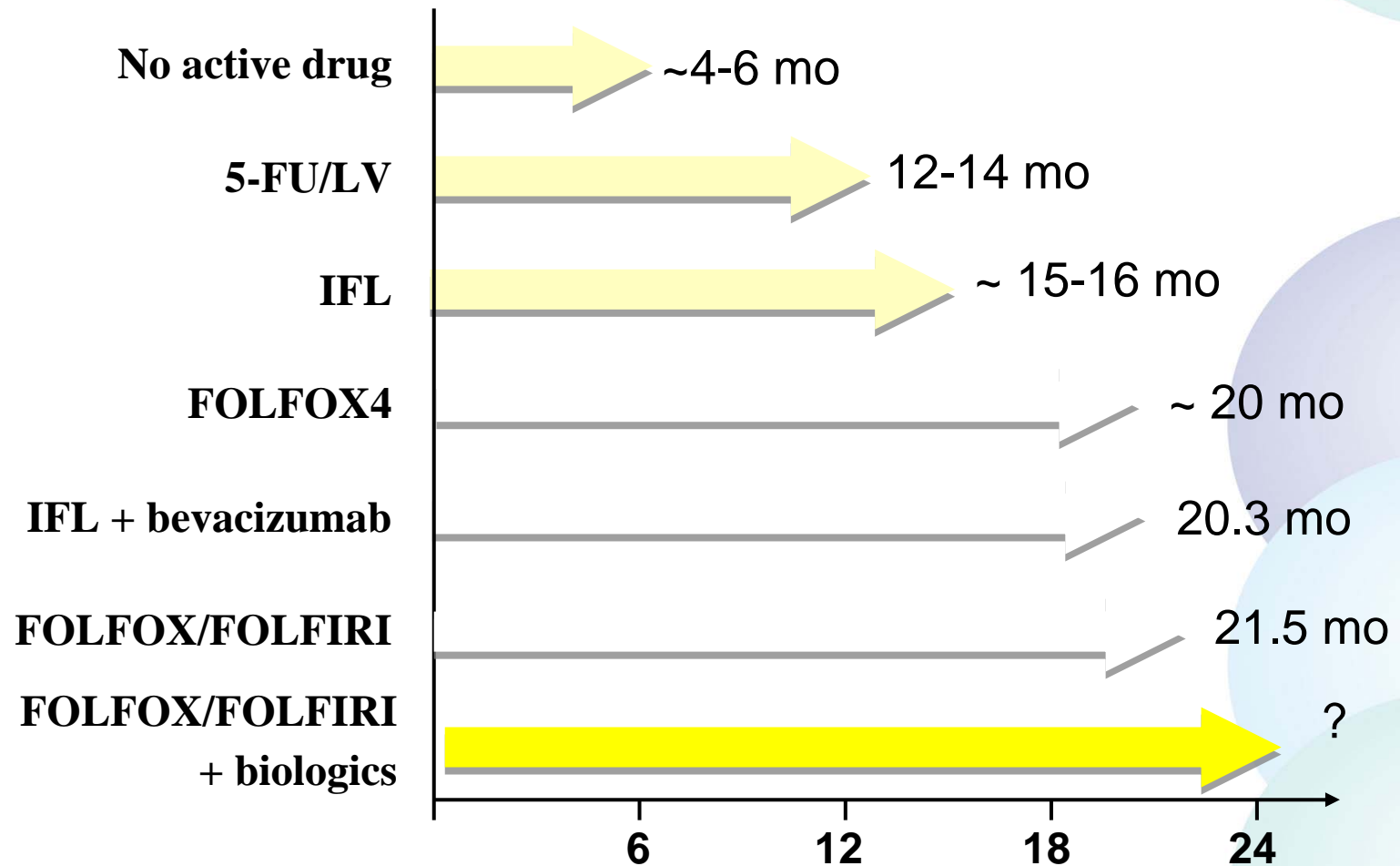
- | | |
|---------------------------|--|
| 1. 5-Fluorouracil (5-FU) | -> pyrimidine analog |
| 2. Capecitabine (Xeloda) | -> oral 5-FU pro-drug |
| 3. Irinotecan (Camptosar) | -> topoisomerase I inhibitor |
| 4. Oxaliplatin (Eloxatin) | -> 3 rd generation platinum |

Mechanism

“Biologics”

- | | |
|---------------------------|--|
| 1. Cetuximab (Erbix) | -> antibody against EGFR
Epidermal <u>G</u> rowth <u>F</u> actor <u>R</u> eceptor |
| 2. Panitumumab (Vectibix) | -> antibody against EGFR |
| 3. Bevacizumab (Avastin) | -> antibody against VEGF
<u>V</u> ascular <u>E</u> ndothelial <u>G</u> rowth <u>F</u> actor |

Incremental Survival Advantage in First-Line Metastatic Colorectal Cancer



Therapy for Advanced Colorectal Cancer

CONCLUSIONS

- 1) Mainstays of therapy are:
 - 1) “conventional chemo”: 5-FU/LV, irinotecan, oxaliplatin
 - 2) “biologics”: bevacizumab (avastin), cetuximab (erbitux)
- 2) Infusional 5-FU based regimens (FOLFOX, FOLFIRI) are standard of care.
- 3) Bevacizumab (Avastin) is U.S. FDA-approved for use with first-line “infusional 5-FU regimens”, also used second-line.
- 4) Cetuximab (Erbitux) is approved for 2nd/3rd-line use with irinotecan in irinotecan-refractory disease (response rate is doubled compared to cetuximab alone).
- 5) Panitumumab (Vectibix) is approved for 3rd-line use.

Chemotherapy for Colorectal Cancer

Can we afford this?

\$7.5 Billion Dollars in the US!

Wholesale Drug Costs (AWP)

(75 kg, 1.8 m² patient, two weeks Rx)

• 5FU	500 mg/m ²	\$ 9
• Leucovorin	500 mg/m ²	\$ 61
• Xeloda	2000 mg/m ² /d	\$ 853
• Camptosar	180 mg/m ²	\$ 2608
• Eloxatin	85 mg/m ²	\$ 2983
• Avastin	5 mg/kg	\$ 2750
• Erbitux	250 mg/m ²	\$ 5760

1995:

6 months of 5-FU/LV costs
~\$500

2004:

20 months therapy with combinations costs \$250,000 (pharmacy costs alone!)

2. Cosmetic Beads

Overview

- Licensed to Merz
- Contributes to sales/cash
- Develops alginate bead technology
- \$900m cosmetic dermatology segment, growing 18% pa
- \$40m of milestones, royalties and margin on product manufacture estimated over the next six years



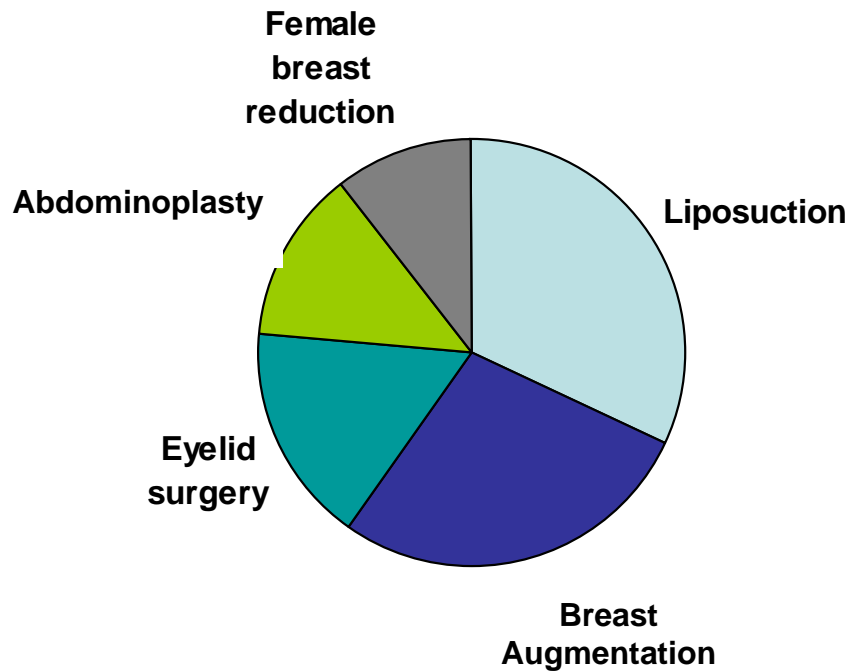
News

- Clinical trial recruitment completed in February
- 4 month recruitment confirms attractive market opportunity
- Feedback from the trial investigators confirmed that the product is easier to handle than the first generation dermal filler products
- CE Mark approval expected in 2009
- US trial initiation – date to be confirmed

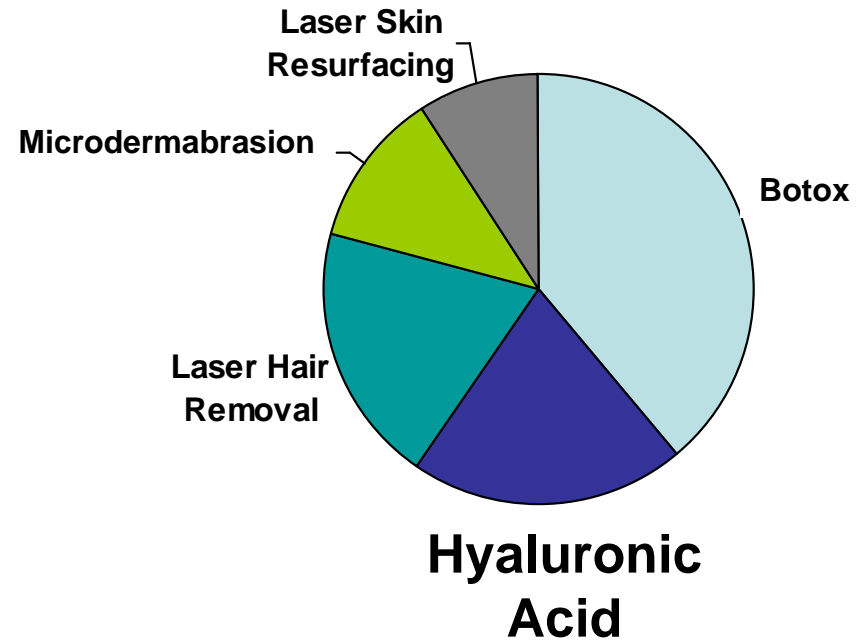


US Cosmetic Procedures during 2007

Surgical Procedures (1.4 M / \$8.3 B)



Nonsurgical Procedures (7.1 M / \$4.7 B)



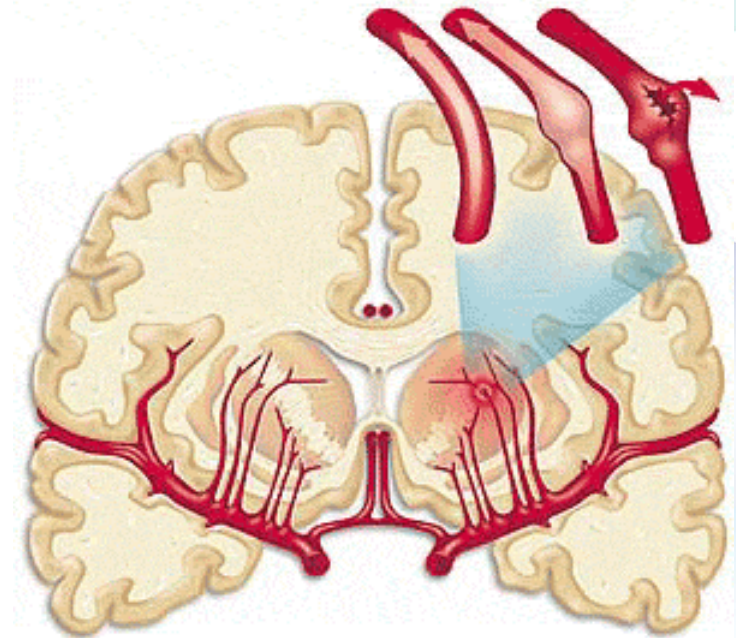
3. Drug-Eluting Beads: Stroke

Overview

- Intracerebral Haemorrhage indication
- Beads with stem cells, releasing GLP-1 peptide into affected area
- Implanted as part of surgery
- Addresses blood-brain barrier issue
- Collaboration with INI (Hannover)
- Stroke market opportunity is vast, but has been difficult
- Stem Cell Therapy is gaining traction

News

- Regulatory approval to start trial 28 November
- Patient screening imminent



How Haemorrhagic Stroke Happens:
Blood from a burst artery is forced into the tissue of the brain (intracerebral haemorrhage), or into the narrow space between the brain surface and the layer of tissue that covers the brain (subarachnoid haemorrhage).

4. Drug-Eluting Stents

Overview

- PC Technology licence to Medtronic, via Abbott
- For Endeavor® Drug-Eluting Stent
- 1.5% royalty in \$4 billion market

News

- Approved in the USA on 1 February 2008
- “We expect to ship 100,000 units to U.S. hospitals in the next 30 days...” Scott Ward, President of the CardioVascular division
- “At the end of ... 2007 our overall DES unit share was approximately 20% and there were over 15 markets where it exceeded 30%.” Bill Hawkins, President and CEO



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International Division

- Farnham UK: Marketing Business led by John Sylvester
- Double-digit operating margin budgeted in 2008
- Invoiced sales fell but distributor (in-market) sales grew (Europe: 99%, US: 46%)
- Distributor DEB sales are 12% of initial \$70m HCC opportunity (against ultimate \$400m opportunity)
- 2008 sales growth from:
 - Conversion of accounts awaiting PRECISION V data
 - New market launches
- Cumulative Drug Eluting Bead treatments:
 - 8,500 procedures (2007: 3,000 procedures)
 - 450 patients treated in 11 clinical trials, four published

Drug Delivery Division

- Farnham UK: New Product development and licensing business led by Dr. Peter Stratford
- Not profitable in 2008
- Vascular Bead programmes:
 - PRECISION (Doxorubicin/HCC)
 - PARAGON Irinotecan/mCRC)
- Non-vascular Bead programmes:
 - Non-vascular delivery
 - Other indications, eg Glioma
- “Curative intent”
- Drug Delivery programmes including RNAi

CellMed

- Alzenau, Germany: New Product development and licensing business led by Dr. Peter Geigle
- Not profitable in 2008
- Cosmetic Dermal Filler Bead
- CellBeads™ for Stroke
- Two other programmes moving forward

Other Activities

- Drug-Eluting Beads: Non-vascular delivery
 - Glioma: Orphan Drug Designation
 - Other indications: Now in development
- Biological Drug Delivery, including RNAi
- GLP-1 Peptide
- CellBeads™: Other indications

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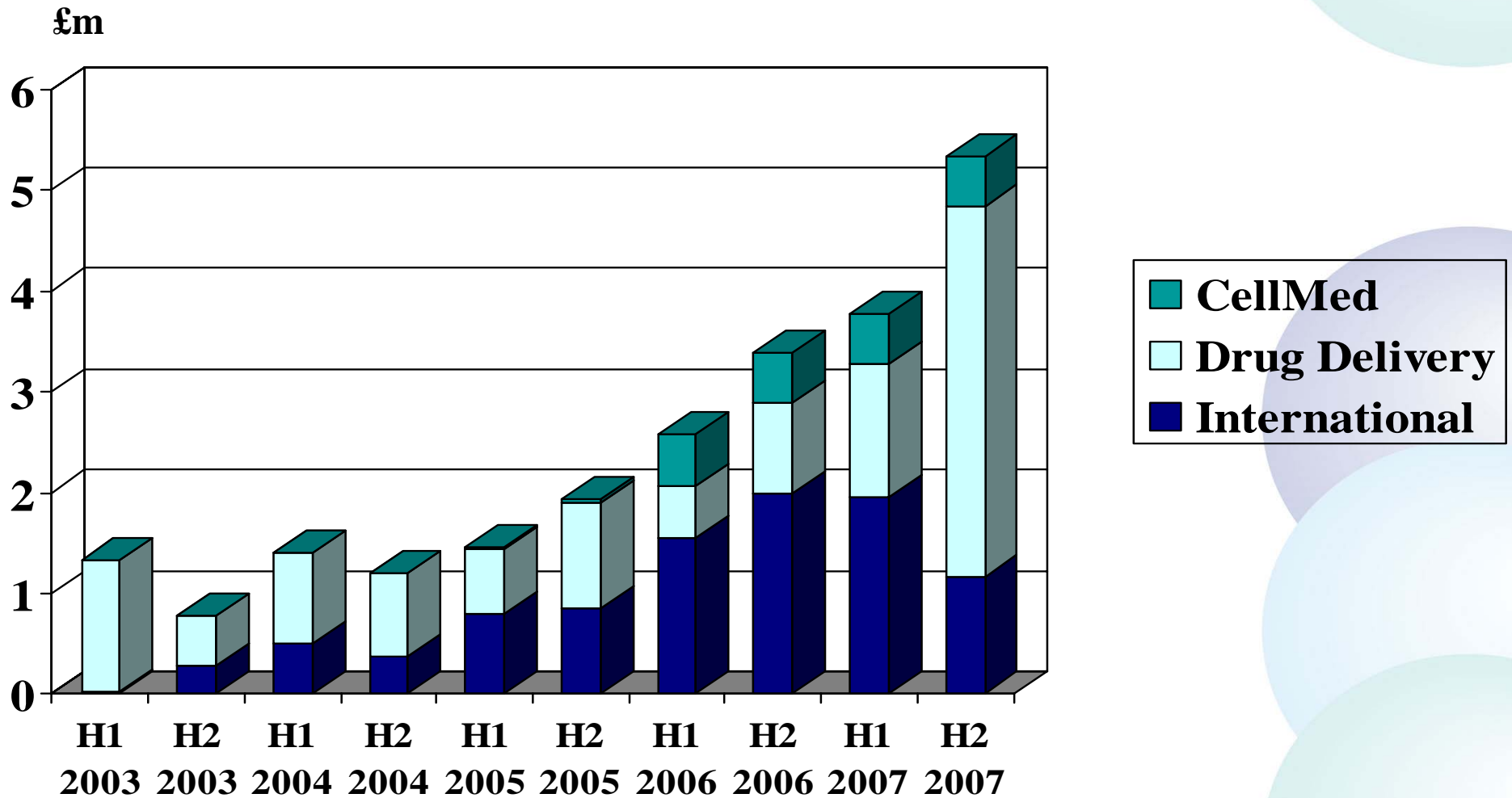
2007 Financial Summary

- Revenue growth of 53% to £9.1m
- Gross margin increase of 83% to £6.9m or 75% of revenue
- Operating loss decrease of 23% to £6.2m
- Net funds outflow of £2.8m
- Cash and cash equivalents of £34.3m
- Cash received from R&D tax credits claims £1.0m
- 2002 Disposals – no remaining provisions
- 2008 Guidance:
 - Sales £12-15m
 - Cash £30m at year-end

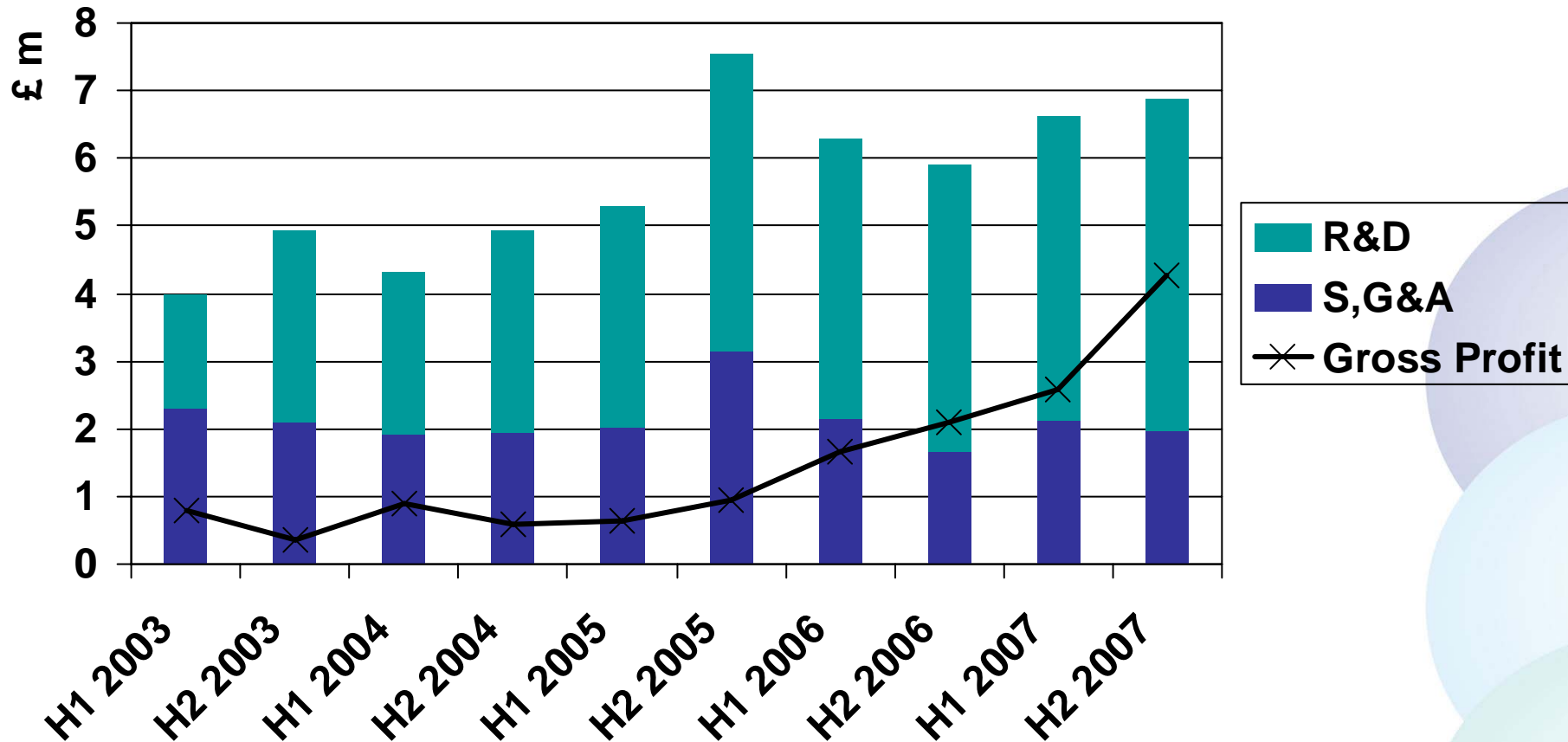
Income Statement

£m	2007	2006
Sales	9.1	6.0
Gross Profit	6.9	3.7
Other operating income	0.4	0.5
Operating costs	(13.5)	(12.2)
Operating loss	(6.2)	(8.0)
Net finance income	2.0	1.7
Loss before tax	(4.2)	(6.3)
Income tax credit	1.6	1.0
Loss from continuing operations	(2.6)	(5.3)
Gain on sale of discontinued operations	0.6	10.3
Profit/(loss) for the year	(2.0)	5.0

Group Sales



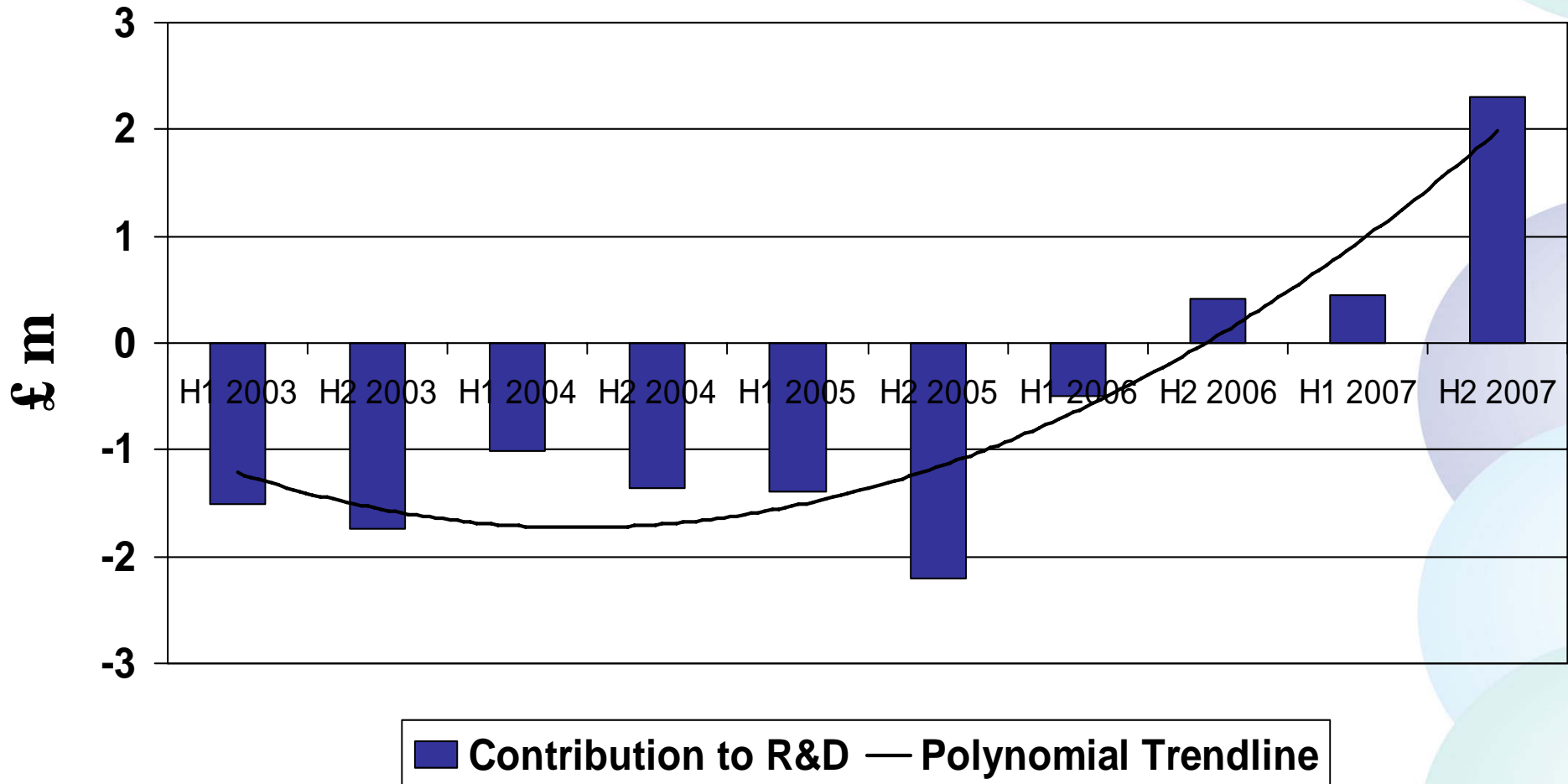
Operating cost analysis.....



.....Contribution to R&D

£m	H2 2007	H1 2007	H2 2006	H1 2006
Gross Profit	4.3	2.6	2.0	1.7
Selling and marketing costs	(1.0)	(1.0)	(0.8)	(1.0)
Administrative expenses	(1.0)	(1.1)	(0.8)	(1.2)
Contribution to R&D	2.3	0.5	0.4	(0.5)
Research and development costs (net of Grant income)	(4.7)	(4.3)	(4.1)	(3.8)
Operating loss	(2.4)	(3.8)	(3.7)	(4.3)
CR&D as a % of sales	43.3%	12.0%	12.5%	(18.9%)

Contribution to R&D



Net funds “flow”

£m	2007	2006	Funds flow
Cash & cash equivalents	34.3	37.0	(2.7)
Available for sale financial assets	0.0	0.1	(0.1)
Total funds	34.3	37.1	(2.8)
Cash used in Operations			(5.5)
Capital expenditure			(0.2)
Interest received			1.9
Tax credits received			1.0
Funds flow			(2.8)

Balance Sheet

£m		2007	2006
Non current assets		7.8	7.9
Current Assets	Inventories	0.3	0.3
	Receivables	4.4	3.7
	Cash & equivalents, fin. assets	34.3	37.2
Total assets		46.8	49.1
Non-current liabilities	Deferred income tax	1.3	1.5
	Provisions	0.2	0.8
Current liabilities	Payables	4.4	4.5
	Provisions	0.2	0.6
Total liabilities		6.1	7.4
Total assets and liabilities		40.7	41.7

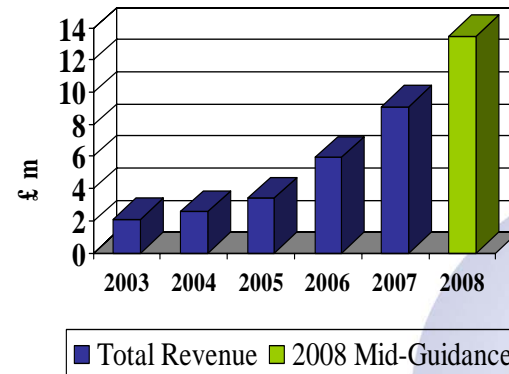
Guidance: Cash and Sales 2008

- Guidance

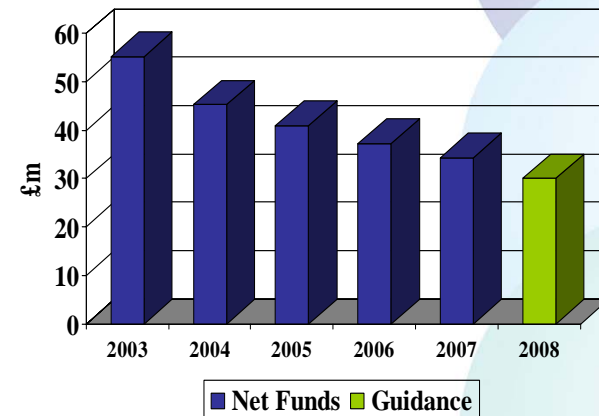
- Cash expenditure ~ £4m
- Closing cash balance £30m
- Revenue £12–15m

- Shares in issue 37.4m

Revenue



Closing Cash



Shareholders

Hunter Hall Investment Management Limited	24%
INVESCO plc	21%
Aberforth Partners LLP	16%
Dresdner Bank AG	10%
Barclays plc	4%
Board/CellMed management	5%
Subtotal	<hr/> 80%
Others	20%
Total	<hr/> 100%

Some Prelims Statements

- Priority in 2008 is to sustain the growth in revenues:
 - Re-establish growth of Drug-Eluting Bead products
 - Leverage existing assets into new transactions
 - Identify complementary product lines

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Risk

- The Oncology Challenge
 - Cancer's poor prognosis
 - Clinical trials
 - Oncologists' drug orientation
 - Patient referral
- Regulators
 - Geographical differences
 - FDA conservatism
- Competition
- Patents
 - Ours
 - Others