AorTech International Plc ("AorTech" or the "Company")

Interim Results

AorTech International Plc (AIM: AOR) the biomaterials and medical device development company, today announces its unaudited interim results for the six months ended 30 September 2010.

CHAIRMAN'S STATEMENT

I am pleased to report that during the first half of the Financial Year 2010/11, the AorTech Group has continued to achieve technical and commercial progress.

FINANCIAL REVIEW

During the six month period, Group revenue rose to £674,000 from the £191,000 recorded during the corresponding period of the previous Financial Year. Operating expenses for the half-year increased by 9% to £1.82m; this included £693,000 of development expenditure (H1 2009: £515,000) and £116,000 amortisation of intangible assets (H1 2009: £108,000). The loss after tax for the six months was £1.01m, a reduction of £364,000 against the £1.38m loss figure recorded during the corresponding period of the previous year.

CURRENT OPERATIONS

An announcement by St. Jude Medical on 15 December 2010 informing doctors of its plan to phase out all other lead types other than those insulated with Optim™ (Elast-Eon™) on the basis of 44 months of clinical usage and a greater than 80% reduction in abrasion related failures is a powerful endorsement and validation of the superb clinical performance of AorTech polymers. More generally, our polymer business has continued to make commercial and technical progress with the increasing number of evaluations of our already widely-used polymer Elast-Eon™ and our new product, ECSil™. This has occurred through the addition of new customers such as Teleflex Incorporated who are expected to add significant volumes with their urologic catheter application, as regulatory approvals are granted and manufacturing lines scale up during 2011. Even more encouraging is the recent announcement of the first human use of our pacemaker / neurostimulation header technology. Our proprietary header technology is an important facet of our burgeoning component business which we see as having revenue potential several times greater than our base polymer business in the medium term.

Our component business is leveraging the clincal success of our polymer systems as well as our proprietary small part reaction injection moulding process (RIM) in customer evaluations of spinal disc, cardiac surgery, intramedullary nail and vascular graft products.

Progress also continues to be made with the use of our polymer heart valve application in the Syncardia total artificial heart (TAH2). A successful animal trial was recently conducted in Paris which validated the performance of our polymer heart valve ('PHV') in the artificial heart application. Remaining pre-clinical testing is anticipated to be completed in the first quarter of 2011 and first human use of the PHV in the artificial heart is expected in the second half of 2011. A futher application of this PHV technology, which has been licensed to a separate customer, continues to progress.

Jon Pither - Chairman

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ABOUT AORTECH

AorTech develops and manufactures biostable, implantable polymers, including Elast-Eon™ and ECSil™, the world's leading long-term implantable co-polymers. With more than 3 million implants and over four years of successful clinical use, AorTech polymers are currently used in cardiology, orthopaedic, urological and gastroenterological applications, including pacing leads, cardiac cannulae and stents. Devices manufactured from AorTech polymers have numerous US FDA PMA approvals, 510k's, CE Marks, Australian TGA and Japanese Ministry of Health approvals.

Elast-Eon™ and ECSil's™ biostability is comparable to silicone while exhibiting excellent mechanical, blood contacting and flex-fatigue properties. Our polymers can be processed using solution casting, ERIM and conventional thermoplastic extrusion and molding techniques. AorTech provides a range of materials in a variety of application-specific formulations for use in medical devices and components.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
Six months ended 30 September 2010

	Six months to 30 Sept 2010	Six months to 30 Sept	Twelve months to 31
(Unaudited)			

		2009	March 2010
	£000	£000	£000
Revenue	674	191	1,362
Other income - grants received	80	49	306
Cost of sales	(167)	(117)	(382)
Administrative expenses	(841)	(924)	(2,082)
Other expenses - development expenditure	(693)	(515)	(1,121)
Other expenses - amortisation of intangible assets	(115)	(108)	(142)
Operating loss	(1,062)	(1,424)	(2,059)
Finance income	48	46	136
Loss before taxation	(1,014)	(1,378)	(1,923)
Taxation	-	-	-
Loss for the financial period	(1,014)	(1,378)	(1,923)
Loss per share (basic and diluted) - pence	(20.98)	(28.51)	(39.79)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months to 30 Sept 2010	Six months to 30 Sept 2009	Twelve months to 31 March 2010
	£000	£000	£000

Loss for the period	(1,014)	(1,378)	(1,923)
Other comprehensive income:			
Exchange differences on translating foreign operations	11	(415)	1,204
Income tax relating to other comprehensive income	-	-	-
Other comprehensive income for the period, net of tax	11	(415)	1,204
Total comprehensive income for the period, attributable to equity holders of the parent	(1,003)	(1,793)	(719)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(Unaudited)	30 Sept 2010	30 Sept 2009	31 March 2010
	£000	£000	£000
Assets			
Non current assets			
Property, plant and equipment	673	753	718
Intangible assets	1,369	1,357	1,424
Total non current assets	2,042	2,110	2,142
Current assets			
Inventories	121	165	150
Trade and other receivables	615	202	859
Cash and cash equivalents	2,241	3,517	2,885
Total current assets	2,977	3,884	3,894
Total assets	5,019	5,994	6,036
Liabilities			
Current liabilities			
Trade and other payables	(609)	(550)	(623)
Total current liabilities	(609)	(550)	(623)

Non current liabilities			
Other non current liabilities	-	(46)	-
Total non current liabilities	-	(46)	-
Total liabilities	(609)	(596)	(623)
Net assets	4,410	5,398	5,413
Equity			
Issued capital	12,082	12,082	12,082
Share premium	2,340	2,340	2,340
Other reserve	(2,003)	(2,003)	(2,003)
Foreign exchange reserve	1,873	1,302	1,862
Profit and loss account	(9,882)	(8,323)	(8,868)
Equity shareholders' funds	4,410	5,398	5,413

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

(Unaudited)	Six months to 30 Sept 2010 £000	Six months to 30 Sept 2009 £000	Twelve months to 31 March 2010 £000
Cash flows from operating activities			
Group loss after tax	(1,014)	(1,378)	(1,923)
Adjustments for:			
Depreciation of property, plant and equipment		120	258

	101		
Amortisation of intangible assets	115	108	142
Interest income	(48)	(46)	(136)
Deferred income released	(42)	(33)	(79)
Decrease/(increase) in trade and other receivables	244	234	(423)
Decrease/(Increase) in inventories	29	(15)	-
(Decrease)/Increase in trade payables	(14)	38	111
Net cash flow from operating activities	(629)	(972)	(2,050)
Cash flows from investing activities			
Purchase of property, plant and equipment	(48)	(51)	(102)
Interest received	48	46	136
Net cash flow from investing activities	-	(5)	34
Net cash flow from financing activities	-	-	-
Net decrease in cash and cash equivalents	(629)	(977)	(2,016)
Foreign exchange differences	(15)	316	723
Cash and cash equivalents at beginning of period	2,885	4,178	4,178
Cash and cash equivalents at end of period	2,241	3,517	2,885

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited)	Share capital £000	Share premium account £000	Other reserve £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2009	12,082	2,340	(2,003)	658	(6,945)	6,132
Changes in equity for first half of FY 2009/10						
Exchange difference on translation of foreign operations	-	-	-	644	-	644
Net expense recognised directly in equity	-	-	-	644	-	644
Loss for the period	-	-	-	-	(1,378)	(1,378)
Total comprehensive income for the period	-	-	-	644	(1,378)	734
Balance at 30 September 2009	12,082	2,340	(2,003)	1,302	(8,323)	5,398
Changes in equity for second half of FY 2009/10						
Exchange difference on translation of foreign operations	-	-	-	560	-	560
Net income recognised directly in equity	-	-	-	560	-	560
Loss for the period	-	-	-	-	(545)	(545)
Total comprehensive income for the period	-	-	-	560	(545)	15
Balance at 31 March 2010	12,082	2,340	(2,003)	1,862	(8,868)	5,413
Changes in equity for first half of FY 2010/11						
Exchange difference on translation of foreign operations	-	-	-	11	-	11
Net income recognised directly in equity	-	-	-	11	-	11
Loss for the period	-	-	-	-	(1,014)	(1,014)
Total comprehensive income for the period	-	-	-	11	(1,014)	(1,003)
Balance at 30 September 2010	12,082	2,340	(2,003)	1,873	(9,882)	4,410

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements are for the six months ended 30 September 2010, and have been prepared with regard to the requirements of IAS 34 on "Interim Financial Reporting". They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2010.

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and effective at 31 March 2011 or are expected to be adopted and effective at 31 March 2011. They were approved for issue by the Board of Directors on 9 December 2010.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

The financial information for the six months ended 30 September 2010 and the comparative figures for the six months ended 30 September 2009 are unaudited and have been prepared on the basis of the accounting policies set out in the consolidated financial statements of the Group for the year ended 31 March 2010. This financial information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements for the year ended 31 March 2010, prepared under IFRS, received an unqualified audit report, did not contain statements under sections 498(2) and 498(3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

Loss per share has been calculated on the basis of the result for the period after tax, divided by the weighted average number of ordinary shares in issue in the period of 4,832,778. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 4,832,778 for the period to 30 September 2009 and 4,832,778 for the year ended 31 March 2010.

2. SEGMENTAL REPORTING

The principal activity of the AorTech International Plc Group currently is the development and exploitation of a range of innovative biomaterials.

All revenue during the first six months of financial year 2010/11 originated in Australia.

(Unaudited)

	Six months to 30 Sept 2010 £000	Six months to 30 Sept 2009 £000	Twelve months to 31 March 2010 £000
Analysis of revenue by destination			
Geographical segments			
United Kingdom	3	4	29
Australia	-	-	2
USA and Rest of the World	671	187	1,331
	674	191	1,362
Analysis of result - operating loss			
Geographical segments			
United Kingdom	(205)	(168)	(356)
Australia	(604)	(1,026)	(1,234)
USA and Rest of the World	(253)	(230)	(469)
	(1,062)	(1,424)	(2,059)

3. ADDITIONS TO AND AMORTISATION OF INTANGIBLE ASSETS

The following table shows the significant additions to and amortisation of intangible assets

(unaudited)	Intellectual property £000
At 1 April 2009	1,257
Exchange rate adjustment	208
Amortisation	(108)
At 30 September 2009	1,357
Exchange rate adjustment	101
Amortisation	(34)
At 1 April 2010	1,424
Exchange rate adjustment	60

Amortisation	(115)
At 30 September 2010	1,369

Corporate information and advisers

Directors

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Registered in Scotland, Company No.170071

Interim results will be circulated to Shareholders and copies of the announcement will be made available from the Company's registered office. Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.