Paris, 30 August 2012, 22h00

Half-year information - Jan- Jun 2012

24.2% turnover increase compared to half-year 2011

30 M€ in cash reserves, following the 10 M€ convertible bond issuance in Q1

AB Science SA (NYSE Euronext - FR0010557264 - AB), a pharmaceutical company specializing in the research, development and commercialization of protein kinase inhibitors (PKIs), today reports its financial information for the first half-year of 2012 and presents key highlights on its activities.

I. Key events of first half-year 2012

In human medicine

- Masitinib generated promising results in gastrointestinal stromal tumor cancer (GIST), a cancer of the digestive tract that affects each year 15 new patients per million inhabitants, which represents a market estimated at $ 920 million in 2010, with a 2% growth per year.

  - In the second-line treatment, in resistance to Gleevec® (which is the first-line treatment), AB Science announced on 1 February 2012 encouraging results from its Phase 2 clinical study with masitinib.

    In this study, 44 patients with inoperable, locally advanced or metastatic GIST and showing disease progression while treated with Gleevec® (imatinib) (400 to 800 mg/day) received either masitinib (23 patients) at 12 mg/kg/day or Sutent® (21 patients) until progression. After a median follow-up of 14 months, median overall survival was not reached for masitinib (superior to 21.1 months) whereas it reached 15.2 months for Sutent® (p=0.016). After 18 months, 79.9% of patients treated with masitinib were still alive, versus 21.6% for patients treated with Sutent®. The hazard ratio was 0.29 (95% CI [0.10:0.85], meaning that the mortality risk was reduced by 71% for patients treated with masitinib compared to patients treated with Sutent®.

    Full data have been accepted for oral presentation to the American Society of Clinical Oncology (ASCO) 2012 Annual Meeting (http://abstract.asco.org/AbstView_114_96397.html).

  - Following these results, AB Science has initiated a Phase 3 study in GIST in second-line treatment, in resistance to Gleevec®.

    This is a Phase 3, international, multicenter, randomized, open, controlled, with 2 parallel groups to compare the efficacy and safety of masitinib versus Sutent ® in patients with GIST after progression under imatinib. The primary endpoint is overall survival.

    Recruitment in the study, which began in May 2012, in on-going.

  - In first-line treatment, a phase 3 study is on-going comparing the efficacy and safety of masitinib compared to Gleevec®.

In addition, AB Science announced at the American Society of Clinical Oncology (ASCO) 2012 Annual Meeting the 5-year follow-up data from the Phase 2 study of masitinib in first line treatment of GIST that preceded the launch of the current Phase 3 study (http://abstract.asco.org/AbstView_114_96371.html).

The 5-year follow-up data substantiates that masitinib has an effective and sustainable activity in imatinib-naïve GIST patients. Median overall survival in masitinib compares favorably to that of Gleevec® especially in patients with KIT exon 11 mutation subpopulation.

With a median follow-up of 72 months, the updated overall survival data for the KIT exon 11 mutation subpopulation (N=10) had not yet been reached (NR [64 months; NA]), whilst the median progression free survival was 45 months [20; NA]. These data compare favorably to historical imatinib data of 60 months and 27 months, respectively. Results for the overall study population (N=30) were equally encouraging, with updated median overall survival and progression free survival at 65 months [53; NA] and 41 months [18; 51], respectively. These data compared favorably to historical imatinib data of 55 months and 18 months, respectively.

- In pancreatic cancer, AB Science announced that communication on results of Phase 3 study of masitinib were postponed, due to longer than expected analysis and exploitation of study data including genetic data.

  AB Science will communicate the results of this study, once the data have been fully exploited.

- The development program of masitinib in oncology currently includes 14 clinical studies, 5 Phase 3 studies, one of which is completed (pancreatic cancer), and 9 phase 2 studies.

Phase 3 studies
1- Pancreatic cancer
2 - GIST in first-line treatment
3- GIST in second-line treatment, in resistance with Gleevec®
4 - Metastatic melanoma with JM mutation of c-KIT
5 - Multiple myeloma with first relapse
Phase 2 studies
6 - Metastatic melanoma without JM mutation of c-KIT
7 - Metastatic prostate cancer
8 - Metastatic colon cancer
9 - Non small cell lung cancer
10 -Triple negative breast cancer
11 -Metastatic breast cancer
12 -Metastatic stomach cancer
13 -Relapsed or refractory peripheral T-cell lymphoma
14 -Metastatic head and neck cancer

- Outside oncology, AB Science announced the results of a phase 3 clinical trial with masitinib in the treatment of patients with primary progressive multiple sclerosis or relapse-free secondary progressive multiple sclerosis. Results are encouraging since they showed that masitinib orally administrated has potential therapeutic benefits for patients suffering from progressive forms of multiple sclerosis. A phase 3 clinical trial has been initiated on the basis on these promising results.

  Outside oncology, masitinib is evaluated in 4 indications Phase 3.

Phase 3 studies
1- Mastocytosis
2 - Rheumatoid arthritis
3- Severe permanent asthma
4 - Progressive forms of multiple sclerosis

Other events

- The bond loan agreement, convertible or reimbursable in ordinary shares, for a nominal value of 10,000,500 euro (100 bonds of face value of 100,005 euro), authorized by the Board of Directors on 2 March 2012, making use of the delegation given by the General Shareholder's Meeting of 23 May 2011, has been fully subscribed and paid on 17 April 2012. The bonds bear 1.25% interest to be paid annually. They will also bear 4.75% accrued interest to be paid only in case of reimbursement of the loan in cash. The Bonds will be convertible into shares at any time at the initiative of the Bondholder, each Bond giving right to a preset number of shares, determined as follows: "O/P" where O is the nominal value of the Bond and P is equal to 15. The Bonds are automatically reimbursed in shares, if after 31 December 2014, the 3-month moving average share price of the Company with a 1 euro cent nominal value is greater or equal to 20 euro. The Bonds may be reimbursed by anticipation in cash at the option of AB Science under certain conditions. Otherwise, they will be repayable in full in cash on the seventh anniversary of the issue date at their nominal value.

- AB Science obtained in 2011 a credit line of 1.7 million euro, with maturity in February 2016, subscribed by Neuflize OBC bank (ABN Amro) for 1.2 million euros and BNP Paribas for 500 thousand euro, repayable over 5 years from the date of signature of the Agreement, with a grace period of two years. It is guaranteed by 60% by OSEO. At the date of this report, 1.7 million were drawn (500 thousand euro in March 2011 and 1.2 million in February 2012).

- Since February 24th 2012, AB Science shares are eligible to "long-only" deferred settlement service (SRD) on NYSE-Euronext. Any potential investor has therefore the possibility to acquire AB Science shares through the SRD, while benefiting from leverage and differed payment.

- Science AB ended on 17 April 2012 to the liquidity contract with SG Securities. 100,000 euro in cash liquidity account were held at the date of signature of the liquidity contract.

- AB Science has developed a Programme of Capital Increase by Exercise of Options with Société Générale on 3 May 2012. Société Générale has subscribed to share purchase warrants that can be exercised by AB Science, allowing the Company to perform successive capital increases within the limits of 2,000,000 shares (6.3% of the current share capital).

AB Science will decide to issue such shares depending on the actual needs for the next 3 years, in increments of 400,000 shares at maximum (or 1.3% of the current share capital). The subscription price will be discounted by 5% compared to the weighted average of the 3 trading days prior to fixing. The new shares are to be sold on the market, as Société Générale is not meant to retain them.

- Following the exercise of stock options, 12,500 shares of 0.01 € nominal value were issued during the first half of 2012, resulting in a 125 € capital increase.

II. Recent events since half-year closing

No significant event has occurred after 30 June 2012.

III. Consolidated financial statements for the first half-year of 2012

The company turnover amounts to 666 K€ for the first half-year 2012, compared to 536 K€ one year earlier, which is a 24.2% increase. It is fully generated by the operation of a drug in veterinary medicine.

Operating expenses as at 30 June 2012 amounted to 6.081 K€, compared to 5.523 K€ as at 30 June 2011, which is a 10.1% increase.

The Company's marketing expenses remain stable. They amount to 597 K€ as at 30 June 2012, compared to 595 K€ as at 30 June 2011, which is an increase of 0.3%.

Administrative expenses increased by 1.5 %, up from 861 K€ as at 30 June 2011 to 874 K€ as at 30 June 2012.

Research and development expenses increased by 13.3 %, up from 3,900 K€ as at 30 June 2011 to 4,418 K€ as at 30 June 2012. This increase (518 K€) is mainly explained by the decrease of research tax credit by 528 K€, down from 1,399 K€ as at 30 June 2011 to 860 K€ as at 30 June 2012, due to the collection of public aids.
As at 30 June 2012, the basis for research tax credit calculation decreased by 3,056 K€ after taking into account in the basis for calculation the grants and the conditional advances received during the period, leading to a decrease of 770 K€ on research tax credit. Advances will be added to the basis for calculation of the tax credit in the year of potential repayment.
In addition, research and development expenses eligible for the research tax credit increased by 805 K€, representing an impact of 242 K€ on research tax credit.

Operating profit/loss

The operating loss as at 30 June 2012 amounted to 5,415K€, compared to 4,987 K€ as at 30 June 2011, which is an increase of the operating loss by 428 K€ (8,6%) for the reason outlined above.

Financial profit/loss

The financial loss as at 30 June 2012 is 371 K€, compared to a financial profit of 45 K€ a year earlier.

Financial expenses, excluding currency effects and discounting effect, increase from 23 K€ as at 30 June 2011 up to 488 K€ as at 30 June 2012. This increase is primarily due to higher capitalized interests following bond issuances (373 K€) and to a lesser extent to accrued interests (73K€).

Accrued interests are calculated at the rate of 4.75% and are to be paid only in case of reimbursement of the loan in cash, with a maturity of 7 years.
The annual interests are calculated at the rate of 1.25% and are payable annually.

Over the period, the interests earned from the bonds loan are higher than the interests payable annually.

Net profit/loss

The total net loss as at 30 June 2011 amounts to 5,755 K€, compared to 4,942 K€ as at 30 juin 2011, increasing by 16.4 %, for the reasons outlined above.

IV. Consolidated balance sheet information

Assets

Given the product marketing prospects, development costs are expensed. The amount capitalized is essentially the cost for registering the Company's patents. The registration fees of the Company's patents activated in net values have increased by 9%, from 1,069 K€ as at 31 December 2011 to up to 1,165 K € as at 30 June 2012.

Inventories amount to 476 K€ as at 30 June 2012, compared to 621 K€ as at 31 December 2011. They relate to the inventory of raw materials and principal ingredient (359 K€), to the inventory of work-in-progress products (33 K€) and to the inventory of finished products (84 K€).

Trade receivable increased from 136 K€ at the end of 2011 to 153 K€ as at 30 June 2012. This increase was induced by increase in sales.

Current financial assets increased by 22.2% between 31 December 2011 and 30 June 2012, from 8,558 K€ to 10,462 K€. These financial assets correspond mainly to cash instruments, the term of which is beyond 3 months. This increase results from the investment of cash following the receipt of subsidies and conditional advances in January 2012.

Other current assets of the Company decreased from 6,901 K€ as at 31 December 2011 down to 2,088 K€ as at 30 June 2012, which is a decrease of 69.7 % over the period, explained by the following main variations:

- Decrease in the research tax credit receivable (860 K€ as at 30 June 2012, compared to 3,154 K€ as at 31 December 2011, which is a decrease of 2,294 K€)
- Decrease of conditional advances receivable (1,959 K€), advance received in January 2012.
- Decrease of subsidies receivable (974 K€), subsidy received in January 2012.

Cash increased by 63.8% between 31 December 2011 and 30 June 2012, from 11,808 K€ up to 19,338 K€, mainly because of the bond loan issuance amounting to 10 M€ in April 2012.

Total of cash and current financial assets amount to 29,800 K€ as at 30 June 2012, compared to 20,366 K€ as at 31 December 2011.

Liabilities

Funding used by the Company comes mainly from capital increases, various public aids (research tax credits, subsidies and reimbursable advances) and bond loan issuance.

As at 30 June 2012, the Company’s net equity stands at 3,530 K€.

In 2011, the main variations, besides the profit and loss of the period, consisted in capital increases amounting to 1,315 K€ and the recognition of the convertible bond as an equity component for an amount of 1,167 K€ .

Current liabilities amount to 8,190 K€ as at 30 June 2012, compared to 9,359 K€ at the end of 2011, which is a 12.5% decrease. The decrease (1,169 K€) is explained in particular by the following factors :

- Increase in current accruals (60 K€), related to the adjustment of tax and litigation accruals
- Decrease in trade payable (391 K€)
- Decrease in current financial liabilities (892 K€), related to the reimbursement of the credit line for 1,000K€ in February 2012
- Increase of other current liabilities (54 K€), mainly related to social contributions payables

Non-current liabilities mainly include two bond loans (13 897 K€), the terms of which are beyond 2 years, two bank debts for 1,554 K€ and conditional advances. They amount to 22,208 K€ as at 30 June 2012, compared to 12,372 K€ as at 21 December 2011, which is a 9,836 K€ increase, related to the issue of a bond loan convertible or reimbursable in ordinary shares. The bond loan issued in April 2012 amounts to 10,000,500 euro. The bonds are convertible in shares or reimbursable in full in cash on the seventh anniversary of the issue date.

Risk factors and uncertainties

The main risks and uncertainties to which the Company is exposed for the first six months and the remaining six months of 2012 are the risks and uncertainties described in Chapter 5 of the annual financial report as at 31 December 2011.

About AB Science

Founded in 2001, AB Science is a pharmaceutical company specializing in the research, development and commercialization of new targeted therapies for patients with cancer and other important diseases with high unmet medical needs including inflammatory diseases and central nervous system diseases.

AB Science has developed a proprietary portfolio of protein kinase inhibitors (PKIs), a new class of targeted molecules the action of which is to modify signaling pathways within cells. AB Science's lead compound, masitinib has already been registered in veterinary medicine in Europe and in the United States, and is being developed in nine phase 3 trials in human medicine, including 1 study under analysis in pancreatic cancer, and 8 on-going studies in GIST, metastatic melanoma expressing JM mutation of c-Kit, multiple myeloma, mastocytosis, severe persistent asthma, rheumatoid arthritis, and progressive multiple sclerosis. The Company is headquartered in Paris, France, and is listed on Euronext Paris (Ticker: AB).

More information is available on our website: www.ab-science.com.

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