



OCTOPLUS ANNOUNCES 2010 ANNUAL RESULTS

Strong clinical results for Locteron and growing second half-year revenues

Leiden, the Netherlands, 18 February 2011 – OctoPlus N.V. (“OctoPlus” or the “Company”) (Euronext: OCTO), announces today its unaudited annual results for the year ended 31 December 2010.

During 2010, successful clinical Phase IIb results for Locteron® were presented, which further validated the potential of our PolyActive® technology. Jan Egberts joined OctoPlus in November 2010 and formally started as CEO on 1 January 2011. Non-Locteron revenues grew by 18% in the second half-year compared to the first half-year of 2010. In addition, OctoPlus realised a significantly reduced cost base and a successful financing enhanced our cash position.

OctoPlus builds value in three key areas:

1. Product pipeline: strong clinical results for Locteron

The clinically most advanced product incorporating our PolyActive technology is Locteron, a controlled release formulation of interferon alpha, which we manufacture for our licensee Biolex. Interferon alpha is considered one of the cornerstones of hepatitis C treatment and currently has annual revenues in excess of US\$ 2.5 billion.

- Positive interim clinical Phase IIb data on Locteron including a superior side effect profile were presented at the EASL conference in April 2010 and at the AASLD conference in October 2010. These results further validate the clinical benefits of OctoPlus’ PolyActive drug delivery technology
- Revenues from Locteron were in line with expectations and substantially lower than in 2009 as the development and manufacturing for Phase IIb has been completed
- Locteron is a major value driver for OctoPlus: we are eligible to future milestone payments up to \$138 million. In addition to these milestone payments, we are eligible to royalties on net sales of Locteron and we continue to be involved in the process development and manufacturing of Locteron.

2. Increased adoption of our proprietary drug delivery technologies: four new contracts

- Four technology evaluation contracts were signed in 2010 with three new companies (Novartis and two US-based companies) and one existing customer
- Increased number of request for proposals shows the growing adoption of our proprietary technology by our clients.

3. Stabilising formulation and manufacturing business in a difficult economic climate

- Contracts with ten additional new customers were signed in 2010
- Non-Locteron revenues for the second half-year were 18% higher than in the first half-year.

Financial results

Our financial performance has improved in the second half of 2010: the successful financing strengthened our cash position, non-Locteron revenues increased by 18% and costs and loss in the second half-year have been reduced compared to the first half-year. The net result is negative, but we are realising a steady progression towards a sustainable positive operational cash flow.

- Following the restructuring in 2009, the total cost base (including interest) for the full year was reduced by 34% or € 7.5 million to € 14.5 million (2009: € 22.0 million)
- Total 2010 revenues decreased by 56% to € 8.3 million (2009: € 19.0 million) due to reduced work for Biolex in 2010 (€ 0.8 million revenues, 2009: € 11.2 million). Non-Locteron revenues for the full year decreased by 5% to € 7.5 million (2009: € 7.9 million)

- Net loss for the year amounted to € 6.2 million (2009: net loss of € 3.0 million)
- The cash outflow for the year, excluding equity issues, was reduced to € 4.0 million (2009: € 5.2 million)
- The cash position was € 2.7 million on 31 December 2010 (31 December 2009: € 3.3 million)

Outlook

- Further adoption of our proprietary drug delivery technology by the biotech and pharmaceutical industries will result in further growth of our customer base in this area
- We are on schedule to progress another product utilising our technology into the next phase of development this year
- The proceeds of the private placement that was completed in December will allow us to co-invest in promising customer-funded projects in which we want to retain more of the economic upside of our proprietary technologies
- Consequently, with the current cash position and available credit facility, the reduced cost base, current order portfolio and acquisition pipeline, we expect to be able to continue OctoPlus' development towards a sustainable positive cash flow
- Partnering discussions for OP-145 are taking longer than expected but we aim to bring these to conclusion in 2011.

Jan H. Egberts, M.D., CEO of OctoPlus comments: *"We have achieved an encouraging second half-year in a difficult economic climate. We are committed to continue our focus on cost control and revenue growth and continue our path towards sustainable positive cash flow. We are delighted how the Locteron Phase IIb results have confirmed the clinical benefits of our technology in patients and look forward to Locteron moving into the next phase of clinical development. This would generate revenue for us, but even excluding Locteron business we anticipate a successful year."*

Conference call and webcast presentation

OctoPlus will hold a conference call and webcast presentation today at 10:00 AM CET. This event can also be followed live via OctoPlus' website www.octoplus.nl. If you would like to participate in the conference call, please dial in on telephone number +31 (0) 45 6316901. After the presentation, Jan Egberts, CEO of OctoPlus and Susan Swarte, CFO of OctoPlus, will be available to answer questions. After the event, the webcast will be available for replay on the Company's website.

Financials 2010

The table below outlines the key unaudited financial figures of the Company for the six-month period ended 31 December 2010 and 2009 and the full year 2010 and 2009. The 2010 financial figures are as yet unaudited.

Key figures last six months and full year 2010 and 2009

(unaudited, in Euro x 1,000; except unaudited per share data)

	<u>2H 2010</u>	<u>2H 2009</u>	<u>% change</u>	<u>Yr 2010</u>	<u>Yr 2009</u>	<u>% change</u>
Total revenues	4,307	9,043	(52%)	8,329	19,046	(56%)
EBITDA	(647)	777	n.a.	(2,447)	970	n.a.
Net result for the period	(2,662)	(1,330)	100%	(6,202)	(2,957)	110%
Earnings per share (basic and diluted)	(0.08)	(0.04)	100%	(0.19)	(0.10)	90%
Cash flow	2,268	1,799	26%	(606)	4,195	n.a.
Cash, cash equivalents and bank overdrafts				2,707	3,313	

Full year ended 31 December 2010

For the full year 2010, total revenues decreased by 56% to € 8.3 million (2009: € 19.0 million), with core business (non-Locteron) revenues decreasing by 5% to € 7.5 million (2009: € 7.9 million) and revenues from Locteron decreasing by 92% to € 0.8 million (2009: € 11.2 million) due to the completion of the manufacturing for Biolex' Phase IIb studies.

Total operating costs in 2010 decreased significantly by 35% to € 13.6 million (2009: € 20.8 million). As a result of the restructuring announced in September 2009, wages and salaries have been reduced by 37% or € 3.8 million to € 6.4 million. Cost of materials and work contracted out was significantly reduced by € 2.4 million to € 1.1 million mainly as a result of manufacturing fewer batches for Locteron. In the second half-year of 2010, some tangible fixed assets in the older manufacturing facility were impaired for an amount of € 0.3 million.

Net loss for 2010 was € 6.2 million which is an increase of € 3.2 million as a result of € 10.7 million lower revenues partly offset by € 7.5 million lower costs.

Last six months ended 31 December 2010

Over the last six months of 2010, revenues amounted to € 4.3 million (2009: € 9.0 million). The last six months of 2009 contained € 4.8 million revenues from the development and manufacturing activities for Biolex on Locteron.

Total operating costs in the second half year decreased by 35% to € 6.5 million (2009: € 10.0 million), mainly as a result of lower wages and salaries (€ 1.7 million) and reduced cost of materials and work contracted out (€ 1.1 million) as well as minor cost savings in other areas (€ 0.7 million).

As a result, OctoPlus reports a net loss for the second half of 2010 of € 2.7 million, compared to a net loss of € 1.3 million in the second half of 2009 and a net loss of € 3.5 million in the first half of 2010.

Cash flow

OctoPlus began 2010 with a cash and cash equivalents position of € 3.3 million. A total of € 3.0 million (2009: € 2.8 million) was used during the year for our operating activities. A further € 0.1 million was used for capital expenditures (2009: € 1.5 million). OctoPlus received € 3.4 million of net cash in 2010 from the issuance of new shares (2009: € 9.4 million net). Finally, we had a € 1.0 million cash outflow from recurring finance lease payments in 2010 (2009: € 0.9 million).

As a result, OctoPlus' cash and cash equivalents decreased by € 0.6 million during 2010 to € 2.7 million at year-end. In addition, we have a credit line facility in place with ABN AMRO Bank (formerly Fortis Bank Nederland) for a maximum amount of € 2.0 million. The available facility depends on a percentage of eligible receivables and amounted to € 1.0 million on 31 December 2010.

Outlook 2011

We anticipate a successful year as a result of a steady cost control and our growing order book. We intend to acquire several new technology evaluation contracts this year. In addition, we will focus on progressing one of the products utilising our technology into the next phase of development this year. We look forward to Locteron moving into the next phase of clinical development as this would generate an increase in contracted work for us. However we do not rely on Locteron for a sustainable business. In addition, the proceeds of the private placement that was completed in December will allow us to co-invest in promising customer-funded projects in which we want to retain more of the economic upside of our proprietary technologies.

Out-licensing the OP-145 product for middle ear infection to a commercial partner was a primary goal in 2010. However, partnering discussions are taking longer than expected but will be brought to a conclusion in 2011.

Annual report and Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will take place at the Company's headquarters in Leiden on 20 May 2011 at 14:00 Central European Time (CET). OctoPlus will publish its Annual Report at least six weeks prior to the Annual General Meeting of Shareholders. The report will be made available on the Company's website www.octoplus.nl.

The consolidated statement of financial position of OctoPlus N.V. as of 31 December 2010, the related consolidated statements of comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2010, as presented in this press release, are unaudited.

For further information, please contact:

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About OctoPlus

OctoPlus is a specialty pharmaceutical company committed to the creation of improved pharmaceutical products that are based on OctoPlus' proprietary formulation technologies and have fewer side effects, improved patient convenience and improved efficacy/safety balance over existing therapies. OctoPlus focuses on the development of long-acting, controlled release versions of known protein therapeutics, other drugs, and vaccines on behalf of its clients.

The clinically most advanced product incorporating our technology is Biolex Therapeutics' lead product Locteron[®], a controlled release formulation of interferon alpha for the treatment of chronic hepatitis C. OctoPlus licensed Locteron exclusively to Biolex in October 2008. Locteron is being manufactured for Biolex by OctoPlus and has recently completed Phase IIb clinical studies with superior clinical data versus current treatment.

In addition, OctoPlus is a leading European provider of advanced drug formulation and clinical scale manufacturing services to the pharmaceutical and biotechnology industries, with a focus on difficult-to-formulate active pharmaceutical ingredients.

OctoPlus is listed on Euronext Amsterdam by NYSE Euronext under the symbol OCTO. For more information about OctoPlus, please visit our website www.octoplus.nl.

This document may contain certain forward-looking statements relating to the business, financial performance and results of OctoPlus and the industry in which it operates. These statements are based on OctoPlus' current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words "expect", "anticipate", "predict", "estimate", "project", "plan", "may", "should", "would", "will", "intend", "believe" and similar expressions are intended to identify forward-looking statements. We caution investors that a number of important factors, and the inherent risks and uncertainties that such statements involve, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. In the event of any inconsistency between an English version and a Dutch version of this document, the English version will prevail over the Dutch version.

Consolidated statement of financial position

(unaudited)

(In € x 1,000)

	At 31 Dec 2010	At 31 Dec 2009	At 1 Jan 2009
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	243	243	243
Patents	1,811	2,102	2,686
Other intangible assets	5	29	115
	<u>2,059</u>	<u>2,374</u>	<u>3,044</u>
<i>Property, plant and equipment</i>			
Buildings	6,903	7,333	7,757
Machines and installations	8,946	10,804	11,564
Other equipment	199	316	335
	<u>16,048</u>	<u>18,453</u>	<u>19,656</u>
Financial assets carried at cost	1,299	1,299	1,299
	<u>19,406</u>	<u>22,126</u>	<u>23,999</u>
Current assets			
Inventories	307	457	634
Trade receivables	1,735	2,207	2,126
Social securities and other taxes	208	284	76
Other receivables, prepayments and accrued income	978	1,343	1,132
Cash and cash equivalents	2,713	3,324	2,171
	<u>5,941</u>	<u>7,615</u>	<u>6,139</u>
Total assets	<u>25,347</u>	<u>29,741</u>	<u>30,138</u>
EQUITY			
Shareholders' equity	8,935	11,343	575
Total group equity	<u>8,935</u>	<u>11,343</u>	<u>575</u>
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	9,296	10,316	11,191
	<u>9,296</u>	<u>10,316</u>	<u>11,191</u>
Current liabilities			
Current portion of finance lease liabilities	1,020	951	930
Bank overdrafts	6	11	3,053
Convertible loans	-	-	4,395
Trade payables	1,471	2,136	3,222
Social securities and other taxes	176	43	438
Other current liabilities	4,443	4,941	6,334
	<u>7,116</u>	<u>8,082</u>	<u>18,372</u>
Total liabilities	<u>16,412</u>	<u>18,398</u>	<u>29,563</u>
Total equity and liabilities	<u>25,347</u>	<u>29,741</u>	<u>30,138</u>

Due to a change in presentation, the consolidated statement of financial position at 1 January 2009 is also presented.

Consolidated statement of comprehensive income

(unaudited)

(In Euro x 1,000)

	Year ended 31 December		Six months ended 31 December	
	2010	2009	2010	2009
Service revenues	7,978	18,636	4,170	8,856
License and other revenues	86	370	64	147
Income from subsidies	265	40	73	40
Total revenues	8,329	19,046	4,307	9,043
Cost of materials and work contracted out	1,090	3,502	449	1,541
Wages and salaries	6,394	10,184	2,925	4,576
Depreciation and amortisation	2,774	2,770	1,528	1,695
Other costs	3,292	4,390	1,580	2,149
Total operating costs	13,550	20,846	6,482	9,961
Operating result	(5,221)	(1,800)	(2,175)	(918)
Interest (net)	(981)	(1,157)	(487)	(412)
Result before corporate income taxes	(6,202)	(2,957)	(2,662)	(1,330)
Corporate income taxes	-	-	-	-
Result for the period	(6,202)	(2,957)	(2,662)	(1,330)
Other comprehensive income	-	-	-	-
Total comprehensive result for the period	(6,202)	(2,957)	(2,662)	(1,330)
Attributable to:				
Equity holders of the Company	(6,202)	(2,957)	(2,662)	(1,330)
Result per share for result attributable to the equity holders of the Company during the period (expressed in Euro per share)				
EPS – basic	(0.19)	(0.10)	(0.08)	(0.04)
EPS – diluted	(0.19)	(0.10)	(0.08)	(0.04)

Consolidated statement of cash flows

(unaudited)

(In € x 1,000)

	Year ended 31 December	
	2010	2009
Cash flows from operating activities		
Result before corporate income taxes	(6,202)	(2,957)
Adjustments for:		
– Depreciation and amortisation	2,774	2,770
– Share option expenses	157	133
– Interest costs	993	1,175
– Interest income	(12)	(18)
Changes in working capital:		
– Inventories	150	177
– Trade receivables	472	(81)
– Social securities and other taxes	209	(603)
– Other receivables, prepayments and accrued income	376	(206)
– Trade payables	(478)	(1,089)
– Other liabilities and accruals	(409)	(1,008)
Cash used in operations	(1,970)	(1,707)
Interest received	-	13
Interest paid	(990)	(1,101)
Net cash used in operating activities	(2,960)	(2,795)
Cash flows from investing activities		
Purchases of property, plant and equipment	(58)	(1,444)
Purchases of intangible assets	-	(12)
Net cash used in investing activities	(58)	(1,456)
Cash flows from financing activities		
Proceeds from issuance of shares	3,363	9,380
Repayment of finance lease liabilities	(951)	(934)
Net cash generated from financing activities	2,412	8,446
Cash, cash equivalents and bank overdrafts		
Net increase/(decrease) during the year	(606)	4,195
Balance at beginning of the year	3,313	(882)
Balance at end of the year	2,707	3,313

The above illustrates the indirect method of reporting cash flows from operating activities.