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## AKELA PHARMA REPORTS RESULTS THE THREE MONTHS AND YEAR ENDED 2010

**Austin, Texas; March 31, 2011** – Akela Pharma, Inc. (“Akela”), (TSX: AKL), a leader in the development of therapeutics for the treatment of pain, and the company’s wholly owned subsidiary, PharmaForm, today announced its financial results for the three months and year ended December 31, 2010.

Total consolidated revenues for the three months ended December 31, 2010 were \$3.7 million, including \$3.0 million of contract services, as compared to \$3.0 million, including \$2.4 million of contract services, for the same period during the previous year. For the year ended December 31, 2010, total consolidated revenues were \$13.3 million, including \$10.2 million of contract services, as compared to \$13.9 million, including \$10.6 million of contract services, for 2009.

Consolidated net income for the three and twelve months ended December 31, 2010 were \$1.5 million, \$0.05 per share, and \$1.2 million, \$0.04 per share, versus losses of \$14.1 million, (\$0.46) per share, and losses of \$21.0 million, (\$.77) per share, for the same respective periods in 2009.

Excluding one time gains and losses, Akela’s consolidated net income for the three and twelve months ended December 31, 2010 were \$0.8 million, and \$0.5 million, versus a net loss of \$2.2 million, and a net loss of \$8.4 million.

	Three months ended December 31,		Year ended December 31,	
	2010	2009	2010	2009
Income (loss) before under noted items	771	(2,199)	524	(8,445)
Other (expenses) income:				
Settlement with LRI	-	-	-	1,664
Impairment of goodwill, intangible and other assets	-	(9,601)	-	(9,601)
Lease termination	-	(1,936)	-	(1,936)
Provision for repayment of government grants	-	-	-	(1,544)
Restructuring	-	(263)	-	(1,071)
Income (loss) before income taxes	771	(13,999)	524	(20,933)
(Provision for) recovery of income taxes:				
Current	707	(64)	707	(64)
Future	-	-	-	-
	707	(64)	707	(64)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 1,478</b>	<b>\$ (14,063)</b>	<b>\$ 1,231</b>	<b>\$ (20,997)</b>
<b>Basic and diluted net income (loss) per share</b>	<b>\$ 0.05</b>	<b>\$ (0.46)</b>	<b>\$ 0.04</b>	<b>\$ (0.77)</b>
<b>Basic and diluted weighted average number of shares</b>	<b>32,207,005</b>	<b>30,890,338</b>	<b>31,563,255</b>	<b>27,283,487</b>

The Company had a cash balance of \$0.5 million as of December 31, 2010 compared with \$0.1 million as of December 31, 2009.

### **About Akela Pharma Inc.**

Akela Pharma is a drug development company with its lead product, Fentanyl TAIFUN®, being developed for the treatment of breakthrough cancer pain. Fentanyl TAIFUN is a fast-acting fentanyl formulation delivered using the company's TAIFUN multi-dose dry powder inhaler platform.

### **About PharmaForm**

PharmaForm, Akela's wholly owned subsidiary, is a leading specialty contract service provider in the area of pharmaceutical dosage form development and manufacturing, specializing in controlled release and bioavailability enhancement technologies, such as hot melt extrusion, liquid filled capsules, and spray drying. Through its diverse offerings, PharmaForm solutions help pharmaceutical and biotechnology clients reach their development targets, reduce development costs and accelerate time-to-market.

Akela's common shares trade on The Toronto Stock Exchange ("TSX") under the symbol "AKL" with 32.4 million shares outstanding.

*This press release contains statements which may constitute forward-looking information under applicable Canadian securities legislation or forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements or information may include financial and other projections as well as statements regarding the company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the company's underlying assumptions. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this press release are cautioned that such statements or information are only expectations, and that the company's actual future results or performance may be materially different.*

*Forward-looking statements or information in this press release include, but are not limited to, statements or information concerning our ongoing drug development programs and collaborations as well as the possible receipt of future payments upon achievement of milestones.*

*Such forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause our actual results, events or developments to be materially different from results, events or developments expressed or implied by such forward-looking statements or information. Such factors include, among others, the possibility that risks associated with requirements for approvals by government agencies such as the FDA before products can be tested in clinical trials; the possibility that such government agency approvals will not be obtained in a timely manner or at all or will be conditioned in a manner that would impair our ability to advance development; risks associated with the requirement that a drug candidate be found safe and effective after extensive clinical trials; our dependence on suppliers, collaborative partners and other third parties and the prospects and timing for negotiating supply agreements, corporate collaborations or licensing arrangements; our ability to attract and retain key personnel; and other factors as described in detail in our filings with the Canadian securities regulatory authorities at <http://www.sedar.com>.*

*Assumptions underlying our expectations regarding forward-looking statements or information contained in this press release include, among others, that future clinical trial results will be favorable; that our drug candidate will treat target diseases as intended; that we will raise enough capital, on reasonable terms and in a timely manner; that we will retain our key personnel; that we will obtain the necessary regulatory approvals.*

*In the event that any of these assumptions prove to be incorrect, or in the event that we are impacted by any of the risks identified above, we may not be able to continue in our business as planned.*

*For a complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review our filings with Canadian securities regulatory authorities, filed on SEDAR at <http://www.sedar.com>.*

*All forward-looking statements and information made herein are based on our current expectations as of the date hereof and we disclaim any intention or obligation to revise or update such forward-looking statements and information to reflect subsequent events or circumstances, except as required by law.*

For further information please contact:

**Akela Pharma Inc.**

Gregory M. McKee  
President and Chief Executive Officer  
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# AKELA PHARMA INC.

## Consolidated Balance Sheets

As at December 31<sup>st</sup>  
(in thousands of US dollars, except share and per share data)

	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 474	\$ 107
Restricted cash	-	938
Accounts receivable	1,590	1,679
Prepaid expenses and other current assets	302	417
	<u>2,366</u>	<u>3,141</u>
Property and equipment	3,085	4,165
Intangible assets	74	52
Other assets	67	598
	<u>\$ 5,592</u>	<u>\$ 7,956</u>
<b>Liabilities and Shareholders' Deficiency</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,709	\$ 7,801
Deferred revenue	3,527	2,795
Income taxes payable	266	
Current portion of long-term debt	1,037	1,015
	<u>10,539</u>	<u>11,611</u>
Deferred revenue	12,979	14,630
Income taxes payable		799
Long-term debt	6,443	6,615
	<u>\$ 29,961</u>	<u>\$ 33,655</u>
Shareholders' deficiency:		
Common shares (unlimited authorized, 32,390,338 and 30,890,338 common shares issued and outstanding with no par value at December 31, 2010 and December 31, 2009, respectively)	67,739	67,544
Warrants	2,287	2,954
Additional paid-in capital	9,082	8,511
Accumulated other comprehensive income	3,110	3,110
Deficit	(106,587)	(107,818)
Total shareholders' deficiency	<u>(24,369)</u>	<u>(25,699)</u>
Commitments, contingencies and guarantees		
	<u>\$ 5,592</u>	<u>\$ 7,956</u>

See accompanying notes to audited consolidated financial statements.

# AKELA PHARMA INC.

## Consolidated Statements of Operations and Comprehensive Loss

As at December 31<sup>st</sup>

(in thousands of US dollars, except share and per share data)

	2010	2009
Revenues	\$ 13,302	\$ 13,893
Expenses:		
Direct Costs	5,446	8,158
Selling, general and administrative	4,953	6,183
Research and development	118	3,711
Stock-based compensation	64	238
Amortization of property and equipment	1,437	1,464
Amortization of intangible assets	58	1,693
Interest on long-term debt	1,090	268
Unrealized and realized loss on securities held for trading	78	23
Foreign exchange gain (loss)	(466)	600
	12,778	22,338
Income (loss) before under noted items	524	(8,445)
Other (expenses) income:		
Settlement with LRI	-	1,664
Impairment of goodwill, intangible and other assets	-	(9,601)
Lease termination	-	(1,936)
Provisions for repayment of government grants	-	(1,544)
Restructuring	-	(1,071)
Income (loss) before income taxes	524	(20,933)
(Provision for) recovery of income taxes		
Current	707	(64)
Future	-	-
	707	(64)
Net income (loss) and comprehensive income (loss)	\$ 1,231	\$ (20,997)
Basic and diluted net income (loss) per share	\$ 0.04	\$ (0.77)
Basic and diluted weighted average number of shares outstanding	31,535,338	27,283,487

See accompanying notes to the audited consolidated financial statements.

# AKELA PHARMA INC.

## Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

(in thousands of US dollars, except share and per share data unless otherwise noted)

	Year ended December 31,	
	2010	2009
Cash flow from operating activities:		
Net Income (loss) and comprehensive income (loss)	\$ 1,231	\$ (20,997)
Adjustments for:		
Amortization of property and equipment	1,437	1,412
Amortization of intangible assets	58	1,745
Impairment of intangible and other assets	-	9,601
Loss on disposal of equipment under capital lease	76	-
Lease Termination	-	1,936
Provision for repayment of government grants	-	1,544
Restructuring	-	471
Settlement with LRI	-	(101)
Stock-based compensation	64	238
Unrealized foreign exchange loss	(466)	649
Realized and unrealized loss on securities held for trading	78	23
Income Taxes	-	64
Capitalized interest	887	-
Net changes in working capital	(3,498)	1,653
	(133)	(1,762)
Cash flows from financing activities:		
Repayment of long-term debt	(410)	(1,517)
	(410)	(1,517)
Cash flows from investing activities:		
Acquisition of property and equipment	(28)	(1,036)
Cash acquired of Nventa	-	1,157
Restricted Cash	938	920
	910	1,041
Net increase (decrease) in cash	367	(2,238)
Cash, beginning of year	107	2,345
Cash, end of year	\$ 474	\$ 107