

**e-Therapeutics plc**  
("e-Therapeutics" or "the Company")  
**First Day of Dealings on AIM**

e-Therapeutics, the systems biology drug discovery company, today announces the first day of trading of its Ordinary Shares on the AIM market of the London Stock Exchange ("AIM"). WH Ireland is acting as Nominated Adviser and Cornhill Asset Management as Broker. The market epic code is ETX.

A placing of 1,985,075 Ordinary Shares at 67 pence each has raised £1.33 million (gross) for the Company. The total issued share capital of the Company is 55,710,103 and the market capitalisation of the Company at the Placing Price following Admission will be £37.33 million.

Commenting on the Placing and Admission, Professor Malcolm Young, Chief Executive Officer of e-Therapeutics, said: "We are delighted by the response of investors to the flotation of e-Therapeutics. The funds raised will enable us to develop and broaden our drug development pipeline, and will significantly raise the profile of e-Therapeutics with potential licensing partners. I would like to thank all of our investors for recognising the exciting opportunity that lies ahead."

Terms used in this announcement have the same meanings as the defined terms in the Company's Admission Document dated 22 November 2007, which is available on the Company's website ([www.etherapeutics.co.uk](http://www.etherapeutics.co.uk)).

**Placing and Admission Statistics**

Placing Price	67 pence
Number of Placing Shares to be issued pursuant to the Placing	1,985,075
Number of Ordinary Shares in issue on Admission	55,710,103
Placing Shares as a percentage of the enlarged issued share capital of the Company	3.56%
Gross proceeds of the Placing	£1.33m
Estimated net proceeds of the Placing receivable by the Company	£760,000
Market capitalisation of the Company on Admission at the Placing Price	£37.33m

e-Therapeutics uses proprietary systems biology technology to discover potential new treatments for diseases where there are either no existing treatments or current treatments are unsatisfactory. Conventionally, drug discovery has been done by identifying a single “target” protein and screening a large number of compounds against it to see whether they have affinity for the target protein. Unfortunately, drug compounds rarely bind to just a single protein and their binding to other proteins often results in unpredicted and adverse effects. e-Therapeutics has a computer-based drug discovery platform that can predict the biological effects of interaction of drug candidates with one or many proteins, thereby enabling it to quickly identify drug candidates and also their likely side effects.

The Company’s drug discovery platform can be used to discover new drug compounds and to find alternative indications for existing compounds, and combinations of compounds. The platform has been validated in testing on several disease states by successfully identifying drugs known in the scientific literature to have had effects on that disease, and also identifying novel compounds that have subsequently been shown to be active in that disease in laboratory tests. Over the last two years, the Company has built a diverse portfolio of five drug candidates, for which it has 10 product patent applications pending. The drug portfolio is outlined in the table below:

<b>Therapeutic need</b>	<b>Candidate</b>	<b>Stage</b>
Asthma	ETX9101	Phase II trials have commenced
Depression	ETS6103	Regulatory permission granted for Phase II trials. It is possible that may out license prior to Phase II trials
Malignant melanoma	ETS2101	Preclinical in vivo efficacy and safety studies have commenced
Atherosclerosis	ETS6107/	Due to be tested in preclinical in vivo efficacy and safety studies
Antibiotic for MRSA/VRSA/VRE/ <i>C.diffic</i> <i>ile/S.epidermidis</i>	ETS6114 ETX1153	Reformulation is required before it can enter clinical trials

e-Therapeutics’ discovery platform offers enormous potential for reducing the costs and enhancing the productivity of pharmaceutical discovery and development. The Company has entered into commercial licensing discussions with a number of large pharmaceutical companies, who have recognised the value of the Company’s platform and pipeline.

**For further information:**

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**Notes to Editors**

e-Therapeutics plc is a systems biology drug discovery company. It has developed proprietary computational systems to swiftly and accurately analyse and predict how medicines interact with cells in the body. This optimises the probability of identifying drug candidates with desirable efficacy and low toxicity. The Company applies its novel, systematic approach to three areas of activity:

- discovery of new drugs;
- discovering novel uses for existing drugs; and
- analysis of the interactions between different drugs.

Amongst e-Therapeutics' pipeline of compounds in development are novel antibiotics that have been shown to kill the "superbug" MRSA, and a novel cancer chemotherapy that has been shown to kill malignant cells at safe doses in a very short time. Other candidate therapies in development are targeted at atherosclerosis, asthma and depression. The Company is currently in negotiation with a number of pharmaceutical companies, and is progressing the preclinical and clinical development of these products.

For further information on e-Therapeutics visit [www.etherapeutics.co.uk](http://www.etherapeutics.co.uk).

### **History and background**

e-Therapeutics was founded on the results of research in neuroscience and complex systems science in the laboratory of Professor Malcolm Young. This research programme commenced in 1991 and received more than £10 million in external research grant support, initially at Oxford and then at Newcastle universities. The analytical tools developed in the research were spun out of Newcastle University into the Company in 2003. The Company has developed its core discovery team in Newcastle and it has a bioinformatics team in Ahmedabad, India, taking advantage of the availability of very experienced bioinformaticians, some of whom were formerly involved in the development of the highly influential Human Protein Reference Database.

The task of drug discovery is that of finding a specific chemical compound that binds to a specific protein or proteins in order to have a beneficial medical effect, while ensuring that the compound does not have excessive undesirable side effects by interacting with other proteins. The Company's system represents proteins, and other key elements of a biological system, as nodes within networks and maps their varying interactions. Computational methods developed by the Company applied to these networks have been shown to predict biological effect accurately. e-Therapeutics has developed proprietary computational systems biology tools that can predict the biological effect of interference with one or many proteins. This allows e-Therapeutics to rapidly identify drug targets and to predict not only the effects of lead compounds but also the likely side effects.

The strongest validation for e-Therapeutics' methodology is that, using only internal data resources and analyses, it finds drugs known in the scientific literature to have effects on a particular disease. For example, in an analysis of 97 bacterial pathogens,

the e-Therapeutics system successfully identified all known antibiotic classes, including 103 known and secondary-effect antibiotics. It also identified several new antibiotic candidates, which have since demonstrated antibiotic effects in the laboratory. The probability of finding this result by chance has been calculated as extremely low.

### **Corporate strategy and business model**

The primary objective of e-Therapeutics is to develop intellectual property in the form of a portfolio of patents for drugs, drug combinations and drug targets. The Directors believe that the intellectual property produced will be commercialised through the licensing of drug candidates to pharmaceutical or larger biotechnology companies.

The pharmaceutical and biotechnology industries are facing specific challenges, including declining R&D productivity and the significant impact of drug patent expiry and generic competition rapidly eroding the revenue of such drugs thereafter. e-Therapeutics' strategy is to lower drug development risk as far as possible at the start of the development process as follows:

- lower intellectual property risk by examining a wider range of mechanisms than usual by which a pharmacological effect may be brought about;
- lower efficacy risk through "predictive de-risking" using its systems so that candidates are only tested where there is very good reason to believe that the molecule will be effective in the indication; and
- lower the safety and side effect risk of drug candidates by only testing when there is very good reason to believe that the molecule will not deleteriously affect non-target systems and tissues.

Effective lowering of these risks is expected to increase the probability of e-Therapeutics' drug candidates progressing successfully through development stages to registration.

The core competence of e-Therapeutics lies in utilising its technology platform and surrounding processes to discover and develop drugs. The Company also designs and manages clinical trials and outsources the conduct of such trials to clinical research organisations. The Company intends to operate within these areas of competence and has no plan at this juncture to expand into the marketing or manufacturing of drugs.

Commercialisation has begun with the current portfolio of development candidates. The Directors expect the Company's drug discovery and development activities to be undertaken in future in a broader range of high value therapeutic fields, but with a focus in cancer, anti-infectives and systemic disorders.

### **Revenue model**

The Company expects to receive payment predominantly through up-front payments, milestone payments and royalties as a result of licensing transactions. This framework reflects the way in which biotechnology companies and pharmaceutical companies typically interact in this area. At present, licensing in the pharmaceutical industry frequently takes place at one of two points in the development cycle: either following pre-clinical results, or upon completion of Phase II studies. The size of up-front and milestone payments for licensing deals typically reflect this, usually being larger the later the stage of development. For this reason, the Company intends to utilise its drug development capabilities to advance compounds to these later stages of development, subject to having sufficient funds to do so.

### **Market**

The pharmaceutical industry has enjoyed a period of sustained growth with global revenues of more than \$600 billion in 2006. The industry now faces a major problem in delivering further growth. The historic growth has largely been achieved by efficient commercialisation and there is limited scope for further improvement. Against this background, research and development productivity continues to decline, despite substantial increases in expenditure.

Declining R&D productivity is a consequence of several factors, which have made it increasingly difficult for the industry to address the three fundamental R&D challenges which, in the Directors' opinion, are:

- Complexity: there are millions of possible biological targets and millions of potential compounds to act on them. Given the complexity of biological systems, it has been hard to predict clinical efficacy or toxicity from the information that is typically available early in the discovery and development process.
- Speed: there is tremendous value in increasing the speed of the flow of compounds through the R&D process to maximise the period of post-launch patent protection

- Unpredicted failure: failure, and particularly late stage failure, is extremely expensive. These write off costs must be borne by the drugs that successfully reach the market.

e-Therapeutics believes that its discovery platform offers enormous potential for reducing the costs and enhancing the productivity of pharmaceutical discovery and development. The Company has entered into commercial licensing discussions with a number of large pharmaceutical companies, who have recognised the value of the Company's platform and pipeline.

## **Directors**

### **Professor Oliver James (aged 64), Non-executive Chairman**

Oliver has been a non-executive director of BUPA since 1999 and was a non-executive director of Goldsborough Health Care plc from when it floated on the main market in 1995, until it was acquired by BUPA in 1997. He has also been a non-executive director of the Newcastle upon Tyne Hospitals NHS Foundation Trust since 2006. Oliver qualified as a physician in 1975 and practised until 2004 when he became head of the medical faculty at Newcastle University. He was senior vice president of the Royal College of Physicians from 1997 to 1999 and has also been a member of a number of national and governmental medical related boards and committees. Oliver joined the Company as a non-executive director in October 2007.

### **Professor Malcolm Young (aged 47), Chief Executive Officer**

Malcolm joined e-Therapeutics in 2003. He led the Company through its first round of funding in 2005 and became its full-time chief executive in 2006. As chief executive, Malcolm is responsible for developing the Company's strategy and overseeing the operation of the business. Until 2006, Malcolm was Pro-Vice Chancellor for Strategic Development at Newcastle University. Prior to that he had been the Provost of the Faculty of Science, Agriculture and Engineering; director of the Institute for Neuroscience; and director of the Complex Systems Group at Newcastle University. The research expertise of his group lay in complex systems analysis and informatics and its outputs included five publications in *Science and Nature* and 10 in *Proceedings and Philosophical Transactions of the Royal Society*. His research funding exceeded £11 million between 1992 and 2007 and included programme and project grants for research on complex systems from the Wellcome Trust (the world's largest medical research charity), the Biotechnology and Biological Sciences Research Council and

the Engineering and Physical Sciences Research Council, through the UK's National Core e-Science Initiative. He is one of 18 scientists worldwide nominated by the Sunday Times as the "Brains behind the 21st Century".

**John Cordiner (aged 41), Commercial and Finance Director**

John is a chartered accountant and was formerly an investment banker and a chemist. He has over 15 years' international business experience, having worked in a variety of roles in the financial services and other industries, together with specialised consulting roles for Deloitte, KPMG, and PricewaterhouseCoopers. As an investment banker with Noble & Co, he specialised in the life sciences and oil and gas sectors. John has also been involved in advising venture capital funds in technology investment, including life sciences. John joined the Company in late 2004 as commercial and finance director and is responsible for commercial strategy and all financial aspects of the Company's business.

**Royston Drucker (aged 54), Medical Director**

Roy qualified as a physician at Cambridge University in 1977. He is a fellow of the Faculty of Pharmaceutical Medicine, a founder and honorary member of the Association for Human Pharmacology in the Pharmaceutical Industry, a fellow of the Royal Society of Medicine, a member of the British Association of Pharmaceutical Physicians and a member of the Securities Institute. In 1984, following an eight year clinical career, he joined the research and development division of Sterling-Winthrop Limited, becoming a senior departmental manager of its department of biochemistry, with responsibilities for clinical pharmacology, drug metabolism and bioanalysis in Europe. In 1985, he joined the pharmaceutical research laboratories of The Upjohn Company and was appointed European head of clinical pharmacology. He was also appointed an honorary research fellow in clinical pharmacology at Guy's Hospital, London in 1985. He became executive director and subsequently corporate vice president of drug development at The Upjohn Company, based in the US. From 1996 until 2005, he was general manager of Technomark Consulting Services Limited, a London based specialist service company to the pharmaceutical and biotechnology sectors, with corporate finance, venture capital and management consulting arms. Roy joined e-Therapeutics in 2005 and is currently the medical director, with responsibility for organising and overseeing clinical trials for the Company's drug candidates.