

e-Therapeutics plc

("e-Therapeutics" or "the Company")

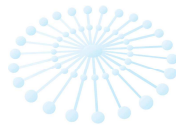
Interim Results**For the six months ended 31 July 2008**

e-Therapeutics plc (AIM: ETX), the drug discovery and development company, is pleased to announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 31 July 2008.

Highlights

- Successfully completed Phase II(a) trials for the oral asthma and anti-depressant products
- Ongoing licensing and partnership negotiations gathering momentum
- Modest cash burn in comparison to other biotechnology companies

Commenting on the Results, Chairman Oliver James said: "We are pleased with the progress the Company has made over the last six months, particularly in relation to the upcoming clinical data, which should provide further validation of our discovery technology. We believe the number of patents approaching expiration and the increasing rate of drug candidates failing in the clinic elsewhere in the industry has meant we have received increased interest from a number of pharmaceutical companies, which are looking to us to provide them with new, exciting drug candidates. Our advanced licensing talks are progressing well and we look forward to forging productive and profitable partnerships"



e-Therapeutics plc

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e-Therapeutics plc

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Please refer to the project announcements at the Company's website (www.etherapeutics.co.uk) for further information on the Company operations.

CHAIRMAN'S STATEMENT

Introduction

I am delighted to report that in the short period since the release of our annual report e-Therapeutics has continued to make significant progress. Phase II(a) clinical results for our asthma and anti-depressant compounds have now been received. Analysis is being finalised, and we look forward to announcing the results of the trials shortly. Our licensing discussions with a number of pharmaceutical companies are gathering momentum, and it is hoped an announcement regarding this will be made in due course.

Given the state of the current economic climate, the Board is taking the pragmatic approach of concentrating on delivering the milestones essential to progress our stated strategy, while actively de-risking the financial position. The Company continues to make strong progress, and I believe that this will be recognised as the value in our drug candidates begins to be realised, and as calm returns to the markets.

The financial markets' turbulence has not altered the long-term trends in the pharmaceutical market that were discussed in the Company's Annual Report. In the last few months, we have seen further evidence to support these trends, as the dual spectre of forthcoming patent expiries and the sparse condition of drug pipelines has seen a significant decline in value of some of industry's largest companies. We believe these dynamics have placed e-Therapeutics' in a fortunate position, as many pharmaceutical companies look outside for drug candidates with valuable medical properties.

Trading Position

The careful selection by the Company of development projects orientated toward commercially significant unmet medical need seems now to be bearing fruit, with much interest in our product candidates. The 10-14 year timeframe hitherto involved in bringing a new chemical entity to the market, means that sharply increasing demand for good new medicines is very unlikely to be met by new chemical entities only now beginning their development. In contrast, our repositioned compounds should reach the market much more quickly and offer commercially valuable clinical properties that address substantial markets.

Dr Drucker, the Company's chief medical officer, is making significant progress toward securing the ability to place more of our drug candidates into clinical development. The safety and tolerance of these compounds is known, and hence the initial focus of clinical development is often proof of



efficacy in patients. Our approach to development is related to our ability to trade partial country rights in return for clinical development. Our aim is to have almost all clinical development of our repositioned candidates undertaken at virtually no short-term cost to the Company, and only moderate medium term cost. We think this an exciting proposition: we are harnessing the power of our discovery platform to scalable clinical development, to generate clinical evidence for their efficacy quickly and at very low risk and cost to the Company.

Progress in the projects will be reported as milestones are passed during the coming year.

Financial Position

We believe the cash cost of the business remains modest by comparison to conventional biotechnology companies, owing to the nature of our discovery technology, and our approach to clinical development. It is estimated that royalties from a single drug in a single country will be sufficient to achieve profitability for the Company. As described above, a means of achieving scalable clinical development of repurposed compounds is being finalised which will add little or no cash burden to the Company in the short-term.

The adequacy of the existing financial resources to bridge the period to profitability is dependent on the achievement of licensing transactions with up-front payments. To mitigate risk, the Board have prepared a variety of plans to sustain the Company into 2010, whether or not substantial revenues are received in the intervening period. These plans add further contingency time to achieve licensing transactions, and potentially the first receipt of royalties and profitability. Revenue from fee for service activities will further assist the position.

Summary

The Company continues to make strong progress, harnessing the drug discovery potential of its technology initially in the area of repositioned compounds. With the receipt of clinical data, this is now moving closer toward initial licensing activity. I believe that the Company's unusual conjunction of excellent science and smart deal-making is positioning it very well for the near and far future.

Oliver James

Chairman

October 2008

**GROUP INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 JULY 2008**

	6 months ended 31 July 2008 (un-audited)	6 months ended 31 July 2007 (un-audited)	12 months ended 31 January 2008 (audited)
Notes	£000's	£000's	£000's
Revenue	67	33	64
Cost of sales	(105)	(23)	(24)
Gross profit	(38)	10	40
Other operating income	125	-	82
Administration expenses	(1,127)	(836)	(1,927)
AIM flotation costs	-	-	(472)
Operating loss	(1,040)	(826)	(2,399)
Finance revenue	45	18	52
Loss before taxation	(995)	(808)	(2,225)
Taxation	200	-	259
Loss for the period	(795)	(808)	(1,966)

The results shown above relate entirely to continuing operations.

There are no recognised gains and losses other than those passing through the income statement.

**GROUP BALANCE SHEET
AT 31 JULY 2008**

	Notes	31 July 2008 (un-audited) £000's	31 July 2007 (un-audited) £000's	31 December 2007 (audited) £000's
ASSETS				
Non current assets				
Property, plant and equipment		48	132	56
Goodwill				
Intangible assets		118	57	72
		<u>166</u>	<u>189</u>	<u>128</u>
Current assets				
Cash and cash equivalents		1,120	1,305	1,977
Trade and other receivables		737	324	613
		<u>1,857</u>	<u>1,629</u>	<u>2,590</u>
Total assets		<u>2,023</u>	<u>1,818</u>	<u>2,718</u>
LIABILITIES				
Current liabilities				
Trade and other payables		329	580	229
Total liabilities		<u>329</u>	<u>580</u>	<u>229</u>
Net Assets		<u>1,694</u>	<u>1,238</u>	<u>2,489</u>
EQUITY				
Share capital		56	-	56
Share premium account		4,684	3,759	4,684
Retained earnings		(3,046)	(2,521)	(2,251)
Capital and reserves attributable to equity holders		<u>1,694</u>	<u>1,238</u>	<u>2,489</u>

**GROUP CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 JULY 2008**

	Six months ended 31 July	Six months ended 31 July	Twelve months ended 31 January
Notes	2008 (un-audited)	2007 (un-audited)	2008 (audited)
	£000's	£000's	£000's
Cash flows from operating activities			
Loss for the period	(795)	(808)	(1,966)
Adjustments for:			
Depreciation, amortisation and impairment	10	15	31
Financial income	(45)	(18)	(52)
Financial expenses	-	-	-
Loss on sale of property, plant and equipment	-	-	80
Equity-settled share-based payment expenses	-	-	8
Taxation	-	-	259
	(830)	(811)	(1,640)
(Increase)/ decrease in trade and other receivables	(124)	(181)	(470)
(Decrease)/increase in trade and other payables	100	482	131
Tax received	-	-	(259)
Net cash from operating activities	(854)	(510)	(2,238)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	-	-	66
Interest received	45	18	52
Acquisition of property, plant and equipment	(2)	(69)	(155)
Acquisition of other intangible assets	(46)	(6)	(21)
Net cash from investing activities	(857)	(567)	(58)
Cash flows from financing activities			
Issue of share capital	-	1,722	4,123
Interest paid	-	-	-
Net cash from financing activities	-	1,722	4,123
Net increase/(decrease) in cash and cash equivalents	(857)	1,155	1,827
Cash and cash equivalents at the beginning of the period	1,977	150	150
Cash and cash equivalents at the end of the period	1,120	1,305	1,977



**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JULY 2008**

	Share capital	Share premium	Retained Earnings	Total
	£000	£000	£000	£000
Balance at 1 January 2008	56	4,684	(2,251)	2,491
Net loss for the period			(795)	(795)
Balance at 31 July 2008	56	4,684	(3,046)	1,696

NOTES TO THE FINANCIAL REPORTS FOR THE SIX MONTH PERIOD ENDED 31 JULY 2008

1. Accounting policies

e-Therapeutics plc (the “Company”) is a company incorporated and domiciled in the UK. The nature of the operations and principal activities of the Company and its subsidiary undertakings (the “Group”) are set out in note 2.

Transition to adopted IFRSs

Both the Group and the Company are preparing their financial statements in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”) for the first time and consequently both have applied IFRS 1.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these interim accounts:

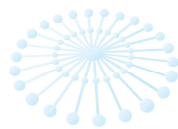
- Business combinations – Business combinations that took place prior to the transition date have not been restated.
- Share-based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by transition date.

Both the Group and Company financial statements have been prepared and approved by the directors in accordance with Adopted IFRSs and therefore comply with Article 4 of the EU IAS regulations.

Standards and Interpretations in use but not applied

The following standards and interpretations, which have not been applied in these financial statements, were in use but not yet effective:

- IFRS 8 “Operating Segments” (mandatory for the year commencing on or after 1 January 2009).
- Revised IAS 1 “Presentation of Financial Statements” (mandatory for the year commencing on or after 1 January 2009).



- IFRS 7 “Financial instruments” Disclosure applicable for years commencing on or after 1 January 2007.

The directors anticipate that the adoption of the above will have no material effect on the Group’s interim accounts. No other endorsed standard is expected to have a material impact.

Basis of preparation

The interim accounts are prepared on the historical cost basis except that derivative financial instruments are stated at fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 February 2007 for the purposes of transition to Adopted IFRSs.

The interim accounts are prepared on a going concern basis which the directors believe to be appropriate for the following reason. The group has prepared a cash flow forecast demonstrating funds are available for the next 12 months.

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

- (a) estimation of share-based payments costs which requires the selection of an appropriate valuation model together with assumptions as to the key inputs into the model; and
- (b) recoverability of receivables require the directors to make judgement on individual amounts based on their knowledge; and
- (c) measurement of the recoverable amounts of cash-generating units containing goodwill.

These consolidated interim accounts are presented in Sterling. All financial information presented has been rounded to the nearest thousand.

On publishing its own interim accounts here together with the Group financial statements, the Company is taking advantage of the exemption in section 230 of the Companies Act 1985 not to present its individual income statement and related notes.

Basis of consolidation

The consolidated interim accounts incorporate the interim accounts of the Company, and its subsidiary (together referred to as the “Group”).

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial information from the date control commences until the date that control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim accounts.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group’s own shares, the amounts presented in these interim accounts for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

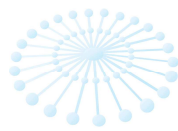
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.



Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item.

The estimated useful lives are as follows:

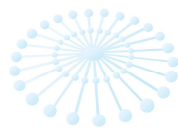
- plant and equipment 33.33% straight line
- fixtures and fittings 15% straight line
- search engine 15% straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

No depreciation is charged when the asset is under construction.

Investment in subsidiaries

Investments in subsidiaries are shown in the Company balance sheet at cost and are reviewed annually for impairment.



Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill arises from the acquisition of businesses and represents the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research and development

Expenditure on pure and applied research activities is recognised in the income statement as an expense as incurred.

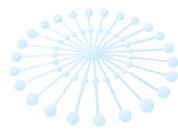
Expenditure on drug development activities is capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved drugs. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on patent and trade marks is capitalised as patent costs are incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.



Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents and trade marks 25 years

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

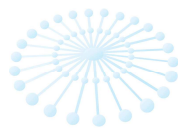
Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions

The Group has an equity-settled share-based payment scheme, whereby options over shares in e-Therapeutics plc can be granted. Options over ordinary shares are granted at par value and are excisable and vest immediately. The fair value of the options granted is measured using the Black



Scholes option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Revenue

Revenue represents the amounts (excluding value added tax) derived from a broad range of services aimed at accelerating the drug discovery process.

Revenue is recognised on these services as a percentage to completion basis. Fixed price contracts are assessed on a contract-by-contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses.

Other operating income

Other operating income represents grant income, and is recognised when received.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable.

Financing income comprises interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and non-employees.

Segment reporting

A segment is a distinguishable component of the Group that is engaged in either providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.



2. Segmental analysis

The Group has one business segment of drug discovery and development.

3. Loss of the Company

The Company has taken advantage of the exemption available under section 230 of the Companies Act 1985 and has not presented its own income statement.

The loss of the Company for the period in thousands of pounds was £795 (July 2007: £808).

4. Property, Plant and Equipment

Group

	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost			
Balance at 1 February 2008	96	40	136
Additions	12		12
Disposal		(10)	(10)
At 31 July 2008	108	30	138
Depreciation			
As at 1 February 2008	71	9	80
Depreciation charge for the period	8	2	10
As at 31 July 2008	79	11	90
Net book value			
At 31 January 2008	25	31	56
As at 31 July 2008	29	19	48

**5. Goodwill and Intangible Assets**

Group

	Patents and trademarks £000	Total £000
Cost		
As at 1 February 2008	72	72
Other acquisitions – internally developed	46	46
At 31 July 2008	<u>118</u>	<u>118</u>
Amortisation and impairment		
Balance at 31 January 2008 and 31 July 2008	<u>-</u>	<u>-</u>
Net book value		
As at 31 January 2008	72	72
As at 31 July 2008	<u>118</u>	<u>118</u>

6. Cash and cash equivalents

	31 July 2008 (un-audited) £000	31 July 2007 (un-audited) £000	31 January 2008 (audited) £000
Cash at bank and in hand	1,120	1,305	<u>1,977</u>

7. Trade and other receivables

	31 July 2008 (un-audited) £000	31 July 2007 (un-audited) £000	31 January 2008 (audited) £000
Other trade receivables	662	294	515
Prepayments	75	30	98
	<u>737</u>	<u>324</u>	<u>613</u>

The Group has a variety of credit terms depending on the customer. The Group makes provision against trade receivables when it considers them to be impaired and takes into account the specific nature of the receivable, the Group's relationship with the customer and historic default rates.

There is no doubtful debt provision in respect of trade receivables in the current or prior period for the Group.



All debts are not past due in the current or prior period, the Group's management has received no indication that any unimpaired will be unrecoverable.

8. Trade and other payables

	31 July 2008 (un-audited) £000	31 July 2007 (un-audited) £000	31 January 2008 (audited) £000
Other trade payables	264	527	154
Non-trade payables and accrued expenses	65	53	75
	<hr/>	<hr/>	<hr/>
	329	580	229

**9. Capital and Reserves**

Reconciliation of movement in capital and reserves

Group

	Share Capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
Balance at 1 February 2008	56	4,684	(2,251)	2,489
Total recognised income and expense	-	-	(795)	(795)
Balance at 31 July 2008	56	4,684	(3,046)	1,696

Share capital

	31 July 2008 (un- audited)	31 July 2007 (un-audited)
In thousands of shares		
Issued for cash	-	-
As at 31 July 2008 – fully paid	55,710	-
Authorised		
Ordinary shares of £0.001 each	75	-
Ordinary shares of £0.01 each	-	-
	75	-
Allotted, called up and fully paid		
Ordinary shares of £0.001 each	56	-
Ordinary shares of £0.01 each	-	-
	56	-
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	56	-
	56	-

10. Related party transactions

MP Young and JM Cordiner are both non-executives of OGS Search Limited and Novotech Investment Limited. OGS Search Limited is a search engine business incorporated by way of a demerger from the group on 14 November 2007. e-Therapeutics plc is party to a grant project in connection with the search engine of which OGS Search owns the intellectual property. As part of the arrangement surrounding the grant project e-Therapeutics can charge OGS Search Ltd for any costs incurred on the project which are not recovered through the grant. At 31 July 2008 has £159,939 of income accrued which e-Therapeutics will invoice and recover from OGS Search Limited.



e-Therapeutics plc

On 2 February 2007, Novotech Investment Limited (“Novotech”) and MP Young entered into a secondment agreement whereby MP Young was seconded from Novotech to e-Therapeutics for a period commencing on 2 February 2007 up to the earlier termination of the agreement or such date as e-Therapeutics specifies to end of the agreement. The Group may terminate the agreement easily in certain circumstances. MP Young may terminate the agreement if he gives nine months notice to Novotech. The Group agreed to pay Novotech an amount equal to the remuneration costs incurred by Novotech. The current payment made by the Group is £42,730 plus VAT per quarter. No balance was outstanding at the period end. (2007: £nil). Novotech holds ordinary shares in the group representing 2.94%.

-ENDS-