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

Interim Results for the six months ended 31 July 2012

22 October 2012 e-Therapeutics plc (AIM: ETX), the drug discovery and development company, today announces its interim results for the six months ended 31 July 2012.

Highlights

(*Events since the end of the period; **announced today)

Lead cancer drug ETS2101 enters clinic
- US phase I trial initiated in patients with brain cancer
- UK phase I trial begins in patients with solid tumours*
- First data expected Q4 2012; final results from brain cancer trial Q4 2013 and solid tumour trial Q1 2014**

Focused investment in other development programmes
- ETS6103 for major depressive disorder: phase IIb trial start expected Q2 2013; results expected Q2 2014**
- ETX1153a for MRSA infection: development discontinued**
- ETX1153c for *C. difficile* infection: preclinical work progressing

Drug discovery work on track
- Network Pharmacology Centre opened near Oxford
- Multiple discovery programmes advancing in oncology and neurology
- At least one product expected to enter development by end of 2013

Strong balance sheet
- Cash and liquid resources of £11.7 million at 31 July 2012 (31 July 2011: £15.3 million; 31 Jan 2012: £13.9 million) providing working capital through mid-2014**
- Half-year net loss of £1.8 million (2011: loss of £1.5 million) reflects increased investment in business

Commenting on the Results, Professor Malcolm Young, CEO of e-Therapeutics, said: "This has been another period of significant progress. In the past six months we have advanced our most important product, the cancer drug ETS2101, into two phase I trials. We have also continued to re-shape our drug pipeline, with a clear determination to focus investment into the most promising assets in our discovery and development portfolios. We now look forward to some major clinical milestones and to new outputs from our unique drug discovery platform in network pharmacology."

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e-Therapeutics plc

Chairman's statement

Overview
We are pioneers of a new approach to drug discovery based on network pharmacology. Our business revolves around monetising drugs resulting from our discovery programme. Our strategy is to advance the most promising of these through clinical trials to a point where they can be licensed on attractive terms to larger companies. We expect this to provide us with revenues in the form of upfront payments, progress-based milestone payments and royalties on any sales. During the past six months we have taken our most important product candidate, the cancer drug ETS2101, forward into two phase I trials. This is a key step in executing our business plan. We have also continued to build a broadly based business through work to discover more new drugs at our Network Pharmacology Centre near Oxford and by selectively advancing other candidates alongside ETS2101.

Cancer drug enters trials
Our principal objective for 2012 was to move our cancer drug **ETS2101** into clinical trials. The phase I trial programme began in June, when investigators at the UC San Diego Moores Cancer Center in La Jolla, California, started enrolling patients with primary or metastatic brain cancer into an investigator-initiated study. Up to 24 patients will be included in the trial, which has a dose-escalating design intended to establish a dose for phase II development, assess safety and tolerability and identify any initial signs of anti-cancer activity. In September, we started a second phase I trial at two hospitals in the UK. This will enrol around 45 patients with a variety of solid tumours. The aims and design of the UK trial are similar to those of the brain cancer study. First findings from the phase I programme are anticipated late this year, with further data from both trials available during 2013. We expect final results from the brain cancer study in Q4 2013 and from the solid tumour study in Q1 2014.

ETS2101 represents a significant commercial opportunity because of its potential to address unmet needs in multiple high-value oncology market segments. An early focus on brain cancers reflects particularly encouraging preclinical data from brain cancer cell lines and evidence that the drug crosses the blood-brain barrier, which compromises the effectiveness of many other cancer drugs in this setting. However, positive findings from other cancer lines suggest the drug could have wider potential. Our broad phase I programme is the first step in evaluating which cancer patients might be most likely to benefit from the product.

Decisions and progress on other candidates
Our second priority in the clinic is to complete a phase IIb trial of **ETS6103** in patients with major depressive disorder. We have experienced a delay in the programme because it took longer than we anticipated to produce tablets that release the drug over an optimal time period. We now expect to complete a submission to the UK regulator by the end of this year and to start dosing patients in Q2 2013. Our phase IIb trial will build on an earlier, small phase IIa study that produced encouraging results with ETS6103 in comparison with the approved tricyclic anti-depressant amitriptyline. The forthcoming trial will compare two doses of ETS6103 with amitriptyline in a randomised protocol including around 120 patients who have failed prior treatment with an SSRI anti-depressant. Results are expected in Q2 2014. We regard ETS6103 as a more modest commercial opportunity than ETS2101 but one that clearly justifies the limited further investment needed to complete a proof-of-concept trial designed to demonstrate the product's value to potential partners.

We have two preclinical programmes targeting infectious diseases. One of these, **ETX1153a**, was designed as a topical treatment for MRSA. Final preclinical tests have reinforced the case that this drug kills a wide range of MRSA strains at low concentrations and has a good resistance profile, as predicted by our network pharmacology platform and shown in earlier testing. However, re-evaluation of development considerations and the commercial opportunity for the drug has led us to decide that there are better uses of our resources than pursuing this programme, and it will therefore be discontinued. Our second anti-infective, **ETX1153c**, designed for treatment of *C. difficile* infection, remains of significant interest. We announced in May that additional preclinical work was needed to surmount practical issues in formulating the drug's two active ingredients in a single tablet. These ingredients have a synergistic (more than additive) effect against *C. difficile* when used in combination. Our preclinical work is ongoing and we expect to make a decision on whether to advance a candidate into the clinic in mid-2013.

Discovery – fuelling future growth
At our Network Pharmacology Centre near Oxford, which was opened in February by UK Prime Minister David Cameron, our scientists are generating a pool of new drug candidates. We will select the most attractive of these, based on technical, clinical and commercial criteria, to advance into the clinic. Our effort is concentrated on complex diseases in which we believe our technology has particular strengths, principally cancer and nervous system disorders, although we also have an important research strand in pain. We remain on track to advance at least one new candidate from discovery into development by the end of 2013. In addition, we continue to explore opportunities

for discovery collaborations with other companies. Our leading position in network pharmacology-based drug discovery gained further support in August through the grant of another European patent.

Strong balance sheet supports investment
Our investment in discovery and development is reflected in an increase in our first-half net loss to £1.8 million from £1.5 million during the equivalent period last year. There were no revenues to offset our operating expenses (H1 2012: nil). The income statement shows tax receivable of £0.3 million for the first half, reflecting our expected receipt of R&D tax credits associated with qualifying R&D expenditure.

We maintain a strong balance sheet that supports our investment in R&D. At 31 July 2012 we had cash and short-term investments of £11.7 million, compared with £15.3 million at 31 July 2011 and £13.9 million at 31 January 2012.

The Company's strategy is to license its products to pharmaceutical companies for late-stage development and commercialisation. The Company may also enter discovery collaborations with selected partners. We anticipate continuing losses until revenues from these sources exceed investment in R&D. Based on our latest projections, we expect our current funds to support our planned investment in discovery and development through mid-2014 even in the absence of any income from partners.

Board enhanced by new appointment
In February we appointed Dr Rajesh Chopra, a senior executive at Celgene Corporation, as a Non-Executive Director. Raj has brought a wealth of relevant R&D and clinical experience to our Board.

Outlook
We are now close to reporting our first clinical data since our refinancing in 2011. Initial findings from the cancer programme with ETS2101 will be followed next year by more extensive data, with final results from the brain cancer study expected in late 2013 and final results from the solid tumour study expected in Q1 2014, followed soon afterwards by data from the phase IIb trial of our anti-depressant, ETS6103. Advancing these two drugs rapidly towards potential partnering deals is our key priority, but we are also very enthusiastic about applying our unique discovery platform to generate further new candidates that will fuel long-term growth.

Professor Oliver James
22 October 2012

e-Therapeutics plc

GROUP INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 JULY 2012

	6 months ended 31 July 2012 (un-audited)	6 months ended 31 July 2011 (un-audited)	12 months ended 31 January 2012 (audited)
	£000	£000	£000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Research & Development expenditure	**(1,616)**	(1,106)	(2,898)
Administrative expenses	**(673)**	(728)	(1,130)
Operating loss	**(2,289)**	(1,834)	(4,028)
Finance expense	**(1)**	(26)	(26)
Finance revenue	**127**	63	191
Loss before taxation	**(2,163)**	(1,797)	(3,863)
Taxation	**332**	254	621
Loss for the period	**(1,831)**	(1,543)	(3,242)
Loss per share – basic and diluted	**(1.33)p**	(1.25)p	(2.47)p

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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 JULY 2012

	6 months ended 31 July 2012 (un-audited)	6 months ended 31 July 2011 (un-audited)	12 months ended 31 January 2012 (audited)
	£000	£000	£000
Loss for the period	**(1,831)**	(1,543)	(3,242)
Other comprehensive income	**-**	-	-
Total comprehensive income for the period	**(1,831)**	(1,543)	(3,242)

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GROUP BALANCE SHEET
AT 31 JULY 2012

	Notes	31 July 2012 (un-audited)	31 July 2011 (un-audited)	31 January 2012 (audited)
		£000	£000	£000
ASSETS				
Non-current assets				
Property, plant and equipment		**163**	33	137
Goodwill		-	-	-
Intangible assets	2	**426**	331	337
		589	364	474
Current assets				
Trade and other receivables		**1,266**	878	888
Fixed-term deposits		**6,050**	6,000	7,750
Cash and cash equivalents		**5,607**	9,296	6,156
		12,923	16,174	14,794
Total assets		**13,512**	16,538	15,268
LIABILITIES				
Current liabilities				
Trade and other payables		**610**	126	544
Long-term liabilities		-	-	-
Total liabilities		**610**	126	544
Net assets		**12,902**	16,412	14,724
EQUITY				
Share capital	3	**138**	138	138
Share premium account	3	**25,552**	25,552	25,552
Warrant reserve	3	**132**	132	132
Retained earnings	3	**(12,920)**	(9,410)	(11,098)
Capital and reserves attributable to equity holders	3	**12,902**	16,412	14,724

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GROUP CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 JULY 2012

	6 months ended 31 July 2012 (un-audited)	6 months ended 31 July 2011 (un-audited)	12 months ended 31 January 2011 (audited)
	£000	£000	£000
Cash flows from operating activities			
Loss for the period	**(1,831)**	(1,543)	(3,242)
Adjustments for:			
Depreciation, amortisation and impairment	**46**	22	81
Financial income	**(127)**	(63)	(191)
Financial expenses	**1**	26	26
Equity-settled share-based payment expenses	**9**	-	11
Taxation	**(332)**	(254)	(621)
	(2,234)	(1,812)	(3,936)
(Increase)/ decrease in trade and other receivables	**(42)**	(46)	(116)
(Decrease)/increase in trade and other payables	**66**	11	429
Tax received	-	-	386
Net cash from operating activities	**(2,210)**	(1,847)	(3,237)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	-	-	-
Interest received	**122**	59	99
Acquisition of property, plant and equipment	**(49)**	(24)	(139)
Acquisition of other intangible assets	**(112)**	(74)	(128)
(Increase)/decrease in fixed-term deposits	**1,700**	(6,000)	(7,750)
Net cash from investing activities	**1,661**	(6,039)	(7,918)
Cash flows from financing activities			
Issue of share capital	-	17,553	17,682
Issue of loan notes	-	(1,049)	(1,049)
Interest paid	-	(249)	(249)
Net cash from financing activities	-	16,255	16,384
Net increase/(decrease) in cash and cash equivalents	**(549)**	8,369	5,229
Cash and cash equivalents at the beginning of the period	**6,156**	927	927
Cash and cash equivalents at the end of the period	**5,607**	9,296	6,156

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JULY 2012

	Share capital	Share premium	Warrant reserve	Retained earnings	Total
	£000	**£000**	**£000**	**£000**	**£000**
As at 1 February 2011	66	7,654	420	(7,867)	273
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,543)	(1,543)
Total comprehensive income for the period	-	-	-	(1,543)	(1,543)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	72	17,610	-	-	17,682
Warrants exercised and issued	-	288	(288)	-	-
Total contributions by and distribution to owners	72	17,898	(288)	-	17,682
As at 31 July 2011	**138**	**25,552**	**132**	**(9,410)**	**16,412**
As at 1 August 2011	138	25,552	132	(9,410)	16,412
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,699)	(1,699)
Total comprehensive income for the period	-	-	-	(1,699)	(1,699)
Transactions with owners, recorded directly in equity					
Equity-settled share-based payment transactions	-	-	-	11	11
Total contributions by and distribution to owners	-	-	-	11	11
As at 31 January 2012	**138**	**25,552**	**132**	**(11,098)**	**14,724**
As at 1 February 2012	138	25,552	132	(11,098)	14,724
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,831)	(1,831)
Total comprehensive income for the period	-	-	-	(1,831)	(1,831)
Transactions with owners, recorded directly in equity					
Equity-settled share-based payment transactions	-	-	-	9	9
Total contributions by and distribution to owners	-	-	-	9	9
As at 31 July 2012	**138**	**25,552**	**132**	**(12,920)**	**12,902**

1. Basis of Preparation

These unaudited interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Company is a public limited company; it is listed on the London Stock Exchange's AIM market and is incorporated and domiciled in the United Kingdom. The address of its registered office is 17 Blenheim Office Park, Long Hanborough, Oxfordshire, OX29 8LN, UK.

Statutory accounts for the year ended 31 January 2012 were approved by the Board of Directors on 18 June 2012 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This interim statement, which is neither audited nor reviewed, has been prepared in accordance with the measurement and recognition criteria of Adopted IFRSs. It does not include all the information required for the full annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 January 2012. It does not comply with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as is permissible under the rules of AIM. The accounting policies applied in preparing these interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 January 2012 (as described in those financial statements) other than standards, amendments and interpretations which became effective after 1 February 2012 and were adopted by the Group. These have had no significant impact on the Group's result for the period or its equity.

2. Goodwill and Intangible Assets

Group

	Patents and trademarks £000	**Total £000**
Cost		
Balance as at 1 February 2011	389	389
Other acquisitions – internally developed	74	74
Balance as at 31 July 2011	463	463
Other acquisitions – internally developed	54	54
Balance as at 31 January 2012	517	517
Other acquisitions – internally developed	112	112
Balance as at 31 July 2012	629	629
Amortisation and impairment		
Balance as at 1 February 2011	117	117
Amortisation and impairment charge	15	15
Balance as at 31 July 2011	132	132
Amortisation and impairment charge	48	48
Balance as at 31 January 2012	180	180
Amortisation	3	3
Impairment	20	20
Balance at 31 July 2012	203	203
Net book value		
As at 31 July 2011	331	331
As at 31 January 2012	337	337
As at 31 July 2012	**426**	**426**

As a result of the decision to discontinue development of ETX1153a announced today, a review of related patent assets for potential impairment will be carried out and reflected in the second half of the year.

3. Capital and Reserves

Reconciliation of movement in capital and reserves

Group

	Share Capital £000	Share premium £000	Warrant reserve £000	Retained earnings £000	Total equity £000
Balance at 1 February 2011	66	7,654	420	(7,867)	273
Issue of ordinary share capital	72	17,610	-	-	17,682
Warrants exercised and issued	-	288	(288)	-	-
Total recognised income and expense	-	-	-	(1,543)	(1,543)
Balance at 31 July 2011	**138**	**25,552**	**132**	**(9,410)**	**16,412**
Balance at 1 August 2011	138	25,552	132	(9,410)	16,412
Share-based payments	-	-	-	11	11
Total recognised income and expense	-	-	-	(1,699)	(1,699)
Balance at 31 January 2012	**138**	**25,552**	**132**	**(11,098)**	**14,724**
Balance at 1 February 2012	138	25,552	132	(11,098)	14,724
Share-based payments	-	-	-	9	9
Total recognised income and expense	-	-	-	(1,831)	(1,831)
Balance at 31 July 2012	**138**	**25,552**	**132**	**(12,920)**	**12,902**

Share capital	**31 July 2012 (un-audited)**	31 July 2011 (un-audited)
In issue – fully paid		
(in thousands of shares)	**138,126**	138,126

	31 July 2012 £000 (unaudited)	31 July 2011 £000 (unaudited)
Allotted, called up and fully paid		
Ordinary shares of £0.001 each	**138**	138
	138	138
Shares classified as liabilities	**-**	-
Shares classified in shareholders' funds	**138**	138
	138	138