

**NEUTEC PHARMA PLC**  
**Interim Results for the Six Months Ended 31 December 2002**

**5 March, 2003 – Manchester, UK:** *NeuTec* Pharma plc, the biopharmaceutical company targeting drug-resistant infections, today announces its financial results for the six months ended 31 December 2002.

*NeuTec* is a development stage biopharmaceutical company that is developing a portfolio of antibody-based therapeutic products designed to treat life-threatening infections, particularly hospital-acquired infections such as *MRSA*, which are increasingly resistant to conventional antibiotics.

### **Results**

During the six month period to 31 December 2002, the Company recorded a loss before taxation of £977,000 (31 December 2001: £968,000). The loss per share has decreased to 4.3 pence, compared with 6.0 pence at 31 December 2001. The loss is in line with planned increases in R&D costs as the clinical trial programmes for the two lead drugs are rolled-out, offset by an increase in investment income.

### **Key Points**

- Mycograb<sup>®</sup>, targeting invasive yeast infections, which can affect virtually any part of the body and are the fourth commonest cause of bloodstream infections:
  - An Investigational New Drug (“IND”) application was filed with the Food and Drug Administration (“FDA”) in February 2003, requesting permission to initiate US clinical trials.
  - The first stage of the phase II double-blinded clinical trial has been completed in Europe. This revealed no Mycograb-related serious adverse events. The Company has now progressed to the next stage of the trial.
  
- Aurograb<sup>®</sup>, which targets methicillin-resistant *Staphylococcus aureus* (“*MRSA*”), a hospital ‘superbug’:
  - A phase IIa dose-ranging study was completed; a phase IIb trial to assess tolerability and pharmacokinetics is to begin shortly.

Anthony Martin, Chairman, commented:

*“The progress made during the past six months has been very encouraging for the Company, with both of our lead drugs progressing as expected through phase II clinical studies. An IND application for Mycograb<sup>®</sup> has been submitted and we hope that this will enable us to extend the trials into the US. We look forward to achieving further clinical milestones during 2003.”*

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Further information on the *NeuTec* Pharma plc can be found at [www.neutecpharma.com](http://www.neutecpharma.com).

# NeuTec Pharma plc

## Chairman's Statement

The half-year has been notable for the progress made in the development of NeuTec Pharma's portfolio of antibody-based therapeutic products designed to treat life-threatening infections. Clinical trials for the Company's two lead products, Mycograb<sup>®</sup>, which targets invasive yeast infections, and Aurograb<sup>®</sup>, which targets methicillin resistant *Staphylococcus aureus* ("MRSA"), have both reached important milestones and offer encouraging future prospects.

## Financial Overview

The loss before taxation for the half year amounted to £977,000, compared with a loss in the corresponding period of £968,000. The loss is mainly due to the expansion of the clinical trials programme, which accounted for £366,000 (2001: £86,000) and a share option related charge of £283,000 (2001: £nil).

The Company is well funded and cash outflow is managed very tightly. During the period the cash outflow amounted to £120,000, compared with £952,000 in the corresponding period. This significant improvement can largely be attributed to the receipt of £180,000 for a research and development tax credit, the receipt of £253,000 interest on cash deposits and the increase in creditor balances. This increase is largely due to the timing of invoicing by suppliers, the effect of which is expected to reverse in the next six months.

## Clinical Trials - Mycograb<sup>®</sup>

In mid-2002, the clinical trials programme was extended into Continental Europe. The drug currently has regulatory approval for trials in 9 European countries and recruitment is on-going at the 38 sites so far taking part in the study. At the start of the period only 4 sites were included in the study.

In December 2002 the Company reached its targeted recruitment for the first stage of the double-blinded Phase II clinical trial. There were no Mycograb<sup>®</sup>-related serious adverse events reported and the pharmacokinetic data confirmed the appropriateness of the current dosing regimen for candida infections. The achievement of this milestone allowed the Company to progress to the next and larger stage of the study and 50 patients have now been recruited into the trial.

Preliminary discussions regarding clinical trials in the US were held with the Center for Biologics Evaluation and Research ("CBER"), part of the Food and Drug Administration ("FDA"), in August 2002. Since the period end the Company has filed an Investigational New Drug ("IND") application with the FDA. The application requests permission to initiate US clinical studies of Mycograb<sup>®</sup>. The drug was granted Orphan Drug Status by the FDA in September 2002, having earlier secured Orphan Drug Status from the European Medicines Evaluation Agency ("EMEA").

## Clinical Trials - Aurograb<sup>®</sup>

Aurograb<sup>®</sup>, which targets MRSA, the hospital "superbug", commenced multi-centre UK Phase II clinical trials in systemically ill patients in August 2002. Shortly after the period end the Company successfully completed an initial phase IIa trial.

## *NeuTec Pharma plc*

This preliminary study reported the first clinical data in eight patients with MRSA sepsis on vancomycin therapy, the “gold standard” antibiotic treatment. It was designed to look for unexpected toxicity due to Aurograb<sup>®</sup> and to establish the dosing parameters for subsequent studies, which will examine efficacy. The data generated did not raise any concerns over the toxicological profile of Aurograb<sup>®</sup>. These results allow the Company to proceed to a tolerability and pharmacokinetic phase IIb study, expected to commence Q1 2003.

### **Outlook**

During 2003 the costs associated with the Company’s clinical trial programme are expected to increase as the scope of the Mycograb<sup>®</sup> trial expands into the US and the Aurograb<sup>®</sup> study extends to the evaluation of its efficacy in patients. We are very pleased with recent developments and look forward to the attainment of further clinical achievements during 2003.

**Anthony Martin Ph.D**  
Chairman

5 March 2003

# NeuTec Pharma plc

## Profit and loss account

		(Unaudited) Six months ended 31 December 2002 £'000	(Unaudited) Six months ended 31 December 2001 £'000	(Audited) Year ended 30 June 2002 £'000
<b>Turnover</b>		-	-	-
Cost of sales		-	-	-
		<hr/>	<hr/>	<hr/>
<b>Gross profit</b>		-	-	-
Research, development and administrative expenses		(1,230)	(1,042)	(2,329)
		<hr/>	<hr/>	<hr/>
<b>Total operating loss</b>		(1,230)	(1,042)	(2,329)
Interest receivable and similar income		253	74	273
		<hr/>	<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(977)	(968)	(2,056)
Taxation on loss on ordinary activities	2	-	-	180
		<hr/>	<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>		(977)	(968)	(1,876)
Dividends paid and proposed		-	-	-
		<hr/>	<hr/>	<hr/>
<b>Retained loss for the period/year</b>		(977)	(968)	(1,876)
		<hr/>	<hr/>	<hr/>
<b>Loss per ordinary share</b>				
- Basic and diluted	3	4.3 pence	6.0 pence	10.7 pence
		<hr/>	<hr/>	<hr/>

The Company's operating loss arises from continuing operations.

The Company has no recognised gains or losses in these periods/years other than those reported above and therefore no statement of total recognised gains and losses has been presented.

# NeuTec Pharma plc

## Balance sheet

	(Unaudited) As at 31 December 2002 £'000	(Unaudited) As at 31 December 2001 £'000	(Audited) As at 30 June 2002 £'000
<b>Fixed assets</b>			
Tangible assets	172	141	173
Investments	1	1	1
	<u>173</u>	<u>142</u>	<u>174</u>
<b>Current assets</b>			
Debtors	190	45	404
Cash at bank and in hand	12,016	2,696	12,136
	<u>12,206</u>	<u>2,741</u>	<u>12,540</u>
<b>Creditors:</b> amounts falling due within one year	(1,002)	(247)	(643)
<b>Net current assets</b>	<u>11,204</u>	<u>2,494</u>	<u>11,897</u>
<b>Net assets</b>	<u>11,377</u>	<u>2,636</u>	<u>12,071</u>
<b>Capital and reserves</b>			
Called up share capital	5,906	4,011	5,906
Share premium account	10,503	2,337	10,503
Profit and loss account	(5,032)	(3,712)	(4,338)
<b>Equity shareholders' funds</b>	<u>11,377</u>	<u>2,636</u>	<u>12,071</u>

# NeuTec Pharma plc

## Reconciliation of movements in shareholders' funds

	(Unaudited) Six months ended 31 December 2002 £'000	(Unaudited) Six months ended 31 December 2001 £'000	(Audited) Year ended 30 June 2002 £'000
<b>Loss for the period/year</b>	<b>(977)</b>	<b>(968)</b>	<b>(1,876)</b>
Add back of share related charges	283	-	283
New share capital subscribed (net of issue costs)	-	-	10,060
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(694)</b>	<b>(968)</b>	<b>8,467</b>
Opening shareholders' funds	12,071	3,604	3,604
<b>Closing shareholders' funds</b>	<b>11,377</b>	<b>2,636</b>	<b>12,071</b>

# NeuTec Pharma plc

## Cash flow statement

		(Unaudited) Six months ended 31 December 2002 £'000	(Unaudited) Six months ended 31 December 2001 £'000	(Audited) Year ended 30 June 2002 £'000
Net cash outflow from operating activities	4	(540)	(1,026)	(1,690)
<b>Returns on investment and servicing of finance</b>				
Interest received and similar income		253	74	167
<b>Total returns on investments and servicing of finance</b>		<b>253</b>	<b>74</b>	<b>167</b>
<b>Taxation received</b>		<b>180</b>	-	-
<b>Capital expenditure</b>				
Purchase of tangible fixed assets		(13)	-	(49)
<b>Cash outflow before financing</b>		<b>(120)</b>	<b>(952)</b>	<b>(1,572)</b>
<b>Financing</b>				
Issue of ordinary share capital		-	-	10,725
Expenses paid in connection with share issue		-	-	(665)
		-	-	10,060
<b>(Decrease)/Increase in cash in the period/year</b>		<b>(120)</b>	<b>(952)</b>	<b>8,488</b>

# NeuTec Pharma plc

## Notes

### 1 Basis of preparation

The interim financial statements have been prepared on the basis of the accounting policies set out in the Company's last Annual Report and Accounts.

The financial information for the year ended 30 June 2002 has been extracted from the statutory financial statements, which have been filed with the Registrar of Companies. The auditors' report on these financial statements was unqualified.

The interim report for the six months ended 31 December 2002 was approved by the Board on 5 March 2003.

### 2 Taxation

There is no charge for taxation during the current period as the estimated effective rate of tax for the year is nil%.

### 3 Loss per share

	(Unaudited) Six months ended 31 December 2002 Pence	(Unaudited) Six months ended 31 December 2001 Pence	(Audited) Year ended 30 June 2002 Pence
Loss per ordinary share:			
Basic	4.3	6.0	10.7
Diluted	4.3	6.0	10.7
	=====	=====	=====

Loss per ordinary share is based on the Company's loss for the financial period of £977,000 (31 December 2001: £968,000; 30 June 2002: £1,876,000).

The weighted average number of shares used in the basic calculation is 22,468,396 (31 December 2001: 16,046,156; 30 June 2002: 17,568,001). The weighted average number of shares reflects the subdivision of the ordinary shares of 50p each into two ordinary shares of 25p each on 20 February 2002.

The calculation of diluted loss per ordinary share is identical to that used for the basic loss per ordinary share. This is because the exercise of these options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of FRS 14.

# NeuTec Pharma plc

## Notes (continued)

### 4 Reconciliation of operating loss to net cash outflow from operating activities

	(Unaudited) Six months ended 31 December 2002 £'000	(Unaudited) Six months ended 31 December 2001 £'000	(Audited) Year ended 30 June 2002 £'000
Total operating loss	(1,230)	(1,042)	(2,329)
Depreciation and amortisation charges	14	10	27
Share option charges	283	-	283
Decrease/(Increase) in debtors	34	(33)	(106)
Increase in creditors	359	39	435
Net cash outflow from operating activities	<u>(540)</u>	<u>(1,026)</u>	<u>(1,690)</u>

### 5. Reconciliation of net cash flow to movement in net funds

	(Unaudited) Six months ended 31 December 2002 £'000	(Unaudited) Six months ended 31 December 2001 £'000	(Audited) Year ended 30 June 2002 £'000
Decrease in cash and cash equivalents in the period/year	(120)	(952)	8,488
Movement in net funds resulting from cash flows	(120)	(952)	8,488
Net funds at the start of the period/year	12,136	3,648	3,648
Net funds at the end of the period/year	<u>12,016</u>	<u>2,696</u>	<u>12,136</u>