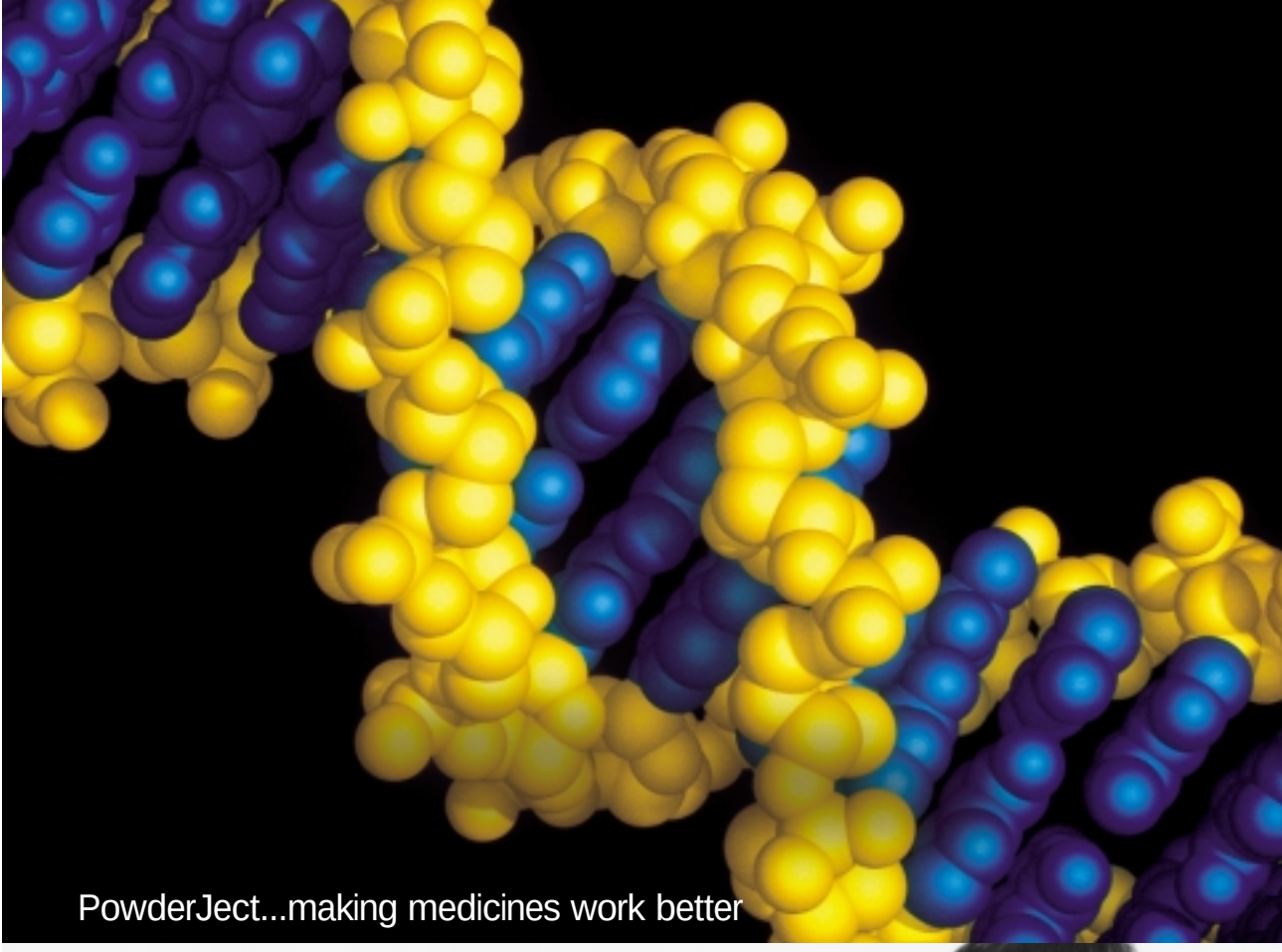

PowderJect PHARMACEUTICALS PLC

Interim Report for the six months to 30 September 2000

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PowderJect acquires Medeva Vaccines, now renamed Evans Vaccines . . .

Acquisition of Medeva Vaccines creates world-class vaccines business

On 2 October we were extremely pleased to announce that PowderJect had completed the acquisition of Celltech Medeva's vaccines business, now rebranded Evans Vaccines. The acquisition includes a range of marketed vaccines, now sold under the Evans Vaccines brand, and one of Europe's leading biological production facilities located at Speke in the UK.

The acquisition of Evans Vaccines provides PowderJect with strategic manufacturing and sales and marketing channels to leverage its R&D strengths in DNA and conventional vaccines, creating a truly world-class vaccine business.

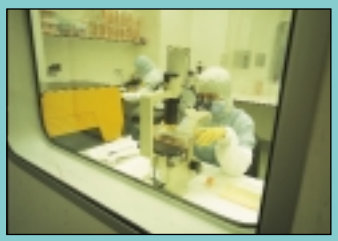
Major investment in high quality manufacturing facilities

The Evans Vaccines manufacturing facility is one of the few in the world approved by both the US and European regulatory agencies to handle live viruses in the production of vaccines. The site at Speke has benefited from major investment totalling £56 million since January 1997. With a new state-of-the-art packing and filling line, as well as significant space in which to expand production, Evans Vaccines has a great opportunity to add further products to its portfolio and to grow its third-party manufacturing, adding to the existing client list of major pharmaceutical companies.

Acquisition builds world-class flu vaccine franchise

Fluvirin® (influenza vaccine) is the most important of the six approved/marketed Evans Vaccines products. The vaccine accounts for over 20% of flu vaccine sales in the US and more than a third of the market in the UK (1998). With total sales expected to be over £30 million this year, Fluvirin® is a solid foundation for our world-class flu vaccine franchise. The franchise's pipeline is particularly strong, with second and third generation flu vaccines, PowderJect Fluvirin® and PowderJect DNA Flu Vaccine, offering the potential of enhanced protection in a consumer-oriented format. With the flu vaccine market expanding rapidly, to an estimated $600 million by 2004 (an estimated increase of 40% from 2000), PowderJect is well placed to grow its sales significantly.

. . . building on the long established Evans name



Strong position with marketed products and future PowderJect vaccines

Evans Vaccines has a range of products in addition to Fluvirin® that offer solid revenues with the potential for future growth. Hepacare®, which is approved in Europe but not currently launched, is a potentially important addition to our hepatitis B vaccine franchise, and Arilvax®, a yellow fever vaccine sold directly to travel clinics, fits well with our strategy of providing consumer-focused products. By combining existing marketed products with PowderJect's pipeline of conventional vaccines and our world lead in the field of DNA vaccines, we are well positioned to capture a significant share of the rapidly growing $6.5 billion vaccines market.

Retaining value, improving cash flow and bringing profitability nearer

By concentrating on non-traditional marketing channels to promote clearly branded, consumer-friendly vaccines that target high profile diseases, PowderJect has the opportunity to create an enviable range of high value products. The acquisition of Evans Vaccines will allow us to retain more value from these products. Importantly, the transaction also significantly broadens and diversifies our revenue base, improves cash flow and is expected to reduce our time to profitability.

Building a strong world-class business

Acquiring Evans Vaccines has transformed PowderJect into the world's sixth largest vaccines company, representing an important milestone in our strategy to build a profitable high-growth pharmaceutical business. In acquiring the UK's leading vaccine manufacturer we are building a major international vaccines business, with solid revenues from existing products, a medium-term pipeline of PowderJect conventional vaccines and the longer term potential of our global leadership position in DNA vaccines.

Highlights

Key highlights

PowderJect products move closer to market:

✔ Lidocaine on target for pivotal Phase III studies in H2 2001
✔ £1 million milestone in second Serono programme
✔ Positive initial results in hepatitis B DNA vaccine non-responder study
✔ $2 million fees; Glaxo Wellcome purchase further DNA vaccine licence
✔ Malaria DNA vaccine human challenge study ongoing: encouraging initial results
✔ Strategic pipeline review targets vaccine and protein programmes

PowderJect financial results in line with expectations:

✔ Revenue increased over 150% to £3.1 million (six months 1999: £1.2 million)
✔ Strong cash position totalling £51.2 million (31 March 2000: £62.1 million)
✔ Operating cash outflow increased to £13.0 million (six months 1999: £9.2 million)
✔ Significantly strengthened cash position expected at 31 March 2001

Strong performance post Evans Vaccines acquisition (1 October):

✔ Record Fluvirin® (flu vaccine) sales for season (> £28.6 million achieved in 1998)
✔ BCG supply completed to Department of Health and new Irish contract won
✔ Negotiated two year extension to key contract manufacturing agreement to 2005
✔ Evans Vaccines two month sales increased to £21.9 million (1999: £14.5 million; 1998: £16.4 million)
✔ Cost containment largely complete; headcount decreased 14% to ~640

Chairman's statement

Since acquiring Medeva Vaccines in October this year, PowderJect has transformed into a fully integrated, high-growth pharmaceutical business with a profitable range of marketed vaccines and a strong pipeline of PowderJect products in development. Strategically the acquisition fits excellently with our existing PowderJect business, and commercially is performing well. I am therefore pleased to report that both areas of our combined business are progressing well.

During the last six months we have advanced our pipeline of innovative PowderJect products towards the market. PowderJect Lidocaine remains on target for pivotal Phase III studies next year. We have also progressed our key collaborative programmes with Glaxo Wellcome and Serono, and reviewed our pipeline of products to focus our resources on those areas where we add most value. Our acquisition of Medeva's vaccines business, now rebranded under the established Evans Vaccines name, has transformed PowderJect into the world's sixth largest vaccines company. By acquiring the UK's leading commercial vaccine manufacturer, we now have a range of products marketed under the Evans Vaccines brand in addition to the manufacturing and sales infrastructure required to bring our own PowderJect products to market.

Prior to the acquisition on 1 October 2000, our financial results for the six months to 30 September 2000 were good. Revenues increased 150% to £3.1 million (six months 1999: £1.2 million) and loss before tax increased in line with budget to £11.0 million (six months 1999: £7.7 million). Financially we ended the period in a strong position with £51.2 million in cash and short-term investments (£62.1 million at 31 March 2000).

In the two months since the acquisition, performance of the combined business has also been good. Revenues were approximately £22 million due to record sales of Fluvirin® influenza vaccine and strong performance in contract R&D and manufacturing. Our gross margin is on target and cost savings are coming through as planned. We anticipate continued strong performance through the second half, with revenues expected to reach over £30 million and our burn rate to reduce significantly. Our cash reserves have increased over the past two months to £58.4 million as at 30 November 2000 and we expect our total cash position to be significantly strengthened at the year end.

Good progress in PowderJect pipeline

PowderJect Lidocaine on target

PowderJect Lidocaine, the Company's most advanced powder injection product, continues on track for pivotal Phase III trials in H2 2001. During the last six months we have advanced our series of configuration studies, with a clinical study completed in adults, another clinical trial scheduled for later this month and further studies in adults and paediatrics planned in the coming months. This programme is designed to confirm the appropriate device operating conditions to take forward into Phase III by utilising a range of sophisticated test models correlated with clinical data to fine tune the PowderJect device. In addition to continuing this technical work, we also intend to hold further meetings with the appropriate regulatory bodies in preparation for the important final phase of clinical testing. We are developing PowderJect Lidocaine in partnership with Celltech Group plc.

Local anaesthesia is an attractive marketplace for a product with the benefits offered by PowderJect Lidocaine of fast onset and pain-free administration. With the total market standing at $365 million in 1999, there are over 700 million target procedures in the US and key European countries.

Serono programme reaches important milestone

We are pleased to announce that the second programme in our multi-protein collaboration with Serono has now reached an important milestone, generating a £1 million payment for PowderJect. Following encouraging initial testing, PowderJect and Serono have decided to move forward with the development programme for Rebif®, recombinant beta-interferon, delivered via the PowderJect® system. Serono's Rebif® is Europe's fastest growing treatment for multiple sclerosis accounting for sales of approximately $180 million in the first nine months of 2000, an increase of 85.4% over the same period in 1999. Rebif® has a patient market share of approximately 29% outside the US.

This programme is part of the collaborative agreement announced by the two companies in February 1999 covering the development of five therapeutic proteins. Earlier this year we announced the progression of Gonal-F® (the world's leading drug for infertility treatment) into clinical development and we now look forward to continuing progress with Rebif®. The continuing success in our strategic alliance with Serono, one of the world's leading biotechnology companies, demonstrates the tremendous opportunity available to PowderJect in the large and rapidly growing field of protein therapy, a market which accounted for over $10 billion in sales in 1999.

Glaxo Wellcome collaboration moves forward

The ongoing clinical programme with the first product in our Glaxo Wellcome collaboration, PowderJect hepatitis B DNA vaccine, highlights the continuing progress of this important partnership. The current clinical study, which is being conducted by Dr Greg Poland at the prestigious Mayo Clinic, is evaluating the novel PowderJect product in patients who are non-responders to existing commercial vaccine despite receiving multiple doses, and in subjects who responded initially to commercial vaccine but whose antibody levels have since dropped below the protective level. Preliminary indications suggest that the study results are encouraging, and a full report on the complete results is planned for next year. The solid progress made to date in this development programme is further evidence of the world-leading role that PowderJect is playing in developing this next generation of vaccines.

Hepatitis B is a serious infectious disease, which can lead to liver cirrhosis and cancer. There are approximately 350 million chronically infected carriers of the virus worldwide, of whom more than 1 million die each year. In the US, the disease kills 5,000 per year and approximately 1.25 million have chronic infection. Hepatitis B is responsible for the largest vaccine market in the world, with sales in excess of $1 billion (1998).

Glaxo Wellcome purchases DNA vaccine licence for HIV prophylaxis

We are pleased to announce that Glaxo Wellcome has purchased a further DNA vaccine licence, increasing the total number of licences held to six. In addition, Glaxo Wellcome has renewed and retained options over all of the other five fields in the original agreement, which covers up to 11 powder-form DNA vaccines. As a result Glaxo Wellcome will pay PowderJect $2 million in licence, option and milestone payments.

This new licence in the field of HIV prophylaxis complements the previously announced licence for HIV therapy, thereby providing the potential to develop both immunotherapeutics for treatment, and vaccines for protection against this important disease. Glaxo Wellcome now holds six licences in the following fields:

- hepatitis B prophylaxis
- hepatitis B therapy
- HIV prophylaxis
- HIV therapy
- human papilloma virus therapy for genital warts
- an undisclosed infectious disease field.

The purchase of this additional licence further underlines the technical progress and impressive results achieved to date with PowderJect's unique technology, and in addition highlights the importance of PowderJect DNA vaccines to the future Glaxo Wellcome vaccine portfolio.

Malaria DNA vaccine study ongoing with encouraging initial results

Further validation of PowderJect's position as a world leader in the field of DNA vaccines is provided by initial results from a clinical study exploring the efficacy of a prime-boost DNA-MVA vaccine immunisation strategy against malaria. This strategy involved priming the subjects with a powder-form DNA vaccine delivered to the outer layer of the skin using PowderJect's unique delivery technology. This was followed by a booster immunisation delivered via a viral vector, MVA. This clinical trial, conducted by Professor Adrian Hill at Oxford University, shows that the DNA vaccine followed by the MVA vaccine produced preliminary evidence of partial protection against malaria in some subjects. While this project remains at an early stage, these initial results are encouraging.

Current estimates suggest that in 2004 there will be nearly 60 million travellers annually to areas with endemic malaria. Although malaria is a major cause of disease and death, there is no vaccine available.

Strategic review focuses on value creation

By adding Evans Vaccines' range of marketed products and high quality commercial manufacturing base to our innovative powder injection medicines, we have created a robust business with significant resources to invest in product development. To capitalise on the opportunities offered by our enlarged financial base and increased product portfolio, we have undertaken a thorough strategic review to ensure that we manage our investment effectively, and target the areas where we create most value.

The review focuses our investment on the fields where we can generate the best returns, by progressing the most valuable products rapidly to significant markets, with the greatest certainty of success.

In addition to our lead product PowderJect Lidocaine, which is building the development and regulatory pathway from which to launch further products, the review identifies two strategically important areas for PowderJect.

- *Vaccines:* this is a rapidly growing market, currently estimated to account for sales of $6.5 billion and predicted to grow to $20 billion by 2010, in which PowderJect has significant efficacy and consumer advantages. Both clinical and preclinical data show that PowderJect vaccines delivered to the epidermis are superior to liquid injections, while avoiding the need for costly chilled distribution and the pain and safety hazard associated with needles.
- *Protein/peptide delivery:* this major market was valued at over $10 billion in 1999, and with ongoing advances in biotechnology increasing numbers of protein/peptide drugs are being launched. Proteins and peptides are ideally suited to powder injection and its unique

blend of benefits. By offering good bioavailability and high reproducibility without the need for refrigeration or potentially complex reconstitution, PowderJect can offer patients these often expensive and long-term treatments in a consumer-friendly format.

Pipeline review targets strategically important products

The major strategic fields described above will be the target of the Company's investment, and therefore the key programmes in each field will be the focus of future updates on our progress.

- *Key vaccine programmes:*
  - PowderJect conventional vaccines (flu, hepatitis B, diphtheria/tetanus)
  - PowderJect DNA vaccines (flu, herpes simplex virus)
  - PowderJect DNA vaccines partnered with Glaxo Wellcome (up to 11 vaccines including hepatitis B therapy, hepatitis B prophylaxis, HIV therapy, HIV prophylaxis, human papilloma virus therapy for genital warts).
- *Key protein programmes:*
  - PowderJect FSH (infertility treatment)
  - PowderJect beta-interferon (multiple sclerosis treatment)
  - three other proteins included in our collaboration with Serono.

Development programmes that are outside this strategic focus will not receive significant resources and will not feature in future reports unless major progress is made. These programmes include levobupivacaine, calcitonin, oral lidocaine, migraine and prostate cancer. Two programmes, insulin and growth deficiency, have only a partial fit with our strategic focus and will not receive PowderJect investment, but will be progressed if strategic development partners are found.

In parallel with the strategic portfolio review, we have undertaken a significant research programme re-evaluating the potential market for PowderJect Alprostadil. Our most recent clinical study, reported last year, demonstrated an important proof-of-concept for the product in patients. However, the impotence marketplace has continued to undergo dramatic change. Despite predictions that non-oral treatments would account for 30% of a rapidly growing $1 billion market, alprostadil sales have declined significantly since the launch of Viagra. This market intelligence, combined with alprostadil's poor fit with our strategic focus and the results of our own market research, has led us to suspend investment in this development programme. This decision frees resources to focus on the key areas identified above, where PowderJect has the opportunity to target more significant market opportunities.

Trading update

Strong PowderJect group performance

The interim period to 30 September 2000 falls prior to our acquisition of Evans Vaccines. We are therefore taking this opportunity to update shareholders on our performance during Evans Vaccines' first two months as a PowderJect company, from 1 October to 30 November.

Evans Vaccines is a strategically important acquisition, transforming PowderJect into a strong fully integrated pharmaceutical company. PowderJect now has resources in research, development, manufacturing and commercialisation, which is the platform on which we plan to build a high growth, profitable, international business. Following the acquisition, PowderJect has a larger and more diverse revenue base:

- income from partners developing novel products based on our unique powder injection technology

- sales of Evans Vaccines' products
- revenues from third-party manufacturing at Evans.

During the two months post acquisition we have made good progress with each of these revenue streams: Glaxo Wellcome has purchased a further DNA vaccine licence, strong Fluvirin® sales continue and we have entered new manufacturing-related agreements with Aviron and an undisclosed pharmaceutical company.

Solid financial progress by Evans Vaccines

Since the acquisition, Evans Vaccines' sales have been particularly strong at £21.9 million. Cost containment is now largely complete, with headcount at Speke now standing at approximately 640, down 14% from 745 on 1 October 2000. We anticipate that this strong performance will continue, with Evans Vaccines' sales for the six months to 31 March 2001 forecast to reach over £30 million. As a consequence of this ongoing commercial progress we anticipate that PowderJect's cash and short-term investments will be significantly strengthened by the year end.

Fluvirin® (flu vaccine) achieves new record

Evans Vaccines has made significant progress during the last year under both Celltech and PowderJect ownership, with the team at Speke achieving a major milestone: record production and worldwide distribution of Fluvirin®. In addition, Evans has also distributed its highest ever number of doses in the UK and USA, following recommendations by the relevant authorities to produce more than in previous years. Production at Evans' site in Speke has exceeded 23 million doses, with 3.8 million produced for the UK, an increase of over 35% on the previous highest level, and 15 million for the US, up over 15% on the record set in 1998. This achievement has lifted total Fluvirin® sales to a new record for the season, exceeding the £28.6 million attained in 1998.

The Fluvirin® manufacturing process has progressed well throughout the year and as a result stocks have been produced on time with no delay in distribution. To date, Evans has shipped nearly 100% of the total doses produced and will complete distribution to its customers in the next few days. Fluvirin® was the first flu vaccine to reach the market in the US by many weeks, and on schedule distribution has helped alleviate the supply problems experienced in both the UK and US.

Influenza is highly infectious and a serious health problem. The disease kills approximately 20,000 people per year in the US and hospitalises over 100,000. The market is predicted to grow rapidly to an estimated $600 million world-wide by 2004 with North America accounting for approximately $350 million. With Fluvirin®'s strong performance this season and the potential product and consumer benefits of PowderJect's next generation flu vaccines, we are well placed to capitalise on this important market.

BCG (TB vaccine) supply completed and Irish order won

During the last six months Evans Vaccines has continued to manufacture BCG (TB vaccine) and has now supplied the Department of Health with all of the doses requested. Manufacture is still ongoing, and Evans now holds significant stocks of vaccine in anticipation of further contracts from the Department. We are also pleased to announce that Evans has recently won an exclusive contract with the Irish Medicines Board to supply TB vaccine.

Revised agreement with Aviron secures higher revenues

During the last two months we have begun the process of improving commercial focus at Evans Vaccines' manufacturing facility in Speke. Soon after acquiring the business we entered a renegotiated agreement relating to the manufacture of Aviron's intranasal flu vaccine, FluMist™. The agreement secures income of $35 million with further potential performance-based payments. These secured revenues are higher than under the previous agreement, highlighting the improvements we have started to make at Evans Vaccines.

Contract manufacturing extension with major pharmaceutical company

In addition to our revised agreement with Aviron, we have renegotiated an extension to our contract manufacturing agreement with one of our key customers. The two-year contract extension to 2005 with this major pharmaceutical company also includes a modest increase in fees with expected increased volumes, further demonstrating the commercial focus we are bringing to the business.

PowderJect Fluvirin® overcomes previous supply problems

In June this year we reported that the antigen supplier for our PowderJect influenza vaccine, Parkedale, had experienced problems with the FDA. Our acquisition of Evans Vaccines overcomes this supply difficulty and we are now moving the development programme forward using Fluvirin® antigens. PowderJect's powder injection format of Fluvirin® is the second generation product in our flu vaccine franchise, which offers the potential of enhanced protection against influenza.

Facilities and people continue to grow

With the acquisition of Evans Vaccines the Company has grown considerably in terms of both people and facilities. At the end of the six month period to 30 September 2000 PowderJect had extended its team from 199 (at 30 September 1999) to 226. With the addition of Evans Vaccines, this number is now approximately 860, and our facilities in Oxford, Fremont California, and Madison Wisconsin are now complemented by the world-class commercial manufacturing facilities in Speke.

Summary: PowderJect to build on success of last six months

The last six months has been a major period of transition and growth for PowderJect. Our PowderJect delivery business continues to progress, as shown by the achievement of our second milestone in our multi-protein collaboration with Serono and the encouraging results in the field of DNA vaccines. With our acquisition of Evans Vaccines, we have developed into a fully integrated vaccines business which is the sixth largest in the world. This gives us the ideal foundation on which to bring our unique PowderJect products to market. With the focus brought about by our pipeline review, we look forward to driving our Company forward in the key areas where we add most value.
By pursuing this strategy, we will achieve our objective of becoming a leading pharmaceutical company.

Dr Paul Drayson Chairman
11 December 2000

Financial review

Profit and loss account
The acquisition of Medeva Vaccines, now renamed Evans Vaccines, was completed on 1 October and is therefore not reflected in the results for the period covered by this interim report.

The Group loss for the six months ended 30 September 2000 increased to £11.0 million (six months 1999: £7.7 million). Turnover for the period increased to £3.1 million (six months 1999: £1.2 million). This includes milestones from Serono in respect of beta-interferon and the movement of recombinant FSH into clinical development.

Investment in research and development during the period increased to £13.8 million (six months 1999: £9.3 million) out of total operating costs of £15.8 million (six months 1999: £11.0 million). Headcount increased from 199 to 226. Headcount is expected to continue to increase to approximately 250 by the end of the financial year excluding Evans. The increase in investment and headcount continues to reflect the expansion of the organisation and the support for the product pipeline, in particular the progress of lidocaine towards pivotal phase III trials.

Administrative expenses increased to £2.0 million (six months 1999: £1.6 million) reflecting the increased size of the organisation.

Net interest receivable in the period decreased to £1.7 million (six months 1999: £2.0 million) as average cash balances have decreased.

Balance sheet and cash flow
During the period, cash and short-term investments have decreased from £62.1 million at 31 March 2000 to £51.2 million at 30 September 2000. The main components of this decrease are operating cash outflow of £13.0 million (six months 1999: £9.2 million) and cash inflow of £2.8 million (six months 1999: £0.2 million) from the issue of ordinary share capital.

Since the end of the period, the cash position has significantly improved following the renegotiation of the Aviron contract and subsequent receipt of £10 million.

Following the acquisition and receipt of the proceeds from the sales of Fluvirin between now and the year end, cash is expected to be greater than at 31 March 2000. This, together with a significantly reduced cash outflow following the acquisition, leaves the Group in a strong financial position.

Capital expenditure
Capital expenditure in the period increased to £1.4 million (1999: £1.2 million). This mainly related to expansion of facilities in Madison and Fremont.

Acquisition of Evans Vaccines Limited
On 1 October 2000, the acquisition of the Evans Vaccines business became unconditional. This acquisition of the UK's leading vaccine manufacturer is a first step in providing solid revenues from existing products and is an important step in creating a profitable, high growth pharmaceutical business.

The consideration for the acquisition was £55 million. Of this, £35 million is attributable to the Evans vaccines business and £20 million to the 2000 season Fluvirin stocks and projected profits on sales of Fluvirin. A further payment, estimated to be approximately £5 million, will be payable in March and is dependent on the actual level of sales of Fluvirin.

The consideration of £55 million was satisfied by a cash payment of £30 million and a further £25 million in unlisted convertible loan notes. The estimated deferred consideration of £5 million will also be made in unlisted convertible loan notes.

Cash of £35.3 million before expenses was raised following a fully underwritten Placing and Open Offer of 5,884,489 shares at 600p per share.

Year end projections indicate sales in excess of £30 million for Evans Vaccines for the remaining half year. This arises mainly from sales of the following portfolio of products:

- Fluvirin, a triple antigen vaccine for flu prevention given to at-risk patients (especially older people) and other members of the population wishing to avoid flu infection
- BCG, a vaccine for the prevention of tuberculosis. Two vaccines are currently manufactured by Evans Vaccines. PowderJect is currently the sole supplier of BCG and tuberculin to the National Health Purchasing and Supply Agency (NHPSA)
- Diamorphine, one of the most powerful analgesics, used mainly for the palliative care of terminally ill patients
- Clostet, a tetanus vaccine bought in bulk from a third party, filled and packed by Evans Vaccines and sold under the Evans Vaccines brand name
- Contract manufacture, which offers long-term vaccine manufacture and filling contracts to major pharmaceutical companies

Treasury policies

Treasury policies and significant treasury transactions are reviewed and approved by the Board. The Group's aim is to secure returns in line with prevailing market rates while minimising the risk of capital loss. Credit risk is controlled by limiting the Group's credit exposures to institutions maintaining a very high credit quality AA rating and short-term F1 rating as defined by IBCA. In addition, specific credit limits are applied to individual institutions.

Consolidated profit and loss account
For the six months ended 30 September 2000

	Note	**Unaudited Six months to 30 September 2000 £000**	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Turnover	2	**3,115**	1,236	2,749
Research and development costs		**(13,764)**	(9,337)	(21,624)
Administrative expenses		**(2,043)**	(1,646)	(3,370)
Total operating expenses		**(15,807)**	(10,983)	(24,994)
Group operating loss		**(12,692)**	(9,747)	(22,245)
Net interest receivable		**1,715**	2,022	3,891
Loss on ordinary activities before and after taxation	2	**(10,977)**	(7,725)	(18,354)
Retained loss for the period	7	**(10,977)**	(7,725)	(18,354)
Basic and diluted loss per share	4	**14.77p**	10.47p	24.94p

All results are in respect of continuing operations.

Statement of total recognised gains and losses
For the six months ended 30 September 2000

	Note	**Unaudited Six months to 30 September 2000 £000**	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Loss for the period		**(10,977)**	(7,725)	(18,354)
Exchange movements	7	**332**	(58)	11
Total recognised gains and losses relating to the period		**(10,645)**	(7,783)	(18,343)

The notes on pages 13 to 15 form part of these interim statements.

Consolidated balance sheet
As at 30 September 2000

	Note	**Unaudited 30 September 2000 £000**	Unaudited 30 September 1999 £000	Audited Year to 31 March 2000 £000
Fixed assets				
Intangible assets		**392**	704	452
Tangible assets		**8,478**	4,853	7,722
Investments		**695**	503	503
		9,565	6,060	8,677
Current assets				
Debtors – due within one year		**5,032**	1,955	1,221
– due after more than one year		**71**	64	65
		5,103	2,019	1,286
Investments	6	**40,307**	72,641	62,747
Cash at bank and in hand		**10,933**	598	1,696
		56,343	75,258	65,729
Creditors: amounts falling due within one year		**(6,139)**	(3,781)	(6,828)
Net current assets		**50,204**	71,477	58,901
Total assets less current liabilities		**59,769**	77,537	67,578
Creditors: amounts falling due after more than one year		**(18)**	(91)	(54)
Provisions for liabilities and charges		**(327)**	–	(283)
Net assets		**59,424**	77,446	67,241
Capital and reserves				
Called up share capital	9	**7,542**	7,418	7,454
Share premium account	9	**107,590**	104,531	104,850
Other reserves		**614**	614	615
Profit and loss account		**(56,322)**	(35,117)	(45,678)
Total equity shareholders' funds	7	**59,424**	77,446	67,241

The notes on pages 13 to 15 form part of these interim statements.

Approved by the Board and signed on its behalf by:

Dr Paul Drayson
Chairman
11 December 2000

Consolidated cash flow statement
For the six months ended 30 September 2000

	Note	**Unaudited Six months to 30 September 2000 £000**	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Net cash outflow from operating activities	8(a)	**(12,966)**	(9,221)	(20,213)
Returns on investments and servicing of finance				
Interest received		**903**	934	3,984
Interest paid		**–**	(6)	(7)
Interest element of finance lease rental payments		**(9)**	(11)	(23)
Net cash inflow from returns on investments and servicing of finance		**894**	917	3,954
Capital expenditure and financial investment				
Purchase of tangible fixed assets		**(1,445)**	(1,243)	(4,742)
Purchase of fixed asset investments		**–**	(100)	(100)
Purchase of own shares by Employee Trust Company		**(192)**	–	–
Net cash outflow from capital expenditure and financial investment		**(1,637)**	(1,343)	(4,842)
Net cash outflow before use of liquid resources and financing		**(13,709)**	(9,647)	(21,101)
Management of liquid resources[1]				
Cash withdrawn from fixed term deposit		**22,440**	8,745	18,639
Net cash inflow/(outflow) before financing		**8,731**	(902)	(2,462)
Financing:				
Issue of ordinary share capital		**2,820**	197	509
Fees and expenses paid in connection with the issue of shares		**–**	(1,356)	(1,363)
Capital element of finance lease rental payments		**(33)**	(27)	(56)
Net cash inflow/(outflow) from financing		**2,787**	(1,186)	(910)
Increase/(decrease) in cash in the period	8(b) & (c)	**11,518**	(2,088)	(3,372)

The notes on pages 13 to 15 form part of these interim statements.

[1]PowderJect Pharmaceuticals plc includes as liquid resources term deposits of less than one year.

Notes to the interim statement
For the six months ended 30 September 2000

1 Basis of the preparation

In accordance with emerging best practice, from 1 April 2000, the Group's turnover accounting policy in respect of collaborative research agreements has been modified to – 'Revenue from collaborative research agreements is spread on a contract by contract basis, based upon the cost of the efforts incurred to date as a proportion of the total expected research and development cost, but limited to the non-refundable revenue amounts received or which have become due and payable'. This modification in accounting policy has no material impact on the results for the year to 31 March 2000 as reported.

The interim statements have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31 March 2000. The results for the six months ended 30 September 2000 and 30 September 1999 have not been audited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Auditors have reviewed the interim statement and their report appears on page 16.

The results for the year ended 31 March 2000 are extracted from the audited annual financial statements on which the auditors reported without qualification. Full financial statements for that year have been filed with the Registrar of Companies.

2 Segmental information

The geographical analysis of turnover and loss before and after tax by origin is as follows:

	Unaudited Six months to 30 September 2000 £000	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Turnover			
UK	**2,848**	489	1,091
North America	**267**	747	1,658
	3,115	1,236	2,749
Loss before and after tax			
UK	**(8,688)**	(6,544)	(10,650)
North America	**(4,004)**	(3,203)	(11,595)
	(12,692)	(9,747)	(22,245)
Net interest receivable	**1,715**	2,022	3,891
	(10,977)	(7,725)	(18,354)

3 Dividend

The Directors do not recommend payment of a dividend.

4 Loss per share

	Unaudited Six months to 30 September 2000	Unaudited Six months to 30 September 1999	Audited Year to 31 March 2000
Basic and diluted loss per share	**14.77p**	10.47p	24.94p

The calculation of the basic and diluted loss per share is based on:

Loss for the period (in £000)	**10,977**	7,725	18,354
Weighted average number of shares (in '000)	**74,331**	73,764	73,589

There is no difference between the basic and diluted loss per share since the effect of including exercisable options would be to reduce the loss per share.

5 Taxation

No liability to corporation tax arose as a result of the losses incurred throughout the Group.

6 Investments held as current assets

	Unaudited Six months to 30 September 2000 £000	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Investments	**40,307**	72,641	62,747

This represents cash placed on fixed term deposits.

7 Reconciliation of movements in shareholders' funds

	Unaudited Six months to 30 September 2000 £000	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Opening shareholders' funds	**67,241**	85,025	85,025
Loss for the period	**(10,977)**	(7,725)	(18,354)
Net proceeds of share issues	**2,828**	197	509
Share placement expense not incurred	**–**	7	50
Exchange movement	**332**	(58)	11
Net reduction to shareholders' funds	**(7,817)**	(7,579)	(17,784)
Closing shareholders' funds	**59,424**	77,446	67,241

8 Notes to the cash flow statement

(a) Reconciliation of operating loss to net cash outflow from operating activities:

	Unaudited Six months to 30 September 2000 £000	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Operating loss	**(12,692)**	(9,747)	(22,245)
Depreciation	**905**	531	1,231
Amortisation and impairment	**61**	83	335
Loss on disposal of fixed assets	**–**	–	1
Provision against fixed asset investment	**–**	100	100
Increase in debtors	**(2,959)**	(443)	(867)
Increase in creditors	**1,719**	255	1,232
Net cash outflow from operating activities	**(12,966)**	(9,221)	(20,213)

8 Notes to the cash flow statement continued

(b) Reconciliation of movement in cash to movement in net funds:

	Note	**Unaudited Six months to 30 September 2000 £000**	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Increase/(decrease) in cash in the period		**11,518**	(2,088)	(3,372)
Cash outflow from change in lease financing		**33**	27	56
Cash withdrawn from fixed term deposit		**(22,440)**	(8,745)	(18,639)
Change in net funds resulting from cash flows		**(10,889)**	(10,806)	(21,955)
Exchange movement on cash		**90**	(16)	(15)
Movements in net funds in the period		**(10,799)**	(10,822)	(21,970)
Net funds at the beginning of the period		**61,943**	83,913	83,913
Net funds at the end of the period	8(c)	**51,144**	73,091	61,943

(c) Analysis of net funds:

	Unaudited Six months to 30 September 2000 £000	Unaudited Six months to 30 September 1999 £000	Audited Year to 31 March 2000 £000
Cash at bank and in hand	**10,933**	598	1,696
Overdraft	**–**	–	(2,381)
Sub-total	**10,933**	598	(685)
Current asset investments	**40,307**	72,641	62,747
Sub-total	**51,240**	73,239	62,062
Finance lease	**(96)**	(148)	(119)
Total	**51,144**	73,091	61,943

9 Share capital and share premium

The increase in share capital and share premium arose from the issue of shares to PA Consulting Group under a strategic collaboration and the exercise of share options by employees.

10 Post balance sheet event – acquisition of Evans Vaccines Limited

The Group acquired Evans Vaccines Limited (formerly Medeva Vaccines) on 1 October 2000. Under the terms of the purchase agreement the consideration of £55 million was satisfied by a cash payment of £30 million and a further £25 million in unlisted convertible loan notes. A further contingent issue of loan notes, estimated to be £5 million, will be made in March 2001 based upon the level of Fluvirin sales for the period to 31 December 2000.

11 Copies of this document

Copies of this document will be sent to all shareholders and will be available to the public at the Company's registered office: Florey House, The Oxford Science Park, Oxford OX4 4GA.

Independent review report to PowderJect Pharmaceuticals plc For the six months ended 30 September 2000

Introduction
We have been instructed by the Company to review the financial information set out on pages 10 to 15 and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2000.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Chartered Accountants
Uxbridge
11 December 2000

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