Midatech Pharma PLC

Midatech is focused on the research and development (R&D) of medicines for rare cancers. Through its portfolio of three proprietary drug delivery technology platforms, in tandem with a highly specialised team of scientists located in the UK and Spain, the company is developing novel drug delivery solutions to improve existing therapies and develop new treatments for a range of lethal diseases. Midatech focuses on making existing medicines better, using its proprietary technologies.

Midatech's business model is focused on in-house and partnered programmes to develop improved chemo-therapeutics and new immuno-therapeutics using its portfolio of drug delivery platforms. These technologies are focused on the delivery of medicines or agents to targeted areas of the body where they can exert their actions safely and effectively, providing enhanced treatment for lethal diseases that would otherwise be very difficult.

Midatech's most advanced technology platform is **Q-Sphera™,** based on drug-loaded polymer microspheres that enable sustained long term drug release into the body in a highly controlled manner. Q-Sphera's flagship product is MTD201 Q-Octreotide targeting neuroendocrine tumours and acromegaly.

MTD201 delivered positive pilot study results in August 2018 in an exploratory study comparing it head-to-head with the existing market leading product in this c.£2.5bn market. Midatech is now evaluating the optimal design for a follow on programme in H2 2019. The company is also scaling up in house manufacturing to commercial levels prior to filing a submission for marketing authorisation planned for 2021.

A second technology platform; **MidaSolve,** converts otherwise insoluble therapies that can only be given orally as tablets, into medicines in liquid form that can be injected into the body directly at sites of disease. Through this proprietary nano-drug delivery technology, the company has developed MTX110, targeting a lethal form of ultra-rare childhood brain cancer (DIPG). Studies focusing on first-in-human trials in the US are ongoing.

MidaCore™, the final Midatech platform, is based on ultra-small gold nanoparticle technology which is focussed on targeting drugs injected into the body to specific sites of disease. Products in this particular pipeline represent earlier stage opportunities for Midatech. However, subject to further funding, key programmes include MTX102 in the development of a vaccine for diabetes and MTD119 targeting solid cancers.

Midatech has streamlined the business in the last six months to focus exclusively on its R&D projects. The sale of its US commercial operation to Barings LLC in November 2018 has established the company as a pure R&D company. Furthermore, the group has realigned its cost base through closure of its facility in Abingdon to consolidate activities at its sites in Cardiff and Bilbao. The company uniquely conducts its own in house manufacturing at its facility in Bilbao, which allows it keep control of its intellectual property and know how, as well as control cost and timelines.

To enable Midatech to focus on its core R&D projects, Midatech has strengthened the balance sheet significantly over the last six months. A strategic investment from China Medical System (CMS) delivered £8m of new funds in February 2019 in return for a 51% stake in the business and a simultaneous placing and open offer augmented gross proceeds by a further £5.4m. The sale of the US business in November 2018 generated net proceeds of c.£3.4m after the repayment of outstanding debt and Midatech also secured low cost government financing amounting to €8.5m in Spain in Q1 2019. With this substantially more solid foundation in place to fund MTD201 trials and the scale-up of MTD201 production, Midatech is targeting a series of development milestones over the next 18-24 months as it drives its core products towards commercialisation.

Stock Data

Share Price:	7.75p
Market Cap:	31.7m
Shares in issue:	409.4m

Company Profile

Sector:	Biotechnology
Ticker:	MTPH
Exchanges:	AIM, NASDAQ

Activities

Midatech is focused on the Research and Development (R&D) of medicines for the treatment of rare cancers and other lethal diseases through in-house as well as partnered programmes.

Share price performance chart

Source: LSE

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Introduction to Midatech

The Group was founded in 2000 and admitted to AIM in December 2014, Midatech Pharma's (Midatech) core activity is the research and development of medicines for cancers and other conditions with a particular emphasis on both enhancing and extending the lives of patients with rare diseases and serious cancers. The company possesses a dedicated R&D facility in Cardiff, UK, with 20 scientific personnel in addition to a licenced in-house manufacturing facility in Bilbao, Spain employing 38 additional members of staff.

The Midatech board of directors (See details in Appendix) has a significant depth of experience spanning several decades of expertise in scientific industry sectors, biotechnology, engineering and manufacturing of medicines. Within its wider team, the company also has several world-class scientists with specialties in the development and translation of novel drug delivery technologies to improve existing treatments or develop new therapies for these diseases.

Within Midatech's business model, the company operates both in-house and partnered programmes to develop improved therapeutics using its proprietary platform drug delivery technologies. These core platforms, all focusing on using different techniques to improve biodelivery and biodistribution of agents, are:

- **Q-Sphera™ platform**: a disruptive polymer microsphere technology used for sustained release to prolong and control the release of therapeutics over an extended period of time (from weeks to months).
- **MidaSolve platform**: an innovative nanosaccharide technology used to dissolve drugs so that they can be administered in liquid form directly and locally into tumours.
- **MidaCore™ platform**: a leading edge gold nanoparticle technology used for targeting medications to sites of disease.

Highly focused treatments

Midatech's technologies are focused on improved delivery and distribution of medicines or agents to areas of the body where they are needed and can exert their actions in an effective, safe and precise manner. As such, Midatech's primary objective is to provide treatments for lethal diseases that could otherwise be very difficult or not possible at all.

Commercial strategy

Midatech has established a variable commercial strategy whereby for products aimed at large and well-established target markets, the company intends to license its products and/or technologies to pharmaceutical partners, possibly with co-promotion agreements in certain major territories. This would apply in the first instance to the company's key Q-Sphera™ programme, MTD201, which has progressed to the next stage of clinical trials.

However, in the case of products where the target market is more niche, such as that for the MidaSolve product MTX110 for childhood brain cancer, the company is favouring a more direct and focused sales operation where it intends to sell directly while potentially partnering with third parties in specific territories.

History of the company

Midatech was admitted to trading on AIM in December 2014 in tandem with a placing to raise £32m and the completion of the acquisition of Q Chip. Early operational milestones included a research collaboration signed with Dana Farber, National Cancer Center developing targeted nanomedicines against Glioblastoma in April 2015. Midatech signed an Ocular Agreement with Ophthotech in August 2015 and in December of the same year announced the acquisition of DARA BioSciences (a company selling oncology supportive care products), thereby adding US commercial operations to its UK R&D operations.

At the end of 2015, the company's shares commenced trading on the NASDAQ exchange in the US and in mid-December 2015, Midatech signed a supply agreement for Q-Octreotide with Centurion Pharma. The year was capped off with the completion of the acquisition of Zuplenz®.

Midatech kicked 2016 off with a licensing agreement with Emergex Vaccines in January 2016 and also launched Zuplenz® in the US in April 2016. The company commenced a study using GNP technology in immunotherapy in September 2016 and raised new capital of £16m in October 2016.

In 2017, the first milestone was the in-licence of panobinostat for MTX110 which was followed by a capital raising of £6m of equity for drug development activities and a $15m MidCap Financial Trust loan facility in September 2017.

Recent events

In May 2018, Midatech announced the commencement of the first-in-human studies for MTD201 Q-Octreotide in its acromegaly/carcinoid cancer programme and MTX110 in its childhood brain cancer programme. The former study reported favourable data readouts in late August 2018 while MTX110 is ongoing.

In Q4 2018, Midatech completed the divestment of its US commercial operations and also closed its R&D facility in Abingdon, UK with ongoing gold nanoparticle research activities incorporated into the company's sites in Cardiff and Bilbao. This followed a strategic refocusing of the company to become a pure-play R&D business with all resources now directed towards advancing the group's programmes and unlocking their potential value.

Midatech's technologies

Q-Sphera™

Based on proprietary sustained release drug-loaded polymer microspheres in the size range 20-50μm, the Q-Sphera™ platform enables drug release into the body in a highly controlled and predictable manner. The microsphere dimensions are consistently mono-dispersed and homogenous and can be finely tuned to accurately customise drug release rates over much longer periods. This converts short acting therapies that need to be given regularly (e.g. daily), into medications that can be given monthly since they are designed to be released over relatively long periods of up to six months in a linear and predictable fashion, rather than needing to be given daily. Midatech states that Q-Sphera™ is an advanced yet simple and highly effective and safe method of treatment which enhances the clinical profile, patient's experience, and usability for healthcare provides through reduced potential errors, reduced clinic time, and cost efficiency.

The Q-Sphera™ product enables precision, uniform particles which allows high drug loading, accurate and consistent drug release and minimal burst release or 'dose dumping' thus enhancing efficacy and reducing the potential for side effects. Compared to current therapies, MTD201 can also be administered through a smaller needle and is therefore less uncomfortable for patients.

Recent progress

In August 2018, Midatech completed an exploratory Phase I study in a sample of healthy human volunteers to compare the bioequivalence of its MTD201 product Q-Octreotide for NETs (neuroendocrine tumours - rare tumours that can develop in many different organs of the body) and acromegaly (a hormonal disorder that develops when your pituitary gland produces too much growth hormone during adulthood) with the Novartis product Sandostatin® LAR®, the leading incumbent product and current standard of care in the market.

The company noted that the results were very encouraging, with favourable clinical profile, usability, and patient experience. The next steps for the product's development are either to pursue a differentiated product with a distinct clinical profile to SLAR or to establish an interchangeable alternative to SLAR. Such differentiation could include a product with the clinical benefits as per Phase I, plus a longer dosing interval of up to 6–8 weeks as opposed to four. Additional differentiation could also include higher doses of 45–60mg as opposed to only 30mg, plus the ability to inject subcutaneously rather than intramuscularly.

At this stage, the company believes that the differentiated route may provide a more de-risked and valuable route to market and the follow-on registration programme is expected to commence in H2 2019. Subject to positive clinical data and completion of manufacturing scale up of MTD201 production, Midatech is planning to submit marketing authorisations in 2021.

Midatech believes that a significant opportunity exists for MTD201 to enter an estimated global market worth over US$2.5bn per annum, currently dominated by incumbent products, Sandostatin® LAR® and Somatuline®. In summary, Q-Sphera 'makes medicines better' by:

- Formulation technology giving full control over particle size and release kinetics**, which converts into demonstrable clinical benefits**.
- **Manufacturing** technology giving faster, simpler and less toxic, higher yield processes **which converts into sustainable and efficient manufacturing.**
- Proven **clinical benefits** established in Phase I, i.e. favourable drug release kinetics, plus **further product differentiating** factors including injection interval dosing intervals 6-8 weeks (as opposed to 4 weeks), higher doses 45-60mg (as opposed to only 30mg), and subcutaneous (rather than intramuscular), **which converts into clear competitive advantage.**

Patents beyond 2030 provide extended IP and know-how protection.

FDA feedback received

In January 2019, Midatech received feedback from the US FDA on the regulatory programme for its lead product MTD201. The three scenarios outlined for MTD201 included:

1. Single dose pharmacodynamic study in healthy volunteers
2. Multi dose study in healthy volunteers
3. Study in patients

Following completion of the first in-human Phase I study Midatech is in the position to select and finalise the follow-on study design which is planned to commence around mid-2019. The recent FDA feedback clarified Midatech's options for a follow-on registration study, with a requirement for a primary or co-primary pharmacokinetic endpoint (rather than single pharmacodynamic endpoint) or efficacy and safety data in the intended patient population. This advice now provides options for the company to pursue clinical development strategies to support either an interchangeable or differentiated commercial Octreotide SR product. It is likely the company will pursue a differentiated product route, as this would be a more valuable commercial product. In addition, this approach is de-risked in terms of obtaining marketing authorisation and leverages all the Q-Sphera advantages.

MidaSolve

MidaSolve, working at the nano-scale, solubilises otherwise insoluble drugs and enables additional routes of administration. The MidaSolve platform enables direct delivery of drugs using the company's proprietary nanoparticle technology. This allows insoluble medications to be converted from a solid tablet form to a dissolved liquid form that can then be injected directly into the tumour.

Recent progress

Midatech's MTX110 product for childhood brain cancer (DIPG), a rare and terminal condition, is based on MidaSolve technology and represents an important part of the company's pipeline. MTX110 has the potential to be an important advancement in transforming patients' outcomes and the company expects interim data for the Phase I dose-escalating and safety components of the programme in mid-2019. The company commenced a combined Phase I/II US study in human DIPG patients at University of California in San Francisco in 2018 and results to date have been positive and show that the therapy is well tolerated in subjects. The Phase I safety component of the study is estimated to complete H1 2019, before entering the Phase II efficacy component.

Midatech is also evaluating other indications in which MTX110 could make a difference and pre-clinical work on Glioblastoma Multiforme (GBM) adult brain cancer and other childhood brain cancers is ongoing.

The addressable market for MTX110 in DIPG is up to 1,000 patients worldwide every year but given that it is highly underserved, the company estimates that it could be worth up to US$100m per annum. The adult form of DIPG (GBM) represents a follow on programme for MTX110 pending further pre-clinical development data. However, the company estimates that this represents a considerably larger market estimated to be worth up to US$3bn per annum.

MidaCore™

MidaCore™ targets powerful drugs to sites of disease, at the nanoscale. These drugs would otherwise circulate widely throughout the body affecting diseased as well as healthy tissues, causing toxicity and side effects to patients. The technology platform is based on gold nanoparticle technology whereby each nanoparticle can bind multiple therapeutic and targeting agents and their ultra-small size means that they can reach difficult areas of the body, and focus on sites of disease.

At this stage, Midatech's resources have been directed towards MTD201 and MTX110 and this is represented in the group's R&D pipeline depicted in the illustration below. However, the company is operating several early phase programmes based on the MidaCore™ platform that may be progressed subject to further funding. These programmes include MTD119, a targeted therapy for the treatment of hepatocellular carcinoma and MTX114, a topical treatment for psoriasis.

Midatech expects to complete an EU funded Phase I programme for MTX102, evaluating a MidaCore™ based vaccine for diabetes. The company is also collaborating with Emergex using the MidaCore™ platform to develop vaccines for viral illnesses such as Ebola and Dengue Fever.

R&D pipeline

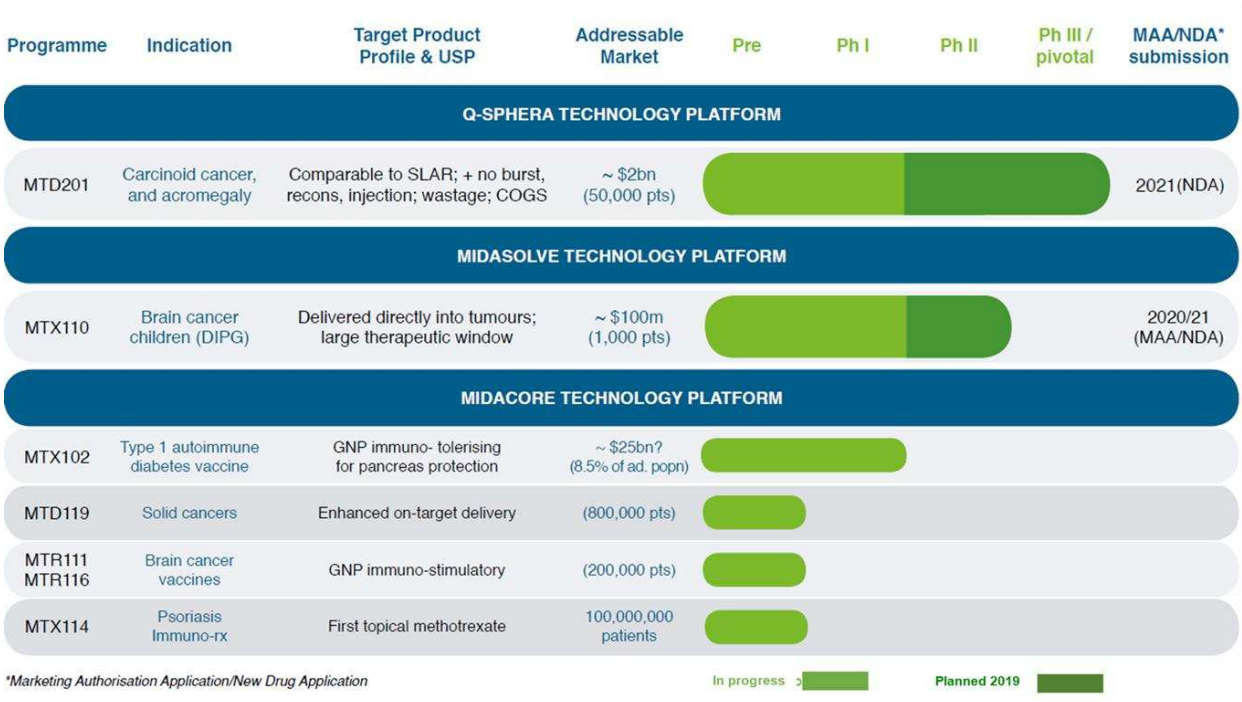
As the diagram below summarises, Midatech is making clear clinical progress on all three fronts with its Q-Sphera™, MidaSolve and MidaCore technology platforms. In particular, the company's most advanced programme, MTD201, is entering Phase II for the assessment of treatments for neuroendocrine tumours and acromegaly. Following closely, Phase I trials are also underway for the MidaSolve programme, MTX110 for the treatment of brain cancer in children, with Phase II expected to commence in H2 2019.

With MAA (Marketing Authorisation Application) and NDA (New Drug Application) submission scheduled in the EU and US respectively for 2021 for both programmes, progress on the pathway to commercialisation is promising.

Midatech has noted previously that its key programmes are targeted at large yet underserved markets where Midatech's competitive advantage is the advancement of programmes designed to match unmet needs with the potential to make significant differences to patients with these lethal diseases.

The MTD201 programme is targeting an addressable market in excess of US$2.0bn per annum and MTX110 is seeking to penetrate a US$100m market with significant additional upside represented by extending treatment to the adult form of DIPG.

R&D pipeline summary



Source: Company

Recent corporate activity

Sale of US operation

Midatech acquired DARA BioSciences Inc. in December 2015 as its commercial operation in the US. This was subsequently renamed Midatech Pharma US Inc. (MPUS) and focused on commercialising oncology supportive care products in the US, helping patients manage the impact of their cancers as well as the side effects of cancer therapy.

However, as part of the company's drive to focus on its R&D activities, Midatech initiated a formal sale process in early 2018 and concluded the sale of the business to Barings LLC through its subsidiary Kanwa Holding LP, established solely to acquire MPUS, for a consideration of US$13.0m and up to US$6.0m in contingent consideration relating to revenue targets in 2018 and 2019. The targets for 2018 were not achieved.

The net proceeds for the sale of Midatech Pharma were approximately US$4.2m (c.£3.4m) after repayment of the company's outstanding loan of US$7.7m to MidCap Financial Trust. This deal has provided valuable cash to the business in addition to freeing up significant amounts of management time to focus on the company's core R&D activities.

Recent fund raising and CMS investment

In February 2019, Midatech announced that it had raised a total of £13.4m through the issue of approximately 348.2 million new shares at 3.85p per share. Within this total, £8.0m was raised through the issue of c.207.8 million new shares to China Medical System (CMS) for a 51% stake in Midatech plus an agreement to licence Midatech's pipeline products in the Greater China Area and other South East Asian countries.

CMS is a significant Chinese pharmaceutical company, previously listed on AIM and now listed on Hong Kong Stock Exchange. It has a wide portfolio of products many in partnership with global pharmaceutical companies such as Novartis and Astra Zeneca. The company covers 44,000 hospitals in Greater China and had a market capitalisation of approximately HK$18.4bn (c. £1.8bn) as at 28 January 2019. The CMS Group reported revenues of RMB 5,348.8m (c.£600.2m) and approximately 2,800 promotional staff in 2017.

Under the terms of the deal, CMS has the rights to develop, commercialise and promote Midatech's pipeline products at its own cost through its network of over 4,000 sales staff in China alone. Subject to certain regulatory milestones being achieved, Midatech will receive regulatory and sales based payments in addition to royalty payments. As part of the deal, Midatech has appointed CMS's representative, Dr Huaizheng Peng to the board. (See biography in the Appendix at the end of this report).

For non-pipeline products, CMS may also identify further product opportunities where Midatech would undertake the initial development followed by tech transfer to CMS for further development. If such products obtain marketing approval in China, CMS will own rights in territories and Midatech would retain the rights in the rest of the world.

Balance of fund raising

The balance of the £13.4m gross fund raising included the placing of 120.97 million units to raise £4.7m and an open offer resulting in the issue of a further 19.46 million units to raise a further £0.75m of proceeds. In these tranches, each unit comprised one new share and one warrant at 50p.

Shares in issue

Following the completion of the fund raise in February 2019, Midatech has 409.4 million shares in issue. Aside from the potential dilution from the warrants issued as part of the placing and open offer (313.85 million), the company also has almost 3.18 million options in issue at the end of December 2018, of which 2.25 million were exercisable at a weighted average price of £1.101.

We note that the full exercise of the outstanding warrants at 50p each could provide the company with an additional £157m of additional funds with which to fund its activities in the longer term.

Use of funds

Midatech has outlined that a significant proportion of the recent funds raised will be used to fund the trial costs for MTD201, which the company estimates will cost £5m-£7m. Funds will also go toward progressing MTX110 well into its efficacy Phase II component. Successful manufacturing scale-up costs for MTD201 in Spain are estimated to be a further c.€15m. However, the company has indicated its plans to fund a greater proportion of this expansion with non-dilutive funding in the form of loans and grants received from the Spanish government, further details of which are outlined in the following section.

Other funding sources

In January 2019, Midatech concluded terms with the Basque regional government for a €1.5m loan to support the commercial scale up of MTD201 and the Q-Sphera™ platform at the company's site in Bilbao. This soft loan is provided as a reimbursement of costs up to the loan amount and follows a grant worth €450,000 awarded in 2018.

In a separate deal announced in March 2019, the Spanish government notified Midatech that it has provisionally approved the company's Reindustrialisation (Reindus) loan application relating to Midatech's plans for commercial scale-up of its key MTD201 Q-Octreotide development product.

The loan amount conditionally approved is €6.6m, which brings the total public financing available for this the MTD201 project to €8.5m, including previous amounts recently approved by the Basque regional government. The total manufacturing cost of the project is being finalised and is currently estimated at approximately €14.8m at this stage.

Provision of the loan was subject to Midatech providing a €2.6m guarantee. The loan will also accrue interest at a rate of 1.6% although repayments will not commence until three years after drawdown. The repayment period thereafter runs for 10 years.

Financial summary

Midatech announced its final results for the year ended December 2018 on 24 April 2019. Within the key performance indicators, early stage revenue was approximately £1.9m comprised of income from collaborations and grants. R&D costs represented some 68% of operating costs and this expenditure was focused on the MTD201 study in human volunteers and the commencement of the dose escalating and safety study for MTX110 last year.

The 2018 income statement reflects the removal of discontinued operations in the US and a tax credit of £2.0m, which arises from accrued R&D tax credits in the UK. As such, the company reported a loss after tax of £10.4m in 2018 prior to the impact of discontinued operations which extended reported losses during the period to £17.7m. Note that the accounts for 2016 and 2017 have, like 2018, been adjusted to exclude revenue and expenses from discontinued operations in order to provide an accurate comparison with the most recent numbers reported for 2018.

Income statement, 2014A – 2018A

Year end Dec (£000)	2014A	2015A	2016A	2017A	2018A
Revenue	**157**	**1,375**	**1,323**	**989**	**1,938**
Cost of sales	0	-70	0	0	0
Research and development	-5,439	-5,920	-7,730	-8,329	-9,359
Distribution, sales and marketing	0	-374	0	-170	0
Administration	-4,405	-7,929	-3,245	-4,266	-4,394
Impairment	0	0	0	-1,500	0
Operating loss	**-9,687**	**-12,918**	**-9,652**	**-13,276**	**-11,815**
Finance income	8	1,691	1,337	415	2
Finance expense	-161	-5	-73	-109	-587
Profit before tax	**-9,840**	**-11,232**	**-8,388**	**-12,970**	**-12,400**
Taxation	1,018	1,133	2,227	1,265	2,032
Profit after tax	**-8,822**	**-10,099**	**-6,161**	**-11,705**	**-10,368**
Discontinued operations	0	0	-14,001	-4,359	-4,662
Profit (loss) attributable to parent company	**-8,822**	**-10,099**	**-20,162**	**-16,064**	**-15,030**
Exchange gains on translation of foreign operations	-151	399	3,228	-1,233	1,156
Exchange gain on disposal of subsidiaries	0	0	0	0	-3,842
Total comprehensive income	-151	399	3,228	-1,233	-2,686
Attributable to parent co.	**-8,973**	**-9,700**	**-16,934**	**-17,297**	**-17,716**

Source: Company, RNS

Balance sheet movements

Net assets reduced significantly at the end of 2018 predominantly as a function of the disposal of the US operations. In addition, ongoing operating expenditure reduced the cash balance from £13.2m at the end of 2017 to approximately £2.3m in December 2018. However, borrowings were also reduced significantly as Midatech repaid the outstanding loan, amounting to £5.25m to MidCap Financial Trust (excluding early redemption fees).

As outlined in detail earlier, the company has strengthened the balance sheet significantly in the current year with the strategic investment of £8m from CMS, the additional £5.4m (gross) of funds from the recent placing and open offer. This will be augmented by the public funding from the Basque regional government and the Spanish governments Reindus programme which has delivered additional financial flexibility to the group.

Balance sheet, 2014A – 2018A

Year end Dec (£000)	2014A	2015A	2016A	2017A	2018A
Property, plant and equipment	1,516	1,984	2,766	2,529	1,983
Intangible assets	13,094	41,339	31,172	27,647	12,374
Other receivables	425	387	448	465	469
Total non-current assets	**15,035**	**43,710**	**34,386**	**30,641**	**14,826**
Inventories	0	459	817	941	0
Trade receivables	462	2,496	2,439	3,242	1,323
Taxation	841	1,201	1,439	1,196	1,952
Cash and cash equivalents	30,325	16,175	17,608	13,204	2,343
Total current assets	**31,628**	**20,331**	**22,303**	**18,583**	**5,618**
Total assets	**46,663**	**64,041**	**56,689**	**49,224**	**20,444**
Trade payables	2,341	7,084	8,407	8,002	2,103
Borrowings	491	442	538	361	368
Derivative financial liability	0	1,573	400	0	0
Total current liabilities	**2,832**	**9,099**	**9,345**	**8,363**	**2,471**
Borrowings	1,488	1,508	1,620	6,185	884
Deferred tax liability	354	6,547	0	0	0
Provisions	0	0	0	0	165
Total non-current liabilities	**1,842**	**8,055**	**1,620**	**6,185**	**1,049**
Total liabilities	**4,674**	**17,154**	**10,965**	**14,548**	**3,520**
Net assets	**41,989**	**46,887**	**45,724**	**34,676**	**16,924**

Source: Company, RNS

Cash flow

As befits its status as an R&D company at this stage, Midatech activities require significant amounts of cash. Prior to 2018, this was sourced from a combination of equity and debt. The disposal of the US operation in 2018 generated a net cash benefit to the company. However, entering 2019 with modest levels of cash necessitated the recent deal with CMS and the equity placing to raise additional working capital.

On the basis of recent financing efforts and the current levels of cash burn, we estimate that Midatech is fully funded for a minimum of 12 months.

Cash flow, 2014A – 2018A

Year end Dec (£000)	2014A	2015A	2016A	2017A	2018A
Profit before tax	-8,822	-10,099	-20,162	-16,064	-15,030
Adjustments	1,346	-2,077	5,547	3,093	1,669
Cash flow from operations before working capital	**-7,476**	**-12,176**	**-14,615**	**-12,971**	**-13,361**
Movements in working capital	1,227	-891	-121	-1,437	-1,453
Cash generated from operations	**-6,249**	**-13,067**	**-14,736**	**-14,408**	**-14,814**
Taxation	794	646	1,650	1,455	1,364
Net cash used in operations	**-5,455**	**-12,421**	**-13,086**	**-12,953**	**-13,450**
Net cash used in investing activities	-907	-1,533	-1,202	-1,470	9,042
Net cash from financing activities	34,300	-219	15,255	10,277	-6,472
Net change in cash	**27,938**	**-14,173**	**967**	**-4,146**	**-10,880**
Forex differences	0	30,325	466	-258	19
Cash at beginning of the year	2,387	23	16,175	17,608	13,204
Cash at the end of the year	**30,325**	**16,175**	**17,608**	**13,204**	**2,343**

Source: Company, RNS

Appendix: Board of Directors

Rolf Stahel – Non-Executive Chairman

Mr Stahel has approximately 40 years of experience in the pharmaceutical industry, of which c.20 were spent at Chief Executive and Board level in public (UK, Switzerland and US) and private life science companies registered in Europe, the US and Asia. Mr Stahel joined Shire as CEO in 1994 following a 27-year career at Wellcome plc (now GlaxoSmithKline). He is currently the non-executive chairman of Ampha Limited and was previously the non-executive chairman of Ergomed plc, Connexios Life Sciences Pvt Limited, EUSA Pharma Inc., Cosmo Pharmaceuticals SpA, PowderMed Limited and Newron Pharmaceuticals SpA.

Dr Craig Cook – CEO

Dr Cook has more than 15 years of international experience in the pharma, biomedical and high technology sectors including roles across a range of therapeutic areas, such as neurology, inflammatory, immunology, and endocrine, covering both drug development and medical affairs. He has established and led several healthcare initiatives, and held increasingly senior appointments at Johnson & Johnson, Eli Lilly, Novartis Pharma, and Serono Biotech. Dr Cook is lead adviser for Ippon Capital SA's life sciences practice.

He is a qualified physician, has a BSc in Pharmacology, Diploma in Anaesthesiology, and MBA from the London Business School. He joined Midatech in 2014 after leading and concluding the Ippon Capital investment round.

Nick Robbins-Cherry – CFO

Mr Robbins-Cherry is a Chartered Accountant and MBA with extensive commercial and finance experience gained in the life sciences, technology and consulting sectors, including roles at CACI Limited, Johnson & Johnson and ICI PLC. He has a strong track record in mergers and acquisitions and of managing complex multi-national businesses. He qualified with Coopers & Lybrand (now PwC) and has a BSc in Pharmacology.

Simon Turton – Senior Non-Executive Director

Dr Turton previously headed Warburg Pincus' healthcare investing activities in Europe and was a principal at Index Ventures in Geneva. He has over 10 years of experience investing in biopharma companies following a ten-year career in the international pharmaceutical industry incorporating roles in research, business development and general management. Dr Turton has an MBA from INSEAD and a Ph.D. in pharmacy from the University of London. He has been a board director of private and public biomedical companies: Archimedes Pharma, Eurand, ProStrakan and Tornier. Dr Turton was most recently chairman of Q Chip prior to its acquisition by the Group. He is currently CEO of Gensmile, a new dental corporate building a group of dental clinics in the UK.

Sijmen de Vries - Non-Executive Director

Dr de Vries has extensive senior level experience in both the pharmaceutical and biotechnology industry. He is currently CEO and CFO of Pharming group N.V., the Euronext-listed pharmaceutical company. Dr de Vries was previously CEO of both Switzerland-based 4-Antibody and Morphochem AG, and prior to this he worked at Novartis Pharma, Novartis Ophthalmics and at SmithKline Beecham Pharmaceuticals Plc, where he held senior business and commercial positions. Dr de Vries holds an MD degree from the University of Amsterdam and a MBA in General Management from Ashridge Management College (UK).

Huaizheng Peng - Non-Executive Director

Dr Peng serves as General Manager of International Investment and Operations for China Medical System Holdings Limited, a specialty pharmaceutical company listed on the Hong Kong Stock Exchange. He served as an independent Non-executive Director in the firm for three years, and that company was admitted to trading on AIM (between 2007 and 2010). Dr Peng was a partner of Northland Bancorp, a private equity firm. Before that, he worked as a head of life sciences and as a director of corporate finance at Seymour Pierce, a London-based investment bank and stockbroker.

Earlier in his career Huaizheng was a senior portfolio manager, specialising in global life science and Asian technology investment at Reabourne Technology Investment Management Limited. In addition, he is Non-Executive Director of Destiny Pharma (an AIM listed drug development company) and Helius Medical Technology (a NASDAQ listed company), as well as some private pharmaceutical companies in Europe and in the USA. He was Non-Executive Directors of China Medstar and Faron Pharmaceuticals, AIM listed companies, and NavaMedica, an Oslo listed healthcare company. Dr Peng received his Bachelor´s degree in medicine and Master's degree in medicine from Hunan Medical College (now Central South University Xiangya School of Medicine) in Changsha, Hunan Province, China. He was awarded his PhD in molecular pathology from University College London (UCL) Medical School, London, UK before subsequently practicing as a clinical lecturer there.

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