



DURECT Corporation Reports First Quarter 2001 Financial Results

CUPERTINO, Calif., April 30 /PRNewswire/ —

DURECT Corporation (Nasdaq: DRRX) announced today financial results for the three months ended March 31, 2001.

The company's net loss attributable to common stockholders for the three months ended March 31, 2001 was \$4.9 million or 11 cents per share, compared to \$4.7 million, or 71 cents per share, for the three months ended March 31, 2000. DURECT's results include non-cash charges for the amortization of intangible assets and stock-based compensation of \$1.2 million for the three months ended March 31, 2001 and \$1.2 million for the same period in 2000.

Commenting on the first quarter results, James E. Brown, CEO of DURECT stated, "We are pleased with the company's progress over the quarter. We have completed patient enrollment for our Phase II clinical trial for DUROS sufentanil more than three months ahead of schedule. We have a long-term supply agreement with Mallinckrodt to supply DURECT's clinical and commercial requirements for sufentanil. The construction of our commercial manufacturing facility is on track for completion in the second quarter of 2001. Each of these accomplishments represents a significant step towards initiating our Phase III clinical trial, and towards bringing our products to market. Today, we also announced our acquisition of Southern BioSystems, a developer, manufacturer and supplier of biodegradable polymer and non-polymer drug delivery systems. With this acquisition, we have added three additional drug delivery platforms, the SABER(TM) delivery system, microspheres and drug-loaded implants, which will allow us to move additional products into development. These technology platforms, which enable delivery of drugs from days to months, are very complementary to our existing DUROS(R) business, which has a therapeutic delivery profile from months to a year."

The increase in net loss for the first quarter of 2001 compared to the first quarter of 2000 was primarily due to increased research and development activity, especially related to the company's Phase II clinical trial for its lead product, DUROS sufentanil. As a result of the early completion of patient enrollment for this trial, the company accelerated related expenses in the first quarter of 2001. The increase in operating expenses was offset by increased interest income resulting from higher average outstanding cash balances, and by an increase in gross profit resulting from product sales.

At March 31, 2001, the company had cash and investments of \$102.1 million compared to \$41.1 million at March 31, 2000. This increase was primarily due to the proceeds from the sale of common stock from DURECT's initial public offering, which closed on October 3, 2000.

DURECT Corporation is pioneering the development and commercialization of pharmaceutical systems to deliver the right drug to the right site in the right amount at the right time. DURECT's pharmaceutical systems combine technology innovations from the medical device and drug delivery industries with proprietary pharmaceutical and biotechnology drug formulations. These capabilities can enable new drug therapies or optimize existing therapies



based on a broad range of compounds, including small molecule pharmaceuticals as well as biotechnology molecules such as proteins, peptides and genes.

In addition to DUROS sufentanil, DURECT's second product in development, DUROS hydromorphone, is a DUROS-based pharmaceutical system for the delivery of hydromorphone to the spine. DURECT is also selling FDA cleared catheters for the delivery of fluids to the inner ear. DURECT also manufactures, sells and distributes the ALZET(R) osmotic pump product for use in laboratory research. SABER(TM) is a trademark of Southern BioSystems, Inc., a subsidiary of DURECT Corporation.

Founded in 1998, DURECT is headquartered in Cupertino, CA. The company's World Wide Web site can be accessed at <http://www.direct.com>. To join DURECT's email alert service, please register by selecting "Email Alerts" on the main Investor Relations web page at <http://www.direct.com>.

DUROS is a registered trademark of ALZA Corporation.

DURECT CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Quarter ended March 31,	
	2001 (unaudited)	2000 (unaudited)
Revenue, net	\$1,399	\$83
Cost of goods sold (1)	611	36
Gross profit	788	47
Operating expenses:		
Research and development	4,094	2,259
Research and development to related party	47	262
Selling, general and administrative	1,878	970
Amortization of intangible assets	274	69
Stock-based compensation (1)	935	1,132
Total operating expenses	7,228	4,692
Loss from operations	(6,440)	(4,645)
Other income (expense):		
Interest income	1,584	287
Interest expense	(62)	(21)
Net other income	1,522	266
Net Loss	(4,918)	(4,379)
Accretion of cumulative dividends on Series B		



convertible preferred stock	--	(326)
Net loss attributable to common stockholders	\$(4,918)	\$(4,705)
Net loss per common share, basic and diluted	\$(0.11)	\$(0.71)
Shares used in computing basic and diluted net loss per share	45,128	6,604
Pro forma net loss per share, basic and diluted (2)		\$(0.14)
Shares used in computing pro forma net loss per share (2)		30,653

(1) Stock-based compensation related to the following:

Cost of goods sold	\$22	\$--
Research and development	680	705
Selling, general and administrative	255	427
	\$957	\$1,132

(2) Pro forma calculations assume the conversion of all preferred stock, at the date of issuance, into common stock.

DURECT CORPORATION
CONDENSED BALANCE SHEET
(in thousands)

	March 31,	
	2001	2000
	(unaudited)	(unaudited)
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	\$85,036	\$40,141
Inventories and other current assets	5,074	705
Total current assets	90,110	40,846
Property and equipment, net	5,724	1,578
Intangible assets, net	4,901	1,320
Long-term investments and other non-current assets	17,090	1,256
Total assets	\$117,825	\$45,000



Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$4,872	\$1,455
Equipment financing obligations, current portion	475	225
Total current liabilities	5,347	1,680
Equipment financing obligations, noncurrent portion	961	611
Stockholders' equity	111,517	42,709
Total liabilities and stockholders' equity	\$117,825	\$45,000

The statements in this press release regarding DURECT's products in development, product development plans, clinical trials, and expected product benefits are forward-looking statements involving risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. Potential risks and uncertainties include, but are not limited to, DURECT's ability to develop, manufacture and commercialize its products, complete successful clinical trials, obtain product approvals from regulatory agencies, build a manufacturing facility, manage its growth and costs, as well as marketplace acceptance of DURECT's products. Further information regarding these and other risks is included in the company's S-1 registration statement, filed with the SEC on September 22, 2000, 424(b) prospectus filed with the SEC on September 28, 2000, Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 filed with the SEC on November 14, 2000 and Annual Report on Form 10-K for the fiscal year ended December 31, 2000 filed with the SEC on March 30, 2001.

CONTACT:

For further information please contact:

DURECT Corporation
Schond L. Greenway
Director, Investor Relations
Phone: 408-777-1417
schond.greenway@durect.com

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CONTACT: Schond L. Greenway, Director, Investor Relations, DURECT Corporation, 408-777-1417, schond.greenway@durect.com/