



Neurocrine Announces Increased Net Income and Revenues for Second Quarter 1997 Results

July 31, 1997

SAN DIEGO, July 31 /PRNewswire/ -- Neurocrine Biosciences, Inc. (Nasdaq: NBIX) today announced its financial results for the second quarter ended June 30, 1997. Neurocrine reported a net income of \$103,000 or \$0.01 per share for the quarter compared to net income of \$1.8 million or approximately \$0.11 per share for the second quarter of 1996. Revenues for the second quarter were \$4.8 million compared to \$5.5 million for the comparable period last year. Decreased revenues were primarily the result of timing of research milestone payments received by the Company's collaborations.

Net income for the six month period ended June 30, 1997 was \$4.2 million or \$0.23 per share compared to \$1.8 million or \$0.12 per share for the comparable period last year. Revenues for the six month period ended June 30, 1997 were \$13.7 million compared to \$7.7 million for the comparable period last year. These increases reflect increased sponsored research and milestone revenue under the Eli Lilly collaboration and increased milestone revenues under the Novartis collaboration.

In the second quarter of 1997, Neurocrine was awarded grant funding of approximately \$100,000 in Small Business Investigative Research (SBIR) grants for continued scientific research in the Company's CRF program for stroke, bringing the Company's cumulative total SBIR grants to \$2.6 million.

"Neurocrine continues to generate sufficient revenue to fund our total research and development programs. The payments from Novartis, Janssen and Eli Lilly have strengthened our franchise in neuroimmunology. Additionally, our SBIR grants provide further validation of our research programs and provide additional non-dilutive financing for our shareholders," said Gary A. Lyons, president and chief executive officer of Neurocrine Biosciences. "We expect to continue to operate the Company profitably through 1997 and until such time as our non-partnered programs advance into clinical development. Neurocrine plans to utilize its cash reserves to fund proprietary programs through early clinical development at which time later stage collaborations will be considered."

Research and development expenses increased to \$4.4 million for the second quarter, and \$9.0 million for the six month period ended June 30, 1997 compared to \$3.5 million, and \$5.3 million for the same periods in 1996. Increased expenses resulted primarily from additional scientific and clinical development personnel, and related support expenditures as the Company increased its research and clinical development activities. General and administration expenses increased to \$1.3 million during the quarter, and \$2.5 million for the six month period ended June 30, 1997 compared to \$724,000, and \$1.3 million for the comparable periods last year. This increase resulted from additional administrative personnel and related business development and professional services expenses to support the increased research and development efforts and higher patent application costs. The Company's balance sheet on June 30, 1997 reflected total assets of \$84.0 million, including cash and marketable securities of \$63.6 million, compared to total assets at December 31, 1996 of \$78.0 million, including cash and marketable securities of \$69.9 million. Cash and marketable securities excludes \$7.5 million available to the Company for certain of the Company's R&D programs from its Canadian collaborator, Neuroscience Pharma, Inc.

"Neurocrine has made substantial progress in advancing its proprietary research into clinical development together with our collaborative partners," said Gary A. Lyons. "Plans are underway with our collaborative partners Novartis to initiate a Phase II clinical trial in patients with Multiple Sclerosis, sponsored by the National Institutes of Health (NIH) in the third quarter of 1997. At the same time, Neurocrine and partner Novartis plan to initiate multinational Phase II/III clinical studies in patients with relapsing-remitting MS and progressive MS in 1998."

"Our partnership with Janssen Pharmaceutical related to the development of CRF receptor antagonists for anxiety and depression continues to make excellent progress with our lead compound now in preclinical development, in preparation for initiating Phase I clinical trials," said Gary A. Lyons.

Neurocrine Biosciences is a leading neuroimmunology company focused on the discovery and development of novel therapeutics to treat diseases and disorders of the central nervous and immune system such as anxiety, depression, Alzheimer's disease, obesity and multiple sclerosis.

Neurocrine Biosciences, Inc. news releases are available free of charge through PR Newswire's Company News On-Call fax service. For a menu of Neurocrine's previous releases, or to receive a specific release via fax call: 800-758-5804, ext. 604138, or use the Internet via <http://www.prnewswire.com>.

The statements, in this press release that relate to the continued profitability of the Company, the continued funding and progress of Neurocrine's programs, the continuation of strategic partnerships, the expected date for the entry into clinical trials of the Company's development candidates, and the potential development of commercial products are forward looking statements. Such forward looking statements involve risks and uncertainties, including, without limitation, that development will continue under Neurocrine's strategic partnerships in a timely manner consistent with Neurocrine's objectives, that research funding and development candidates will successfully proceed through pre-clinical and early stage clinical trials, that development candidates will prove effective for treatment in humans in later stage clinical trials, the timely receipt of regulatory clearances required for clinical testing, manufacturing and marketing of products, the potential impact of competitive technologies and potential products, and the other risks and uncertainties outlined in the Company's form 10K constituting a part thereof for the year ending December 31, 1996. Actual results and the timing of certain events could differ materially from those indicated in the forward looking statements as a result of these and other factors.

NEUROCRINE BIOSCIENCES, INC.

Condensed Statement of Operations

(in thousands, except per share data) (unaudited)

Three Months Ended
June 30,

Six Months Ended
June 30,

	1997	1996	1997	1996
REVENUES				
Sponsored research	\$2,637	\$1,625	\$5,275	\$3,250
Milestones	1,000	3,000	6,000	3,000
Other revenues	1,164	886	2,380	1,420
Total revenues	4,801	5,511	13,655	7,670
OPERATING COSTS AND EXPENSES				
Research and development	4,440	3,513	9,029	5,307
General and administration	1,344	724	2,489	1,295
Total operating expenses	5,784	4,237	11,518	6,602
INCOME (LOSS) FROM OPERATIONS	(983)	1,274	2,137	1,068
Interest income	910	489	1,833	748
Interest expense	(41)	(66)	(88)	(138)
Other income	240	60	439	104
INCOME BEFORE INCOME TAXES	126	1,757	4,321	1,782
Income Taxes	23	--	76	--
NET INCOME	\$103	\$1,757	\$4,245	\$1,782
NET INCOME PER SHARE	\$0.01	\$0.11	\$0.23	\$0.12
SHARES USED IN COMPUTING NET INCOME PER SHARE	18,197	15,412	18,149	14,423

Condensed Balance Sheet
(in thousands)

	June 30, 1997 (unaudited)	December 31, 1996
Cash, cash equivalents and marketable securities	\$63,577	\$69,920
Other current assets, primarily accounts receivable	8,981	2,171
Total current assets	72,558	72,091
Property, plant and equipment, net	5,516	3,546
Other assets	5,947	2,320
Total assets	\$84,021	\$77,957
Current liabilities	\$5,496	\$4,068
Long term liabilities	1,150	1,122
Stockholders' equity	77,375	72,767
Total liabilities and stockholders' equity	\$84,021	\$77,957

SOURCE Neurocrine Biosciences, Inc.

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