

FINAL TRANSCRIPT

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ADDXF.PK - Full Year 2008 ADDEX PHARMACEUTICALS SA Earnings Conference Call

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Feb. 24. 2009 / 9:00AM, ADDXF.PK - Full Year 2008 ADDEX PHARMACEUTICALS SA Earnings Conference Call

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PRESENTATION

Operator

Good morning. Good afternoon. I'm Christina, the conference call operator for this conference. Welcome to the Addex Pharmaceuticals Full Year 2008 Financial Results Conference Call. Please note that for the duration of the presentation, all participants will be in listen-only mode and the conference is being recorded.

(Operator Instructions)

This call must not be recorded for publication or broadcast. At this time, I would like to turn the conference over to Mr. Chris Maggos. Please go ahead, sir.

Chris Maggos - *Addex Pharmaceuticals - Head, Investor Relations and Communications*

Thank you, Christina. Hello everyone, and thanks for your interest in Addex. Today, Vincent Mutel, our CEO, will give a brief introduction reviewing the operating achievements of 2008 before handing over to Tim Dyer, our CFO, who will take you through the 2008 financial results. Vincent will then review the status of our pipeline prior to opening the call for your questions. Charlotte Keyword, our Chief Medical Officer, will be available during the Q&A period. Vincent?

Vincent Mutel - *Addex Pharmaceuticals - CEO*

Thank you, Chris. Good afternoon, and good morning to those in the US. I have just a few comments on 2008 before handing over to Tim. So we effectively implemented our growth strategy in 2008, adding both new facilities and new expertise across the organization.

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We also created significant value by successfully completing the modified release formulation work necessary to advance ADX10059 into Phase IIb testing for both GERD and migraine prevention. And as you can believe, we are very excited to see the results of the ongoing Phase IIb GERD trial later this year, and the Phase IIb migraine trial in the first half of 2010.

We think that our cash position and potential 2009 news flow make Addex one of the most exciting biotech companies in the world today. However, after having nearly doubled the size of our company to about 135 employees, and considering the current market condition, we believe it is prudent to slow our growth and control our costs.

While this will visibly reduce the number of new discovery programs that we plan to put into development, it will not compromise the speed or the quality of our discovery and development projects, including ADX10059, ADX48621, and ADX71943. We hope to accelerate the out-licensing of a number of our pre-clinical allosteric modulator programs including the FSH negative allosteric modulator, the Adenosine A3 antagonist, and the mGluR2 negative allosteric modulator programs.

We will continue with more focus on planned expansion of our discovery platform into inflammation and metabolic disease. As we believe, there is a tremendous potential value in these diseases area for our allosteric modulator discovery platform. But most importantly, we will continue to focus on finding the right partner for ADX10059, and are looking forward to Phasellb GERD data in the second half of 2009. With that, I turn you over to Tim.

Tim Dyer - Addex Pharmaceuticals - CFO

Thanks, Vincent. Good afternoon, everybody. Before going through the details of our 2008 financial results, let me give you the highlights. So the cash and cash equivalents at the end of 2008, we managed to finish with CHF 119.5 million, which is ahead of our balance we'd forethought earlier on in the year. And revenues are increased to CHF 26.9 million from CHF 0.6 million in 2007.

The operating loss has been well controlled at CHF 24.9 million from CHF 37.6 million in 2007. And net cash burn, we're below the guidance of CHF 25 million to CHF 30 million at CHF 20.6 million. And the 2009 cash burn guidance is CHF 40 million to CHF 45 million.

So now, moving on to the details starting with the balance sheet -- in 2008, our cash and cash equivalents position decreased by CHF 20.6 million to CHF 119.5 million. This net cash outflow is driven primarily by the cost of operations and capital investment made during the period. We have increased the head count by 71%, from 79 to 135 people over the year, and have invested in 2,000 meters squared of additional laboratory space.

In other current assets -- so other current assets have remained stable, and relate primarily to prepaid operating costs and recoverable taxes, and property, plants, and equipment position net of accumulated depreciation increased by 82% to CHF 9 million. Investments in property, plants, and equipment during 2008 amounted to CHF 6.1 million. This amount was mainly related to equipment and refurbishment costs of additional research facilities at our [family work] site.

Moving on to payables and accruals, which have increased significantly to CHF 11.5 million at the end of 2008, compared to CHF 5.9 million at the year-end 2007. The increase of CHF 5.6 million is primarily a reflection of our expanding operation, and in particular, increases in amounts payable or accrues under ongoing pre-clinical and clinical studies related to ADX10059 and ADX48621.

[The third] income of CHF 1.8 million relates to the upfront fees, first milestone, and technology access fees received from Merck under the mGluR4 positive allosteric modulator collaboration, which are being recognized over the remaining term of the collaboration. We'll talk later on the presentation about the accounting treatment for both collaborations with Merck.

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Now moving on to the income statements, revenue amounts to CHF 26.8 million in 2008, compared to CHF 0.6 million in 2007. The primary driver of this significant increase in revenue is the CHF 24.8 million upfront received from Merck on the mGluR5 PAM license agreement. This agreement was signed in January, and we have no continuing involvement in the development. So as it is required by the IFRS accounting rules, the entire upfront was recognized as revenue in January 2008.

Additionally, CHF 2 million of upfront fees and first milestones from Merck on the mGluR4 PAM agreement were recognized in 2008. The agreement was entered into on November 30th, 2007. And the upfront fees and achieved milestones are being recognized over the term of the collaboration, which is running through until the 30th of November of 2009.

R&D expenses have increased to CHF 44.2 million in 2008 compared to CHF 27.5 million in 2007. This 61% increase reflects the growth in our discovery and development capabilities, and the maturing of our pre-clinical and clinical pipeline, in particular spending on 59 and ADX48621 and ADX71943 GABAB positive allosteric modulator program.

Moving on to G&A, G&A expenses decreased to CHF 7.6 million in 2008 compared to CHF 10.8 million in 2007. This significant decrease is due to the absence of the IPO-related cost of CHF 5.7 million, which were included in 2007 G&A. If we exclude IPO-related costs from the 2007 comparative, then G&A has increased by 49% in line with the gross in our R&D expenses. The increase in G&A on a like-for-like comparison basis was driven mainly by strengthening of our business development, HR, and other support functions.

The net finance results increased slightly to CHF 2.8 million in 2008 compared to CHF 2.5 million in 2007. Increased financed income of CHF 3.3 million, resulting from a higher average cash balance in 2008 was offset by CHF 0.5 million of exchange losses on foreign currency position, primarily the US dollar.

The net loss decreased significantly to CHF 21 million in 2008, compared to CHF 35.1 million in 2007. The decrease is mainly due to CHF 26.8 million of revenue recognized under the two agreements we have with Merck. It is important to note that the magnitude of the net loss is significantly influenced by the timing and financial terms of new licensing agreements, and the timing of milestones under existing agreements.

Now moving on to the next slide, we have an analysis of the head count development. I'd like to point out that in line with our gross strategy in 2008. We have hired 56 staff, which represents a 71% increase in total head count, of which 43 are in R&D. Given current market conditions, we do not plan to significantly increase the head count during 2009.

And I'm moving on to the next slide. We have an analysis of the cash flow, and the purpose of this slide is to reconcile cash and cash equivalents over the reporting period. We started the reporting period at the beginning of 2008 with CHF 140 million of cash in the bank. We've used CHF 43 million in operations. We've invested CHF 5.6 million in capital expenditure, primarily the new facilities. And we have lost CHF 0.5 million in foreign currency denominated balances. And this was compensated by the CHF 25.3 million of cash coming in from the Merck licensing deals and CHF 3.3 million of interest income, giving cash at the end of the period as CHF 119.5 million.

Based on our current expectations, we -- which includes the completion of a significant part of ADX10059 Phase IIb development in GERD and migraine prevention, development of our pre-clinical and discovery programs, and no cash flows from new licensing activities, we expect 2009 full-year cash burn to be in the range of CHF 40 million to CHF 45 million.

Now moving on to the next slide, I'd just like to reiterate the accounting treatment on the Merck deal. So firstly, with the mGluR5 positive allosteric modulator schizophrenia agreement, this is a straight-out licensing, and that's all amounts you'll see to recognize when they become due. As a result, the upfront fee of \$22 million was recognized in January 2008 and any future milestones will be recognized when they become due. In 2008, CHF 24.8 million was recognized under the agreement.

And then secondly, again, the mGluR4 PAM Parkinson's disease agreement, which is slightly more complicated -- this is a research collaboration involving Addex staff performing R&D for Merck. In February, we announced the achievement of the first pre-clinical

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milestone of \$250,000. As a result of our continuing involvement, we are recognizing this amount over 21 months starting on the 1st of March.

Back in 2008, we recognized CHF 129,000. We also received an annual technology access fee of \$250,000 on the anniversary of the signature date. This amount is being recognized over 12 months starting on the 1st of December. In 2008, a total of CHF 2 million of revenue was recognized in the P&L, and CHF 1.9 million is on the balance sheet in deferred income, which is waiting to be recognized in 2009.

And finally, the next slide regarding the share information -- not much has changed here. At December 31st, 2008 the total outstanding shares were 5.862,492 million, and the conditional capital of 1.993,746 million remain unchanged. Just remind you that the mark-up agreement on the -- there was a mark-up agreement on the 22nd of May, 2007.

It expired, which meant that the 34% free-float was increased to 97%. Certain other shares, which we're still vesting, have vested since then, giving us a free-float at the end of the year of 98%. The market capitalization of the closing market yesterday was \$194 million. And on that note, I will hand back to Vincent, who will give you a review of the product pipeline.

Vincent Mutel - Addex Pharmaceuticals - CEO

So thanks, Tim. And before the Q&A, I will briefly review the pipeline. As you know, Addex is developing the first-in-class negative allosteric modulator of the metabotropic glutamate receptor five or as we call it, mGluR5 NAM. This product, which is ADX10059, is currently being tested in three Phase IIb trials.

We are quite satisfied with enrollment in all three of these trials and believe that the data will be communicated on schedule -- that is to say, in the second half of 2009 for the two GERD trial and the first half of 2010 for the migraine prevention study. Since I suspect that most of the people on this call already are familiar with these trials, I refer you to the press release for more specifics on the trials. Of course, we will be happy to answer your questions at the end of the discussion on the pipeline.

As many of you know, mGluR5 in addition has also the potential in a number of other indications. And as you can imagine, we have been very pleased when Novartis reported during their Research Day in November 2008 that their mGluR5 inhibitor, which is called AFQ056, had achieved proof of concept in humans for the treatment of Parkinson's disease levodopa-induced dyskinesia, which is called as well PD-LID. We were also, as you can believe, pleased that actually the same molecule, AFQ056, achieved similar efficacy in GERD patients, to that which we observed in our Phase IIa proof of concepts study, which we first communicated in April of 2007.

This obviously validated our strategy, but it also enriched the ongoing partnering discussion for ADX10059. Also in 2008, we completed the formulation work for ADX48621, our backup mGluR5 negative allosteric modulator. And earlier this year, we announced that it has satisfactorily completed Phase I studies showing good tolerability in our volunteers. We expect to start in the second half of 2009 effects of a proof of concept study of ADX48621 in PD-LID.

Lastly, and before taking your questions, I wanted to mention that we are excited by the progress of our partnered programs. You may have noticed, that our mGluR2 positive allosteric modulator collaboration with J&J recently yielded a product with an Addex compound number, which is called ADX71149, and has entered late-stage clinical development. ADX71149 has potential for anxiety as well as schizophrenia. And ADX6355 and mGluR4 PAM, both partnered with Merck & Co., Inc., also are progressing rapidly. Although we can't say very much now, we hope that our 2009 news flow will show you why we are so excited about these projects project. And I think now we can --

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Chris Maggos - *Addex Pharmaceuticals - Head, Investor Relations and Communications*

Before we take the questions -- Vincent, thanks -- I just wanted to let people know about some presentations that we're going to make at academic conferences later this year. It's the last slide before the Q&A, and it shows the date of the presentations at the three upcoming conferences. So we'll be giving an oral presentation on March 20th at JFHOD covering Study ADX10059-104, where we show that the modified release formulation of ADX10059 MR had dramatically improved tolerability while showing significant efficacy in gastroesophageal reflux in healthy subjects.

Then on April 29th, we have a poster presentation at the AAN Conference covering Study ADX10059-201, which you will remember is the proof of concept study in acute migraine. And lastly, on June 1st and June 2nd, we will present Study ADX10059-104 and ADX10059-203, the GERD proof of concepts study. And that's at the DDW Conference.

So now we'd like to open the call for questions. Charlotte Keywood, our Chief Medical Officer, has joined us and is also available to answer your questions with Vincent and Tim. Operator, we're ready to take questions.

QUESTIONS AND ANSWERS

Operator

We will now begin the question-and-answer session.

(Operator Instructions)

The first question is from Mr. Andrew Weiss from Bank Vontobel. Please go ahead, sir.

Andrew Weiss - *Bank Vontobel - Analyst*

Hello, gentlemen, and congratulations. Very quickly, on the operating guidance, for Tim, the CHF 40 million to CHF 45 million of operating cash flow or cash burn -- could you give us any indication is that including or excluding the CapEx, and what is going to be the CapEx for 2009? And then just in broader terms, if you could give us a bit more meat to the bone with regards to where you are right now with partnership discussions with ADX10059. Thank you.

Tim Dyer - *Addex Pharmaceuticals - CFO*

Yes. Sure. That includes CapEx, of which there is very little. We've grown the company quite significantly, both on the head count and on the facilities. So we don't believe that we're going to need to spend very much on CapEx during 2009.

Andrew Weiss - *Bank Vontobel - Analyst*

Okay.

Tim Dyer - *Addex Pharmaceuticals - CFO*

And it also doesn't include any cash inflows from new licensing arrangements.

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Vincent Mutel - *Addex Pharmaceuticals - CEO*

Right. And regarding the partnership of 59, if you understood on what we -- what I told you, the potential for the compound is now changed in terms of its potential for the treatment of further indications, in addition the ones we have developed it for: GERD and migraine. It is perceived very clearly that we can have also potential to move the product in Parkinson's disease, but also in other indications, one which is called Fragile X syndrome in particular. And these are being tested.

I think I said that already in the past our position regarding the potential of the product and its interest for pharma as well because we have a drug now which has a broad applicability to CNS type of indication, having the GERD indication still as an important aspect of its development. So we are trying to reconcile the effect of the new interest in the drug, and this is the objective of a large part of the discussion we had with the pharma companies, and I cannot be more precise regarding the timelines we've got for this top notch of activity.

Andrew Weiss - *Bank Vontobel - Analyst*

Okay. Could you give us any indication -- are you trying to license the compound with all of its potential applications to one company or are you trying to break it up?

Vincent Mutel - *Addex Pharmaceuticals - CEO*

That's a very good question. Indeed, there is a potential to do that. If you look at the shape of the deal, it means that we would have to take responsibility of the further development of one or two of these indications for sure. But it is not something excluded.

Andrew Weiss - *Bank Vontobel - Analyst*

Okay. Thank you.

Operator

Next question, Mr. Peter Welford from Jeffries. Please go ahead, sir.

Peter Welford - *Jeffries - Analyst*

Hello. A couple of questions. Firstly, let me stick with 59, following up from Andrew. Is it -- I guess I'm struggling with why you would necessarily want to partner the drug now before earlier 2010. You've now started the Phase IIb trials, and some of that investment you've clearly already made.

Would it not make sense arguably to wait for the date, or do you not think now that the trials have been started and therefore partner with more data in hand than the drug obviously ready for Phase III, perhaps? Or are discussions so far indicating that isn't the material necessarily piece of information for partners to want to put the money you require for it?

Vincent Mutel - *Addex Pharmaceuticals - CEO*

I can reiterate the reason why we have embarked into these discussions with pharma. We are now having a drug which is in Phase IIb. And as you probably know, there are a number of constraints of the development of the molecule when starting to consider the potential of moving this molecule in Phase III, which is a big hurdle for the Company. We have to be embarking to a number of activities, which would be preparation of the Phase III for which the cost to incur is quite large.

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You can legitimately say we can still wait and have the cash to support it. But still, there is a number of issues related to the development of the molecule at this stage. And we are not very sure that the Company is really well-equipped to be able to handle. And we have ourselves made choice in the development, which needs to be potentially now brought to a company with bigger muscles than the ones we have. So there is a strategy consideration behind this partnership.

It is also a good opportunity for us to expose the compound to the outside world and to the pharma to check for interest, but also to engage in to build intelligence to assess where the molecule would be seen by the pharma. And this is really one of also the effects of it. What came out, I think, which is the best thing, and we had not seen this before, is the potential of the molecule for CNS indications as well. And in this regard, you can say "Well, are we going to have that to justify the partnership in CNS indications prior to the Phase IIb?" Certainly not, at least not from my mind.

But if we consider Parkinson's disease or Fragile X, very clearly, we will have -- we would have to develop the molecule in these two indications in parallel. And right now, we would like to contemplate the partnership very later on.

So there is an element of strategy. There is an element of risk management. It could be a big product. It could be then a big hurdle for the development of the Company. We are considering multiple aspects of its development -- like Andrew said before, splitting of the indications, such as keeping some for us. There are many, many possibilities. And also, we are very much looking for the expertise of the pharma.

I think it's where the development starts to be challenging enough for a small Company, in particular for one very much oriented to discovery Company like Addex is today. It will change in the future, but today, we have to be a little bit conservative regarding our capacities.

Peter Welford - *Jeffries - Analyst*

Okay. That makes sense. Coming onto then the financials on the guidance, I guess looking at the second half of the year, you spent I think it was a roundabout of CHF 30 million roughly in operating expenses. I guess if I look at therefore 2009 then, I see you starting you starting two Phase IIb trials that will run through the majority of this year.

I guess I'm trying to think about this CHF 30 million, why the cash burn is two-thirds of that, despite the increased number of trials you're running now throughout 2009. Could you perhaps give us a bit more color on the burn; and why the second half of this year was so unrepresentative, perhaps, compared to what was going into '09?

Tim Dyer - *Addex Pharmaceuticals - CFO*

Well, I think you have a significant amount of CapEx in there. And I think CHF 30 million is a bit higher than it really is. I think we were more -- in the second half, we were actually burning about CHF 26 million if you take out the CapEx, which the majority of CapEx was in the second half. And you also had a fair amount of clinical development going on in 2008, and the level of clinical development has not really increased. We have the formulation development.

We have the Phase I bioequivalent studies with 59 modified release formulation. We had the 48621 in Phase I development. We've now got three Phase IIb trials ongoing, and so the forecast is based on a lot of details and analysis. And so that's the -- so yes. It is going to be lower than the second half of 2008.

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Peter Welford - *Jeffries - Analyst*

Okay. And with regards to -- you've alluded to the fact you're not hiring additional head count, which gives us an idea on the G&A. With regards to, though, the R&D element of it, can we assume therefore that R&D is basically going to remain -- is going to decline in anything on last year?

Tim Dyer - *Addex Pharmaceuticals - CFO*

No. It stays stable.

Peter Welford - *Jeffries - Analyst*

Okay. Okay. Well, I --

Tim Dyer - *Addex Pharmaceuticals - CFO*

Just last year, we had a fair amount of outsourced R&D, which is now internalized.

Peter Welford - *Jeffries - Analyst*

Okay.

Tim Dyer - *Addex Pharmaceuticals - CFO*

If that helps you.

Peter Welford - *Jeffries - Analyst*

Right. Okay. That's great. Thank you very much.

Operator

Next question, Mrs. Victoria English from MedNous. Please go ahead, madam.

Victoria English - *Analyst*

Yes. My questions have been substantially answered. It was really to ask Mr. Mutel about the phrasing of his comments in the press release about the right partner. But we've had quite a long discussion about this, so I think I'm -- I feel as if I've got the answer that I need.

Chris Maggos - *Addex Pharmaceuticals - Head, Investor Relations and Communications*

Thanks, Victoria.

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Victoria English - - Analyst

Yes.

Operator

(Operator Instructions). Next question, Mr. Michael Aitkenhead from Piper Jaffray. Please go ahead, sir.

Michael Aitkenhead - Piper Jaffray - Analyst

Good afternoon, gentlemen. I've just got a follow-up question to Peter's one about the cash burn and R&D expenditure. It's just really related to G&A. On the basis of what you'd said about intensive head count, could we assume that G&A expenses going forward are likely to be at a similar sort of level to 2008?

Tim Dyer - Addex Pharmaceuticals - CFO

Yes. That's correct. Yes.

Michael Aitkenhead - Piper Jaffray - Analyst

Excellent. That's great. Thanks.

Operator

(Operator Instructions) Gentlemen, there are no more questions at this time. We have a follow-up question from Mr. Andrew Weiss from Bank Vontobel. Please go ahead, sir.

Andrew Weiss - Bank Vontobel - Analyst

Yes. Sorry. I'm just taking the opportunity. Could you give us an update on your Type II Diabetes, notably the GLP-1 positive allosteric modulator? What are you seeing there?

Vincent Mutel - Addex Pharmaceuticals - CEO

We have -- so we have embarked into a lead optimization of this program. The stage of development for this lead optimization is the validation of the mechanism of action in native systems, so in the pancreatic cells, which are releasing insulin, and the next stage for us would be to move a product it would be -- which would be satisfying regarding in vivo properties to an in vivo model of insulin secretion.

In the meantime, we might go as well to isolated pancreatic islets to have more result on the effect of this molecule. But essentially, we are at the stage where we are moving from the model which are artificial to the latest in vivo systems, which are available today.

Andrew Weiss - Bank Vontobel - Analyst

Given that you are implementing cash conservation strategies, are you -- do you think you'll be able to get this compound into the clinic within the next 18 months?

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Vincent Mutel - *Addex Pharmaceuticals - CEO*

That's a big challenge.

Andrew Weiss - *Bank Vontobel - Analyst*

Okay.

Vincent Mutel - *Addex Pharmaceuticals - CEO*

The cash constraint is not so much the problem. What we have done is to reprioritize our portfolio. We have put some programs on hold. We have received less interest from pharma and potentially the lowest probability to which near-term value. And we have put resources and emphasis on the more valuable programs for the time being.

That doesn't mean we don't want to impact the long-term goals of the Company, in particular the portfolio, because as you very well know if we would now start to decrease the effort in discovery we will pay a price later on, having not the right molecules to put into development.

But what we want is to keep the quality and the strength that we have put into the development of this program to maybe be able to achieve the objective and have good power. And then the question for us in this program in particular is not to go too fast, but it is to have the really the right molecule. It's a very challenging approach, and we have to demonstrate a number of things before being able to convince ourselves, but very clearly as well, potential partners, that GLP-1 allosteric modulator can make it.

Andrew Weiss - *Bank Vontobel - Analyst*

Excellent. And just one final one. Are you thinking about hosting an R&D Day this year?

Vincent Mutel - *Addex Pharmaceuticals - CEO*

Yes.

Chris Maggos - *Addex Pharmaceuticals - Head, Investor Relations and Communications*

Yes. It will probably be in April or May. We haven't nailed down the date yet.

Andrew Weiss - *Bank Vontobel - Analyst*

Excellent. Thank you.

Operator

We have a follow-up question from Mr. Peter Welford from Jeffries. Please go ahead, sir.

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Peter Welford - *Jeffries - Analyst*

Hi. I thought I'd just ask another couple of questions. On the cash burn again, just one more financial one. I see that the accruals have gone up significantly at the end of 2008. Can we -- I think it's about CHF 7 million -- can we anticipate that to be -- to pay out during 2009, or is it likely to stay at this sort of level?

Vincent Mutel - *Addex Pharmaceuticals - CEO*

It has definitely increased due to the increase in level of operations, and -- but it will probably come down slightly from the CHF 11 million, probably to our ongoing at around CHF 9 million.

Peter Welford - *Jeffries - Analyst*

Okay. So a few million. Okay. And then on the pipeline, on the (inaudible) therapy 48621, it looks as though the initiation of the Phase IIa has been set back ever so slightly. I guess on the program, we know you've now run those trials in the healthy subjects. You've done the food interaction trials, et cetera. So then most of the ducks are in a row to go into the Phase II there. So what is going on during the majority of this year in planning that trial to then commence clinical trials by the end of the year?

Vincent Mutel - *Addex Pharmaceuticals - CEO*

Well, as you said we are planning it. We have, as you know, as well a complex partnership which is behind the move of 48621 that I explained already as well several times, we cannot disconnect easily the different part of it. It's a product for which there's discussion about the product by itself and the way we should shape that.

Charlotte may say some words about the ADX48621 development in this field and more about the type of protocol and clinical trial we would like to put in place. But please remember that 48621 is also an mGluR5 negative allosteric modulator.

Peter Welford - *Jeffries - Analyst*

Yes, okay.

Vincent Mutel - *Addex Pharmaceuticals - CEO*

Would you like to take the forum?

Charlotte Keyword - *Addex Pharmaceuticals - Chief Medical Officer*

Yes. We're looking at the optimal trial design to -- I think to go ahead and move beyond the proof of concept that this will -- mGluR5 inhibition -- will work in Parkinson's dyskinesia. So we're looking at the options of study design in order to get a very good read-out on clinical applicability of this type of molecule in the treatment of this condition. So we're just gathering all the information so that we can come up with the right trial design to get us where we need to be later in the year.

Vincent Mutel - *Addex Pharmaceuticals - CEO*

I think there's another dimension to the problem, which is also that if you have been looking at the release by Novartis for AFQ056, it is not clear that the molecule are devoid of the symptom control. Then there is a strategy choice to make. Can we go to the fast way, which is the levodopa-induced dyskinesia, or should we embark into a more bold development having the

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symptoms control as well into the equation? And these are not the same type of trials, not the same length, not the same number of people, as well.

So we are reviewing these. There's a lot of internal work done on assessing the value of the different approaches. We see also questions of pricing, which could pose a problem. So there's a number of activities which are linked to that.

Peter Welford - *Jeffries - Analyst*

Okay. That's great. Thank you very much.

Vincent Mutel - *Addex Pharmaceuticals - CEO*

You're welcome.

Operator

Gentlemen, at the moment, we have no more questions registered.

Chris Maggos - *Addex Pharmaceuticals - Head, Investor Relations and Communications*

Okay. Well, thanks very much for joining us. And we look forward to speaking with you all individually. Please don't hesitate to get in touch. Have a good day.

Vincent Mutel - *Addex Pharmaceuticals - CEO*

Thank you. Goodbye.

Charlotte Keyword - *Addex Pharmaceuticals - Chief Medical Officer*

Goodbye.

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