

Addex Pharmaceuticals Ltd
Financial Review for the six months to June 30, 2007

Key Financial Indicators

CHF'millions	2007 H1	2006 H2	2006 H1
Income	0.4	2.4	2.4
Research and development	12.6	12.0	10.6
General and administration	7.9	1.7	1.4
Total operating expenses	20.5	13.7	12.0
Finance result, net	0.6	0.4	0.0
Net loss	19.5	10.9	9.6
Cash and cash equivalents at period end	159.1	40.9	10.5
Shareholders' equity at period end	155.5	42.3	13.3

Balance sheet / cash flow

The cash and cash equivalents position was CHF159.1 million at June 30, 2007 compared to CHF40.9 million at December 31, 2006, an increase of CHF118.2 million primarily due to net proceeds from the IPO reduced by net cash used in operating activities.

For the first half of 2007, cash used in operating activities amounted to CHF17.1 million compared to CHF10.6 million for the first half of 2006. For the full year 2007, cash used in operating activities is expected to range from CHF35-40 million.

Property, plant and equipment amounted to CHF2.9 million at June 30, 2007 compared to CHF3.7 million at December 31, 2006, a decrease in line with Addex' depreciation policy. Investment in property, plant and equipment of CHF0.2 million in the first half of 2007 is expected to increase significantly in the second half of the year with full year 2007 expected to range from CHF3-4million.

Payables and accruals amounted to CHF9.1 million at June 30, 2007 compared to 3.9 million at December 31, 2006, primarily due to IPO related costs that had not been settled at half year end.

Income statement

Revenue

Revenues amount to CHF0.4 million for the first half of 2007, compared to CHF2.4 million in each of the first and second halves of 2006. This significant decrease resulted primarily from a reduction in sponsored research payments and the absence of upfront fees under the OMP agreement that had been fully recognized through 2006 and 2005.

Research and development expenses

R&D expenses consist primarily of costs associated with research, preclinical and clinical testing and related staff costs and to a lesser extent, depreciation of laboratory equipment and leasehold improvements, costs of materials used in research, costs associated with renting and operating facilities and equipment, as well as fees paid to consultants, patent costs and other outside service fees and overhead costs. These expenses include costs for proprietary and third party R&D.

R&D expenses amounted to CHF12.6 million for the first half of 2007, compared to CHF10.6 million for the first half of 2006, an increase of 19%, primarily due to an increase in patenting costs and external R&D costs associated with the development of the clinical and preclinical portfolio, as well as an increase in staff costs due to new hires and internal promotions.

General and administration expenses

G&A expenses consist primarily of staff costs, professional fees for legal, tax and strategic purposes and overheads.

In the first half of 2007, G&A expenses are dominated by IPO related costs amounting to CHF5.6 million. An additional CHF4.5 million of IPO related costs have been charged directly through equity against share premium bringing total IPO related costs to CHF10.1 million. Consequently, G&A excluding IPO related costs for the first half of 2007 amounted to CHF2.3 million compared to CHF1.4 million for the first half 2006. This increase of 64% is primarily due to an increase in staff costs associated with new hires and internal promotions and external business development related services.

Shareholder structure

Following the IPO at the SWX Swiss Exchange on May 21, 2007 in which CHF127 million of net new funds were raised through the sale of 1'875'000 shares at CHF73 each, the share capital increased from CHF3'987'492 to CHF5'862'492 and the free float was 32%. In addition, conditional capital of CHF1'993'746 was outstanding at the half year end.