Condensed Consolidated Interim Financial Statements of Addex Pharmaceuticals Ltd as at June 30, 2009.

(Unaudited)

Condensed Consolidated Interim Balance Sheets
as at June 30, 2009 and December 31, 2008 (unaudited)

	Notes	June 30, 2009	December 31, 2008
		Amounts in Swiss Francs	
ASSETS			
Current assets			
Cash and cash equivalents	6	94,537,326	119,470,604
Other current assets		5,216,549	3,125,876
Total current assets		**99,753,875**	**122,596,480**
Non-current assets			
Intangible assets	7	192,501	224,053
Property, plant and equipment	7	10,047,101	8,993,922
Other non-current assets		417,197	513,361
Total non-current assets		**10,656,799**	**9,731,336**
Total assets		**110,410,674**	**132,327,816**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables and accruals	8	9,505,174	11,469,124
Deferred income	10	848,781	1,867,319
Total current liabilities		**10,353,955**	**13,336,443**
Shareholders' equity			
Share capital	9	5,735,554	5,735,554
Share premium		231,884,708	231,884,708
Other reserves		3,621,035	2,962,643
Accumulated deficit		(141,184,578)	(121,591,532)
Total shareholders' equity		**100,056,719**	**118,991,373**
Total liabilities and shareholders' equity		**110,410,674**	**132,327,816**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Interim Statements of Income
for the six-month periods ended June 30, 2009 and 2008 (unaudited)

	Notes	June 30, 2009	June 30, 2008
		Amounts in Swiss Francs	
Income			
Fees from collaborations & sale of license rights.……...	10	2,528,638	25,777,500
Other income……………...……………………………..	11	287,729	68,116
Total income……………………………………………		**2,816,367**	**25,845,616**
Operating expenses			
Research and development...……………………………		18,544,084	18,921,044
General and administration….…………………………..		4,181,973	3,486,436
Total operating expenses………………………………	12	**22,726,057**	**22,407,480**
Operating (loss) / income…...…………………………..		**(19,909,690)**	**3,438,136**
Finance income………………………………………….	13	316,644	1,861,354
Finance expenses...……………………………………...	13	—	(2,694,143)
Finance result, net……………………………………...		**316,644**	**(832,789)**
Net (loss) / income before tax………………………….		**(19,593,046)**	**2,605,347**
Income tax expense…………………...……...…………..		—	—
Net (loss) / income for the period……………………...		**(19,593,046)**	**2,605,347**
(Loss) / earnings per share for result attributable to the equity holders of the Company, expressed in Swiss Francs per share basic and diluted………………………	14	(3.42)	0.45

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Interim Statements of Comprehensive Income
for the six-month periods ended June 30, 2009 and 2008 (unaudited)

	June 30, 2009	June 30, 2008
	Amounts in Swiss Francs	
Net (Loss) / income for the period…………..…………...	**(19,593,046)**	**2,605,347**
Other comprehensive income / (loss)		
Currency translation differences………………………...	32,084	(49,967)
Other comprehensive income / (loss) for the period, net of tax………………………………………………...	**32,084**	**(49,967)**
Total comprehensive (loss) / income for the period…..	**(19,560,962)**	**2,555,380**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Interim Statements of Changes in Equity
for the six-month periods ended June 30, 2009 and 2008 (unaudited)

	In Swiss Francs				
	Share capital	Share premium	Other reserves	Accumulated deficit	Total
Balance at January 1, 2008……………………	5,737,911	231,946,444	1,949,040	(99,525,255)	140,108,140
Net income for the period………..........	–	–	–	2,605,347	2,605,347
Translation differences……...............	–	–	(49,967)	–	(49,967)
Other comprehensive loss for the period..........	**–**	**–**	**(49,967)**	**–**	**(49,967)**
Total comprehensive (loss) / income for the period…………………..	–	–	(49,967)	2,605,347	2,555,380
Share based compensation……..……	–	–	269,382	–	269,382
Purchase of treasury shares………….	(1,613)	(61,736)	–	–	(63,349)
Balance at June 30, 2008………………..........	**5,736,298**	**231,884,708**	**2,168,455**	**(96,919,908)**	**142,869,553**
Balance at January 1, 2009………………..........	5,735,554	231,884,708	2,962,643	(121,591,532)	118,991,373
Net loss for the period………..........	–	–	–	(19,593,046)	(19,593,046)
Translation differences……...............	–	–	32,084	–	32,084
Other comprehensive income for the period…	**–**	**–**	**32,084**	**–**	**32,084**
Total comprehensive income / (loss) for the period.............................	–	–	32,084	(19,593,046)	(19,560,962)
Share based compensation……..……	–	–	626,308	–	626,308
Balance at June 30, 2009………………..........	**5,735,554**	**231,884,708**	**3,621,035**	**(141,184,578)**	**100,056,719**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Interim Statements of Cash Flows
for the six-month periods ended June 30, 2009 and 2008 (unaudited)

	June 30, 2009	June 30, 2008
	Amounts in Swiss Francs	
Cash flows from operating activities		
Net (loss) / income for the period……………………..……	(19,593,046)	2,605,347
Adjustments for:		
Depreciation and amortization……………………...	1,370,605	853,426
Value of share-based services………………………	626,308	269,382
Changes in prepaid pension costs…………………..	96,153	(57,403)
Finance result, net…………………………………..	(316,644)	832,789
Changes in working capital:		
Other current assets………………………………...	(2,087,537)	(465,291)
Deferred income, payables and accruals…………...	(2,836,572)	1,397,982
Net cash (used in) / from operating activities………..	**(22,740,733)**	**5,436,232**
Net cash (used in) / from investing activities………..	**(2,281,735)**	**105,137**
Net cash used in financing activities…………………..	—	**(96,723)**
(Decrease) / increase in cash and cash equivalents…..	**(25,022,468)**	**5,444,646**
Cash and cash equivalents at beginning of the period…..	119,470,604	140,044,686
Exchange gain / (loss) on cash and cash equivalents……	89,190	(2,693,223)
Cash and cash equivalents at end of the period……..	**94,537,326**	**142,796,109**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2009 (amounts in Swiss Francs) (unaudited)

1. General information

Addex Pharmaceuticals Ltd ("the Company") and its subsidiaries (together, "the Group") are a discovery based pharmaceutical group focused on discovery, development and commercialization of small-molecule pharmaceutical products for the treatment of human health. The Company is a Swiss stockholding corporation domiciled c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Geneva, Switzerland and the parent company of Addex Pharma SA and Addex Pharmaceuticals France SAS. Its registered shares are traded at the SIX Swiss Exchange under the ticker symbol, ADXN.

To date, the Group has financed its cash requirements primarily from share issuances and out-licensing certain of its research and development stage products. The Group is a development stage enterprise and is exposed to all the risks inherent in establishing a business. Inherent in the Group's business are various risks and uncertainties, including the substantial uncertainty that current projects will succeed. The Group's success may depend in part upon its ability to (i) establish and maintain a strong patent position and protection, (ii) enter into collaborations with partners in the pharmaceutical industry, (iii) acquire and retain key personnel, and (iv) acquire additional capital to support its operations. The Board of Directors believes the Group will be able to meet all of its obligations for a further 12 months as they fall due and, hence, the condensed consolidated interim financial statements have been prepared on a going concern basis.

These condensed consolidated interim financial statements have been approved by the Board of Directors on July 27, 2009.

2. Basis of preparation

These condensed consolidated interim financial statements for the six months ended June 30, 2009, have been prepared in accordance with IAS 34 "Interim Financial Reporting". These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2008.

The comparative figures for the six-month period ended June 30, 2008 have been adjusted to be consistent with the presentation in the 2008 annual report, being subject to minor reclassification of a credit balance of CHF4,868 from "Cost of IPO charged directly to equity" to "Operating expenses".

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value.

The preparation of financial statements in accordance with IAS 34 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

3. Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2008, except for the following new standards, amendments to standards and interpretations which are mandatory for financial periods beginning on or after January 1, 2009:

- IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is 'non owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. The Group has elected to present two statements: a statement of income and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, "Operating segments". The standard replaces IAS 14, "Segment Reporting". It applies to annual reporting periods beginning on or after January 1, 2009, and requires a "management approach" under which segment information is presented on the same basis as that used by the Chief Operating Decision Maker for internal reporting purposes. The Group has identified the Chief Operating Decision Maker as the Chief Executive Officer, who decides on the allocation of resources across projects. The Chief Executive Officer reviews monthly management accounts which do not significantly differ from the financial information disclosed in this half-year report. The Group operates in one operating segment, which is the business of developing drugs for human health.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning January 1, 2009, but are not currently relevant for the Group:

- IAS 23 (amendment), "Borrowing costs".
- IFRS 2 (amendment), "Share-based payment".
- IAS 32 (amendment), "Financial instruments: Presentation".
- IFRIC 13, "Customer loyalty programs".
- IFRIC 15, "Agreements for the construction of real estate".
- IFRIC 16, "Hedges of a net investment in a foreign operation".
- IAS 39 (amendment), "Financial instruments: Recognition and measurement".
- IAS 19 (amendment), "Employee benefits".
- IAS 36 (amendment), "Impairment of assets".
- IAS 38 (amendment), "Intangible assets".

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning January 1, 2009 and have not been early adopted:

- IFRS 3 (revised), "Business combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates" and IAS 31, "Interests in joint ventures", effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.
- IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after July 1, 2009.
- IFRIC 18, "Transfers of assets from customers", effective for transfers of assets received on or after July 1, 2009.

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2009 (amounts in Swiss Francs) (unaudited)-(Continued)

4. Interim measurement note

Seasonality of the business: The business is not subject to any seasonality, but expenses are largely determined by the phase of the respective projects, particularly with regard to external development expenditures.

Costs: Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

5. Segment reporting

- Reportable segments

The Group operates in one segment, which is the business of developing drugs for human health.

- Entity wide information

Information about products, services and major customers:
External revenue of the Group for the six-month periods ended June 30, 2009 and 2008 is derived from the business of developing drugs for human health. The revenues were earned from collaborative arrangements and the sale of license rights to pharmaceutical companies.

Information about geographical areas:
External revenue is recorded in the Swiss operating company as fees from collaboration and sale of license rights.

The geographical analysis of non-current assets is as follows:

	June 30, 2009	December 31, 2008
Switzerland……………………..........................	9,059,259	7,991,949
France………………………….......................	1,597,540	1,739,387
Total non current assets……………………..........	**10,656,799**	**9,731,336**

6. Cash and cash equivalents

	June 30, 2009	December 31, 2008
Cash at bank and in hand…………………….......	74,058,326	37,170,604
Short term deposits………………………….....	20,479,000	82,300,000
Total cash and cash equivalents………………......	**94,537,326**	**119,470,604**

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2009 (amounts in Swiss Francs) (unaudited)-(Continued)

7. Property, plant and equipment & intangible assets

	Property, plant and equipment	Intangible assets
Six months ended June 30, 2008		
Opening net book amount as at January 1, 2008…	4,949,795	184,741
Additions…………………………………………	3,054,472	57,893
Depreciation and amortization…………………...	(807,105)	(46,322)
Exchange differences……………………………..	(62,692)	(285)
Closing net book amount as at June 30, 2008…	**7,134,470**	**196,027**
Six months ended June 30, 2009		
Opening net book amount as at January 1, 2009…	8,993,922	224,053
Additions…………………………………………	2,324,483	28,915
Disposals………………………………………….	(236)	—
Depreciation and amortization…………………...	(1,310,047)	(60,558)
Exchange differences……………………………..	38,979	91
Closing net book amount as at June 30, 2009…	**10,047,101**	**192,501**

During the first half of 2009, an amount of CHF2,324,483 (2008: CHF3,054,472) was invested primarily in laboratory equipment and leasehold improvements.

8. Payables and accruals

	June 30, 2009	December 31, 2008
Trade payables……………………………………	3,166,099	4,144,978
Social security and other taxes…………………...	353,027	461,577
Accrued expenses………………………………...	5,986,048	6,862,569
Total payables and accruals……………………	**9,505,174**	**11,469,124**

9. Equity

	Number of shares		
	Common shares	Treasury shares	Total
Balance at January 1, 2008……………………	5,862,492	(124,581)	5,737,911
Purchase of treasury shares………….	–	(1,613)	(1,613)
Balance at June 30, 2008……………….........	**5,862,492**	**(126,194)**	**5,736,298**
Balance at January 1, 2009……………….........	5,862,492	(126,938)	5,735,554
Balance at June 30, 2009……………….........	**5,862,492**	**(126,938)**	**5,735,554**

9. Equity (Continued)

Share capital

At June 30, 2009, the total outstanding share capital is CHF5,862,492 (December 31, 2008: CHF5,862,492), consisting of 5,862,492 shares (December 31, 2008: 5,862,492). All shares have a nominal value of CHF1 and are fully paid.

During the first half of 2009, the Group did not repurchase any of its own shares (2008: 1,613 own shares repurchased for a total amount, net of income tax, of CHF63,349, deducted from shareholders' equity).
The shares are held as "treasury shares" and the company has the right to re-issue these shares at a later date.

Share option plan

During the period under review the Company granted 17,500 options (2008: 31,500). No options have been exercised in the first half years of 2009 and 2008.

10. License and collaboration agreements

Merck & Co., Inc.
On January 2, 2008, the Group executed a license agreement with Merck & Co., Inc. ("Merck"). In accordance with the agreement, Merck has acquired an exclusive worldwide license to develop ADX63365 and other mGluR5PAM compounds for the treatment of human health. Under this agreement, Merck made a USD22,000,000 up front payment and will make future payments contingent on the products from the research achieving certain research, development and sales milestones. The Group is also eligible for undisclosed royalties on net sales. At June 30, 2008 the up front fee of CHF24,794,000 has been recognized as income. No income has been recognized in six-month period ended June 30, 2009.

Merck Sharp & Dohme Research Ltd.
On November 30, 2007, the Group executed a research collaboration and license agreement with Merck Sharp & Dohme Research Ltd ("MSD") which included an initial research period of two years. In accordance with the agreement, MSD has acquired an exclusive worldwide license to develop mGluR4PAM compounds for the treatment of human health. Under the agreement, MSD made a USD3,000,000 up front payment and will make future payments contingent on the products from the research achieving certain research and development milestones. The Group is also eligible for undisclosed royalties on net sales. During 2008, a research milestone and a technology access fee of USD250'000 each were received and are being recognized over the remaining term of the research collaboration period. During the first half of 2009 CHF1,018,538 (2008: CHF983,500) has been recognized and at June 30, 2009, CHF848,781 (2008: CHF2,608,186) has been recorded as deferred income. In July 2009, a second research milestone of USD500'000 (CHF541,450) was achieved bringing the total deferred income expected to be recognized in the second half of 2009 under this agreement to CHF 1,390,231.

Ortho-McNeil Pharmaceuticals Inc.
On December 31, 2004, the Group entered into a research collaboration and license agreement with Ortho-McNeil Pharmaceuticals Inc. ("OMP"). In accordance with this agreement, OMP has acquired an exclusive worldwide license to develop mGluR2PAM compounds for the treatment of human health. The Group is eligible for future payments contingent on the products from the research achieving certain development milestones. The Group is also eligible for undisclosed royalties on net sales. Under the agreement, OMP made a EUR1,000,000 (CHF1,510,100) milestone payment that has been recognized as income in June 2009. No income has been recognized under this agreement in 2008.

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2009 (amounts in Swiss Francs) (unaudited)-(Continued)

11. Other income

	Six Months Ended	
	June 30, 2009	June 30, 2008
Research grants…………………………………..	42,375	68,116
Insurance recovery………………………………..	245,354	—
Total other income	**287,729**	**68,116**

As at June 30, 2009, the Group, as part of a consortium, recognized CHF42,375 (2008: CHF68,116) of grant from the European Community as other income.

In 2009, the Group recognized CHF245'354 of insurance recovery as other income. This amount was recognized as other income since it corresponds to fire damage caused to a part of the Group's premises which were under renovation and related to items planned for demolition.

12. Operating expenses by nature

	Six Months Ended	
	June 30, 2009	June 30, 2008
Staff costs………………………………………..	9,707,021	6,882,554
Depreciation and amortization…………………...	1,370,605	853,426
External research and development costs………...	4,640,639	8,500,371
Laboratory consumables………………………….	2,578,653	2,088,271
Operating leases…………………………………..	1,191,473	1,003,362
Other operating expenses………………………...	3,237,666	3,079,496
Total operating expenses……………………….	**22,726,057**	**22,407,480**

13. Finance income and costs

	Six Months Ended	
	June 30, 2009	June 30, 2008
Interest income…………………………………..	187,366	1,861,354
Other financial income…………………………...	43,660	—
Interest expense…………………………………..	—	(2,533)
Unrealized foreign exchange gain / (loss), net…...	85,618	(2,691,610)
Net financial income / (loss)…………………….	**316,644**	**(832,789)**

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2009 (amounts in Swiss Francs) (unaudited)-(Continued)

14. Loss/Earnings per share

Basic and diluted loss/earnings per share is calculated by dividing the net loss/income attributable to equity holders of the Company by the weighted average number of common shares in issue during the period excluding common shares purchased by the Group and held as treasury shares.

	Six Months Ended	
	June 30, 2009	June 30, 2008
Net (loss) / income attributable to equity holders of the Company……………………………………	(19,593,046)	2,605,347
Weighted average number of shares in issue…….	5,735,554	5,736,468
Basic (loss) / earnings per share………………..	**(3.42)**	**0.45**
Fully diluted weighted average number of shares in issue……………………………………………	5,735,554	5,782,429
Diluted (loss) / earnings per share……………...	**(3.42)**	**0.45**

The Company has one category of potential dilutive common shares: share options. As of June 30, 2009, share options have been ignored in the calculation of the diluted loss per share, as they would be anti-dilutive.

15. Events subsequent to June 30, 2009 balance sheet date

There have been no material events after the balance sheet date.