Condensed Consolidated Interim Financial Statements of Addex Pharmaceuticals Ltd as at June 30, 2008.

(Unaudited)

Condensed Consolidated Interim Balance Sheets
as at June 30, 2008 and December 31, 2007 (unaudited)

	Notes	June 30, 2008	December 31, 2007
		Amounts in Swiss francs	
ASSETS			
Current assets			
Cash and cash equivalents……………………………....	6	142,796,109	140,044,686
Trade and other receivables…………………………..		3,909,016	3,638,460
Total current assets…………………………………..		**146,705,125**	**143,683,146**
Non-current assets			
Intangible assets…………………………………………	7	196,027	184,741
Property, plant and equipment…………………………..	7	7,134,470	4,949,795
Other non-current assets………………………………..		698,772	556,869
Total non-current assets……………………………….		**8,029,269**	**5,691,405**
Total assets…………………………………………...		**154,734,394**	**149,374,551**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables and accruals…………………………………..	8	9,256,655	5,945,450
Deferred income…………………………………........	10	2,608,186	3,320,961
Total current liabilities……………………………...		**11,864,841**	**9,266,411**
Shareholders' equity			
Share capital……………………………………………..	9	5,736,298	5,737,911
Share premium…………………………………………..		231,889,576	231,946,444
Other reserves…………………………………………...		2,168,455	1,949,040
Accumulated deficit……………………………………..		(96,924,776)	(99,525,255)
Total shareholders' equity…………………………….		**142,869,553**	**140,108,140**
Total liabilities and shareholders' equity…………….		**154,734,394**	**149,374,551**

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, 2008 and 2007 (unaudited)

	Notes	June 30, 2008	June 30, 2007
		Amounts in Swiss francs	
Income			
Fees from collaborations & sale of license rights.....…....	10	25,777,500	330,288
Other income……………...……………………………..		68,116	78,598
		25,845,616	408,886
Operating expenses			
Research and development...……………………………	11	18,921,044	12,610,501
General and administration….…………………………..	11	3,491,304	7,936,592
		22,412,348	20,547,093
Operating income / (loss)…..…………………………..		**3,433,268**	**(20,138,207)**
Finance income………………………………………….	12	1,861,354	641,337
Finance expenses...……………………………………...	12	(2,694,143)	(1,920)
		(832,789)	639,417
Net income / (loss) before tax………………………….		**2,600,479**	**(19,498,790)**
Income tax expense…………………..……...…………..		—	—
Net income / (loss) for the period……………………...		**2,600,479**	**(19,498,790)**
Earnings / (Loss) per share for result attributable to the equity holders of the Company, expressed in Swiss francs per share basic and diluted..…………...	**13**	**0.45**	**(4.55)**

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, 2008 and 2007 (unaudited)

	Number of shares					In Swiss francs				
	Common Shares	**Preferred shares**	**Non voting shares**	**Treasury shares**	**Total**	**Share capital**	**Share Premium**	**Other reserves**	**Accumulated deficit**	**Total**
Balance at January 1, 2007…………………	212,000	3,105,492	670,000	(119,869)	3,867,623	3,867,623	101,529,379	1,320,011	(64,439,490)	42,277,523
Conversion of preferred shares……..	3,105,492	(3,105,492)	–	–	–	–	–	–	–	–
Conversion of non-voting shares…...	670,000	–	(670,000)	–	–	–	–	–	–	–
Issue of shares – IPO…………	1,875,000	–	–	–	1,875,000	1,875,000	135,000,000	–	–	136,875,000
Costs of share issue – IPO….....	–	–	–	–	–	–	(4,515,480)	–	–	(4,515,480)
Translation differences…….........	–	–	–	–	–	–	–	35,785	–	35,785
Share based compensation……..…	–	–	–	–	–	–	–	304,349	–	304,349
Purchase of treasury shares………	–	–	–	(1,000)	(1,000)	(1,000)	–	–	–	(1,000)
Net loss for the period….……......	–	–	–	–	–	–	–	–	(19,498,790)	(19,498,790)
Balance at June 30, 2007………………....	**5,862,492**	**–**	**–**	**(120,869)**	**5,741,623**	**5,741,623**	**232,013,899**	**1,660,145**	**(83,938,280)**	**155,477,387**
Balance at January 1, 2008………………....	5,862,492	–	–	(124,581)	5,737,911	5,737,911	231,946,444	1,949,040	(99,525,255)	140,108,140
Costs of share issue – IPO…...	–	–	–	–	–	–	4,868	–	–	4,868
Translation differences…….........	–	–	–	–	–	–	–	(49,967)	–	(49,967)
Share based compensation………..	–	–	–	–	–	–	–	269,382	–	269,382
Purchase of treasury shares……....	–	–	–	(1,613)	(1,613)	(1,613)	(61,736)	–	–	(63,349)
Net income for the period……….…....	–	–	–	–	–	–	–	–	2,600,479	2,600,479
Balance at June 30, 2008………………....	**5,862,492**	**–**	**–**	**(126,194)**	**5,736,298**	**5,736,298**	**231,889,576**	**2,168,455**	**(96,924,776)**	**142,869,553**

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, 2008 and 2007 (unaudited)

	Notes	June 30, 2008	June 30, 2007
		Amounts in Swiss francs	
Cash flows from operating activities			
Net profit/(loss) for the period………………………......		2,600,479	(19,498,790)
Adjustments for:			
Depreciation and amortization……………………...		853,426	992,135
Value of share-based services………………………		269,382	304,349
Changes in prepaid pension costs…………………..		(57,403)	(9,159)
Finance result, net…………………………………..		832,789	(639,416)
Changes in working capital:			
Trade and other receivables………………………...		(465,291)	(912,557)
Payables and accruals………………………………		1,397,982	2,629,925
Net cash from/(used in) operating activities…………		**5,431,364**	**(17,133,513)**
Net cash from investing activities……………………..		**105,137**	**551,382**
Net cash from/(used in) financing activities…............		**(91,855)**	**134,764,063**
Increase in cash and cash equivalents….....................		**5,444,646**	**118,181,932**
Cash and cash equivalents at beginning of the period…..		140,044,686	40,946,682
Exchange gain/(loss) on cash and cash equivalents……..		(2,693,223)	7,010
Cash and cash equivalents at end of the period……...		**142,796,109**	**159,135,624**

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 2008 (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 disease. 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 SWX 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 24, 2008.

2. Basis of preparation

These condensed consolidated interim financial statements for the six months ended June 30, 2008, 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, 2007.

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.

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2008 (amounts in Swiss francs) (unaudited)-(Continued)

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, 2007, except for the following new standard, amendments and interpretations which are mandatory for financial periods beginning on or after January 1, 2008:

Interpretations effective in 2008 that have no impact

- IFRIC 14, "IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction".

Interpretations effective in 2008 but not relevant

- IFRIC 12, "Service concession arrangements".

Standards, amendments to existing standards that are not yet effective and have not been adopted early by the Group

- IFRS 8, "Operating segments", effective for annual periods beginning on or after January 1, 2009. IFRS 8 replaces IAS 14, "Segment reporting", and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments will remain the same.
- IAS 23 (amendment), "Borrowing costs", effective for annual periods beginning on or after January 1, 2009. This amendment is not relevant to the Group.
- IFRS 2 (amendment) "Share-based payment", effective for annual periods beginning on or after January 1, 2009. Management is assessing the impact of changes to vesting conditions and cancellations on the Group's share option plan.
- IAS 1 (amendment), "Presentation of financial statements", effective for annual periods beginning on or after January 1, 2009. Management is in the process of developing pro-forma accounts under the revised disclosure requirements of this standard.

Amendments and interpretations to existing standards that are not yet effective and not relevant for the Group's operations

- IFRS 3 (amendment), "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.
- IAS 32 (amendment), "Financial instruments: presentation", and consequential amendments to IAS 1, "Presentation of financial statements", effective for annual periods beginning on or after January 1, 2009. This is not relevant to the Group as the Group does not have any putable instruments.
- IFRIC 13, "Customer loyalty programs", effective for annual periods beginning on or after July 1, 2008. This is not relevant to the Group.

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2008 (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

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

Secondary segment information: The Group has two geographical segments, Switzerland and France. Given the fact that the French subsidiary does not meet the criteria for required disclosure, a separate note has not been prepared.

6. Cash and cash equivalents

	June 30, 2008	December 31, 2007
Cash at bank and in hand……………………........	20,384,109	17,227,186
Short term deposits………………………….....	122,412,000	122,817,500
Total cash and cash equivalents……………......	**142,796,109**	**140,044,686**

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2008 (amounts in Swiss francs) (unaudited)-(Continued)

7. Property, plant and equipment & intangible assets

	Property, plant and equipment	Intangible assets
Six months ended June 30, 2007		
Opening net book amount as at January 1, 2007…	3,653,376	81,419
Additions…………………………………………	152,772	20,457
Depreciation and amortization…………………...	(960,700)	(31,435)
Exchange differences…...………………………...	46,636	240
Closing net book amount as at June 30, 2007………………………………	**2,892,084**	**70,681**
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**

During the first half of 2008, an amount of CHF3,054,472 was invested primarily in laboratory equipment and leasehold improvements.

8. Payables and accruals

	June 30, 2008	December 31, 2007
Trade payables……………………………………	4,099,763	2,571,100
Social security and other taxes…………………...	212,123	436,213
Accrued expenses………………………………....	4,944,769	2,938,137
Total payables and accruals……………………	**9,256,655**	**5,945,450**

9. Equity

Share capital

At June 30, 2008, the total outstanding share capital was CHF5,862,492 (December 31, 2007: CHF5,862,492), consisting of 5,862,492 shares (December 31, 2007: 5,862,492). All shares have a nominal value of CHF1 and are fully paid.

During the first half of 2008, the Group repurchased 1,613 (2007: 1,000) of its own shares. The total amount paid to acquire the shares, net of income tax, was CHF63,349 (2007: CHF1,000) and has been deducted from shareholders' equity. The shares are held as "Treasury shares". The Group has the right to re-issue these shares at a later date.

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2008 (amounts in Swiss francs) (unaudited)-(Continued)

9. Equity (Continued)

Share option plan
During the period under review the Company granted 32,500 options (2007: 12,000). No option has been exercised in 2008 and 2007.

10. License and collaboration agreements

Merck Sharp & Dohme Research Ltd.
On November 30, 2007, the Group executed a research collaboration and license agreement with Merck Sharp & Dohme Research Ltd ("Merck"). In accordance with the agreement, Merck has acquired an exclusive worldwide license to develop mGluR4PAM compounds for the treatment of human health. Under the agreement, Merck made a USD3,000,000 upfront 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. In the first half of 2008, the Group received the first milestone of USD250'000 which is being recognized over the remaining period of the collaboration. During the first half of 2008 CHF983,500 has been recognized and at June 30, 2008, CHF2,608,186 has been recorded as deferred income.

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 compound for the potential treatment of human health. Under this agreement, Merck made a USD22,000,000 upfront 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. In January 2008, upfront fees of USD22,000,000 have been recognized.

11. Operating expenses by nature

	Six Months Ended	
	June 30, 2008	June 30, 2007
Staff costs………………………………………..	6,882,554	4,919,518
Depreciation and amortization…………………..	853,426	992,135
External research and development costs………..	8,500,371	5,213,634
Laboratory consumables………………………….	2,088,271	1,217,563
Other operating expenses………………………...	4,087,726	8,204,243
Total operating expenses………………………..	**22,412,348**	**20,547,093**

Selected Notes to the Condensed Consolidated Interim Financial Statements for the first half of 2008 (amounts in Swiss francs) (unaudited)-(Continued)

12. Finance income and costs

	Six Months Ended	
	June 30, 2008	June 30, 2007
Interest income…………………………………..	1,861,354	619,311
Other financial income…………………………..	-	7,787
Interest expense……………………...………..	(2,533)	(1,920)
Unrealized foreign exchange gain / (loss), net…..	(2,691,610)	14,239
Net financial income / (loss)……………………	**(832,789)**	**639,417**

As at June 30, 2008, unrealized foreign exchange loss relate primarily to USD denominated cash positions.

13. Earnings/Loss per share

Basic and diluted earnings/loss per share is calculated by dividing the profit/loss 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, 2008	June 30, 2007
Earnings/(loss) attributable to equity holders of the Company……………...………………………	2,600,479	(19,498,790)
Weighted average number of shares in issue…….	5,736,468	4,283,856
Basic earnings/(loss) per share…………………	**0.45**	**(4.55)**
Fully diluted weighted average number of shares in issue……………………………………………	5,782,429	4,289,837
Diluted earnings/(loss) per share……………….	**0.45**	**(4.55)**

The Company has one category of potential dilutive common shares: share options.

14. Events subsequent to June 30, 2008 balance sheet date

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