

**Condensed Consolidated Interim Financial Statements of Addex Pharmaceuticals Ltd
as at June 30, 2007 and Addex Pharma SA as at December 31, 2006
(Unaudited)**

**Condensed Consolidated Interim Balance sheets
as at June 30, 2007 and December 31, 2006 (unaudited)**

	<u>Notes</u>	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Amounts in Swiss Francs			
ASSETS			
Current assets			
Cash and cash equivalents.....	6	159,135,624	40,946,682
Trade and other receivables.....		2,008,713	1,309,780
Total current assets.....		<u>161,144,337</u>	<u>42,256,462</u>
Non-current assets			
Intangible assets.....		70,681	81,419
Property, plant and equipment.....	7	2,892,084	3,653,376
Other non-current assets.....		532,703	360,344
Total non-current assets.....		<u>3,495,468</u>	<u>4,095,139</u>
Total assets.....		<u>164,639,805</u>	<u>46,351,601</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Finance leases.....		63,960	126,572
Payables and accruals.....	8	9,098,458	3,947,506
Total current liabilities.....		<u>9,162,418</u>	<u>4,074,078</u>
Shareholders' equity			
Share capital.....	9	5,741,623	3,867,623
Share premium.....		233,784,106	102,995,237
Other reserves.....		(110,062)	(145,847)
Accumulated deficit.....		(83,938,280)	(64,439,490)
Total shareholders' equity.....		<u>155,477,387</u>	<u>42,277,523</u>
Total liabilities and shareholders' equity.....		<u>164,639,805</u>	<u>46,351,601</u>

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, 2007 and 2006 (unaudited)**

	<u>Notes</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Amounts in Swiss Francs			
Income			
Fees from collaborations.....		330,288	2,403,440
Other income.....		78,598	16,288
		408,886	2,419,728
Operating expenses			
Research and development.....	10	12,610,501	10,614,516
General and administration.....	10	7,936,592	1,432,702
		20,547,093	12,047,218
Operating loss.....		20,138,207	9,627,490
Finance income.....		(641,337)	(85,514)
Finance expenses.....		1,920	47,735
		(639,417)	(37,779)
Net loss before tax		19,498,790	9,589,711
Income tax expense.....		—	—
Net loss for the period.....		19,498,790	9,589,711
		Swiss Francs per share	Swiss Francs per share
Loss per share for loss attributable to the equity holders of the Company, expressed in Swiss Francs per share basic and diluted.....		(4.55)	(3.65)

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**Condensed Consolidated Interim Statements of Changes in Equity
for the six-month periods ended June 30, 2007 and 2006 (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, 2006.....	212,000	2,092,838	460,000	(135,547)	2,629,291	2,629,291	64,062,587	(18,077)	(43,894,679)	22,779,122
Translation differences.....	-	-	-	-	-	-	-	13,670	-	13,670
Share based compensation.....	-	-	-	-	-	-	142,318	-	-	142,318
Issue of non-voting shares.....	-	-	-	2,000	2,000	2,000	-	-	-	2,000
Purchase of treasury shares.....	-	-	-	(4,625)	(4,625)	(4,625)	-	-	-	(4,625)
Net loss for the period.....	-	-	-	-	-	-	-	-	(9,589,710)	(9,589,710)
Balance at June 30, 2006.....	212,000	2,092,838	460,000	(138,172)	2,626,666	2,626,666	64,204,905	(4,407)	(53,484,389)	13,342,775
Balance at January 1, 2007.....	212,000	3,105,492	670,000	(119,869)	3,867,623	3,867,623	102,995,237	(145,847)	(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	233,784,106	(110,062)	(83,938,280)	155,477,387

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, 2007 and 2006 (unaudited)**

<u>Notes</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
	Amounts in Swiss Francs	
Cash flows from operating activities		
Net loss for the period.....	(19,498,790)	(9,589,710)
Adjustments for:		
Depreciation and amortization.....	992,135	1,248,839
Value of share-based services.....	304,349	142,318
Changes in prepaid pension costs.....	(9,159)	(3,242)
Finance result, net.....	(639,416)	(37,780)
Changes in working capital:		
Trade and other receivables.....	(912,557)	(895,231)
Payables and accruals.....	2,629,925	(1,512,968)
Net cash used in operating activities.....	(17,133,513)	(10,647,774)
Net cash from/(used in) investing activities.....	551,382	(115,695)
Net cash from/(used in) financing activities.....	134,764,063	(326,756)
Increase/(decrease) in cash and cash equivalents.....	118,181,932	(11,090,225)
Cash and cash equivalents at beginning of the period.....	40,946,682	21,670,245
Exchange gain/(loss) on cash and cash equivalents.....	7,010	(34,462)
Cash and cash equivalents at end of the period.....	159,135,624	10,545,558

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 six-month periods ended June 30, 2007 and 2006 (amounts in Swiss Francs) (unaudited)**

1. General information

Addex Pharmaceuticals Ltd (“the Company”) and its subsidiaries (together, “the Group”) research, develop, manufacture and market therapeutics for the treatment of human disorders. The Company is a limited liability company incorporated and domiciled c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Geneva, Switzerland.

To date, the Group has financed its cash requirements primarily from share issuances. 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 21, 2007.

2. Basis of preparation

The Company was incorporated on February 19, 2007 as a holding company for the Addex Pharmaceuticals Group. Addex shareholders created Addex Pharmaceuticals Ltd by contributing to it all of the shares of Addex Pharma SA (formerly Addex Pharmaceuticals SA) in exchange for an identical shareholding in the new company. The structure of the share capital of Addex Pharmaceuticals Ltd is identical to the previous structure of capital of Addex Pharma SA. Addex Pharmaceuticals Ltd then acquired from Addex Pharma SA 100% of the share capital of Addex Pharmaceuticals SAS, France for CHF 1. As the fiscal restructuring of the Group comprised transactions under common control, under IFRS the Company inherits the financial history of the Group including the equity structure of the previous holding company. These condensed consolidated interim financial statements have therefore been prepared on the basis that the Company was the parent company of the Group for the periods presented.

These condensed consolidated interim financial statements for the six months ended June 30, 2007, 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, 2006.

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
(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, 2006, except for the following new standard and interpretations which are mandatory for financial periods beginning on or after January 1, 2007:

New standard effective in 2007 but only relevant for full annual financial statements

- IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1.

Interpretations effective in 2007 that have no impact

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from March 1, 2006);
- IFRIC8, Scope of IFRS 2;
- IFRIC 9, Reassessment of Embedded Derivatives;
- IFRIC 10, Interim Financial Reporting and Impairment.

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 the treatment of human disorders.

**Selected Notes to the Condensed Consolidated Interim Financial Statements
(amounts in Swiss Francs) (unaudited)-(Continued)**

6. Cash and cash equivalents

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Cash at bank and in hand.....	9,135,624	20,214,802
Short term deposits.....	<u>150,000,000</u>	<u>20,731,880</u>
Total cash and cash equivalents.....	<u>159,135,624</u>	<u>40,946,682</u>

7. Property, plant and equipment

During the first half 2007, an amount of CHF173'229 was invested into property, plant and equipment.

8. Payables and accruals

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Trade payables.....	3,078,227	1,837,256
Social security and other taxes.....	101,720	170,254
Accrued expenses.....	<u>5,918,511</u>	<u>1,939,996</u>
Total payables and accruals.....	<u>9,098,458</u>	<u>3,947,506</u>

9. Equity

Share capital / share premium

At June 30, 2007, the total outstanding share capital is CHF5,862,492 (December 31, 2006: CHF3,987,492), consisting of 5,862,492 shares (December 31, 2006: 3,987,492). All shares have a nominal value of CHF1.

On May 3, 2007, as part of the Initial Public Offering at the SWX Swiss Exchange, the Company converted all preferred shares and all non-voting shares one for one into common shares, contingent to completion of the IPO. This resulted in a share capital of CHF3,987,492 divided in 3,987,492 fully paid-in common shares, each with a nominal value of CHF1. On the same day, the Company authorized the issuance of up to 2,900,000 common shares for an Initial Public Offering excluding the pre-emptive right of the shareholders. Upon completion of the Initial Public Offering on May 21, 2007 the Company issued 1,875,000 shares and the first day of trading was May 22, 2007. Furthermore, the extraordinary general meeting of shareholders of May 3, 2007 approved the creation of authorized capital of CHF1,993,746 and a conditional capital of CHF1,993,746 of which CHF300,000 is designated for the issuance of shares under the Company's share option plan.

The gross proceeds from the IPO amounted to CHF136,875,000 prior to related expenses of CHF4,515,480 which have been charged to equity, and CHF5,593,148 included in other operating expenses.

Share option plan

During the period the Company implemented a share option plan and granted 12,000 options to three new and existing board members at a strike price of CHF 39.5.

**Selected Notes to the Condensed Consolidated Interim Financial Statements
(amounts in Swiss Francs) (unaudited)-(Continued)**

10. Operating expenses by nature

	<u>Six Months Ended</u>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Staff costs.....	4,919,518	3,738,706
Depreciation and amortization.....	992,135	1,248,839
External research and development costs.....	5,213,634	4,560,831
Laboratory consumables.....	1,217,563	1,133,203
Other operating expenses.....	8,204,243	1,365,639
Total operating expenses.....	<u>20,547,093</u>	<u>12,047,218</u>

11. Events subsequent to June 30, 2007 balance sheet date

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

12. Commitments and contingencies

During the first quarter 2007, the Group entered into several rental contracts for additional laboratory, office and related space at its Plan-les-Ouates site. The rental period of these contracts is approximately 10 years unless they are terminated earlier or extended.