

To the OMX Nordic Exchange Copenhagen
and the Press

Release number 25/2008

Interim report for the nine months ended September 30, 2008

Summary: For the first nine months of 2008 the Pharmexa Group generated revenues and other operating income of DKK 16,138 thousand and a net loss of DKK 117,095 thousand. Research and development costs totalled DKK 116,307 thousand. The Pharmexa Group retains its financial forecast for the full year.

Update on financial situation and strategy

At the end of September 2008, Pharmexa's cash reserves amounted to approximately DKK 54 million. Pharmexa has continued to streamline its operations aimed at reducing costs associated with research, development and administration. The cash of DKK 54 million plus the upfront payment of DKK 12 million received in connection with the deal on GV1001 and a further reduction of the headcount in October 2008 will allow the company to fund its operations through 2009.

Pharmexa continues to explore the company's strategic options. Pharmexa has initiated serious discussions about possible mergers with other biotech companies. The company expects to reach a conclusion on these merger discussions before the end of 2008. A plan to divest the US subsidiary Pharmexa-Epimmune is being pursued in parallel with these discussions. Most of the employees at Pharmexa-Epimmune have been laid off by the end of October 2008.

Management expects that the current exploration of strategic alternatives will lead to a long-lasting solution for Pharmexa. Should this not be the case, Management may have to postpone, reduce or stop further research projects as well as preclinical and clinical studies. Such undertakings will have a negative influence on the company and at the same time cause a potential write down of the book value of certain Pharmexa assets.

Announcements to the Copenhagen Stock Exchange during the reporting period

Below is a summary of significant events that was announced during the period from July 1 to September 30, 2008:

- On July 1 Pharmexa announced minutes from the extraordinary general assembly held in order to reduce the company's share capital by transfer to a special fund to be used only as resolved by the general meeting.
- On August 21 Pharmexa announced its results for the first six months of 2008. The report shows a loss of approximately DKK 76 million which was in line with the company's expectations.

Outlook for 2008

The net loss, including financial income is expected to be approximately DKK 150 million.

Interim Report for the first nine months of 2008

Directors' and Management's statement on the interim report

The Board of Directors and the Management have today considered and adopted the Interim Report for the period January 1 – September 30, 2008.

The interim report is prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU and any additional Danish disclosure requirements for the presentation of financial statements by listed companies. The interim report is not reviewed or audited.

We consider the accounting policies to be appropriate, the practised accounting estimates to be reasonable and the complete presentation of the interim report to meet the requirements, so that the interim report, in our opinion, gives a true and fair view of the assets, liabilities, financial position, and results of operations and cash flows of the company for the period January 1 – September 30, 2008.

We further consider that the management's review contains a fair account of the development in the Group's activities and affairs, the loss for the period and the Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the Group is subject.

Hørsholm, November 7, 2008

Executive Management

Achim Kaufhold

Board of Directors

Ole Steen Andersen
Chairman

Karl Olof Borg

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Alf A. Lindberg

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The above-mentioned statements contain forward-looking information with respect to the plans, projections and future performance of the company, each of which involves significant uncertainties. The company's actual results may differ materially from the information set forth in these statements.

This is an English translation of the Company's third quarter announcement for 2008 made in Danish. In case of any discrepancies between the Danish version and this English translation thereof, the Danish version shall prevail.

Interim Report for the first nine months of 2008

Summary financial figures (unaudited)

<i>Condensed income statement</i>	Group				
	Q3 2008	Q3 2007	9 mths 2008	9 mths 2007	2007
(DKK'000 except key figures)					
Net revenues	505	-42	4.831	14	10.879
Research costs	-10.194	-6.935	-36.187	-31.321	-43.343
Development costs	-29.555	-29.029	-80.120	-94.251	-124.481
Administrative expenses	-5.599	-7.947	-19.622	-25.076	-36.029
Loss before other operating income/expenses	-44.843	-43.953	-131.098	-150.634	-192.974
Other operating income	2.974	4.763	11.307	15.481	23.203
Operating loss	-41.869	-39.190	-119.791	-135.153	-169.771
Profit/loss on net financials	688	1.172	2.696	4.181	5.060
Profit/loss before tax	-41.181	-38.018	-117.095	-130.972	-164.711
Net income/loss	-41.181	-38.018	-117.095	-130.972	-164.711
Depreciations and write-down on non current assets	13.927	3.002	20.078	9.957	13.155
Current EPS and diluted EPS (DKK 5 per share)	-0,7	-0,9	-2,0	-3,2	-4,0

Interim Report for the first nine months of 2008

Summary financial figures (continued)

<i>Condensed balance sheet</i>	Group		
	30th Sept. 2008	30th Sept. 2007	2007
(DKK'000 except key figures)			
Intangible assets	46.547	81.411	73.564
Tangible fixed assets	6.631	12.788	10.168
Cash and cash equivalents	54.294	142.887	76.010
Intangible assets held for sale	11.600	0	0
Other current assets	15.368	15.646	18.546
Assets	134.440	252.732	178.288
Equity	116.430	226.028	150.753
Non-current liabilities	0	2.330	1.148
Current liabilities	18.010	24.374	26.387
Liabilities	134.440	252.732	178.288

<i>Condensed cash flow statement</i>	Group				
	Q3 2008	Q3 2007	9 mths 2008	9 mths 2007	2007
(DKK'000 except key figures)					
Cash flow from operating activities before net financials	-25.833	-43.323	-100.065	-125.428	-148.057
From operating activities	-24.318	-42.020	-96.954	-120.796	-142.997
From investing activities	55	-88	134	-721	-786
From financing activities	-1.297	-45	75.957	57.249	55.231
Change in cash and cash equivalents	-25.560	-42.153	-20.863	-64.268	-88.552
Cash and cash equivalents at the beginning of the period	80.550	142.887	76.010	165.260	165.260
Exchange rate adjustments	-696	-257	-853	-515	-698
Cash and cash equivalents at the end of the period	54.294	100.477	54.294	100.477	76.010

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Summary financial figures (continued)

Key figures					
(DKK'000 except key figures)	Q3 2008	Q3 2007	9 mths 2008	9 mths 2007	2007
Current EPS and diluted EPS (DKK 0,50 per share) ¹⁾	-0,7	-0,9	-2,0	-3,2	-4,0
Average number of shares	59.691.940	41.454.395	57.353.793	40.859.168	41.009.610
Number of shares, end of period	59.691.940	41.454.395	59.691.940	41.454.395	41.454.395
Net asset value (DKK 0,50 per share) ¹⁾			2,0	4,5	3,6
Share-price, end of period			1,79	15,8	6,45
Price/net asset value			0,9	3,51	1,79
Assets/equity			1,15	1,11	1,18
Number of employees (full-time equivalents), end of period	65	102	65	102	101
Number of employees (full-time equivalents), average	69	103	83	104	102

1) Nominal value was 1st July 2008 written down from 5 DKK pr share to 0.50 DKK per share.

The ratios have been calculated in accordance with "Recommendations & Ratios 2005" issued by the Danish Society of Investment Professionals, dated December 2004.

Development in share capital	30th Sept. 2008	2007	2006	2005
	DKK'000	DKK'000	DKK'000	DKK'000
Share capital at the beginning of period	207.272	376.893	375.999	163.999
Capital increase	91.188	37.651	0	212.000
Write-down of share capital	-268.614	-207.272	0	0
Warrant exercise	0	0	894	0
Share capital at the end of period	29.846	207.272	376.893	375.999

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Summary financial figures (continued)

Development in shareholders equity	Share capital	Share premium	Other equity	Special fund	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity as of January 1, 2008	207.272	0	-56.519	0	150.753
Capital increase	91.188	0	0	0	91.188
Capital decrease	-268.614	0	161.168	107.446	0
Costs of capital increase	0	0	-11.366	0	-11.366
Warrants	0	0	2.103	0	2.103
Loss for the period	0	0	-117.095	0	-117.095
Exchange adjustments, foreign subsidiaries	0	0	847	0	847
Equity as of September 30, 2008	29.846	0	-20.862	107.446	116.430
Equity as of January 1, 2007	376.893	0	-118.674	0	258.219
Capital increase	37.651	26.356	0	0	64.007
Costs of capital increase	0	0	-4.074	0	-4.074
Warrants	0	0	3.896	0	3.896
Loss for the period	0	0	-130.972	0	-130.972
Transfer to cover loss	0	-26.356	26.356	0	0
Exchange adjustments, foreign subsidiaries	0	0	-4.802	0	-4.802
Equity as of September 30, 2007	414.544	0	-228.270	0	186.274

Warrant status

Movements in the number of warrants can be specified as:					
	Staff ¹⁾	Management	Board of Directors	Others	Total
January 1, 2008	1.503.235	610.000	0	0	2.113.235
Issued during the year	1.418.000	600.000	0	0	2.018.000
Cancelled	-1.062.154	-410.000	0	0	-1.472.154
Issued as per September 30, 2008	1.859.081	800.000	0	0	2.659.081

¹⁾ Including warrants issued to employee representatives on the Board of Directors.

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Warrant status (continued)

As of September 30, 2008 outstanding warrants issued by the Company can be specified as the following:

	Exercise price	Outstanding warrants	Exercise period	Market value per warrants *	Market value
	DKK per share	Number		DKK	DKK
Staff	21,00	441.081	10th Jun 2009	0,00	0
	3,91	1.418.000	31st Dec 2012	0,39	553.020
		1.859.081			553.020
Management	21,00	200.000	10th Jun 2009	0,00	0
	3,54	600.000	31st Dec 2012	0,44	264.000
		800.000			264.000
Total		2.659.081			817.020

*) The stated market value is calculated on basis of Black-Scholes formula for valuation of warrants. The calculations have been based on the same assumptions of no dividend, a volatility of 50%, a risk free interest rate of 4.26% pro anno, and finally the share price of Pharmexa on September 30, 2008 DKK 1.79 per share.

Comments on the interim report for the first nine months of 2008

The report for the third quarter of 2008 for the Pharmexa Group follows the same accounting policies as those set out in the Group's Annual Report 2007 and has been prepared in accordance with the IAS 34 as approved by the EU and any additional Danish disclosure requirements for the presentation of financial statements by listed companies.

Net revenues for the first nine months of 2008 in the Pharmexa Group totalled DKK 4,831 thousand compared to DKK 14 thousand for the same period in 2007. The increase in revenues relates to research funding provided under the collaborative agreement with H. Lundbeck.

Research costs for third quarter of 2008 amounted to DKK 10,194 thousand which is an increase of 47% compared to Q3 2007 totalling DKK 6,935 thousand. For the nine months period research costs increased by 15% to DKK 36,187 thousand compared to DKK 31,321 thousand in the same period of 2007. The increase in research costs is a consequence of the Groups changed research and development strategy including costs for the close down of the majority of the portfolio of projects.

Write-down of the book value of intangible assets to realization value increased development costs in third quarter of 2008 by approximately DKK 11 million. Consequently, the development costs for the third quarter of 2008 amounted to DKK 29,555 thousand increasing some 2% compared to Q3 2007 totalling DKK 29,029 thousand.

Development costs in the first nine months of 2008 decreased by 15% to DKK 80,120 thousand compared to DKK 94,251 thousand in the same period in 2007.

Due to general cost reductions the administrative expenses in the third quarter of 2008 decreased by 30% to DKK 5,599 compared to DKK 7,947 for the same period in 2007. For the nine month period of 2008 administrative expenses decreased by 22% to DKK 19,622 thousand compared to DKK 25,076 thousand in the same period of 2007.

Other operating income amounted to DKK 11,307 thousand in the first nine months of 2008 compared to DKK 15,481 thousand in the same period of 2007. Other operating income mainly consists of received grants from public authorities.

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Net financial income amounted to DKK 2,696 thousand in the first nine months of 2008 compared to DKK 4,181 thousand in the same period of 2007.

The net loss for the first nine months of 2008 totalled DKK 117,095 thousand compared to DKK 130,972 thousand in the same period of 2007. The financial result is in accordance with expectations.

As of September 30, 2008 the Pharmexa Group's total assets amounted to DKK 134,440 thousand and cash and cash equivalents amounted to DKK 54,294 thousand.

Significant events after the end of third quarter 2008

Pharmexa and KAEL Co. Ltd. of South Korea have entered into an agreement regarding GV1001 and Pharmexa's Norwegian subsidiary Gemvax.