Company Announcement no. 21/2012

To: NASDAQ OMX Copenhagen A/S

Hørsholm, Denmark, 14 November, 2012

Veloxis Pharmaceuticals announces financial results for the first nine months of 2012

Highlights:

- Veloxis has in October 2012 entered into an exclusive distribution agreement with Chiesi Farmaceutici S.p.A, a fully integrated European Pharmaceutical company focused on respiratory disease and special care products, for the commercialization and distribution of its novel formulation immunosuppressant drug candidate LCP-Tacro in certain countries, including Europe, Turkey and CIS countries (Russia and former USSR republics). Under the terms of the agreement, Veloxis will receive up-front and milestone payments of up to USD 47.5 million (in aggregate). The milestone payments are subject to the achievement of certain regulatory milestones and sales targets.

- Fully subscribed offering of 1,206,779,946 new shares at DKK 0.35 per share yielding approximately DKK 405 million in net proceeds.

- Veloxis reported an operating loss before restructuring costs of DKK 195.5 million for the first nine months of 2012 compared to a loss of DKK 196.7 million for the same period in 2011.

- For the first nine months of 2012, Veloxis' research and development costs amounted to DKK 168.8 million compared to DKK 160.3 million during the same period in 2011.

- On 30 September, 2012, Veloxis had cash and cash equivalents of DKK 86.7 million. The fully subscribed offering will increase the cash position with approximately DKK 405 million.

Outlook for 2012

Veloxis maintains its 2012 outlook with an operating and net loss of DKK 240-270 million for the financial year 2012.

As at 30 September 2012, the Company's cash position equaled DKK 87 million, and as at 31 December 2012, the Company's cash position is expected to be in the range of DKK 490-530 million, including the proceeds from the completed offering.

Conference call

A conference call will be held tomorrow, 15 November, 2012 at 2:00 PM CET (Denmark); 1:00 PM GMT (London), 8:00 AM EST (New York),

To access the live conference call, please dial one of the following numbers:
+45 32 72 80 18 (Denmark)
+44 (0) 1452 555 131 (UK)
+1 866 682 8490 (USA)
Access code 64372811

Following the conference call, a recording will be available on the company's website http://www.veloxis.com.

Research & development update

LCP-Tacro™ in kidney transplant patients

Veloxis has completed one Phase III study and has commenced a second Phase III study of LCP-Tacro™ in kidney transplant recipients as the basis for its development programme for LCP-Tacro™ as a once-daily agent for the prophylaxis of organ rejection in kidney transplantation. The first of these studies, the 3001 Study was a non-inferiority study performed in 326 stable kidney transplant recipients, and was successfully completed in 2011, meeting its primary efficacy and safety endpoints when compared to Prograf® (tacrolimus, Astellas Pharma Inc.). The second study, Study 3002 is being undertaken in *de novo* kidney transplant recipients. This study is a randomized, double-blind, multicenter study that compares once-daily LCP-Tacro™ against twice-daily Prograf® in *de novo* adult kidney transplant patients. The primary endpoint of the study, a composite endpoint (biopsy proven acute rejection, graft failure, loss to follow up or death), will be evaluated after a 12-month treatment period to demonstrate the non-inferiority of LCP-Tacro™ compared to Prograf®. Secondary endpoints will include safety, tolerability and renal function assessments. The study completed enrollment in March 2012 of 543 patients at approximately 90 transplant centers, primarily in the U.S and Europe. Results from this study are expected mid-2013. Patients will participate in a 12-month extension period on treatment for follow-up safety assessments.

In addition to the pivotal Phase III studies, Veloxis is planning a series of Phase IIIb/IV studies to further evaluate potential differences in clinical profile provided by LCP-Tacro's unique PK profile. The first study initiated is the STRATO (Switching kidney TRAnsplant patients with Tremor to LCP-tacrO) study of LCP-Tacro™ in kidney transplant recipients experiencing drug-induced tremors. The STRATO study is designed to explore whether a conversion of patients who have symptomatic tremor from treatment with standard immediate release twice-daily tacrolimus capsules to extended release once-daily LCP-Tacro™ tablets leads to a measurable improvement in tremor.

LCP-Tacro™ Regulatory Strategy

The U.S. submission for LCP-Tacro™, for the prophylaxis of organ rejection, to the FDA (Food and Drug Administration) is planned for the second half of 2013. The MAA (Marketing Authorization Application) filing for LCP-Tacro™ for the prophylaxis of organ rejection with the EMA (European Medicines Agency) is projected to take place in 2013. The exact timing of this filing will be determined based on discussions with the EMA rapporteur regarding the optimal timing for regulatory submission, including consideration of timing the MAA submission relative to the availability of the 3002 *de novo* study data.

Financial Highlights

	YTD 2012 DKK'000	YTD 2011 DKK'000	Q3 2012 DKK'000	Q3 2011 DKK'000	Year 2011 DKK'000
Income Statement					
Revenue	-	-	-	-	-
Research and development costs	(168,849)	(160,291)	(49,362)	(43,079)	(222,053)
Administrative expenses	(26,654)	(36,429)	(6,961)	(12,568)	(47,814)
Operating loss before restructuring cost	(195,503)	(196,720)	(56,323)	(55,647)	(269,867)
Restructuring cost	(21,462)	-	-	-	-
Operating loss	(216,965)	(196,720)	(56,323)	(55,647)	(269,867)
Net financial income / (expenses)	1,452	11,521	993	11,363	16,048
Loss before tax	(215,513)	(185,199)	(55,330)	(44,284)	(253,819)
Tax for the period	(671)	820	(223)	1,120	1,193
Net loss for the period	(216,184)	(184,379)	(55,553)	(43,164)	(252,626)
Balance Sheet					
Cash and cash equivalents	86,683	348,252	86,683	348,252	297,727
Total assets	99,590	370,865	99,590	370,865	320,927
Share capital	45,254	452,543	45,254	452,543	452,543
Total equity	42,103	322,516	42,103	322,516	255,900
Investment in property, plant and equipment	217	1,858	0	602	2,981
Cash Flow Statement					
Cash flow from operating activities	(205,472)	(182,498)	(62,707)	(60,481)	(234,637)
Cash flow from investing activities	113,093	(195,879)	59,486	25,878	(169,778)
Cash flow from financing activities	(5,844)	(4,277)	(3,450)	(1,445)	(5,948)
Cash and cash equivalents at period end	86,683	348,252	86,683	348,252	297,727
Financial Ratios					
Basic and diluted EPS	(0.48)	(0.41)	(0.12)	(0.10)	(0.56)
Weighted average number of shares	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480
Average number of employees (FTEs)	53	52	49	51	52
Assets/equity	2.37	1.15	2.37	1.15	1.25

The interim report is unaudited.

Revenue
For the first nine months of 2012 Veloxis had no revenue as in the same period of 2011.

Research and development costs
For the first nine months of 2012, Veloxis' research and development costs amounted to DKK 168.8 million compared to DKK 160.3 million during the same period in 2011. Research and development costs are attributable to the ongoing phase III trial in LCP-Tacro™ (*de novo* patients, Study 3002).

Administrative expenses
For the first nine months of 2012, Veloxis' administrative cost amounted to DKK 26.7 million compared to DKK 36.4 million during the same period in 2011.

Restructuring cost
Restructuring cost includes salary payments to former employees in connection with the reduction in headcount effected in May 2012 and a write-down of laboratory equipment and laboratory improvements due to the discontinuation of pipeline activities not related to LCP-Tacro™.

Compensation costs
For the first nine months of 2012, a total of DKK 4.4 million was recognized as share-based compensation. The cost is included in R&D and G&A. The comparable cost for 2011 was DKK 8.7 million.

In the third quarter of 2012, a total of 1,957,654 warrants have been cancelled and a total of 1,649,280 warrants have expired.

As of 30 September, 2012, there were a total of 24,031,296 warrants outstanding at an average strike price of DKK 2.8. Members of the Board of Directors held 474,735 warrants at an average strike price of DKK 6.0. Members of the Executive Management held 8,914,466 warrants at an average strike price of DKK 1.6, while other current and former employees held 14,642,095 warrants at an average strike price of DKK 3.4.

Please refer to Veloxis' latest annual report for additional details on the Company's warrant programs.

Operating loss
Veloxis' operating loss for the first nine months of 2012 was DKK 217.0 million compared to DKK 196.7 million in the corresponding period of 2011.

Financial income
During the first nine months of 2012, the Company recognized net financial income of DKK 1.5 million compared to net financial income of DKK 11.5 million in the corresponding period of 2011. The gain is mainly attributable to interest income and gains on investment bonds.

Net loss
Veloxis' net loss for the first nine months of 2012 was DKK 216.2 million compared to DKK 184.4 million in the corresponding period of 2011.

Cash flow

As at 30 September, 2012, the balance sheet reflects cash and cash equivalents of DKK 86.7 million compared to DKK 297.7 million as at 31 December, 2011. This represents a decrease of DKK 211.0 million primarily reflecting the Company's operating activities for the period.

Balance sheet

As per 30 September, 2012, total assets were DKK 99.6 million compared to DKK 320.9 million at the end of 2011.

Shareholders' equity equalled DKK 42.1 million as of 30 September, 2012, compared to DKK 255.9 million at the end of 2011.

Financial review

Veloxis reports its financial statements in Danish Kroner (DKK), which is the functional currency of the Company and the group. Solely for the convenience of the reader, this Interim Report contains a conversion of certain DKK amounts into Euro (EUR) at a specified rate. These converted amounts should not be construed as representations that the DKK amounts actually represent such EUR amounts or could be converted into EUR at the rate indicated or at any other rate. Unless otherwise indicated, conversion herein of financial information into EUR has been made using the Danish Central Bank's spot rate on 30 September, 2012, which was EUR 1.00 = DKK 7.4555.

For more information, please contact:

John D. Weinberg
EVP, Chief Commercial Officer
Mobile: +1 908 302 3389
Email: jdw@veloxis.com

Johnny Stilou
EVP, Chief Financial Officer
Mobile: +45 21 227 227
Email: jst@veloxis.com

The forward looking statements and targets contained herein are based on the current view and assumptions of the Executive Management and the Board of Directors of Veloxis Pharmaceuticals A/S. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated herein. Veloxis Pharmaceuticals A/S expressly disclaim any obligation or undertaking to update or revise any forward looking statements, targets or estimates contained in this interim report to reflect any change in events, conditions, assumptions, or circulations on which any such statements are based unless required by applicable law.

About LCP-Tacro™ and tacrolimus

Tacrolimus is a leading immunosuppression drug used for the prevention of transplant allograft rejection after transplantation. LCP-Tacro is an investigational drug that is being developed as a once-daily tablet version of tacrolimus with improved bioavailability, consistent pharmacokinetic performance and reduced peak-to-trough variability when compared to currently approved tacrolimus products. Transplant patients need to maintain a minimum blood level of tacrolimus for the prevention of transplant allograft rejection, but excessive levels may increase the risk of serious side effects such as nephrotoxicity, tremor, diabetes, high blood pressure, and opportunistic infections. Therefore, tacrolimus levels need to be managed carefully, and transplant patients are typically obliged to make frequent visits to the hospital for monitoring and dose adjustments after receiving a new organ.

About Veloxis Pharmaceuticals

Based in Hørsholm, Denmark, with an office in New Jersey, Veloxis is a specialty pharmaceutical company. The company's lead product candidate is LCP-Tacro for immunosuppression, specifically organ transplantation. Veloxis' unique, patented delivery technology, MeltDose®, can improve absorption and bioavailability at low scale up costs. Veloxis has a lipid lowering product, Fenoglide®, currently on the U.S. market that is commercialized through partner Santarus, Inc. Veloxis is listed on the NASDAQ OMX Copenhagen under the trading symbol OMX: VELO.

For further information, please visit http://www.veloxis.com.

Executive Management's and the Board of Directors' Statement on the Interim Report

The Executive Management and the Board of Directors have considered and adopted the Interim Report of Veloxis Pharmaceuticals A/S.

The Interim Report is prepared in accordance with International Accounting Standard No. 34 (IAS 34), "Interim Financial Reporting" and additional Danish disclosure requirements for financial reporting of listed companies.

We consider the applied accounting policies to be appropriate and, in our opinion, the Interim Report gives a true and fair view of the assets and liabilities, financial position, results of the operation and cash flow of the group for the period under review. Furthermore, in our opinion the management review includes a fair review of the development and performance of the business and the financial position of the group, together with a description of the material risks and uncertainties the group faces.

Hørsholm, 14 November, 2012

Executive Management

Dr. William J. Polvino	Johnny Stilou
President & CEO	Executive Vice President & CFO

Board of Directors

Kim Bjørnstrup	Thomas Dyrberg	Kurt Anker Nielsen
(Chairman)	(Deputy Chairman)	
Anders Götzsche	Mette Kirstine Agger	Ed Penhoet

Financial Highlights
Quarterly Numbers in DKK

	Q3 2012 DKK'000	Q2 2012 DKK'000	Q1 2012 DKK'000	Q4 2011 DKK'000	Q3 2011 DKK'000	Q2 2011 DKK'000	Q1 2011 DKK'000
Income Statement							
Revenue	-	-	-	-	-	-	-
Research and development costs	(49,362)	(56,639)	(62,848)	(61,763)	(43,079)	(64,951)	(52,261)
Administrative expenses	(6,961)	(9,462)	(10,231)	(11,385)	(12,568)	(12,137)	(11,724)
Operating loss before restructuring cost	(56,323)	(66,101)	(73,079)	(73,148)	(55,647)	(77,088)	(63,985)
Restructuring cost	-	(21,462)	-	-	-	-	-
Operating loss	(56,323)	(87,563)	(73,079)	(73,148)	(55,647)	(77,088)	(63,985)
Net financial income / (expenses)	993	2,051	(1,592)	4,528	11,363	2,008	(1,850)
Loss before tax	(55,330)	(85,512)	(74,671)	(68,620)	(44,284)	(75,080)	(65,835)
Tax for the period	(223)	(130)	(318)	373	1,120	(300)	-
Net loss for the period	(55,553)	(85,642)	(74,989)	(68,247)	(43,164)	(75,380)	(65,835)
Balance Sheet							
Cash and cash equivalents	86,683	152,720	213,786	297,727	348,252	402,213	462,319
Total assets	99,590	167,799	235,187	320,927	370,865	426,860	490,578
Share capital	45,254	45,254	452,543	452,543	452,543	452,543	452,543
Total equity	42,103	98,968	182,545	255,900	322,516	363,606	436,200
Investment in property, plant and equipment	0	126	91	1,123	602	635	621
Cash Flow Statement							
Cash flow from operating activities	(62,707)	(62,400)	(80,364)	(52,139)	(60,481)	(56,621)	(65,396)
Cash flow from investing activities	59,486	24,174	29,433	26,101	25,878	77,845	(299,602)
Cash flow from financing activities	(3,450)	(1,085)	(1,310)	(1,670)	(1,445)	(1,426)	(1,407)
Cash and cash equivalents at period end	86,683	152,720	213,786	297,727	348,252	402,213	462,319
Financial Ratios							
Basic and diluted EPS	(0.12)	(0.19)	(0.17)	(0.15)	(0.10)	(0.17)	(0.15)
Weighted average number of shares	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480
Average number of employees (FTEs)	49	55	55	51	51	52	54
Assets/equity	2.37	1.70	1.29	1.25	1.15	1.17	1.12

Financial Highlights
Quarterly Numbers in EUR

	Q3 2012 EUR'000	Q2 2012 EUR'000	Q1 2012 EUR'000	Q4 2011 EUR'000	Q3 2011 EUR'000	Q2 2011 EUR'000	Q1 2011 EUR'000
Income Statement							
Revenue	-	-	-	-	-	-	-
Research and development costs	(6,621)	(7,597)	(8,430)	(8,284)	(5,778)	(8,712)	(7,010)
Administrative expenses	(934)	(1,269)	(1,372)	(1,527)	(1,686)	(1,628)	(1,572)
Operating loss before restructuring cost	(7,555)	(8,866)	(9,802)	(9,811)	(7,464)	(10,340)	(8,582)
Restructuring cost	-	(2,879)	-	-	-	-	-
Operating loss	(7,555)	(11,745)	(9,802)	(9,811)	(7,464)	(10,340)	(8,582)
Net financial income / (expenses)	134	275	(214)	607	1,524	269	(248)
Loss before tax	(7,421)	(11,470)	(10,016)	(9,204)	(5,940)	(10,071)	(8,830)
Tax for the period	(30)	(17)	(42)	50	150	(40)	-
Net loss for the period	(7,451)	(11,487)	(10,058)	(9,154)	(5,790)	(10,111)	(8,830)
Balance Sheet							
Cash and cash equivalents	11,627	20,484	28,675	39,934	46,711	53,948	62,010
Total assets	13,358	22,507	31,545	43,046	49,744	57,254	65,801
Share capital	6,070	6,070	60,699	60,699	60,699	60,699	60,699
Total equity	5,647	13,274	24,485	34,324	43,259	48,770	58,507
Investment in property, plant and equipment	0	17	12	151	81	85	83
Cash Flow Statement							
Cash flow from operating activities	(8,411)	(8,370)	(10,779)	(6,993)	(8,112)	(7,595)	(8,772)
Cash flow from investing activities	7,979	3,242	3,948	3,501	3,471	10,441	(40,185)
Cash flow from financing activities	(463)	(146)	(176)	(224)	(194)	(191)	(189)
Cash and cash equivalents at period end	11,627	20,484	28,675	39,934	46,711	53,948	62,010
Financial Ratios							
Basic and diluted EPS	(0.02)	(0.03)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)
Weighted average number of shares	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480
Average number of employees (FTEs)	49	55	55	51	51	52	54
Assets/equity	2.37	1.70	1.29	1.25	1.15	1.17	1.12

Income statement and statement of comprehensive income

Income Statement	Consolidated				
(DKK'000)	**YTD 2012**	**YTD 2011**	**Q3 2012**	**Q3 2011**	**Year 2011**
Revenue	-	-	-	-	-
Research and development costs	(168,849)	(160,291)	(49,362)	(43,079)	(222,053)
Administrative expenses	(26,654)	(36,429)	(6,961)	(12,568)	(47,814)
Operating loss before restructuring cost	**(195,503)**	**(196,720)**	**(56,323)**	**(55,647)**	**(269,867)**
Restructuring cost	(21,462)	-	-	-	-
Operating loss	**(216,965)**	**(196,720)**	**(56,323)**	**(55,647)**	**(269,867)**
Financial income	6,907	22,746	1,681	12,493	33,238
Financial expenses	(5,455)	(11,225)	(688)	(1,130)	(17,190)
Loss before tax	**(215,513)**	**(185,199)**	**(55,330)**	**(44,284)**	**(253,819)**
Tax for the period	(671)	820	(223)	1,120	1,193
Net loss for the period	**(216,184)**	**(184,379)**	**(55,553)**	**(43,164)**	**(252,626)**
Basic and diluted EPS	(0.48)	(0.41)	(0.12)	(0.10)	(0.56)
Weighted average number of shares	452,542,480	452,542,480	452,542,480	452,542,480	452,542,480

Statements of comprehensive income	Consolidated				
(DKK'000)	**YTD 2012**	**YTD 2011**	**Q3 2012**	**Q3 2011**	**Year 2011**
Net loss for the period	**(216,184)**	**(184,379)**	**(55,553)**	**(43,164)**	**(252,626)**
Other comprehensive income:					
Currency translation differences	361	(31)	113	(338)	(163)
Other comprehensive income for the period	361	(31)	113	(338)	(163)
Total comprehensive income for the period	**(215,823)**	**(184,410)**	**(55,440)**	**(43,502)**	**(252,789)**

Balance sheet

Assets	Consolidated		
(DKK'000)	**30 Sept. 2012**	**30 Sept. 2011**	**31 Dec. 2011**
Patent rights and software	2,347	2,111	2,563
Intangible assets	**2,347**	**2,111**	**2,563**
Property, plant and equipment	3,958	9,356	8,967
Leasehold improvements	156	4,414	3,880
Property, plant and equipment	**4,114**	**13,770**	**12,847**
Non-current assets	**6,461**	**15,881**	**15,410**
Other receivables	5,224	5,270	5,480
Prepayments	1,222	1,462	2,310
Receivables	**6,446**	**6,732**	**7,790**
Investment bonds	53,487	195,459	166,797
Cash	33,196	152,793	130,930
Cash and cash equivalents	**86,683**	**348,252**	**297,727**
Current assets	**93,129**	**354,984**	**305,517**
Assets	**99,590**	**370,865**	**320,927**

Balance sheet

Equity & Liabilities	Consolidated		
(DKK'000)	**30 Sept. 2012**	**30 Sept. 2011**	**31 Dec. 2011**
Share capital	45,254	452,543	452,543
Special reserve	407,289	-	-
Translation reserves	2,292	2,063	1,931
Retained earnings/loss	(412,732)	(132,090)	(198,574)
Equity	**42,103**	**322,516**	**255,900**
Finance lease	722	4,831	3,715
Non-current liabilities	**722**	**4,831**	**3,715**
Finance lease	4,109	5,166	4,612
Trade payables	25,078	16,153	28,263
Other payables	27,578	22,199	28,437
Current liabilities	**56,765**	**43,518**	**61,312**
Liabilities	**57,487**	**48,349**	**65,027**
Equity and liabilities	**99,590**	**370,865**	**320,927**

Cash flow statements

Cash Flow Statement	Consolidated				
(DKK'000)	**YTD 2012**	**YTD 2011**	**Q3 2012**	**Q3 2011**	**Year 2011**
Operating loss	**(216,965)**	**(196,720)**	**(56,323)**	**(55,647)**	**(269,867)**
Share-based payment	4,375	8,688	924	2,412	10,451
Depreciation and amortization	9,168	5,713	440	1,920	7,320
Changes in working capital	(2,151)	(3,638)	(7,694)	(11,060)	13,094
Cash flow from operating activities before interest	**(205,573)**	**(185,957)**	**(62,653)**	**(62,375)**	**(239,002)**
Interest received	1,234	4,307	272	963	5,418
Interest paid	(462)	(1,668)	(103)	(189)	(2,246)
Corporate tax paid	(671)	820	(223)	1,120	1,193
Cash flow from operating activities	**(205,472)**	**(182,498)**	**(62,707)**	**(60,481)**	**(234,637)**
Purchase of property, plant and equipment	(217)	(1,858)	(0)	(602)	(2,981)
Investments in bonds	(16,804)	(386,033)	(4,869)	(8,365)	(406,128)
Sale of bonds	130,114	190,574	64,355	34,845	239,331
Cash transfer to restricted security deposit	-	1,438	-	-	-
Cash flow from investing activities	**113,093**	**(195,879)**	**59,486**	**25,878**	**(169,778)**
Installments on bank borrowings and finance lease	(3,495)	(4,277)	(1,101)	(1,445)	(5,948)
Costs related to capital increases	(2,349)	-	(2,349)	-	-
Cash flow from financing activities	**(5,844)**	**(4,277)**	**(3,450)**	**(1,445)**	**(5,948)**
Increase/(decrease) in cash	**(98,223)**	**(382,654)**	**(6,671)**	**(36,048)**	**(410,363)**
Cash at beginning of period	130,930	530,081	39,747	180,274	531,519
Exchange gains/(losses) on cash	489	5,366	120	8,567	9,774
Cash at end of period	**33,196**	**152,793**	**33,196**	**152,793**	**130,930**
Cash and cash equivalents at end of period comprise:					
Investment bonds	53,487	195,459	53,487	195,459	166,797
Deposit on demand and cash	33,196	152,793	33,196	152,793	130,930
	86,683	**348,252**	**86,683**	**348,252**	**297,727**

Statement of changes in equity

Consolidated Equity

	Number of Shares	Share Capital DKK'000	Share Premium DKK'000	Special Reserves DKK'000	Translation Reserves DKK'000	Retained Earnings DKK'000	Total DKK'000
Equity as of 1 January 2011	**452,542,480**	**452,543**	**43,601**	**-**	**2,094**	**-**	**498,238**
Total comprehensive income					(31)	(184,379)	(184,410)
Share-based payment						8,688	8,688
Transfer of retained earnings			(43,601)			43,601	-
Equity as of 30 September 2011	**452,542,480**	**452,543**	**-**	**-**	**2,063**	**(132,090)**	**322,516**
Total comprehensive income					(132)	(68,247)	(68,379)
Share-based payment						1,763	1,763
Equity as of 31 December 2011	**452,542,480**	**452,543**	**-**	**-**	**1,931**	**(198,574)**	**255,900**
Total comprehensive income					361	(216,184)	(215,823)
Reduction of share capital		(407,289)		407,289			-
Share-based payment						4,375	4,375
Costs related to capital increases			(2,349)				(2,349)
Transfer of retained earnings			2,349			(2,349)	-
Equity as of 30 September 2012	**452,542,480**	**45,254**	**-**	**407,289**	**2,292**	**(412,732)**	**42,103**

Notes

1. Accounting policies

The interim report is prepared in compliance with International Accounting Standard No. 34 (IAS 34), "Interim Financial Reporting" and in accordance with the NASDAQ OMX Copenhagen's financial reporting requirements for listed companies.

There have been no changes in accounting policies used for the interim report compared to the accounting policies used in the preparation of Veloxis Pharmaceuticals' annual report for 2011.

The income statement presents expenses by function and a new subtotal "Operating loss before restructuring costs" which exclude restructuring costs. This subtotal is considered relevant in understanding the financial performance and outlook for 2012 of the group.

2. Accounting estimates

Impairment tests

In accordance with IAS 36, property, plant and equipment are tested for impairment if there are indications of impairment. Due to the restructuring of the organisation announced on 23 May 2012 Management has performed an impairment test of the book value of property, plant and equipment primarily consisting of leasehold improvements and laboratory equipment. According to Veloxis' accounting policies regarding impairment tests a write-down is made to the highest value of an estimated sales price or calculated net present value. Leasehold improvements and certain laboratory equipment will no longer be deployed by Veloxis due to the restructuring. It has been assessed that the value in use and the estimated sales price amount to DKK 0 million. The book value of laboratory equipment still being used by Veloxis as part of the LCP-Tacro Phase III study is considered by management not to be impaired.

On basis of the impairment test a write-down was made on 30 June 2012 of DKK 6.1 million. At 30 September 2012 write-down for the period 1 January to 30 September 2012 amounts to DKK 6.1 million (30 September 2011: DKK 0 million).