Company Announcement
No. 20/2013

Zealand Pharma A/S – Interim report for H1 2013 (un-audited)

- ***Net result for the first six months of 2013 was DKK -104 (EUR -14) million***
- ***Cash and securities of DKK 404 (EUR 54) million on 30 June 2013***
- ***In H1 2013, Sanofi initiated the commercial roll-out of Lyxumia® Zealand's first invented peptide medicine, in the first markets***

Copenhagen, 29 August 2013 – Zealand Pharma A/S (CVR no. 20 04 50 78) (NASDAQ OMX Copenhagen: ZEAL) ("Zealand"), a Danish biotechnology company dedicated to the discovery and development of novel peptide drugs, today announced its un-audited interim report for the six-month period, 1 January to 30 June 2013.

Financial highlights for H1 2013

(Comparative figures for the same period 2012 are shown in brackets)

- Revenue of DKK 1.1/EUR 0.1 million (*DKK 186.2/EUR 25.1 million).*
- Net operating expenses of DKK 106.2/EUR 14.2 million (*DKK 82.8/EUR 11.1 million*).
- Net result of DKK -104.3/EUR -14.0 million (*DKK 89.4/EUR 12.0 million*).
- Earnings per share of DKK -4.61/EUR -0.62 (*DKK 3.95/EUR 0.53*).
- End of period cash and securities of DKK 403.6/EUR 54.2 million (*DKK 525.0/EUR 70.7 million*).

Product and pipeline highlights for Q2 2013 and the period thereafter

Lyxumia® (lixisenatide) – Type 2 diabetes (licensed to Sanofi)

- Following the approval of Lyxumia®, Zealand's first invented peptide medicine, in the European Union in February 2013, Sanofi has launched the product in the first markets. In Germany, where Lyxumia® was launched at the end of March as one of the first European markets, the product had gained an 11.5% volume share of the German weekly GLP-1 market by 26 July.
- Sanofi is continuing the progressive roll-out of Lyxumia® throughout Europe.
- In June, Lyxumia® was approved in Japan, including the approval of this product as the first GLP-1 agonist to be approved in Japan for use in combination with basal insulin.

Lantus®/Lyxumia® combination product – Type 2 diabetes (licensed to Sanofi)

- In May, Sanofi confirmed their decision to start Phase III development of the LixiLan Fixed-Ratio product, a single product of the Lantus®/Lyxumia® combination. The decision was supported by results from a Phase IIb study in 323 patients with Type 2 diabetes.
- In June, it was announced by Sanofi that first patient dosing in Phase III is expected in H1 2014.

ZP2929 – Type 2 diabetes and/or obesity (partnered with Boehringer Ingelheim)

- Zealand and Boehringer Ingelheim continue to work closely together on the clinical Phase I development of ZP2929, which represents a novel therapeutic approach in diabetes and/or obesity. Current development activities include extended preclinical studies to fulfill FDA requirements for additional elucidation of the drug candidate's profile.
- Zealand expects to be able to give a further update on the expected timelines for the ZP2929 Phase I program in Q1 2014.

Danegaptide – Cardio-protection (Ischemic reperfusion injury)

- Earlier in 2013, based on encouraging preclinical results and a substantial Phase I safety data package, Zealand announced its decision to advance the clinical development of danegaptide into a Phase IIa Proof-of-Concept study. Danegaptide is a first-in-class therapeutic approach, and the objective of the Phase IIa study is to establish further evidence for the potential for this exciting peptide drug candidate in the prevention of ischemic reperfusion injury in patients following a heart attack.
- Preparations are on track for the start of the Phase II study in Q4 2013.

Elsiglutide – Chemotherapy induced diarrhea (partnered with Helsinn)

- In May, Helsinn decided to advance the development of elsiglutide into Phase IIb to further evaluate the potential for this GLP-2 peptide agonist in the prevention of chemotherapy induced diarrhea in colorectal cancer patients. The decision was based on supportive efficacy findings in a Phase IIa Proof-of- Concept study as well as Phase I results showing that elsiglutide is safe and well-tolerated at doses well above expected therapeutic level.
- The start of clinical Phase IIb study activities is expected in Q4 2013.

Commenting on the report, David H. Solomon, President and CEO of Zealand, said: *"The performance over the first half of 2013 signals Zealand's unique position and strong outset for continued growth. We have our first peptide drug invention on the market as an approved diabetes medicine to ensure sustained royalty revenues going forward, a broad pipeline of peptide drug candidates and several strong industry partnerships which validate and leverage our expertise in peptide drug design and development."*

Financial outlook for 2013 retained

Zealand retains expectation of further revenue from Lyxumia® sales royalties in 2013 beyond what has been reported for the first six months period as well as from potential success based milestone payments from collaboration partners. As Sanofi has given no guidance on expected sales of Lyxumia®, and with the timing of potential milestones largely outside Zealand's control, no more specific revenue guidance can be provided at this point in time.

Net operating expenses are still expected at a range of DKK 210-240 (EUR 28-32) million for the full year.

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Conference call – H1 2013 Interim report

Zealand will host a conference call today, at 14:30 CET/ 8:30 EST to present the Interim report for H1 2013, which will be followed by a Q&A session. The call will be hosted by David Solomon, President and CEO, Mats Blom, CFO and Hanne Leth Hillman, Vice President, IR and Corporate Communications, and be conducted in English.

The dial-in numbers to access the call are as follows:

DK: +45 3272 8018
US: +1 866 682 8490
UK and international: +44 (0) 14 5255 5131

Conference ID-number: 34681650

A live audio cast of the call including an accompanying slide presentation will be available via the following link:
http://storm.zoomvisionmamato.com/player/zealand_pharma/objects/y59nphqc/

The audiocast can also be accessed from the investor section of Zealand's website (www.zealandpharma.com) and participants are advised to register approximately 10 minutes before the call starts. An on-demand version of the audiocast will also be available on the website following the call.

For further information, please contact:

David Solomon, President and Chief Executive Officer
Tel: +45 22 20 63 00

Hanne Leth Hillman, Vice President, Investor Relations & Corporate Communications
Tel: +45 50 60 36 89, email: hlh@zealandpharma.com

About Zealand Pharma

Zealand Pharma A/S (NASDAQ OMX Copenhagen: ZEAL) ("Zealand") is a biotechnology company based in Copenhagen, Denmark. Zealand specializes in the discovery, optimization and development of novel peptide drugs and has a broad and mature pipeline of drug candidates identified through its own drug discovery activities. The company's focus lies in the field of cardio-metabolic diseases, diabetes and obesity in particular, and its lead drug invention is lixisenatide, a once-daily prandial GLP-1 agonist, which is licensed to Sanofi for the treatment of Type 2 diabetes. Lixisenatide (marketed by Sanofi as Lyxumia®) is approved in Europe and Japan and under regulatory review in a large number of other countries globally, including in the US (NDA submission accepted in Feb 2013).

Zealand has a partnering strategy for the development and commercialization of its products and in addition to the license agreement with Sanofi in Type 2 diabetes, the company has partnerships with Boehringer Ingelheim in diabetes/obesity, Helsinn Healthcare in chemotherapy induced diarrhea and AbbVie in acute kidney injury.

For further information: www.zealandpharma.com.

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Key figures

The Board of Directors and Executive Management of Zealand have approved this interim report containing condensed financial information for the first six months of 2013 ending 30 June 2013. The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies. The company's accounting principles are unchanged in the first six months of 2013 and reference is made to the Annual Report 2012 for a more detailed description of the accounting policies.

DKK thousand INCOME STATEMENT AND COMPREHENSIVE INCOME	Note	2013 1.4 - 30.6 Q2	2012 1.4 - 30.6 Q2	2013 1.1 - 30.6 H1	2012 1.1 - 30.6 H1	2012 1.1 - 31.12 Full year
Revenue		1,080	65,912	1,080	186,197	223,565
Royalty expenses		-146	-289	-146	-15,561	-15,933
Gross profit		**934**	**65,623**	**934**	**170,636**	**207,632**
Research and development expenses		-41,509	-50,092	-95,767	-92,280	-182,759
Administrative expenses		-8,965	-4,667	-16,018	-10,720	-27,611
Other operating income		2,227	11,300	5,622	20,160	35,135
Operating result		**-47,313**	**22,164**	**-105,229**	**87,796**	**32,397**
Net financial items		327	1,569	916	1,623	3,975
Net result for the period (after tax)		**-46,986**	**23,733**	**-104,313**	**89,419**	**36,372**
Comprehensive income for the period		**-46,986**	**23,733**	**-104,313**	**89,419**	**36,372**
Earnings per share - basic (DKK)		-2.08	1.06	-4.61	3.95	1.61
Earnings per share - diluted (DKK)		-2.08	1.05	-4.61	3.93	1.60

STATEMENT OF FINANCIAL POSITION	2013 30 June	2012 30 June	2012 31 Dec
Cash and cash equivalents	325,558	325,725	358,922
Securities	78,022	199,235	126,940
Total assets	432,716	558,716	520,983
Share capital ('000 shares)	23,193	23,193	23,193
Shareholder's equity	396,028	536,788	491,015
Equity / assets ratio	0.92	0.96	0.94

CASH FLOW		2013 1.4 - 30.6 Q2	2012 1.4 - 30.6 Q2	2013 1.1 - 30.6 H1	2012 1.1 - 30.6 H1	2012 1.1 - 31.12 Full year
Depreciation		1,585	1,283	3,071	2,504	5,319
Change in working capital		7,828	-23,928	8,851	3,948	13,782
Purchase of property, plant and equipment		-970	-1,642	-1,568	-4,325	-8,849
Free cash flow	1	-37,542	-1,009	-81,848	98,065	59,688

OTHER		2013 30 June	2012 30 June	2012 31 Dec
Share price (DKK)		69.00	80	84.00
Market capitalization (MDKK)		1,600,317	1,855,440	1,948,216
Equity per share (DKK)	2	17.46	23.72	21.70
Avg. number of employees (full-time equivalents)		108	104	104
Compounds in clinical development (end period)		7	6	7

Notes:

(1) Free cash flow is calculated as cash flow from operating activities less purchase of property, plant and equipment

(2) Equity per share is calculated as shareholders equity divided by total number of shares less treasury shares

Financial Review for the first six months of 2013

(Comparative figures for the same period 2012 are shown in brackets)

Income statement

As expected, the net result for the first six months of ("H1") 2013 was a loss of DKK 104.3 million compared to a profit of DKK 89.4 million for the same period of 2012. In H1 2013, no milestone payments have been received, whereas major milestone payments were received in H1 2012 from Sanofi, Helsinn Healthcare and former partner Action Pharma. Further, net operating expenses in H1 2013 were slightly higher than in the same period of 2012.

Revenue

Revenue for H1 2013 of DKK 1.1 million (186.2) relates to initial royalty income to Zealand from Sanofi's commercial sales of Lyxumia® in Q2. No milestone payments were received during H1 of 2013. For the same period in 2012, Zealand received milestone payments of DKK 186.2 million from Sanofi, Helsinn Healthcare and former partner Action Pharma.

Royalty expenses

Royalty expenses in H1 was DKK 0.1 million (15.6). The royalty expenses for the same period in 2012 related to the milestone payments received from Sanofi, Helsinn Healthcare and former partner Action Pharma.

Research and development expenses

Research and development expenses amounted to DKK 95.8 million (92.3). R&D expenses relating to ZP2929 and the research collaboration with Boehringer Ingelheim have been refunded and recorded as other operating income, see below. The increase in R&D expenses relates to higher personnel costs and an increase in R&D activities.

Administrative expenses

Administrative expenses in H1 amounted to DKK 16.0 million (10.7). The increase is mainly related to an increase in legal and personnel costs.

Other operating income

Other operating income in H1 amounted to DKK 5.6 million (20.2). Other operating income mainly consists of funding of development costs for ZP2929 and research costs under the two-year collaboration with Boehringer Ingelheim, which has ended in July 2013.

Operating result

The operating result for H1 was DKK -105.2 million (87.8).

Net financial items

Net financial items consist of interest income, banking fees and regulations based on changes in exchange rates. Net financial items for H1 of 2013 amounted to DKK 0.9 million (1.6).

Result from ordinary activities before tax
Result from ordinary activities before tax in H1 2013 was DKK -104.3 million (89.4).

Tax on ordinary activities
With a negative result from ordinary activities, no tax has been recorded for the period.

No deferred tax asset has been recognized in the statement of financial position due to uncertainty as to whether tax losses can be utilized.

Net result
Net result for H1 2013 amounted to DKK -104.3 million (89.4).

Equity
Equity stood at DKK 396.0 million (536.8) at the end of the period, corresponding to an equity ratio of 92 % (96).

Capital expenditure
Investments in new laboratory equipment for the period amounted to DKK 1.6 million (4.3).

Cash flow
The cash flow from operating activities amounted to DKK -80.3 million (102.4). Cash flow from investing activities was DKK 46.7 million (-54.1) of which DKK 45.1 million (-49.9) relates to net sales of securities. The total cash flow for H1 of 2013 amounted to DKK -33.6 million (48.3).

Cash and cash equivalents
As of 30 June 2013, Zealand had cash and cash equivalents including securities of DKK 403.6 million (525.0).

Financial outlook for 2013 retained
Zealand retains expectation of further revenue from Lyxumia® sales royalties in 2013 beyond what has been reported for the first six months period, as well as from potential success based milestone payments from collaboration partners. As Sanofi has given no guidance on expected sales of Lyxumia®, and with the timing of potential milestone payments largely outside Zealand's control, no more specific revenue guidance can be provided at this point in time.

Net operating expenses are still expected at a range of DKK 210-240 (EUR 28-32) million for the full year.

Subsidiaries
During the period Zealand's fully owned subsidiary Betacure Holding A/S has been merged with Zealand Pharma A/S. The effective date for the merger is January 1st 2013. Betacure has for several years had no activities and the reason for the merger is to reduce administration and costs.

Risk factors

This interim report contains forward-looking statements, including forecasts of future expenses as well as expected business related events. Such statements are subject to risks and uncertainties as various factors, some of which are beyond the control of Zealand, may cause actual results and performance to differ materially from the forecasts made in this interim report. Without being exhaustive, such factors include e.g. general economic and business conditions, including legal issues, scientific and clinical results, fluctuations in currencies etc. A more extensive description of risk factors can be found in the 2012 Annual Report under the section Risk management and internal control.

Management's Statements on the Interim Report

The Board of Directors and the Executive Management have today considered and adopted the interim report of Zealand Pharma A/S for the period 1 January – 30 June 2013. The interim report has not been audited or reviewed by the company's auditor.

The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies. The accounting principles are unchanged in the first six months of 2013 and reference is made to the Annual Report 2012 for a more detailed description of the accounting policies.

In our opinion, the interim report gives a true and fair view of the company's assets, equity and liabilities and financial position at 30 June 2013 and of the results of the company's operations and the company's cash flows for the period 1 January – 30 June 2013.

Moreover, in our opinion, the Management's Review gives a true and fair view of the development in the company's operations and financial conditions, of the net result for the period and the financial position while also describing the most significant risks and uncertainty factors that may affect the company.

Copenhagen, 29 August 2013

Executive Management

David H. Solomon	Mats Blom
President and CEO	Senior Vice President and CFO

Board of Directors

Daniël J. Ellens	Jørgen Lindegaard	Peter Benson
Chairman	Vice chairman	
Alain Munoz	Florian Reinaud	Jutta af Rosenborg
Michael Owen	Christian Thorkildsen	Helle Størum
Hanne Heidenheim Bak		

INCOME STATEMENT (DKK '000)	2013 Q2	2012 Q2	2013 H1	2012 H1	2012 Full year
Revenue	1,080	65,912	1,080	186,197	223,565
Royalty expenses	-146	-289	-146	-15,561	-15,933
Gross profit	**934**	**65,623**	**934**	**170,636**	**207,632**
Research and development expenses	-41,509	-50,092	-95,767	-92,280	-182,759
Administrative expenses	-8,965	-4,667	-16,018	-10,720	-27,611
Other operating income	2,227	11,300	5,622	20,160	35,135
Operating result	**-47,313**	**22,164**	**-105,229**	**87,796**	**32,397**
Financial income	557	1,600	1,611	2,565	5,627
Financial expenses	-230	-31	-695	-942	-1,652
Result from ordinary activities before tax	**-46,986**	**23,733**	**-104,313**	**89,419**	**36,372**
Tax on ordinary activities	0	0	0	0	0
Net result for the period	**-46,986**	**23,733**	**-104,313**	**89,419**	**36,372**
Comprehensive income for the period	**-46,986**	**23,733**	**-104,313**	**89,419**	**36,372**
Earnings per share - basic (DKK)	-2.08	1.06	-4.61	3.95	1.61
Earnings per share - diluted (DKK)	-2.08	1.05	-4.61	3.93	1.60

STATEMENT OF FINANCIAL POSITION (DKK '000)	2013 30 June	2012 30 June	2012 31 Dec
ASSETS			
Plant and machinery	17,563	16,523	18,736
Other fixtures and fittings, tools and equipment	542	541	517
Leasehold improvements	1,796	2,153	2,151
Fixed assets under construction	0	478	0
Deposits	2,553	2,508	2,554
Non current assets total	**22,454**	**22,203**	**23,958**
Trade receivables	13	11	0
Prepaid expenses	5,450	10,508	3,648
Other receivables	1,219	1,034	7,515
Securities	78,022	199,235	126,940
Cash and cash equivalents	325,558	325,725	358,922
Current assets total	**410,262**	**536,513**	**497,025**
Total assets	**432,716**	**558,716**	**520,983**
LIABILITIES AND EQUITY			
Share capital	23,193	23,193	23,193
Retained earnings	372,835	513,595	467,822
Equity total	**396,028**	**536,788**	**491,015**
Trade payables	16,317	8,410	9,831
Prepayment from customers	2,704	0	5,072
Other liabilities	17,667	13,518	15,065
Current liabilities	**36,688**	**21,928**	**29,968**
Total liabilities	**36,688**	**21,928**	**29,968**
Total equity and liability	**432,716**	**558,716**	**520,983**

STATEMENT OF CASH FLOWS (DKK '000)	2013 H1	2012 H1	2012 Full year
Net result for the period	-104,313	89,419	36,372
Adjustments	11,406	6,853	14,590
Change in working capital	8,851	3,948	13,782
Cash flow from operating activities before financing items	**-84,056**	**100,220**	**64,744**
Financial income received	3,747	2,243	3,979
Financial expenses paid	29	-72	-186
Cash flow from operating activities	**-80,280**	**102,390**	**68,537**
Change in deposit	0	-16	-60
Purchase of property, plant and equipment	-1,568	-4,325	-8,849
Purchase of securities	-43,247	-53,489	-97,480
Disposal of securities	91,515	3,692	119,837
Cash flow from investing activities	**46,700**	**-54,138**	**13,448**
Capital increase	0	0	0
Repurchase of own shares	0	0	0
Cash flow from financing activities	**0**	**0**	**0**
Decrease / increase in cash and cash equivalents	**-33,580**	**48,252**	**81,985**
Cash and cash equivalents at beginning of period	358,922	278,342	278,342
Exchange rate adjustments	216	-869	-1,405
Cash and cash equivalents at end of period	**325,558**	**325,725**	**358,922**

STATEMENT OF CHANGES IN EQUITY (DKK '000)	Share capital	Retained earnings	Total
Equity at 1 January 2013	**23,193**	**467,822**	**491,015**
Warrants compensation expenses	0	9,326	9,326
Comprehensive income for the period	0	-104,313	-104,313
Equity at 30 June 2013	**23,193**	**372,835**	**396,028**
Equity at 1 January 2012	**23,193**	**418,204**	**441,397**
Warrants compensation expenses	0	5,972	5,972
Comprehensive income for the period	0	89,419	89,419
Equity at 30 June 2012	**23,193**	**513,595**	**536,788**

Changes in share capital	
Share capital at 31 December 2006	**17,682**
Capital increase at 23 November 2010	4,337
Capital increase at 9 December 2010	852
Capital increase at 12 December 2011	322
Share capital at 31 December 2012	**23,193**
Share capital at 30 June 2013	**23,193**