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Announcement no. 12/2008

To OMX The Nordic Exchange Copenhagen

Vedbaek, 12 March 2008

Exiqon - annual report announcement 2007

The Board of Directors of Exiqon A/S today considered and adopted the audited annual report for the year ended 2007.

Summary: In 2007 Exiqon generated revenues of DKK 49.5 million, of which product sales amounted to DKK 38.5 million which is in line with the company's published expectations. Operating expenses amounted to DKK 124.6 million, and the loss for the year was DKK 67.8 million compared to an expected loss of DKK 50-55 million.

2007 Highlights

The key event for Exiqon in 2007 was the successful listing of the company's shares on OMX Nordic Exchange in Copenhagen on 29 May 2007. Through the initial public offering (IPO), Exiqon raised net proceeds of DKK 365 million.

Other major milestones included:

- Continued strong development in the research products business;
  - Revenue increased by 15% from 2006 to DKK 49.5 million.
  - Growth in product sales to DKK 38.5 million, an 84% increase from 2006.
  - Decrease in margin on product sales, including services, to 35% (19% decrease compared to 2006 due to one time events).
  - Launch of new miRCURY™ LNA™ Array product line.
  - Launch of a new product line for quantitative measurement of miRNA by real-time qPCR.
  - Research and development agreement with the U.S. National Cancer Institute (NCI) to develop microRNA based diagnostics for colon cancer.
  - Execution of a license to Applied Biosystems, an Applera Corporation unit, to use Exiqon's proprietary LNA™ technology in siRNA.
  - Exclusive license agreement to a microRNA quantitative real-time PCR technology from Rosetta Inpharmatics LLC, a Merck & Co. subsidiary, providing Exiqon with a validated product portfolio for quantitative analysis of miRNA.
  - License to parts of Roche's and Applied Biosystems' PCR patent portfolio providing Exiqon with the opportunity to market products for quantitative analysis of miRNA using real-time qPCR technology .

- Announcement of Exiqon's intention to acquire privately held Oncotech Inc., a diagnostic company based in Tustin, California, USA.

- Total operating expenses of DKK 124.6 million, and a net loss of DKK 67.8 million.

Outlook 2008

Following the acquisition of Oncotech, Exiqon will focus on the development of new diagnostic products for cancer treatment selection:

- 2008 will be a year of significant initial investments resulting in the first diagnostic product launch.

- Exiqon expects revenue of DKK 140-150 million in 2008 including both research product sales and 10 months of diagnostic sales from Oncotech's activities corresponding to full year revenues including Oncotech of DKK 150-160 million.

- The loss for the year 2008 is expected to be DKK 100-115 including the effect of costs of current incentive plans, including warrants, in the amount of DKK 6 million.
- Exiqon maintains its long term financial goal of reaching profitability by 2011 with its current cash position and break even of the research products business by 2009.

Business review

2007 was a landmark year for Exiqon.

The offering of 10 million new shares on the OMX Nordic Exchange in Copenhagen in May 2007 was subscribed more than seven times and we raised DKK 400 million in proceeds. The net proceeds of approximately DKK 365 million provided us with a sound financial foundation for the continued development of Exiqon in accordance with our strategy towards becoming the world leading supplier of products for use in research and diagnostic within the field of miRNA.

During 2007, Exiqon strengthened its research product offerings by launching a new Array product line and a new product line for quantitative real-time PCR detection of miRNA thereby taking significants steps towards realising its strategy of becoming a total solution provider of research products for miRNA analysis. Total sales of research products rose 84% compared to 2006 to DKK 38.5 million.

In November, Exiqon granted a license to Applied Biosystems, an Applera Corporation business, to use Exiqon's proprietary Locked Nucleic Acids (LNA™ technology) in siRNA. This was part of our strategy to capitalize on our unique LNA™ technology within markets that we do not intend to pursue ourselves. Granting such a license to a major tool provider was originally a goal set for 2008.

In October, Exiqon signed a Cooperative Research and Development Agreement (CRADA) with the U.S. National Cancer Institute (NCI) to develop microRNA based diagnostics for colon cancer. The agreement calls for the partners to identify miRNA expression signatures associated with the onset and progression of colon cancer, and to develop diagnostic tools for identifying patients so that they can receive the appropriate clinical course of treatment.

In October, Exiqon was selected to receive funding by the EU for two research projects within miRNA over the coming 4-5 years at a combined value of approximately DKK 7 million; one project - OncomiR – focuses on basic research and the other project – ProspeR – focuses on diagnostic methods in the field of prostate cancer.

The signing in November 2007 of a binding Letter of Intent to acquire Oncotech, a California based leading supplier of extreme drug resistance diagnostic tests in cancer for up to USD 45 million represented another key achievement in 2007. The Letter of Intent was a major leap forward in realising our strategy of becoming a world leader in molecular diagnostic products based on miRNA and the strategic rationale is discussed separately in detail below.

Other main events in 2007

In September, Exiqon announced that Per Wold-Olsen, Chairman of the board of H. Lundbeck A/S, has accepted to candidate for Exiqon's Board of Directors at the next Annual Meeting. Per Wold-Olsen will bring extensive experience from the international pharmaceuticals industry to the Board of Exiqon. From 1994 to 2006, Per Wold-Olsen was a member of the Management Committee of global pharmaceuticals company Merck & Co., Inc.

In September, Exiqon launched its new miRCURY™ LNA™ Array product line. The product launch was followed up by a marketing campaign to secure a continued strong position on the U.S. market in particular, including fully sponsored inlets in both Nature and Science.

In July, Exiqon entered a distribution agreement with Luminex under which Exiqon obtained non-exclusive rights to distribute current and new FlexmiR™ products and to sell Luminex® systems to laboratories around the world. In addition to signing this new agreement, the companies launched two more FlexmiR™ products, the FlexmiR™ MicroRNA Mouse/Rat Extension Panel and the FlexmiR™ MicroRNA Control Set. Both new products will help scientists and researchers save time and resources.

During 2007 Exiqon also signed distribution contracts with partners in leading Asian markets, including Japan and China, and in Australia, New Zealand, Spain and Italy for our research products.

Important events after balance sheet date

On 31 January 2008, an extraordinary general meeting adopted the supervisory board's proposal to authorize the supervisory board to increase the share capital by up to nominal DKK 6,161,004 through one or more issues without pre-emption rights for the existing shareholders in connection with the acquisition of Oncotech.

On 8 February 2008, Exiqon published a prospectus for the purpose of a private placement of up to 6,161,004 new shares to the shareholders in Oncotech as consideration for the contribution in kind to Exiqon of Oncotech shares. The new shares were offered at DKK 36.4 per share.

On 29 February 2008, Exiqon announced that it had completed the acquisition of Oncotech. The purchase price paid for Oncotech by issuing of shares in Exiqon A/S amounted to 5,550,274 new shares based on an agreed maximum number of shares after the reduction of closing liabilities.

The consideration paid for Oncotech may be calculated as follows:

Max. number of new shares		6,161,004
Estimated Oncotech liabilities per 27 February 2008	USD million 7.522	
Accepted Oncotech liabilities (liabilities per 31 December 2006)	USD million 2.920	
Estimated closing liabilities for Oncotech per 27 February 2008	**USD million 4.602**	
Closing liabilities converted to number of new shares (at a price of 37.9 and an exchange rate of 5.0297)		(610,730)
Consideration in new shares		**5,550,274**

The Oncotech acquisition

Oncotech develops and markets diagnostic tests designed to optimize the treatment selection for cancer patients. Oncotech's EDR Test (Extreme Drug Resistance) is the leading cell based product to identify drug resistance for cancer patients with a U.S. market share close to 80 percent.

Oncotech, with its about 100 employees, in 2006 reported total revenues of USD 13.7 million (DKK 72 million) and a net loss of USD 3.1 million (DKK 15,5 million) whereas 2007 revenues (unaudited) are expected in the region of USD 12 million (DKK 60 million) with a net loss of approximately USD 2.8 million (DKK 14 million).

By combining the two companies, Oncotech will benefit from Exiqon's LNA™-detection technology and proprietary miRNA biomarkers, and Exiqon gains the necessary competencies and assets to build its molecular diagnostic business, including:

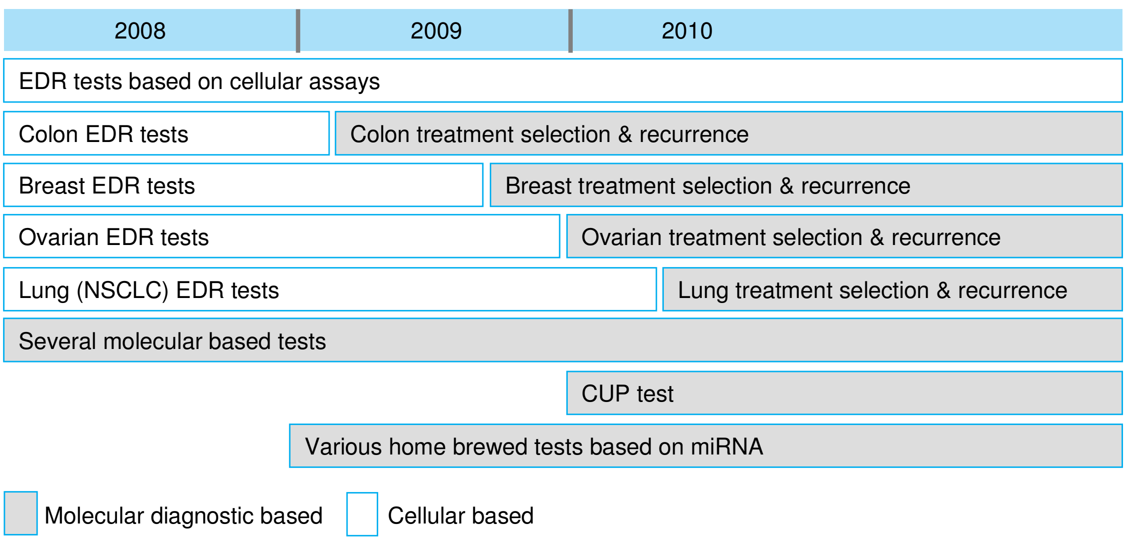
- A specialty sales force familiar with the oncology diagnostic market in the USA
- A loyal customer base of over 7,000 cancer treating physicians and around 1,200 hospitals
- Extensive biological material for the development of new molecular diagnostic products in the form of a human tumour bank with approximately 150,000 tissue samples with associated clinical information
- Regulatory expertise and reimbursement competencies
- CLIA (Clinical Laboratory Improvement Act) and CAP approved laboratory facilities.

Consequently the acquisition of Oncotech has significantly reduced a number of risks associated with building a molecular diagnostic business.

By applying Exiqon's LNA™ technology to Oncotech's current EDR products; effectively migrating the current EDR products to a molecular diagnostic platform based on proprietary miRNA biomarkers, Exiqon expects to be able to achieve significant growth in Oncotech's diagnostic revenues and the value of its diagnostic business over the coming years:

- The market potential may increase with as much as a factor 5 in the U.S. alone compared to the market of Onctotech's current cellular bases EDR products. This is due to the improved sensitivity of the corresponding molecular products, which will allow many more patients to benefit from the answers provided by the current EDR test. Molecular based tests can be performed on far smaller tissue samples compared to the amount of tumour sample required for Oncotech to perform its current EDR tests, i.e. more tests can be conducted at an earlier stage thus targeting more patients. Furthermore, the molecular based test can be performed on fixed tissue as opposed to living cells which will allow for a much more competitive product offering meeting the clinical needs and improve logistics.
- The value of each sale of a molecular diagnostic product compared to the current EDR products could potentially be much higher through an improved reimbursement profile for such new products, provided the necessary clinical data can be established by Exiqon. The potential value increase per product sale may be as much as a factor 3 compared to Oncotech's current average reimbursement per EDR product sale when considering the reimbursement profile of other U.S. marketed molecular diagnostic products.
- The value of new molecular diagnostic products may be improved even further by adding additional information based on miRNA's to the tests. The use of miRNA biomarkers may allow the new products to be used not only to determine drug resistance but also to provide information about disease prognosis, risk of relapse, primary origin of tumour, etc. all of which will help secure a long IP protection of the new molecular diagnostic products.
- The COGS of a molecular diagnostic test will improve over the current EDR test since the process may be automated and will reduce the turn around time by 50% which equals 3-4 days compared to the time it takes to perform Oncotech's current EDR test.

The figure below demonstrates the products currently offered by Oncotech as well as the new molecular diagnostic tests that may be offered in the future:



EDR: Extreme Drug Resistance, CUP: Cancer of Unknown Primary

Exiqon aims to launch its first molecular diagnostic test based on miRNA within 12 months after the acquisition of Oncotech which is two to three years ahead of the expected first product launch at the time of the IPO of Exiqon in May 2007.

In addition to the new molecular diagnostic test based on miRNA for replacement of the current EDR tests, Exiqon also plans to develop and market different home brewed tests based on miRNA within the diagnostic space and Exiqon will continue the development of its current product portfolio within molecular diagnostics.

Following the acquisition of Oncotech, the Exiqon group is positioned at the forefront of personalized medicine through its current product offerings in the oncology diagnostic space and its portfolio of new molecular based products.

Vedbaek, 12 March 2008

Executive Management

Lars Kongsbak

Board of Directors

Thorleif Krarup	Henrik Lawaetz	Steinar J. Engelsen
Chairman	Deputy Chairman	
Michael Nobel	Erik Wallden	

Additional information*:*

Lars Kongsbak, CEO, telephone +45 45 66 08 88/+45 40902101

Hans Henrik Chrois Christensen, CFO, telephone +45 45 66 08 88/+45 40902131

Financial highlights

(DKK'000 except key figures)	2007	2006	2005	2004	2003*
Income statement					
Revenue	49,478	43,096	16,001	10,306	10,372
Production costs	-25,174	-11,936	-5,427	-4,744	-2,707
Research and development costs	-29,035	-27,624	-14,194	-16,969	-19,474
Sales and marketing costs	-39,080	-19,425	-9,620	-4,168	-1,614
Administrative expenses	-31,316	-9,616	-6,778	-5,995	-5,408
Operating profit/(loss) (EBIT)	-75,127	-25,505	-20,018	-21,570	-18,831
Net financials	7,341	587	-3,249	-7,179	-1,973
Profit/(loss) before tax	-67,786	-24,918	-23,267	-28,749	-20,405
Profit/(loss) for the year	-67,786	-24,918	-23,267	-28,749	-20,405
Balance sheet					
Assets:					
Intangible assets	11,061	8,057	596	707	4,232
Property, plant and equipment	21,449	10,607	7,441	4,581	6,355
Financial assets	3,631	1,055	878	700	664
Total non-current assets	36,141	19,719	8,915	5,988	11,251
Inventories	7,044	4,637	2,351	1,303	1,489
Receivables	17,266	22,233	2,311	960	1,814
Cash and cash equivalents	331,504	20,396	40,199	1,682	19,983
Current assets	355,814	47,266	44,861	3,945	23,286
Total assets	391,955	66,985	53,776	9,933	34,537
Equity and liabilities					
Equity	343,366	33,973	27,986	-43,888	-11,405
Non-current liabilities	7,818	5,275	2,771	1,500	150
Current liabilities	40,771	27,737	23,019	52,321	45,792
Total liabilities	48,589	33,012	25,790	53,821	45,942
Total equity and liabilities	391,955	66,985	53,776	9,933	34,537
Cash flow and investments					
Depreciatian and write-downs	5,070	3,230	2,744	3,378	2,447
Cash flows from operating activities	-38,171	-35,590	-4,978	-16,279	-20,222
Acquisition of intangible assets and property, plant and equipment	-13,647	-9,306	-2,575	-2,160	-575
Cash flows from investing activities	-16,222	-9.883	-2.387	-2,023	-2,242
Cash flows from financing activities	365,790	25.670	45.883	-	20,028
Cash and cash equivalents at 31 December	331,504	20.396	40.199	1,681	19,984
Key figures:					
Number of shares at 31 December	24,441,064	7,033,065	5,958,294	1,640,324	1,640,324
Number of shares, average	20,245,695	6,940,420	4,861,290	1,640,324	1,640,324
Basic and diluted EPS	-3.35	-1.80	-2.39	-8.76	-6.22
Assets / Equity	1.14	1.97	1.92	-0.23	-3.03
Average number of employees	80	62	42	30	21
Market price per share (DKK)	37.5				
Market capitalisation (DKK million)	916.5				
Price / net asset value	2.67				

* The comparative figures for 2003 are not restated to the changed accounting policies on transition to IFRS reporting but are calculated in accordance with the former accounting policies based on provisions of the Danish Financial Statements Act.

Note: The ratios are stated in accordance with "Recommendations and Financial Ratios 2005" issued by the Danish Society of Financial Analysts.

Financial review

Revenue
Revenue totalled DKK 49.5 million in 2007 compared to DKK 43.1 million in 2006, representing an increase of 15%, however, the revenues in 2006 were affected by a non-recurring income from an agreement with Santaris Pharma A/S. In 2007 revenue from product sales increased 84% relative to the year-earlier period to a total of DKK 38.5 million in 2007. The improved product sales are mainly due to increased sales activities and continuing growth in the market. U.S. sales did not meet the expectations for the year.

Gross profit
Gross profit totalled DKK 24.3 million in 2007 compared to DKK 31.2 million in 2006, representing a decrease of 22%. The gross margin decreased to 49% from 72% in 2006, however, 2006 was affected by a non-recurring income from Santaris Pharma A/S without which the gross margin totalled 61% in 2006. The margin on product sales including services decreased to 35% from 43% in 2006 due to temporary supply chain issues in the third quarter and subsequent market positioning efforts. Initial supply of lower margin Amidites under a supply agreement also affected gross margins negatively in 2007, however, is expected to generate royalty payments under a corresponding license agreement already in 2008.

Research and development costs
Research and development costs totalled DKK 29.0 million in 2007 compared to DKK 27.6 million in 2006, representing an increase of 5%. Research and development costs are charged with DKK 0.4 million in respect of share based payment. Net of this charge, research and development costs totalled DKK 28.6 million in 2007 compared to DKK 26.6 million in 2006, or an increase of 8%. The increase is mainly explained by a higher level of activity and recruitments relative to the year-earlier period.

Sales and marketing costs and administrative expenses totalled DKK 70.4 million in 2007 compared to DKK 29.0 million in 2006, representing an increase of 143% (138% without the effect of share based payment):

Sales and marketing costs
Sales and marketing costs rose 102% to DKK 39.1 million in 2007 from DKK 19.4 million in 2006. Sales and marketing costs are charged with DKK 1.0 million in respect of share based payment. Net of this charge, sales and marketing costs totalled DKK 38.1 million in 2007 compared to DKK 17.1 million in 2006, corresponding to an increase of 123% reflective of the company's focus on building its market position. The increase relative to the year-earlier period is mainly due to the establishment of the company's own sales organisation in the United States as well as an expansion of our sales organisation and sales activities in Denmark.

Administrative expenses
Administrative expenses totalled DKK 31.3 million in 2007 against DKK 9.6 million in 2006, an increase that amounted to 226%. Administrative expenses are charged with DKK 8.9 million in respect of share based payment. Net of this charge, administrative expenses totalled DKK 22.4 million in 2007 compared to DKK 8.3 million in 2006, or an increase of 170%. The increase is mainly due to an increase in the administrative staff as well as a reorganisation and strengthening of the IT function. Administrative expenses are furthermore charged with one-off expenses of DKK 4.9 million as a result of a restructuring and strengthening of the organisation.

Total operating costs
Operating costs totalled DKK 124.6 million in 2007 compared to DKK 68.6 million in 2006, representing an increase of 82%. Operating costs are charged with DKK 10.5 million in respect of share based payment. Net of this charge, operating costs totalled DKK 114.1 million in 2007 compared to DKK 63.7 million in 2006, representing an increase of 79%.

Financial items
Net financial income totalled DKK 7.3 million in 2007 compared to DKK 0.6 million in 2006. Financial income mainly consists of interest on fixed-term deposit accounts, while financial expenses mainly consist of interest on financial lease agreements. The increase is mainly due to the placement of the proceeds from the IPO in May 2007 on fixed-term deposit accounts.

Net loss for the year and follow-up on expectations previously announced
The net loss for 2007 totalled DKK 67.8 million compared to DKK 24.9 million in 2006. Although revenue met announced expectations of DKK 50-55 million, the net loss is higher than previously announced. This is mainly due to lower gross margin on product sales, increased SG&A costs and a lower financial income than anticipated.

Balance sheet items
The Group had total assets of DKK 392.0 million at 31 December 2007. Intangible assets amounted to DKK 11.1 million, property, plant and equipment DKK 21.4 million, while current assets amounted to DKK 355.8 million, of which receivables represented DKK 15.9 million. Equity stood at DKK 343.4 million at the end of 2007 as compared with DKK 34.0 million in 2006. The positive movements in equity were attributable to the capital increase as part of the IPO in May 2007.

Cash flow statement
Operating activities generated a cash outflow of DKK 38.2 million in 2007, while investing activities caused an outflow of DKK 16.2 million. Financing activities generated a cash inflow owing to the IPO in May 2007 with a resulting contribution of DKK 399.7 million.

Capital resources and liquidity
Exiqon expects to generate positive cash flows within few years with the existing cash position. Exiqon reported a cash burn from operating activities and investing activities of DKK 54.4 million for the financial year 2007 and had cash and cash equivalents of DKK 331.5 million at year end 2007.

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Income statement

Parent 2006 DKK'000	Parent 2007 DKK'000		Note	Group 2007 DKK'000	Group 2006 DKK'000
43,096	35,514	Revenue	3,4	49,478	43,096
-11,936	-24,573	Production costs	5,6,7	-25,174	-11,936
31,160	**10,941**	**Gross profit**		**24,304**	**31,160**
-27,624	-29,035	Research and development costs	5,6,7,8	-29,035	-27,624
-19,443	-26,244	Sales and marketing costs	5,6,7,8	-39,080	-19,425
-9,616	-31,316	Administrative expenses	5,6,7,8	-31,316	-9,616
-25,523	**-75,654**	**Operating profit/(loss) (EBIT)**		**-75,127**	**-25,505**
932	10,648	Financial income	9	9,998	1,159
-572	-2,617	Financial expenses	9	-2,657	-572
-25,163	**-67,623**	**Profit/(loss) before tax**		**-67,786**	**-24,918**
0	0	Tax on the profit/(loss) for the year	10	0	0
-25,163	**-67,623**	**Profit/(loss) for the year**		**-67,786**	**-24,918**
		Earnings per share			
		Earnings per share	11	-3,35	-1.80
		Diluted earnings per share	11	-3,35	-1.80
		Proposed distribution of loss The Board of Directors proposes that the loss for the year be distributed as follows:			
-25,163	-67,623	Retained earnings			

Balance sheet 31 December

Parent				Group	
2006	**2007**			**2007**	**2006**
DKK'000	**DKK'000**		**Note**	**DKK'000**	**DKK'000**
5,626	9,010	Acquired patent rights		9,010	5,626
2,431	2,051	Acquired software licenses		2,051	2,431
8,057	**11,061**	**Intangible assets**	**12**	**11,061**	**8,057**
2,217	2,974	Leasehold improvements		2,974	2,217
5,611	11,669	Production and laboratory equipment		13,106	5,612
2,564	3,346	Fixtures and fittings, tools and equipment		3,830	2,778
-	1,539	Tangible assets in progress		1,539	-
10,392	**19,528**	**Property, plant and equipment**	**13**	**21,449**	**10,607**
1	1	Investments in subsidiaries	14	-	-
0	0	Other securities and investments	15	0	0
1,012	2,125	Depostis		2,319	1,055
0	1,312	Prepayments in connection with acquisitions	16	1,312	-
1,013	**3,438**	**Financial assets**		**3,631**	**1,055**
19,462	**34,027**	**Non-current liabilities**		**36,141**	**19,719**
4,637	**7,044**	**Inventories**	17	**7,044**	**4,637**
20,935	11,802	Trade receivables	18	14,030	20,933
3,642	7,840	Receivables from group companies	19	-	-
24	918	Prepayments		1,406	248
991	1,774	Other receivables	20	1,830	1,052
25,592	**22,334**	**Receivables**		**17,266**	**22,233**
17,502	**326,641**	**Cash and cash equivalents**		**331,504**	**20,396**
47,731	**356,019**	**Current assets**		**355,814**	**47,266**
67.193	**390,046**	**Total assets**		**391,955**	**66,985**

Balance sheet 31 December

Parent				Group	
2006	2007			2007	2006
DKK'000	DKK'000		Note	DKK'000	DKK'000
7,033	24,441	Share capital	21,22	24,441	7,033
27,252	319,745	Other reserves		318,925	26,940
34,285	**344,186**	**Equity**		**343,366**	**33,973**
0	0	Deferred tax	23	0	0
5,275	7,818	Finance lease liabilities	24	7,818	5,275
5,275	**7,818**	**Non-current liabilities**		**7,818**	**5,275**
1,639	2,740	Finance lease liabilities	24	2,740	1,639
5,800	14,024	Trade payables		15,799	5,802
13,343	11,713	Prepayments		11,713	13,343
6,851	9,565	Other payables		10,519	6,953
27,633	**38,042**	**Current liabilities**		**40,771**	**27,737**
32,908	**45,860**	**Total liabilites**		**48,589**	**33,012**
67,193	**390,046**	**Total equity and liabilities**		**391,955**	**66,985**
		Other notes	25-31		

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Cash flow statement

Parent 2006 DKK'000	Parent 2007 DKK'000		Note	Group 2007 DKK'000	Group 2006 DKK'000
-25,523	-75,654	Operating profit		-75,127	-25,505
3,206	4,991	Depreciations, amortization and impairment		5,070	3,255
4,663	10,055	Non-cash adjustments (warrants and provisions)	27	10,055	4,663
-21,454	10,176	Change in working capital	26	14,490	-18,590
-39,108	**-50,432**			**-45,512**	**-36,177**
360	8,031	Net interest and value gains		7,341	587
-38,748	**-42,401**	**Cash flows from operating activities**		**-38,171**	**-35,590**
-7,822	-4,150	Acquisition of intangible assets		-4,150	-7,822
-1,241	-7,676	Acquisition of property, plant and equipment		-9,497	-1,484
-535	-1,112	Change in other financial assets		-1,263	-577
-	-1,312	Prepayments in connection with investments in financial assets		-1,312	-
-9,598	**-14,250**	**Cash flows from investing activities**		**-16,222**	**-9,883**
-925	-1,678	Repayment of lease debt		-1,678	-925
21,192	399,741	Proceeds from capital increase		399,741	21,192
5,403	2,656	Proceeds from warrant exercises		2,656	5,403
0	-34,069	Costs in relation to capital increase		-34,069	0
-	-860	Costs in relation to prospectus 2008		-860	-
25,670	**365,790**	**Cash flows from financing activities**		**365,790**	**25,670**
-22,676	**309,139**	**Change in cash and cash equivalents**		**311,397**	**-19,803**
-	-	Unrealised currency gain/loss		-289	0
40,178	17,502	Cash and cash equivalents at 1 January		20,396	40,199
17,502	**326,641**	**Cash and cash equivalents at 31 December**		**331,504**	**20,396**
		Analysis of cash and cash equivalents:			
17,502	14,199	Cash and demand deposits		19,062	20,396
0	312,442	Fixed-term deposits		312,442	0
17,502	**326,641**			**331,504**	**20,396**

Statement of changes in equity

Group	Number of shares No.	Share capital (DKK'000)	Other reserves: Reserve for exchange adjustments	Retained profit (DKK'000)	Total (DKK'000)
Equity at 1 January 2007	**7,033,065**	**7,033**	**-552**	**27,492**	**33,973**
Profit/(loss) for the year				-67,786	-67,786
Exchange adjustments relating to foreign subsidiaries			-345		-345
Total recognized income and expense for the year			**-345**	**-67,786**	**-68,131**
Proceeds from capital increases	9,993,500	9,994		389,747	399,741
Costs in relation to capital increases				-34,069	-34,069
Costs related to the acquisition of Oncotech				-860	-860
Warrant exercise	274,004	274		2,383	2,657
Issue of bonus shares	7,140,495	7,140		-7,140	0
Share based payment				10,055	10,055
Other transactions	**17,407,999**	**17,408**		**360,116**	**377,524**
Equity at 31 December 2007	**24,441,064**	**24,441**	**-897**	**319,822**	**343,366**
Equity at 1 January 2006	**5,958,294**	**5,958**	**-**	**22,028**	**27,986**
Profit/(loss) for the year				-24,918	-24,918
Exchange adjustments relating to foreign subsidiaries			-552		-552
Total recognized income and expense for the year			**-552**	**-24,918**	**-25,470**
Proceeds from capital increases	963,254	963		20,228	21,192
Warrant exercise	111,517	112		5,291	5,403
Share based payment				4,863	4,862
Other transactions	**1,074,771**	**1,075**		**30,382**	**31,457**
Equity at 31 December 2006	**7,033,065**	**7,033**	**-552**	**27,492**	**33,973**

Statement of changes in equity

Parent	Number of shares No.	Share capital (DKK'000)	Retained profit (DKK'000)	Total (DKK'000)
Equity at 1 January 2007	**7,033,065**	**7,033**	**27,252**	**34,285**
Profit/(loss) for the year			-67,623	-67,623
Total recognized income and expense for the year			**-67,623**	**-67,623**
Proceeds from capital increases	9,993,500	9,994	389,747	399,741
Costs in relation to capital increases			-34,069	-34,069
Costs related to the acquisition of Oncotech			-860	-860
Warrant exercise	274,004	274	2,383	2,657
Issue of bonus shares	7,140,495	7,140	-7,140	0
Share based payment			10,055	10,055
Other transactions	**17,407,999**	**17,408**	**360,116**	**377,524**
Equity at 31 December 2007	**24,441,064**	**24,441**	**319,745**	**344,186**
Equity at 1 January 2006	**5,958,294**	**5,958**	**22,032**	**27,990**
Profit/(loss) for the year			-25,163	-25,163
Total recognized income and expense for the year			**-25,163**	**-25,163**
Proceeds from capital increases	963,254	963	20,229	21,192
Costs in relation to capital increases				
Warrant exercise	111,517	112	5,291	5,403
Share based payment			4,863	4,863
Other transactions	**1,074,771**	**1,075**	**30,383**	**31,458**
Equity at 31 December 2006	**7,033,065**	**7,033**	**27,252**	**34,285**

Notes to the financial statements

Note 1. Accounting policies

The annual report of Exiqon A/S for the year ended 31 December 2007, comprising the financial statements of the parent company and the consolidated financial statements, has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports for accounting class D (listed companies).

The annual report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The annual report is presented in Danish kroner (DKK), which is considered the presentation currency of the Group's activities and the functional currency of the parent company.

The annual report is presented on a historical cost basis. Otherwise, the accounting policies are as described in the following.

Implementation of new and revised Standards and Interpretations

The annual report for 2007 has been presented in accordance with the new and revised Standards (IFRS/IAS) and the new Interpretations (IFRIC) that apply to financial years beginning 1 January 2007 or later. These Standards and Interpretations are:

- IFRS 7, *Financial Instruments: Disclosures*
- IAS 1, *Presentation of Financial Statements (revised in 2005)*
- IAS 32, *Financial Instruments: Presentation (revised in 2005)*
- IFRIC 8, *Scope of IFRS 2*
- IFRIC 9, *Reassessment of Embedded Derivatives*
- IFRIC 10, *Interim Financial Reporting and Impairment.*

The implementation of the new and revised Standards and Interpretations in the annual report for 2007 has not led to changes in the accounting policies, but has solely affected the scope and the nature of the disclosures in the notes to the annual report.

Standards and Interpretations that have not yet become effective

At the time of publication of this annual report, the following new or revised Standards and Interpretations have not yet become effective, for which reason they have not been incorporated in this annual report:

- Revised IFRS 2, *Share based Payment*. The Standard is effective for financial years beginning 1 January 2009 or later. The Standard has not yet been adopted by the EU.
- Revised IFRS 3, *Business Combinations*. The Standard is effective for financial years beginning 1 July 2009 or later. The Standard has not yet been adopted by the EU.
- IFRS 8, *Business Segments.* The Standard is effective for financial years beginning 1 January 2009 or later.
- Revised IAS 1, *Presentation of Financial Statements*. The revised Standard is effective for financial years beginning 1 January 2009 or later. The Standard has not yet been adopted by the EU.
- Revised IAS 23, *Borrowing Costs*. The revised Standard is effective for financial years beginning 1 January 2009 or later. The Standard has not yet been adopted by the EU.
- Revised IAS 27, *Consolidated and Separate Financial Statements*. The revised Standard is effective for financial years beginning 1 January 2009 or later.
- IFRIC 11, *Group and Treasury Share Transactions.* The Interpretation is effective for financial years beginning 1 March 2007 or later.
- IFRIC 12, *Service Concession Arrangements.* The Interpretation is effective for financial years beginning 1 January 2008 or later. The Interpretation has not yet been adopted by the EU.
- IFRIC 13, *Customer Loyalty Programmes.* The Interpretation is effective for financial years beginning 1 August 2008 or later. The Interpretation has not yet been adopted by the EU.

- IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The Interpretation is effective for financial years beginning 1 January 2008 or later. The Interpretation has not yet been adopted by the EU.

Implementation of the revised IFRS 3, *Business Combinations*, will imply that, effective from the financial year 2010, the Group is required to recognise acquisition costs and changes in the contingent purchase consideration in connection with acquisitions directly in profit or loss. The implementation may also involve changes to accounting policies applied to partly recognition of goodwill related to minority interests' share of acquired entities, partly entity acquisitions achieved in stages and partial disposal of investments in subsidiaries.

Management anticipates that the adoption of these new and revised Standards and Interpretations will have no material impact on the annual reports for the coming financial years other than the additional disclosure requirements for business segments following from the implementation of IFRS 8.

Consolidation

The consolidated financial statements comprise the financial statements of Exiqon A/S (the parent company) and companies (subsidiaries) controlled by the parent company. The parent company is considered to control a subsidiary when it directly or indirectly holds more than 50% of the voting rights or is otherwise able to exercise or actually exercises a controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Exiqon A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a like nature. The financial statements used for consolidation purposes are prepared in accordance with the Group's accounting policies.

The financial statement items of subsidiaries are fully consolidated in the consolidated financial statements. On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses arising on intra-group transactions are eliminated.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Foreign currency translation

On initial recognition, transactions denominated in currencies other than the Group's functional currency are translated at the exchange rate ruling at the transaction date. Receivables, liabilities and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the rate of exchange at the balance sheet date. Exchange differences between the exchange rate at the date of the transaction and the exchange rate at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items. Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date. Non-monetary items revalued at fair value are translated at the exchange rates at the revaluation date.

On recognition in the consolidated financial statements of subsidiaries whose financial statements are presented in a functional currency other than DKK, their income statements are translated at average exchange rates for the respective months, unless these deviate materially from the actual exchange rates at the transaction dates.

In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are taken directly to equity. Similarly, exchange differences arising as a result of changes made directly in the equity of the foreign subsidiary are also taken directly to equity.

Share based incentive plans
Share based incentive plans in which Management and employees can only buy shares in the parent company (equity-based plans) are measured at the equity instruments' fair value at the grant date and recognised in the income statement over the vesting period. The balancing item is recognised directly in equity.

Share based incentive plans settled with cash are measured at fair value at the balance sheet date and are recognised in the income statement as vested under staff costs in the period until the employee has acquired the right to cash settlement. The balancing item is recognised as a liability.

The fair value of the equity instruments is determined using the Black & Scholes model with the parameters stated in note 6 to the financial statements.

According to the provisions of IFRS 2, costs of grants that had already vested at 1 January 2005 are not recognised.

Tax
Tax on the profit for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/(loss) for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity. Exchange adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the balance sheet as the tax charge on the year's taxable income, adjusted for tax paid on account.

The current tax charge for the year is calculated based on the tax rates and rules applicable at the balance sheet date.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities and is calculated based on the planned use of each asset and settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules that are expected to apply when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognised in the income statement, unless the deferred tax can be attributed to items previously recognised directly in equity. In that case, the change is also recognised directly in equity.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income. At each balance sheet date, it is assessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

Income statement

Revenue
Revenue from the sale of goods for resale and manufactured goods is recognised in the income statement if delivery and transfer of risk to the purchaser have taken place.

Revenue furthermore comprises up-front and milestone payments and other income from licence and distribution agreements. Revenue is recognised when it is probable that future economic benefits will flow to the company and that these can be measured reliably. In addition, recognition requires that all material risks and rewards of ownership have been transferred to the purchaser. If all risks and returns have not been transferred, the revenue is recognised as deferred income until all components of the transaction have been completed. Revenue from agreements with multiple components, and where the individual components cannot be separated and the fair value cannot be reliably measured, is recognised over the period of the agreement.

Revenue is measured as the fair value of the consideration received or receivable. Revenue is measured ex. VAT, taxes, etc. charged on behalf of third parties and discounts.

Production costs
Production costs comprise costs incurred to generate the revenue. Costs for raw materials, consumables, production staff, rent and leasing as well as maintenance and depreciation, amortisation and impairment of property, plant and equipment and intangible assets used in production are recognised in production costs.

Research and development costs
Research and development costs include salaries and costs directly attributable to the Company's research and development projects less government grants. Furthermore, salaries and costs supporting direct research and development, including costs of ongoing maintenance of patents, rent, leasing and depreciation attributable to the laboratories and external scientific consultancy services, are recognised under research and development costs.

All research costs are written off in the year in which they are incurred.

Development costs are recognised in the income statement as incurred if the criteria for capitalisation are deemed not to be met.

Sales and marketing costs
Sales and marketing costs comprise costs incurred for the selling and marketing of goods sold as well as for sales campaigns, costs for sales and marketing staff, including business development costs, advertising costs, rent and depreciation, amortisation and impairment of property, plant and equipment and intangible assets used in the sales and marketing process.

Administrative expenses
Administrative expenses comprise expenses incurred for the management and administration of the Group, including expenses for administrative staff and management, rent, office expenses and depreciation and impairment losses on the property, plant and equipment and intangible assets used in the administration of the Group.

Financial items
Financial income and expenses comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised gains and losses on transactions in foreign currencies and calculated interest costs concerning convertible debt instruments.

Interest income and expense is accrued based on the principal and the effective rate of interest. The effective rate of interest is the discount rate to be used in discounting expected future payments in relation to the financial asset or the financial liability so that their present value corresponds to the carrying amount of the asset or liability, respectively.

Balance sheet

Intangible assets
Development projects which are clearly defined and identifiable are recognised as intangible assets if it is probable that the project will generate future economic benefits for the Group and the development costs relating to the individual assets can be measured reliably.

Development projects are measured at cost on initial recognition. The cost of development projects comprises costs, including salaries and amortisation, that are directly attributable to the development projects and are necessary for the completion of the project, calculated from the date when the development project first qualifies for recognition as an asset.

Completed development projects are amortised on a straight-line basis over the useful lives of the assets. The usual amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining term of the rights concerned. Development projects are written down to their recoverable amount where this is lower than the carrying amount, as described below. Development projects in progress are tested for impairment at least once a year.

Intellectual property rights acquired in the form of patents and licenses are measured at cost less accumulated amortisation and impairment. Patents are amortised on a straight-line basis over the remaining patent term, and licenses are amortised over the term of the agreement. If the actual useful life is shorter than either the remaining life or the contract period, the asset is amortised over this shorter useful life. Acquired intellectual property rights are written down to their recoverable amount where this is lower than the carrying amount, as described below.

Intangible assets with indeterminable useful lives are not amortised, but are tested for impairment at least once a year. If the carrying amount of the assets exceeds the recoverable amount, the assets are written down to this lower amount, as described below.

Property, plant and equipment

Production and laboratory equipment and other production plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use. In the case of assets manufactured by the company, cost includes expenses directly attributable to the manufacture of the asset, including materials, components, third-party suppliers and labour. The cost of assets held under finance leases is determined as the lower of the fair value of the assets and the present value of future minimum lease payments.

The basis of depreciation is the cost of the asset less its residual value. The residual value is the amount that would be obtainable in a sale of the asset today, less selling costs, if the asset already had the age and were in the state expected at the end of its useful life. The cost of a total asset is divided into smaller components that are depreciated separately if such components have different useful lives.

Assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Production plant and machinery	5 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation methods, useful lives and residual values are re-assessed once a year.

Property, plant and equipment are written down to the recoverable amount if it is deemed to be lower than the carrying amount, as described below.

Impairment of property, plant and equipment and intangible assets as well as investments in subsidiaries

The carrying amounts of property, plant and equipment and intangible assets with determinable useful lives and investments in subsidiaries are reviewed at the balance sheet date to determine whether there are any indications of impairment. If such indications are found, the recoverable amount of the asset is assessed to determine any need for an impairment write-down and, if so, the amount of the write-down.

For intangible assets with indeterminable useful lives and goodwill, the recoverable amount is assessed annually, regardless of whether any indications of impairment have been found.

If the recoverable amount is assessed to be lower than the carrying amount, the assets are written down to the recoverable amount. Impairment write-downs are recognised in the income statement.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company financial statements. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value. Cost is also written down if the dividend distributed exceeds the accumulated earnings in the company since the acquisition of the investment.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value. The cost of goods for resale, raw materials and consumables includes the purchase price plus transportation costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as allocated fixed and variable production overheads.

Variable production overheads comprise indirect materials and payroll costs and are allocated based on preliminary calculations of the goods actually manufactured. Fixed production overheads comprise maintenance of and depreciation on the machines, factory buildings and equipment used in the manufacturing process as well as the cost of factory management and administration. Fixed production overheads are allocated based on the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale.

Receivables
Receivables are on initial recognition measured at fair value and subsequently at amortised cost price, which usually corresponds to the nominal value less provision for bad debts.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost price.

Treasury shares
Acquisition and sales sums arising on the purchase and sale of treasury shares and dividends on treasury shares are recognised directly in retained earnings under equity.

Provisions
Provisions are recognised when, as a consequence of a past event during the financial year or previous years, the Group has a legal or constructive obligation, and it is likely that settlement of the obligation will require an outflow of the Company's financial resources.

Provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

On sales of goods subject to a right of return, provision is made for the proceeds on the goods expected to be returned as well as any expenses related to the returns.

Finance lease liabilities
Finance lease liabilities regarding assets held under finance leases are recognised in the balance sheet as liabilities and measured at the inception of the lease at the lower of the fair value of the leased asset and the present value of future lease payments.

On subsequent recognition, lease liabilities are measured at amortised cost price. The difference between the present value and the nominal value of lease payments is recognised in the income statement over the term of the lease as a financial expense.

Lease payments regarding operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Other financial liabilities
Other financial liabilities, including bank loans and trade payables, are on initial recognition measured at fair value. In subsequent periods, financial liabilities are measured at amortised cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the term of the loan.

Deferred income

Deferred income comprises income received relating to subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

Cash flows from operating activities are stated as operating profit, adjusted for non-cash operating items and changes in working capital, less the income tax paid during the year attributable to operating activities.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and financial assets as well as purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes to the parent company's share capital and related costs as well as the raising and repayment of loans, instalments on interest-bearing debt, acquisition of treasury shares and payment of dividends. Also recognised are cash flows from assets held under finance lease in the form of lease payments made.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates for the individual months if these are a reasonable approximation of the actual exchange rates at the transaction dates. If this is not the case, the actual exchange rates for the specific days in question are used.

Cash and cash equivalents comprise cash and short-termed fixed-term deposits subject to an insignificant risk of changes in value less any overdraft facilities that are an integral part of the Group's cash management.

Segment information

Exiqon's products and related services are used exclusive for research purposes, and the primary segment therefore only comprises one segment.

Revenue, segment assets and additions to property, plant and equipment and intangible assets are disclosed in the secondary, geographical segments of the Exiqon Group. The segment information follows the Group's risks, the Group's accounting policies and in-house financial management.

Segment revenue and segment assets comprise those items that are directly attributable to individual segments or that can be allocated to individual segments on a reasonable basis.

Note 2. Significant accounting estimates, assumptions and uncertainties

Many financial statement items cannot be measured reliably, but must be estimated. Such estimates comprise judgements made on the basis of the most recent information available at the reporting date. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

Significant accounting estimates

In applying the accounting policies described in note 1 to the financial statements, Management has exercised the following critical accounting judgements that significantly affect the financial statements:

Research and development costs

Development projects which are clearly defined and identifiable are recognised as intangible assets if it is probable that the project will generate future economic benefits for the Group and the development costs relating to the individual assets can be measured reliably. If these criteria are deemed not to be met, development costs are recognised in the income statement as incurred.

In accordance with industry practice under IFRS, the Company has assessed that there is insufficient certainty that the detailed criteria for capitalisation will be met, and the development costs previously incurred are therefore recognised in the years when incurred.

Since none of the Group's development programmes has reached a status, which is required for capitalization, no capitalization of development programmes are made as of 31 December 2007.

Share based payment
The value of share based payment, including grants of warrants to employees, Executive Management and Board of Directors who provide their services to the Company as consideration for the warrants received, is measured at fair value at the time of grant and recognised over the period during which the holder earns the right.

The Company has issued share based incentive programmes under which members of the Board of Directors, members of Management and employees may choose to subscribe shares in the Company only (equity based plans) and share based incentive programmes with cash settlement. Such plans are measured and recognised in accordance with the accounting policies, as described in note 1. The fair value at the grant date is determined using the Black & Scholes model, based among other things on the expected maturity of the warrants granted, an estimated fair value and volatility of the Company's shares. The determination of these parameters is made based on estimates.

Note 3. Revenue

Parent			Group	
2006	**2007**		**2007**	**2006**
DKK'000	**DKK'000**		**DKK'000**	**DKK'000**
20,973	24,561	Product sales	38,525	20,973
18,667	6,692	License income	6,692	18,667
3,456	4,261	Contract research	4,261	3,456
43,096	**35,514**		**49,478**	**43,096**

Note 4. Segment information for the Group

Primary segment
The activities of the Exiqon Group all lie within the business area "Research", therefore the primary segment is comprised of only one segment.

Secondary segment
The revenue of the Exiqon Group is distributed as follows on geographical segments:

	Group	
	2007	**2006**
	DKK'000	**DKK'000**
Europe	28,337	27,088
North America	19,417	15,340
Asia	1,724	668
	49,478	**43,096**

The distribution is based on the registered offices of customers.

The below table specifies the distribution of the Group's total assets on geographical markets and the addition for the year of property, plant and equipment and intangible assets based on the physical location of the assets.

	Addition of intangible assets and pro-perty, plant and equipment		Total non-current assets	
	2007	2006	2007	2006
	DKK'000	DKK'000	DKK'000	DKK'000
Europe	15,589	13,617	34,026	19,505
North America	1,820	238	2,115	214
	17,409	**13,855**	**36,141**	**19,719**

Note 5. Staff costs

Parent			Group	
2006	2007		2007	2006
DKK'000	DKK'000		DKK'000	DKK'000
195	1,045	Board of Directors' fees	1,045	195
24,788	40,983	Wages and salaries	49,733	28,580
-	180	Pension scheme	180	-
4,863	10,524	Share based payment	10,524	4,863
1,723	2,181	Other staff costs	3,698	2,269
31,569	**54,913**		**65,180**	**35,907**
		Staff costs are distributed as follows:		
3,935	7,306	Production costs	7,306	3,935
16,080	15,484	Research and development costs	15,484	16,080
6,092	10,044	Sales and marketing costs	20,311	10,430
5,462	22,079	Administrative expenses	22,079	5,462
31,569	**54,913**		**65,180**	**35,907**
50	69	Average number of employees	80	62

Note 5. Staff costs (continued)

Remuneration for the Management	Fixed salary, bonus, etc.	Board of Directors' fee	Pensions	Share based payment	Total remuner-ation
Management remuneration 2007 (group):					
Board of Directors	0	1,045	0	2,141	3,186
Executive Management	2,280	0	9	4,036	6,325
Other senior employees	7,242	0	29	3,510	10,781
	9,522	1,045	38	9,687	20,292
Management remuneration 2006 (group):					
Board of Directors	0	180	-	353	533
Executive Management	1,977	0	-	1,618	3,595
Other senior employees	4,155	15	-	1,696	5,866
	6,132	195	-	3,667	9,994
Management remuneration 2007 (parent):					
Board of Directors	0	1,045	0	2,141	3,186
Executive Management	2,280	0	9	4,036	6,325
Other senior employees	5,828	0	29	3,253	9,110
	8,108	1,045	38	9,430	18,621
Management remuneration 2006 (parent):					
Board of Directors	0	180	-	353	533
Executive Management	1,977	0	-	1,618	3,595
Other senior employees	2,995	15	-	1,146	4,156
	4,972	195	-	3,117	8,284

Note 6. Share based payment

For the purpose of motivating and retaining employees and encourage the fulfilment of common goals for employees, management and shareholders, the company has set up share based incentive programmes in the form of warrant schemes for Board of Directors, Executive Management, senior employees and other employees. The scheme, which can only be exercised by buying the shares in question (equity based scheme), entitles the holder to buy a number of shares in the parent company at an agreed price, corresponding to a calculated average price of the shares at the time of grant and for the grant in 2007 to the Board of Directors, Executive Management and senior employees added an annual performance adjustment. Vesting periods range from 0 to 3 years. Warrants that remain unexercised for a period of up to five years from the time of grant will lapse. For management and senior employees, the right to exercise warrants is conditional on continuing employment at the end of the vesting period.

	Executive Manage-ment	Board of Directors	Other senior em-ployees	Others	Total
Outstanding warrants 1 January 2007	538,342	52,000	460,870	476,028	1,527,240*)
Granted in the financial year	452,498	303,503	306,565	0	1,062,566
Exercised in the financial year	-72,000	-52,000	-22,500	-234,934	-381,434
Expired in the financial year	0	0	0	-3,140	-3,140
Outstanding warrants 31 December 2007	**918,840**	**303,503**	**744,935**	**237,954**	**2,205,232**
Of which can be exercised	525,954	87,983	497,387	237,954	1,349,278
Outstanding warrants 1 January 2006	38,707	26,844	0	121,239	186,790
Granted in the financial year	233,171	0	257,028	187,493	677,692
Forfeited due to termination of employment	0	0	-23,072	0	-23,072
Exercised in the financial year	-2,707	-844	0	-14,276	-17,827
Expired in the financial year	0	0	-3,521	-56,442	-59,963
Outstanding warrants 31 December 2006	269,171	26,000	230,435	238,014	763,620

*) The number of outstanding warrants 1 January 2007 is adjusted due to the issuance of bonus shares on 2 May 2007.

At the time of exercise of warrants the average share price was:

Exercised at DKK 10,00 on 29 January 2007	10*)
Exercised at DKK 9,50 in the period 28 August to 24 september 2007	37,03
Exercised at DKK 9,50 in the period 27 November to 21 December 2007	36,91

*) The warrants were exercised before the Company's public listing and there is for that reason no market price.

As of 31 December 2007, the following warrant programmes are still outstanding:

Programme	Exercise price	Exercise period	Fair value at year end in DKK million *)	Estimated fair value on time of grant per warrant in DKK *)
May 2006	9.50	4 weeks following the announcement of annual and interim financial statements	28.6	11.00
December 2006	9.50	4 weeks following the announcement of annual and interim financial statements	3.9	10.00
May 2007	41.30	4 weeks following the announcement of annual and interim financial statements	12.1	12.76
Total			**44.6**	

*) The market value is calculated on the basis of the Black-Scholes formula for valuation of warrants. The calculations are based on the assumption of no dividend per share (2006: no dividend per share), a volatility of 50% based on comparable companies (2006: volatility of 50%), a risk free interest rate of 4.25% (2006: risk free interest of 3.8%) per annum, and finally the share price of Exiqon on 31 December 2007, DKK 37.5 per share (2006: share price of DKK 19 per share). The expected maturity is calculated as the latest possible exercise of warrants adjusted for expected termination of employment and other causes for non-exercise of warrants.

Warrant programme granted in May 2006
All warrants granted in May 2006 are fully vested. The exercise period expires on 21 January 2011.

Warrant programme granted in December 2006
All warrants granted in December 2006 are fully vested. The exercise period expires on 21 January 2011.

Warrant programme granted in May 2007
Warrants granted in May 2007 are divided into 36 tranches, with 1/36 vesting monthly over a 36 month period. The exercise period expires in 2010. The exercise price is 40 with a premium of 5% p.a. from the date of grant until exercise.

Share based payment with cash settlement

	Executive Manage-ment	Board of Directors	Other senior em-ployees	Others	Total
Outstanding rights 1 January 2007	0	0	0	0	0
Granted in the financial year	0	0	75,898	0	0
Exercised in the financial year	0	0	0	0	0
Expired in the financial year	0	0	0	0	0
Outstanding rights 31 December 2007	**0**	**0**	**75,898**	**0**	**0**
Of which can be exercised	0	0	16,866	0	0

In 2007 75,898 rights of share based payment with cash settlement were granted to senior employees. These are granted in May 2007 and divided into 36 tranches, with 1/36 vesting monthly over a 36 month period. The exercise period expires in 2010. The exercise price is 40 with a premium of 5% p.a. from the date of grant until exercise.

In the Balance Sheet item Other Payables DKK'000 470 is included regarding share based payment with cash settlement. The market value is calculated on the basis of the Black-Scholes formula for valuation of warrants, based on the assumptions mentioned above.

Note 7. Depreciation, amortisation and impairment

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
277	606	Software	606	277
84	540	Acquired patents and licenses	540	84
1,019	940	Laboratory equipment	940	1,019
678	911	Production plant and equipment	911	678
1,147	1,994	Fixtures and fittings, tools and equipment	2,073	1,172
3,205	**4,991**		**5,070**	**3,230**
		Depreciation, amortisation and impairment are distributed as follows:		
1,082	2,326	Production costs	2,326	1,081
333	1,598	Research and development costs	1,598	1,610
181	463	Sales and Marketing costs	542	358
1,610	604	Administrative expenses	604	181
3,206	**4,991**		**5,070**	**3,230**

Note 8. Fees to auditors appointed by the general meeting

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
		Fees to the parent company's auditors appointed by the general meeting for the financial year are specified as follows:		
80	165	Audit	200	90
229	1,165	Non-audit services	1,165	229
309	**1,330**		**1,365**	**319**

Note 9. Financial items

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
		Financial income		
445	8,921	Interest income from bank deposits etc.	8,921	445
-	650	Interest income from subsidiaries	-	-
487	-	Fair value adjustment of financial assets	-	487
-	1,077	Foreign exchange gains	1,077	227
932	**10,648**		**9,998**	**1,159**
		Financial expenses		
155	326	Interest on mortgage and bank loans	366	155
163	337	Interest on financial lease obligations	337	163
254	1,954	Foreign exchange losses	1,954	254
572	**2,617**		**2,657**	**572**

Note 10. Tax on profit for the year

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
0	0	Current tax	0	0
0	0	Changes in deferred tax	0	0
0	**0**		**0**	**0**
		Tax on profit for the year is explained as follows:		
-7,046	-16,304	Tax calculated at a rate of 25%(28%)	-16,304	-6,977
-	5,173	Effect of changes in tax rates in DKK	5,173	-
1,372	-2,408	Permanent deviations	-2,408	1,372
5,674	13,539	Unrecognized change in tax asset	13,539	5,605
0	**0**		**0**	**0**

Note 11. Earnings per share

	Group	
	2007	**2006**
The calculation of earnings per share and diluted earnings per share are based on the following data		
Profit/(loss) (DKK'000)	-67,786	-24,918
Average number of shares	20,245,695	6,940,420
Average number own shares	-5,342	-2,671
Average number of circulating shares	20,240,353	6,937,749
Average diluting effect of outstanding warrants (no.)	1,142,666	491,318
Average number of shares, diluted (no.)	21,383,019	7,429,067
Earnings and diluted earnings per share	-3.35	-1.80

Adjustment of the issued bonus shares in May 2007 uses 0.5 in the calculation of earnings and diluted earnings per share are used retrospectively for all presented accounting years.

There is no difference between the calculation of earnings per share and diluted earnings per share as the Group reported an operating loss.

Note 12. Intangible assets, Group and Parent company financial statements

	Acquired software licenses DKK'000	Acquired patent rights DKK'000
Intangible assets 2007		
Cost at 1 January 2007	3,720	6,368
Additions	226	3,924
Cost at 31 December 2007	**3,946**	**10,292**
Amortisation at 1 January 2007	-1,289	-742
Amortisation	-606	-540
Amortisation at 31 December 2007	**-1,895**	**-1,282**
Carrying amount at 31 December 2007	**2,051**	**9,010**
Intangible assets 2006		
Cost at 1 January 2006	3,489	764
Additions	2,218	5,604
Disposals	-1,987	0
Cost at 31 December 2006	**3,720**	**6,368**
Amortisation at 1 January 2006	-2,999	-658
Amortisation	-277	-84
Amortisation regarding assets disposed of	1,987	-
Amortisation at 31 December 2006	**-1,289**	**-742**
Carrying amount at 31 December 2006	**2,431**	**5,626**

Note 13. Property, plant and equipment

	Production equipment	Laboratory equipment	Fixtures and fittings	Leasehold improvements	Tangible assets in progress
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Property, plant and equipment *2007 (Group)*					
Cost at 1 January 2007	4,849	15,380	6,798	6,752	0
Exchange rate adjustment	0	3	-40	0	0
Additions	3,167	6,175	2,285	1,633	1,539
Cost at 31 December 2007	**8,016**	**21,558**	**9,043**	**8,385**	**1,539**
Depreciation at 1 January 2007	-1,265	-13,352	-4,020	-4,535	-
Exchange rate adjustment	0	0	4	0	-
Depreciation	-911	-940	-1,197	-876	-
Depreciation at 31 December 2007	**-2,176**	**-14,292**	**-5,213**	**-5,410**	**-**
Carrying amount at 31 December 2007	**5,840**	**7,266**	**3,830**	**2,974**	**1,539**
Assets held under finance leases	4,436	2,827	2,506	-	-
Property, plant and equipment *2007 (parent)*					
Cost at 1 January 2007	4,849	15,380	6,560	6,752	0
Additions	3,167	4,741	1,899	1,633	1,539
Cost at 31 December 2007	**8,016**	**20,121**	**8,459**	**8,385**	**1,539**
Depreciation at 1 January 2007	-1,265	-13,352	-3,995	-4,535	-
Depreciation	-911	-940	-1,118	-876	-
Depreciation at 31 December 2007	**-2,176**	**-14,292**	**-5,113**	**-5,411**	**-**
Carrying amount at 31 December 2007	**5,840**	**5,829**	**3,346**	**2,974**	**1,539**
Assets held under finance leases	4,436	2,827	2,506	-	-

Note 13. Property, plant and equipment (continued)

	Production equipment	Laboratory equipment	Fixtures and fittings	Leasehold improve-ments
	DKK'000	DKK'000	DKK'000	DKK'000
Property, plant and equipment *2006 (Group)*				
Cost at 1 January 2006	3,692	13,380	4,872	6,324
Additions	1,157	1,647	2,279	950
Transfers	-	353	-353	
Disposals	-	-	-	-522
Cost at 31 December 2006	**4,849**	**15,380**	**6,798**	**6,752**
Depreciation at 1 January 2006	-587	-11,981	-3,722	-4,536
Depreciation	-678	-1,018	-651	-521
Transfers		-353	353	
Depreciation regarding assets disposed of	-	-	-	522
Depreciation at 31 December 2006	**-1,265**	**-13,352**	**-4,020**	**-4,535**
Carrying amount at 31 December 2006	**3,584**	**2,028**	**2,778**	**2,217**
Assets held under finance leases	3,278	1,559	2,013	-

Property, plant and equipment *2006 (parent)*				
Cost at 1 January 2006	3,692	13,380	4,872	6,324
Additions	1,157	1,647	2,041	950
Transfers	-	353	-353	
Disposals	-	-	-	-522
Cost at 31 December 2006	**4,849**	**15,380**	**6,560**	**6,752**
Depreciation at 1 January 2006	-587	-11,981	-3,722	-4,536
Depreciation	-678	-1,018	-627	-521
Transfers		-353	353	
Depreciation regarding assets disposed of	-	-	-	522
Depreciation at 31 December 2006	**-1,265**	**-13,352**	**-3,996**	**-4,535**
Carrying amount at 31 December 2006	**3,584**	**2,028**	**2,564**	**2,217**
Assets held under finance leases	3,278	1,559	2,013	-

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Note 14. Investments in subsidiaries

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
1	1	Cost at 1 January		
-	-	Additions on acquisition of investments		
1	1	**Cost at 31 December**		
-	-	Impairment at 1 January		
-	-	Impairment for the year		
-	-	**Impairment at 31 December**		
1	**1**	**Carrying amount at 31 December**		

Investments in subsidiaries comprise the following:
Exiqon Inc., USA, wholly owned, selling and marketing activities.

Note 15. Other securities and investments

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
400	0	Cost at 1 January	0	400
-	0	Additions	0	-
-400	0	Disposals	0	-400
0	**0**		**0**	**0**

Note 16. Prepayments in connection with acquisition

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
-	0	Cost at 1 January	0	-
-	1,312	Additions	1,312	-
-	0	Disposals	0	-
0	**1,312**		**1,312**	**0**

On 29 February 2008 Exiqon A/S completed the acquisition of Oncotech Inc. as mentioned in the Business Review under Important events after the Balance Sheet date.

	Oncotech Inc.		
	Book value*) DKK'000	Adjustment to fair value DKK'000	Fair value DKK'000
Tumour bank	0	44,270	44,270
Customer relations	0	42,885	42,885
Patents	0	4,402	4,402
Trademarks	0	13,427	13,427
Non-current assets	3,822	0	3,822
Financial assets	249	0	249
Inventories	1,194	0	1,194
Receivables	12,957	0	12,957
Prepayments	1,354	0	1,354
Cash and cash equivalents	1,524	0	1,524
Non-current liabilities	-2,406	0	-2,406
Current liabilities	-35,549	0	-34,549
	-15,855	**104,984**	**89,129**
Goodwill on acquisition			117,755
Total purchase price			**206,884**
Less cash and cash equivalents acquired			-1,524
Paid by issuance of new shares			**-205,360**
Net cash flow impact			**0**

*) Book value as of 31 December 2007 according to un-audited Balance from Oncotech, Inc.

The above statement is based on estimated closing liabilities. The final purchase price depends on the actual liabilities acquired from the Company which may not be calculated before 2008.

The purchase price is paid by the issuance of new shares, with the reservation for the adjustment to the price as a result of the actual acquired liabilities, and will be measured at fair value as of the closing date. Acquisition costs are not included in the above-mentioned preliminarily stated purchase price.

For the acquisition is paid an amount that exceeds the fair value of the identified assets, liabilities and contingent liabilities. This positive balance is primarily due to expected synergies between the activities in the acquired company and the Group's existing activities, future growth posibilities and the companies' employees.

Note 17. Inventories

Parent			Group	
2006 DKK'000	2007 DKK'000		2007 DKK'000	2006 DKK'000
2,245	3,711	Raw materials and consumables	3,711	2,245
2,392	3,333	Manufactured goods and goods for resale	3,333	2,392
4,637	**7,044**		**7,044**	**4,637**

Note 18. Trade receivables

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
20,935	12,086	Trade receivables 31 December (gross)	14,641	20,933
0	0	Write-down for expected losses 1 January	0	0
0	-284	Write-down for expected losses during the year	-611	0
0	0	Reversal of previous write-downs for expected losses	0	0
0	-284	Write-down for expected losses 31 December	-611	0
20,935	11,802	Trade receivables 31 December (net)	14,030	20,933
		Ageing of past due but not impared:		
1,182	1,047	Up to 30 days	1,412	1,182
602	200	30 to 90 days	479	602
236	397	90 to 180 days	478	236
198	839	More than 180 days	915	198
2,218	2,483		3,284	2,218

All trade receivables fall due within 1 year.

The write-down of trade receivables is recognized in the income statement as part of the Sales and Marketing costs. The write-down is based on an individual assessment of each individual debtors creditworthiness.

Note 19. Receivables from group companies

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
3,642	7,840	Receivables from Group companies 31 December	-	-

There has been no write-down of receivables from group companies.

Note 20. Other receivables

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
991	1,774	Other receivables	1,830	1,052

None of the receivables are over-due.

There has been no write-down of other receivables.

Note 21. Share capital

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
5,958	7,033	No. of shares at 1 January		
0	107	Warrant exercise in January		
0	7,140	Bonus shares issued in the year		
0	9,994	Capital increase in May		
1,075	167	Warrant exercises in August and November		
7,033	24,441	**No. of shares at 31 December**		

The share capital consists of 24,441,064 shares of DKK 1 each. The shares are paid up in full. The shares are not divided into classes, nor are any special rights attached to any shares.

Note 22. Treasury shares

	Group and parent: No. in '000	Nominal value DKK'000	% of share capital
Treasury shares at 1 January 2007	3	3	0,1
Bonus shares	2	2	0
Acquisition of treasury shares	0	0	0
Sale of treasury shares	0	0	0
Treasury shares at 31 December 2007	**5**	**5**	**0,1**
Treasury shares at 1 January 2006	3	3	0,1
Acquisition of treasury shares	0	0	0
Sale of treasury shares	0	0	0
Treasury shares at 31 December 2006	**3**	**3**	**0,1**

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Note 23. Deferred tax

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
1,096	-513	Intangible assets	-513	1,096
5,547	3,640	Property, plant and equipment	3,640	5,547
4,653	1,893	Research and development costs	1,893	4,653
-	71	Provisions	71	-
3,736	2,928	Prepayments received	2,928	3,736
15,032	**8,019**	**Temporary differences**	**8,019**	**15,032**
36,186	51,397	Tax loss carry-forwards	51,397	36,186
51,218	**59,416**	**Deferred tax asset at 31 December**	**59,416**	**51,218**

Tax losses can be carried forward perpetually.

The parent company and the Group have generated losses in the past few years. As it is still highly uncertain whether the deferred tax asset can be utilised, the asset has not been recognised in the financial statements for 2007.

Note 24. Finance lease liabilities

	Group and parent			
	Lease payment		Present value of lease payments	
	2007	2006	2007	2006
	DKK'000	DKK'000	DKK'000	DKK'000
Due within one year from the balance sheet day	3,319	1,925	2,740	1,639
Due in 1-5 years from the balance sheet day	8,734	5,717	7,818	5,275
	12,053	**7,642**	**10,558**	**6,914**
Amortisation premium for future expensing	-1,495	-728		
	10,558	**6,914**		

Finance lease liabilities	Currency	Expiry	Fixed /floating	Effective interest rate %	Present value of lease payments DKK'000	Fair value DKK'000
Finance lease liabilities, production equipment	DKK	2009-12	Fixed	3-7	10,558	12,053
31 December 2007					**10,558**	**12,053**
Finance lease liabilities, production equipment	DKK	2009-12	Fixed	3-6	6,914	7,642
31 December 2006					**6,914**	**7,642**

The current value of the finance lease liabilities is set as the present value of future amortisation and interest payments using the current interest rate as the discount factor.

Note 25. Operating lease liabilities

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
		Leasing payments included in the income statement		
2,535	3,034	Rent commitment	3,845	2,535
		Total future minimum lease payments for non-terminable leases fall due as follows:		
1,718	3,404	Within one year of the balance sheet date	4,684	1,972
2,582	8,483	2-5 years after the balance sheet date	12,590	3,367
0	2,775	More than 5 years after the balance sheet date	2,775	0
4,300	**14,662**		**20,049**	**5,339**

Rent commitments are entered into for a minimum of 6 months up to 6 years with fixed payments, which are yearly price adjusted. The agreements are unterminable in the mentioned period and can afterwards be extended in periods between 6 months and up to a year.

Note 26. Change in working capital

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
-2,286	-2,407	Change in inventories	-2,407	-2,286
-22,879	3,270	Change in receivables	4,964	-19,924
3,711	9,313	Change in trade payables etc.	11,933	3,620
-21,454	**10,176**		**14,490**	**-18,590**

Note 27. Non-cash adjustments

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
4,863	10,055	Incentive programmes	10,055	4,863
-200	-	Provisions	-	-200
4,663	**10,055**		**10,055**	**4,663**

Note 28. Contingent liabilities

Security for loans

The loan mentioned in note 24 above is secured upon leased assets under "Property, plant and equipment".

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Note 29. Financial risks and financial instruments

Categories of financial instruments

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
20,935	11,802	Trade receivables	14,030	20,933
3,642	7,840	Receivables from group companies	-	-
991	1,774	Other receivables	1,830	1,052
17,502	326,641	Cash and cash equivalents	331,504	20,396
43,070	348,057	**Lendings and receivables**	347,364	42,381
6,914	10,558	Finance lease liabilities	10,558	6,914
5,800	14,024	Trade payables	15,799	5,802
6,851	9,752	Other payables	10,706	6,953
19,565	34,334	**Financial liabilities measured at cost price**	37,063	19,669

Policy for managing financial risks
The parent company manages the Group's financial risks centrally and co-ordinates the Group cash management, including capital procurement and investment of excess cash. The Group follows a finance policy, approved by the Board of Directors, based on a low risk profile so that currency, interest rate and credit risk arises only in connection with commercial transactions.

Currency risk
The Group's currency risks are primarily hedged by matching payments received and made in the same currency. The Group regularly assesses the need to enter into forward exchange contracts. No entering into forward exchange contracts are made as of 31 December 2007.

Liquidity and interest rate risks
The Group does not hedge interest rate risk as this is not considered financially viable.

It is the Group's goal to have sufficient reserves to constantly be able to make arrangements in case of unforeseen events.

The Group's liquidity rists are assessed to be minimal due to significant excess liquidity being placed on short-term fixed-term deposit accounts.

The time of maturity for financial liabilities are specified in the notes for the individual categories of liabilities. The Group's and parents liquidity reserve consists of cash and cash equivalents.

Free cash flow is placed on accounts with fixed interest rate based on market interest and the interest rate risk is therefore limited and follows the development in the market.

Credit risks
The Group's policy for undertaking credit risks involves an ongoing credit assessment of all major customers and business partners.

Currency risks in respect of recognized financial assets and liabilities

	Group			
	Cash and cash equivalents	**Re-ceivables**	**Financial liabilities**	**Non-secured net position**
	DKK'000	**DKK'000**	**DKK'000**	**DKK'000**
USD	6,007	5,569	-7,752	3,824
EUR	5,610	8,641	-1,076	13,175
DKK	319,887	5,228	-38,815	286,300
Other currencies	0	0	-1,133	-1,133
31 December 2007	**331,504**	**19,438**	**-48,776**	**302,166**
USD	4,260	6,168	-1,166	9,262
EUR	6,422	1,781	-227	7,976
DKK	9,693	14,284	-30,709	-6,732
Other currencies	21	-	-910	-889
31 December 2006	**20,396**	**22,233**	**-33,012**	**9,617**

Currency risks in respect of recognized financial assets and liabilities

	Parent			
	Cash and cash equivalents	**Receivable s**	**Financial liabilities**	**Non-secured net position**
	DKK'000	**DKK'000**	**DKK'000**	**DKK'000**
USD	1,146	10,640	-5,029	6,757
EUR	5,610	8,641	-1,076	13,175
DKK	319,885	5,226	-38,814	286,297
Other currencies	-	0	-1,129	-1,129
31 December 2007	**326,641**	**24,507**	**-46,048**	**305,100**
USD	1,366	9,526	-1,062	9,830
EUR	6,422	1,781	-227	7,976
DKK	9,693	14,285	-30,709	-6,731
Other currencies	21	-	-910	-889
31 December 2006	**17,502**	**25,592**	**-32,908**	**10,186**

Exiqon's main exchange rate risks relate to EUR and USD. Raw materials are purchased in USD and revenue from a large part of our products is also denominated in USD. The investment in the U.S. subsidiary will not be hedged.

Fluctuations in the exchange rate of 10% for USD against DKK can be expected to impact the Group's net result by 1% against 0% in 2006 and the equity by 0% against 0% in 2006.

Interest rate risks

The interest rate risk on the Group's interest-bearing financial assets and liabilities can be described as follows, stating the earlier of interest reset or expiry dates and effective interest rates:

Group	Within one year DKK'000	In two to five years DKK'000	In more than five years DKK'000	Total DKK'000	Of this, fixed interest DKK'000	Effective interest rate %
Bank deposits	331,504	-	-	331,504	0	2-4
Lease arrangements	-2,740	-7,818	-	-10,558	-10,558	3-7
31 December 2007	**328,764**	**-7,818**	**-**	**320,946**	**-10,558**	
Bank deposits	20,396	-	-	20,396	0	2,5
Lease arrangements	-1,639	-5,275	-	-6,914	-6,914	3-5
31 December 2006	**18,757**	**-5,275**	**-**	**13,482**	**-6,914**	

Parent	Within one year DKK'000	In two to five years DKK'000	In more than five years DKK'000	Total DKK'000	Of this, fixed interest DKK'000	Effective interest rate %
Bank deposits	326,641	-	-	326,641	0	2-4
Lease arrangements	-2,740	-7,818	-	-10,558	-10,558	3-7
31 December 2007	**323,901**	**-7,818**	**-**	**316,083**	**-10,558**	
Bank deposits	17,502	-	-	17,502	0	2,5
Lease arrangements	-1,639	-5,275	-	-6,914	-6,914	3-5
31 December 2006	**15,863**	**-5,275**	**-**	**10,588**	**-6,914**	

The Group's bank deposits are placed on cash and demand deposits or fixed-term deposits with duration of up to 14 days.

A change in the interest rate level of 0.50% compared to the realized interest during the year can be expected to impact the Group's net result by 2% against 1% in 2006 and the equity by 0% against 1% in 2006.

Credit risks

The Group's primary credit risk is related to trade receivbles. The Group's customers are mainly large companies and public research institutes in Denmark, Europe and North America. The Group has a significant receivable with one business partner at the balance sheet date. The Group's policy for undertaking credit risks involves an ongoing credit assessment of all major customers and business partners.

Parent 2006 DKK'000	Parent 2007 DKK'000		Group 2007 DKK'000	Group 2006 DKK'000
		Not impared not due receivables are distributed as follows:		
14,051	7,171	Europe	7,171	14,051
4,208	2,418	North America	3,844	4,208
179	240	Asia	240	179
18,438	9,829		11,255	18,438

The maximum credit risk related to trade receivables equals the carrying amount of these.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization between the Group's strategy and cash position and also of the debt and equity balance. The Group's overall strategy remains unchanged from 2006.

The capital structure of the Group consists of debt, which includes finance lease arrangements, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Excess liquidity

The Group's risk management committee reviews the capital structure, including the cash position, on a regular basis. As part of this review, the committee considers the capital resources and the risks associated with each class of capital. Based on the committee's recommendations, the Group expects a capital resource of DKK 250 million on 31 December 2008.

The capital resource at the year end was as follows:

	2007 DKK'000	2006 DKK'000
Cash and cash equivalents	331,504	20,396
Credit facilities	10,000	-
Capital resource	**341,504**	**20,396**

Note 31. Related parties

Related parties exercising significant influence comprise Exiqon A/S' Executive Management and Board of Directors. Other related parties comprise the subsidiary Exiqon, Inc.

Remuneration etc. paid to Board of Directors, Executive Management and other senior employees
For information on remuneration paid to the Group's Board of Directors, Executive Management and other senior employees, see note 5.

Other related party transactions in 2007
In Q1 and Q2, the Company was invoiced for consulting services in a total amount of DKK 3,088 thousand by the former Chairman of the Board. The consulting agreement was terminated on 2 May 2007.

Transactions with group companies comprised invoicing of contract work in the total amount of DKK 2,983 thousand.

Other related party transactions in 2006
The Chairman of the Board provided consultancy services, for which he was paid a fee of DKK 600 thousand.
Transactions with Exiqon Inc. comprised invoicing of contract work in the total amount of DKK 6,811 thousand.