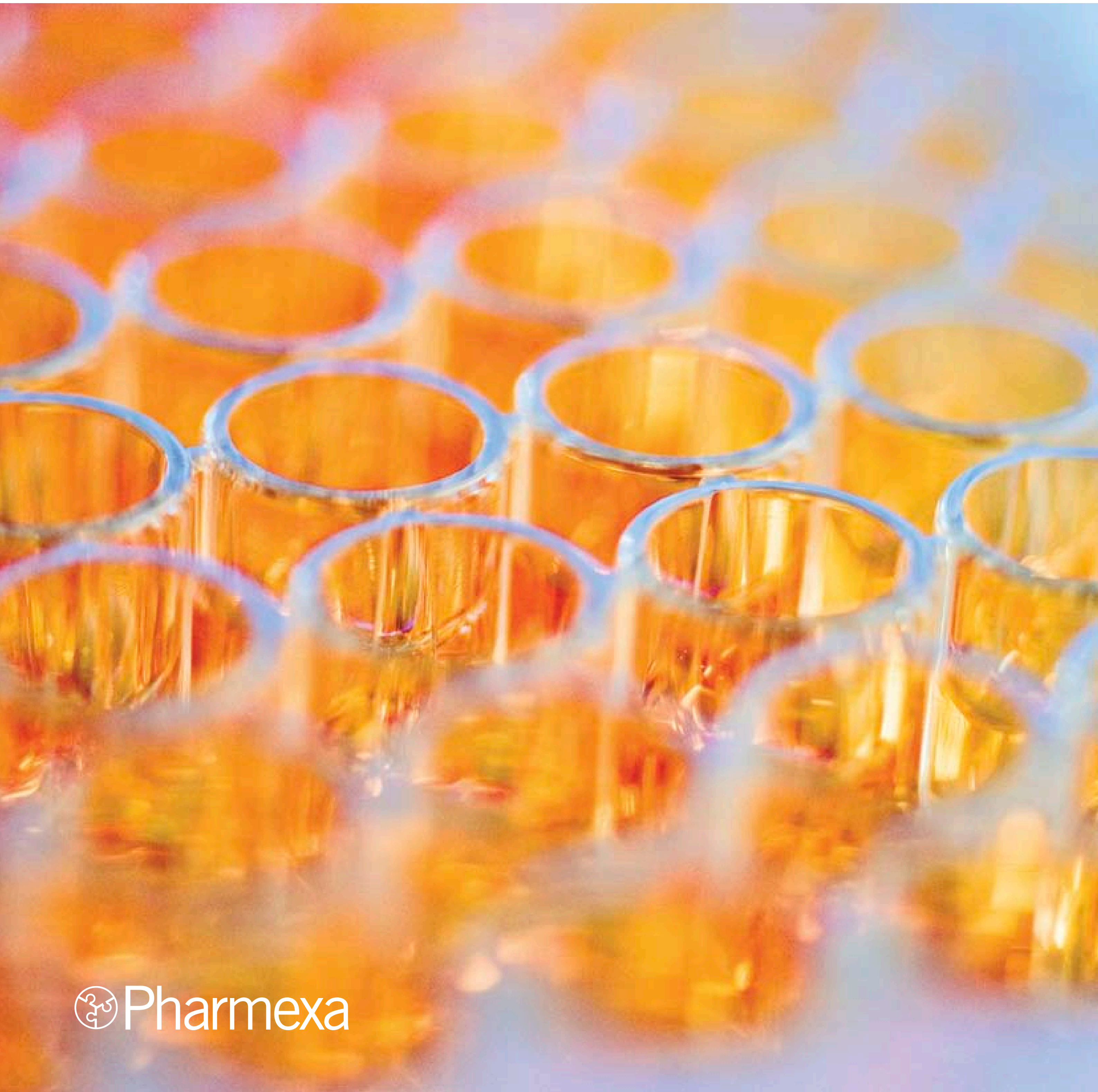
ANNUAL REPORT 2008



Introduction

2008 was a year of significant changes at Pharmexa. Below you will find the most important events during 2008.

- On January 9, 2008, Pharmexa published a prospectus with the aim to raise up to DKK 345 million in a rights issue to existing shareholders.
- On February 5, 2008, Pharmexa announced that the company had raised DKK 91 million in the rights issue, in difficult markets.
- On February 18, 2008, Pharmexa announced that the company launched a number of specific initiatives to protect shareholder value and to the extent possible, secure the continuation of the positive developments in the company's key projects.
- On March 3, 2008, Pharmexa announced the annual report release for the financial year 2007. The report showed a loss of approximately DKK 164.7 million which was in accordance with the company's latest published expectations.
- On May 9, 2008, Pharmexa announced the interim report for the first three months of 2008. The report showed a net loss of approximately DKK 35.5 million.
- On May 13, 2008, Pharmexa announced that the company stops one of two phase III trials. Pharmexa decided to stop further enrolment for the PrimoVax phase III trial of GV1001 in pancreatic cancer after a preliminary analysis showed no survival benefit.
- On June 20, 2008, Pharmexa called for an extraordinary general meeting in order to propose a reduction of the nominal share capital from DKK 298,459,700 to 29,845,970 by transfer to a special fund to be used only as resolved by the general meeting.
- On June 25, 2008, Pharmexa announced that Dr. Achim Kaufhold becomes new Chief Executive Officer and succeeds Jakob Schmidt. In addition it was announced that Pharmexa is taking further measures towards the reduction of its cash burn in order to protect the company's assets and shareholder value.
- On July 1, 2008, Pharmexa announced the minutes of the extraordinary general assembly. The proposal by the board of directors to reduce the nominal share capital by transfer to a special fund was adopted.
- On August 21, 2008, Pharmexa announced the interim report for the first six months of 2008. The report showed a net loss of approximately DKK 75.9 million.
- On October 6, 2008, Pharmexa announced a research collaboration agreement with the Novo Nordisk Foundation Center for Protein Research regarding Pharmexa's proprietary protein expression system.
- On October 22, 2008, Pharmexa announced that the reduction of the nominal share capital was implemented.
- On October 30, 2008, Pharmexa announced that the company has entered into an agreement regarding GV1001 with the Korean company KAEL Co. Ltd. KAEL will acquire all

Objects and principal activity

Pharmexa is a biotech company operating in the field of active immunotherapy. Pharmexa has entered into collaborative arrangements in respect of certain of our product candidates and technologies. Pharmexa have targeted the product development efforts against a number of serious cancers and chronic and infectious diseases with a view to maximizing potential therapeutic and commercial returns.

Since February 2008 Pharmexa have looked for strategic alternatives for the company, i.e. at sale or a merger. On March 3, 2009 Pharmexa announced the plans of combining the Norwegian biotech company Affitech. Affitech is operating in the field of monoclonal antibodies."

shares of Gemvax and will thus assume all rights and responsibilities relating to the patent portfolio of Gemvax including GV1001. Pharmexa received an upfront payment for the sale of Gemvax, as well as milestones and royalties upon successful commercialization of the GV1001 peptide vaccine.
- On November 7, 2008, Pharmexa announced the interim report for the first nine months of 2008. The report showed a net loss of approximately DKK 117.1 million.

Pharmexa is currently in active negotiations regarding a sale of Pharmexa-Epimmune in the US. Consequently, Management has decided, in the Annual Report for 2008, to write down the value of the intangible and other assets relating to this subsidiary by DKK 42.5 million to the expected net realization value of Pharmexa-Epimmune.

Pharmexa has scaled down significantly during 2008 and by year-end 2008 the company had 12 full-time employees and only limited activities left in the company. The remaining employees are primarily working on Pharmexa's proprietary protein expression system and servicing the Korean company KAEL regarding the development of GV1001.

Significant events after the end of the financial year

- On March 3, 2009, Pharmexa announced that a conditional agreement was signed regarding a combination of Pharmexa A/S and Affitech AS in order to create a new antibody therapeutics company. Prior to raising new funds Affitech shareholders will initially own approximately 70% of the new company and Pharmexa shareholders 30%. The new business will be renamed Affitech A/S. The agreement and consummation of the transaction is subject to approval by the shareholders of both Affitech and Pharmexa.
- On March 27, 2009, Pharmexa announced that the combination of Affitech AS and Pharmexa A/S was approved by more that 99.1% of the shareholders in Affitech and that certain Affitech shareholders have undertaken to invest a minimum of NOK 32.5 million in the enlarged company post-transaction.

Financial highlights and key ratios

(In DKK thousands except financial ratios)	2008[1]	2007[1]	2006[1]	2005[1]	2004[2]
KEY FIGURES					
Income statement					
Revenue	5,577	10,879	2,040	2,680	21,344
Research costs	49,224	43,343	47,644	42,452	26,591
Development costs	88,935	124,481	117,443	61,931	51,758
Administrative expenses	27,325	36,029	32,335	23,946	19,779
Loss before other operating items	-159,907	-192,974	-195,382	-125,649	-76,784
Other operating items	- 38,266	23,203	21,785	2,649	18,443
Net financials	3,575	5,060	4,547	4,933	-199
Net loss for the year	-194,598	-164,711	-169,050	-118,067	-58,540
Balance sheet					
Intangible assets	0	73,564	86,734	133,391	2,980
Marketable securities and cash and cash equivalents	36,071	76,010	165,260	331,782	167,497
Total assets	54,579	178,288	284,891	496,829	194,369
Share capital	29,846	207,272	376,893	375,999	163,999
Shareholders' equity	41,767	150,753	258,219	463,621	168,756
Cash flow					
Cash flow from operating activities	-127,143	-142,997	-156,406	-89,499	-62,319
Cash flow from investing activities	12,954	-786	66,924	731	-131,313
hereof purchase and sale of securities, net	-	-	70,853	81,513	-130,675
hereof invested in subsidiaries	11,205	-	-	-76,733	-
hereof invested in property, plant and equipment and intangible assets, net	1,749	-786	-3,929	-4,049	-1,981
Cash flow from financing activities	74,795	55,231	-3,723	340,719	187,354
Change in cash and cash equivalents	-39,394	-88,552	-93,205	251,951	-6,278
Financial ratios					
Current EPS[3] (DKK 0,50 per share)	-3.4	-4.0	-4.5	-4.4	-4.3
Average number of shares	57,943,134	41,009,610	37,649,206	26,696,862	11,715,833
Number of shares at year-end	59,691,940	41,454,395	37,689,240	37,599,840	16,399,920
Net asset value per share[3] (DKK 0,50 per share)	0.70	3.6	6.9	12.3	10.3
Share price at year-end	0.67	6.45	17.5	24	28
Price/net asset value	0.96	1.79	2.56	1.95	2.72
Assets/equity	1.31	1.18	1.10	1.07	1.15
Number of employees (full-time equivalents), year-end	12	101	107	94	59
Number of employees (full-time equivalents), average	74	102	104	63	60

1) For 2005 and forward the financial highlights consist of consolidated figures for Pharmexa A/S and its two wholly-owned subsidiaries GemVax AS and Pharmexa-Epimmune Inc

2) For 2004 the financial highlights only consist of figures for Pharmexa A/S.

3) Nom. Value was in 2008 written down from 5 DKK pr share to 0,5 DKK per share.

Ratios have been calculated in accordance with "Recommendations & Ratios 2005" from December 2004, issued by the Danish Society of Financial Analysts. Please refer to the section on definitions in "Accounting policies".

Shareholder information

Securities identification code
Pharmexa's shares are listed on the Copenhagen Stock Exchange under the symbol PHARMX. The securities identification code is DK0015966592.

Share capital
At December 31, 2008, the share capital of Pharmexa amounted to DKK 29.845.970 divided into 59.691.940 shares with a nominal value of DKK 0.50 each. The company has only one share class.

Share price performance
On January 1, 2008, the quoted price of the company's shares on the Copenhagen Stock Exchange was DKK 6.45 per share. On December 31, 2008, the share price was DKK 0.67 per share.

Dividend policy
Pharmexa's Board of Directors currently intends to retain any earnings for use in the company's business and does not anticipate that any cash dividends will be declared in the foreseeable future.

Ownership
As of December 31, 2008 management is only aware of H. Lundbeck A/S with a holding of more than 5% of the share capital of Pharmexa.

On December 31, 2008, Pharmexa had about 14,500 registered shareholders, who owned approximately 95% of the company's share capital. Pharmexa invites all shareholders to register with the company.

Investor relations
Investors can contact Pharmexa on tel +45 4516 2525 or on e-mail: ir@pharmexa.com.

Email service
We invite investors and other interested parties to register for our news service on: www.pharmexa.com.

Company details
Pharmexa A/S
Agern Allé 1
DK-2970 Hørsholm
Denmark

Tel: +45 4516 2525
Telefax: 4516 2500
E-mail: ir@pharmexa.com
Website: www.pharmexa.com

Company reg. (CVR) no.: 14 53 83 72
Financial year: January 1 – December 31
Municipality of registered office: Rudersdal

Board of Directors
Ole Steen Andersen, Chairman
Jørgen Buus Lassen, Deputy Chairman
Karl Olof Borg
Alf A. Lindberg
Michel L. Pettigrew
Karen Lykke Sørensen

Executive Management
Achim Kaufhold

Auditors
Ernst & Young, Statsautoriseret Revisionsaktieselskab

Annual general meeting
The annual general meeting will be held on April 28, 2008 at 4.00 pm at Pharmexa, Agern Allé 1, DK-2970 Hørsholm, Denmark.

Financial calendar 2009
We have scheduled the following dates in 2009 for the company's annual general meeting of shareholders and for the release of financial reports:

March 31, 2009	Release of Annual Report for 2008
April 28, 2009	Annual General Meeting
May 14, 2009	Release of interim financial report, 1st quarter 2009
August 25, 2009	Release of interim financial report, 2nd quarter 2009
November 10, 2009	Release of interim financial report, 3rd quarter 2009

Announcements to the Copenhagen Stock Exchange in 2008

Pharmexa publishes all important information via the Copenhagen Stock Exchange. In 2008, we published the following announcements, the full wording of which is available at: www.pharmexa.com.

2008-12-19	GV 1001 Telovac trial is progressing according to plan
2008-11-07	Interim report for the nine months ended September 30, 2008
2008-10-30	Pharmexa enters into an agreement regarding GV1001 with the Korean company KAEL Co. Ltd
2008-10-29	Pharmexa A/S – updated Articles of Association
2008-10-22	Pharmexa A/S – reduction of the share capital is implemented - changes to the share capital and new articles of association
2008-10-06	Pharmexa and the Novo Nordisk Foundation Center for Protein Research enter into a research collaboration
2008-08-21	Interim report for the six months ended June 30, 2008
2008-07-01	Minutes of extraordinary general meeting
2008-06-25	Pharmexa appoints new Chief Executive Officer and implements further cost-saving measures
2008-06-20	Notice to convene extr.general meeting
2008-05-13	Pharmexa stops one of two phase III trials
2008-05-09	Issue of warrants in Pharmexa A/S
2008-05-09	Interim report for the three months ended March 31, 2008
2008-04-01	Report on the Annual General Meeting of Pharmexa A/S
2008-03-18	Guidelines for incentive pay to the board of directors and executive management
2008-03-13	Annual Report 2007
2008-03-13	Notice to convene annual general meeting
2008-03-13	Issue of warrants in Pharmexa A/S
2008-03-10	Pharmexa announces expiry of stabilization period in connection with rights issue made in February 2008
2008-03-10	Pharmexa and Ichor Medical Systems enter into an agreement to co-develop multiple DNA vaccines delivered by electroporation
2008-03-03	Annual Report Announcement 2007
2008-03-03	Financial calendar 2008
2008-02-18	Pharmexa provides update on company plans
2008-02-05	Major shareholder announcements Major shareholder announcement
2008-02-05	Report regarding the managements' and closely related parties' transactions with securities in Pharmexa A/S
2008-02-05	Pharmexa raises DKK 91.2 million in a difficult market
2008-01-21	Indication by Board of Directors and Executive Management about participation in Pharmexa's rights issue
2008-01-09	Pharmexa publishes a prospectus for a rights issue

Risk factors

It can be difficult to determine the risk involved if one is a shareholder in a biotech company. We would like our shareholders to understand that things do not necessarily go the way we hope and believe – or that development may take longer than we originally thought. Therefore, it is important that our shareholders understand the risks Pharmexa is exposed to. Some of those risks are outlined below.

Scientific and development risk
Companies which work with the development of drugs inevitably run into disappointments and delays.

One of the causes of disappointments is that animal and laboratory experiments with a drug candidate often turn out not to be very good predictors of how the drug will perform in a larger group of patients.

An important cause of delays is that drug development requires extensive coordination among many different external parties. A biotech company that develops a new cancer drugs must coordinate its clinical trials with the contract producer who produces the drug, suppliers who supply adjuvants, the laboratories that examine patient blood samples, the hospitals and doctors involved in the trial, the regulatory authorities in the countries involved – including local ethics committees, the contract research operation handling the trial on behalf of the biotech company, the insurance company insuring the patients during the trial, the laboratory where the final safety experiments are conducted before the drug is tried in humans, and a number of other collaborative partners, suppliers and stakeholders. Drug development is therefore, not least, a major logistics task, and minor delays can spread quickly and turn into major delays. Consequently, it is crucial that Pharmexa has employees with many years of experience in drug development, and that we have quality assurance systems, processes and management tools to support the work of these employees.

When disappointments and delays occur, it is not always because a drug does not work as intended. It many be due to poor design of the trial or because the laboratory did not treat the blood samples correctly, because the doctors did not follow the protocol of guidelines for the trial, because the company chose the wrong formulation of the drug, because the dosis was wrong, because patients could not be recruited, or one of hundreds of other things that can go wrong during the process.

Even if Pharmexa has tested both the therapeutic effect and safety of our technology platforms and drug candidates with different disease targets in numerous animal models and clinical studies, it is not certain that these results are indicative of the results of current and future clinical trials in humans.

Being able to manage these risks is very important to whether we succeed in developing our technologies and product candidates into saleable products. Therefore, we give high priority to managing the risks. Pharmexa intends to manage and contain these risks through extensive safety and efficacy studies, ongoing research, continued optimization of formulations, thorough scientific and commercial review of the targets used, and constant monitoring of comparable trials in other companies.

Financial risks
Due to its operation, investments and financing, Phamexa is not especially exposed to fluctuations in exchange rates. Pharmexa is exposed to changes in the level of interest rates when investing cash expected to be used for research and development. Pharmexa does not use financial instruments to hedge risks or for speculative purposes.

Capital management
As a biotech company, Pharmexa is dependent on continuous contributions of capital from new or existing shareholders until the Company becomes self-financing, either by selling products or by continuing to enter into new collaborative agreements with third parties regarding the Company's development projects.

As in most biotech companies, Pharmexa's capital structure is based almost solely on equity. The proportion of loans is limited. The reason is partly that the Company generates losses so it may be difficult to pay interest and make repayments on debt, and partly that the market for lending to biotech companies is generally not well developed in Denmark and Europe. Pharmexa expects that it will continue to be mainly equity financed until such a time as the Company begins to generate lasting profits.

Pharmexa's research and development projects require capital, in particular when the projects reach last-stage clinical studies. Therefore, it is important that the Company is well financed at all times. It is Pharmexa's goal to always have capital for at least one year's continuing operations. The Company has consequently raised capital through equity issues relatively frequently in recent years. The Company has also issued new shares in connection with acquisitions. Based on its current strategy, the Company expects that its future operations will be financed through collaborative agreements with third parties for specific projects, combined with additional equity issues.

Pharmexa's Board of Directors regularly discusses the Company's capital resources at its Board meetings. The capital resources are assessed in light of the Company's budgets, strategic plans, the status of ongoing negotiations of collaborative agreements with third parties and conditions on the capital markets.

Corporate Governance

On October 6, 2005, the Copenhagen Stock Exchange Committee on Corporate Governance announced its revised recommendations for corporate governance in Denmark, which are based on the "comply or explain" principle. This comply or explain rule applies to annual reports published for financial years beginning on January 1, 2006 or later, but the companies may choose to follow the requirements from an earlier time. Pharmexa A/S has decided to display its full report on corporate governance on its website.

Pharmexa A/S generally complies with the corporate governance recommendations, but we do not fully comply with two of the recommendations. These two recommendations and the explanations are stated below. For additional information on the position of Pharmexa A/S with respect to the corporate governance recommendations, see our website at www.pharmexa.com.

Corporate Governance Recommendation

Time allocated to board of directors' work and the number of directorships

"The Committee recommends that a member of the board of directors who is also a member of the executive board of an active company hold not more than three ordinary directorships or one chairmanship and one ordinary directorship in companies not forming part of the group unless in exceptional circumstances".

Pharmexa A/S's explanation

Pharmexa A/S does not comply with this recommendation. The Board of Directors will evaluate, on a case-by-case basis, the ability of current and coming Board members to set aside the necessary time for directorship in the Company. The Board of Directors will not recommend Board members for election or re-election at the annual general meeting if they are not presumed to be able to set aside the necessary time for directorship in Pharmexa A/S.

Principles for Establishing Incentive Plans

"If the remuneration for the managers consists of share or subscription options, we recommend that the schemes are set up as roll-over schemes (i.e. the options are allocated and expire over a number of years) and that the redemption price is higher than the market price at the time of the allocation.

Moreover, the Committee recommends that the schemes be designed in a way that promotes long-term behavior and are transparent and easy to understand (even for outsiders) and that valuation be made according to generally accepted methods".

Pharmexa A/S's explanation

Pharmexa A/S complies with this recommendation in part. The Executive Management is partially remunerated with warrants that can be exercised at the market price on the date of grant. So far, the exercise price has therefore not been higher than the market price on the date of grant, which is not in line with the recommendations. The plan applied promotes long-term behavior, and the general terms and conditions and the number of options granted are disclosed when granted and in the annual report.

In future, Pharmexa A/S also intends to take into consideration and, to the greatest possible extent, comply with the applicable recommendations for corporate governance in Denmark.

Financial review 2008

Management's discussion and analysis of the financial report and other reports

Revenue

Revenue in the Group totalled DKK 5.6 million in 2008, against DKK 10.9 million in 2007, representing a decrease of 49%. The decrease is primarily due to lower revenues from the collaboration agreement with H. Lundbeck A/S.

Research costs

Research costs totalled DKK 49.2 million in 2008, against DKK 43.3 million in 2007, representing an increase of 14%. The increase is primarily due to allocation of more indirect costs to research as a result of the decrease in development activities in 2008.

Development costs

Development costs totalled DKK 88.9 million in 2008, against DKK 124.5 million in 2007, representing a decrease of 29%. The decrease is primarily due to the stop of the PrimoVax phase III trial. In addition further development activities regarding Pharmexa's other projects has been postponed or stopped due to the lack of financial resources.

Administrative expenses

In 2008, administrative expenses decreased by 24% to DKK 27.3 million, compared with DKK 36.0 million in 2007. The decrease is primarily due to lower costs related to the Company's lower activity level.

Other operating items

Other operating items in 2008 amounted to net DKK 38.3 million, compared to net DKK 23.2 million in 2007. The items primarily consist of loss in connection to the sale of Gemvax, write-down of intangible assets and grants from public authorities. The decrease in other operating items is a result of the finalization of the development work for which the company has received the public grants.

Loss in connection to the sale of Gemvax

On October 30, 2008, the company entered into an agreement with the Korean company KAEL Co. Ltd regarding a sale of GV1001 and the Norwegian subsidiary Gemvax AS. KAEL has acquired all shares of Gemvax and assumed all rights and responsibilities relating to the patent portfolio of Gemvax including GV1001. Pharmexa received an upfront payment for the sale of Gemvax, as well as milestones and royalties upon successful commercialization of the GV1001 peptide vaccine.

In connection to the sale Pharmexa has booked a loss of DKK 11.7 million corresponding to the difference between the received upfront payment and the book value of the disposed assets.

Write-down of intangible assets

Pharmexa is currently in active negotiations regarding a sale of Pharmexa-Epimmune in the US. Consequently, Management has decided, in the Annual Report for 2008, to write down the value of the intangible and other assets relating to this subsidiary by DKK 42.5 million to the expected net realization value of Pharmexa-Epimmune.

Assets related to Pharmexa-Epimmune are separated in the balance sheet under the item "Assets held for sale".

Net loss for the year and follow-up on expectations previously announced

The Group reported a net loss of DKK 194.6 million in 2008, compared to a net loss of DKK 164.7 million in 2007. The net loss is significantly higher than the latest projection set out. The increased net loss is primarily due to the write-down of the book value of intangible assets relating to the activities in Pharmexa-Epimmune in the US.

Balance sheet items

The Group's balance sheet total at December 31, 2008 was DKK 54.6 million. Intangible assets accounted for DKK 0 million, cash and cash equivalents amounted to DKK 36.1 million, and shareholders' equity amounted to DKK 41.8. Compared to last year the balance sheet is influenced by the reduced activity level in Pharmexa. The value of the assets and liabilities regarding the activities in Pharmexa-Epimmune is presented separately in the balance sheet under the item "Assets held for sale" and "Liabilities associated with assets held for sale".

Cash flow statement

The consolidated net cash flow for 2008 is negative at DKK 39.4 million, compared to negative cash flows of DKK 88.6 million in 2007. Cash flows primarily relate to the loss on operations and a net amount of DKK 79.8 million from the capital increase.

Capital resources and liquidity

Like other biotechnology companies, Pharmexa has recorded a loss for a number of years and is therefore dependent on continued capital contributions until the Company's activities begin to yield a profit. Pharmexa reported a net loss of DKK 194.6 million in 2008 and had cash and cash equivalents totalling DKK 36.1 million at the end of the year. With the revised level of activity Pharmexa expects that the current liquidity resources can finance the operations into 2010.

On March 27, 2009, Pharmexa announced that the combination of Affitech AS and Pharmexa A/S was approved by more that 99.1% of the shareholders in Affitech and that certain Affitech shareholders have undertaken to invest a minimum of NOK 32.5 million in the enlarged company post-transaction.

Outlook for 2009

Based on the current activity level in Pharmexa the company expects a net loss of approximately DKK 25 million in 2009.

After the extraordinary general assembly planned for April 15, 2009, where the shareholders will decide on the potential combination of Pharmexa and Affitech, the company will announce updated information about the outlook for 2009.

Related-party transactions

There were no significant related-party transactions during the year except normal business with subsidiaries and remuneration to the management.

Environmental impact

No significant environmental impact is associated with the activities of Pharmexa.

Substantial post balance sheet events

On March 3, 2009, Pharmexa announced that a conditional agreement has been signed regarding a combination of Pharmexa A/S and Affitech AS in order to create a new antibody therapeutics company. Prior to raising new funds Affitech shareholders will initially own approximately 70% of the new company and Pharmexa shareholders 30%. The new business will be renamed Affitech A/S. The agreement and consummation of the transactions contemplated thereby are subject to approval by the shareholders of both Affitech and Pharmexa.

On March 27, 2009, Pharmexa announced that the combination of Affitech AS and Pharmexa A/S was approved by more that 99.1% of the shareholders in Affitech and that certain Affitech shareholders have undertaken to invest a minimum of NOK 32.5 million in the enlarged company post-transaction.

Financial statements

Accounting policies

Basis of accounting
The annual report of the Pharmexa Group for 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The accounting policies are consistent with those of last year with the exception of the implementation of new/updated standards which are obligatory for reporting years commencing on January 1, 2008.

Effect from the implementation of new and updated standards issued by the IASB
In 2008 IASB has only issued new and updated standards effectively for accounting periods beginning on January 1, 2008 that are not relevant for Pharmexa. The implementation of new and updated standards have therefore not had any effect on the financial statements of Pharmexa.

At the end of 2008, the following standards were issued with effective date January 1, 2009, which have not yet been implemented:

- IAS 1 " Presentation"
- IAS 27 "consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate"
- IFRS 2 "Share based payments – vesting conditions and cancellations"
- IFRS 3 "Business combinations"

The adoption of these standards are not expected to have any significant effect on the financial statements of Pharmexa.

General recognition and measurement criteria
The financial statements are based on the historic cost principle. Results of operations, assets and liabilities are therefore measured as described in the following.

Income is recognised in the income statement as earned. All expenses are recognised in the income statement as incurred.

Assets are recognised in the balance sheet once it is probable that future economic benefits attributable to the assets will flow to the Group and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that there will be an outflow of future economic benefits from the Group and the value of the liability can be measured reliably.

Critical accounting assessments and estimates
Regular estimates and assessment are based on historic experience and other factors, including expectations as to future events on the basis of present circumstances.

Critical estimates relating to development costs
An intangible asset arising from a development project must, according to IAS 38 "Intangible Assets", be recognised in the balance sheet if the criteria for recognition in the balance sheet are met. Which means that (1) the development project is clearly defined and identifiable, (2) the technical feasibility has been demonstrated as well as the availability of adequate resources to complete the development project and market the final product or to use the product internally, and (3) the management has demonstrated its intention to manufacture and sell the product or use it internally. Finally, it must be documented with adequate certainty that the future income from the development project will exceed the expenses for production and development as well as the expenses to sell and administer the product.

Development costs regarding individual projects are recognised as assets only if it is sufficiently certain that the future earnings for the individual projects will exceed not only the expenses for production, sale and administration, but also the actual product development costs. In the management's opinion, there is generally a high risk connected with the development of pharmaceuticals, for which reason sufficient certainty as to the future earnings cannot be obtained at present. The future economic benefits related to the product development cannot be made up with reasonable certainty until the development activities are complete and the requisite approvals have been granted. As a result, the management has chosen to expense the development costs incurred during the year.

Critical estimates relating to valuation of income
In 2008 Pharmexa sold all rights and responsibilities relating to the patent portfolio of Gemvax including GV1001. Pharmexa received an upfront payment for the sale of Gemvax, as well as milestones and royalties upon successful commercialization of the GV1001 peptide vaccine. Management has estimated the value of the future milestones and royalties to zero due to the risk attached in obtaining future economic benefits from the agreement.

Critical estimates relating to presentation of assets held for sale
In 2008 Pharmexa decided to put up for sale the subsidiary Pharmexa-Epimmune Inc. and all activities attached hereto. Pharmexa is currently in active negotiations regarding a sale of Pharmexa-Epimmune Inc. and Management has assessed that the presentation requirements in IFRS 5 should be applied.

Consolidation principle
The consolidated financial statements comprise Pharmexa A/S (the parent company) and the enterprises in which Pharmexa A/S, directly or indirectly, holds more than 50% of the voting rights or

otherwise has a controlling interest (subsidiaries). Pharmexa A/S and its subsidiaries are jointly referred to as "the Group".

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiaries by aggregating uniform items and by subsequently eliminating related party transactions, shareholdings and balances as well as unrealised intra-group gains and losses. The consolidation financial statements are based on financial statements prepared in accordance with the accounting policies used in the Pharmexa Group.

Additions and disposals of enterprises are recognized in the income statement for the period during which Pharmexa has owned the enterprise. Comparatives are not restated for such additions or disposals. Gains and losses consist of the difference between the selling price and the carrying amount of net assets at the time of disposal and expenses for sale or disposal.

Newly acquired enterprises are treated according to the acquisition method. The cost is measured at the fair value of the assets taken over and liabilities assumed at the takeover date plus expenses directly connected with the takeover. Identifiable assets and liabilities and contingencies in connection with a business integration are measured, on initial recognition, at the fair value at the takeover date, without considering a minority interest, if any. Any positive differences between the cost and the fair value of the Group's portion of the identifiable net assets are recognised as goodwill.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company financial statements. If the cost exceeds the recoverable amount, it is written down to such lower value.

The cost is written down to the extent dividend distributed exceeds the accumulated earnings after the takeover date.

Foreign currency translation

The annual report is presented in the parent company's functional currency, Danish kroner. Transactions in foreign currency are translated during the year at the exchange rate at the date of the transaction. Gains and losses arising between the exchange rate at the date of the transaction and the exchange rate at the date of payment are recognised in the income statement under "Net financials".

Receivables, payables and other monetary items in foreign currency not settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the date of the transaction are recognised in the income statement under "Net financials". Non-monetary items in foreign currency which are measured at cost and which are not settled at the balance sheet date are translated at the date of the transaction. Non-monetary items in foreign currency which are measured at fair value are translated at the exchange rate at the date at which the fair value was assigned.

Items in the financial statements of foreign subsidiaries are translated into Danish kroner using closing rates for balance sheet items and average exchange rates for items in the income statement.

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.

Income taxes and deferred tax

The tax for the year, which consists of the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the share that is attributable to the net profit or loss for the year and directly in equity as regards the share that is attributable to entries directly in equity. Any share of the expensed tax charge relating to the extraordinary profit or loss for the year is taken to this item, whereas the remaining share is taken to the net profit or loss for the year.

Current tax liabilities and receivables are recognized in the balance sheet as a receivable in case of an overpayment of tax on account and as a liability in case of an underpayment of tax on account.

Deferred tax is measured using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax on temporary differences is not recognised regarding non-deductible (for tax purposes) goodwill and other items on which temporary differences – part from corporate acquisitions – have arisen at the time of acquisition without affecting neither the results of operations nor the taxable income. Where the tax base may be set using alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or the intended settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

The group enterprises are not taxed on a joint basis.

Incentive plans

Warrants are measured at their fair value at the time of grant and are recognised in the income statement as vested under

"Research costs", "Development costs" or "Administrative expenses", respectively. The counter item is taken directly to equity. The most significant terms for warrants granted appear in the notes to the financial statements.

Share-based payments settled with cash are measured at fair value at the balance sheet date and are recognised in the income statement as vested under "Research costs", "Development costs" or "Administrative expenses", respectively. The counter item is taken as a liability. The most significant terms for share-based payments settled with cash appear in the notes to the financial statements.

Segment information

The Company is administered as one entity, which operates in one geographical market. Separate business areas cannot be identified in respect of the individual product candidates or geographical markets. Consequently, no segment information is reported in respect of business segments or geographical markets.

Revenue

Income from research, development and cooperation agreements are recognised in the income statement if the general recognition criteria are met, including that the service concerned has been provided before year-end, that the amount can be made up reliably and that it can be expected to be received. Revenue is recognised over the term of the agreement in accordance with the terms and conditions of the agreement. Revenue is made up exclusive of VAT and charges and net of price reductions in the form of discounts.

Research costs

Research costs include salaries, expenses related to patents and premises as well as other expenses such as IT expenses and depreciation attributable to the Company's research activities. The Company expenses all research costs in the year they are incurred.

Development costs

Development costs include salaries, expenses related to patents and premises as well as other expenses such as IT expenses and depreciation relating to the Company's development activities. Development projects are characterised by a single compound undergoing a number of toxicological tests to illustrate its physical/chemical properties and effect on human beings.

Administrative expenses

Administrative expenses include salaries, expenses related to premises as well as other expenses such as IT expenses and depreciation relating to administration.

Other operating income/expenses

Other operating income and other operating expenses include accounts of a secondary nature relative to the companies' main activity, including government grants and gains and losses on the sale of intangible assets and property, plant and equipment.

Government grants are recognised under "Other operating income" when the final right to the grant has vested. However, government grants from SkatteFUNN in Norway are recognised under "Research costs", "Development costs" and "Administrative expenses".

Net financials

Financial income and expenses include interest, realised and unrealised value adjustments on securities and foreign currency.

Dividend from investments in subsidiaries

Dividend from investments in subsidiaries is booked as income in the parent company's income statement in the reporting year in which the dividend is declared. Where the dividend exceeds the accumulated earnings after the takeover date, the dividend is, however, not booked as income in the income statement, but is recognised as a write-down of the cost of the investment.

BALANCE SHEET

Intangible assets

Licences and rights acquired for consideration are measured at cost net of accumulated amortisation. Licences and rights are amortised on a straight-line basis over the expected useful life of the assets. The amortisation period is based on the expected economic and technological life of the assets, which is 5 to 10 years.

Patent rights acquired on the takeover or enterprises or activities are measured at fair value at the time of acquisition, net of accumulated amortisation. Patent rights are amortised on a straight-line basis over the remainder of their life.

The basis of amortisation, which is made up as cost, is distributed on a straight-line basis of the expected useful life of the assets, as follows:

Licences and rights	5-10 years
Acquired patents, trade marks and technologies	Up to 20 years

Property, plant and equipment

Property, plant and equipment are measured at cost net of accumulated depreciation and write-downs.

The cost comprises the cost of acquisition and expenses directly related to the acquisition until such time as the asset is ready to be put into use. As for assets of own manufacture, the cost comprises direct and indirect costs of labour, materials, components and sub-suppliers. Borrowing costs are not recognised as part of the cost.

The basis of depreciation, which is cost less any residual value, is distributed on a straight-line basis over the expected life of the assets, as follows:

Plant and machinery	5-10 years
Other fixtures, fittings, tools and equipment	2-10 years
Leasehold improvements	10 years

Gains and losses on current replacements of property, plant and equipment are recognised under "Other operating income" and "Other operating expenses", respectively.

Write-down of non-current assets

The carrying amount of intangible assets and property, plant and equipment and investments is assessed on an annual basis to determine whether there are any indications of impairment other than that provided for by normal amortisation and depreciation. In the event of impairment, the asset concerned is written down to its recoverable amount, which is made up as the higher of the net selling price and the value in use. If it is not possible to make up the recoverable amount of the individual asset, the impairment requirement is assessed for the smallest group of assets for which the recoverable amount can be made up. Impairment losses are recognised in the income statement under "Research costs", "Development costs" and "Administrative expenses", respectively or shown separately if material.

Assets for which no value in use can be ascertained as the assets will not in themselves generate future cash flows are assessed together with the group of assets to which they belong.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, corresponding to the nominal value net of provisions for bad debts. Provisions for bad debts are based on an individual assessment of each account receivable.

Cash and cash equivalents

Cash and cash equivalents comprises cash, bank balances and bank deposits on demand.

Equity

Share premium comprises payment of share premium in connection with the issuing of shares. Share-based payment comprises the value of included costs for share-based payment measured at their fair value at the time of grant adjusted for subsequent changes. Conditional shareholders' equity comprises the value of convertible debt instrument measured at fair value at the time of grant. Exchange adjustments comprises the exchange deviations arising on the translation of foreign subsidiaries income statement and balance sheet from their respective currency to Pharmexa's functional currency, Danish kroner.

Provisions

Provisions are recognized once the Group has a legal or constructive obligation as a result of event occurring prior to or on the balance sheet date and it is probable that economic resources will be required to settle the obligation.

Financial liabilities

Liabilities are measured at amortised cost, which in all essential respect equal the nominal value.

Leases

Leases for property, plant and equipment in respect of which the Group has all significant risks and rewards of ownership are classified as finance leases. Finance leases are recognised in the balance sheet at the lower of the fair value of the asset and the net present value of the minimum lease payments at the time of acquisition.

The capitalized residual commitment, net before interest, is recognized in the balance sheet as a liability. The interest element of finance leases is recognized periodically in the income statement over the lease term so as to recognize an interest element of the outstanding residual lease commitment for the individual periods.

Assets held under finance leases are depreciated and written down over the expected useful live of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessee are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Prepayments and deferred income

Prepayments recorded as assets comprise expenses relating to subsequent reporting years such as prepaid expenses regarding rent, licences, insurance premiums, subscription fees and interest.

Deferred income recorded as liabilities consist of payments received relating to income in subsequent reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flow for the year, broken down by operating, investing and financing activities, changes in cash and cash equivalents for the year and the Company's cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operating activities

Cash flows from operating activities consist of the net profit or loss for the year, adjusted for non-cash income statement items such as amortisation, depreciation and write-downs, provisions and changes in the working capital, interest received and paid, payments regarding extraordinary items and income taxes paid. Working capital includes current assets less current liabilities exclusive of the items included in cash and cash equivalents.

Cash flow from investing activities

Cash flows from investing activities consist of cash flows from the purchase and sale of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities

Cash flows from financing activities consist of cash flows from the raising and repayment of non-current liabilities and cash flows from capital increases.

Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balance and bank deposits on demand.

The cash flow statement cannot be derived solely from the financial records disclosed.

Definition of financial ratios

$$\text{Current and diluted EPS} = \frac{\text{Net result}}{\text{Average number of shares}} \text{ x adjustment factor}$$

$$\text{Net asset value per share} = \frac{\text{Equity}}{\text{Number of shares at year-end}}$$

$$\text{Share price/net asset value} = \frac{\text{Shareprice x number of shares}}{\text{Total equity}}$$

$$\text{Assets/equity} = \frac{\text{Total assets}}{\text{Total equity}}$$

Income statement for the period January 1 – December 31

DKK'000	Note	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Revenue		**5,577**	**10,879**	**5,577**	**10,879**
Research costs		-49,224	-43,343	-26,815	-22,220
Development costs		-88,935	-124,481	-66,752	-99,109
Administrative expenses		-27,325	-36,029	-20,281	-27,495
Loss before other operating income/expenses		**-159,907**	**-192,974**	**-108,271**	**-137,945**
Other operating income	1	15,922	23,203	3,349	4,902
Loss on sale of Gemvax activities		-11,736	-	-	-
Write down of Intangible assets		-42,452	-	-	-
Operating loss		**-198,173**	**-169,771**	**-104,922**	**-133,043**
Loss on sale of Gemvax		-	-	-51,583	-
Write-down of investments and receivables in subsidiaries	8	-	-	-77,489	-66,000
Other financial income	2	4,455	6,423	5,200	9,264
Other financial expenses	3	-880	-1,363	-641	-8,755
Loss before tax		**-194,598**	**-164,711**	**-229,435**	**-198,534**
Income taxes	4	0	0	0	0
Net loss for the year		**-194,598**	**-164,711**	**-229,435**	**-198,534**
Earnings and diluted earnings per share (DKK)	5	-3.4	-4.0		

Balance sheet at December 31

DKK'000	Note	Group 2008	Group 2007	Parent company 2008	Parent company 2007
ASSETS					
Licences and rights	6	0	1,188	0	1,188
Patents, trade marks and technologies	6	0	72,376	-	-
Intangible assets		**0**	**73,564**	**0**	**1,188**
Plant and machinery	7	2,315	5,803	2,315	4,275
Other fixtures and fittings, tools and equipment	7	1,691	2,616	1,691	2,129
Leasehold improvements	7	0	1,749	0	1,089
Prepayments for assets under construction	7	0	0	0	0
Property, plant and equipment		**4,006**	**10,168**	**4,006**	**7,493**
Investments in subsidiaries	8	-	-	0	117,029
Deposit		0	5,260	0	2,866
Financial non-current assets		**0**	**5,260**	**0**	**119,895**
Non-current assets		**4,006**	**88,992**	**4,006**	**128,576**
Receivables from group enterprises		-	-	-	5,314
Deposit		4,000	-	4,000	-
Other receivables		377	10,109	377	2,769
Prepayments	9	89	3,177	89	2,982
Receivables		**4,466**	**13,286**	**4,466**	**11,065**
Cash and cash equivalents		**36,071**	**76,010**	**36,071**	**71,607**
Receivables, cash and cash equivalents		**40,537**	**89,296**	**40,537**	**82,672**
Assets held for sale	10	**10,036**	**-**	**8,546**	**-**
Current assets		**50,573**	**89,296**	**49,083**	**82,672**
ASSETS		**54,579**	**178,288**	**53,089**	**211,248**

Balance sheet at December 31

		Group		Parent company	
DKK'000	**Note**	**2008**	**2007**	**2008**	**2007**
EQUITY AND LIABILITIES					
Share capital	11	29,846	207,272	29,846	207,272
Special fund		107,446	-	107,446	-
Profit and loss account		-86,688	-63,765	-101,179	-26,796
Other shareholders' equity		-8,837	7,246	5,654	7,246
Shareholders' equity		**41,767**	**150,753**	**41.767**	**187,722**
Loan, Vækstfonden	13	0	1,148	0	1,148
Non-current liabilities		**0**	**1,148**	**0**	**1,148**
Loan, Vækstfonden	13	1,247	4,975	1,247	4,975
Finance lease commitments	14	0	151	0	151
Trade payables		4,305	9,259	4,305	6,928
Other payables		5,770	12,002	5,770	10,324
Current liabilities		**11,322**	**26,387**	**11,322**	**22,378**
Liabilities associated with assets held for sale	10	**1,490**	**-**	**-**	**-**
Liabilities		**12,812**	**27,535**	**11,323**	**23,526**
EQUITY AND LIABILITIES		**54,579**	**178,288**	**53,089**	**211,248**

Other notes:

Deferred tax	12
Contingencies and other financial obligations	15
Fees to auditors appointed by the general meeting of shareholders	18
Staff	19
Share-based payments	20
Interest-rate and currency risks	21
Financial instruments	22
Information about related parties and related party transactions	23
Board of Directors and Executive Management	24

Statement of changes in equity

Group	Number of shares	Share capital	Share premium	Profit and loss account	Share-based payment	Special fund	Exchange adjust-ments	Total
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Shareholders' equity at January 1, 2008	**41,454,395**	**207,272**	**0**	**-47,142**	**7,246**	**0**	**-16,623**	**150,753**
Net loss for the year	-	-	-	-194,598	-	-	-	-194,598
Exchange adjustments, foreign subsidiaries	-	-	-	-	-	-	2,132	2,132
Comprehensive income	-	-	-	-194,598	-	-	2,132	-192,466
Capital increase by way of a share issue	18,237,545	91,188	-	-	-	-	-	91,188
Write down of share capital	-	-268,614	-	161,168	-	107,446	-	0
Expenses, capital increase	-	-	-	-11,366	-	-	-	-11,366
Expensed value of warrants granted	-	-	-	5,250	-1,592	-	-	3,658
Shareholders' equity at December 31, 2008	**59,691,940**	**29,846**	**0**	**-86,688**	**5,654**	**107,446**	**-14,491**	**41,767**
Shareholders' equity at January 1, 2007	**37,689,240**	**376,893**	**0**	**-118,833**	**9,595**	**0**	**-9,436**	**258,219**
Net loss for the year	-	-	-	-164,711	-	-	-	-164,711
Exchange adjustments, foreign subsidiaries	-	-	-	-	-	-	-7,187	-7,187
Comprehensive income	-	-	-	-164,711	-	-	-7,187	-171,898
Transfer to cover loss	-	-	-26,356	26,356	-	-	-	-
Capital increase by way of a share issue	3,765,155	37,651	26,356	-	-	-	-	64.007
Write down of share capital	-	-207,272	-	207,272	-	-	-	0
Expenses, capital increase	-	-	-	-4,074	-	-	-	-4,074
Expensed value of warrants granted	-	-	-	6,848	-2,349	-	-	4,499
Shareholders' equity at December 31, 2007	**41,454,395**	**207,272**	**0**	**-47,142**	**7,246**	**0**	**-16,623**	**150,753**

Statement of changes in equity – continued

Parent company	Number of shares	Share capital	Share premium	Profit and loss account	Share-based payment	Special fund	Total
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Shareholders' equity at January 1, 2008	**41,454,395**	**207,272**	**0**	**-26,796**	**7,246**	**0**	**187,722**
Net loss for the year	-	-	-	-229,435	-	-	-229,435
Comprehensive income	-	-	-	-229,435	-	-	-229,435
Transfer to cover loss	-	-	-	-	-	-	-
Capital increase by way of a share issue	18,237,545	91,188	-	-	-	-	91,188
Write down of share capital	-	-268,614	-	161,168	-	107,446	0
Expenses, capital increase	-	-	-	-11,366	-	-	-11,366
Expensed value of warrants granted	-	-	-	5,250	-1,592	-	3,658
Shareholders' equity at December 31, 2008	**59,691,940**	**29,846**	**0**	**-101,179**	**5,654**	**107,446**	**41,767**
Shareholders' equity at January 1, 2007	**37,689,240**	**376,893**	**0**	**-64,664**	**9,595**	**0**	**321,824**
Net loss for the year	-	-	-	-198,534	-	-	-198,534
Comprehensive income	-	-	-	-198,534	-	-	-198,534
Transfer to cover loss	-	-	-26,356	26,356	-	-	0
Capital increase by way of a share issue	3,765,155	37,651	26,356	-	-	-	64,007
Write down of share capital	-	-207,272	-	207,272	-	-	0
Expenses, capital increase	-	-	-	-4,074	-	-	-4,074
Expensed value of warrants granted	-	-	-	6,848	-2,349	-	4,499
Shareholders' equity at December 31, 2007	**41,454,395**	**207,272**	**0**	**-26,796**	**7,246**	**0**	**187,722**

Analysis of movements in the share capital:

	2008	**2007**	**2006**	**2005**	**2004**
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Share capital at January 1	207,272	376,893	375,999	163,999	40,999
Capital increase	91,188	37,651	894	212,000	123,000
Write-down of share capital	-268,614	-207,272	-	-	-
Share capital at December 31	**29,846**	**207,272**	**376,893**	**375,999**	**163,999**

Cash flow statement for the period January 1 – December 31

DKK'000	Note	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Net loss for the year		-194,598	-164,711	-229,435	-198,534
Adjustments	16	64,941	12,196	126,888	74,905
Changes in working capital	17	-1,605	4,458	2,287	2,745
Cash flow from operating activities before net financials		-131,262	-148,057	-100,260	-120,884
Interest received etc.		4,829	6,423	4,681	5,813
Interest paid etc.		-710	-1,363	-654	-1,209
Cash flow from operating activities		**-127,143**	**-142,997**	**-96,233**	**-116,280**
Investments in group enterprises		-	-	-	-22,319
Loan to Pharmexa-Epimmune Inc.		-	-	-26,369	-
Additions of property, plant and equipment		-91	-788	-38	-429
Disposals of property, plant and equipment		1,840	2	1,104	-
Disposals of subsidiaries		11,205	-	11,205	-
Cash flow from investing activities		**12,954**	**-786**	**-14,098**	**-22,748**
Net proceeds, share issue		79,822	59,934	79,822	59,934
Repayments, loans		-4,876	-4,537	-4,876	-4,537
Repayments, finance leases		-151	-166	-151	-166
Cash flow from financing activities		**74,795**	**55,231**	**74,795**	**55,231**
Change in cash and cash equivalents		**-39,394**	**-88,552**	**-35,536**	**-83,797**
Unrealised currency gain/loss		-545	-698	-	-
Cash and cash equivalents at January 1		76,010	165,260	71,607	155,404
Cash and cash equivalents at December 31		**36,071**	**76,010**	**36,071**	**71,607**
Analysis of cash and cash equivalents:					
Cash and demand deposits		7,024	20,143	7,024	18,423
Fixed-term deposits		29,047	55,867	29,047	53,184
		36,071	**76,010**	**36,071**	**71,607**

Notes

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
1	**Other operating income**				
	Public grants, USA	14,223	21,716	-	-
	Public grants, Norway	1,109	1,487	-	-
	Other operating income	590	-	3,349	4,902
		15,922	**23,203**	**3,349**	**4,902**
2	**Other financial income**				
	Exchange gains, subsidiaries	-	-	597	-
	Exchange gains	888	789	545	727
	Group enterprises	-	-	684	3,452
	Other financial income	3,567	5,634	3,374	5,085
		4,455	**6,423**	**5,200**	**9,264**
3	**Other financial expenses**				
	Exchange losses, subsidiaries	-	-	-	7,547
	Exchange adjustments	567	704	388	604
	Finance leases	4	13	4	13
	Other financial expenses	309	646	249	591
		880	**1,363**	**641**	**8,755**

Notes

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
4	**Income taxes**				
	Total tax for the year	**0**	**0**	**0**	**0**
	Analysis of the year's tax charge:				
	Estimated 25% tax on the pre-tax loss for the year	-48,650	-41,178	-57,359	-49,633
	Reversal of loss on disposal of subsidiaries	-	-	19,372	-
	Reduction of tax rate from 28-25%	-	19,258	-	19,258
	Reverse of write down regarding subsidiaries	10,613	-	12,896	16,500
	Deductible expenses taken to equity	-2,842	-1,018	-2,842	-1,018
	Other non-deductible expenses	921	1,131	921	1,131
	Reduction of tax losses due to disposal of activities	44,742	-	-	-
	Change in non-recognised deferred tax asset	-4,784	21,807	27,012	13,762
		0	**0**	**0**	**0**

Note		2008	2007
5	**Earnings per share and diluted earnings per share**		
	Earnings per share and diluted earnings per share have been calculated on the basis of the average number of shares.		
	Net loss for the year (in DKK thousands)	-194,598	-164,711
	Average number of shares	57,943,134	41,009,610
	Earnings and diluted earnings per share	-3,4	-4,0

As of January 7, 2008 the share capital has been increased with 18,237,545 shares of DKK 5 per share.

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

Note	DKK'000		

6 Intangible assets

	Licences and rights	Acquired patents, trade marks and technologies
Group		
Cost at January 1, 2008	7,680	93,481
Exchange adjustments	-	2,344
Disposals for the year	-	-36,721
Transfer to assets held for sale	-	-59,104
Cost at December 31, 2008	7,680	0
Amortisation and write-downs at January 1, 2008	6,492	21,105
Exchange adjustments	-	367
Amortisation for the year	547	6,373
Write-downs for the year	641	41,811
Disposals for the year	-	-13,952
Transfer to assets held for sale	-	-55,704
Amortisation and write-downs at December 31, 2008	7,680	0
Carrying amount at December 31, 2008	**0**	**0**
Amortised over	5-10 years	10-20 years
Parent company		
Cost at January 1, 2008	7,680	-
Disposals for the year	-	-
Cost at December 31, 2008	7,680	-
Amortisation and write-downs at January 1, 2008	6,492	-
Amortisation for the year	547	
Write-down for the year	641	-
Disposals for the year	-	
Amortisation and write-downs at December 31, 2008	7,680	-
Carrying amount at December 31, 2008	**0**	**-**
Amortised over	5-10 years	-

Pharmexa has decided to dispose the subsidiary Phamexa-Epimmune Inc. The activities in the company has been closed down and Pharmexa is currently negotiating with third party on the disposal of the company. Management has assessed that the value of the intangible assets in Pharmexa-Epimmune is significantly lower than previously expected. Therefore Management has decided to write sown the book value of these assets by 42.4 million based on the fair value of the assets less cost to sell.

Note	DKK'000		
6	**Intangible assets – continued**		
		Licences and rights	Acquired patents, trade marks and technologies
	Group		
	Cost at January 1, 2007	7,680	100,036
	Exchange adjustments	-	-6,555
	Additions for the year	-	-
	Disposals for the year	-	-
	Cost at December 31, 2007	7,680	93,481
	Amortisation and write-downs at January 1, 2007	5,904	15,078
	Exchange adjustments	-	-808
	Amortisation for the year	588	6,835
	Amortisation and write-downs at December 31, 2007	6,492	21,105
	Carrying amount at December 31, 2007	**1,188**	**72,376**
	Amortised over	5-10 years	10-20 years
	Parent company		
	Cost at January 1, 2007	7,680	-
	Additions for the year	-	-
	Disposals for the year	-	-
	Cost at December 31, 2007	7,680	-
	Amortisation and write-downs at January 1, 2007	5,904	-
	Amortisation for the year	588	-
	Amortisation and write-downs at December 31, 2007	6,492	-
	Carrying amount at December 31, 2007	**1,188**	**-**
	Amortised over	5-10 years	-

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
6	**Intangible assets – continued**				
	Amortisation and write-downs of intangible assets is expensed over the following accounts:				
	Research costs	1,997	1,976	257	185
	Development costs	5,564	5,410	931	402
	Administrative expenses	0	36	0	0
	Other operating expenses	42,452	-	-	-
		50,013	**7,422**	**1,188**	**587**

Notes

Note	DKK'000				
7	**Property, plant and equipment**				
		Plant and machinery	Other fixtures, fittings, tools and equipment	Leasehold improvements	Prepayments for assets under construction
	Group				
	Cost at January 1, 2008	40,970	12,515	5,104	-
	Exchange adjustments	136	37	55	-
	Additions for the year	39	53	0	-
	Disposals for the year	-17,138	-2,941	0	-
	Transfer to assets held for sale	-729	-573	-	-
	Cost at December 31, 2008	23,278	9,091	5,159	-
	Depreciation at January 1, 2008	35,167	9,899	3,355	-
	Exchange adjustments	73	17	28	-
	Depreciation for the year	2,129	764	506	-
	Write-down for the year	-	-	1,270	-
	Reversal of depreciation of disposals for the year	-15,740	-2,894	-	-
	Transfer to assets held for sale	-666	-386	-	-
	Depreciation at December 31, 2008	20,963	7,400	5,159	-
	Carrying amount at December 31, 2008	**2,315**	**1,691**	**0**	**-**
	Hereof assets held under finance leases	0	0	0	
	Depreciated over	5-10 years	2-10 years	10 years	
	Parent company				
	Cost at January 1, 2008	37,665	11,629	3,766	-
	Additions for the year	39	0	0	-
	Disposals for the year	-14,426	-2,538	-3,766	-
	Cost at December 31, 2008	23,278	9,091	0	-
	Depreciation at January 1 2008	33,390	9,500	2,677	-
	Depreciation for the year	1,447	438	137	-
	Write-down for the year	0	0	952	-
	Reversal of depreciation of disposals for the year	-13,874	-2,552	-3,766	-
	Depreciation at December 31, 2008	20,963	7,400	0	-
	Carrying amount at December 31, 2008	**2,315**	**1,691**	**0**	**-**
	Hereof assets held under finance leases	0	0	0	
	Depreciated over	5-10 years	2-10 years	10 years	

Note	DKK'000

7 Property, plant and equipment – continued

	Plant and machinery	Other fixtures, fittings, tools and equipment	Leasehold improvements	Prepayments for assets under construction
Group				
Cost at January 1, 2007	40,384	12,431	5,082	578
Reclassification at January 1, 2007	395	-385	-10	-
Exchange adjustments	-382	-63	-141	-
Additions for the year	634	559	173	-
Disposals for the year	-61	-27	-	-578
Cost at December 31, 2007	40,970	12,515	5,104	0
Depreciation at January 1, 2007	31,391	8,965	2,668	-
Exchange adjustments	-170	-24	-66	-
Depreciation for the year	3,997	983	753	-
Reversal of depreciation of disposals for the year	-51	-25	0	-
Depreciation at December 31, 2007	35,167	9,899	3,355	-
Carrying amount at December 31, 2007	**5,803**	**2,616**	**1,749**	**0**
Hereof assets held under finance leases	0	330	0	
Depreciated over	5 - 10 years	2 – 10 years	10 years	

	Plant and machinery	Other fixtures, fittings, tools and equipment	Leasehold improvements	Prepayments for assets under construction
Parent company				
Cost at January 1, 2007	37,290	11,251	3,766	365
Additions for the year	426	378	0	0
Disposals for the year	-51	0	0	-365
Cost at December 31, 2007	37,665	11,629	3,766	0
Depreciation at January 1 2007	30,227	8,750	2,297	-
Depreciation for the year	3,214	750	380	-
Reversal of depreciation of disposals for the year	-51	0	0	-
Depreciation at December 31, 2007	33,390	9,500	2,677	-
Carrying amount at December 31, 2007	**4,275**	**2,129**	**1,089**	**0**
Hereof assets held under finance leases	0	330	0	
Depreciated over	5-10 years	2-10 years	10 years	

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
7	**Property, plant and equipment – continued**				
	Depreciation and writedown of property, plant and equipment is expensed as follows:				
	Research costs	2,040	2,783	1,370	1,323
	Development costs	2,190	2,529	1,301	2,650
	Administrative expenses	440	421	303	371
		4,670	**5,733**	**2,974**	**4,344**

Note	DKK'000	Parent company 2008	Parent company 2007
8	**Investments in subsidiaries**		
	Parent company		
	Cost at January 1	183,029	94,711
	Additions for the year	0	88,318
	Disposals for the year	-58,046	0
	Transfer to assets held for sale	-124,983	-
	Cost at December 31	0	183,029
	Write-downs at January 1	-66,000	0
	Write-downs for the year	-55,583	-66,000
	Transfer to assets held for sale	121,583	-
	Write-downs at December 31	0	-66,000
	Carrying amount at December 31	**0**	**117,029**

Name of subsidiary	Domicile	Share capital	Interest
Pharmexa-Epimmune Inc.	San Diego, USA	USD 23,000,010	100%

Pharmexa-Epimmune Inc. has been classified as Assets being held for sale. Reference is made to note 10.

9 Prepayments

Prepayments mainly consist of prepaid expenses relating to insurance, subscriptions and service agreements.

Note	DKK'000	2008
10	**Assets held for sale and liabilities associated with assets held for sale**	
	Group	
	Intangible assets	3,400
	Deposits	2,493
	Other assets	4,143
	Assets held for sale	**10,036**
	Trade payables	1,364
	Other liabilities	126
	Liabilities associated with assets held for sale	**1,490**

Pharmexa has decided to dispose the subsidiary Phamexa-Epimmune Inc. The activities in the company has been closed down and Pharmexa is currently negotiating with third party on the disposal of the company. The activities in Pharmexa-Epimmune has therefore been classified as held for sale in the Group accounts and in the Parent Company, where a net amount of DKK 8,546 thousand are capitalised.

11 Share capital

On February 5, 2008, the company increased the share capital with nom. DKK 91,187,368 in a rights issue to existing shareholders and issued 18,237,545 new shares.

On July 1, 2008, the Company's Extraordinary General Meeting wrote-down the share capital by a transfer to a special fund and to cover loss. The share capital was written down with DKK 268,613,370 to nom. DKK 29,845,970 by reducing the value of each share from nom. DKK 5 to nom. DKK 0,5. The special fund may only be used as resolved by the general meeting. The company's creditors was requested to file their proofs of claims against the company in a period of three months. No creditors filed proofs in this time period.

The share capital consists hereafter of 59,691,940 shares of DKK 0,5 each or multiples thereof. No shares carry any special rights.

Notes

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
12	**Deferred tax**				
	Tax asset	221,101	225,530	221,101	193,510
	Write-down to assessed value	-221,101	-225,530	-221,101	-193,510
	Carrying amount	**0**	**0**	**0**	**0**

The potential tax asset has been stated at 25%, corresponding to the current tax rate.

The tax asset has not been capitalised, as it cannot, at present, be expected to be realised in future earnings.

	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Analysis of the tax asset:				
Intangible assets	823	800	823	800
Property, plant and equipment	3,177	3,371	3,177	3,371
Research and development costs capitalised for tax purposes	0	3,679	0	3,679
Tax losses	217,101	217,680	217,101	185,660
	221,101	**225,530**	**221,101**	**193,510**

13 Loan, Vækstfonden

The loan concerns the HER-2 project. The loan from Vækstfonden of DKK 4.5 million is secured on the project and related production equipment. The loan carries interest of 7.3% per annum.

14 Finance lease commitments

	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Minimum commitment under finance leases:				
Total future lease payments:				
Within 1 year	0	155	0	155
Between 1 and 5 years	0	0	0	0
Total	0	155	0	155
Future finance charge, finance leases	0	-4	0	-4
Net present value of finance leases	0	151	0	151
Net present value of the commitments:				
Within 1 year	0	151	0	151
Between 1 and 5 years	0	0	0	0
Total	0	151	0	151

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
15	**Contingencies and other financial obligations**				
	Leases				
	Total future lease payments:				
	Within 1 year	450	15,835	450	12,665
	Between 1 and 5 years	-	46,415	-	42,451
	After 5 years	-	4,966	-	4,966
		450	**67,216**	**450**	**60,082**

Security for loans

The loan from Vækstfonden, cf. note 13 above, is secured upon the project and related production equipment.

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
16	**Cash flow statement – adjustments**				
	Other financial income	-4,455	-6,423	-5,200	-9,264
	Other financial expenses	880	1,363	641	8,755
	Loss on disposal of subsidiaries	11,736	-	46,840	-
	Write down of subsidiaries	-	-	77,489	66,000
	Value of share-based payments	3,658	4,498	3,658	4,498
	Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment	53,884	12,766	4,011	4,922
	Gain and loss on the sale of non-current assets	-762	-8	-551	-6
		64,941	**12,196**	**126,888**	**74,905**
17	**Cash flow statement – changes in working capital**				
	Change in receivables	8,091	-1,108	9,465	-3,415
	Change in other current liabilities	-9,696	5,566	-7,178	6,160
		-1,605	**4,458**	**2,287**	**2,745**

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
18	**Fees to auditors appointed by the general meeting of shareholders**				
	Fee to Ernst & Young				
	Audit	320	350	220	205
	Non-audit services	492	1,183	492	1,087
19	**Staff**				
	Wages and salaries	55,317	61,606	40,097	41,600
	Share-based remuneration	3,658	4,091	3,658	4,498
	Pensions	2,583	3,640	1,790	2,306
	Other social security costs	1,256	1,383	361	407
	Other staff costs	1,081	2,635	924	2,329
		63,895	**73,355**	**46,830**	**51,140**
	expensed as follows:				
	Research costs	23,929	17,265	15,497	11,404
	Development costs	24,509	35,692	19,620	24,421
	Administrative expenses	15,457	20,398	11,713	15,315
		63,895	**73,355**	**46,830**	**51,140**
	Hereof remuneration to the Executive Management and Board of Directors:				
	Executive Management	2,814	3,804	2,814	3,804
	Board of Directors	1,093	1,175	1,093	1,175
		3,907	**4,979**	**3,907**	**4,979**
	Analysis of remuneration to the Executive Management:				
	Salaries	2,483	2,224	2,483	2,224
	Bonus	166	-	166	-
	Pension	165	165	165	165
	Total pay	2,814	2,389	2,814	2,389
	Value of warrants granted	1,184	1,415	1,184	1,415
	Total remuneration	**3,998**	**3,804**	**3,998**	**3,804**
	Average number of employees	**74**	**102**	**54**	**70**
	Number of employees at year-end	**12**	**101**	**12**	**72**

See also notes 20 and 24.

Note	DKK'000

20 Share-based payments

Warrants

Warrants are measured at fair value at the time of grant and are included in the income statement during the period until the exercise date. The exercise of these warrants is conditional upon whether the employee concerned is employed at the time of exercise or has been given notice of the Company. Warrants are not considered part of pay and cannot be characterized as bonus or performance pay.

Analysis of movements in warrants issued by the Company:

	Staff[1)]	Executive Management	Board of Directors	Other	Total
January 1, 2007	2,363,130	722,790	0	0	3,085,920
Expired	-1,528,895	-317,790			-1,846,685
Warrants granted due to Capital increase	519,000	205,000	0	0	724,000
Warrants granted during the year	150,000	-	0	0	150,000
December 31, 2007	**1,503,235**	**610,000**	**0**	**0**	**2,113,235**
January 1, 2008	1,503,235	610,000	0	0	2,113,235
Expired	-1,217,147	-410,000	0	0	-1,627,147
Warrants granted during the year	1,418,000	600,000	0	0	2,018,000
December 31, 2008	**1,704,088**	**800,000**	**0**	**0**	**2,504,088**

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

Fair value of warrants granted during the year at the time of grant:

2007	1,355,000	-	-	-	1,355,000
2008	2,212,000	704,000	-	-	2,916,000

The values are recognized in the period up till the exercise date, affecting the net loss for the year as outlined in note 19.

The estimation of the fair value of the warrants granted during the year is based on the Black-Scholes valuationmodel. The valuation was based on the assumption of no dividend per share, a volatility rate of 50% per annum, the risk free interest was made up at 4.26% per annum, expected duration of 3.8-4.8 years and the share price of Pharmexa at the warrants granted in March 2008 was DKK 3.9 per share and in May 2008 DKK 3.65 per share.

Note	DKK'000

20 Share-based payments

The Company's total outstanding warrants at December 31, 2008:

	Subscription price	Outstanding warrants	Subscription date	Market value per warrant in DKK[2]	Market value in DKK in 2008 [2]	Market value in DKK in 2007[3]
Employees	11.3	-	June 6, 2008	0	-	56,880
	27.1	-	June 6, 2008	0	-	900
	21	389,088	June 10, 2009	0	0	37,219
	5	1,045,000	Dec. 31, 2012	0.03	31,350	-
		1,434,088			31,350	94,999
Executive Management	11.30[4]	-	June 6, 2008	0	-	24,600
	21[4]	200,000	June 10, 2009	0	0	16,000
	5[4]	100,000	Dec. 31, 2010	0.00	0	-
	5[4]	100,000	Dec. 31, 2011	0.01	1,000	-
	5[4]	100,000	Dec. 31, 2012	0.03	3,000	-
	5[4]	300,000	Dec. 31, 2012	0.03	9,000	
	5	270,000	Dec. 31, 2012	0.03	8,100	-
		1,070,000			21,100	40,600
Total		**2,504,088**			**52,450**	**135,599**

At December 31, 2008, there are no outstanding, exercisable warrants.

[2] The market values of the warrants were made up at December 31, 2008 based on the Black-Scholes valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 3,0% per annum, the expected duration is determined on the basis of the subscription date, and the Pharmexa share price at December 31, 2008 was DKK 0,66 per share.

[3] The market values of the warrants were made up at December 31, 2007 based on the Black-Scholes valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 4,26% per annum, the expected duration is determined on the basis of the subscription date, and the Pharmexa share price at December 31, 2007 was DKK 6,45 per share.

[4] Warrants has been granted to former executive management Jakob Schmidt

Share-based payments settled with cash

As a result of the close down of activities in Pharmexa-Epimmune Inc. and the termination of employment contracts all agreements regarding shareba-sed payments have been terminated.

Note	DKK'000

21 Interest-rate and currency risks

Group

Interest-rate risk:

Analysis of the Group's financial assets and liabilities:

	December 31, 2008	Cash flow	Terms
	DKK'000		
Cash and cash equivalents	7,024	Ordinary demand deposits	Realised effective interest rate, average 2.8%
Fixed-term deposits	29,047	Ordinary demand deposits	Realised effective interest rate, average 3.2%
Non-current borrowings:			
Vækstfonden	1,247	Repayment has started in 2006	Interest rate of 7.3% per annum

Currency risk:

The Group does not hedge its currency exposure. Analysis of the Group's foreign currency balances at December 31, 2008:

Currency	Payment/expiry	Receivables	Payables
		DKK'000	DKK'000
USD	0-12 months	3,356	2,871
	Over 12 months	-	-
GBP	0-12 months	-	228
	Over 12 months	-	-
EUR	0-12 months	-	3,156
	Over 12 months	-	-
NOK	0-12 months		-
	Over 12 months	-	-
Other	0-12 months	-	-
	Over 12 months	-	-
		3,356	**6,255**

Notes

Note	DKK'000

21 Interest-rate and currency risks

Group

Interest-rate risk:

Analysis of the Group's financial assets and liabilities:

	December 31, 2007	Cash flow	Terms
	DKK'000		
Cash and cash equivalents	20,143	Ordinary demand deposits	Realised effective interest rate, average 2.6%
Fixed-term deposits	55,867	Ordinary demand deposits	Realised effective interest rate, average 3.0%
Non-current borrowings:			
Vækstfonden	6,123	Repayment has started in 2006	Interest rate of 7.3% per annum

Currency risk:

The Group does not hedge its currency exposure. Analysis of the Group's foreign currency balances at December 31, 2007:

Currency	Payment/expiry	Receivables	Payables
		DKK'000	DKK'000
USD	0-12 months	11,233	2,031
	Over 12 months	-	-
GBP	0-12 months	-	1,461
	Over 12 months	-	-
EUR	0-12 months	-	3,718
	Over 12 months	-	-
NOK	0-12 months	1,821	2,059
	Over 12 months	-	-
Other	0-12 months	-	24
	Over 12 months	-	-
		13,054	**9,293**

Note	DKK'000

21 Interest-rate and currency risks

Parent company

Interest-rate risk:

Analysis of the parent company's financial assets and liabilities:

	December 31, 2008	Cash flow	Terms
	DKK'000		
Cash and cash equivalents	7,024	Ordinary demand deposits	Realised effective interest rate, average 4.0%
Fixed-term deposits	29,047	Ordinary demand deposits	Realised effective interest rate, average 4.4%
Non-current borrowings:			
Vækstfonden	1,247	Repayment has started in 2006	Interest rate of 7.3% per annum

Currency risk:

The parent company does not hedge its currency exposure. Analysis of the parent company's foreign currency balances at December 31, 2008:

Currency	Payment/expiry	Receivables	Payables
		DKK'000	DKK'000
USD	0-12 months	-	1,508
	Over 12 months	-	-
GBP	0-12 months	-	228
	Over 12 months	-	-
EUR	0-12 months	-	3,156
	Over 12 months	-	-
NOK	0-12 months	-	-
	Over 12 months	-	-
Other	0-12 months	-	-
	Over 12 months	-	-
		0	**4,892**

Note	DKK'000

21 **Interest-rate and currency risks**

Parent company

Interest-rate risk:

Analysis of the parent company's financial assets and liabilities:

	December 31, 2007	Cash flow	Terms
	DKK'000		
Cash and cash equivalents	18,423	Ordinary demand deposits	Realised effective interest rate, average 3.8%
Fixed-term deposits	53,184	Ordinary demand deposits	Realised effective interest rate, average 4.2%
Non-current borrowings:			
Vækstfonden	6,123	Repayment has started in 2006	Interest rate of 7.3% per annum

Currency risk:

The parent company does not hedge its currency exposure. Analysis of the parent company's foreign currency balances at December 31, 2007:

Currency	Payment/expiry	Receivables	Payables
		DKK'000	DKK'000
USD	0-12 months	5,314	29
	Over 12 months	-	-
GBP	0-12 months	-	1,246
	Over 12 months	-	-
EUR	0-12 months	-	3,685
	Over 12 months	-	-
NOK	0-12 months	-	94
	Over 12 months	-	-
Other	0-12 months	-	24
	Over 12 months	-	-
		5,314	**5,078**

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
22	**Financial instruments**				
	The group has divided its financial assets into the categories below:				
	Loans and receivables:				
	Receivables from associated companies	-	-	-	5,314
	Other receivables	4,377	15,369	4,377	5,635
	Cash and deposits	36,071	76,010	36,071	71,607
	Total loans and receivables	40,448	91,379	40,448	82,556
	Financial liabilities at amortized cost price:				
	Loan from Vækstfonden	1,247	6,123	1,247	6,123
	Debt financial lease	0	151	0	151
	Suppliers of goods and services	4,305	9,259	4,305	6,928
	Other debts	5,770	12,002	5,770	10,323
	Financial liabilities at amortized cost prize	11,322	27,535	11,322	23,525

The fair value of the financial assets and liabilities correspond to the carrying value.

Currency risk

2008

Due to the reduction of activity Pharmexa is no longer significantly exposed on currency risk.

2007

The group has during the year defrayed net costs in USD of DKK 32,649 thousand. A change in the USD/DKK currency rate of +/- 10% would effect the net costs with DKK 3,265 / -3,265 thousand. Such a currency rate change would have a similar effect on the equity.

Per the end of the year the groups net financial liabilities in USD were DKK 22,856 thousand. A 10% change in the USD/DKK exchange rate would result in a currency gain / loss of DKK 2,286 / -2,286 thousand. The exchange rate change would have a similar effect on the equity.

Interest risk

2008

The group has during the year had interest income of DKK 4,455 thousand. The case that the interest level was +/- 2% the interest income would have been DKK 7,425 / 1,485 thousand. There would have been a similar effect on the equity.

2007

The group has during the year had interest income of DKK 6,423 thousand. The case that the interest level was +/- 2% the interest income would have been DKK 11,364 / 1,482 thousand. There would have been a similar effect on the equity.

Note	DKK'000	Group 2008	Group 2007	Parent company 2008	Parent company 2007
23	**Information about related parties and related party transactions**				

Group

The Group has no related parties with a controlling interest.

The Group has identified related parties with significant influence to comprise all group enterprises, the members of the parent company's Board of Directors, the members of the Group's Executive Management and executive officers and these persons' relatives. Related parties further include companies in which said persons have a significant interest.

Parent company

Pharmexa has no related parties with a controlling interest.

Pharmexa has identified related parties with significant influence to comprise subsidiaries, the members of the Company's Board of Directors and Executive Management and executive officers and these persons' relatives. Related parties further include companies in which said persons have a significant interest.

Pharmexas business with subsidiaries are as follows:

	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Purchase of goods and services from subsidiaries	-	-	620	965
Sale of goods and services to subsidiaries	-	-	2,798	7,294

All business takes place on arm's length basis since the subsidiaries trade on the same conditions as a third party would.

Loan, DKK 66,000 thousand was as of 31/12 2007 converted to share capital in Pharmexa Epimmune Inc.
In connection with the conversion, the value of Pharmexa Epimmune Inc. was written down in the parent Company's balance sheet.

Note	DKK'000

24 Board of Directors and Executive Management

The members of the Company's Board of Directors and Executive Management own the following shareholdings and warrants in Pharmexa A/S and hold the following executive offices in other companies apart from wholly owned subsidiaries:

	No. of shares owned	No. of Warrants owned	Executive offices held in other companies
Board			
Ole Steen Andersen , chairman Board member since 2007	30,000		Auriga Industries A/S, (CM), BB Electronics A/S, (CM), BB Electronics Holding A/S, (BF), HedgeCorp A/S, (CM), Cowi A/S, (CM).
Jørgen Buus Lassen Board member since 1997	20,000		NS Gene A/S, (CM), Gudme Raaschou Health Care Invest A/S, (CM), Investe-ringsforeningen Gudme Raaschou, (BM), Effector Holding A/S, (BM), NeuroSearch A/S, (BM), Effector Nordic A/S, (BM), Effector Communications A/S, (BM), NicOx S.A., (BM).
Karl Olof Borg Board member since 2001	8,000		Eurocine AB, (CM), Bioinvent International AB, (CM), Cyncron, (BM), Galenica AB (BM), Alligator AB (BM)
Alf A. Lindberg Board member 2005			Curalogic A/S, (BM), Catella Health Care, (BM), Proteome Sciences Ltd., (BM), Avant Immuno-therapeutics, (BM), Eurocine AB, (BM), Isconova AB, (BM).
Michel L. Pettigrew Board member 2006	6,000		Ferring Italy, (CM), Ferring Inc., (BM), Farmaceutisk Laboratorium Ferring A/S, (BM), Arpida, (BM).
Karen Lykke Sørensen Board member since 2007			SanofiAventis Denmark A/S, (M+BM).
Direktion			
Achim Kaufhold, CEO		270,000	CMP Therapeutics, Inc. (CM).

(CM) = Chairman
(BM) = Board member
(M) = Management

Statements and reports

Statement by the Board of Directors and the Executive Management on the Annual Report

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of Pharmexa A/S for the financial year ended December 31, 2008.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies.

We consider the accounting policies used to be appropriate and the accounting estimates made reasonable. To the best of our belief, the Annual Report includes the information which is relevant for an assessment of the Group's and the Parent Company's financial position. Against this background, it is our opinion that the Annual Report gives a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position and results of operations and the consolidated cash flows for the year ended December 31, 2008.

In our opinion, the Management's Review gives a true and fair view of the results of the Group's and the Parent Company's operations and of the overall financial position of the companies included in the consolidated financial statements and of the Parent Company, as well as the significant risks and uncertainties facing these entities.

We recommend that the Annual Report be approved by the annual general meeting of shareholders.

Hørsholm, March 31, 2009

Executive Management

Achim Kaufhold

Board of Directors

Ole Steen Andersen
Chairman

Jørgen Buus Lassen

Karl Olof Borg

Alf A. Lindberg

Michel Pettigrew

Karen Lykke Søensen

Independent Auditors' Report

To the Shareholders of Pharmexa A/S
We have audited the Annual Report of Pharmexa A/S for the financial year ended 31 December 2008, which comprises the Statement of the Board of Directors and Executive Management on the Annual Report, the Management's Review, a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the Group as well as for the Parent Company. The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies.

The Board of Directors and Executive Managements' Responsibility for the Annual Report
The Board of Directors and Executive Management are responsible for the preparation and fair presentation of this Annual Report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Basis of Opinion
Our responsibility is to express an opinion on this Annual Report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Executive Management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit did not result in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2008 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 31 March 2009

Ernst & Young
Statsautoriseret Revisionsaktieselskab

Benny Lynge Sørensen	Jesper Slot
State Authorised Public Accountant	*State Authorised Public Accountant*

Pharmexa A/S
Kogle Allé 6
DK-2970 Hørsholm
Denmark

Tel.: +45 4516 2525
Fax: +45 4516 2500
www.pharmexa.com

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