

**Interim Report for the period
1 January to 31 March 2010**

Santaris Pharma A/S – Interim Report for the period 1 January to 31 March 2010

The Board of Directors of Santaris Pharma A/S has approved the Interim Report for the period 1 January to 31 March 2010.

- The loss after tax realized in the 1st quarter of 2010 was 24,2m DKK (3,3m EUR) compared to 12,9m DKK (1,7m EUR) in the 1st quarter of 2009.
- As at April 1, 2010 the capital resources totaled 112,5m DKK (15,1m EUR).

During the first quarter of 2010 Santaris Pharma A/S continued to make satisfactory progress in its research and development programs within metabolic disorders and infectious diseases as well as in research and development programs with its partners. Key milestones achieved and other events during the quarter are summarized below.

Development

- **Miravirsen (SPC3649): Hepatitis C**
SPC3649 received approval of its International Nonproprietary Name (INN) – miravirsen. Miravirsen is a potent and specific inhibitor of microRNA-122 known to be involved in cholesterol metabolism and in hepatitis virus replication in the liver. Miravirsen is currently being studied in a Phase I multiple dose clinical study in healthy volunteers. Phase 2 trials are expected to begin in the second half of 2010.
- **EZN-2968: Solid tumors and lymphomas**
Enzon Pharmaceuticals is currently conducting two Phase I studies in patients with solid tumors to evaluate the safety of EZN2968 using two different dosing schedules. Enzon Pharmaceuticals continues to enroll patients in both studies. In general, HIF-1 alpha antagonist therapy has been well tolerated, and many patients have received multiple cycles with both dosing regimens. Enzon Pharmaceuticals has observed stable disease in a number of patients treated with our HIF-1 alpha antagonist. Tumor shrinkage was also seen in patients with renal cell cancer, liver cancer, sarcoma, and cancer of the tonsil. Santaris Pharma A/S retains all commercial rights in Europe for this compound.
- **EZN3042: Solid tumors and lymphomas**
Enzon Pharmaceuticals Phase 1 clinical trial in solid tumors with the LNA-based drug Survivin targeting cancer is in progress. Santaris Pharma A/S retains all commercial rights in Europe for this compound.
- **SPC4955: High cholesterol**
SPC4955 targeting apolipoproteinB, the major cholesterol carrying protein in the blood, is scheduled to commence Phase 1 clinical trials in the second half of 2010.

- **EZN-4176: Prostate Cancer**
EZN4176 targeting androgen receptor (AR), a ligand-activated transcriptional factor that plays an important role in prostate cancer. Data presented at AACR showed that EZN4176 causes antitumor effects in xenograft models of prostate cancer. EZN-4176 inhibits the growth of CWR22 tumors and down-regulates mRNA of AR and its regulated genes such as PSA and TMPRSS2. Results demonstrate the down regulation of mRNA and AR protein level in C4-2B tumors resulting in apoptosis. EZN-4176 inhibits transcription activity of AR in C4-2B tumors and inhibits growth of the C4-2B tumors. Santaris Pharma A/S retains all commercial rights in Europe for this compound.
- **SPC5001: High cholesterol**
Santaris Pharma A/S selected lead research compound SPC5001 targeting PCSK9 (proprotein convertase subtilisin/kexin type 9), to advance into drug development for the treatment of high cholesterol. Data presented by Santaris Pharma A/S scientists at the PCSK9 Conference in Nantes showed that SPC5001 provided potent, specific and long-lasting inhibition of PCSK9 and lowered mean LDL cholesterol by 50% in non-human primates with a sustained reduction of 74% in the highest responder. SPC5001 did not change HDL (high-density lipoprotein) levels or the “good” cholesterol in the blood.

Collaborations

Santaris Pharma A/S has collaboration agreements with four partners, covering more than 25 novel LNA-based RNA therapeutics:

- **Shire plc (August 2009)**
Santaris Pharma A/S entered into a collaboration agreement with Shire plc to discover and develop RNA-based medicines to treat rare genetic disorders. Santaris Pharma A/S will discover and design up to five drug candidates against certain targets. Shire will be responsible for further development and commercialization of products arising from the alliance. Worldwide commercial rights are partnered.
- **Pfizer – formerly Wyeth Pharmaceuticals (December 2008)**
Santaris Pharma A/S entered into an agreement with Wyeth Pharmaceuticals, now part of Pfizer, covering 10 LNA-based drug candidates targeting various diseases. Under the terms of the collaboration, Santaris Pharma A/S will design and generate the drug compounds and Pfizer will be responsible for all preclinical and clinical development as well as the commercialization on a worldwide basis. Worldwide commercial rights are partnered. In Q1, Santaris Pharma A/S achieved a key milestone in the collaboration as Pfizer designated one more targets in the collaboration, bringing the number of designated targets to three out of 10 targets.

- **GlaxoSmithKline Collaboration (December 2007)**

Under the terms of the collaboration with GlaxoSmithKline (GSK), Santaris Pharma A/S is responsible for the discovery and development of RNA inhibiting drug candidates through to completion of Phase 2a ("Clinical Proof of Concept") for up to four viral targets, at which point GSK will have an exclusive option to license each compound for further development and commercialization on a worldwide basis.












- **Enzon Pharmaceuticals Collaboration (August 2006)**

Under the terms of the collaboration with Enzon Pharmaceuticals, Santaris Pharma A/S will design and generate a total of eight drug candidates and Enzon will fund and manage the preclinical and clinical development of the drug candidates and file for regulatory approvals outside Europe. Santaris Pharma A/S retains all commercial rights in Europe; milestones and royalties worldwide.

Enzon Pharmaceuticals has now received all of the eight novel cancer drug candidates from Santaris Pharma A/S. In addition to HIF-1 α , Survivin and AR, the targets for four other compounds have been disclosed: Her3, beta-catenin, PIK3CA and Gli2. In Q1 Santaris Pharma A/S received milestone payments from Enzon Pharmaceuticals for advancing and designating various drug development candidates.

Pipeline

Santaris Pharma A/S Drug Discovery Engine has leveraged the LNA Drug Platform to create a robust pipeline of drugs for a range of diseases including infectious and inflammatory diseases, metabolic disorders, cancer and rare genetic disorders.

COMPOUND	TARGET	INDICATION	LEAD DISCOVERY	PRE-CLINICAL	PHASE I	PHASE II	PHASE III
miravirsen (SPC3649)	miR-122	Hepatitis C					
EZN-2968 ¹	HIF-1α	Solid Tumors					
EZN-3042 ¹	Survivin	Cancer					
SPC4955	Apolipoprotein B	Hypercholesterolemia					
EZN-4176 ¹	Androgen Receptor	Cancer					
SPC5001	PCSK9	Hypercholesterolemia					
EZN-3889 ¹ /3892 ¹	Beta-catenin	Cancer					
Enzon Programs ¹	PI3KCA, Her-3, Gli2 Undisclosed	Cancer					
Pfizer Programs ²	Undisclosed	Various					
Shire Programs ²	Undisclosed	Rare Genetic Disorders					
GSK Programs ²	Undisclosed	Viral Diseases					

■ Santaris Compounds ■ Partnered Compounds

¹ Santaris Pharma A/S retains commercial rights in Europe, US and rest of world partnered with Enzon
² Worldwide commercial rights partnered

Research

During Q1 2010 Santaris Pharma A/S published four scientific articles and more have been submitted for publication:

- **Front Neural Circuits.** 2010, 3:16. Recombinant Adeno Associated Virus Mediated microRNA Delivery into the Postnatal Mouse Brain Reveals a Role for miR-134 in Dendritogenesis in Vivo.
- **Bioinformatics.** 2010, 11(1):29. miRMaid: a unified programming interface for microRNA data resources. *BMC*
- **Biol Chem.** 2010, Jan 26. [Epub ahead of print] Expression of apolipoprotein B in the kidney attenuates renal lipid accumulation.
- **Science** 2010, 327(5962):198-201. Therapeutic Silencing of MicroRNA-122 in Primates with Chronic Hepatitis C Virus.

During Q1 2010, the Company made presentations at the following scientific/investor conferences:

- JP Morgan, San Francisco, CA
- Keystone RNAi meeting , Keystone, CO
- World Drug Delivery and Formulation 2010 , Dusseldorf, Germany
- Molecular Medicines Tri-Conference, San Francisco, CA
- AsiaTIDES, Tokyo, Japan
- BIO Windhover, NYC
- RNA Therapy Symposium, Lisbon, Portugal
- Society of Toxicology, Salt Lake City, UT

- MicroRNA Symposium, St. Kitts
- ACC 2010, Atlanta, GA
- Drug Discovery Summit, Cannes, France
- DIA/FDA Workshop, Bethesda, MD
- Analytica, miRNA Symposium, Munich
- PCSK9 Conference, Nantes, France

Guidance for 2010

Santaris Pharma A/S guidance for the year ending 31 December 2010 is a loss after tax in the range of DKK 90-100 million.

Flemming Ørnskov
Chairman of the Board

Søren Tulstrup
President and CEO

FINANCIAL REVIEW

The Financial Statements in this Interim Report are presented in accordance with IAS 34 as adopted by the EU and additional Danish disclosure requirements for Interim Reports of listed companies. The accounting policies are consistent with those applied in the Annual Report for 2009. The Interim Report is un-audited and un-reviewed.

The Income Statement, the Balance Sheet, the Statement of change in Equity, the Cash Flow Statement and the Cap Table are presented below.

Income Statement (1 January – 31 March 2010)

The loss after tax realized in the 1st quarter of 2010 was 24,2m (3,3m EUR) compared to 12,9m DKK (1,7m EUR) in 2009.

The increase in Operative Expenditures from 36,3m (4,9m EUR) in the 1st quarter of 2009 to 42,6m DKK (5,7m EUR) in the 1st quarter of 2010 is related to the company's expanded development activities.

Balance Sheet; Statement of change in Equity, Cash Flow and Cap Table

As at March 31 2010, the Company had total assets of 173,4m DKK (23,3m EUR) of which the Cash & Cash Equivalents amounted to 112,5m DKK (15,1m EUR). This cash position is, subject to the Company's receipt of certain milestone payments expected to be sufficient to finance the Company's operations beyond 2010.

The total Equity on March 31 2010 amounts to 118,6m DKK (15,9m EUR).

Income Statement

(All amounts in '000)

	Year to date				Full Year	
	1/1 - 31/3 2010		1/1 - 31/3 2009		1/1 - 31/12 2009	
	DKK	EUR	DKK	EUR	DKK	EUR
Revenues	17.925	2.406	16.087	2.159	72.595	9.744
Cost of goods	0	0	-1.245	-167	-4.666	-626
Contribution margin	17.925	2.406	14.842	1.992	67.929	9.118
Research and development costs	-36.594	-4.912	-31.505	-4.229	-151.350	-20.315
Administrative costs	-6.046	-812	-4.825	-648	-15.525	-2.084
Loss from operating activities	-24.715	-3.318	-21.488	-2.884	-98.946	-13.281
Financial income	481	65	8.595	1.154	11.135	1.495
Financial expenditures	0	0	-42	-6	-131	-18
Loss before tax	-24.235	-3.253	-12.935	-1.736	-87.941	-11.804
Tax on the results of the year	0	0	-	-	-81	-11
Loss for the year (Loss)	-24.235	-3.253	-12.935	-1.736	-88.022	-11.815

Balance Sheet

(All amounts in '000)

	31/3 2010		31/3 2009		31/12 2009	
	DKK	EUR	DKK	EUR	DKK	EUR
Assets						
Intangible assets	16.469	2.211	18.935	2.542	17.085	2.293
Tangible assets	8.208	1.102	14.272	1.916	8.914	1.196
Long term financial assets	5.743	771	7.472	1.003	5.273	708
Non-current assets	30.420	4.083	40.679	5.460	31.272	4.198
Inventory	20.177	2.708	15.295	2.053	20.966	2.814
Accounts receivable	10.287	1.381	13.453	1.806	7.187	965
Cash and cash equivalents	112.542	15.106	198.151	26.597	154.110	20.686
Current assets	143.006	19.195	226.899	30.456	182.263	24.465
Total assets	173.427	23.279	267.577	35.916	213.535	28.662
Equity and liabilities						
Share Capital	89.938	12.072	89.936	12.072	89.938	12.072
Retained earnings etc.	28.643	3.845	117.294	15.744	51.797	6.953
Equity	118.581	15.917	207.229	27.816	141.735	19.025
Long-term debt	9.202	1.235	1.281	172	11.729	1.574
Short-term debt	45.644	6.127	59.067	7.928	60.072	8.063
Total equity and liabilities	173.427	23.279	267.577	35.916	213.535	28.662

Statement of change in Equity

(All amounts in '000)

	Share capital	Retained earnings, etc.	Total	Total
	DKK	DKK	DKK	EUR
Equity 31 December 2008	89.936	128.416	218.352	29.309
Result for the year	-	-88.022	-88.022	-11.815
Other comprehensive income for the year	-	226	226	30
Total comprehensive income for the year	-	-87.796	-87.796	-11.785
Net Capital Increase	2	14	16	2
Sharebased payments	-	11.162	11.162	1.498
Transactions with owners	2	11.176	11.178	1.500
Equity 31 December 2009	89.938	51.797	141.734	19.025
Result for the year	-	-24.235	-24.235	-3.253
Other comprehensive income for the year	-	-248	-248	-33
Total comprehensive income for the year	-	-24.483	-24.483	-3.286
Net Capital Increase	0	0	0	0
Sharebased payments	-	1.330	1.330	179
Transactions with owners	0	1.330	1.330	179
Equity 31 March 2010	89.938	28.644	118.581	15.917
Development in share capital	DKK '000			
Share capital 1 January 2002	1.296			
Capital increase 2003	6.062			
Capital increase 2006	33.283			
Capital increase 2007	44.745			
Capital increase 2008	4.549			
Capital increase 2009	2			
Share capital 30 September 2009	89.938			

Cash Flow Statement

(All amounts in '000)

	1/1 - 31/3 2010		1/1 - 31/12 2009	
	DKK	EUR	DKK	EUR
Loss from operating activities	-24.715	-3.318	-98.945	-13.281
Adjustments:				
Amortisations and depreciation and other non-cash transactions	2.902	389	19.716	2.646
Changes in Net Working Capital:				
Change in inventory	788	106	-3.762	-505
Change in accounts receivable	-1.680	-225	41.779	5.608
Change in short-term liabilities	-19.208	-2.578	-10.945	-1.469
Finance costs	0	0	-131	-18
Cash Generated from Operating Activities	-41.914	-5.626	-52.288	-7.019
Capital Expenditures	-250	-34	-1.116	-150
Deposits	115	15	2.009	270
Finance Income	481	65	11.135	1.495
Cash Generated from Investing Activities	345	46	12.028	1.614
Proceeds from share issue	0	0	16	2
Financial leasing	0	0	-675	-91
Cash Generated from Financing Activities	0	0	-659	-89
Net Increase in cash and cash equivalents	-41.568	-5.580	-40.920	-5.493
Cash and cash equivalents, beginning of year	154.110	20.686	195.030	26.179
Cash and Cash Equivalents, end of Period	112.542	15.106	154.110	20.686

MANAGEMENT'S STATEMENT

The Board of Directors and Executive Management today considered and approved the Interim Report for the period 1 January to 31 March 2010. The Interim Report, which is unaudited and unreviewed, is presented in accordance with international accounting standards. We consider the accounting policies to be appropriate to the effect that the Interim Report gives a true and fair view of the Company's assets and liabilities, financial position, results of operations and cash flows. Furthermore, we consider the Interim Report to give a true and fair statement of the developments in the Group's activities and financial affairs, results of operations and the Company's financial position as a whole as well as a description of the significant risks and uncertainties the Company faces.

Hørsholm, 3 May 2010

Board of Executives

Søren Tulstrup
President & CEO

Henrik Stage
Vice President & CFO

Board of Directors

Flemming Ørnskov
Chairman

Walter Wenninger
Vice Chairman

Claus Anderson
Director

Claus Braestrup
Director

Søren Carlsen
Director

Edwin de Graaf
Director

Hans Kuepper
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Santaris Pharma A/S forward looking statements

This written announcement contains forward-looking statements, identified by the use of words such as "believes," "expects," "may," "will," "should", "potential," "anticipates," "plans" or "intends" and similar expressions. Such forward-looking statements involve risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from the future results, events or developments indicated in this announcement. Such factors include, but are not limited to the timing, success and cost of clinical studies; the ability to obtain regulatory approval of products, market acceptance of and future demand for Santaris Pharma A/S products and the impact of competitive products and pricing. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. No assurance can be given that the future results covered by the forward-looking statements will be achieved. All information in this press release is as of the date of this press release and Santaris Pharma A/S does not intend to update this information.