

Interim Report for the period 1 January to 31 March 2009

Santaris Pharma – Interim Report for the period 1 January to 31 March 2009

The Board of Directors of Santaris Pharma has approved the Interim Report for the period 1 January to 31 March 2009.

- The loss after tax realised in the 1st quarter of 2009 was 12,9m DKK (1,7m EUR) compared to 35,8m DKK (4,8m EUR) in the 1st of 2008.
- As at March 31, 2009 the capital resources totalled 198,2m DKK (26,6m EUR).
- All activities related to the implementation of the Company's new strategy refocusing the activities on metabolic diseases and infectious diseases have been completed and the Company, with its reduced cost base, is now well positioned to face the challenges of the ongoing financial crisis.
- The Collaboration with the Company's 3rd partner, Wyeth, was initiated in January 2009.

During the first quarter of 2009 Santaris Pharma continued to make satisfactory progress in its research and development programs within both Metabolic Disorders and Infectious Diseases. Key milestones achieved and other events during the quarter are summarized below.

Development

- **SPC3649-HCV**
SPC3649 is a potent and specific inhibitor of microRNA-122 known to be involved in cholesterol metabolism and in hepatitis virus replication in the liver. In April 2009, Santaris Pharma completed a Phase I First-in-Man single dose study of SPC3649 with 60 healthy volunteers and the Company expects to publicize the results of this study in the 2nd half of the year. Further a Phase I multiple dose clinical study with SPC3649 in healthy volunteers is scheduled to be commenced later in 2009.
- **EZN2968-HIF-1 α**
Santaris Pharma's collaboration partner Enzon Pharmaceuticals is expected to report the results of its phase I clinical trials targeting solid tumors with EZN2968 in the 2nd half of 2009. Further Enzon has announced its intention of initiation of a phase II trial with this compound later in 2009.
- **SPC2996-CLL**
In accordance with Santaris Pharma's refocusing of activities within metabolic disorders and infectious diseases, it has been decided to divest the cancer activities. The process of divesting SPC2996 is ongoing.

- **EZN3042-Survivin**

In February 2009 Santaris Pharma's collaboration partner Enzon Pharmaceuticals initiated a phase I clinical trial in solid tumors with the LNA-based drug Survivin that targets cancer.

- **ApoB inhibitor**

Santaris Pharma has in rodent and primate studies shown that ApoB inhibitors are able to lower LDL cholesterol and triglycerides effectively and the Company expects to select a lead candidate for preclinical development in the 2nd half of 2009.

Collaborations

Santaris Pharma has collaboration agreements with three partners, covering up to 22 novel LNA-based RNA therapeutics:

- **Wyeth Pharmaceuticals (December 2008)**

By the end of 2008 Santaris Pharma entered into an agreement with Wyeth Pharmaceuticals, covering 10 LNA-based drug candidates targeting various diseases selected by Wyeth. Under the terms of the collaboration Santaris Pharma will design and generate the drug compounds and Wyeth will be responsible for all preclinical- and clinical development as well as the commercialization on a worldwide basis.

- **GlaxoSmithKline Collaboration (December 2007)**

Under the terms of the collaboration with GlaxoSmithKline (GSK) on new drugs for the treatment of viral diseases, Santaris Pharma is responsible for the discovery and development of RNA inhibiting drug candidates through to completion of Phase IIa ("Clinical Proof of Concept") for four viral targets, at which point GlaxoSmithKline will have an exclusive option to license each compound for further development and commercialisation on a worldwide basis. Presently GSK has selected one viral disease target and Santaris Pharma has identified several strong drug candidates against the target.

- **Enzon Collaboration (August 2006)**

Under the terms of the collaboration with Enzon Pharmaceuticals, Santaris Pharma 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 has maintained all commercial rights for the eight drug candidates in Europe.

Enzon is expected to disclose results from the clinical development of EZN/SPC2968, a HIF-1 α inhibitor, which is currently being evaluated in two separate Phase I/II clinical trials in patients with advanced solid tumors, in the 2nd half of 2009.

Enzon has initiated a Phase I study in various solid tumors for EZN/SPC3042, the Survivin inhibitor, in the 1st quarter of 2009.

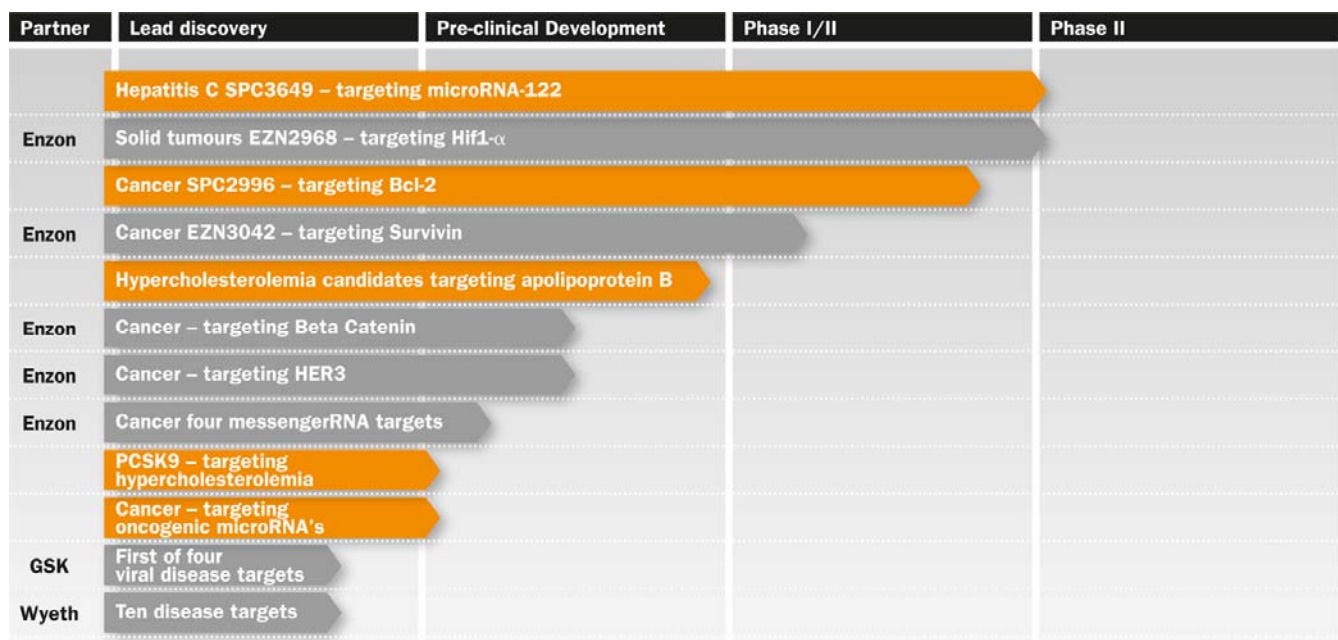
In addition to EZN/SPC2968 and EZN/SPC3042 Enzon has now received all the remaining six novel cancer drug candidates from Santaris Pharma and Enzon has announced the targets for four of these compounds: Her3, beta catenin, PIK3CA and the androgen receptor.

Pipeline Summary

In Q1 2009 Santaris Pharma continued the progress for both the drug discovery programs and the drug development pipeline. At the end of the quarter Santaris Pharma had four drugs in clinical development:

- SPC3649, an LNA-antimiR[®] against microRNA-122, being developed for the treatment of HCV infections
- EZN/SPC2968, a HIF-1 α inhibitor, being developed for the treatment of various solid tumors
- SPC2996, a Bcl-2 inhibitor, being developed for the treatment of cancer. Santaris Pharma has initiated the process of divesting this candidate
- EZN3042, an LNA-based Survivin inhibitor, being developed for the treatment of various solid tumors

In addition to the four clinical development stage compounds Santaris Pharma and its partners have several other compounds in the discovery, research and preclinical stages.



Research

During Q1 2009 Santaris Pharma and/or partners have published three major scientific articles:

- **Proc Natl Acad Sci USA**

In the January 2009 issue of the journal Proc Natl Acad Sci USA Santaris Pharma and its collaboration partner Claes Wahlestedt published data on LNA-based inhibition of microRNA-219 associated with schizophrenia.

- **Clin Cancer Research**

In January 2009 Santaris Pharma and academic partners published an article titled: Uncovering growth suppressive microRNAs in lung cancer.

- **Cancer Research**

In January 2009 Santaris Pharma published an article titled: microRNA silencing in primates: Towards development of new therapeutics.

During Q1 2009 Santaris Pharma has participated and presented at the following scientific conferences:

- Small RNAs and cancer/Paris/France
- Keystone, Scientific Advisory Board Meeting/Colorado/USA
- Executing the promise of RNAi/Cambridge/MA/USA
- Cell & Gene Therapy/Washington/USA
- St. Kitts microRNA symposium/(organizer)/St. Kitts/ Caribbean
- Molecular Imaging and Drug Development/London/UK
- BioEurope Spring/Milan/Italy
- microRNAs in human disease/Boston/USA
- Girindus Leadership in Oligonucleotides Symposium/Ohio/USA

Guidance for 2009

Santaris Pharma guidance for the year ending 31 December 2009 is a loss after tax in the range of DKK 115 – 125 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 2008. 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 is presented below.

Income Statement (1 January – 31 March 2009)

The accumulated loss after tax realised for the period 1 January to 31 March 2009 was 12,9m DKK (1,7m EUR) compared to 35,8m DKK (4,8m EUR) in 2008.

The Revenues for the 1st quarter 2009 amounted to 16,1m DKK (2,2m EUR) compared to 6,8m DKK (0,9m EUR) for the same period last year.

Following the refocusing of the Company's activities, the organisation has been significantly reduced and the total research, development and administrative cost for the 1st quarter of 2009 has, compared with 1st quarter of last year, been reduced with 9m DKK (1,2m EUR).

The Net Financial Income was 8,6m DKK (1,2m EUR) compared to 3,0m DKK (0,4m EUR) in 2008.

Balance Sheet

As at March 31 2009, the Company had total assets of 267,6m DKK (35,9m EUR) of which the Cash & Cash Equivalents amounted to 198,2m DKK (26,6m EUR). This cash position is, subject to the Company's receipt of certain milestone payments related to the ongoing collaboration activities, expected to be sufficient to finance the Company's operations beyond 2010.

The total Equity amounts to 207,2m DKK (27,8m EUR). Long Term Debts (Operative Leases) amounts to 1,3m DKK (0,2m EUR) and other short term debts to 59,1m DKK (7,9m EUR).

Income Statement

(All amounts in '000)

	Year to date				Full Year	
	1/1 - 31/3 2009		1/1 - 31/3 2008		1/1 - 31/12 2008	
	DKK	EUR	DKK	EUR	DKK	EUR
Revenues	16.087	2.159	6.767	908	66.722	8.956
Cost of goods	-1.245	-167	-581	-78	-5.729	-769
Contribution margin	14.842	1.992	6.186	830	60.993	8.187
Research and development costs	-31.505	-4.229	-40.599	-5.450	-220.358	-29.578
Administrative costs	-4.825	-648	-4.324	-580	-23.216	-3.116
Loss from operating activities	-21.488	-2.884	-38.738	-5.200	-182.581	-24.508
Financial income	8.595	1.154	2.952	396	10.912	1.465
Financial expenditures	-42	-6	-49	-7	-268	-36
Loss before tax	-12.935	-1.736	-35.835	-4.810	-171.938	-23.079
Tax on the results of the year	0	0	0	0	0	0
Loss for the year (Loss)	-12.935	-1.736	-35.835	-4.810	-171.938	-23.079

Balance Sheet

(All amounts in '000)

	31/3 2009		31/12 2008	
	DKK	EUR	DKK	EUR
Assets				
Intangible assets	18.935	2.542	19.202	2.577
Tangible assets	14.272	1.916	15.173	2.037
Long term financial assets	7.471	1.003	7.404	994
Non-current assets	40.679	5.460	41.778	5.608
Inventory	15.295	2.053	17.203	2.309
Accounts receivable	13.453	1.806	48.966	6.573
Cash and cash equivalents	198.151	26.597	195.030	26.179
Current assets	226.899	30.456	261.199	35.060
Total assets	267.577	35.916	302.978	40.668
Equity and liabilities				
Share Capital	89.936	12.072	89.936	12.072
Retained earnings etc.	117.294	15.744	128.416	17.237
Equity	207.229	27.816	218.352	29.309
Long-term debt	1.281	172	1.604	215
Short-term debt	59.067	7.928	83.022	11.144
Total equity and liabilities	267.577	35.916	302.978	40.668

Statement of change in Equity

(All amounts in '000)

	Share capital	Retained earnings, etc.	Total	Total
	DKK	DKK	DKK	EUR
Equity 31 December 2007	85.387	241.908	327.295	43.932
Net Capital Increase	4.549	47.604	52.153	7.000
Sharebased payments	-	10.842	10.842	1.455
Result for the year	-	-171.938	-171.938	-23.079
Equity 31 December 2008	89.936	128.416	218.352	29.309
Sharebased payments	-	1.812	1.812	243
Result for the year	-	-12.935	-12.935	-1.736
Equity 31 March 2009	89.936	117.293	207.229	27.816

Development in share capital

DKK '000

Share capital as at 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
Share capital as per 31 March 2009	89.936

Cash Flow Statement

(All amounts in '000)

	1/1 - 31/3 2009		1/1 - 31/12 2008	
	DKK	EUR	DKK	EUR
Loss from operating activities	-21.488	-2.884	-182.581	-24.508
Adjustments:				
Amortisations and depreciation and other non-cash transaction	3.533	474	17.557	2.357
Changes in Net Working Capital:				
Change in inventory	1.908	256	-7.379	-990
Change in accounts receivable	35.513	4.767	-32.917	-4.418
Change in short-term liabilities	-24.204	-3.249	48.519	6.513
Finance costs	-42	-6	-266	-36
Cash Generated from Operating Activities	-4.779	-641	-157.067	-21.083
Capital Expenditures	-651	-87	-12.306	-1.652
Finance Income	8.595	1.154	10.806	1.450
Cash Generated from Investing Activities	7.943	1.066	-1.501	-201
Proceeds from share issue	0	0	77.223	10.366
Financial leasing	-44	-6	-446	-60
Cash Generated from Financing Activities	-44	-6	76.777	10.306
Net Increase in cash and cash equivalents	3.121	419	-81.790	-10.979
Cash and cash equivalents, beginning of year	195.030	26.179	276.820	37.157
Cash and Cash Equivalents, end of Year	198.151	26.597	195.030	26.179

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 2009. 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, 27 April 2009

Board of Executives

Søren Tulstrup
President & CEO

Henrik Stage
Vice President & CFO

Board of Directors

Flemming Ørnskov
Chairman

Walter Wenninger
Vice Chairman

Claus Braestrup
Director

Søren Carlsen
Director

Edwin de Graaf
Director

Anders Hinsby
Director

Martien van Osch
Director

Holger Reithinger
Director

For further information please contact:

Henrik Stage, Chief Financial Officer
Direct phone +45 4517 9888
Cell +45 4026 0900
E-mail: hs@santaris.com

Randi Krosgaard, Director, Corporate Communications
Direct phone +45 4517 9879
Cell +45 2048 8384
E-mail: rmk@santaris.com

Santaris Pharma 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 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 does not intend to update this information.