1 August 2011

Addex Pharmaceuticals

Year End	Revenue (CHFm)	PBT* (CHFm)	EPS* (CHF)	DPS (CHF)	P/E (x)	Yield (%)
12/09	4.5	(42.4)	(7.2)	0.0	N/A	N/A
12/10	4.0	(33.3)	(5.3)	0.0	N/A	N/A
12/11e	3.7	(31.5)	(4.1)	0.0	N/A	N/A
12/12e	0.5	(19.1)	(2.3)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: CEO expected shortly

Addex expects shortly to announce the appointment of a new CEO, which, with the completion of its workforce restructuring, should bring the recent period of uncertainty to an end. Meanwhile, Addex has regained rights to the mGluR5 PAM intellectual property from Merck & Co, after the programme was culled in an internal pipeline review. Addex sees a way forward and believes it can seek a new licensee. Cash (CHF50m at the half year point) should now last to the end of 2013.

CEO appointment should end inter-regnum

Addex expects shortly to announce the appointment of a new CEO and also complete its workforce restructuring. An R&D re-review/re-prioritisation is underway and, on completion, should bring the present period of uncertainty to a conclusion.

Key programmes unaffected by recent changes

Development of the lead internal programme, dipraglurant for PD-LID, appears to have progressed as planned through the recent period. Addex may even catch up with Novartis's AFQ056, also an mGluR5 NAM, in the PD-LID indication, something that should be valuable in discussions with potential partners. It is likely that Novartis may have to complete a new Phase II study before it can justify a move into Phase III.

Restructuring extends cash reach to end 2013

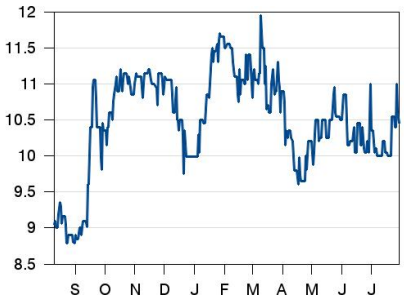
As a result of its restructuring, Addex believes its cash (CHF50m) should last to the end of 2013. With this cash position, two products in Phase IIa – both due to report data in H112 – and multiple programmes available for out-licensing, Addex should be in a strong position to recover value under new leadership.

Valuation: Risk-adjusted NPV of CHF212m

Our revised risk-adjusted NPV of key late-stage assets in the R&D pipeline yields a valuation of CHF212m, equivalent to CHF30/share including FY11 cash. Moreover, this is based on the assumption that dipraglurant is second to market in PD-LID – hence the interest in monitoring closely its competitive position vs AFQ056.

Price	CHF10.5
Market Cap	CHF82m

Share price graph



Share details

Code	ADXN
Listing	SIX
Sector	Biotech
Shares in issue	7.83m

Price

52 week	High	Low
	CHF11.9	CHF8.8

Balance Sheet as at 30 June 2011

Debt/Equity (%)	N/A
NAV per share (CHF)	7.6
Net cash (CHFm)	50.2

Business

Addex Pharmaceuticals is a Swiss biotech company with a proprietary allosteric modulator discovery platform and a pipeline in CNS, inflammatory and metabolic disorders. It has partnerships with J&J (Ortho-McNeil-Janssen) and Merck & Co.

Valuation

	2010	2011e	2012e
P/E relative	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/Sales	N/A	N/A	N/A
ROE	N/A	N/A	N/A

Revenues by geography

UK	Europe	US	Other
0%	100%	0%	0%

Analysts

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Investment summary: Management change underway

Company description: Leader in allosteric modulation

Addex Pharmaceuticals is a Swiss biotech company that has established the world-leading position in the identification of small molecule allosteric modulators, particularly for CNS indications.[1] It was founded in 2002 and has raised CHF263m in equity since inception (including CHF137m at its 2007 IPO and CHF20m in September 2010). Addex currently has 12 active drug development programmes, two of which are subject to partnerships (with J&J and Merck & Co). Addex is located in Geneva, Switzerland. It employs 82 FTEs, following a 25% headcount reduction. Key R&D programmes are summarised in Exhibit 1.

Exhibit 1: Addex key development programmes (clinical/late preclinical)

Product	Indication	Phase	Notes
JNJ-40411813 (ADX71149)	Schizophrenia/ anxiety/other CNS	Phase II	Partnered with **J&J.**
Dipraglurant	PD-LID/dystonia	Entering Phase II	IR version for PD-LID; ER version for dystonia/other CNS indications
FSH-R NAM	Endometriosis/BPH	Preclinical	In vivo PoC ongoing
$GABA_B$ PAM	OA pain/Fragile X, urinary incontinence and GERD	Lead opt	Lead optimisation.
mGluR2 NAM	AD/depression	Lead opt	In vivo PoC achieved
mGluR4 PAM	Parkinson's disease	Lead opt	Partnered with **Merck & Co.**
mGluR7 NAM	Depression/PTSD	Lead opt	
mGluR5 NAM	Schizophrenia/cognition	Lead opt	
GLP1R PAM	Type II diabetes	Lead opt	

Source: Edison Investment Research

Valuation: Risk-adjusted NPV of CHF225m

Our revised risk-adjusted NPV of key later-stage assets in the R&D pipeline yields a valuation of CHF212m, which compares with an EV of CHF32m and is equivalent to CHF30/share including FY11 cash. Moreover, this valuation is based on the assumption that dipraglurant is second to market in PD-LID – hence the interest in monitoring closely its competitive position vs AFQ056. The apparently imminent appointment of a new CEO may be a catalyst for a recovery in the shares.

Sensitivities

The company is subject to the same sensitivities typical of biotech drug development activities, which include the unpredictable outcome of clinical trials, the success or failure of competitors, and the high degree of reliance on partners (and on the formation of new partnerships). A single investor, Biotechnology Value Fund, holds a significant 30% equity stake.

Financials

Addex reported H1 revenues of CHF3.2m and cash of CHF50m as of 30 June. We have updated our model to reflect R&D spending of CHF28m for FY11 and CHF15m/year in the following two years, consistent with the planned CHF8m/year savings and in line with the guided cash reach. Our financial model does not assume any milestone payments (from actual or potential licensing deals), although it is possible that some may be received relating to the development of JNJ-40411813 in schizophrenia in the forecast period.

[1] Allosteric modulators (AMs) are compounds that bind to alternate sites around a receptor and hence do not compete with endogenous ligands. As a result, they allow more subtle control of response than classical agonists/antagonists.

Review: CEO appointment expected soon

Addex also expects shortly to announce the appointment of a new CEO and complete its recently-announced workforce restructuring, reducing its headcount from c 111 to 82. This, with certain other measures relating to facilities, should save CHF8m a year from 2012 and extend Addex's cash reach (CHF50m at the half year point) to the end of 2013.

Meanwhile, Addex has regained all rights to the mGLuR5 PAM programme from Merck & Co after the joint research project aimed at schizophrenia and cognitive disorders – currently at the preclinical stage – was culled in an internal pipeline review. Addex sees a way forward for the programme and may seek a new licensee. Addex's separate mGluR4 PAM research programme with Merck, directed at Parkinson's disease, is unaffected.

Dipraglurant on track, possibly catching a delayed AFQ056

Development of Addex's lead internal programme, dipraglurant for PD-LID, does not appear to have been affected by the management transition. Addex may even be able to catch up with Novartis's AFQ056, also an mGluR5 NAM, in the PD-LID indication, with the competing compound encountering issues that may delay its Phase III start. Reducing AFQ056's c 18-month lead would significantly enhance the commercial value of dipraglurant.

Novartis recently reported the start of a Phase II study exploring the 100mg bid dose of AFQ056 in PD-LID. This followed an under-whelming result in its dose-ranging Phase IIb study, which examined five doses (10, 25, 50, 75 and 100mg bid) but only achieved statistically significance at the highest. Another issue is that a significant proportion of patients could not tolerate the higher doses. Results of a 30-patient Phase II study (with a fixed 100mg bid dose) with increased doses of l-dopa are due shortly and are also likely to be important in informing Novartis's plans.

AFQ056 is in two Phase II/III studies (testing 10, 25 and 100mg bid) in Fragile X syndrome designed to support a regulatory submission in this indication in 2012. AFQ056 is also in an exploratory study in Huntington's chorea, the results of which are due shortly. It will presumably be desirable from a commercial point of view for Novartis to differentiate the molecule in the larger (ie PD-LID) and niche indications so as to achieve higher pricing for Fragile X and potentially Huntington's, which are much rarer conditions.

Nevertheless, the study showed sufficient evidence to validate mGluR5 hypothesis in PD-LID. Down-regulation of mGluR5 has been validated in other indications (including fragile X syndrome, autism, gastro-esophageal reflux disease, migraine, anxiety and depression) and there is evidence this approach may be effective in addictive or compulsive disorders. Addex intends to develop (possibly in a co-formulation with levodopa) an immediate-release version for the PD-LID indication and develop a separate extended-release formulation for non-parkinsonian dystonia.

Addex currently has 12 active R&D programmes, two of which are partnered, although it is reviewing its R&D portfolio with a view to focussing on fewer programmes. The current status of R&D programmes is shown in Exhibit 2 overleaf.

Exhibit 2: Addex R&D pipeline

Product (MoA)	Indication	Notes
JNJ-40411813 /ADX71149 (mGluR2 PAM)	Schizophrenia anxiety/other	Partnered with **Janssen Pharmaceuticals (J&J)** in a deal with €112 in milestones (€3m received to date) tied to clinical and regulatory events and low double-digit royalties. J&J is responsible for all costs of clinical development. A Phase II study is underway in schizophrenia and planned in anxiety and other CNS indications. A Phase I ligand binding study is also underway. Prior Phase I studies included SAD, MAD, food & gender effects; a ketamine challenge model of psychosis and an anxiety challenge model.
Dipraglurant (ADX48621)/ (mGluR5 NAM)	PD-LID/non-Parkinsonian dyskinesias	Phase II study in moderate to severe PD. ER formulation in/entering Phase I for development in non-parkinsonian dystonia (eg idiopathic torsion dystonia, generalised or cervical dystonia).
FSHR/LHR NAM	Endometriosis/ BPH	Significant anti-oestrogenic effects seen with ADX68692.
$GABA_B$ PAM	Chronic pain.	Profile is for drug with improved profile (lack of tolerance etc) versus baclofen. Possible development for urinary incontinence and GERD.
mGluR2 NAM	Alzheimer's/ depression	Lead candidate final selection. Preclinical data presented on mGluR2/3 NAM RO4491533 on novel object recognition model and in a genetic model of depression.
mGluR4 PAM	Parkinson's	Partnership with **Merck & Co** with $106.5m of milestones (research, development and regulatory events) for the first product developed for multiple indications (of which $3.3m has been received to date), plus $61m in milestones payable on second/third product, plus royalties. Research phase completed in November 2010. Effectiveness shown in various acute/chronic animal models of Parkinson's disease and anxiety. Presentation. Preclinical data on ADX88178 in anxiety models (elevated plus maze, marble burying) presented.
mGluR7 NAM	Depression/PTSD	Lead optimisation.
mGluR5 PAM	Schizophrenia/ cognition	Lead optimisation. Former partner Merck & Co expected to publish some data on lead compound ADX63365 later this year. Animal data suggests treatment with mGluR5 positive allosteric modulator can reverse signs of psychosis and cognitive dysfunction.
RTK superfamily (TrkB)	Neuro-degeneration	Hit to lead.
GLP1R PAM	Type II diabetes	Lead optimisation.
TNF receptor superfamily	Autoimmune (RA, psoriasis, IBD, MS).	Hit to lead.
A2A PAM	Psoriasis, OA	Hit to lead.
Interleukin receptor family (IL-1R1 NAM)	Gout, Type II diabetes, atherosclerosis	Assay development and screening. Lead series include a known molecule with a hitherto unknown MoA that has demonstrated immunosuppressive properties in Phase II. Presentation.

Source: Edison Investment Research

Exhibit 3: Clinical study details

Product	Study	Endpoints/notes
JNJ-40411813 /ADX71149	105-pt two-part Phase II study consisting of a 15-pt open-label dose escalation phase (monotherapy, starting dose of 50mg bid, increasing in steps to 150mg bid over up to 12 wks) followed by a randomised phase in 90 subjects (c 60 active, 30 placebo) as adjunctive add-on therapy (at two different dose levels of 50mg bid up to maximally 150mg bid).	**Primary endpoints**: safety and tolerability. **Secondary endpoints**: efficacy Positive and Negative Syndrome Scale (PANSS); Clinical Global Impression – Schizophrenia (CGI-SCH) and subjective Well-being under Neuroleptics scale. **Results:** H112 (Edison estimate) **Notes:** Subjects with residual positive symptoms or predominant negative symptoms or insufficient response to clozapine will be enrolled in the randomised phase.
Dipraglurant (ADX48621)	72-pt, four wk Phase II study in moderate to severe PD-LID. Dose titration from 50mg qd to 100mg tid taken with levodopa.	**Primary endpoint**: safety and tolerability. **Secondary endpoints:** exploratory efficacy (trained observer scores LID severity – Abnormal Involuntary Movement Score, patient diaries, PD rating scales (including dystonia), evaluation of mood, objective evaluation (at baseline, wks 2 and 4). **Results**: H112.

Source: Edison Investment Research

With the return of rights to the mGLuR5 PAM assets, Addex will have four proprietary and two partnered programmes targeting allosteric modulators of metabotropic glutamate receptors.[2] These are an attractive group of CNS targets that have not, to date, proved tractable to orthosteric agents. This is thought to be because of the requirement for a high degree of sub-type selectivity and/or for subtle control of action (which in both cases would be difficult with conventional agents).

[2] mGluRs control release of glutamate, a neurotransmitter that is integral to the functioning of memory, learning and perception, and interacts with many receptors in the brain. There are eight known subtypes of mGluRs all of which have different activities.

The mGluR5 PAM programme previously had a lead compound, ADX63365, although now it has reverted to back-ups. The lead was presumably found to be unsuitable for development. This and possibly commercial considerations may have prompted the decision by Merck. However, large pharmaceutical companies do review their R&D portfolios regularly and many are at present terminating programmes in an attempt to cut R&D spending.

Addex also has a number of early programmes outside of mGluRs, including a $GABA_B$ PAM and a follicle stimulating hormone receptor (FSHR) NAM. Its discovery programmes include GLP-1R PAM, the IL1R1 and the interleukin receptor family, TrkB and the receptor tyrosine kinase superfamily and the TNFR1 and the TNF receptor superfamily.

$GABA_B$ PAM

The $GABA_B$ PAM currently appears as the latest stage of Addex's preclinical programmes. The programme is aimed at exploiting the allosteric binding mechanism to confer an improved profile versus baclofen, an orthosteric $GABA_B$ agonist. Xenoport's arbaclofen placarbil appears to be the only competing $GABA_B$ agonist in active development: it recently entered Phase III studies for spasticity in MS. (AstraZeneca discontinued its $GABA_B$ agonist, lesogaberan/AZD3355 last year, which had been in studies for GERD). Addex previously conducted some animal studies with a prior lead compound ADX71943 in this programme, but has switched to back-ups. This compound showed analgesic-like effects in various preclinical pain models after both acute and sub-chronic (eight day) dosing.

The FSH NAM programme is also now illustrated in the pipeline as being at an earlier stage than previously thought. Addex has conducted some preclinical work with a lead compound ADX68692, but again, it would seem this compound may not have been suitable for development and the programme has reverted to back-ups. It should be noted that this is not unusual.

The bulk of the value in the pipeline resides in the two mid-stage programmes. Both are currently due to render results in early 2012. As noted, dipraglurant is a fast-follower to Novartis AFQ056, while JNJ40411813 is trailing behind Lilly's orthosteric (and less selective) mGluR 2/3 agonist, LY2140023, which has just entered a Phase III study. A Phase III programme in schizophrenia would require a very substantial R&D investment, as evidenced by the six Phase III studies (involving nearly 3,700 subjects) initiated by Roche for the GlyT1 inhibitor, RG1678.

Competing developing programmes for both schizophrenia and PD-LID are shown overleaf (Exhibits 4 and 5), together with a competing agents currently in active development with mGluR2 and 5 activity (Exhibit 6).

Sensitivities

Addex is subject to sensitivities common to many biotech companies, including the unpredictable outcome of clinical trials, the success or failure of competitors, and a reliance on existing partners (and on the formation of new partnerships). The company is well funded by biotech standards, with cash to the end of 2013 and milestones payable under its partnerships with J&J and Merck. A single investor, Biotechnology Value Fund, holds a 30% equity stake.

Exhibit 4: Competing development programmes for schizophrenia (Phase II or later)

Drug	Company	Mechanism	Development status/notes
Cariprazine (RGH-188)	Forest/Richter/ M Tanabe	D_2/D_3 antagonist.	450-pt and 600-pt Phase III studies (results: Dec/Jun 2011). Also in Phase III for bipolar disorder..
LY2140023	Eli Lilly	mGluR2/3 agonist	950-pt Phase III study (results: Feb 2013). 880-pt Phase II study (results: Dec 2011) and 280-pt Phase II study (prominent negative symptoms (results: Oct 2011), 1,210-pt Phase II/III open label study (results: June 2015).
Zicronapine (LU-31 030)	Lundbeck	MOAI.	160-pt Phase III study (results: July 2012). Two Phase II studies completed (data not yet reported).
RG1678/ RO4917838	Roche	GlyT1 inhibitor	Three x 630-pt Phase III studies (SUNLYTE, DAYLYTE and FLASHLYTE) in pts with persistent, predominant negative symptoms as add-on to antipsychotics (results: Jul 2015). Three x 600-pt Phase III studies (NIGHTLYTE, MOONLYTE and TWILYTE) in pts with sub-optimally controlled symptoms (results: Aug 2015). 300-pt Phase II study for acute exacerbations (results: Oct 2012). 320-pt Phase II study showed improvement on negative symptoms and personal/social functioning.
BL-1020	BioLineRx	$GABA_A$ agonist	435-pt Phase II/III study vs risperidone and placebo.
CYR-101/ MT-210	M Tanabe/ Cyrenaic	$5HT_{2a}$/sigma 2 antagonist	100-pt Phase II study underway.
PF-02545920	Pfizer	PDE10 inhibitor	260-pt Phase II study for acute exacerbation (results: Aug 2011).

Source: Edison Investment Research

Exhibit 5: Competing development programmes for PD-LID

Product	Company	Mechanism	Development stage/notes
AFQ056	Novartis	mGluR5 NAM	63-pt Phase II study (results: June 2012). 30-pt Phase II study with l-dopa (results: Jul 2011). 244-pt open-label extension (results: Dec 2014).
Safinamide	Newron/ Merck KgaA	MAO-B/glutamate release inhibitor.	36-pt Phase II trial in PD-LID (results: Dec 2011), although primarily in development for PD: 666-pt Phase III study (MOTION) (results: Dec 2011) and 484-pt Phase III study (SETTLE) (results: Dec 2011).
Amantadine ER	Adamas Pharmaceutical	Anticholinergic?	80-pt Phase II/II study (results: April 2012).
ordopidine (ACR325)	Neurosearch	full D_2 antag, other activities	Phase II study planned in H2 11. Phase Ib study underway (results due: H111).
fipamezole	Santhera/ Ipsen	A_{2A} antagonist.	Planned Phase III programme in PD-LID in 2012, subject to formation of North American partnership.
NP002	Neuraltus	nicotine receptor agonist	65-pt Phase II trial showed clinically relevant trends and/or statistical superiority of NP002.
ND001	NeuroDerm	sc-carbidopa	24-pt Phase I/II study of NN001 with levodopa/carbidopa in PD-LID (results: Jan 2012).
Neu-120	Neurim	MAO-B/GSK-3 beta inhibitor	20-pt Phase I/II study completed.

Source: Edison Investment Research

Exhibit 6: Competing mGluR2/5 programmes (clinical only)

Product	Indication(s)	mechanism	Trials/mechanism/notes
LY2140023/ **Lilly**	schizophrenia	mGluR2/3 agonist	950-pt Phase III study (results: Feb 2013). 670-pt Phase III study vs aripirpazole (results: May 2012). 260-pt Phase II study (results pending); 880-pt Phase II study (results: Dec 2011) and 280-pt Phase II study in pts with prominent negative symptoms (results: Oct 2011), 1,210-pt Phase II/III open label study (results: June 2015).
AFQ056/ **Novartis**	Fragile X	mGluR5 NAM	160-pt Phase II/III study (adults) (results: Nov 2011); 160-pt Phase II/III study (adolescents) (results: Apr 2012) and 200-pt long-term safety study (results: Sept 2012).
AFQ056/ **Novartis**	PD-LID	mGluR5 NAM	63-pt Phase II study (results: June 2012). 30-pt Phase II study with l-dopa (results: Jul 2011). 119-pt open-label extension (results: Dec 2014).
AFQ056/ **Novartis**	Huntington's chorea	mGluR5 NAM	60-pt Phase II study in HD chorea (results: Sep 2011).
RO4917523/ **Roche**	Tx–resistant depression	mGluR5 antagonist	Phase IIb expected H211 (RG7090). 34-pt Phase IIa study (treatment-resistant pts) (completed, no results published).
RO4917523/ **Roche**	Fragile X syndrome	mGluR5 antagonist	60-pt Phase II study (results: Aug 2012).
STX107/ **Seaside**	Fragile X syndrome	mGluR5 antagonist	16-pt Phase II study (SAD in adults) (results: Sep 2011).
LY2300559/ **Lilly/**	Migraine prevention	mGluR2 (antagonist?)	118-pt Phase II study (results: July 2012).
AZD2066/ **AstraZeneca**	Chronic neuropathic pain	mGluR5 antagonist	Continues to be listed in AZ pipeline, despite 385-pt Phase II study being listed as terminated on clinicaltrials.gov. Two Phase II studies completed.
RG1578/ **Roche**	Depression	mGluR2 antagonist	104-pt Phase I study.

Source: Edison Investment Research

Valuation

We have revised our risk-adjusted NPV to reflect more conservative assumptions about possible future miletones following the loss of the mGluR5 PAM partnership and adjusting for current FX rates (ie the stronger Swiss franc). This now yields a valuation of CHF212m, which compares with an enterprise value of CHF32m and is equivalent to c CHF30 per share including forecast FY11 cash. The valuation is also based on the assumption that dipraglurant will be second to the market in PD-LID – hence the interest in monitoring closely its competitive position vs AFQ056.

The valuation does not ascribe any specific value to Addex's early stage programmes or technology platform for identifying allosteric modulators. Inputs used in the valuation are tabulated in Exhibit 7.

Exhibit 7: Edison risk-adjusted NPV inputs

Product	Indication	Stage	Year of launch	Probability	Peak market share	Potential market size ($bn)
Dipraglurant IR	PD-LID	Phase II	2016	35%	25%	2.0
Dipraglurant- ER	Non-PD dystonia	Phase I	2016	35%	15%	0.5
JNJ-40411813	Schizophrenia	Phase II	2015	35%	3%	16.0
JNJ-40411813	Other	Phase II	2015	35%	5%	4.0
FSH NAM	Endometriosis/BPH	Preclinical	2017	5%	5%	6.0
$GABA_B$	OA pain/other	Preclinical	2016	5%	2%	10.0

Source: Edison Investment Research

The apparently imminent appointment of a new CEO, especially an executive with a track record in business development, may be a catalyst for a recovery in the share price. This has been depressed for since the failure of a Phase II product in late 2009.

Financials

Addex reported H1 revenues of CHF3.2m, principally reflecting a CHF2.6m milestone payment from J&J on the Phase II start of JNJ40411814. In the absence of further milestones, we have reduced our FY11 revenue estimate from CHF6.5m to CHF3.7m.

R&D expenses were CHF14.6m in H1, and we have assumed CHF28m for FY11 and CHF15m/year in the following two years. This would be consistent with the planned CHF8m/year savings from 2012, with an assumed lower spending on trials, and the guided cash reach to the end of 2013. Cash as of 30 June was CHF50m.

Our model does not assume any milestone payments (from actual or potential licensing deals), although it is possible that some may be received relating to the development of JNJ-40411813 in schizophrenia in the forecast period. The financial model is shown in Exhibit 8.

Exhibit 8: Addex financial model

Notes: No assumption of future milestones from collaborations is made. Expenditure is consistent with the guided cash reach to the end of 2013. Revenue includes some deferred recognition of previously received upfronts and milestones.

Year ending 31 December	CHF'000s	2008	2009	2010	2011e	2012e
PROFIT & LOSS						
Revenue		**26,874**	**4,503**	**4,000**	**3,693**	**500**
Cost of sales		0	0	0	0	0
Gross profit		26,874	4,503	4,000	3,693	500
EBITDA		**(21,505)**	**(39,044)**	**(29,353)**	**(29,169)**	**(16,774)**
Operating profit (before GW and except.)		**(23,420)**	**(41,758)**	**(32,178)**	**(30,891)**	**(17,956)**
Amortisation		(102)	(121)	(116)	(80)	(40)
Share-based payments		(1,350)	(975)	(1,104)	(1,104)	(1,104)
Exceptionals		0	0	0	0	0
Operating profit		**(24,872)**	**(42,855)**	**(33,398)**	**(32,075)**	**(19,100)**
Net interest		2,805	362	(48)	500	200
Profit before tax (norm)		**(21,965)**	**(42,372)**	**(33,329)**	**(31,495)**	**(18,860)**
Profit before tax (FRS 3)		**(22,066)**	**(42,493)**	**(33,445)**	**(31,575)**	**(18,900)**
Tax		0	0	0	0	0
Profit after tax (norm)		**(20,614)**	**(41,396)**	**(32,225)**	**(30,391)**	**(17,756)**
Profit after tax (FRS3)		**(22,066)**	**(42,493)**	**(33,445)**	**(31,575)**	**(18,900)**
Average number of shares outstanding (m)		5.7	5.7	6.1	7.5	7.8
EPS - normalised (CHF)		(3.6)	(7.2)	(5.3)	(4.1)	(2.3)
EPS - FRS 3 (CHF)		(3.8)	(7.4)	(5.5)	(4.2)	(2.4)
Gross margin (%)		100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA margin (%)		N/A	N/A	N/A	N/A	N/A
Operating margin (before GW and except.) (%)		N/A	N/A	N/A	N/A	N/A
BALANCE SHEET						
Fixed assets		**9,731**	**10,155**	**7,689**	**6,132**	**5,155**
Intangible assets		224	182	84	49	54
Tangible assets		8,994	9,568	6,568	5,046	4,064
Refund from assumption of dev costs		0	0	0	0	0
Other		513	405	1,037	1,037	1,037
Current assets		**122,596**	**78,399**	**66,495**	**36,228**	**19,409**
Stocks		0	0	0	0	0
Debtors		1,890	737	1,199	1,199	1,199
Cash		119,471	76,560	63,797	33,530	16,711
Other		1,236	1,102	1,499	1,499	1,499
Current liabilities		**(13,336)**	**(10,890)**	**(9,277)**	**(10,335)**	**(10,335)**
Trade payables		(4,145)	(4,524)	(3,147)	(4,500)	(4,500)
Short term borrowings		0	0	0	0	0
Provisions		0	0	0	0	0
Finance lease liabilities		0	0	0	0	0
Other current liabilities		(7,324)	(5,679)	(5,835)	(5,835)	(5,835)
Current portion deferred income		(1,867)	(687)	(295)	0	0
Long Term Liabilities		**0**	**(83)**	**(592)**	**(592)**	**(592)**
Long-term borrowings		0	0	0	0	0
Provisions		0	(83)	(592)	(592)	(592)
Deferred income		0	0	0	0	0
Deferred taxes		0	0	0	0	0
Other long-term liabilities		0	0	0	0	0
Net assets		**118,991**	**77,581**	**64,314**	**31,432**	**13,635**
CASH FLOW						
Operating cash flow		**(17,792)**	**(39,376)**	**(31,341)**	**(30,522)**	**(16,774)**
Net interest		3,307	315	(48)	500	200
Tax		0	0	0	0	0
Capex		(5,486)	(4,137)	(408)	(200)	(200)
Acquisitions/disposals		0	0	0	0	0
Financing		(102)	315	19,851	0	0
Dividends		0	0	0	0	0
Other		(124)	(73)	(452)	(45)	(45)
Net cash flow		(20,197)	(42,957)	(12,397)	(30,267)	(16,819)
Opening net debt/(cash)		**(140,045)**	**(119,471)**	**(76,560)**	**(63,797)**	**(33,530)**
HP finance leases initiated		(507)	46	(366)	0	0
Other		130	(0)	0	0	0
Closing net debt/(cash)		**(119,471)**	**(76,560)**	**(63,797)**	**(33,530)**	**(16,711)**

Source: Edison Investment Research, Addex Pharmaceuticals accounts