To the Copenhagen Stock Exchange
and the Press

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Interim report for the first 6 months of the financial year 2003

Summary: The Pharmexa Group had turnover of kDKK 8,138 in the first 6 months of 2003 and realised a net loss of kDKK 69,337. Research and development costs totalled kDKK 68,098. The half-year result was in line with expectations and Pharmexa maintains its financial forecast for the full year.

Status on Pharmexa's activities

Continued important progress in the project portfolio
Pharmexa has initiated a clinical phase I trial with HER-2 AutoVac™ Protein in breast cancer patients in the US, at two leading cancer centres in Cleveland and Pittsburgh, and the first 7 out of 10 patients are currently undergoing treatment. Pharmexa will now have the opportunity to observe whether the desired immune response can be generated in patients against the cancer protein HER-2.

The company's collaboration with H. Lundbeck regarding a new ground-breaking drug against Alzheimer's disease entered into preclinical development in the first half-year of 2003, with a view to select one AutoVac™ Alzheimer's molecule and two back-up molecules within the next 12 months for the up-coming clinical trials.

Cost reductions completed
The first half-year was also marked by the refocusing and cost reduction process Pharmexa initiated in the beginning of the year. These changes have now been implemented so that the company operates at a significantly reduced cost level.

High productivity maintained
In the first half-year of 2003 Pharmexa maintained its high productivity and a number of important results were achieved. As previously mentioned, the company started a clinical trial in the United States with the HER-2 AutoVac™ Protein breast cancer programme. In addition, approval was obtained to initiate a phase II trial in Great Britain and Denmark with the HER-2 AutoVac™ DNA programme. However, this trial has been postponed for priority reasons. The collaboration with H. Lundbeck regarding a new ground-breaking drug against Alzheimer's disease continued to develop satisfactory and additional good results were obtained in the TNF-alpha programme against rheumatoid arthritis.

Hence, Pharmexa has reduced the number of research and development projects but has maintained maximal momentum and focus on prioritised projects.

The table below shows Pharmexa's pipeline. This well-diversified portfolio is comprised of project with significant commercial potential. The company's product candidates target breast cancer, rheumatoid arthritis, osteoporosis and Alzheimer's disease. Furthermore, Pharmexa's license partner Schering-Plough is likewise working on a high potential product in the veterinary field.

Target	Indication	Rights	Status
In-house R&D programmes			
HER-2 DNA	Breast cancer	Pharmexa	Phase II
HER-2 Protein	Breast cancer	Pharmexa[1]	Phase I
TNF-alpha	Rheumatoid arthritis	Pharmexa	Pre-clinical development
RANKL	Bone disorder	Pharmexa	Research
Partnered research programmes			
Undisclosed	Alzheimer's disease	H. Lundbeck	Pre-clinical development
Undisclosed	Animal Health	Schering-Plough	Research

1) GlaxoSmithKline has an option on this project should Pharmexa decide to out-license after phase I.

Important milestones ahead

Pharmexa's focus has shifted from research to development. One of the most important tasks in Pharmexa in the coming years will be to examine the safety and efficacy of the AutoVac™ Protein technology in humans.

With the exception of the HER-2 AutoVac™ DNA project, all other projects in the pipeline, i.e. HER-2 Protein, TNF-alpha, RANKL and AutoVac™ Alzheimer's, are AutoVac™ Protein projects where the goal is to get the patient itself to generate antibodies against disease associated proteins in the body. Several successful drugs on the market today have validated this concept, i.e. in breast cancer and rheumatoid arthritis where artificial antibodies are injected into the patients with good effect.

In the beginning of 2004 Pharmexa will be able to observe whether patients in the ongoing US phase I trial generate antibodies against the cancer protein HER-2. Generating antibodies in patients is, together with a new out-licensing agreement, Pharmexa's primary objective in the short term.

If the phase I trial in the US shows the desired results it will significantly increase the chances of a therapeutic effect. The phase II trial, which is planned to be initiated during 2004 will be designed to show with statistical certainty such therapeutic effect in patients.

That point in time when statistical evidence of a drug's effect is obtained is called ”proof of concept” in patients and is an important milestone in all drug development.

Obtaining ”proof of concept” in patients with the first AutoVac™ Protein product is the most important goal for Pharmexa in the medium term.

It is Pharmexa's expectation that obtaining ”proof of concept” in patients in the HER-2 AutoVac™ Protein project may have a significant effect on the value of the entire Pharmexa project portfolio and significantly increase the company's commercial and strategic options.

Already last year Pharmexa announced promising results with the AutoVac™ DNA technology in breast cancer, another variant of the company's technology. Pharmexa showed that the AutoVac™ DNA technology was safe and able to induce a killer-cell based immune response in breast cancer patients. However, the HER-2 AutoVac™ DNA phase II trial was postponed for priority reasons. Pharmexa believes there may be an advantage in out-licensing this project in combination with the HER-2 AutoVac™ Protein programme, which is expected to enter phase II clinical trials next year. The two HER-2 AutoVac™ projects may therefore be combined in a future development process.

Pharmexa's financial situation

By the end of the first half-year of 2003 Pharmexa had cash and cash equivalents, and marketable securities of approximately DKK 100 million. Following the refocusing and cost reductions implemented in the first half-year of 2003 and taking into consideration expected revenue under existing collaborations, the company expects to be able to finance its activities until the end of the second quarter of 2004. New outlicensing agreements may extend this period.

Outlook for 2003

Pharmexa's financial forecast for the full year is unchanged in accordance with the company's stock exchange announcement no. 15 dated May 26, 2003.

For 2003, Pharmexa expects decreasing research and development costs relative to 2002. In aggregate, Pharmexa's research and development costs will be approximately DKK 114 million.

Pharmexa's administrative expenses will likewise decrease compared to 2002. Net revenues are expected to increase compared with 2002.

Against this background, Pharmexa expects a loss before net financials of approximately DKK 80 million in 2003. However, this result depends on the success of the company's ongoing out-licensing activities and financial position.

Hørsholm, August 21, 2003

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Certain parts of the release contain forward-looking information with respect to the plans, projections and future performance of the company, each of which involves significant uncertainties. The company's actual results may differ materially from the information set forth in these statements.

Pharmexa
Pharmaccines for life

H1 interim rapport 2003 Summary financial figures (unaudited)	**Jan. 1 – Jun. 30 2003**		**Jan. 1 – Jun. 30 2002**		**Jan. 1 – Dec. 31 2002**
	Parent kDKK	**Group kDKK**	**Parent kDKK**	**Group kDKK**	**Group kDKK**
Profit/loss					
Net revenues	8,138	8,138	3,311	8,123	30,061
Research costs	-15,958	-23,214	-35,696	-48,115	-91,706
Development costs	-44,884	-44,884	-30,862	-30,862	-66,763
Administration costs	-9,522	-10,328	-9,136	-11,051	-20,434
Operation profit/loss	-62,226	-70,288	-72,383	-81,905	-148,842
Other operating expenses	-63	-1,788	-74	-83	-57
Profit/loss before net financials	-62,289	-72,076	-72,457	-81,988	-148,899
Profit/loss from investment in subsidiaries before tax	-8,275	0	-7,346	0	0
Profit/loss on net financial items	1,227	1,321	4,284	4,999	7,909
Net income/loss	-69,337	-70,755	-75,519	-76,989	-140,990
Minority interests' share of net income/loss from subsidiaries		1,418		1,470	3,120
Result for the period	**-69,337**	**-69,337**	**-75,519**	**-75,519**	**-137,870**
Balance sheet					
Intangible assets	2,955	2,955	3,803	3,803	3,438
Tangible assets	26,801	29,558	23,744	30,826	36,328
Investments in subsidiaries	5,709	0	12,753	0	0
Receivable interests on marketable securities	2,808	2,808			0
Marketable securities	91,257	91,257			136,183
Cash and cash equivalents	2,791	5,559	206,520	225,787	38,641
Total assets	**137,311**	**138,068**	**252,956**	**267,798**	**220,455**
Equity	84,840	84,840	207,045	207,045	144,694
Minority interest				12,550	10,900
Non-current liabilities	34,656	34,656	26,912	26,912	35,545
Current liabilities	17,815	18,572	18,999	21,291	29,316
Total equity and liabilities	**137,311**	**138,068**	**252,956**	**267,798**	**220,455**
Depreciations	3,961	4,633	3,816	4,667	10,304
Cash flows					
Operating activities	-68,604	-77,031	-63,194	-74,122	-125,989
Investing activities	44,288	45,757	-6,496	-9,704	-156,286
hereof sales of marketable securities	44,926	44,926	0	0	0
hereof invested in tangible fixed assets and intangible assets	-1,194	-1,636	-6,496	-9,704	-20,223
Financing activities	-1,808	-1,808	300	300	11,603
Change for the year in cash and cash equivalents	**-26,124**	**-33,082**	**69,390**	**-83,526**	**-270,672**
Average number of employees	114	138	120	145	143
Ratios					
Earnings per share of nom. DKK 10 (DKK per share)	-16,9		-18,4		-33,7
Equity ratio	66%	62%	82%	77%	66%
Average number of shares	4,099,980	4,099,980	4,098,644	4,098,644	4,098,644

The key ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts (Den Danske Finansanalytikerforening).

Summary financial figures (unaudited)

Development in share capital

	Jan. 1 – Jun. 30 2003	2002	2001	2000
	kDKK	kDKK	kDKK	kDKK
Share capital at the beginning of period	**40,999**	**40,962**	**40,950**	**4,989**
Capital increase	0	37	12	35,961
Share capital at the end of period	**40,999**	**40,999**	**40,962**	**40,950**

Development in shareholders' equity

	Share Capital	Share premium	Loss Carried forward	Total
	TDKK	TDKK	TDKK	kDKK
Equity as of January 1, 2003	40,999	103,695	0	144,694
Difference in connection with acquisition of shares in Inoxell from minority interests			9,483	9,483
Warrant exercise				
Loss for the period			-69,337	-69,337
Equity as of June 30, 2003	**40,999**	**103,695**	**-59,854**	**84,840**
Equity as of January 1, 2002	40,962	241,302	0	282,264
Capital increase, Warrant exercise	38	262		300
Loss for the period			-75,519	-75,519
Equity as of June 30, 2002	**41,000**	**241,564**	**-75,519**	**207,045**

Realised difference in connection with Pharmexa's acquisition of shares in Inoxell from Minority Interests

On March 4, 2003 Pharmexa decided to wind up the activities in the subsidiary Inoxell A/S. This decision resulted in the company taking over the minority shareholdings in Inoxell A/S in the beginning of June 2003 for DKK 2. At the acquisition date the net asset value of the acquired shares in Inoxell exceeded the price paid for the shares by kDKK 9,482. This difference arose as a result of among other things, the full elimination in Pharmexa's accounts of the write-down of the rights contributed by Pharmexa at the time of the formation of Inoxell A/S. In connection with the acquisition of the shares from the minority shareholders, a realisation of the minority shareholders' portion of the written down contributed rights amounting to kDKK 8,333 took place.

This difference has been treated as negative goodwill taken to shareholders' equity and does not affect the result for the period.

Warrant status

Movements in warrants can be specified as:

	Staff	Management	Board of Directors	Scientific Advisory Board	Total
January 1, 2003	333,550	91,500	41,850	11,460	478,360
Issued during the year	0	0	0	0	0
Issued as per August 1, 2003	**333,550**	**91,500**	**41,850**	**11,460**	**478,360**

Exercised, expired and cancelled warrants can be specified as:

Issued as per August 1, 2003	333,550	91,500	41,850	11,460	478,360
Exercised during 2000	500				500
Cancelled during 2001	7,500			3,960	11,460
Exercised during 2001			1,250		1,250
Exercised during 2002			3,750		3,750
Expired during 2002	2,000		23,750	6,250	32,000
Expired during 2003	164,000	50,500			214,500
Issued outstanding warrants as per August 1, 2003	**159,550**	**41,000**	**13,100**	**1,250**	**214,900**

Comments to the interim report

The report for the first 6 months of 2003 of Pharmexa follows the same accounting principles as those set out in its Annual Report 2002 and has been prepared in accordance with the provisions of the new Danish Financial Statements Act for major companies in accounting class D, Danish accounting standards and International Financial Reporting Standards (IFRS) as well as the general requirements of the Copenhagen Stock Exchange to the financial reporting of listed companies. Unless otherwise stated, the comments below refer to the Pharmexa Group. The half-year report is not audited.

Net turnover in the Pharmexa Group totalled kDKK 8,138 in the first 6 months of 2003 compared to kDKK 8,123 in the same period in 2002. Turnover consisted primarily of research funding provided under the collaborative agreement with H. Lundbeck.

Research costs decrease 52% to kDKK 23,214 in the first 6 months of 2003 compared to kDKK 48,115 in the same period in 2002. Following the re-structuring which took place in the company in January and May 2003 parts of the research staff has been transferred to development causing a decrease compared with last year's numbers. This amount furthermore includes research costs of kDKK 7,256 in Inoxell, which is now being wound up.

Development costs increased 45% to kDKK 44,884 in the first 6 months of 2003 compared to kDKK 30,862 in the same period in 2002. Inoxell incurred no development costs. Development costs increased in Pharmexa as a consequence of the company's increased focus on development activities.

Administrative expenses decreased 7% to kDKK 10,328 in the first 6 months of 2003 compared to kDKK 11,051 in the same period in 2002. This amount includes administrative expenses of kDKK 806 in Inoxell.

Net financial items decreased to kDKK 1,321 in the first 6 months of 2003 compared to kDKK 4,999 in the same period in 2002. Financial expenses consisted primarily of interest on a loan

granted by the Business Development Finance (VækstFonden), whereas the Pharmexa Group realised interest income of kDKK 3,726 primarily from positions in marketable securities and cash.

The net loss for the first 6 months of 2003 totalled kDKK 69,337 compared to kDKK 75,519 in the same period in 2002, equivalent to a decrease of 8%. The minority share of Inoxell amounts to kDKK 1,418. The net loss was as expected.

As of June 30, 2003 total assets in the Pharmexa Group amounted to kDKK 138,068 and the Group had marketable securities, cash and cash equivalents and receivable interests on marketable securities of kDKK 99,624.