

**NOT FOR DISTRIBUTION IN THE UNITED STATES**



**Interim Report  
for the half year ended 30 June 2001**

**Solely for the purpose of filling with the Copenhagen Stock Exchange**

(12 July 2001)

Genmab A/S  
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Dear Shareholder,

During the first half year of 2001, Genmab reported a Net Loss of DKK 29.4 million (approximately USD 3.3 million). In 2000 the Net Loss for the first six months was DKK 15.2 million (approximately USD 1.7 million). Due to the increased activities within research and development, and clinical trials and general administration the Operating Loss increased to DKK 90.1 million (approximately USD 10.2 million) for the first half year of 2001 compared to DKK 18.9 million (approximately USD 2.2 million) in the corresponding period of 2000. The Financial Income increased in the first six months of 2001 to DKK 60.7 million (approximately USD 6.9 million) compared to DKK 3.8 million (approximately USD 0.4 million) in the first half of year 2000. The Net Loss per share has changed to DKK 1.35 (approximately USD 0.15) in the first half of 2001 compared to DKK 1.56 (approximately USD 0.18) in the corresponding period of 2000.

### Highlights

Following the initiation of a HuMax-CD4 Phase II study against psoriasis, the announcement of an antibody development partnership with Glaucois Proteomics B.V. and the presentation of positive HuMax-CD4 data from an extension of the Phase I/II study against rheumatoid arthritis in the first quarter of 2001, Genmab has had a number of business and scientific achievements in the second quarter of 2001, including:

- A broad antibody collaboration with Roche.
- An antibody development partnership with deCODE genetics.
- Alliance with deCODE genetics to develop a pharmacogenomics based

diagnostic test to identify potential responders to HuMax-CD4.

- Collaboration with Medarex to co-develop a new antibody to treat inflammation.
- Presentation of positive HuMax-EGFr pre-clinical data showing that the antibody eradicates tumors in mouse cancer studies.

For the remaining part of the year, the Company expects an increase in Operating Loss due to increased clinical trial expenses. Besides Denmark, clinical trials are now performed in Sweden and the United Kingdom. Clinical trials with HuMax-CD4 in the United States are expected to commence in the third quarter of 2001. Further, a planned expansion of the Company's pre-clinical activities in the Netherlands will cause the research and development expenses to increase. An increase in Financial Income for the entire year 2001 is also expected.

On the condition that no further agreements are entered into this year that could markedly affect our business, we continue to expect an increase of the total R&D expenses and G&A expenses of more than 250% compared to 2000.

### Financial Review

We publish our financial statements in Danish Kroner. Solely for the convenience of the reader, this Interim report contains a translation of certain Danish Kroner amounts into USD at specified rates. These translations should not be construed as representations that the Danish Kroner amounts actually represent such USD amounts or could be converted into USD at the rates indicated or at any other rate.

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Unless otherwise indicated, translations herein of financial information into USD have been made using the Danish Central Bank's closing spot rate on 30 June 2001, which was USD 1.00 = DKK 8.7899. On 12 July 2001 the Danish Central Bank spot rate was USD 1.00 = DKK 8,7153.

#### **Accounting Policies**

The financial reporting of Genmab A/S for the Copenhagen Stock Exchange is based on current Danish generally accepted accounting principles. The accounting policies are consistent with those described in the Company's annual report of 6 March 2001.

However, as the Company is listed on the Neuer Markt as well, the Company is obligated to report its quarterly and annual financials to the Neuer Markt in accordance with US generally accepted accounting principles. Therefore, the Company has simultaneously with this Interim Report filed an Interim Report with the Neuer Markt prepared in accordance with US generally accepted accounting principles.

Solely for the convenience of the reader, reconciliation between Danish generally accepted accounting principles and US generally accepted accounting principles has been prepared in note 5.

#### **Net Loss**

The Company's half year Net Loss increased by DKK 14.2 million (USD 1.6 million) to DKK 29.4 million (USD 3.3 million) compared to DKK 15.2 million (USD 1.7 million) in the same period of the previous year.

#### **Operating Loss**

The first half year Operating Loss increased to DKK 90.1 million (USD 10.2 million) from DKK 18.9 million (USD 2.2 million) in the same period of the previous year.

The Operating Loss is in line with our expectations.

The increased rate of expenditure of DKK 71.2 million (USD 8.0 million) reflects the increased R&D expenses of DKK 56.2 million (USD 6.3 million) as well as increased G&A expenses of DKK 15.0 million (USD 1.7 million),

The increased rate of expenditure in R&D further reflects the additional costs associated with the expansion of the business including expanded pre-clinical and clinical trial activities, a higher number of employees and additional supply expenses. R&D expenses increased by 55% from the first to the second quarter 2001.

The increased rate of expenditure in G&A further reflects the additional costs associated with higher personnel costs incurred in connection with the expansion of the business activities. The expenses increased by 59% compared to the first quarter. Total personnel costs amounted to DKK 15.3 million (USD 1.7 million). On 30 June 2001 the Company employed 65 people compared to 10 on 30 June 2000 and 35 at the end of 2000. Of the 65 employees in 2001, 48 worked in R&D and 17 in G&A.

#### **Financial Income**

The Company's first half year of 2001 Net Financial Income increased by DKK 56.9 million (USD 6.5 million) to DKK 60.7 million (USD 6.9 million) compared to the same period of the previous year.

This increase reflects interest earned on short term marketable securities resulting from the proceeds received from our private placements of in March and June 2000 and our Initial Public Offering in October 2000, as well as from favorable foreign exchange rate fluctuations.

#### **Liquidity/Cash flow**

As of 30 June 2001 the balance reflects cash, cash equivalents and short-term marketable securities of DKK 1,763 million (USD 200.6 million) compared to DKK 383 million (USD

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43.6 million) at 30 June 2000. As of 31 December 2000, the total funds equaled DKK 1,765 million (USD 200.8 million). Total cash, cash equivalents and short-term marketable securities equals 91.0 % of the Total Assets as per 30 June 2001. The negative cash flow from operations before financial items equals DKK 59.7 million (USD 6.8 million) for the first six months of 2001.

**Balance Sheet**

As of 30 June 2001 the balance reflects total assets of DKK 1,936 million (USD 220.3 million) compared to DKK 452.3 million (USD 51.5 million) at 30 June 2000.

The increase in assets reflects receipt of the proceeds from The Initial Public Offering completed in October 2000, gaining access to the exclusive European rights to genomics alliances through the genomics agreement with Medarex and our equity interest in Oxford GlycoSciences Plc.

The increase in Total Liabilities by DKK 92.6 million (USD 10.5 million) to DKK 95.5 million (USD 10.8 million) mainly reflects the increased pre-clinical and clinical activities and the Net Present Value for the remaining 4 yearly payments of the genomics agreement. On 30 June 2001 the Company's equity ratio was 95.1% compared to 99.4% on 30 June 2000.

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## Key Figures

	30 June 2001 DKK	30 June 2000 DKK	30 June 2001 USD	30 June 2000 USD
<b>Income Statements</b>				
Operating loss	(90,063,723)	(18,944,326)	(10,246,274)	(2,155,238)
Net financial items	60,680,447	3,778,154	6,903,429	429,829
Net loss	(29,383,276)	(15,166,172)	(3,342,845)	(1,725,409)
<b>Balance sheets</b>				
Total assets	1,936,440,310	452,327,482	220,302,883	51,459,912
Shareholders equity	1,840,993,967	449,469,463	209,444,245	51,134,764
Net cash and short term marketable securities	1,762,847,833	383,043,928	200,553,798	43,577,734
<b>Financial Ratios</b>				
<b>Net loss per share</b>				
- basic	(1.35)	(1.56)	(0.15)	(0.18)
- diluted	(1.35)	(1.56)	(0.15)	(0.18)
<b>Shareholders equity per share</b>				
- basic	84.40	46.09	9.60	5.24
- diluted	84.28	46.09	9.59	5.24
<b>Number of employees at the end of the quarter</b>				
	<b>65</b>	<b>10</b>	<b>65</b>	<b>10</b>

Copenhagen, 12 July 2001

Michael Wolff Jensen  
Chief Financial Officer

Additional information:  
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*The forward-looking statements contained in this interim report are subject to risks and uncertainties, so that the actual results may differ materially from those anticipated by the statements. These and certain other important factors affecting the business of Genmab A/S are described in the Company's previous annual report and Offering Circular.*

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**Statements of Operations for the 6 Month Period Ended 30 June 2001**

	6 months ended 30 June 2001	6 months ended 30 June 2000	6 months ended 30 June 2001	6 months ended 30 June 2000
	DKK	DKK	USD	USD
Research and development costs	(72,281,966)	(16,134,236)	(8,223,298)	(1,835,543)
General and administrative expenses	<u>(17,781,757)</u>	<u>(2,810,090)</u>	<u>(2,022,976)</u>	<u>(319,695)</u>
<b>Operating loss</b>	<b>(90,063,723)</b>	<b>(18,944,326)</b>	<b>(10,246,274)</b>	<b>(2,155,238)</b>
Revaluation of short term marketable securities excluding imputed interest on zero coupon securities	(654,188)	-	(74,425)	-
Financial income	71,444,914	3,817,301	8,128,069	434,283
Financial expenses	<u>(10,110,279)</u>	<u>(39,147)</u>	<u>(1,150,215)</u>	<u>(4,454)</u>
<b>Loss before tax</b>	<b>(29,383,276)</b>	<b>(15,166,172)</b>	<b>(3,342,845)</b>	<b>(1,725,409)</b>
Tax on loss	-	-	-	-
<b>Net loss</b>	<b><u>(29,383,276)</u></b>	<b><u>(15,166,172)</u></b>	<b><u>(3,342,845)</u></b>	<b><u>(1,725,409)</u></b>
<b>Net loss per share</b>				
- basic	<u>(1.35)</u>	<u>(1.56)</u>	<u>(0.15)</u>	<u>(0.18)</u>
- diluted	<u>(1.35)</u>	<u>(1.56)</u>	<u>(0.15)</u>	<u>(0.18)</u>
<b>Weighted average number of ordinary shares outstanding during the period</b>				
- basic	<u>21,812,020</u>	<u>9,752,720</u>	<u>21,812,020</u>	<u>9,752,720</u>
- diluted	<u>21,843,259</u>	<u>9,752,720</u>	<u>21,843,259</u>	<u>9,752,720</u>

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**Balance Sheet as of 30 June 2001**

**Assets**

	<u>Note</u>	30 June 2001 DKK	30 June 2000 DKK	30 June 2001 USD	30 June 2000 USD
Licenses		110,345,657	64,134,352	12,553,687	7,296,369
Deposits on leasehold		<u>2,471,720</u>	<u>211,900</u>	<u>281,200</u>	<u>24,107</u>
<b>Total intangible assets</b>		<b><u>112,817,377</u></b>	<b><u>64,346,252</u></b>	<b><u>12,834,887</u></b>	<b><u>7,320,476</u></b>
<b>Plant and equipment</b>		<b><u>9,777,182</u></b>	<b><u>1,958,547</u></b>	<b><u>1,112,320</u></b>	<b><u>222,818</u></b>
Other securities and equity interests		<u>21,504,738</u>	-	<u>2,446,529</u>	-
<b>Total financial assets</b>		<b><u>21,504,738</u></b>	<b>-</b>	<b><u>2,446,529</u></b>	<b>-</b>
<b>Total long-term assets</b>		<b><u>144,099,297</u></b>	<b><u>66,304,799</u></b>	<b><u>16,393,736</u></b>	<b><u>7,543,294</u></b>
Other receivables		28,491,777	1,709,217	3,241,422	194,453
Prepayments		<u>1,001,403</u>	<u>1,269,538</u>	<u>113,927</u>	<u>144,431</u>
<b>Other current assets</b>		<b><u>29,493,180</u></b>	<b><u>2,978,755</u></b>	<b><u>3,355,349</u></b>	<b><u>338,884</u></b>
<b>Short term marketable securities</b>	<b>1</b>	<b><u>1,716,781,467</u></b>	<b><u>105,000,000</u></b>	<b><u>195,312,969</u></b>	<b><u>11,945,528</u></b>
<b>Cash and cash equivalents</b>		<b><u>46,066,366</u></b>	<b><u>278,043,928</u></b>	<b><u>5,240,829</u></b>	<b><u>31,632,206</u></b>
<b>Total current assets</b>		<b><u>1,792,341,013</u></b>	<b><u>386,022,683</u></b>	<b><u>203,909,147</u></b>	<b><u>43,916,618</u></b>
<b>Total assets</b>		<b><u>1,936,440,310</u></b>	<b><u>452,327,482</u></b>	<b><u>220,302,883</u></b>	<b><u>51,459,912</u></b>



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Balance Sheet as of 30 June 2001

**Liabilities and Shareholders' Equity**

	30 June 2001	30 June 2000	30 June 2001	30 June 2000
Note	DKK	DKK	USD	USD
Share capital	21,812,020	1,553,226	2,481,487	176,706
Share premium reserve	1,917,509,391	480,966,981	218,149,170	54,718,140
Revaluation surplus	9,327,169	-	1,061,123	-
Deficit accumulated during development stage	(92,938,773)	(33,050,744)	(10,573,359)	(3,760,082)
Unearned compensation	(14,715,840)	-	(1,674,176)	-
<b>Shareholders' equity</b>	<b>1,840,993,967</b>	<b>449,469,463</b>	<b>209,444,245</b>	<b>51,134,764</b>
Payable technology rights	44,692,354	-	5,084,512	-
<b>Total long-term debt</b>	<b>44,692,354</b>	<b>-</b>	<b>5,084,512</b>	<b>-</b>
Short term portion of payable technology rights	16,630,215	-	1,891,968	-
Accounts payable	8,749,763	1,700,383	995,434	193,447
Other liabilities	25,374,011	1,157,636	2,886,724	131,701
<b>Total current liabilities</b>	<b>50,753,989</b>	<b>2,858,019</b>	<b>5,774,126</b>	<b>325,148</b>
<b>Total liabilities</b>	<b>95,446,343</b>	<b>2,858,019</b>	<b>10,858,638</b>	<b>325,148</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,936,440,310</b>	<b>452,327,482</b>	<b>220,302,883</b>	<b>51,459,912</b>
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**Statement of Shareholders' Equity for the 6 Month Period Ended 30 June 2001**

**January through June 2001**

	Shares			Revaluation surplus	Deficit accumulated during development stage	Unearned compensation	Shareholders' equity	Shareholders' equity
	Number of shares	Share capital	Share premium					
		DKK	DKK	DKK	DKK	DKK	DKK	USD
31 December 2000	21,812,020	21,812,020	1,916,120,614	8,852,118	(63,085,661)	(16,112,323)	1,867,586,768	212,469,626
Expenses and foreign currency fluctuations related to share issues	-	-	112,423	-	-	-	112,423	12,790
Adjustment to market value of warrants previously granted to non-employee consultants	-	-	1,276,354	-	-	(1,276,354)	-	-
Adjustment of expensed warrants granted to non-employee consultants	-	-	-	-	-	2,672,837	2,672,837	304,080
Unrealised gain and imputed interest on marketable securities	-	-	-	530,558	(530,558)	-	-	-
Adjustment of foreign currency fluctuations on subsidiaries	-	-	-	-	5,215	-	5,215	593
Loss for the period	-	-	-	-	(29,383,276)	-	(29,383,276)	(3,342,845)
<b>30 June 2001</b>	<b>21,812,020</b>	<b>21,812,020</b>	<b>1,917,509,391</b>	<b>9,382,676</b>	<b>(92,994,280)</b>	<b>(14,715,840)</b>	<b>1,840,993,967</b>	<b>209,444,245</b>

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**Statement of Shareholders' Equity for the 6 Month Period Ended 30 June 2001**

**January through June 2000**

	Shares		Deficit accumulated during development stage	Shareholders' equity	Shareholders' equity	
	Number of shares	Share capital				Share Premium
		DKK	DKK	DKK	USD	
31 December 1999	671,692	671,692	98,078,808	(17,884,572)	80,865,928	9,199,869
Issuance of shares for cash	742,120	742,120	356,658,224		357,400,344	40,660,342
Issuance of shares for licenses	136,274	136,274	28,714,295		28,850,569	3,282,241
Exercise of warrants	3,140	3,140	1,019,558		1,022,698	116,349
Expenses and foreign currency fluctuations related to share issues			(3,503,904)		(3,503,904)	(398,628)
Loss for the period				(15,166,172)	(15,166,172)	(1,725,409)
<b>30 June 2000</b>	<b>1,553,226</b>	<b>1,553,226</b>	<b>480,966,981</b>	<b>(33,050,744)</b>	<b>449,469,463</b>	<b>51,134,764</b>

## Cash Flow Statement for the 6 Month Period Ended 30 June 2001

	6 months ended 30 June 2001	6 months ended 30 June 2000	6 months ended 30 June 2001	6 months ended 30 June 2000
	DKK	DKK	USD	USD
Operating loss	(90,063,723)	(18,944,326)	(10,246,274)	(2,155,238)
Adjustment to reconcile operating loss to net cash used in operating activities before net financial items:				
Depreciation and amortization	16,814,607	6,585,932	1,912,946	749,261
Expensed value of warrants granted to non-employee consultants	2,672,837	-	304,080	-
Changes in operating assets and liabilities:				
Other receivables	(1,302,033)	(121,872)	(148,128)	(13,865)
Prepayments	575,145	(514,075)	65,432	(58,485)
Accounts payable	11,599,700	427,953	1,319,662	48,687
<b>Cash flow from operations before net financial items</b>	<b>(59,703,467)</b>	<b>(12,566,388)</b>	<b>(6,792,282)</b>	<b>(1,429,640)</b>
Net financial receivables	34,846,486	3,204,703	3,964,378	364,589
<b>Cash flow from operations</b>	<b>(24,856,981)</b>	<b>(9,361,685)</b>	<b>(2,827,904)</b>	<b>(1,065,051)</b>
Deposits	(1,092,761)	22,000	(124,320)	2,503
Purchase of fixed assets	(6,915,418)	(1,643,167)	(786,746)	(186,938)
Short term marketable securities bought	(1,733,737,050)	(105,000,000)	(197,241,954)	(11,945,528)
Short term marketable securities sold	1,774,315,519	-	201,858,442	-
<b>Cash used in investing activities</b>	<b>32,570,290</b>	<b>(106,621,167)</b>	<b>3,705,422</b>	<b>(12,129,963)</b>
Shares issued for cash	-	354,919,138	-	40,378,063
Costs related to issuance of shares	112,423	-	12,790	-
<b>Cash flow from financing</b>	<b>112,423</b>	<b>354,919,138</b>	<b>12,790</b>	<b>40,378,063</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>7,825,732</b>	<b>238,936,286</b>	<b>890,308</b>	<b>27,183,049</b>
Cash and cash equivalents at the beginning of the period	38,240,634	39,107,642	4,350,521	4,449,157
<b>Cash and cash equivalents at the end of the period</b>	<b>46,066,366</b>	<b>278,043,928</b>	<b>5,240,829</b>	<b>31,632,206</b>
<b>Supplemental schedule of non-cash transactions:</b>				
Shares issued for licenses contributed	-	28,850,569	-	28,850,569

## Notes to the Financial Statements

### 1. Short term marketable securities

All marketable securities are deemed by management to be available for sale and are reported at fair value. The Company's portfolio of short term marketable securities

has an average duration of less than twelve months and no securities have more than three years to maturity. The Company has classified all investments as short term since it has the intent and ability to redeem them within the year.

	<u>2001</u> DKK	<u>2000</u> DKK	<u>2001</u> USD	<u>2000</u> USD
Total costs at the beginning of the period	1.740.783.042	-	198.043.555	-
Additional for the period	1.733.737.050	105.000.000	197.241.954	11.945.528
Disposals for the period	<u>(1.767.065.795)</u>	<u>-</u>	<u>(201.033.664)</u>	<u>-</u>
<b>Cost at the end of the period</b>	<b>1.707.454.297</b>	<b>105.000.000</b>	<b>194.251.845</b>	<b>11.945.528</b>
Total revaluation at the beginning of the period	(13.978.449)	-	(1.590.285)	-
Imputed interest on zero coupon securities	1.139.763	-	129.667	-
Revaluation to market value	<u>(654.188)</u>	<u>-</u>	<u>(74.425)</u>	<u>-</u>
	(13.492.874)		(1.535.043)	
Unrealized exchange rate adjustment	<u>22.820.044</u>	<u>-</u>	<u>2.596.167</u>	<u>-</u>
<b>Total revaluation at the end of the period</b>	<b>9.327.170</b>	<b>-</b>	<b>1.061.124</b>	<b>-</b>
<b>Net book value</b>	<b><u>1.716.781.467</u></b>	<b><u>105.000.000</u></b>	<b><u>195.312.969</u></b>	<b><u>11.945.528</u></b>

### 2. Warrants

During the first half year of 2001 the board of directors granted an additional 212,500 warrants to the employees. Following these grants, a total of 2,511,500 warrants with a weighted average exercise price of DKK 102 are outstanding.

The Company has granted 150,000 warrants with a weighted average exercise price of DKK 70.5 and weighted average fair value of DKK 6.1 (at the time of grant) to non-employees. The fair value of the warrants is

estimated by using the Black Sholes pricing model.

Warrants granted to non-employees are recorded at fair value at the end of each period. The Company recorded compensation expenses in the amount of DKK 2,672,839 in the first half year of 2001.

The warrants on each individual grant are exercisable in tranches. Half may be exercised one year following the date of the grant and the balance two years following the date of

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grant. Thereafter, the exercise period lasts for an additional three years.

The exercise of the warrants granted to employees, members of the board of directors, the scientific advisory board and consultants, is not conditional on continued employment or relationship of the holder with the Company at the time of exercise. Warrants granted under the Company's warrant programmes are immediately 100 per cent vested. However, a grantee of such warrants must, in certain circumstances upon termination of the employment of warrant holders or of the Company's relationship with the warrant holder, return 25 per cent of the ordinary shares issued pursuant to an exercise of such warrants for each year (or part thereof) less than four years that such grantee maintains his or her employee, director, scientific advisory board member or consultant status, as applicable, with the Company.

The warrant plans also contain anti-dilution provisions if changes occur in the Company's share capital prior to the exercise.

Based on estimates of both the price development of Genmab's shares as well as of market developments in general, it is assumed that the warrants will be exercised.

### 3. Commitments and Contingencies

The Company entered into genomics collaboration with Medarex in August 2000. According to the terms, the Company is obligated to pay USD 2 million upon each of the first, second, third and fourth anniversaries of the agreement. If the agreement is extended the Company is obliged to pay USD 2 million per year for two more years. The Company can choose whether the payments may be in the form of ordinary shares or cash.

### 4. Internal Shareholders

The following table sets forth certain information regarding the beneficial ownership of the issued share capital and the outstanding warrants by the members of the Board of Directors and the Management:

	Number of ordinary shares owned as of 30 June 2001	Number of warrants granted as of 30 June 2001
<b>Board of Directors</b>		
Lisa N. Drakeman	301,440	515,000
Jesper Zeuthen	72,680	100,000
Leif Helth Jensen	44,490	65,000
Francesco de Rubertis	-	20,000
Ernst Schweizer	91,840	65,000
Irwin Lerner	-	60,000
	<b>510,450</b>	<b>825,000</b>
<b>Management</b>		
Lisa N. Drakeman, see above	-	-
Jan van de Winkel	82,000	280,000
Claus Juan Møller-San Pedro	228,350	330,000
Michael Wolff Jensen	-	200,000
	<b>310,350</b>	<b>810,000</b>
<b>Total</b>	<b>820,800</b>	<b>1,635,000</b>

The transfer of any shares and the exercise of warrants owned by members of the Board of Directors and the Management are restricted due to the lock-up agreement and the vesting conditions following the warrant programs as described in the Company's annual report.

## **5. Reconciliation from Danish to US GAAP**

### **Deferred income taxes**

Under Danish GAAP deferred tax assets are only recognised to the extent that it is probable that such deferred tax asset will crystallise in the future. Under US GAAP deferred taxation is provided for on a full liability basis. However, a valuation allowance is established when it is considered more likely than not that the deferred tax asset will not be realised.

In the case of the Company, the valuation allowance equals the full value of the calculated deferred tax asset and reflects the risk that the deferred tax asset will not be realised over the five-year period that tax losses can be carried forward and offset against future taxable income. There is, therefore, no quantifiable difference in earnings or in shareholders' equity resulting from the accounting treatment applied by the Company under Danish GAAP as opposed to US GAAP.

### **Comprehensive Income**

SFAS 130 "Reporting Comprehensive Income" established guidelines for the reporting and display of comprehensive income and its components in financial statements in accordance with US GAAP. Comprehensive income includes all unrealised gains and losses (including exchange rate gains and losses) on debt and equity securities classified as available for sale and is included as a component of shareholders' equity. Such securities would be classified as marketable securities in the financial statement under US GAAP and such unrealised gains and losses would be included

in a separate statement in order to determine comprehensive income.

In the case of the Company such securities are classified according to Danish GAAP as marketable securities and unrealised gains and losses (including exchange rate gains and losses) on such securities are included in the statement of income and included as a non-distributable component of shareholders equity as regards unrealised gains.

There are no quantifiable differences in shareholders' equity resulting from the accounting treatment applied by the Company under Danish GAAP as opposed to US GAAP.

### **Transactions Entered Into by a Principal Shareholder on the Company's Behalf**

Under US GAAP, certain transactions entered into by a principal shareholder on the Company's behalf are required to be recognised in the Company's financial statements through the recognition of an asset or an expense and a corresponding credit to shareholders' equity. There is no such requirement under Danish GAAP. Under US GAAP, the Company would have recorded deferred compensation and an offsetting credit to shareholders' equity in connection with the sale by a principal shareholder in February 1999 of 50,000 of the Company's shares to a number of the Company's employees and directors for nominal value. Deferred compensation associated with this transaction should have been amortised as a charge against income over the four-year vesting period beginning in February 1999. As of 30 June 2001, the balance of deferred compensation relating to such transaction subject to amortisation in future periods would have been approximately DKK 2.4 million (approximately USD 0.3 million).

The financial statements of the Company are prepared in accordance with Danish GAAP, which differs in certain aspects from US GAAP. Application of US GAAP would have

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affected net loss for the periods ended 30 June 2001 and 2000 to the extent described below. Application of US GAAP would not have affected shareholders' equity as of any date

for which financial information is presented herein.

	6 months ended 30 June 2001 <u>DKK</u>	6 months ended 30 June 2000 <u>DKK</u>	6 months ended 30 June 2001 <u>USD</u>	6 months ended 30 June 2000 <u>USD</u>
Net income according to Danish GAAP	(29.383.276)	(15.166.172)	(3.342.845)	(1.725.409)
Reversed unrealized loss on short term marketable securities accumulated during the period	654.188	-	74.425	-
Reversed unrealised exchange rate gain on short term marketable securities	(22.820.044)	-	(2.596.167)	-
Reversed unrealised exchange rate loss on debt concerning technology rights	5.367.700	-	610.667	-
Transaction entered into by principal shareholder on Company's behalf	<u>(708.750)</u>	<u>(708.750)</u>	<u>(80.632)</u>	<u>(80.632)</u>
<b>Net income according to US GAAP</b>	<b><u>(46.890.182)</u></b>	<b><u>(15.874.922)</u></b>	<b><u>(5.334.552)</u></b>	<b><u>(1.806.041)</u></b>
Weighted average number of ordinary shares outstanding during the period				
- basic	21.812.020	9.752.720	21.812.020	9.752.720
-diluted	21.843.259	9.752.720	21.843.259	9.752.720
Loss per share according to US GAAP				
- basic	(2,15)	(1,63)	(0,24)	(0,19)
-diluted	(2,15)	(1,63)	(0,24)	(0,19)
<b>Other comprehensive income:</b>				
Unrealized gain from short term marketable securities accumulated during the period	(654.188)	-	(74.425)	-
Unrealized exchange rate gain on short term marketable securities	22.820.044	-	2.596.167	-
Unrealised exchange rate loss on debt concerning technology rights	<u>(5.367.700)</u>	<u>-</u>	<u>(610.667)</u>	<u>-</u>
<b>Comprehensive income</b>	<b><u>(30.092.026)</u></b>	<b><u>(15.874.922)</u></b>	<b><u>(3.423.478)</u></b>	<b><u>(1.806.041)</u></b>