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# Interim Report for the 9 months ended September 30, 2010

November 9, 2010

*Genmab is committed to create and develop human antibodies to improve patients' lives*

# Directors' Report

## Dear Shareholder,

Genmab reported a net loss from continuing operations of DKK 66 million for the first nine months of 2010. This is an improvement of DKK 163 million compared to the corresponding period of 2009. The net loss per share from continuing operations was DKK 1.46 for the first nine months of 2010 compared to DKK 5.08 for the first nine months of 2009.

During the first nine months of 2010, Genmab recognized DKK 491 million in revenues compared to DKK 393 million in the first nine months of 2009. Research and development costs decreased from DKK 639 million for the first nine months of 2009 to DKK 434 million for the corresponding period in 2010. Research and development costs accounted for 77% of the operating expenses in the first nine months of 2010 compared to 85% for the same period in 2009.

On September 30, 2010, Genmab had cash and marketable securities of DKK 1,694 million.

### Highlights

The highlights of the third quarter of 2010 include the following business and scientific achievement announcements:

- In July, we amended the ofatumumab co-development and commercialization agreement with GlaxoSmithKline (GSK). Under the terms of the amendment, GSK will take responsibility for developing ofatumumab in autoimmune indications while continuing to jointly develop ofatumumab with Genmab in oncology indications. Genmab received an upfront payment of GBP 90 million from GSK and Genmab's future funding commitment for the development of ofatumumab in oncology indications will be capped at a total of GBP 145 million, including a yearly cash funding cap of GBP 17 million. As a part of the amendment, future oncology milestones were reduced by 50%, and autoimmune development milestones and two sales milestones were forgiven.

- In July and September, we announced positive data in the ofatumumab Phase II safety and pharmacokinetics study in patients with relapsing-remitting multiple sclerosis (RRMS).

- In July, we published net sales of Arzerra for the second quarter of 2010 of approximately DKK 73 million, with an expected royalty payment to Genmab of DKK 15 million.

- In August, GSK and Genmab announced top-line results from the concluded pivotal trial of ofatumumab in patients with fludarabine and alemtuzumab refractory chronic lymphocytic leukemia (CLL). The results were consistent with the efficacy and safety data reported in the interim analysis.

- In August, Genmab announced top-line interim results from an initial Phase II single arm open label study of ofatumumab to evaluate the treatment of relapsed Diffuse Large B-Cell Lymphoma (DLBCL) in patients ineligible for or relapsed following a stem cell transplant.

- In September, Genmab and GSK announced the initiation of a Phase III study of ofatumumab in patients with indolent B-cell non-Hodgkin's lymphoma (B-NHL) who did not respond to or progressed during, or within 6 months of a rituximab containing regimen, triggering a milestone payment of approximately DKK 116 million to Genmab.

- In September, Genmab updated its corporate strategy whereby it will focus on its core competence of developing best-in-class or first-in-class antibodies, turn science into medicine by producing antibodies with significant commercial potential, while striving to build a profitable and successful biotech company.

- In September, Genmab entered into a research collaboration agreement with Seattle Genetics to utilize Seattle Genetics' antibody drug conjugate technology with HuMax-TF.

- In September, Genmab and GSK announced plans to focus on the development of the subcutaneous delivery of ofatumumab in autoimmune indications and will stop further development work on the intravenous route of administration in autoimmune disease.

Subsequent to the balance sheet date:

- In October, Genmab announced an agreement to create and develop human antibody therapeutics for disorders of the central nervous system (CNS) with H. Lundbeck A/S. Under the terms of the agreement, Genmab will receive an upfront payment of EUR 7.5 million (approximately DKK 56 million at the date of the agreement). Lundbeck will fully fund the development of the antibodies. If all milestones in the agreement are achieved, the total value of the agreement to Genmab would be approximately EUR 38 million (approximately DKK 283 million at the date of the agreement), plus single-digit royalties.

- In October, Genmab announced an update on the potential regulatory pathway for zalutumumab following preliminary, non-binding discussions with a number of selected national European regulatory authorities and the American Food and Drug Administration (FDA).

- In October, we published net sales of Arzerra for the third quarter of 2010 of approximately DKK 78 million, with an expected royalty payment to Genmab of DKK 15.6 million.

- In October, Genmab announced plans to reorganize its workforce as part of its strategy to build a profitable and successful biotech company. The company reduces its staff by 33 positions as a result of the reorganization. The annualized impact of the reorganization is estimated to yield savings of approximately DKK 30 million.

- In October, we announced the start of a Phase III study of single agent ofatumumab compared to single agent rituximab in patients with follicular non-Hodgkin's lymphoma (NHL) that has relapsed at least 6 months after completion of treatment with a rituximab-containing regimen to which they responded.

## Consolidated Key Figures

The following key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

| | 3rd quarter of 2010 | 3rd quarter of 2009 | 9 months ended September 30, 2010 | 9 months ended September 30, 2009 | Full year 2009 |
|---|---|---|---|---|---|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| **Income Statement** | | | | | |
| Revenues | 214,598 | 69,027 | 490,919 | 393,179 | 586,076 |
| Research and development costs | (20,888) | (176,932) | (434,152) | (639,465) | (935,361) |
| General and administrative expenses | (26,772) | (40,339) | (130,139) | (114,940) | (148,749) |
| Operating result | 166,938 | (148,244) | (73,372) | (361,226) | (498,034) |
| Net financial items | (39,331) | 123,051 | 26,085 | 140,820 | 156,045 |
| Net result for continuing operations | 125,114 | (27,678) | (65,538) | (228,255) | (347,898) |
| **Balance Sheet** | | | | | |
| Cash and marketable securities* | 1,694,326 | 1,380,259 | 1,694,326 | 1,380,259 | 1,281,356 |
| Non-current assets | 61,278 | 1,188,318 | 61,278 | 1,188,318 | 65,282 |
| Assets | 2,458,246 | 2,709,798 | 2,458,246 | 2,709,798 | 2,221,534 |
| Shareholders' equity | 1,146,551 | 1,854,335 | 1,146,551 | 1,854,335 | 1,297,192 |
| Share capital | 44,907 | 44,907 | 44,907 | 44,907 | 44,907 |
| Investments in intangible and tangible assets | 2,997 | 4,098 | 6,117 | 13,728 | 16,778 |
| **Cash Flow Statement** | | | | | |
| Cash flow from operating activities | 773,849 | (198,155) | 409,930 | (477,781) | (570,061) |
| Cash flow from investing activities | (791,152) | 724,613 | (451,060) | 1,150,209 | 974,726 |
| Cash flow from financing activities | (1,695) | (2,033) | (5,291) | (4,643) | (6,643) |
| Cash and cash equivalents* | 421,876 | 736,894 | 421,876 | 736,894 | 464,446 |
| Cash burn | 763,343 | (93,982) | 412,970 | (381,753) | (480,656) |
| **Financial Ratios** | | | | | |
| Basic and diluted net result per share | (0.41) | (1.99) | (5.29) | (8.98) | (22.51) |
| Basic and diluted net result per share continuing operations ** | 2.79 | (0.62) | (1.46) | (5.08) | (7.75) |
| Period-end share market price | 61.60 | 133.00 | 61.60 | 133.00 | 82.00 |
| Price/book value | 2.41 | 3.22 | 2.41 | 3.22 | 2.84 |
| Shareholders' equity per share | 25.53 | 41.29 | 25.53 | 41.29 | 28.89 |
| Equity ratio | 47% | 68% | 47% | 68% | 58% |
| Average number of employees | 212 | 524 | 241 | 530 | 505 |
| Number of employees at the end of the period | 210 | 520 | 210 | 520 | 309 |

* In the first nine months of 2010 and full year of 2009, cash and marketable securities included DKK 7 million and DKK 4 million, respectively, in cash and cash equivalents which has been transferred to assets held for sale.

** The basic and diluted net result per share continuing operations for the third quarter of 2010 was DKK 2.79 and 2.78, respectively.

## Outlook

Genmab is changing its 2010 financial guidance primarily as a result of a reduction in the fair value of the Minnesota manufacturing facility and a delay of the anticipated sale into 2011. We have also, for the first time, included Arzerra royalty income in the financial guidance.

We expect our 2010 revenue, including DKK 55 million of royalties from Arzerra sales, to be approximately DKK 575 – 585 million compared to the previous guidance of DKK 475 – 525 million. This improvement is mostly driven by the inclusion of the royalty income from Arzerra sales, although given the difficulty of estimating product revenues due to the short period that the product has been on the market the estimated royalties for the fourth quarter have been kept constant with the actual royalties reported in the third quarter.

We anticipate that our 2010 operating expenses from continuing operations will be DKK 775 – 825 million compared to DKK 825 – 875 million shown in the previous guidance. The decrease is primarily attributable to an anticipated reduction in the charges from GSK relating to the development of ofatumumab.

The operating expense also includes the impact of the reorganization which was announced on October 25, 2010, with an approximate re-organization and transition expense impact of DKK 29 million in 2010.

We expect the operating loss from continuing operations for 2010 to be approximately DKK 200 - 250 million, compared to the operating loss of DKK 325 - 375 shown in the previous guidance. The improvement is due to the increased revenue, including the inclusion of royalty income and decreased operating expenses as discussed above.

The discontinued operation guidance of DKK 55 million relates to the ongoing running costs of the Minnesota manufacturing facility and represents a full 12 months of activity maintaining the facility in a validated state. The decrease from the previous guidance of DKK 60 million is mostly due to the exchange rate movement between the USD and DKK.

In September, a non-cash impairment charge of approximately DKK 130 million was recognized, as the fair value less cost to sell of the manufacturing facility has been reduced from approximately USD 145 million to USD 120 million as of September 30, 2010. Sales related costs are still estimated to be approximately USD 5 million. Please refer to the Manufacturing section and note 2 in this interim report for further details.

In 2009, we launched an active sales process and we remain focused on entering a sales agreement. However, the sale of the facility has been removed from the 2010 guidance as it is now projected that the sale will take place in 2011 due to a change in the general market conditions. Further details of the facility can be viewed at http://genmab-facility.com/.

The cash projection includes the upfront payment relating to the amended agreement of GBP 90 million (DKK 815 million at the date of the agreement) as included in the previous guidance.

As of December 31, 2009, we had cash, cash equivalents and marketable securities of DKK 1,281 million. Excluding the sale of the manufacturing facility, the projected cash balance is now expected to be approximately DKK 1,475 – 1,525 compared to DKK 1,375 – 1,475 in the previous guidance.

As the anticipated sale of the facility has been moved into 2011, the projected cash balance shown above will be below the previous projected balance at the end of the year (including the facility sale) of approximately DKK 2,175 – 2,275 million.

| 2010 Guidance | Revised | | Previous | |
|---|---|---|---|---|
| | DKK Millions | USD Millions | DKK Millions | USD Millions |
| Revenue | 575 - 585 | 105 – 107 | 475 - 525 | 87 - 96 |
| Operating expenses | (775) - (825) | (142) - (151) | (825) - (875) | (151) - (160) |
| Operating loss continuing operations | (200) - (250) | (37) - (46) | (325) - (375) | (60) - (69) |
| Discontinued operation | (55) | (10) | (60) | (11) |
| Non-cash impairment charge | (130) | (24) | - | - |
| Opening cash* | 1,281 | 235 | 1,281 | 235 |
| GSK upfront payment | 815 | 149 | 815 | 149 |
| Closing cash with GSK* | 1,475 - 1,525 | 270 - 279 | 1,375 - 1,475 | 252 - 270 |
| Facility sale | - | - | 800 | 147 |
| Closing cash with MN and GSK* | 1,475 - 1,525 | 270 - 279 | 2,175 - 2,275 | 398 – 417 |

** cash, cash equivalents and marketable securities*

In addition to factors already mentioned, the estimates above are subject to change due to numerous reasons, including the timing and variation of development activities, related income and costs and fluctuations in the value of our marketable securities, fair value less cost to sell related to our manufacturing facility and currency exchange rates. The financial guidance also assumes that no further significant agreements are entered into during 2010 that could materially affect the results.

Unless otherwise indicated, conversion herein of financial information from DKK to USD in our 2010 guidance has been made using the Danish Central Bank closing spot rate on September 30, 2010 of USD 1.00 = DKK 5.4601.

## Our strategy and priorities

Following the appointment of a new CEO in June and the successful renegotiation of the ofatumumab partnership with GSK, which boosted Genmab's financial security and reduced funding concerns for the coming years, Genmab announced an update to its corporate strategy. Going forward the company will employ a three-pronged strategic approach:

- Focus on the research and development core competence, identifying the best disease targets and developing unique best-in-class or first-in-class antibodies, and be at the leading edge in developing next generation technologies;
- Turn science into medicine by producing innovative antibodies with significant commercial potential and that make business sense; and
- Build a profitable and successful biotech business by maintaining a flexible and capital efficient model through the maximization of partnership relationships.

To achieve these strategic aims, Genmab will focus on its dominant priorities, act in a disciplined manner and balance scientific, medical and business factors to advance products through its pipeline.

| Current Priorities | Progress to Date |
|---|---|
| Maximize value of ofatumumab | Contract amended with GSK as of July 1, 2010. New Phase III oncology trials announced. GSK moving forward with subcutaneous delivery in autoimmune indications |
| Evaluate all opportunities for Zalutumumab | Update on potential regulatory pathway announced. Partnership discussions now being progressed in earnest |
| Promote sale of manufacturing facility | Focused on entering into a sales agreement in 2011 |
| Daratumumab, clinical proof of concept | Phase I/II study in progress. Data anticipated in 2011 |
| Extract value from R&D engine and pipeline | Signed an agreement with Lundbeck to create and develop human antibody therapeutics for disorders of the central nervous system |
| Enter into new strategic partnerships | Signed an agreement with Seattle Genetics for ADC technology to develop HuMax-TF |
| Optimize ways to advance next generation technologies | |
| Manage and control cash burn | Announced reorganization, including reduction of 33 positions to match future workload, with an estimated annualized expense saving of DKK 30 million |

## Product Pipeline

Our scientific teams continuously investigate promising new disease targets for potential addition to our pipeline. As of September 30, 2010, we had 29 ongoing clinical trials compared to 30 at the end of September 2009. The number of studies is unchanged since the end of June 2010.

As of the date of this report, our clinical product pipeline consists of twelve Phase III studies, ten Phase II studies, seven Phase I/II or I studies and eleven active programs in pre-clinical development.

The following chart details the disease indications and most advanced development phase.

| Product | Disease Indications | Phase | Q3 News Update |
|---|---|---|---|
| Ofatumumab (20 studies)<br><br>Partner: GSK | Chronic lymphocytic leukemia (CLL) | III | Additional pivotal study results in refractory CLL consistent with previous results |
| | Non-Hodgkin's Lymphoma (NHL) | III | First patient treated in two Ph III studies in NHL in September and October; one in rituximab refractory NHL and one head to head study in rituximab-sensitive follicular NHL |
| | Rheumatoid arthritis (RA) | III | Enrollment in TNFα refractory study closed. Further development of subcutaneous formulation under review |
| | Diffuse Large B-cell Lymphoma (DLBCL) | III | Interim data from Ph II study in refractory DLBCL reported |
| | Relapsing Remitting Multiple Sclerosis (RRMS) | II | Reported positive results in Ph II study. Further development in MS will be with a subcutaneous formulation |
| | Waldenstrom's Macroglobulinemia (WM) | II | |
| Zalutumumab (6 studies) | Head & Neck Cancer | III | Received preliminary feedback from selected national European regulatory authorities and FDA |
| Daratumumab | Multiple Myeloma | I/II | Ph I/II data expected 2011 |

| Product | Disease Indications | Phase | Q3 News Update |
|---|---|---|---|
| RG4930<br>Partner: Roche | Asthma<br>Target: Ox40L | II | |
| RG1512<br>Partner: Roche | Peripheral vascular disease<br>Target: P-selectin | I | |
| HuMax-cMet | Cancer | Pre-clinical | |
| HuMax-TF<br>Partner:<br>Seattle Genetics | Cancer | Pre-clinical | Entered into collaboration with Seattle Genetics |
| HuMax-Her2 | Cancer | Pre-clinical | |
| In total, there are eleven active programs in pre-clinical development. | | | |

**Ofatumumab (Arzerra)**
Ofatumumab, which is being marketed and developed under a co-development and commercialization agreement with GSK, has received accelerated approval from the FDA for use in the US and conditional marketing authorization in the EU in patients with CLL that is refractory to fludarabine and alemtuzumab under the trade name Arzerra. Ofatumumab is a novel human monoclonal antibody which targets a part of the CD20 molecule encompassing an epitope in the small loop (*Teeling et al 2006*). The CD20 molecule is a key target in CLL therapy, because it is expressed in most B cell malignancies (*Cragg et al 2005*). Ofatumumab is in development for CLL, non-Hodgkin's lymphoma (NHL), diffuse large B-cell lymphoma (DLBCL), Waldenstrom's macroglobulinemia (WM), rheumatoid arthritis (RA), and relapsing-remitting multiple sclerosis (RRMS).

In October 2009, GSK and Genmab announced the accelerated approval of ofatumumab from the FDA for use in patients in the US with CLL that is refractory to fludarabine and alemtuzumab. In January 2010, the CHMP issued a positive opinion for ofatumumab for the treatment of patients with CLL who are refractory to fludarabine and alemtuzumab, and in April 2010 we received conditional marketing authorization in the EU for Arzerra.

Following approval in the US in October 2009 and EU approval in April 2010, the product achieved sales of DKK 29 million in 2009 and DKK 193 million in the first nine months of 2010 with royalty income to Genmab of DKK 6 million and DKK 39 million, respectively. Arzerra was launched in the US by GSK in mid-November 2009 and became available in Europe shortly after the EU approval in Germany, France and several Nordic countries, including Denmark and will become available in additional countries before the end of the year.

In August, GSK and Genmab announced top-line results from the concluded pivotal trial of ofatumumab in patients with fludarabine and alemtuzumab refractory CLL. A total of 95 patients with fludarabine and alemtuzumab refractory CLL were treated in the study. The objective response rate (ORR), as determined

by an Independent Review Committee, in the study was 51%. In addition to the 95 patients in the efficacy analysis the study also included 128 patients with relapsed or refractory CLL, who were not refractory to both fludarabine and alemtuzumab. There were no unexpected safety findings reported with the total study population (n=223).

Results from this concluded pivotal trial are consistent with the efficacy and safety data reported in the interim analysis and demonstrate the activity of single-agent ofatumumab in patients with heavily pre-treated fludarabine and alemtuzumab-refractory CLL.

In July 2010, GSK and Genmab announced an amendment to the ofatumumab co-development and commercialization agreement. Under the terms of the amendment, GSK will take responsibility for developing ofatumumab in autoimmune indications whilst continuing to jointly develop ofatumumab with Genmab in oncology indications.

Genmab received an upfront payment of GBP 90 million (DKK 815 million at the date of the agreement) from GSK. Genmab's future funding commitment for the development of ofatumumab in oncology indications will be capped at a total of GBP 145 million (DKK 1,314 million at the date of the agreement), including a yearly cash funding cap of GBP 17 million (DKK 154 million at the date of the agreement) for each of the next six years starting with 2010. Future milestones due to Genmab under the oncology development program will be reduced by 50%. The development milestone related to the commencement of the Phase III study of ofatumumab in combination with bendamustine for the treatment of NHL remains at 100%. The study was commenced in September 2010.

There will be no change in royalty tiers to Genmab in the oncology program.

All development work on the autoimmune and oncology indications being performed by Genmab will, where practicable, be transferred to GSK before the end of 2010.

In September, GSK and Genmab announced plans to focus on the development of the subcutaneous delivery of ofatumumab in autoimmune indications and will stop further development work on the intravenous route of administration in autoimmune disease. GSK plans to begin a Phase IIB dose ranging study in MS using the subcutaneous administration of ofatumumab in 2011 following discussion with regulatory authorities. Further work in RA with a subcutaneous administration of ofatumumab is under review.

In July and September 2010, GSK and Genmab announced positive results from an ofatumumab Phase II safety and pharmacokinetics study in patients with RRMS. A total of 38 patients were included in this double-blind, dose escalation trial. Patients were randomized to receive two infusions of 100 mg, 300 mg or 700 mg of ofatumumab or placebo. After 24 weeks, the patients randomized to placebo were treated with ofatumumab and patients who were treated with ofatumumab received placebo. All patients were then followed for an additional 24 weeks. There were no dose limiting toxicities, no unexpected safety findings, and no patients tested positive for human anti-human antibodies.

Efficacy was assessed by MRI (magnetic resonance imaging) as a secondary endpoint. Although the study included a small number of patients, statistically significant reductions in the number of brain lesions (gadolinium-enhancing T1 lesions and new/enlarging T2 lesions) as measured on serial MRI scans from week 8 to week 24 were seen on ofatumumab as compared to placebo and the reductions were seen in all dose groups. Repeated MRI scans showed a sustained reduction in the number of brain lesions up to week 48 in patients (n=26) who were treated with ofatumumab followed by placebo. Patients who received placebo followed by ofatumumab (n=12) showed similar 24 week results to those who were treated with ofatumumab followed by placebo.

In August, Genmab announced top-line interim results from an initial Phase II single arm open label study of ofatumumab to evaluate the treatment of relapsed DLBCL in patients ineligible for or relapsed following a stem cell transplant.

The objective of the study was to determine the efficacy of ofatumumab in patients with relapsed DLBCL ineligible for transplant or relapsed after transplant. The primary endpoint of the study was ORR, as determined by an Independent Review Committee, over a six month period from start of treatment. A total of 81 patients were treated in the study. 96% of the patients in the study had received prior rituximab therapy. 54% of the patients received between two and five prior courses of rituximab. 31% of patients had received a prior stem cell transplant and the remaining 69% were ineligible for transplant. The ORR observed at the interim analysis was 11% with a median duration of response of 6.9 months. There were no unexpected safety findings.

In September, the first patient was treated in the Phase III study of ofatumumab in patients with indolent B-cell non-Hodgkin's lymphoma (B-NHL) who did not respond to or progressed during, or within 6 months of a rituximab containing regimen. This event triggered a milestone payment to Genmab of approximately DKK 116 million.

A total of 338 patients in this open label study will be randomized to receive either ofatumumab in addition to bendamustine or bendamustine alone. The primary endpoint of the study is progression free survival. Patients in the bendamustine monotherapy group will have the opportunity to receive ofatumumab if their lymphoma progresses.

In the third quarter of 2010, GSK listed a new ofatumumab study in the oncology setting on www.clinicaltrials.gov. The study is a Phase III randomized, open-label, trial evaluating single agent ofatumumab compared to single agent rituximab in patients with rituximab-sensitive follicular NHL that has relapsed at least 6 months after treatment with a rituximab-containing regimen. The recruitment of 516 patients into the study is ongoing. The first patient was treated in October.

In total, there were 20 ofatumumab studies ongoing during Q3. The following provides an overview of the studies by major indication.

*CLL:*

- Phase III study of ofatumumab in combination with chlorambucil for front line treatment of CLL
- Phase III study of ofatumumab in combination with FC as second line treatment in CLL

- Phase III maintenance study in relapsed CLL versus no further treatment in patients with relapsed CLL who have responded to induction therapy
- Phase III study in CLL patients refractory to fludarabine and alemtuzumab
- Three Phase II trials and one Phase I trial

*NHL:*
- Phase III pivotal study to treat patients with rituximab refractory follicular NHL
- Phase III study of ofatumumab in combination with bendamustine for the treatment of NHL
- Phase III study of ofatumumab versus rituximab in rituximab-sensitive follicular NHL that has relapsed at least 6 months after treatment with a rituximab-containing regimen
- Phase II NHL study in Japan

*DLBCL:*
- Phase III study of ofatumumab plus chemotherapy versus rituximab plus chemotherapy to treat patients with relapsed or refractory DLBCL
- Two Phase II trials

*WM:*
- Phase II study in Waldenstrom's macroglobulinemia

*RA:*
- Phase III study of ofatumumab for the treatment of RA in patients who had an inadequate response to methotrexate
- Phase III study in patients who had an inadequate response to TNF-alpha antagonist therapy
- Phase II retreatment study

*RRMS:*
- Phase II safety and pharmacokinetics study of ofatumumab in patients with RRMS

In addition to the above listed studies, there are also a number of planned and ongoing investigator studies.

**Zalutumumab**
Zalutumumab is a high-affinity human antibody that targets the Epidermal Growth Factor receptor (EGFr), a molecule found in abundance on the surface of many cancer cells, and is a clinically validated target. Zalutumumab has received a Fast Track designation from the FDA covering patients with head and neck cancer who have previously failed standard therapies.

Zalutumumab is currently in two ongoing Phase III studies. In March 2010, we announced top-line results from the pivotal study to treat refractory head and neck cancer considered incurable with standard treatment. Data from the 286 patients with recurrent or metastatic squamous cell carcinoma of the head and neck (SCCHN) who failed standard platinum-based chemotherapy showed median overall survival in patients receiving zalutumumab in combination with best supportive care (BSC) of 6.7 months compared to 5.2 for BSC alone ($p = 0.0648$). Although this represented a 30% improvement (hazard ratio of 0.77), the result was not sufficient to demonstrate a statistically significant difference in overall survival, the primary endpoint of the study. However, patients in the zalutumumab arm did experience a 61% increase in progression free survival compared to

patients in the BSC alone arm (p=0.0010). The safety profile observed for zalutumumab was as expected within this drug class in patients with SCCHN. Adverse events reported more frequently for patients in the zalutumumab plus BSC group were infusion related reactions, skin and nail disorders, electrolyte disturbances (hypomagnesemia and hypokalemia), gastrointestinal disorders (diarrhea grade 1-2), eye disorders, infections and headache. There were no unexpected safety findings.

Genmab has reviewed the result with clinical and regulatory advisors to discuss how to best proceed with the product and in October, we announced an update on the potential regulatory pathway for zalutumumab following preliminary, non-binding discussions with a number of selected national European regulatory authorities and the FDA. Based on overall feedback from regulatory authorities in Europe, Genmab believes a Marketing Authorization Application (MAA) for zalutumumab could be pursued based on the data from the Phase III study in patients with recurrent or metastatic SCCHN who failed standard platinum-based therapy, reported earlier this year. Additional clinical study data would, however, be required prior to submitting a regulatory application in the US. Partnership discussions are now being progressed in earnest and we feel confident that our potential future development partner would be able to move forward with a European regulatory filing for zalutumumab.

The other Phase III study plans to include 600 previously untreated head and neck cancer patients and is conducted in cooperation with DAHANCA.

Two front line head and neck cancer studies of zalutumumab are ongoing: a 36 patient Phase I/II study of zalutumumab in combination with chemo-radiation and a 36 patient Phase I/II study of zalutumumab in combination with radiotherapy in patients ineligible for platinum based chemotherapy. In addition, a Phase II safety study of zalutumumab in combination with BSC and a Phase I/II study investigating the pharmacokinetic profile of zalutumumab are ongoing.

Safety data from the Phase I/II study of zalutumumab in combination with chemo-radiation was presented at the European Society for Therapeutic Radiology and Oncology (ESTRO) meeting in September 2010. Thirty patients were enrolled in the study. The most common adverse events observed during or up to 4 weeks after ended treatment were mucositis, dysphagia, radiation dermatitis, laryngitis, febrile neutropenia and headache. There were three cases of grade 4 radiation dermatitis and one grade 4 mucositis reported in three patients receiving 16 mg/kg of zalutumumab, compared to no grade 4 radiation toxicities in the lower dose groups. Thus the maximum tolerated dose and recommended dose for further development is 12 mg/kg.

**Daratumumab**

Daratumumab is a fully human antibody in clinical development to target the CD38 molecule which is highly expressed on the surface of multiple myeloma tumor cells.

In pre-clinical studies, daratumumab induced potent immune system killing mechanisms such as antibody-dependent cellular cytotoxicity (ADCC) and complement dependent cytotoxicity (CDC) towards primary multiple myeloma tumors. Furthermore, daratumumab inhibited the enzymatic activity of the CD38

molecule, which may contribute to its efficacy in killing primary multiple myeloma and plasma cell leukemia cells.

A Phase I/II safety and dose finding study of daratumumab for the treatment of multiple myeloma is underway. The study will include a maximum of 122 patients with multiple myeloma who are relapsed or refractory to at least two different prior treatments and are without further established treatment options.

**Other Clinical Programs**
Our partner Roche is conducting clinical studies with two antibodies developed by Genmab under the companies' collaboration agreement. Patient enrolment in a Phase II study of RG4930, which is being developed for asthma and targets OX40L, has been completed. RG1512, which targets P-selectin, is in Phase I development for treatment of peripheral vascular disease.

In February, we closed a license agreement under which Genmab granted exclusive worldwide rights to develop and commercialize zanolimumab (HuMax-CD4) to TenX Biopharma, Inc. Zanolimumab is a human antibody in development for the treatment of cutaneous T-cell lymphoma (CTCL) and non-cutaneous T-cell lymphoma (NCTCL).

**Pre-clinical Programs**
Genmab has eleven active programs in pre-clinical development. Genmab is working on multiple pre-clinical cancer programs including antibodies directed to the clinically validated target Her-2 as well as antibodies to three novel targets, cMet, Tissue Factor and HuMax-Wnt.

In September 2010, Genmab and Seattle Genetics, Inc. entered into an antibody-drug conjugate (ADC) research collaboration agreement. Under the agreement, Genmab has rights to utilize Seattle Genetics' ADC technology with its HuMax-TF antibody targeting the Tissue Factor antigen, which is expressed on numerous types of solid tumors. Seattle Genetics received an undisclosed upfront payment and has the right to exercise a co-development option for any resulting ADC products at the end of Phase I clinical development. Genmab is responsible for research, manufacturing, preclinical development and Phase I clinical trials of ADCs under this collaboration. Seattle Genetics will receive research support payments for any assistance provided to Genmab. If Seattle Genetics opts into an ADC product at the end of Phase I, the companies would co-develop and share all future costs and profits for the product on a 50:50 basis. If Seattle Genetics does not opt in to an ADC product, Genmab would pay Seattle Genetics fees, milestones and mid-single digit royalties on worldwide net sales of the product.

In October 2010, Genmab and H. Lundbeck A/S announced an agreement to create and develop human antibody therapeutics for disorders of the central nervous system (CNS). Genmab will create novel human antibodies to three targets identified by Lundbeck. Lundbeck will have access to Genmab's antibody creation and development capabilities, including its state of the art, fully automated pre-clinical antibody screening and characterization capabilities and its proprietary stabilized IgG4 and UniBody therapeutic antibody platforms. Lundbeck will have an option to take selected antibodies into clinical development at its own cost and subject to the payment of milestones and single-digit royalties to Genmab upon successful development and commercialization. Genmab will have a similar option to take selected antibodies into clinical development for cancer

indications at its own cost and subject to the payment of milestones and single-digit royalties to Lundbeck.

## Manufacturing

As a part of the reorganization plan announced in November 2009, Genmab intends to sell its manufacturing facility located in Brooklyn Park, Minnesota, USA. Genmab's future manufacturing requirements will be met through working with contract manufacturing vendors. Prior to a potential sale, the Brooklyn Park facility is being kept in a validated state and will operate in a maintenance-only mode with a significantly reduced number of employees.

Genmab has hired an external sales agent with significant experience within the sale of pharmaceutical and biotechnology manufacturing facilities. As a consequence of the funds received from the amendment of the GSK agreement, Genmab may have the opportunity to consider an alternative sales transaction other than a traditional asset sale, such as combining the sale with a pipeline product such as zalutumumab. Several parties have signed confidentiality agreements and the sales process continues.

However, as mentioned in the Outlook section in this interim report, the expected sale of facility is moved to 2011 due to a change in market conditions. The change in market conditions includes, among other things, a further increase in capacity among contract manufacturers in the industry, and the average time a facility is on the market is now anticipated to be above 24 months (previously 12 months).

As a consequence of the changed market conditions, the fair value less cost to sell has been reduced from approximately USD 145 million to USD 120 million as of September 30, 2010. Sales related costs are still estimated to approximately USD 5 million. As a result of the reduction in the fair value less cost to sell, a non-cash impairment charge of approximately DKK 130 million was recognized in the income statement. The impairment is included in the result of the discontinued operation and is allocated on a pro rata basis on the respective carrying amounts of the facility's non-current assets.

The revised fair value less cost to sell is determined based on benchmarks and advice received from our sales agent.

As no binding arm's length sales agreement has been entered into yet and as the Brooklyn Park facility is not considered to be traded in an active market due to its very specialized nature, the fair value less cost to sell is associated with a certain amount of uncertainty and judgement.

The fair value less cost to sell and impairment is based on the best information available and may be subject to change. Future changes, if any, in the fair value less cost to sell will be recognized in the income statement.

Please refer to note 2 in this interim report for further information.

## Significant risks and uncertainties

As a biotech company, Genmab faces a number of risks and uncertainties. These are common for the industry and relate to the operations, research and

development, manufacturing, commercial, and financial activities. For further information about risks and uncertainties which the group faces, please refer to the 2009 annual report.

Changes to the overall risk profile since the publication of the annual report include the following significant updates:

On July 1, 2010, we announced an amendment to the ofatumumab co-development and commercialization agreement between GSK and Genmab, which has improved our financial position and strength significantly.

As mentioned in the Manufacturing and Outlook sections in this interim report, we have reduced our fair value less cost to sell related to our manufacturing facility located in Brooklyn Park, Minnesota, USA.

After the balance sheet date, we announced an antibody development collaboration research collaboration agreement with H. Lundbeck A/S and a re-organization plan, including reducing the headcount with 33 positions.

For further details, please refer to the sections Product Pipeline, Financial Review and Subsequent Events as well as note 3 in this interim report.

## Financial Review

The interim report is prepared on a consolidated basis for the Genmab group. The financial statements are published in Danish Kroner (DKK).

For the convenience of the reader we have included a conversion of certain DKK amounts into US dollars (USD) at a specified rate in the supplementary section to the interim report. Please refer to the section Conversion of Certain DKK Amounts into USD – Supplementary Information in this interim report.

As a result of the planned disposal of our manufacturing facility, the facility has been classified as held for sale and presented as a discontinued operation in accordance with IFRS. Therefore, certain elements of the income statement for the first nine months of 2009 and third quarter of 2009 have been reclassified to conform to this year's presentation, and the comments in the financial review are prepared in accordance with this new presentation. The balance sheet and cash flow figures have not been reclassified. The results of the discontinued operation are described in further detail in note 2 in this interim report.

### Revenues

Genmab's revenues were DKK 491 million for the first nine months of 2010 as compared to DKK 393 million for the corresponding period in 2009. The revenues arise primarily from the recognition of milestone payments, deferred revenue, and reimbursement of certain development costs in relation to the co-development work under Genmab's development collaboration agreement with GSK (co-development and commercialization of ofatumumab). For 2010, revenues also include royalty income related to the sales of Arzerra.

As revenues comprise royalties, milestone payments and other income from our research and development agreements, recognition of revenues may vary from period to period.

| MDKK | First 9 months 2010 | First 9 months 2009 |
|---|---|---|
| Royalties | 39 | - |
| Milestone payments | 203 | 145 |
| Deferred revenue | 160 | 163 |
| One time payment from GSK | - | 25 |
| Other revenues | 89 | 60 |
| **Total revenues** | **491** | **393** |

*Royalties:*
Arzerra was approved for sale in the US on October 26, 2009 and in the EU on April 19, 2010. The first sale occurred in the US in November 2009.

The net sales of Arzerra were DKK 193 million in the first nine months of 2010 with DKK 175 million in the US and DKK 18 million in the rest of the world. The total recognized royalties for the first nine months of 2010 related to net sales of Arzerra amounted to DKK 39 million.

*Milestone Payments:*
In April 2010, we announced that we had reached a milestone for Arzerra (ofatumumab) under the terms of our collaboration with GSK. A milestone payment of DKK 87 million was triggered when the European Commission's granted a conditional marketing authorization for ofatumumab for the treatment of refractory CLL.

In September, a milestone payment of DKK 116 million was triggered when we announced the start of a Phase III study in patients with indolent B-NHL who did not respond to or progressed during, or within 6 months of a rituximab containing regimen.

The 2009 milestone payments covered the European Medicines Agency's (EMA's) acceptance of the MAA for ofatumumab in refractory CLL (DKK 58 million) and the FDA acceptance of our BLA filing under the same study (DKK 87 million). Both milestones were achieved in the first quarter of 2009.

As of September 30, 2010, total milestone payments received under the GSK agreement, including a DKK 25 million one-time payment received in 2009, have amounted to DKK 1,071 million since inception in 2007.

*Deferred Revenue:*
In the first nine months of 2010 deferred revenue amounted to DKK 160 million compared to DKK 163 million in the corresponding period for 2009.

As a result of the amended agreement with GSK, Genmab received an upfront payment of GBP 90 million (DKK 815 million at the date of the agreement) from GSK. As of June 30, 2010, the remaining part of deferred revenues received at the inception of the initial GSK Agreement amounted to DKK 326 million. This remaining amount equalled the last 18 months of the initial 60 month allocation

period. It was not possible to obtain objective and reliable evidence of the value of the different components of the amendment and remaining deferred revenue and measure these on a stand alone basis as the past and future activities are highly interrelated. As such, the upfront payment and the remaining deferred revenues were considered as a single transaction and on a combined basis.

Together with the existing deferred revenue, the upfront payment was deferred and allocated and recognized as revenues on a straight line basis over the years July 1, 2010 to December 31, 2015 (66 months), at an amount of DKK 207 million per year.

As of September 30, 2010, DKK 1,089 million was included as deferred income in the balance sheet.

*Other Revenues:*
Other revenues are mainly comprised of the reimbursement of certain development costs in relation to the co-development work under Genmab's development collaboration agreement with GSK.

As a result of the amended GSK agreement, the reimbursement of certain costs increased including 100% of autoimmune development costs incurred by Genmab, as GSK are now fully responsible for development in this indication.

In the first quarter of 2010, we closed a license agreement under which Genmab granted exclusive worldwide rights to develop and commercialize zanolimumab (HuMax-CD4) to TenX Biopharma, Inc. Under the terms of the agreement, Genmab received a payment of USD 4.5 million (approximately DKK 24 million) and will be entitled to milestones and royalties on sales of zanolimumab. TenX Biopharma will be responsible for all future costs of developing, manufacturing and commercializing zanolimumab.

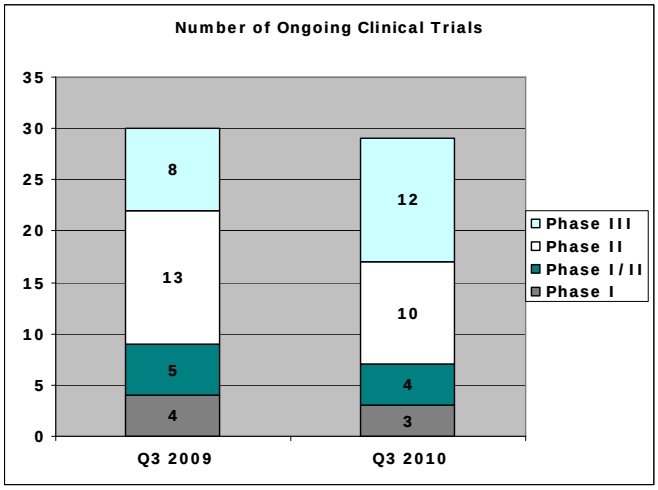
## Operating Expenses

### Research and Development Costs

Research and development costs decreased by DKK 205 million, or 32%, from DKK 639 million in the first nine months of 2009 to DKK 434 million in the first nine months of 2010. The savings reflect our continued efforts to reduce cost despite an increasing number of phase III trials and are driven by:

- the amendment of the ofatumumab co-development and commercialization agreement with GSK in July which resulted in eliminating the requirement for Genmab to fund any of the autoimmune development of ofatumumab from January 1, 2010 and reversal of accruals related to the development of ofatumumab (prior to amended agreement). During the third quarter of 2010, these development accruals which related to both 2009 and 2010 were adjusted; and
- the reorganization plan announced in November 2009 where we decided to sell our manufacturing facility and reduce headcount by approximately 300 positions. The majority of the reductions were completed by the end of 2009. The remaining part of the reductions were substantially completed during the first quarter of 2010.

As of September 30, 2010, we had 29 ongoing clinical trials compared to 30 at the end of September 2009. The overview includes both studies carried out and funded by Genmab and our collaborators GSK and Roche. Please refer to the Product Pipeline section in this interim report for further details about the ongoing studies.




The majority of our research and development cost is related to the ofatumumab and zalutumumab programs and staff costs. Research and development costs accounted for 77% of the total operating expenses compared to 85% in the first nine months of 2009. The decrease in the ratio is a result of the items discussed above.

**General and Administrative Expenses**
General and administrative expenses were DKK 130 million in the first nine months of 2010 compared to DKK 115 million in the corresponding period for 2009. The increase was driven by expenses related to the departure of Genmab's former Chief Executive Officer in June 2010. The total impact from the departure is currently estimated to a one-time salary (DKK 23 million) and warrant expense (DKK 18 million) in total DKK 41 million.

General and administrative expenses account for 23% of our total operating expenses in 2010 compared to 15% in the first nine months of 2009.

**Operating Result**
Genmab's operating loss for the first nine months of 2010 was DKK 73 million compared to DKK 361 million for the first nine months of 2009. The improved operating result was mainly related to the increase in revenues and the reduction in the research and development costs compared to the first nine months of 2009.

On September 30, 2010, the total number of employees was 210 compared to 520 employees as of September 30, 2009. The decrease is a result of the reorganization plan announced in November 2009. Restructuring and transition charges associated with the reorganization plan amounted to DKK 22 million in the first nine months of 2010 and mainly relate to the cost of the transition employees. The transition period ended September 30, 2010.

| Workforce | First 9 months 2010 | First 9 months 2009 |
|---|---|---|
| Research and development employees | 153 | 316 |
| Administrative employees | 33 | 46 |
| **Total employees for continuing operations** | **186** | **362** |
| **Discontinued operation** | **24** | **158** |
| **Total employees** | **210** | **520** |

The 186 employees shown above for the continuing operations include 5 transition employees who left Genmab as of September, 30 after the end of their transition period.

**Net Financial Items**

Net financial items for the first nine months of 2010 reflected a net income of DKK 26 million compared to a net income of DKK 141 million in the first nine months of 2009. The net financial items reflect a combination of interest income and unrealized and realized fair market value adjustments on our portfolio of marketable securities and realized and unrealized foreign exchange adjustments.

| MDKK | First 9 months 2010 | First 9 months 2009 |
|---|---|---|
| Interest and other financial income | 17 | 50 |
| Realized and unrealized gains on marketable securities, net | 9 | 117 |
| Exchange rate gains, net | 1 | - |
| Fair value adjustments of derivative financial instruments, etc | - | 4 |
| **Financial Income** | **27** | **171** |
| Interest and other financial expenses | (1) | (1) |
| Realized and unrealized losses on marketable securities, net | - | - |
| Exchange rate losses, net | - | (29) |
| **Financial expenses** | **(1)** | **(30)** |
| **Net financial items** | **26** | **141** |

The total interest income amounted to DKK 17 million in 2010 compared to DKK 50 million in the first nine months of 2009. The decrease in our interest income is primarily due to the reduction of our average cash position compared to 2009, the transfer of funds into safer and more liquid assets and a general reduction in market interest rates. The upfront payment from the amended GSK agreement was received in July 2010 and invested in accordance with our investment policy in the third quarter of 2010.

In the first nine months of 2010, the realized and unrealized gains on marketable securities, net amounted to DKK 9 million compared to a net income of DKK 117 million in the first nine months of 2009. During 2009, the net financial items experienced significant market volatility, which was largely attributable to the impact from the worldwide economic turmoil on our investment portfolio.

As of September 30, 2010, we had unrealized gains on our marketable securities of DKK 4 million. Please refer to note 3 in this interim report for additional information about our marketable securities.

The financial items, net were also impacted by mainly non-cash foreign exchange rate adjustments due to the significantly fluctuating exchange rate between USD/DKK and GBP/DKK. Compared to the first six months of 2010, the exchange rate gains, net were reduced from DKK 44 million to DKK 1 million. During the third quarter of 2010, the USD/DKK exchange rate decreased by approximately 12%.

A portion of the proceeds received from GSK, as a part of the amendment signed in July 2010, has been kept in GBP to form a natural hedge of future expenses denominated in GBP.

**Net Result for Continuing Operations**
Net loss for continuing operations for the first nine months of 2010 was DKK 66 million compared to DKK 228 million in the corresponding period in 2009. The improvement is driven by the higher revenue, positive impact from the amendment of the ofatumumab co-development and commercialization agreement with GSK and savings from the re-organization in 2009 which more than offset the decrease in positive net financial items and the one-time expense related to our former CEO.

The net loss for continuing operations included corporate tax of DKK 18 million related to corporate taxation in our subsidiaries.

**Net Result for Discontinued Operation**
Net loss for discontinued operation includes the results of our manufacturing facility, which has been classified as held for sale and presented as a discontinued operation due to our decision to sell the facility. The net loss for discontinued operation amounted to DKK 172 million in the first nine months of 2010 compared to DKK 175 million in the corresponding period for 2009.

As mentioned in the Manufacturing section in this interim report, the fair value less cost to sell of the facility has been reduced from approximately USD 145 million to USD 120 million as of September 30, 2010, resulting in a non-cash impairment charge of approximately DKK 130 million. This charge is included in the DKK 172 million mentioned above.

Prior to a potential sale, the Brooklyn Park facility is being kept in a validated state and will operate in a maintenance-only mode with a significantly reduced number of employees and this is reflected in the result for the first nine months of 2010 with DKK 42 million. The amount for the corresponding period in 2009 was DKK 175 million which is higher than this year as the facility still was operating in the first nine months of 2009.

The results of the discontinued operation are described in further details in note 2 in this interim report.

**Cash Position**
As of September 30, 2010, the balance sheet reflected cash, cash equivalents, and marketable securities (cash position) of DKK 1,694 million compared to DKK 1,281 million as of December 31, 2009. This represents a net increase of DKK 413 million which is primarily related to the upfront payment of GBP 90 million (DKK 815 million at the date of the agreement) received from GSK partially offset by the ongoing investment in our research and development activities.

To reduce our overall risk profile within our marketable securities, we sold our Euro-denominated securities in the second quarter of 2010. The proceeds were transferred to our Danish investment managers. Together with the proceeds received from the GSK amendment, the total proceeds were - during the third quarter of 2010 - invested in DKK, EUR and GBP highly liquid and short term bonds in accordance with our investment policy. The investment of the proceeds was still ongoing as of September 30, 2010.

Given the current market conditions, all future cash inflows and re-investments of proceeds from the disposal of marketable securities are invested in highly liquid and conservative investments, such as government bonds.

Cash and cash equivalents amounted to DKK 422 million including marketable securities with a maturity of 3 months or less on the date of acquisition of DKK 136 million. As of September 30, 2010, bank deposits are no longer fully guaranteed by the Danish Government. To reduce the credit risk on our bank deposits, Genmab only maintains the major part of its bank deposits in large Danish financial institutions. In addition, Genmab will only maintain limited bank deposits at a level necessary to support the short term funding requirements of the Genmab group.

**Balance Sheet**
As of September 30, 2010, total assets were DKK 2,458 million compared to DKK 2,222 million December 31, 2009. As of September 30, 2010, the assets were mainly comprised of a cash position of DKK 1,694 million and assets held for sale of DKK 671 million related to our planned disposal of our manufacturing facility. Please refer to note 2 in this interim report for further details.

Other liabilities have decreased from DKK 344 million as of December 31, 2009, to DKK 130 million as of September 30, 2010. The decrease was primarily driven by the payment of liabilities related to our development agreements. Due to the amendment of the GSK agreement, liabilities and receivables related to this collaboration are netted in the balance sheet from July 1, 2010 as Genmab has the legally enforceable right to set off the recognized amounts; and intends to settle on a net basis.

Shareholders' equity, as of September 30, 2010, equaled DKK 1,147 million compared to DKK 1,297 million at the end of December 2009. On September 30, 2010, Genmab's equity ratio was 47% compared to 58% at the end of 2009. The decrease in the equity ratio was driven by the recognition of the upfront payment received from the amendment of the GSK agreement as deferred income (interest free) in the balance sheet.

## Subsequent Events

In October, Genmab announced an agreement to create and develop human antibody therapeutics for disorders of the central nervous system (CNS) with H. Lundbeck A/S. Under the terms of the agreement, Genmab will receive an upfront payment of EUR 7.5 million (approximately DKK 56 million at the date of the agreement). In accordance with our accounting policies, the upfront payment will be deferred and recognized in the income statement as revenue on a straight line basis over a three year period. Lundbeck will fully fund the development of the antibodies. If all milestones in the agreement are achieved, the total value of the agreement to Genmab would be approximately EUR 38 million (approximately DKK 283 million at the date of the agreement), plus single-digit royalties.

In October, Genmab announced an update on the potential regulatory pathway for zalutumumab following preliminary, non-binding discussions with a number of selected national European regulatory authorities and the FDA.

In October, we published net sales of Arzerra for the third quarter of 2010 of approximately DKK 78 million, with an expected royalty payment to Genmab of DKK 15.6 million.

In October, Genmab announced a reorganization of its workforce as part of its strategy to build a profitable and successful biotech company. The company intends to reduce its staff by 33 positions as a result of the reorganization. The annualized impact of the reorganization is estimated to yield savings of approximately DKK 30 million.

In October, we announced the start of a Phase III study of single agent ofatumumab compared to single agent rituximab in patients with follicular NHL that has relapsed at least 6 months after completion of treatment with a rituximab-containing regimen to which they responded.

Subsequent to the balance sheet date, no other events that could significantly effect the financial statements as of September 30, 2010, have occurred.

## Additional information:

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*This interim report contains forward looking statements. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward looking statements. Actual results or performance may differ materially from any future results or performance expressed or implied by such statements. The important factors that could cause our actual results or performance to differ materially include, among others, risks associated with product discovery and development, uncertainties related to the outcome and conduct of clinical trials including unforeseen safety issues, uncertainties related to product manufacturing, the lack of market acceptance of our products, our inability to manage growth, the competitive environment in relation to our business area and markets, our inability to attract and retain suitably qualified personnel, the unenforceability or lack of protection of our patents and proprietary rights, our relationships with affiliated entities, changes and developments in technology which may render our products obsolete, and other factors. For a further discussion of these risks, please refer to the section "Risk Management" in Genmab's annual report, which is available on www.genmab.com. Genmab does not undertake any obligation to update or revise forward looking statements in this interim report nor to confirm such statements in relation to actual results, unless required by law.*

## Statement of Comprehensive Income for the 3rd Quarter of 2010

### Income Statement

| | Note | 3rd quarter of 2010<br>DKK'000 | 3rd quarter of 2009<br>DKK'000 |
|---|---|---|---|
| **Revenues** | | **214,598** | **69,027** |
| Research and development costs | | (20,888) | (176,932) |
| General and administrative expenses | | (26,772) | (40,339) |
| **Operating expenses** | | **(47,660)** | **(217,271)** |
| **Operating result** | | **166,938** | **(148,244)** |
| Net financial items | | (39,331) | 123,051 |
| **Result for continuing operations before tax** | | **127,607** | **(25,193)** |
| Corporate tax | | (2,493) | (2,485) |
| **Result for continuing operations** | | **125,114** | **(27,678)** |
| Result from discontinued operation | | (143,561) | (61,868) |
| **Net result** | | **(18,447)** | **(89,546)** |
| Basic and diluted net result per share | | (0.41) | (1.99) |
| Basic and diluted net result per share continuing operations* | | 2.79 | (0.62) |

### Statement of Comprehensive Income

| | | |
|---|---|---|
| **Net result** | **(18,447)** | **(89,546)** |
| **Other comprehensive income:**<br>Adjustment of foreign currency fluctuations on subsidiaries | (47,919) | (35,993) |
| **Total comprehensive income** | **(66,366)** | **(125,539)** |

* The basic and diluted net result per share continuing operations for the third quarter of 2010 was DKK 2.79 and 2.78, respectively.

## Statement of Comprehensive Income for the 9 months ended September, 2010

### Income Statement

| | Note | 9 months ended September 30, 2010 DKK'000 | 9 months ended September 30, 2009 DKK'000 |
|---|---|---|---|
| **Revenues** | | **490,919** | **393,179** |
| Research and development costs | | (434,152) | (639,465) |
| General and administrative expenses | | (130,139) | (114,940) |
| **Operating expenses** | | **(564,291)** | **(754,405)** |
| **Operating result** | | **(73,372)** | **(361,226)** |
| Net financial items | | 26,085 | 140,820 |
| **Result for continuing operations before tax** | | **(47,287)** | **(220,406)** |
| Corporate tax | | (18,251) | (7,849) |
| **Result for continuing operations** | | **(65,538)** | **(228,255)** |
| Result from discontinued operation | 2 | (172,012) | (174,898) |
| **Net result** | | **(237,550)** | **(403,153)** |
| Basic and diluted net result per share | | (5.29) | (8.98) |
| Basic and diluted net result per share continuing operations | | (1.46) | (5.08) |

### Statement of Comprehensive Income

| | | | |
|---|---|---|---|
| **Net result** | | **(237,550)** | **(403,153)** |
| **Other comprehensive income:** | | | |
| Adjustment of foreign currency fluctuations on subsidiaries | | 30,720 | (36,220) |
| **Total comprehensive income** | | **(206,830)** | **(439,373)** |

## Balance Sheet - Assets

| | Note | September 30, 2010 DKK'000 | December 31, 2009 DKK'000 | September 30, 2009 DKK'000 |
|---|---|---|---|---|
| Goodwill | | - | - | 302,097 |
| **Total intangible assets** | | **-** | **-** | **302,097** |
| Land and buildings | | - | - | 665,436 |
| Leasehold improvements | | 8,958 | 12,581 | 13,879 |
| Manufacturing equipment | | - | - | 139,757 |
| Equipment, furniture and fixtures | | 39,813 | 46,999 | 60,136 |
| Assets under construction | | 600 | 600 | 6,329 |
| **Total tangible assets** | | **49,371** | **60,180** | **885,537** |
| Other securities and equity interests | | 468 | 468 | 466 |
| Deferred tax assets | | 11,439 | 4,634 | 218 |
| **Total financial assets** | | **11,907** | **5,102** | **684** |
| **Total non-current assets** | | **61,278** | **65,282** | **1,188,318** |
| Inventories | | - | - | 33,807 |
| Receivables | | 32,897 | 111,667 | 98,844 |
| Prepayments | | 5,776 | 9,763 | 8,570 |
| Marketable securities | 3 | 1,272,450 | 816,910 | 643,365 |
| Cash and cash equivalents | | 414,435 | 460,738 | 736,894 |
| | | **1,725,558** | **1,399,078** | **1,521,480** |
| Asset classified as held for sale | 2 | 671,410 | 757,174 | - |
| **Total current assets** | | **2,396,968** | **2,156,252** | **1,521,480** |
| **Total assets** | | **2,458,246** | **2,221,534** | **2,709,798** |

## Balance Sheet – Shareholders' Equity and Liabilities

| | Note | September 30, 2010 DKK'000 | December 31, 2009 DKK'000 | September 30, 2009 DKK'000 |
|---|---|---|---|---|
| Share capital | | 44,907 | 44,907 | 44,907 |
| Share premium | | 5,375,256 | 5,375,256 | 5,375,256 |
| Translation reserves | | 82,619 | 51,899 | 49,427 |
| Accumulated deficit | | (4,356,231) | (4,174,870) | (3,615,255) |
| **Shareholders' equity** | | **1,146,551** | **1,297,192** | **1,854,335** |
| Provisions | | 24,116 | 12,066 | - |
| Lease liability | | 13,383 | 17,938 | 19,651 |
| **Total non-current liabilities** | | **37,499** | **30,004** | **19,651** |
| Current portion of lease liability | | 6,268 | 7,004 | 7,291 |
| Accounts payable | | 34,460 | 44,808 | 39,476 |
| Deferred income | | 1,089,133 | 439,371 | 488,394 |
| Other liabilities | | 130,389 | 344,245 | 300,651 |
| | | **1,260,250** | **835,428** | **835,812** |
| Liabilities classified as held for sale | 2 | 13,946 | 58,910 | - |
| **Total current liabilities** | | **1,274,196** | **894,338** | **835,812** |
| **Total liabilities** | | **1,311,695** | **924,342** | **855,463** |
| **Total shareholders' equity and liabilities** | | **2,458,246** | **2,221,534** | **2,709,798** |
| Warrants | 4 | | | |
| Internal shareholders | 5 | | | |

## Statement of Cash Flows

| | Note | 9 months ended September 30, 2010 DKK'000 | 9 months ended September 30, 2009 DKK'000 |
|---|---|---|---|
| Result for continuing operations before tax | | (47,287) | (220,406) |
| Result for discontinued operation before tax | 2 | (172,012) | (174,898) |
| **Result before tax** | | **(219,299)** | **(395,304)** |
| Reversal of financial items, net | | (26,094) | (141,020) |
| Adjustments for non-cash transactions: | | | |
| Depreciation and amortization | | 16,484 | 70,779 |
| Impairment loss | | 130,137 | - |
| Net loss (gain) on sale of equipment | | (410) | (271) |
| Warrant compensation expenses | | 56,189 | 103,519 |
| Provisions | | 19,276 | - |
| Changes in current assets and liabilities: | | | |
| Inventory and receivables | | 44,796 | 50,239 |
| Prepayments | | 2,208 | (9) |
| Provisions paid | | (6,910) | - |
| Deferred income | | 649,762 | (162,798) |
| Accounts payable and other liabilities | | (260,443) | (46,463) |
| **Cash flow from operating activities before financial items** | | **405,696** | **(521,328)** |
| Financial receivables | | 15,927 | 44,379 |
| Corporate taxes paid | | (11,693) | (832) |
| **Cash flow from operating activities** | | **409,930** | **(477,781)** |
| Purchase of intangible and tangible assets | | (6,117) | (13,728) |
| Sale of tangible assets | | 1,391 | 363 |
| Marketable securities bought | 3 | (1,212,126) | (261,387) |
| Marketable securities sold | | 765,792 | 1,424,961 |
| **Cash flow from investing activities** | | **(451,060)** | **1,150,209** |
| Warrants exercised | | - | 1,647 |
| Costs related to issuance of shares | | - | (20) |
| Paid installments on lease liabilities | | (5,291) | (6,270) |
| **Cash flow from financing activities** | | **(5,291)** | **(4,643)** |
| **Change in cash and cash equivalents** | | **(46,421)** | **667,785** |
| Cash and cash equivalents at the beginning of the period | | 464,446 | 70,013 |
| Exchange rate adjustments | | 3,851 | (904) |
| **Cash and cash equivalents at the end of the period** | | **421,876** | **736,894** |
| **Cash and cash equivalents include:** | | | |
| Bank deposits and petty cash | | 278,087 | 736,894 |
| Short-term marketable securities | | 136,348 | - |
| Cash and cash equivalents classified as assets held for sale | 2 | 7,441 | - |
| | | **421,876** | **736,894** |
| **Supplementary information to the statement of cash flows** | | | |
| **Total cash position include:** | | | |
| Cash and cash equivalents cf. above | | 421,876 | 736,894 |
| Marketable securities | 3 | 1,272,450 | 643,365 |
| | | **1,694,326** | **1,380,259** |

## Statement of Changes in Equity

| | Number of shares | Share capital DKK'000 | Share premium DKK'000 | Translation reserves DKK'000 | Accumulated deficit DKK'000 | Shareholders' equity DKK'000 |
|---|---|---|---|---|---|---|
| **December 31, 2008** | **44,888,829** | **44,889** | **5,373,647** | **85,647** | **(3,315,621)** | **2,188,562** |
| Total comprehensive income | | | | (36,220) | (403,153) | (439,373) |
| **Transactions with owners:** | | | | | | |
| Exercise of warrants | 18,313 | 18 | 1,629 | | | 1,647 |
| Expenses related to capital increases | | | (20) | | | (20) |
| Warrant compensation expenses | | | | | 103,519 | 103,519 |
| **September 30, 2009** | **44,907,142** | **44,907** | **5,375,256** | **49,427** | **(3,615,255)** | **1,854,335** |
| Total comprehensive income | | | | 2,472 | (607,607) | (605,135) |
| **Transactions with owners:** | | | | | | |
| Warrant compensation expenses | | | | | 47,992 | 47,992 |
| **December 31, 2009** | **44,907,142** | **44,907** | **5,375,256** | **51,899** | **(4,174,870)** | **1,297,192** |
| Total comprehensive income | | | | 30,720 | (237,550) | (206,830) |
| **Transactions with owners:** | | | | | | |
| Warrant compensation expenses | | | | | 56,189 | 56,189 |
| **September 30, 2010** | **44,907,142** | **44,907** | **5,375,256** | **82,619** | **(4,356,231)** | **1,146,551** |

## Notes to the Financial Statements

### Note 1 – Accounting Policies

**Basis of Presentation**
The interim report is prepared in accordance with International Accounting Standard No. 34 (IAS 34), "*Interim Financial Reporting*" and additional Danish disclosure requirements for interim reports of listed companies. The interim report has not been reviewed or audited by Genmab's external auditors.

**Accounting Policies**
As mentioned in the 2009 annual report, the International Accounting Standards Board (IASB) has issued and updated, and the EU has endorsed, a number of new and existing standards. Effective from January 1, 2010, Genmab has applied the following standards and interpretations with relevance for Genmab:

- IFRS 3, "*Business Combinations*" and related revisions to IAS 27, "*Consolidated and Separate Financial Statements*"
- IASB's Annual Improvements to IFRSs (issued by IASB in April 2009) which among others include amendments of IFRS 2, 5, 8, IAS 7, 18, 36, 38 and IFRIC 16
- Amendments to IFRS 2, "*Share-based Payment*"

The implementation of the standards and interpretations did not have any material impact on the financial position and performance of the group.

Except for the above mentioned implementation of new standards and interpretations, the interim financial report has been prepared using the same accounting policies as outlined in note 26 in the annual report for 2009.

**Management Judgments and Estimates under IFRS**
In preparing interim reports under IFRS, certain provisions under IFRS require management to make judgments (various accounting estimates and assumptions) which may significantly impact the group's financial statements. The most significant judgments include, among other things, revenue recognition, antibody clinical trial material produced or purchased for the use in clinical trials, the fair value less cost to sell related to our manufacturing facility and recognition of internally generated intangible assets. For additional descriptions of significant judgments and estimates, please refer to note 1 in the annual report for 2009.

As mentioned under the Financial Review section in this interim report, the amortization period for deferred income was revised as of July 1, 2010 due the amended GSK agreement and the fair value less costs to sell of our manufacturing facility was reduced in September.

## Note 2 – Discontinued Operation

In November 2009, we announced a reorganization plan to build a sustainable business with the objective of matching resources to workload now and in the future. As part of this strategy, Genmab intends to sell its manufacturing facility located in Brooklyn Park, Minnesota, USA. Please refer to notes 8 and 21 in the annual report for 2009 for further details about the discontinued operation or view further details at http://genmab-facility.com/.

As a result of the planned disposal, the facility's assets are measured at the lower of the carrying amount and fair value less cost to sell. We had previously estimated the fair value of the facility to be approximately USD 150 million less sales related costs of approximately USD 5 million, resulting in a fair value less cost to sell of approximately USD 145 million, which resulted in a non-cash impairment charge of approximately DKK 419 million. The impairment was recognized in the fourth quarter of 2009.

In September, a non-cash impairment charge of approximately DKK 130 million was recognized as a result of changed market conditions. The fair value less cost to sell has been reduced from approximately USD 145 million to USD 120 million as of September 30, 2010. Sales related costs are still estimated to approximately USD 5 million. Please refer to the Manufacturing section in this interim report for further details.

## Note 2 – Discontinued Operation (continued)

| | September 30, 2010 DKK'000 | December 31, 2009 DKK'000 (full year) | September 30, 2009 DKK'000 |
|---|---|---|---|
| **Result of discontinued operation** | | | |
| Revenues | 376 | 42,164 | 41,797 |
| Expenses | (42,260) | (286,316) | (216,895) |
| | **(41,884)** | **(244,152)** | **(175,098)** |
| Impairments to fair value less cost to sell | (130,137) | (418,910) | - |
| **Result from operating activities** | **(172,021)** | **(663,062)** | **(175,098)** |
| Financial income, net | 9 | 228 | 200 |
| **Net result before tax** | **(172,012)** | **(662,834)** | **(174,898)** |
| Corporate tax | - | (28) | - |
| **Total result for the period** | **(172,012)** | **(662,862)** | **(174,898)** |
| Basic and diluted result per share discontinued operation | (3.83) | (14.76) | (3.90) |
| **Cash flows from (used in) discontinued operation** | | | |
| Net cash used in operating activities | (91,734) | (146,767) | (123,372) |
| Net cash used in investing activities | - | (7,039) | (6,557) |
| **Net cash used in discontinued operation** | **(91,734)** | **(153,806)** | **(129,929)** |
| **Assets and liabilities classified as held for sale** | | | |
| Tangible assets | 655,212 | 746,514 | - |
| Receivables and prepayments | 8,757 | 6,952 | - |
| Cash and cash equivalents | 7,441 | 3,708 | - |
| **Assets** | **671,410** | **757,174** | **-** |
| Provisions | (3,782) | (5,060) | - |
| Trade payables/Other liabilities | (10,164) | (53,850) | - |
| **Liabilities** | **(13,946)** | **(58,910)** | **-** |
| **Net assets in discontinued operation** | **657,464** | **698,264** | **-** |

The net cash used in the operating activities in the first nine months of 2010 is mainly related to the settlement of liabilities from the re-organization plan.

## Note 3 – Marketable Securities

| | September 30, 2010<br>DKK'000 | December 31, 2009<br>DKK'000<br>(full year) | September 30, 2009<br>DKK'000 |
|---|---|---|---|
| Cost at the beginning of the period | 847,726 | 1,915,108 | 1,915,108 |
| Additions for the period | 1,212,126 | 482,764 | 261,387 |
| Disposals for the period | (791,363) | (1,550,146) | (1,499,219) |
| **Cost at the end of the period** | **1,268,489** | **847,726** | **677,276** |
| Fair value adjustment at the beginning of the period | (30,816) | (223,109) | (223,109) |
| Fair value adjustment for the period | 34,777 | 192,293 | 189,198 |
| **Fair value adjustment at the end of the period** | **3,961** | **(30,816)** | **(33,911)** |
| **Net book value at the end of the period** | **1,272,450** | **816,910** | **643,365** |
| **Net book value in percentage of cost** | **100%** | **96%** | **95%** |

In accordance with the group's risk management guidelines, Genmab's marketable securities are administrated by two external Danish investment managers, who solely invest in securities from investment grade issuers.

As of September 30, 2010, Genmab has only invested its cash in deposits with major Danish financial institutions, Danish mortgage bonds and notes issued by Danish and European governments.

The weighted average effective duration has been reduced from 1.8 as of December 31, 2009, to 0.8 as of September 30, 2010.

As of September 30, 2010, the fair value adjustments (unrealized gains) amounted to DKK 4 million which reflected index 100 of the total cost of the marketable securities compared to index 96 as of December 31, 2009. The improvement is driven by the continuing improved fair market valuation of the marketable securities during 2010, the disposal of our Euro-denominated securities in June and the disposal of an investment held in Lehman Brothers in July 2010. The Lehman bond was written down to zero in 2008 resulting in a write-down of DKK 33 million.

To the extent that we are able to hold our marketable securities to maturity and there are no defaults, they will mature at par, which will reverse any unrealized amounts. If the uncertainties in the credit and capital markets continue or the ratings on our securities are downgraded, we may incur further unrealized losses or conclude that the decline in value is other than temporary and then incur realized losses.

## Note 4 – Warrants

**Warrant Program**
Genmab A/S has established warrant programs as an incentive for all the group's employees, including those in our subsidiaries, members of the board of directors and members of the executive management.

**Warrants Granted from August 2004**
Under the most recent warrant program, effective from August 2004, warrants can be exercised starting from one year after the grant date. As a general rule, the warrant holder may only exercise 25% of the warrants granted per full year of employment or affiliation with Genmab after the grant date.

However, the warrant holder will be entitled to exercise all warrants in instances where the employment or consultancy relationship is terminated by Genmab without cause. All warrants lapse at the tenth anniversary of the grant date.

**Warrant Activity**
The warrant activity in the first nine months of 2010 and 2009 is outlined below.

No exercise of warrants was carried out during the first nine months of 2010.

| | September 30, 2010 | September 30, 2009 |
|---|---|---|
| Outstanding warrants at January 1 | 5,436,883 | 4,976,975 |
| Granted | 402,000 | 407,450 |
| Exercised | - | (18,313) |
| Expired/lapsed | (53,693) | (102,954) |
| **Outstanding warrants at September 30** | **5,785,190** | **5,263,158** |
| Weighted average exercise price | (DKK 214.64) | (DKK 231.46) |

The total warrant compensation expenses for the first nine months of 2010 totalled DKK 56 million compared to DKK 104 million in the corresponding period for 2009.

The decreasing level of warrant compensation expenses is partly caused by the decreasing number of employees and partly by the lower average share price, which has impacted the fair value at the grant date of each warrant. The 2010 expense included warrant expenses of DKK 18 million related to the departure of Genmab's former CEO in June 2010.

The group accounts for share-based compensation by recognizing compensation expenses related to warrants granted to employees and board members in the income statement. Such compensation expenses represent calculated values of warrants granted and do not represent actual cash expenditures.

## Note 5 - Internal Shareholders

The table below sets forth certain information regarding the beneficial ownership of the issued share capital and the outstanding warrants held by the members of the board of directors and the executive management as of September 30, 2010.

In June, we announced that three Genmab employees were elected to the company's Board of Directors.

In addition, we announced that Lisa N. Drakeman retired from her position as Chief Executive Officer and as a member of the board of directors of Genmab. Therefore, her outstanding shares and warrants are not included in the list of outstanding shares and warrants as of September 30, 2010. The reclassification of her shares and warrants are shown in the table below in the transfer column.

Other than the remuneration to the board of directors and the executive management and the transactions detailed in the tables below, no other significant transactions took place during the first nine months of 2010.

| Number of ordinary shares owned | December 31, 2009 | Acquired | Sold | Transfers | September 30, 2010 |
|---|---|---|---|---|---|
| **Board of Directors** | | | | | |
| Lisa N. Drakeman | 361,040 | - | - | (361,040) | - |
| Michael Widmer | - | - | - | - | - |
| Karsten Havkrog Pedersen | - | - | - | - | - |
| Anders Gersel Pedersen | - | - | - | - | - |
| Burton G. Malkiel | - | - | - | - | - |
| Hans Henrik Munch-Jensen | 300 | - | - | - | 300 |
| Daniel Bruno | - | - | - | - | - |
| Tom Vink | - | - | - | - | - |
| Nedjad Losic | - | - | - | 800 | 800 |
| | **361,340** | **-** | **-** | **(360,240)** | **1,100** |
| **Executive Management** | | | | | |
| Lisa N. Drakeman, see above | - | - | - | - | - |
| Jan van de Winkel | 120,000 | - | - | - | 120,000 |
| David A. Eatwell | - | - | - | - | - |
| | **120,000** | **-** | **-** | **-** | **120,000** |
| **Total** | **481,340** | **-** | **-** | **(360,240)** | **121,100** |

## Note 5 - Internal Shareholders (continued)

| Number of warrants held | December 31, 2009 | Granted | Exercised | Transfers | September 30, 2010 |
|---|---|---|---|---|---|
| **Board of Directors** | | | | | |
| Lisa N. Drakeman | 1,085,000 | 120,000 | - | (1,205,000) | - |
| Michael Widmer | 144,000 | 15,000 | - | - | 159,000 |
| Karsten Havkrog Pedersen | 72,000 | 7,500 | - | - | 79,500 |
| Anders Gersel Pedersen | 72,000 | 7,500 | - | - | 79,500 |
| Burton G. Malkiel | 62,000 | 7,500 | - | - | 69,500 |
| Hans Henrik Munch-Jensen | 62,000 | 7,500 | - | - | 69,500 |
| Daniel Bruno | - | 7,500 | - | 11,000 | 18,500 |
| Tom Vink | - | 7,500 | - | 2,925 | 10,425 |
| Nedjad Losic | - | 7,500 | - | 6,250 | 13,750 |
| | **1,497,000** | **187,500** | **-** | **(1,184,825)** | **499,675** |
| **Executive Management** | | | | | |
| Lisa N. Drakeman, see above | - | - | - | - | - |
| Jan van de Winkel | 590,000 | 70,000 | - | - | 660,000 |
| David A. Eatwell | 175,000 | 70,000 | - | - | 245,000 |
| | **765,000** | **140,000** | **-** | **-** | **905,000** |
| **Total** | **2,262,000** | **327,500** | **-** | **(1,184,825)** | **1,404,675** |

## Directors' and Management's Statement on the Interim Report

The board of directors and the executive management have today considered and adopted the unaudited interim report of the Genmab group for the nine months ended September 30, 2010.

The interim report is prepared in accordance with International Accounting Standard No. 34 (IAS 34), "*Interim Financial Reporting*", as endorsed by the EU and additional Danish disclosure requirements for interim reports of listed companies.

We consider the applied accounting policies to be appropriate and, in our opinion, the interim report gives a true and fair view of the assets and liabilities, financial position, results of operation and cash flows of the group.

Furthermore, we consider the Directors' Report, pages 1-24, to give a true and fair view of the development in the group's activities and financial affairs, results of operations and the group's financial position as a whole as well as a description of the significant risks and uncertainties which the group faces.

Copenhagen, November 9, 2010

### Executive Management

| | |
|---|---|
| Jan van de Winkel<br>(President & CEO) | David A. Eatwell<br>(Executive Vice President & CFO) |

### Board of Directors

| | | |
|---|---|---|
| Michael B. Widmer<br>(Chairman) | Anders Gersel Pedersen<br>(Deputy Chairman) | Karsten Havkrog Pedersen |
| Burton G. Malkiel | Hans Henrik Munch-Jensen | Tom Vink<br>(Employee representative) |
| Daniel J. Bruno<br>(Employee representative) | Nedjad Losic<br>(Employee representative) | |

## Conversion of certain DKK amounts into USD – Supplementary information

Solely for the convenience of the reader, the interim report contains a conversion of certain DKK amounts into US Dollars (USD) at a specified rate. The conversions are outlined below and are related to the financial statements (condensed).

These converted amounts should not be construed as representations that the DKK amounts actually represent such USD amounts or could be converted into USD at the rate indicated or at any other rate. The conversion is regarded as supplementary information to the interim report.

Unless otherwise indicated, conversion herein of financial information into USD has been made using the Danish Central Bank closing spot rate on September 30, 2010, which was USD 1.00 = DKK 5.4601.

### Key figures in USD

| | 3rd quarter of 2010 | 3rd quarter of 2009 | 9 months ended September 30, 2010 | 9 months ended September 30, 2009 | Full year 2009 |
|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| **Income Statement** | | | | | |
| Revenues | 39,303 | 12,642 | 89,910 | 72,009 | 107,338 |
| Research and development costs | (3,826) | (32,405) | (79,514) | (117,116) | (171,308) |
| General and administrative expenses | (4,903) | (7,388) | (23,835) | (21,051) | (27,243) |
| Operating loss | 30,574 | (27,150) | (13,439) | (66,158) | (91,213) |
| Net financial items | (7,203) | 22,536 | 4,777 | 25,791 | 28,579 |
| Net result for continuing operations | 22,914 | (5,069) | (12,005) | (41,805) | (63,716) |
| **Balance Sheet** | | | | | |
| Cash and marketable securities* | 310,310 | 252,790 | 310,310 | 252,790 | 234,676 |
| Non-current assets | 11,223 | 217,636 | 11,223 | 217,636 | 11,956 |
| Assets | 450,220 | 496,291 | 450,220 | 496,291 | 406,866 |
| Shareholders' equity | 209,987 | 339,616 | 209,987 | 339,616 | 237,577 |
| Share capital | 8,225 | 8,225 | 8,225 | 8,225 | 8,225 |
| Investments in intangible and tangible assets | 549 | 751 | 1,120 | 2,514 | 3,073 |
| **Cash Flow Statement** | | | | | |
| Cash flow from operating activities | 141,728 | (36,291) | 75,078 | (87,504) | (104,405) |
| Cash flow from investing activities | (144,897) | 132,711 | (82,610) | 210,657 | 178,518 |
| Cash flow from financing activities | (310) | (372) | (969) | (850) | (1,217) |
| Cash and cash equivalents* | 77,266 | 134,960 | 77,266 | 134,960 | 85,062 |
| Cash burn | 139,804 | (17,213) | 75,634 | (69,917) | (88,031) |
| **Financial Ratios** | | | | | |
| Basic and diluted net result per share | (0.08) | (0.37) | (0.97) | (1.64) | (4.12) |
| Basic and diluted result loss per share continuing operations** | 0.51 | (0.11) | (0.27) | (0.93) | (1.42) |
| Period-end share market price | 11.28 | 24.36 | 11.28 | 24.36 | 15.02 |
| Price/book value | 2.41 | 3.22 | 2.41 | 3.22 | 2.84 |
| Shareholders' equity per share | 4.68 | 7.56 | 4.68 | 7.56 | 5.29 |
| Equity ratio | 47% | 68% | 47% | 68% | 58% |
| Average number of employees | 212 | 524 | 241 | 530 | 505 |
| Number of employees at the end of the period | 210 | 520 | 210 | 520 | 309 |

* In the first nine months of 2010 and full year of 2009, cash and marketable securities included USD 1 million and USD 1 million, respectively, in cash and cash equivalents which has been transferred to assets held for sale.

** The basic and diluted net result per share continuing operations for the third quarter of 2010 was USD 0.51 and 0.51, respectively.

## Conversion of certain DKK amounts into USD – Supplementary information

### Income Statement in USD

| | 9 months ended September 30, 2010 USD'000 | 9 months ended September 30, 2009 USD'000 |
|---|---|---|
| **Revenues** | **89,910** | **72,009** |
| Research and development costs | (79,514) | (117,116) |
| General and administrative expenses | (23,835) | (21,051) |
| **Operating expenses** | **(103,349)** | **(138,167)** |
| **Operating result** | **(13,439)** | **(66,158)** |
| Net financial items | 4,777 | 25,791 |
| **Result for continuing operations before tax** | **(8,662)** | **(40,367)** |
| Corporate tax | (3,343) | (1,438) |
| **Net result for continuing operations** | **(12,005)** | **(41,805)** |
| Loss from discontinued operation | (31,503) | (32,032) |
| **Net result** | **(43,508)** | **(73,837)** |
| Basic and diluted net result per share | (0.97) | (1.64) |
| Basic and diluted net result per share continuing operations | (0.27) | (0.93) |

### Statement of Comprehensive Income in USD

| | | |
|---|---|---|
| **Net result** | **(43,508)** | **(73,837)** |
| **Other comprehensive income:** | | |
| Adjustment of foreign currency fluctuations on subsidiaries | 5,626 | (6,634) |
| **Total comprehensive income** | **(37,882)** | **(80,471)** |

## Conversion of certain DKK amounts into USD – Supplementary information

### Condensed Balance Sheet in USD

| | September 30, 2010 | December 31, 2009 | September 30, 2009 |
|---|---|---|---|
| | USD'000 | USD'000 | USD'000 |
| Total intangible assets | - | - | 55,328 |
| Total tangible assets | 9,042 | 11,022 | 162,183 |
| Total financial assets | 2,181 | 934 | 125 |
| **Total non-current assets** | **11,223** | **11,956** | **217,636** |
| Inventories | - | - | 6,192 |
| Receivables | 6,025 | 20,451 | 18,103 |
| Prepayments | 1,058 | 1,788 | 1,570 |
| Marketable securities | 233,045 | 149,614 | 117,830 |
| Cash and cash equivalents | 75,902 | 84,383 | 134,960 |
| | **316,030** | **256,236** | **278,655** |
| Asset classified as held for sale | 122,967 | 138,674 | - |
| **Total current assets** | **438,997** | **394,910** | **278,655** |
| **Total assets** | **450,220** | **406,866** | **496,291** |
| **Shareholders' equity** | **209,987** | **237,577** | **339,616** |
| **Total non-current liabilities** | **6,868** | **5,495** | **3,599** |
| Current liabilities | 230,811 | 153,005 | 153,076 |
| Liabilities classified as held for sale | 2,554 | 10,789 | - |
| **Total current liabilities** | **233,365** | **163,794** | **153,076** |
| **Total liabilities** | **240,233** | **169,289** | **156,675** |
| **Total shareholders' equity and liabilities** | **450,220** | **406,866** | **496,291** |

## Conversion of certain DKK amounts into USD – Supplementary information

### Condensed Cash Flow Statement in USD

| | 9 months ended September 30, 2010 USD'000 | 9 months ended September 30, 2009 USD'000 |
|---|---|---|
| Result for continuing operations before tax | (8,662) | (40,367) |
| Result for discontinued operation before tax | (31,503) | (32,032) |
| **Result before tax** | **(40,165)** | **(72,399)** |
| Reversal of financial items, net | (4,779) | (25,827) |
| Adjustments for non-cash transactions | 40,600 | 31,872 |
| Changes in current assets and liabilities | 78,647 | (29,126) |
| **Cash flow from operating activities before financial items** | **74,303** | **(95,480)** |
| Financial receivables | 2,917 | 8,128 |
| Corporate taxes paid | (2,142) | (152) |
| **Cash flow from operating activities** | **75,078** | **(87,504)** |
| Purchase of intangible and tangible assets | (1,120) | (2,514) |
| Sale of tangible assets | 255 | 66 |
| Marketable securities bought | (221,997) | (47,872) |
| Marketable securities sold | 140,252 | 260,977 |
| **Cash flow from investing activities** | **(82,610)** | **210,657** |
| Warrants exercised | - | 302 |
| Costs related to issuance of shares | - | (4) |
| Paid installments on lease liabilities | (969) | (1,148) |
| **Cash flow from financing actitivies** | **(969)** | **(850)** |
| **Change in cash and cash equivalents** | **(8,501)** | **122,303** |
| Cash and cash equivalents at the beginning of the period | 85,062 | 12,823 |
| Exchange rate adjustments | 705 | (166) |
| **Cash and cash equivalents at the end of the period** | **77,266** | **134,960** |