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**Interim Report
3rd Quarter 2002**

**Solely for the purpose of filing with the Copenhagen Stock Exchange
(14 October 2002)**

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Dear Shareholder,

During the first nine months of 2002, Genmab reported a Net Loss of DKK 276.6 million (USD 36.7 million). In 2001 the Net Loss for the first nine months was DKK 79.5 million (USD 10.6 million). At the end of the period, Genmab had cash and cash equivalents of DKK 1,466 million (USD 194.7 million), equal to DKK 64.5 (USD 8.6) per share.

Due primarily to increased activities within research and development, and our clinical trials the Operating Loss increased to DKK 314.7 million (USD 41.8 million) for the first nine months of 2002 compared to DKK 157.8 million (USD 20.9 million) in the corresponding period of 2001.

The Net Financial Income diminished by DKK 39.7 million (USD 5.3 million) in the first nine months of 2002 to DKK 38.5 million (USD 5.1 million) compared to DKK 78.2 million (USD 10.4 million) in the first nine months of year 2001 primarily due to foreign currency fluctuations and lower interest rates.

The Net Loss per share amounts to DKK 12.48 (USD 1.66) in the first nine months of 2002 compared to DKK 3.65 (USD 0.48) in the same period of 2001.

As previously announced, the wind down of the HuMax-CD4 RA development program as well as increasing cost control efforts will lead to cost savings of approximately DKK 30 to 35 million in 2002. Wind down expenses will be partly offset in these savings, causing us to adjust our full year expectation to an increase in Operating Loss before Financial Items of less than 100% compared to 2001. Previously, we were expecting an increase in Operating Loss before Financial Items of more than 100%.

Highlights

Following a major expansion of the antibody collaboration with Roche and the establishment of a number of new partnerships in the first half of 2002, Genmab has had a number of achievements in the third quarter of 2002, including:

- Establishing a new antibody development partnership with JARI Pharmaceuticals to treat inflammatory diseases.
- Announcing a new collaboration with Semaia Pharmaceuticals to collaborate on developing antibodies against cancer.
- Obtaining FDA's approval of our IND application for investigation of HuMax-CD4 in psoriasis in a Phase IIB study.
- Presenting positive results from our HuMax-IL15 Phase I/II study for rheumatoid arthritis. A Phase II study with HuMax-IL15 is expected to begin before the end of the year.
- Announcing that HuMax-CD4 is safe and well tolerated, but not effective in combination with Methotrexate in a Phase II RA study and deciding to wind down the RA development program with HuMax-CD4.
- Appointment of Dr. Jørgen Petersen as Medical Director.

Due to increased research and development and business activities, the Company's Operating Loss before Financial Items for the nine month period ended 30 September, 2002, has increased compared to the same period in 2001.

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As previously expected, the Company anticipates an increase in Operating Loss before Financial Items for the remaining part of the year due to increased expenses for clinical trials and the expansion of the Company's pre-clinical portfolio.

The wind down of the HuMax-CD4 RA development program as well as increasing cost control efforts will lead to cost savings of approximately DKK 30 to 35 million in 2002. Wind down expenses will be partly offset in these savings, causing us to adjust our full year expectation to an increase in Operating Loss before Financial Items of less than 100% compared to 2001. Previously, we were expecting an increase in Operating Loss before Financial Items of more than 100%.

For 2003 the increased cost control and the wind down of the HuMax-CD4 RA development program will lead to savings of approximately DKK 250 million (USD 33 million) compared to previous estimates on future operations.

Financial Review

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

Unless otherwise indicated, translations herein of financial information into USD have been made using the Danish Central Bank's spot rate on 30 September 2002, which was USD 1.00 = DKK 7.5329. On 11 October 2002 the Danish Central Bank spot rate was USD 1.00 = DKK 7.5371.

Accounting Policies

The financial reporting of Genmab for the Copenhagen Stock Exchange is based on current Danish Generally Accepted Accounting Principles and the Danish Company Accounts Act of 2001, which became operative for financial years beginning on or after 1 January 2002. The implementation of the Danish Company Accounts Act of 2001 has resulted in certain adjustments to the Company's accounting policies. These adjustments have had no impact on the Statement of Operations and Shareholders Equity and have only a minor impact on the layout of the Balance Sheet. The comparative figures are adjusted in accordance with the change described above.

While in the process of delisting from the Neuer Markt, Genmab shares are currently traded at the Geregelter Markt and, accordingly, Genmab is filing the financial statements with the German Stock Exchange in accordance with US Generally Accepted Accounting Principles (US GAAP). Therefore, along with the issuance of this Interim Report, the Company has simultaneously filed an Interim Report with the German Stock Exchange prepared in accordance with US GAAP.

Solely for the convenience of the reader, a reconciliation between Danish Generally Accepted Accounting Principles and US GAAP has been prepared in note 6.

Accounting for warrants

When accounting for warrants the Company applies the intrinsic value method for warrants granted to employees and the Black Scholes pricing model for warrants granted to non-employee consultants. The structure of the Company's warrant scheme requires the expensing of the value of warrants over the expected life of the warrants, using the accelerated method with recalculation of the value of warrants at each balance sheet date. Volatile share prices can lead to fluctuating and unpredictable valuations of the

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outstanding warrants. Changing share prices can have extensive influence on the Company's Statement of Operations. The expensed charge of these technical valuations will not affect the Company's cash position or cash flows in any period. No charges regarding warrants were expensed during the third quarter, leaving a total expensed charge of DKK 5.3 million (USD 0.7 million) related to the first six months of 2002.

Net Loss

The Company's nine month Net Loss increased by DKK 197.2 million (USD 26.1 million) to DKK 276.7 million (USD 36.7 million) compared to DKK 79.5 million (USD 10.6 million) in the same period of the previous year.

The third quarter Net Loss increased by DKK 41.0 million (USD 5.4 million) to DKK 91.1 million (USD 12.1 million) in 2002.

Operating Loss

The nine month Operating Loss increased to DKK 314.7 million (USD 41.8 million) from DKK 157.8 million (USD 20.9 million) in the same period of the previous year.

The year to date Operating Loss is in accordance with our expectations.

For the third quarter, the increased rate of expenditure of DKK 43.5 million (USD 5.8 million) reflects the increased R&D expenses of DKK 39.7 million (USD 5.3 million) as well as increased G&A expenses of DKK 3.8 million (USD 0.5 million) compared to the corresponding period in 2001.

The research and development costs of the third quarter of 2002 activities of DKK 91.3 million (USD 12.1 million) is slightly higher than the second quarter of this year. This reflects the additional costs associated with the expansion of the business including expanded pre-clinical activities and a higher number of employees.

The General and Administrative expenses of the third quarter of 2002 activities of DKK 19.9 million (USD 2.6 million) equals the level of the second quarter of the year.

Total personnel costs for all employees amounted to DKK 67.5 million (USD 9.0 million) for the year to date. On 30 September 2002 the Company employed 189 people compared to 90 on 30 September 2001. Of the 189 employees in 2002, 157 worked in R&D and 32 in G&A.

Financial Income

Net financial items for the first nine months of 2002 decreased by DKK 39.7 million (USD 5.3 million) to DKK 38.5 million (USD 5.1 million) compared to the same period of the previous year.

This decrease reflects a significant drop in the USD exchange rate and lower interest rates. However, the Net Financial Income in the first nine months of 2001 benefited from a slightly increasing USD rate.

Liquidity/Cash flow

As of 30 September 2002 the balance reflects cash, cash equivalents and short-term marketable securities of DKK 1,466 million (USD 194.7 million) compared to DKK 1,652 million (USD 219.4 million) at 30 September 2001. As of 31 December 2001, the total funds equaled DKK 1,599 million (USD 212.3 million). Total cash, cash equivalents and short-term marketable securities equal 86 % of the Total Assets as of 30 September 2002. The negative cash flow from operations after financial items equals DKK 220.1 million (USD 29.2 million) for the first three quarters of 2002 and DKK 108.3 million (USD 14.4 million) for the first three quarters of 2001.

The negative cash flow from operations for the first nine months is in line with our expectations and we maintain our full year expectation to a negative cash flow from

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operations of approx. DKK 290 million (USD 38.5 million).

Cash, cash equivalents and short-term marketable securities have benefited from the subscription of 880,100 new shares at a price of DKK 180 per share by Roche in June 2002. Net cash flow from all financing activities equaled DKK 156.9 million (USD 20.8 million) for the nine month period ended 30 September 2002.

Balance Sheet

As of 30 September 2002 Total Assets were DKK 1,703 million (USD 226.1 million) compared to DKK 1,872 million (USD 248.5 million) at 30 September 2001.

The increase in Total Liabilities by DKK 23.5 million (USD 3.1 million) to DKK 103.7 million (USD 13.8 million) mainly reflects the ongoing construction of new laboratories in Utrecht. On 30 September 2002 the Company's equity ratio was 93.9% compared to 95.7% on 30 September 2001.

Warrant program

In 2000 the shareholders authorised the Board of Directors to establish a warrant program and issue warrants for the subscription of new shares. The idea with the warrant program is to reward and provide an incentive for all company employees, members of the Board of Directors and the Executive Management as well as external consultants. Warrants granted since the public offering of the company has been carried out at pre-scheduled ordinary board meeting. All warrants granted since 1 January, 2001 have been granted with an exercise price equal to the closing price of the shares on the Copenhagen Stock Exchange at the day of the

meeting in question. The ordinary Board meeting of the third quarter was held at 26 September, 2002 and 316,425 of the total granted warrants were granted to new employees starting since the last ordinary Board meeting in June 2002 or to employees having being promoted since the last ordinary Board meeting. Therefore, the company had a contractual obligation to grant these warrants. In addition to the ordinary grant of warrants, additional warrants were granted to existing employees, who received 500 warrants each. The supplemental grant of 500 warrants to existing employees was decided on the basis of a number of employees requesting permission to buy shares in the open market in accordance with Genmab's internal rules for insider trading. The Board decided, however, that no employee – despite not having any insider information – were allowed to buy shares in the open market. The reason being that it could not be excluded that such trading would be subject to public critique despite the fact that such trading would be fully legal. This warrant grant has the long term objective to maintain the existing employees so the business of the company will not be harmed. Please refer to note 3 for further details on the warrant program.

Internal Shareholders

As of 1 October, 2002 Genmab will on a daily basis report trading by insiders with the Copenhagen Stock Exchange in case of net change of holdings by more than DKK 50,000. Furthermore at each expiry of the internal trading windows for insiders Genmab will report the combined holding of insiders as well as related parties to the Copenhagen Stock Exchange.

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Key Figures

	3rd quarter of 2002	3rd quarter of 2001	9 months ended 30 Sept. 2002	9 months ended 30 Sept. 2001	12 months ended 31 Dec. 2001	3rd quarter of 2002	3rd quarter of 2001	9 months ended 30 Sept. 2002	9 months ended 30 Sept. 2001	12 months ended 31 Dec. 2001
	DKKt	DKKt	DKKt	DKKt	DKKt	USDt	USDt	USDt	USDt	USDt
Statement of Operations										
Operating loss	(111,213)	(67,694)	(314,670)	(157,757)	(250,599)	(14,764)	(8,986)	(41,773)	(20,942)	(33,267)
Net financial items	20,142	17,548	38,497	78,228	81,886	2,674	2,330	5,111	10,385	10,870
Net loss	(91,090)	(50,146)	(276,660)	(79,529)	(168,717)	(12,092)	(6,657)	(36,727)	(10,558)	(22,397)
Balance sheets										
Total assets	1,703,247	1,872,204	1,703,247	1,872,204	1,811,633	226,108	248,537	226,108	248,537	240,496
Shareholders' equity	1,599,514	1,792,018	1,599,514	1,792,018	1,711,930	212,337	237,892	212,337	237,892	227,260
Net cash and short term marketable securities	1,466,289	1,652,456	1,466,289	1,652,456	1,599,234	194,651	219,365	194,651	219,365	212,300
Financial Ratios										
Net loss per share	(4.0)	(2.3)	(12.5)	(3.7)	(7.7)	(0.5)	(0.3)	(1.7)	(0.5)	(1.0)
Shareholders' equity per share	70.4	82.2	70.4	82.2	78.5	9.3	10.9	9.3	10.9	10.4
Number of employees										
Average number of employees in the period	175	79	150	63	70	175	79	150	63	70
Number of employees at the end of the period	189	90	189	90	111	189	90	189	90	111

Copenhagen, 14 October 2002

Michael Wolff Jensen
Chief Financial Officer

Additional information: Michael Wolff Jensen, CFO, telephone + 45 70 20 27 28

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

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Statements of Operations for the Third Quarter ended 30 September 2002

	Note	3rd quarter of 2002 DKK	3rd quarter of 2001 DKK	3rd quarter of 2002 USD	3rd quarter of 2001 USD
Research and development costs	1	(91,328,697)	(51,655,773)	(12,123,975)	(6,857,356)
General and administrative expenses	1	<u>(19,884,728)</u>	<u>(16,037,849)</u>	<u>(2,639,718)</u>	<u>(2,129,040)</u>
Operating loss		(111,213,425)	(67,693,622)	(14,763,693)	(8,986,396)
Financial income		40,570,876	33,444,823	5,385,824	4,439,834
Financial expenses		<u>(20,428,568)</u>	<u>(15,897,191)</u>	<u>(2,711,913)</u>	<u>(2,110,368)</u>
Loss before tax		(91,071,117)	(50,145,990)	(12,089,782)	(6,656,930)
Tax on loss		(19,171)	0	(2,545)	0
Net loss		<u>(91,090,288)</u>	<u>(50,145,990)</u>	<u>(12,092,327)</u>	<u>(6,656,930)</u>
Basic and diluted net loss per share		<u>(4.01)</u>	<u>(2.30)</u>	<u>(0.53)</u>	<u>(0.31)</u>
Weighted average number of ordinary shares outstanding during the period - basic and diluted		<u>22,716,620</u>	<u>21,812,020</u>	<u>22,716,620</u>	<u>21,812,020</u>

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Statements of Operations for the 9 Month Period ended 30 September 2002

	<u>Note</u>	<u>9 months ended 30 Sept. 2002</u>	<u>9 months ended 30 Sept. 2001</u>	<u>9 months ended 30 Sept. 2002</u>	<u>9 months ended 30 Sept. 2001</u>
		DKK	DKK	USD	USD
Research and development costs	1	(251,478,468)	(123,937,739)	(33,384,018)	(16,452,859)
General and administrative expenses	1	<u>(63,191,251)</u>	<u>(33,819,606)</u>	<u>(8,388,702)</u>	<u>(4,489,586)</u>
Operating loss		(314,669,719)	(157,757,345)	(41,772,720)	(20,942,445)
Financial income		79,036,438	84,613,052	10,492,166	11,232,467
Financial expenses		<u>(40,539,474)</u>	<u>(6,384,973)</u>	<u>(5,381,656)</u>	<u>(847,612)</u>
Loss before tax		(276,172,755)	(79,529,266)	(36,662,210)	(10,557,590)
Tax on loss		(487,277)	0	(64,687)	0
Net loss		<u>(276,660,032)</u>	<u>(79,529,266)</u>	<u>(36,726,897)</u>	<u>(10,557,590)</u>
Basic and diluted net loss per share		<u>(12.48)</u>	<u>(3.65)</u>	<u>(1.66)</u>	<u>(0.48)</u>
Weighted average number of ordinary shares outstanding during the period - basic and diluted		<u>22,163,187</u>	<u>21,812,020</u>	<u>22,163,187</u>	<u>21,812,020</u>

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Balance Sheet as of 30 September 2002

Assets

	<u>Note</u>	<u>30 September 2002 DKK</u>	<u>30 September 2001 DKK</u>	<u>30 September 2002 USD</u>	<u>30 September 2001 USD</u>
Licenses		72,224,597	102,721,445	9,587,887	13,636,374
Total intangible assets		72,224,597	102,721,445	9,587,887	13,636,374
Plant and equipment		78,403,579	17,340,567	10,408,154	2,301,978
Manufacturing enterprise in process		41,158,593	0	5,463,844	0
Total tangible assets		119,562,172	17,340,567	15,871,998	2,301,978
Other securities and equity interests		10,001,735	21,504,738	1,327,740	2,854,775
Total financial assets		10,001,735	21,504,738	1,327,740	2,854,775
Total long-term assets		201,788,504	141,566,750	26,787,625	18,793,127
Other receivables		33,550,892	74,809,973	4,453,914	9,931,099
Prepayments		1,618,885	3,370,869	214,909	447,486
Other current assets		35,169,777	78,180,842	4,668,823	10,378,585
Short term marketable securities	2	1,019,713,885	1,611,568,829	135,368,037	213,937,372
Cash and cash equivalents		446,574,888	40,887,521	59,283,262	5,427,859
Total current assets		1,501,458,550	1,730,637,192	199,320,122	229,743,816
Total assets		1,703,247,054	1,872,203,942	226,107,747	248,536,943

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Balance Sheet as of 30 September 2002

Liabilities and Shareholders' Equity

	Note	30 September 2002 DKK	30 September 2001 DKK	30 September 2002 USD	30 September 2001 USD
Share capital		22,716,620	21,812,020	3,015,654	2,895,567
Share premium reserve		2,074,363,713	1,917,850,654	275,373,855	254,596,590
Revaluation surplus		0	10,593,869	0	1,406,347
Deficit accumulated during development stage		(497,566,319)	(144,356,505)	(66,052,426)	(19,163,470)
Unearned compensation		0	(13,882,364)	0	(1,842,898)
Shareholders' equity		1,599,514,014	1,792,017,674	212,337,083	237,892,136
Payable technology rights		13,570,038	26,747,356	1,801,435	3,550,738
Total long-term debt		13,570,038	26,747,356	1,801,435	3,550,738
Short term portion of payable technology rights		29,383,914	14,529,732	3,900,744	1,928,836
Accounts payable		30,514,329	8,459,053	4,050,808	1,122,948
Other liabilities		30,264,759	30,450,127	4,017,677	4,042,285
Total current liabilities		90,163,002	53,438,912	11,969,229	7,094,069
Total liabilities		103,733,040	80,186,268	13,770,664	10,644,807
Total liabilities and shareholders' equity		1,703,247,054	1,872,203,942	226,107,747	248,536,943
Warrants	3				
Commitments and contingencies	4				
Internal shareholders	5				
Reconciliation from Danish GAAP to US GAAP	6				

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Statement of Shareholders' Equity for the Period Ended 30 September 2002

January through September 2002

	Shares			Revaluation surplus	Deficit accumulated during development stage	Unearned compensation	Shareholders' equity	Shareholders' equity
	Number of shares	Share capital	Share premium					
	No.	DKK	DKK					
31 December 2001	21,812,020	21,812,020	1,926,127,202	2,095,111	(225,042,202)	(13,062,546)	1,711,929,585	227,260,363
Exercise of warrants	24,500	24,500	1,330,150				1,354,650	179,831
Issuance of shares for cash	880,100	880,100	157,537,900				158,418,000	21,030,148
Expenses related to issuance of shares			(2,884,138)				(2,884,138)	(382,872)
Adjustment to market value of warrants previously granted			(7,747,401)			7,747,401	0	0
Adjustment of expensed warrants granted						5,315,145	5,315,145	705,591
Unrealized gain and imputed interest on marketable securities				(2,095,111)	2,095,111		0	0
Adjustment of foreign currency fluctuations on subsidiaries					2,040,804		2,040,804	270,919
Loss for the period					(276,660,032)		(276,660,032)	(36,726,897)
30 September 2002	22,716,620	22,716,620	2,074,363,713	0	(497,566,319)	0	1,599,514,014	212,337,083

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Statement of Shareholders' Equity for the Period Ended 30 September 2001

January through September 2001

	Shares			Revaluation surplus	Deficit accumulated during development stage	Unearned compensation	Shareholders' equity	Shareholders' equity
	Number of shares	Share capital	Share premium					
	No.	DKK	DKK					
31 December 2000	21,812,020	21,812,020	1,916,120,614	8,852,118	(63,085,661)	(16,112,323)	1,867,586,768	247,924,009
Expenses and foreign currency fluctuations related to share issues			63,329				63,329	8,407
Adjustment to market value of warrants			1,666,711			(1,666,711)	0	0
Adjustment of expensed warrants granted						3,896,670	3,896,670	517,287
Unrealized gain and imputed interest on marketable securities				1,741,751	(1,741,751)		0	0
Adjustment of foreign currency fluctuations on subsidiaries					173		173	23
Loss for the period					(79,529,266)		(79,529,266)	(10,557,590)
30 September 2001	21,812,020	21,812,020	1,917,850,654	10,593,869	(144,356,505)	(13,882,364)	1,792,017,674	237,892,136

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Cash Flow Statement for the 9 Months Ended 30 September 2002

	9 months ended 30 Sept. 2002 <u>DKK</u>	9 months ended 30 Sept. 2001 <u>DKK</u>	9 months ended 30 Sept. 2002 <u>USD</u>	9 months ended 30 Sept. 2001 <u>USD</u>
Operating loss	(314,669,719)	(157,757,345)	(41,772,720)	(20,942,445)
Adjustment to reconcile operating loss to net cash used in operating activities before net financial items:				
Depreciation and amortization	35,034,954	25,344,575	4,650,925	3,364,517
Expensed value of warrants granted	5,315,145	3,896,670	705,591	517,287
Income tax	(487,277)		(64,687)	0
Changes in operating assets and liabilities:				
Other receivables	11,469,976	(4,514,407)	1,522,651	(599,292)
Prepayments	4,219,541	(1,794,321)	560,148	(238,198)
Accounts payable	7,172,005	1,707,326	952,091	226,649
Cash flow from operations before net financial items	(251,945,375)	(133,117,502)	(33,446,000)	(17,671,481)
Net financial receivables	31,819,175	24,849,586	4,224,027	3,298,807
Cash flow from operations	(220,126,200)	(108,267,916)	(29,221,973)	(14,372,674)
Purchase of fixed assets	(53,989,933)	(15,384,559)	(7,167,218)	(2,042,316)
Manufacturing enterprise in progress	(26,982,180)	0	(3,581,911)	0
Short term marketable securities bought	(2,837,918,150)	(2,299,717,275)	(376,736,469)	(305,289,766)
Short term marketable securities sold	3,262,842,161	2,425,953,308	433,145,556	322,047,725
Cash used in investing activities	343,951,898	110,851,474	45,659,958	14,715,644
Warrants exercised by employees	1,354,650	0	179,831	0
Shares issued for cash	158,418,000	0	21,030,148	0
Costs related to issuance of shares	(2,884,138)	63,329	(382,872)	8,407
Cash flow from financing	156,888,512	63,329	20,827,107	8,407
Increase in cash and cash equivalents	280,714,210	2,646,887	37,265,092	351,377
Cash and cash equivalents at the beginning of the period	165,860,678	38,240,634	22,018,171	5,076,482
Cash and cash equivalents at the end of the period	446,574,888	40,887,521	59,283,262	5,427,859

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Notes to the Financial Statements

1. Depreciation and Amortization

	3rd quarter of 2002 <u>DKK</u>	3rd quarter of 2001 <u>DKK</u>	3rd quarter of 2002 <u>USD</u>	3rd quarter of 2001 <u>USD</u>
Licenses	7,624,212	7,624,212	1,012,122	1,012,122
Plant and equipment	5,359,164	905,756	711,434	120,240
	<u>12,983,376</u>	<u>8,529,968</u>	<u>1,723,556</u>	<u>1,132,362</u>

Depreciation and amortization for the periods is expensed as follows:

Included in research and development costs

11,297,405	8,321,429	1,499,742	1,104,678
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Included in general and administrative expenses

1,685,971	208,539	223,814	27,684
<u>12,983,376</u>	<u>8,529,968</u>	<u>1,723,556</u>	<u>1,132,362</u>

	9 months ended 30 Sept. 2002 <u>DKK</u>	9 months ended 30 Sept. 2001 <u>DKK</u>	9 months ended 30 Sept. 2002 <u>USD</u>	9 months ended 30 Sept. 2001 <u>USD</u>
Licenses	22,872,636	22,872,637	3,036,365	3,036,365
Plant and equipment	12,162,318	2,471,938	1,614,560	328,152
	<u>35,034,954</u>	<u>25,344,575</u>	<u>4,650,925</u>	<u>3,364,517</u>

Depreciation and amortization for the periods is expensed as follows:

Included in research and development costs

32,027,678	24,789,556	4,251,706	3,290,838
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Included in general and administrative expenses

3,007,276	555,019	399,219	73,679
<u>35,034,954</u>	<u>25,344,575</u>	<u>4,650,925</u>	<u>3,364,517</u>

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2. Short term marketable securities

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

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

	30 September 2002 DKK	30 September 2001 DKK	30 September 2002 USD	30 September 2001 USD
Total costs at the beginning of the period	1,432,718,691	1,740,783,042	190,194,837	231,090,688
Additions for the period	2,837,918,150	2,299,717,275	376,736,469	305,289,766
Disposals for the period	<u>(3,255,913,900)</u>	<u>(2,423,215,544)</u>	<u>(432,225,822)</u>	<u>(321,684,285)</u>
Cost at the end of the period	1,014,722,941	1,617,284,773	134,705,484	214,696,169
Revaluation at the beginning of the period	655,023	(13,978,449)	86,955	(1,855,653)
Revaluation of imputed interest on zero coupon securities	3,308,949	(1,035,549)	439,266	(137,470)
Revaluation to market value	<u>3,135,998</u>	<u>2,777,301</u>	<u>416,307</u>	<u>368,689</u>
	7,099,970	(12,236,697)	942,528	(1,624,434)
Unrealized exchange rate adjustment	<u>(2,109,026)</u>	<u>6,520,753</u>	<u>(279,975)</u>	<u>865,637</u>
Revaluation at the end of the period	<u>4,990,944</u>	<u>(5,715,944)</u>	<u>662,553</u>	<u>(758,797)</u>
Net book value	<u>1,019,713,885</u>	<u>1,611,568,829</u>	<u>135,368,037</u>	<u>213,937,372</u>

3. Warrants

During the third quarter of 2002 the Board of Directors granted an additional 414,925 warrants to the employees. Following these grants, a total of 3,841,575 warrants with a weighted average exercise price of DKK 105.2 (USD 14.0) are outstanding.

The Company has granted 175,000 warrants with a weighted average exercise price of DKK 92.0 (USD 12.2) and weighted average fair value of DKK 1.79 (USD 0.24) to non-

employees. The fair value of these warrants is estimated by using the Black Sholes pricing model.

Warrants granted are recorded at fair value at the end of each period. The Company recorded compensation expenses in the amount of DKK 5.3 million (USD 0.7 million) in 2002.

The warrants on each individual grant are exercisable in two tranches. The first half may be exercised one year following the date of

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the grant and the remaining balance two years following the date of grant. Thereafter, the exercise period lasts for an additional three years.

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

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

A total of 24,500 warrants have been exercised in the nine month period. This lead to total proceeds of DKK 1.4 million (USD 0.2 million) for the Company.

4. Commitments and Contingencies

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

5. Internal Shareholders

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

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	Number of ordinary shares owned as of 30 Sept. 2002	Number of warrants granted as of 30 Sept. 2002
Board of Directors		
Lisa N. Drakeman	301,440	505,000
Jesper Zeuthen	62,255	85,000
Karsten Havkrog Pedersen	0	25,000
Michael Widmer	0	50,000
Ernst Schweizer	91,840	72,000
Irwin Lerner	0	60,000
	455,535	797,000
Management		
Lisa N. Drakeman, see above	0	0
Jan van de Winkel	42,000	280,000
Claus Juan Møller-San Pedro	128,375	330,000
Michael Wolff Jensen	0	190,000
	170,375	800,000
Total	625,910	1,597,000

6. Reconciliation from Danish to US GAAP

Deferred income taxes

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

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

Company under Danish GAAP as opposed to US GAAP.

Comprehensive Income

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

In the case of the Company such securities are classified according to Danish GAAP as

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marketable securities and unrealized gains and losses (including exchange rate gains and losses) on such securities are included in the statement of income and included as a non-distributable component of shareholders' equity as regards unrealized gains.

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

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

Under US GAAP, certain transactions entered into by a principal shareholder on the Company's behalf are required to be recognised in the Company's financial statements through the recognition of an asset or an expense and a corresponding credit to

shareholders' equity. There is no such requirement under Danish GAAP. Under US GAAP, the Company would have recorded deferred compensation and an offsetting credit to shareholders' equity in connection with the sale by a principal shareholder in February 1999 of 50,000 of the Company's shares to a number of the Company's employees and directors for nominal value.

The financial statements of the Company are prepared in accordance with Danish GAAP, which differs in certain aspects from US GAAP. Application of US GAAP would have affected net loss for the periods ended 30 September 2002 and 2001 to the extent described below. Application of US GAAP would not have affected shareholders' equity as of any date for which financial information is presented herein.

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Reconciliation from Danish to US GAAP for the Third Quarter Ended 30 September 2002

	3rd quarter of 2002 <u>DKK</u>	3rd quarter of 2001 <u>DKK</u>	3rd quarter of 2002 <u>USD</u>	3rd quarter of 2001 <u>USD</u>
Net Loss according to Danish GAAP	(91,090,288)	(50,145,990)	(12,092,327)	(6,656,930)
Reversed unrealized gain on short term marketable securities accumulated during the period	(4,459,082)	(3,431,489)	(591,948)	(455,534)
Reversed unrealized exchange rate gain on short term marketable securities	(3,285,637)	16,299,291	(436,172)	2,163,747
Reversed unrealized exchange loss on debt concerning technology rights	<u>986,694</u>	<u>(4,892,726)</u>	<u>130,985</u>	<u>(649,514)</u>
Net Loss according to US GAAP	(97,848,313)	(42,170,914)	(12,989,462)	(5,598,231)
Weighted average number of ordinary shares outstanding during the period - basic and diluted	<u>22,716,620</u>	<u>21,812,020</u>	<u>22,716,620</u>	<u>21,812,020</u>
Basic and diluted Net Loss per share according to US GAAP	<u>(4.31)</u>	<u>(1.93)</u>	<u>(0.57)</u>	<u>(0.26)</u>
Other comprehensive income				
Unrealized gain on short term marketable securities accumulated during the period	4,459,082	3,431,489	591,948	455,534
Unrealized exchange rate gain on short term marketable securities	3,285,637	(16,299,291)	436,172	(2,163,747)
Unrealized exchange rate loss on debt concerning technology rights	(986,694)	4,892,726	(130,985)	649,514
Adjustment of foreign currency fluctuations in subsidiaries	<u>205,857</u>	<u>(5,215)</u>	<u>27,328</u>	<u>(692)</u>
Comprehensive income	(90,884,431)	(50,151,205)	(12,064,999)	(6,657,622)

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Reconciliation from Danish to US GAAP for the 9 Month Period ended 30 September 2002

	9 months ended 30 Sept. 2002 DKK	9 months ended 30 Sept. 2001 DKK	9 months ended 30 Sept. 2002 USD	9 months ended 30 Sept. 2001 USD
Net Loss according to Danish GAAP	(276,660,032)	(79,529,266)	(36,726,897)	(10,557,590)
Reversed unrealized gain on short term marketable securities accumulated during the period	(3,135,998)	(2,777,301)	(416,307)	(368,689)
Reversed unrealized exchange rate loss on short term marketable securities	2,109,026	(6,520,753)	279,975	(865,635)
Reversed unrealized exchange rate gain on debt concerning technology rights	(3,141,898)	474,974	(417,090)	63,053
Net Loss according to US GAAP	<u>(280,828,902)</u>	<u>(88,352,346)</u>	<u>(37,280,319)</u>	<u>(11,728,861)</u>
Weighted average number of ordinary shares outstanding during the period - basic and diluted	<u>22,163,187</u>	<u>21,812,020</u>	<u>22,163,187</u>	<u>21,812,020</u>
Basic and diluted Net Loss per share according to US GAAP	<u>(12.67)</u>	<u>(4.05)</u>	<u>(1.68)</u>	<u>(0.54)</u>
Other comprehensive income				
Unrealized gain on short term marketable securities accumulated during the period	3,135,998	2,777,301	416,307	368,689
Unrealized exchange rate loss on short term marketable securities	(2,109,026)	6,520,753	(279,975)	865,635
Unrealized exchange rate gain on debt concerning technology rights	3,141,898	(474,974)	417,090	(63,053)
Adjustment of foreign currency fluctuations in subsidiaries	2,040,804	173	270,919	23
Comprehensive income	<u>(274,619,228)</u>	<u>(79,529,093)</u>	<u>(36,455,978)</u>	<u>(10,557,567)</u>