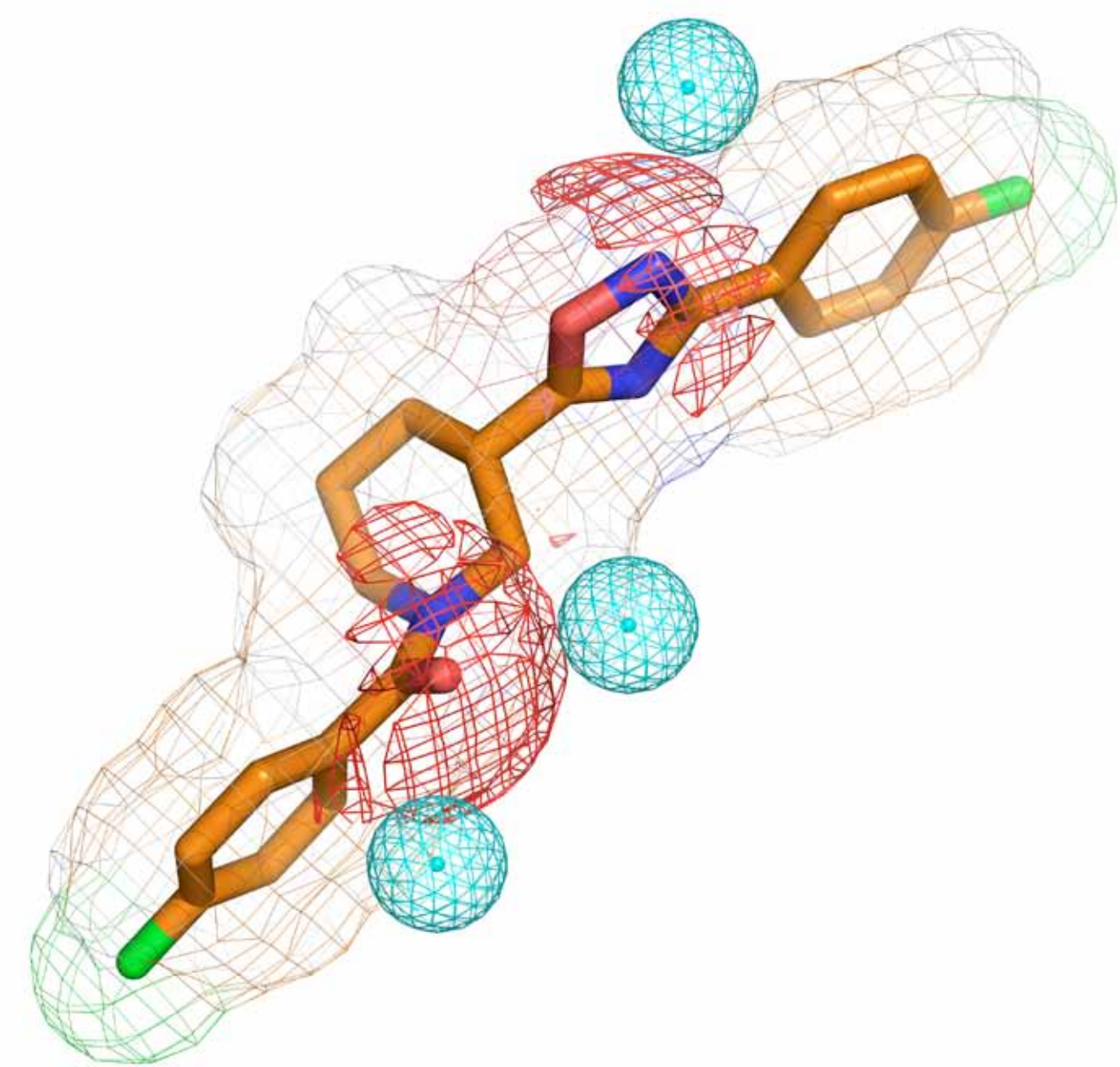
addex Pharmaceuticals

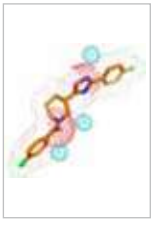
ALLOSTERIC
MODULATORS FOR
HUMAN HEALTH

Annual Report 2010



Key Facts / Addex Pharmaceuticals

Headquarters:	**Plan-les-Ouates, Geneva, Switzerland**
Total employees as of Dec 31, 2010:	**115**
Goal:	**Allosteric modulators for human health**
Disease areas:	**CNS, Metabolism & Inflammation**
Lead product:	**Dipraglurant (ADX48621) to treat Parkinson's disease levodopa-induced dyskinesia (PD-LID) / ADX71149 to treat schizophrenia**
Corporate partners:	**Merck & Co., Inc. and Ortho-McNeil-Janssen Pharmaceuticals Inc.**
Stock symbol/exchange:	**ADXN (ISIN:CH0029850754) / SIX Swiss Exchange**
Shares outstanding as of March 21, 2011:	**7,835,878**
Cash as of Dec 31, 2010:	**CHF63.8 million**



The cover image shows the positive allosteric modulator ADX47273, which is selective for the metabotropic glutamate receptor 5 (mGluR5). ADX47273 is indicated in orange, red and blue. The web-like grid around it represents the van der Waals surface of ADX47273. The red mesh shows negatively charged areas of the molecule, important for the pharmacological activity. The cyan spheres denote the areas of potential hydrogen bonding interactions with the mGluR5 allosteric binding site. The image was created by the computational chemistry group at Addex using Molecular Operating Environment (MOE), a commercial molecular modeling package from the Chemical Computing Group (CCG), and PyMOL, a user-sponsored molecular visualization system on an open-source foundation.

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Letter to Shareholders

André J. Mueller
Chairman

At the core of Addex' value is the ability to leverage our unique platform, which combines an allostery-biased library of over 70,000 compounds with newly patented high-throughput screening techniques to discover and optimize allosteric drug candidates.

Dear Shareholders,

The past year has been an important transition year, witnessing the refocusing of our business model on the demonstrated strengths of our technology platform. At the same time, milestones for both partnered and un-partnered products demonstrated the continued maturation of our Company. Essentially, we believe we have converted 2009's disappointment around our former lead product into substantial progress with our other internal pipeline programs, while bolstering Addex' profile and strategy on the corporate front.

In 2010 our two lead products, ADX71149 and ADX48621, got closer to Phase II testing. ADX71149 completed initial Phase I testing and our partner Ortho-McNeil-Janssen Pharmaceuticals Inc. (OMJPI), a Johnson & Johnson subsidiary, notified us that they would seek regulatory approval to initiate Phase II testing in 2011.

Our other lead product, ADX48621, now named dipraglurant, was recognized by The Michael J. Fox Foundation for Parkinson's Research, which awarded Addex a USD900,000 grant to support the Phase II trial of this compound in patients suffering from Parkinson's disease levodopa-induced dyskinesia (PD-LID). An immediate release formulation of dipraglurant, dipraglurant-IR, will enter Phase IIa clinical testing in patients with PD-LID in the first half of 2011. We eagerly await data, which are expected in 2012.

Development of an extended-release formulation of dipraglurant was performed in 2010 and Phase I testing of dipraglurant-ER will commence in the second half of 2011. Dipraglurant-ER has been developed for clinical testing for treatment of non-Parkinsonian dystonia and potentially by a licensee for other indications, including Fragile X syndrome, pain, anxiety, depression and gastroesophageal reflux disease (GERD), all of which have validation. A Phase IIa study of dipraglurant-ER for the treatment of non-Parkinsonian dystonias, is scheduled to start in 2012.

We are delighted to have reported preclinical proof of concept in Alzheimer's disease, with our mGluR2 NAM and in osteoarthritis pain and other preclinical models of chronic pain with our GABA-BR PAM. We also saw our orally available small molecule GLP-1R PAM demonstrate efficacy in type II diabetes models in 2010. In addition, the company continues to make progress in identifying orally available small molecules targeting TNF and related cytokine receptors.

HIGHLIGHT 2010

Strength of Allosteric Modulation Technology Platform Demonstrated at Society for Neuroscience 2010

At the end of 2010, the pan-European biotech lobbying group EuropaBio, granted Addex its first-ever award for the Most Innovative SME (small and medium sized enterprise) of the year. We congratulate our talented and dedicated staff for their ground-breaking efforts and thank them for their loyalty.

Since 2005, OMJPI has been an ideal partner and we'd like to acknowledge and thank them for their hard work and collaborative spirit. After completing our discovery collaboration in late 2007 and completing the initial Phase I trials in 2010, ADX71149 is poised to start Phase IIa testing in schizophrenia in 2011. This exciting progress together with the fact that Addex is eligible to receive a low double-digit royalty on this potential blockbuster, has begun to change the value proposition that many investors see in Addex.

Merck & Co., Inc. has been an equally diligent partner in developing earlier stage molecules for both schizophrenia and Parkinson's disease. In particular, we are very excited by the progress made in our recently completed discovery collaboration to identify mGluR4 PAM drug candidates for Parkinson's disease. After achieving two preclinical milestones with our orally available mGluR4 PAM, we are

HIGHLIGHT 2010

CHF20 Million Investment from Biotechnology Value Fund

Grant from The Michael J. Fox Foundation Received for Clinical Trials of Dipraglurant in PD-LID

looking forward to Merck's selection of a lead molecule for late preclinical and clinical drug development.

At the core of Addex' value is the ability to leverage our unique platform, which combines an allostery-biased library of over 70,000 compounds with newly patented high-throughput screening techniques to discover and optimize allosteric drug candidates.

Given our growing portfolio of innovative discovery assays and expanding pipeline of products, patent protection plays an important role in maintaining our competitive edge. Throughout the year, we aggressively enhanced our patent portfolios not only around our most valuable novel chemical entities, but also around our innovative discovery techniques - including ProxyLite, Phoenyx and AddeLite - while continuing to add to our unique library. These tools together with our multi-disciplinary development approach continue to make Addex the leader in discovery and development of allosteric modulators.

2010 also saw additional capital invested into Addex by Biotechnology Value Fund ("BVF"). The significance of this CHF20M transaction, announced on September 15th, goes well beyond the capital received by the Company.

Having a single large shareholder who shares our vision also provides security at a time when our market capitalization might otherwise leave us vulnerable to hostile acquisition at a sub-optimal valuation. A strong balance sheet also is essential in setting the proper dynamic with potential partners and, ultimately, securing optimal economic structures for our out-licensing efforts. This goes beyond simply providing confidence at the negotiating table; we are now in a position to choose our most desirable partner at the right time, which is to say, when each product reaches maturity.

As a result, our business model can remain focused on out-licensing products based on the confirmed quality of our work, the appetite of potential partners, development risk/reward and cost/complexity calculations for each individual product. For example, for products for large indications like schizophrenia, where development is complicated and requires not only large investments relatively early in development but also specialized expertise, we prefer to partner products early and leverage the knowledge of our partners. In contrast, for an indication like type II diabetes, where development is relatively straight-forward, at least until mid-stage clinical testing, we would aim to develop the product longer on our own. We believe this strategy improves our chances for success and, ultimately, will provide a way to bring more important drugs to patients faster.

HIGHLIGHT 2010

mGluR2 NAM Drug Candidate Effective in Alzheimer's Disease Model

As we head into 2011 and beyond, Addex is well positioned to capitalize on our leading position in the allosteric modulation space. Instead of expending resources to understand novel targets, the Addex target selection process continues to be focused on validated targets. We choose targets against which allosteric chemistry can offer an advantage over competing approaches and for which there is an important medical need and clear commercial potential as well as confirmed interest on the part of potential partners. These selection criteria should improve our success rate since we minimize target-related risk and take primarily development-related risk.

On behalf of the management team and Board of Directors, we'd like to welcome new shareholders and also especially thank our long-standing shareholders for their continued support. The year ahead has many exciting possibilities coming from our drug discovery platform, partnered programs, product development and new out-licensing deals or other corporate opportunities. Addex is a company on the forefront of next generation drug development and all of us involved with daily operations remain steadfast in the belief that we are converting our privileged position in life sciences to bringing life-changing medicines to patients.

HIGHLIGHT 2010

Ortho-McNeil-Janssen Pharmaceuticals Completes ADX71149 Phase I Program

Oral GLP-1R receptor PAM Effective in Diabetes Model

Unlocking the Value of Addex

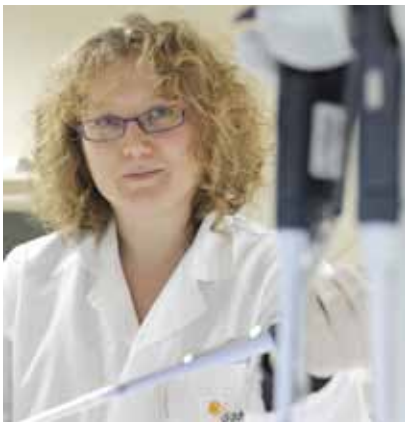
Our most advanced partnered program is ADX71149, an mGluR2 PAM, which successfully completed Phase I clinical trials in August 2010.

Allosteric modulation is emerging as an approach to small molecule drug discovery that may address one of the most important issues for many large Pharma pipelines – a bottleneck in small molecule drug discovery.

While traditional drug screening methods have been successful, the low hanging fruit for those methods have largely been harvested, especially for well-known targets. As a result, "out of the box" approaches like allosteric drug discovery can open up significant new opportunities.

Our proprietary platform technology forms the heart of the Company and has the ability to generate a continuous supply of high-value products. This is demonstrated by a pipeline of 12 programs in development or discovery, each addressing therapeutic indications with significant commercial potential.

Our approach has been validated through partnerships with two of the biggest players in the pharmaceutical industry, Merck & Co., Inc. and Ortho-McNeil-Janssen Pharmaceuticals, Inc. (OMJPI), a Johnson & Johnson subsidiary. We currently have three partnered programs with these two companies, which have generated a total of CHF44 million in revenues, including upfront & milestone payments, R&D funding and other fees. We are eligible for up to a total of about CHF1 billion under the terms of these three deals.



Our most advanced partnered program is ADX71149, an mGluR2 PAM, which successfully completed Phase I clinical trials in August 2010. OMJPI will start Phase II clinical testing of ADX71149 in schizophrenia in 2011. We are proud to note that ADX71149 is being developed by the makers of Risperdal, one of the most important antipsychotic drugs on the market for schizophrenia.

Addex is eligible for up to a total of EUR112 million in development and regulatory milestone payments and low double-digit royalties on sales. Analysts have predicted potential sales of more than USD1 billion for ADX71149.

Similarly, progress is being made in our two separate licensing agreements with Merck & Co., Inc. One deal covers preclinical mGluR5 PAM with potential in schizophrenia and the other mGluR4 PAM in lead optimization for Parkinson's disease. To date, we have received upfront and milestone payments from Merck totaling USD28.3 million. We are eligible for up to a total of about USD850 million in potential milestones from the two deals plus royalties.

We believe these three licensing agreements, summarized below, are just the beginning. Technology validation and, more importantly, the value of our pipeline grows every day with every milestone achieved.

Summary of Partnerships

Partner	Product	Indication(s)	Status at signing	Upfront cash	Fees & milestones received to date	Total potential milestones	Royalty
Ortho-McNeil-Janssen	mGluR2 PAM ADX71149	Anxiety & schizophrenia*	Hit-to-Lead (Dec 2004)	€3M	€5.2M	€112M	low double-digit
Merck & Co., Inc.	mGluR4 PAM	Parkinson's disease*	Hit-to-Lead (Nov 2007)	$3M	$3.3M	$167.5M	ND
Merck & Co., Inc.	mGluR5 PAM ADX63365	Schizophrenia*	Clinical Candidate (Jan 2008)	$22M	-	$680M	ND

*and undisclosed indications

Business Development Strategy

Paramount to Addex' business model is maintaining an ongoing dialogue with Pharma to understand their pipeline needs and growth strategy. In doing so, we can allocate our resources to leverage our platform's capability to exploit desirable drug development targets.

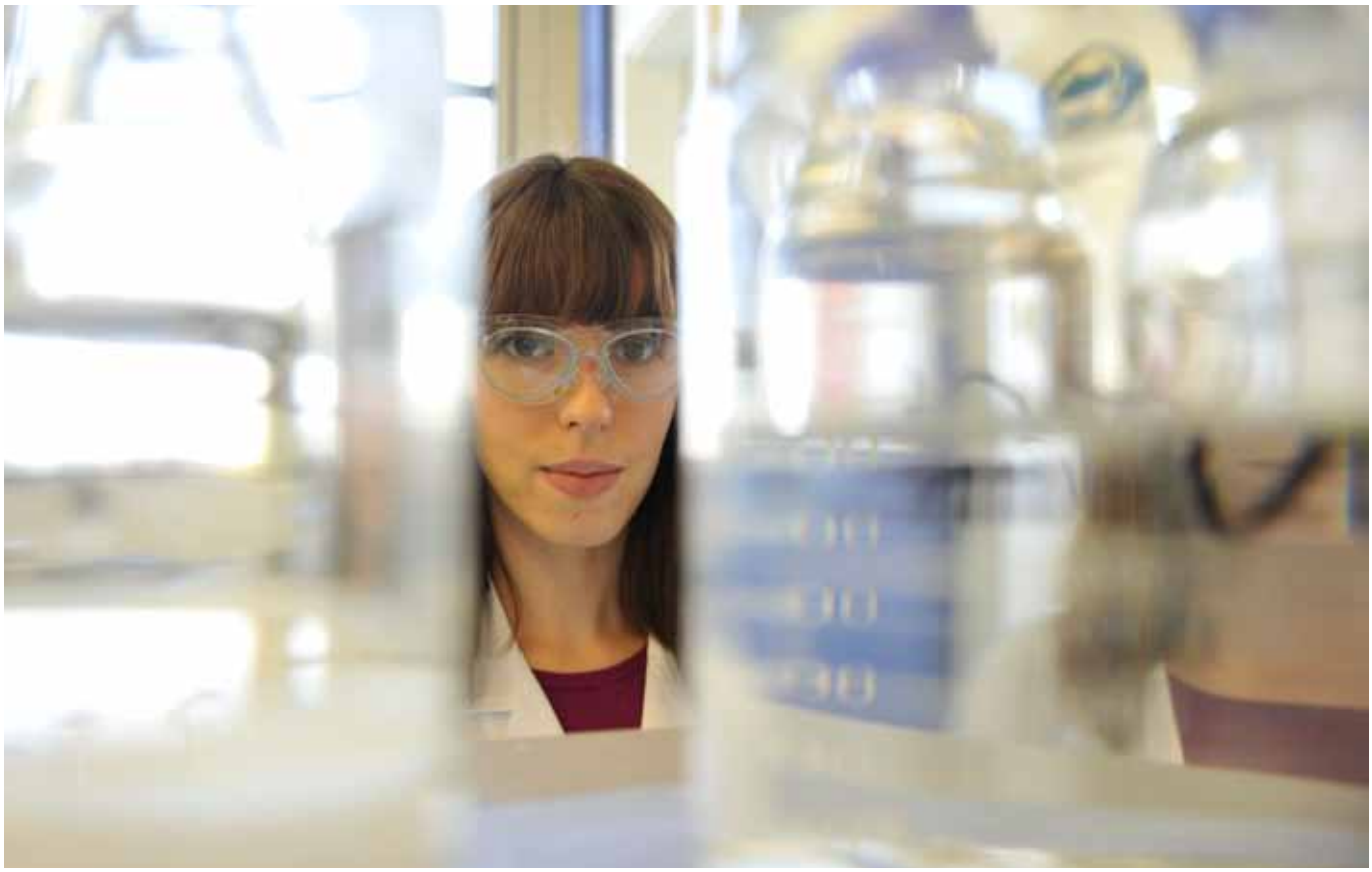
We have a track record of forging alliances that produce better than industry average terms and conditions for partnerships of programs in similar stages of development. The low-double digit royalty in our mGluR2 PAM discovery collaboration with Ortho-McNeil-Janssen Pharmaceuticals, Inc. (OMJPI) – which is unusually high compared to the low- to mid-single digit royalties more typical of other collaborations established at the discovery stage – and the USD22 million up-front cash payment for our preclinical mGluR5 PAM out-licensing deal with Merck & Co., Inc. illustrate this.

As we contemplate the roadmap forward, we plan to continue to leverage our platform's unique ability to create new intellectual property even while we minimize target-validation risk and take primarily drug-development related risk. Before our drugs get to patients, our initial customer is most likely to be Pharma licensees; therefore, it's reasonable to expect that we will choose to address targets for diseases that are of high interest and have proven to be a

Timeline for partnership with Ortho-McNeil-Janssen Pharmaceuticals Inc.

2004	January 2005	2005-2007	December 2007	June 2009	August 2010
Addex develops tools to discover allosteric modulators of mGluR2. Addex identifies initial "hit" molecules.	Addex / OMJPI initiate collaboration to discover allosteric modulators of mGluR2 for schizophrenia, anxiety and other disorders. Addex receives €3 million upfront.	Addex receives €4.2 million in R&D funding from OMJPI.	Research collaboration successfully completed. OMJPI to develop preclinical mGluR2 PAM.	OMJPI starts Ph I testing of ADX71149. Addex receives €1 million milestone payment.	OMJPI completes more than five Ph I studies of ADX71149. OMJPI begins to prepare Phase II program. Ph IIa schizophrenia clinical testing to start 1Q11.

Under the terms of the deal with OMJPI, Addex is eligible to receive up to a total of €112 million plus low double-digit royalties on sales of mGluR2 PAM, subject to regulatory approval and commercial launch.



challenge for Pharma, like the mGluR family of receptors. Our goal is to use partnering to access additional expertise and financial resources needed to address the unique complexities of preclinical and/or clinical development for each program.

A constant for each project we explore internally is to only invest what is required for a program to reach maturity – the level required to extract optimal value.

In 2011 our partnering priorities are dipraglurant (ADX48621), ADX68692 and mGluR2 NAM:

Dipraglurant: Phase IIa

Dipraglurant (ADX48621) is a negative allosteric modulator (NAM) of metabotropic glutamate receptor 5 (mGluR5). This mechanism has been clinically validated and has blockbuster potential in several indications, including: anxiety; gastroesophageal reflux disease (GERD); acute treatment of migraine; Fragile X syndrome; Parkinson's disease levodopa-induced dyskinesia (PD-LID); and non-parkinsonian dystonias, like idiopathic torsion dystonia (ITD, also early-onset generalized dystonia) and cervical dystonia (spasmodic torticollis).

PD-LID and dystonia have been chosen as the lead indications because preclinical data indicate that dipraglurant may be particularly well suited for these indications. Specifically, dipraglurant is the first drug-candidate in preclinical testing reported to reduce both of the major PD-LID symptoms, chorea (rapid uncontrolled movements) and dystonia (writhing and cramping movements). While dystonia is a significant problem for PD patients, dytonias also occur as a variety of separate conditions of either primary (e.g. hereditary) or secondary (drug-induced or otherwise acquired) origin. There are currently no products specifically licensed for treatment of dystonias and there is a large unmet medical need with substantial commercial potential for an effective product in this indication. This differentiation may ultimately mean that dipraglurant could become the best-in-class product for PD-LID and one of the first meaningful treatments for dystonia.

Because of its unique properties (and their long standing interest in the mGluR5 NAM mechanism) The Michael J. Fox Foundation for Parkinson's Research awarded a USD900,000 grant to Addex to support the Phase IIa PD-LID trial of dipraglurant in September 2010. The foundation, which involves some of the world's leading Parkinson's researchers via its scientific advisory board, is known for actively supporting cutting edge research and products.

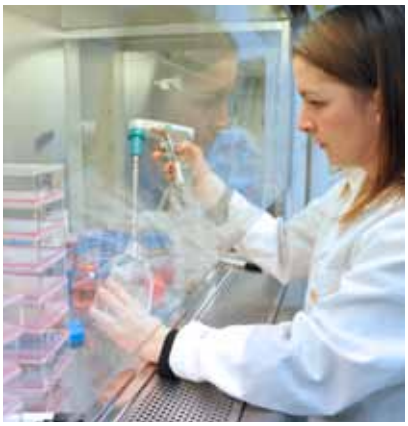
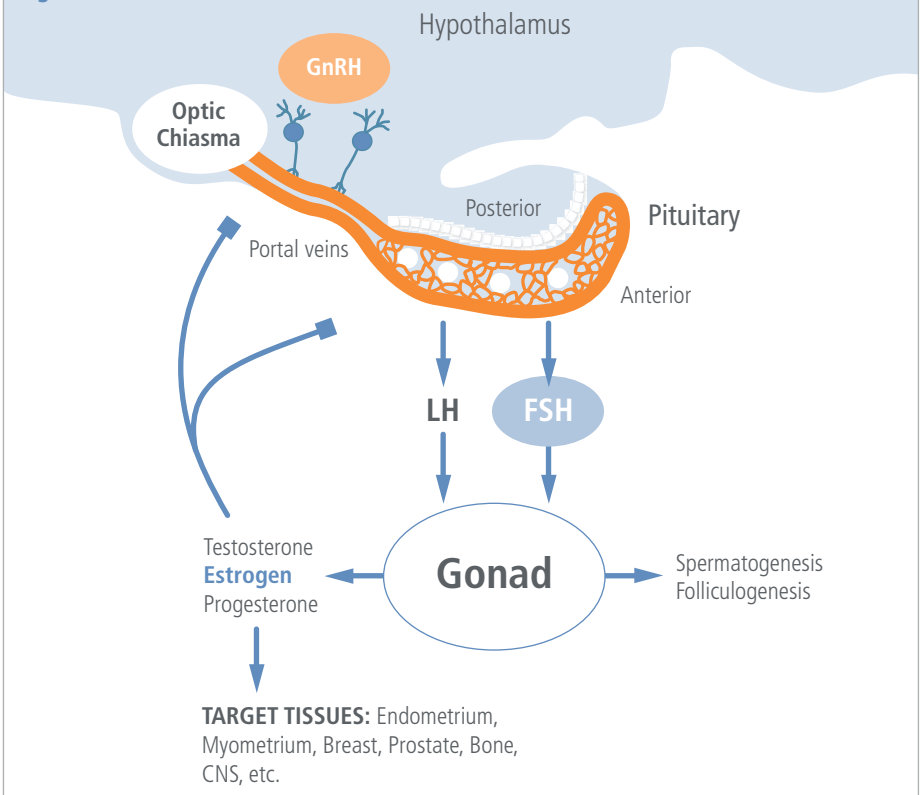


Figure 1: FSHR NAM



ADX68692

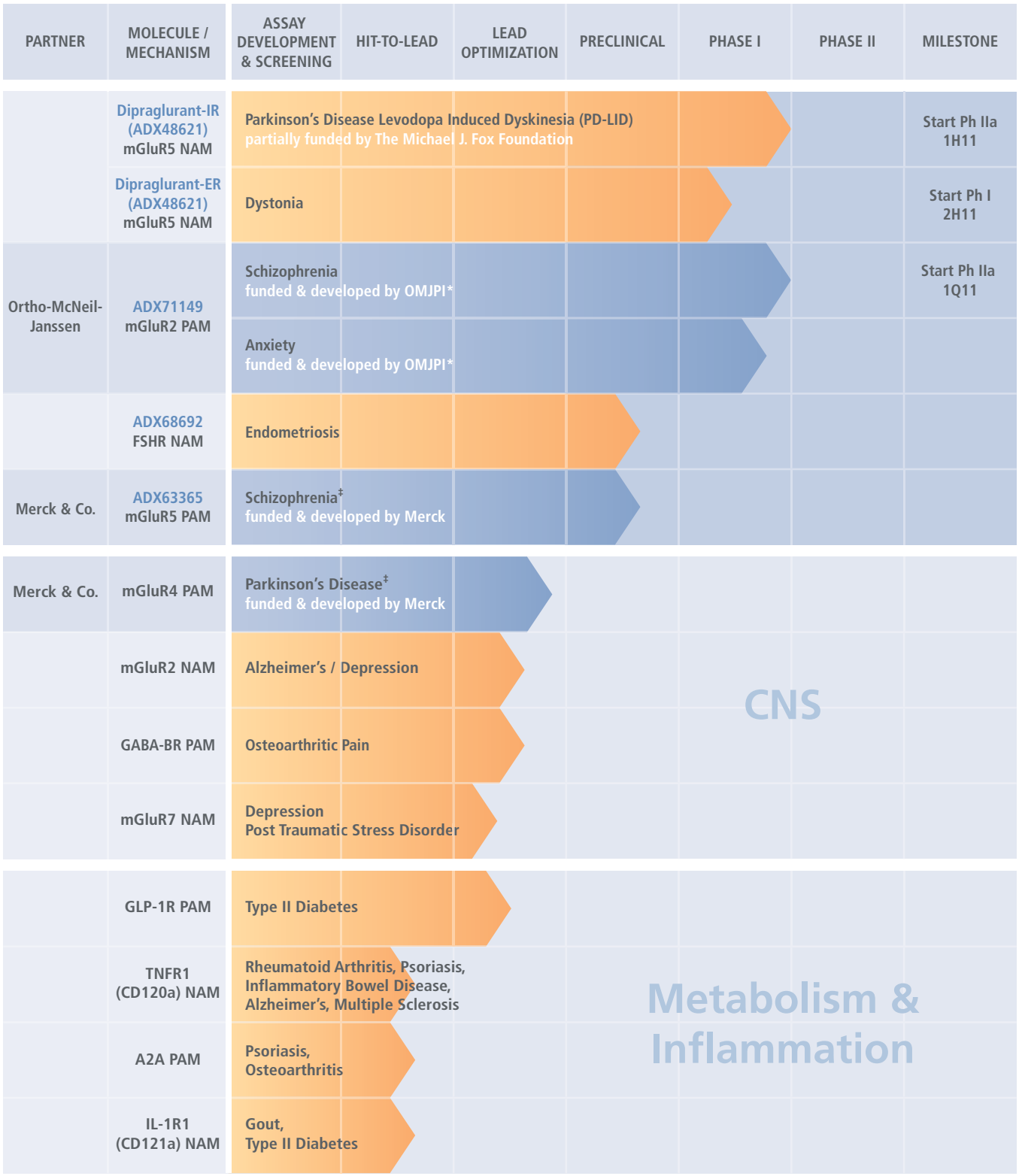
ADX68692 is a follicle stimulating hormone receptor (FSHR) NAM in late preclinical development. The product has demonstrated in rodents statistically significant anti-estrogenic effects. Interest in ADX68692 from potential partners increased following the clinical validation and high profile out-licensing of Elagolix, a GnRH antagonist, which has a closely related mechanism to ADX68692. In clinical testing, Elagolix significantly reduced endometriosis pain, putatively as a result of its control of estradiol. Figure 1 shows that GnRH and FSH are in the same pathway regulating release of estradiol. However, FSHR is a more direct and specific point of intervention in this pathway, offering potential for differentiation compared to GnRH antagonists.

mGluR2 NAM

mGluR2 NAM is one of the most promising experimental therapeutic strategies for the treatment of cognitive impairment in Alzheimer's disease. In a physiologically relevant preclinical model of Alzheimer's disease, Addex demonstrated that its mGluR2 NAM significantly improved cognitive function with a magnitude of effect similar to that of Aricept donepezil, the leading marketed drug for Alzheimer's disease.

Preclinical research from other groups suggest not only that mGluR2 NAM might slow the progression[1] of Alzheimer's , an effect not seen with any marketed drug, but also that it may have a synergistic effect on cognition[2] when combined with donepezil. Alzheimer's disease represents a large and growing market with unmet medical need. None of the currently marketed drugs for Alzheimer's disease offers patients sustained life-changing benefits.

[1] *The Journal of Neuroscience*, March 17, 2010; 30(11):3870-3875
[2] *Bioorganic & Medicinal Chemistry Letters*, Dec 1, 2010; 20(23):6969-6974



NAM = negative allosteric modulator (an inhibitor) **PAM** = positive allosteric modulator (an activator)
*Ortho-McNeil-Janssen Pharmaceuticals, Inc., a Johnson & Johnson subsidiary ‡and undisclosed additional indications

Technology Platform

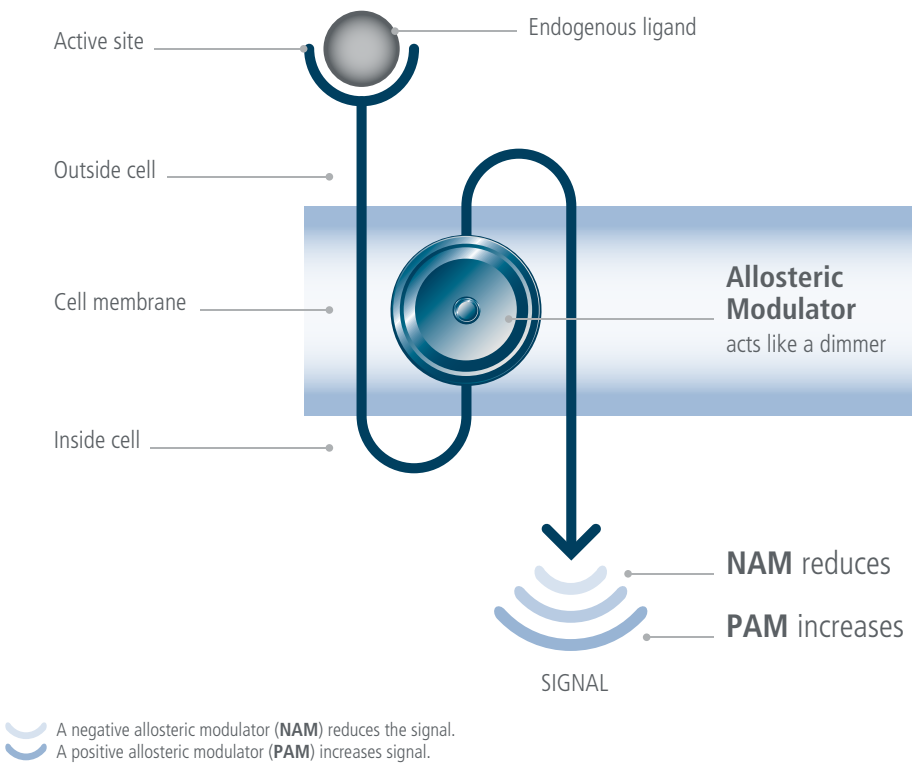
Proprietary technology

Addex aims to use its technology to help widen the drug discovery bottleneck currently hindering the pharmaceutical industry. Although conventional drug discovery methods have been very successful, there is no denying that the industry's ability to discover drugs has lagged behind research identifying and characterizing target receptors with therapeutic potential. In other words, for some targets, biological research has uncovered a clear therapeutic potential but drugs to modulate them have yet to be identified. For example, metabotropic glutamate receptors (mGluR), the initial focus of Addex research, have largely resisted well-documented drug discovery efforts by Pharma for more than two decades. In other cases, despite the clear advantages of small molecule drugs, researchers have resorted to using biologicals like peptides (e.g. GLP-1) and/or protein therapeutics (e.g. TNF inhibitors) because these targets have hitherto not been tractable with small molecules.

This happened because industry discovery techniques are optimized to find orthosteric drugs. Orthosteric drugs are molecules that bind to the "active site" or the binding pocket in a receptor protein. Normally the active site is used by the body's natural activators, (endogenous ligands), to activate the receptor and trigger a corresponding biological activity. In disease states, normal biological activities have been perturbed. Therapeutic drugs are designed to attempt to normalize that perturbation. By focusing principally on discovering orthosteric drugs, industry has not explored opportunities offered by drugs that act allosterically, i.e. act on binding sites in the receptor that are distant from the active site (Figure 2).

A distinct limitation of the orthosteric drug approach is that receptors closely related to the target receptor are often activated by the same endogenous ligand – meaning that their active sites are highly conserved or similar. This means that it often is nearly impossible to identify small molecule drugs capable of differentiating between the active sites of the different family members. Also, as the orthosteric site is only one specific part of a given receptor's anatomy, it represents a minority of the total surface area. Research has shown that there is greater heterogeneity at sites on the receptor distinct from the active site, even among closely related receptors. This suggests that it should be easier to identify receptor sub-type selective molecules using an allosteric approach than it has been using an orthosteric approach.

Figure 2: Allosteric modulation of a cell surface receptor



A negative allosteric modulator (**NAM**) reduces the signal.
A positive allosteric modulator (**PAM**) increases signal.

The image to the left depicts a cell surface receptor, which transmits information through the cell membrane from the outside of a cell to the inside.

Drugs typically exert their effects by binding to receptors in the "active site", the same location as the body's natural activators (endogenous ligands). This in effect switches the receptor on or off.

Allosteric modulators bind at a different location on the receptor so are able to exert an effect even in the presence of endogenous ligands. Acting like a dimmer switch, they offer control over intensity of activation or deactivation. This enables the body to retain its natural control over switching the receptor on or off.

Considering the vast numbers of compounds that can be screened using robotics and high-throughput screening, many believe that standard techniques should be sufficient to find allosteric modulators. However, regardless of the throughput, the sensitivity of these assays is a key contributor to the success of screening. For example, if an allosteric modulator causes a small percentage increase in a target receptor's activity, the increase in signal may fall below the margins of error for standard discovery assays and escape detection. Addex has designed proprietary tools that get around this type of limitation.

As they do not bind to the active site, allosteric molecules do not simply activate or block their target receptor in a binary fashion. They exert their influence via a different, more subtle mechanism - like a dimmer switch compared to an off/on light switch - which can be hard to quantify using most available techniques. Thus our technologies, specifically designed to identify allosteric molecules, have been successful where standard techniques fail.

Addex has built its leadership position in allosteric drug discovery by developing proprietary industrial-scale techniques for this emerging type of chemistry. In addition, through our work, we have learned about the characteristics of allosteric molecules and applied proprietary algorithms to optimize our tools and grow our unique allostery-biased chemical library.

The demonstrated efficacy of several of our products in clinical and preclinical testing as well as our partnerships with two of the most celebrated pharmaceutical companies in the industry are the fruits of the initial efforts with our discovery techniques. We have been able to identify small molecules targeting challenging G-Protein-Coupled Receptors (GPCRs), like glutamate receptors, and other types of cell surface receptors, like cytokine receptors, including tumor necrosis factor (TNF). Our ability to generate a continuous flow of new validated lead molecules forms the basis of our partnering efforts, which include collaborations with Merck & Co., Inc. and Ortho-McNeil-Janssen Pharmaceuticals Inc. (OMJPI), a Johnson & Johnson subsidiary.

Allostery-biased chemical library

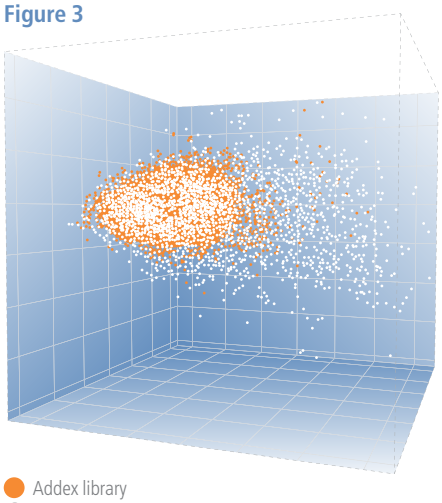
Addex chemists have assembled over 70,000 compounds in our library of molecules with allosteric characteristics. To create and expand the library we use proprietary algorithms and our accumulated know-how to select from public and other sources molecules with allosteric characteristics. About 18% of the molecules in the library were acquired under exclusive agreements from partners of undisclosed non-pharmaceutical origin and 12% were synthesized at Addex. Our analyses show that while the molecules in our library share physicochemical properties with marketed drugs (Figure 3) they are structurally differentiated (Figure 4).

Addex chemical library

Each of the axes in Figure 3 comprises multiple physicochemical descriptors. Using this method the Addex library is represented in orange in a 3 dimensional space and compared with marketed drugs in white. The distance between points represents the difference of physicochemical properties in this multidimensional property space. The data show that the Addex library occupies the same area in the physicochemical property space as 95% of marketed drugs.

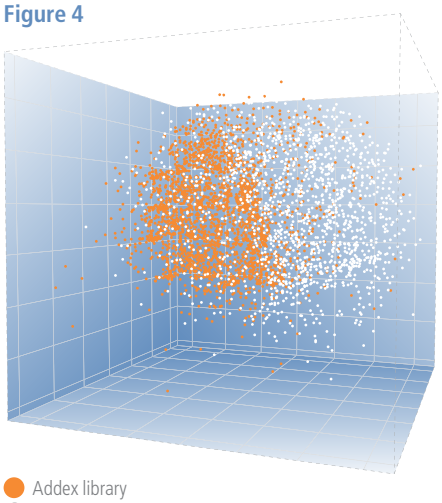
Each of the axes in Figures 4 & 5 comprises multiple structural descriptors. Using this method our library is represented in a 3 dimensional space and compared with marketed drugs. The distance between points represents differences in structural properties in this multidimensional property space. Figure 3 shows that despite sharing physicochemical properties with marketed drugs, the Addex library has a considerable degree of structural differentiation. Figure 4 shows that allosteric modulators of GPCRs and non-GPCRs (e.g. cytokine receptors), which are described in publicly available literature and patents, share structural characteristics.

Figure 3



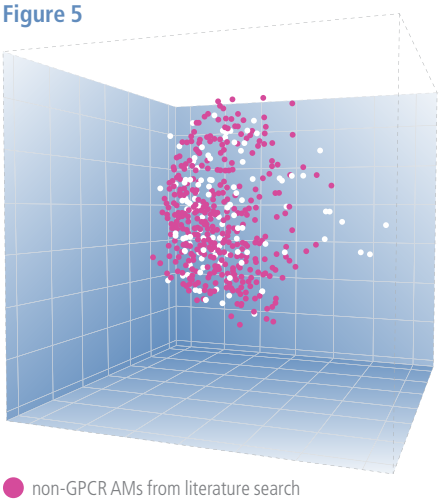
Addex library
Marketed drugs

Figure 4



Addex library
Marketed drugs

Figure 5



non-GPCR AMs from literature search
GPCR AMs from literature search

In addition, they share structural properties with allosteric modulators described in publicly available literature (Figures 4 & 5). Addex is using computational chemistry tools developed on the basis of this accumulated knowledge about allosteric structural properties to curate its library.

Tailored assays

In order to discover allosteric compounds in an industrial and systematic manner, a completely new screening approach was needed. Addex is the first company that has patented high-throughput industrial scale tools for the discovery of allosteric modulators.

Screening yields "hit" molecules that modulate a target receptor. Using a multi-disciplinary approach and additional proprietary assays, hit molecules are validated and lead molecules optimized to have drug-like characteristics. Addex proprietary screening technologies are more sensitive than conventional techniques because we can identify molecules that other technologies miss; in addition, our screening tools yield fewer false positives and facilitate study of the "structure activity relationship" for allosteric molecules. This leads to increased efficiency for both the identification and optimization of allosteric modulators.

We have developed proprietary, real-time, kinetic detection systems that are proximal to their receptor target. Proprietary screening assays developed at Addex include Phoenyx, ProxyLite, APRA, and AddeLite. These assays are used for screening GPCR and non-GPCR cell surface receptor drug targets and allow us to visualize changes in receptor conformation in real time rather than via secondary messengers downstream in the signaling process of the cell.

Addex Biological Patent Portfolio	
Assay	**Details of filing**
APRA™	WO 2010/082133
Phoenyx™	EP09178233 Application filed 2009
ProxyLite™ for GPCRs	EP10160519 Application filed 2010
ProxyLite™ for non GPCRs	EP10191973 Application filed 2010
AddeLite™	EP10162068 Application filed 2010

CASE STUDY:
Merck & Co., Inc. mGluR4 Parkinson's collaboration

Our partnership with Merck centers on developing the first drug-like orally available positive allosteric modulators (PAM) targeting the metabotropic glutamate receptor 4 (mGluR4). Much like the OMJPI deal announced in 2005 (see page 9), this 2007 deal with Merck was signed shortly after Addex had identified and validated hits and started lead optimization. Drug candidates from the collaboration, currently successfully progressing through preclinical development, have the potential for treating Parkinson's disease as well as other, as yet undisclosed, indications.

Like the OMJPI deal, the partnership initially involved chemists and preclinical researchers at both companies. Addex did not transfer its discovery technologies to Merck. Two preclinical milestones were received by Addex in 2008 and 2009. In addition, the efficacy of orally available mGluR4 PAM was demonstrated in separate preclinical models of Parkinson's disease and anxiety. In 2009, Merck extended the research collaboration in order to prolong the Addex involvement beyond the original scope of the agreement and agreed to provide financial support for the additional work to be performed by Addex. The collaborative phase of the agreement came to an end in 2010 and Merck is advancing leads into late preclinical development, towards clinical testing. To date, Addex has received USD6.3 million from an upfront payment, research funding, milestones and other fees. We are eligible for up to a total of USD167 million in milestones plus royalties.

mGluR4 activators, like those in development within the Addex/Merck collaboration, could work via two distinct mechanisms to alleviate symptoms of Parkinson's disease and, potentially, even slow disease progression: 1) mGluR4 activation triggers a compensatory mechanism that may spare or potentiate the use of dopamine receptor activators; 2) mGluR4 activation may have a neuroprotective effect that helps to preserve the brain's dopaminergic neurons.

In conclusion, the mGluR4 PAM deal with Merck and the mGluR2 PAM deal with OMJPI represent the kinds of deals that Addex would like to continue to consider, either individually or as multi-target strategic collaborations. These deals are optimal because we are able to retain upside (e.g. low double-digit royalties with OMJPI) while combining the innovative strengths of Addex with the commercially informed expertise in lead optimization and preclinical and clinical development that only large Pharma can offer.

Financial Review 2010

Overview

The following review and discussion of our financial results for 2010 should be read in conjunction with the consolidated financial statements and related notes, which have been prepared in accordance with International Financial Reporting Standards and are presented in this Annual Report.

Addex is a discovery-based pharmaceutical group, with current operations mainly focused on discovery and development of small-molecule pharmaceutical products. As a result, commercialization is currently limited to out-licensing of selected discovery and development stage programs.

In 2010, we completed a private placement and convertible note offering with BVF Partners L.P., raising CHF20 million of new funds to strengthen our balance sheet. We also implemented a more focused spending strategy linked to business development objectives and streamlined the organization which led to a reduction in our headcount by 20.2% to 114.6 FTEs at December 31, 2010 compared to 143.7 FTEs at December 31, 2009. This resulted in a reduction in research and development expenditure to CHF31.2 million and general administrative expenses to CHF6.4 million. Income remained stable with CHF4.0 million being recognized in the year resulting in a 21.3% reduction in our net loss to CHF33.6 million for the year. In addition, we significantly reduced our investment in property, plant and equipment to CHF0.2 million ending the year with a cash balance of CHF63.8 million.

We completed the preparation activities for the entry of dipraglurant (ADX48621), our lead mGluR5 NAM drug candidate, into phase II development, including the manufacture of clinical supplies, the development of a sustained release formulation and the generation of additional preclinical data. We also continued to invest in the discovery of backups for dipraglurant and the generation of preclinical data within our GABA-BR PAM, FSHR NAM, mGluR2 NAM and mGluR7 NAM programs to support our out-licensing efforts. In addition, we advanced our TNFR1 NAM and GLP-1 PAM programs in lead optimization, and put a number of new targets into screening tool development. We continued to invest in enhancing our allosteric modulator discovery technology platform through both the development of novel proprietary screening tools and the expansion of our chemical library.

Our partners, Ortho-McNeil-Janssen Pharmaceuticals Inc. (OMJPI) and Merck & Co., Inc. also made good progress with our out-licensed programs. OMJPI successfully completed Phase I testing of ADX71149 from our mGluR2 PAM program. We continued to collaborate with Merck & Co. on our mGluR4 PAM program and recognized related research funding of CHF2.0 million as income in 2010.

Results of operations

The following table presents our consolidated results of operations for the fiscal years 2010 and 2009:

Amounts in millions of Swiss francs	2010	2009
Income	**4.0**	**4.5**
Research and development expenses	(31.2)	(40.0)
General and administrative expenses	(6.4)	(7.6)
Total operating expenses	**(37.6)**	**(47.6)**
Operating loss	**(33.6)**	**(43.1)**
Finance result, net	-	0.4
Net loss for the year	**(33.6)**	**(42.7)**

Income

2010 income was CHF4.0 million, compared to CHF4.5 million recognized in 2009, and comprises CHF2.0 million of fees and research funding received from Merck & Co. under our mGluR4 PAM license agreement, and CHF2.0 million of French government research tax credits related to R&D expenditure incurred in 2009 and 2010 at our French subsidiary.

Research and development expenses

As a result of our reduced headcount and clinical development activities, R&D expenses decreased by 22.0% to CHF31.2 million in 2010, compared to CHF40.0 million in 2009. Approximately 30% of 2010 R&D expenses relate to clinical and preclinical development costs in the following main areas: drug substance manufacture, formulation development, preclinical testing and setting up the phase II clinical trial for dipraglurant, and to a lesser extent, costs related to wrapping up of our ADX10059 development program, and preclinical testing and drug substance manufacture for other preclinical programs. The remaining 70% of 2010 R&D expenses relate to investing in new and existing discovery programs, including our GLP-1 PAM, mGluR2 NAM, mGluR7 NAM, mGluR5 NAM, GABA-BR PAM and TNFR1 NAM programs, and the continued development of our allosteric modulator discovery technology platform.

R&D expenses consist mainly of costs associated with research, preclinical and clinical testing and related staff costs. They also include, though to a lesser extent, depreciation of laboratory equipment and leasehold improvements, costs of materials used in research, costs associated with renting and operating facilities and equipment, as well as fees paid to consultants, patent costs and other outside service fees and overhead costs. These expenses include costs for proprietary and third party R&D.

General and administrative expenses

As a result of our reduced headcount, G&A expenses decreased by 15.3% to CHF6.4 million for 2010, compared to CHF7.6 million for 2009. G&A expenses consist primarily of staff costs, professional fees for legal, tax and strategic purposes and overheads related to general management, human resources, finance, information technology, business development and communication functions.

Net loss for the year

The net loss for the year decreased to CHF33.6 million for 2010, compared to CHF42.7 million for 2009, mainly due to the significant decrease in our operating expenses. Basic and diluted loss per share also decreased accordingly to CHF5.69 for 2010, compared to CHF7.44 for 2009. It should be noted that the timing and financial terms of new licensing agreements and the timing of milestone payments under existing agreements will significantly influence the magnitude of future net losses.

Balance sheet & cash flows

We closed 2010 with cash and cash equivalents of CHF63.8 million, compared to CHF76.6 million at the end of 2009. This decrease of CHF12.8 million is mainly due to the cash used in operations of CHF31.3 million, capital expenditure cash outflows of CHF0.5 million, equity incentive plan related loans to employees of CHF0.6 million and financing cash inflows of CHF20.0 million from the issue of new shares and convertible notes to BVF Partners L.P. which were offset by CHF0.3 million of issuance costs. Net cash used in operations has decreased to CHF31.3 million for 2010, compared to CHF39.4 million for 2009 mainly due to a reduction in the cash used for outsourced clinical development services and the impact of our reduced headcount.

Investments in property, plant and equipment during 2010 were limited to CHF0.2 million, compared to CHF3.3 million in 2009, and related mainly to the acquisition of laboratory equipment. The net book value of property, plant and equipment decreased by CHF2.9 million to CHF6.7 million at December 31, 2010 compared to CHF9.6 million at December 31, 2009, primarily due to the annual depreciation charge.

At December 31, 2010, deferred income of CHF0.3 million relates to a technology access fee of CHF0.2 million received from Merck & Co. under our mGluR4 PAM license agreement and the first installment of the grant from The Michael J. Fox Foundation for Parkinson's Research towards the cost of the dipraglurant Phase II clinical trial. These amounts will be recognized during 2011.

Total shareholders' funds have decreased to CHF64.4 million at December 31, 2010 compared to CHF77.6 million at December 31, 2009, mainly due to the net loss for the year offset by the proceeds from the capital increase and the convertible note issuance.

Shares and shareholders' information

We completed a capital increase on September 14, 2010, raising gross proceeds of CHF6.0 million through the issue of 593,567 new shares at CHF10.18 each. At December 31, 2010 the Company has 6,464,809 outstanding shares and a free float of 99%, compared to 5,871,242 and 99% at December 31, 2009. The CHF14.0 million of convertible notes will convert into 1,371,069 new shares on or before March 14, 2011. Our share price remained under pressure in 2010 and our closing share price and market capitalization fell to CHF9.81 and CHF63.4 million, compared to CHF13.80 and CHF81.0 million at December 31, 2009, respectively.

Corporate Governance 2010

General information

Addex' Articles of Association ("Articles"), Organizational Rules and Policies provide the basis for the principles of Corporate Governance.

Group structure

Description of Addex' operational group structure

Addex Pharmaceuticals Ltd ("Addex" or the "Company") is the holding and finance company of the Group. Addex Pharma SA, based in Plan-les-Ouates, Geneva, Switzerland, a 100% subsidiary of Addex Pharmaceuticals Ltd, is in charge of research, development, registration, commercialization and holds the Group's intellectual property. Addex Pharma SA has a share capital of CHF3,987,492 divided into 3,987,492 registered shares with a nominal value of CHF1 each. Addex Pharmaceuticals France SAS, based in Archamps, France, a 100% subsidiary of Addex Pharmaceuticals Ltd performs research and development services for the Group. Addex Pharmaceuticals France SAS has a share capital of EUR 37,000 divided into 37,000 registered shares with a nominal value of EUR 1 each.

Listed company

Addex Pharmaceuticals Ltd has its registered office c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Geneva, Switzerland. Its shares have been listed on the SIX Swiss Exchange since May 21, 2007 under the Swiss security number (Valorennummer) 2985075. The ISIN is CH0029850754, the common code is 030039254 and the ticker symbol is ADXN.

On December 31, 2010, the market capitalization of Addex was CHF63,419,776.

Significant shareholders

As far as can be ascertained from the information available, the following shareholders own 3% or more of the Company's share capital as at December 31, 2010:

Shareholder	Number of shares	% of capital
BVF Partners L.P.[1]	979 173	15.15%
Sofinnova Capital IV FCPR[2]	806 648	12.48%
TVM V Life Science Ventures[3]	705 726	10.92%
The Swiss Helvetia Fund[4]	488 370	7.55%
SR One Ltd[5]	253 253	3.92%
Varuma AG[6]	231 425	3.58%

[1] BVF Partners L.P., 900 North Michigan Avenue, Suite 1100, Chicago, Illinois, 60611, USA. BVF Partners L.P. comprises Biotechnology Value Fund L.P., Biotechnology Value Fund II L.P., BVF Investments L.L.C., and Investment 10 L.L.C.

[2] Sofinnova Capital IV FCPR has its principal office at 17, rue de Surène, 75008 Paris, France.

[3] TVM V Life Science Ventures GmbH & Co. KG has its principal office at Maximilian Strasse 35C, 80539 Munich, Germany.

[4] The Swiss Helvetia Fund, Inc. has its principal office at 1270 Avenue of the Americas, Suite 400, New York, NY10020, USA.

[5] SR One Ltd, a Pennsylvania Business Trust, the investment arm of GlaxoSmithKline plc, has its principal office at One Franklin Plaza, 200N. 16th Street, Philadelphia, PA 19102, USA.

[6] Varuma AG has its principal office at Aeschenvorstadt 55, 4051 Basel, Switzerland. The beneficiary of the shareholdings of Varuma AG is Mr Rudolf Maag, c/o Varuma AG.

For a comprehensive list of notifications of shareholdings received during 2010 pursuant to article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading ("SESTA") refer to the SIX Swiss Exchange website (www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html). The significant notifications of shareholdings have been reproduced below:

On February 8, 2010, Index Ventures II informed of reducing to below the threshold of 3%, holding a total of 12,752 shares, corresponding to 0.22% of the voting rights. Index Ventures II comprises Index Venture Associates II Parallel Entrepreneur Fund A, No. 1 Seaton Place, St. Helier, Jersey JE4 8YJ, Channel Islands, Index Venture Associates II Gmbh & Co. KG, Max-Joseph Strasse 7, 80333 Munich, Germany, Index Venture Associates II (Delaware) L.P., 1209 Orange Street, Wilmington, Country of New Castle, Delaware, USA, Index Venture Associates II limited, No. 1 Seaton Place, St. Helier, Jersey JE4 8YJ, Channel Islands, Index Venture Associates II Parallel Entrepreneur Fund B, No. 1 Seaton Place, St. Helier, Jersey JE4 8YJ, Channel Islands, and Yucca Partners L.P. (Jersey branch), Whitelay Chambers, Don street, St. Helier, Jersey JE4 9WG, Channel Islands, which holds the 12,752 shares.

On February 11, 2010, BVF Partners L.P., 900 North Michigan Avenue, Suite 1100, Chicago, Illinois, 60611, USA, informed of exceeding the threshold of 5%, holding a total of 385,606 shares, corresponding to 6.6% of the voting rights.

On September 17, 2010, BVF Partners L.P., 900 North Michigan Avenue, Suite 1100, Chicago, Illinois, 60611, USA, informed of exceeding the threshold of 33%, holding a total of 979,173 shares, corresponding to 16.68% of the voting rights and CHF13,957,482 of zero coupon mandatory convertible notes converting by March 14, 2011 into 1,371,069 shares corresponding to 23.35% of the voting rights.

On September 21, 2010, due to the capital increase dated September 16, 2010, Vincent Mutel, Rolle, Switzerland informed of falling below the threshold of 3%, holding a total of 180,150 shares corresponding to 2.79% of the voting rights.

On December 22, 2010, following the grant of equity sharing certificates, Vincent Mutel informed of exceeding the threshold of 3%, holding 174,691 shares corresponding to 2.70% of the voting rights and 90 equity sharing certificates potentially corresponding to 90'000 shares and 1.39% of the voting rights.

Cross-shareholdings

There are no cross-shareholdings in terms of capital shareholdings or voting rights in excess of 5%.

Shareholder structure

There were 1,633 shareholders registered in the share register on December 31, 2010. The distribution of shareholdings is divided as follows:

Number of shares	Number of registered shareholders on December 31, 2010
1 to 100	442
101 to 1,000	977
1,001 to 10,000	184
10,001 to 100,000	20
100,001 to 1,000,000	10

The shareholder base on December 31, 2010 was constituted as follows:

Shareholder structure according to category of investors
(weighted by number of shares)

Private persons	19.46%
Institutional shareholders	69.07%
Not registered	11.47%

Shareholder structure by country
(weighted by number of shares)

Switzerland	29.56%
United States	28.52%
France	13.84%
Germany	10.98%
Singapore	1.43%
United Kingdom	1.41%
Luxembourg	1.19%
Other	1.60%
Not registered	11.47%

Capital structure

As of December 31, 2010, the share capital amounted to CHF6,464,809 consisting of 6,464,809 registered shares with a nominal value of CHF1 per share. The share capital is fully paid up. As of December 31, 2010, Addex, directly or indirectly, held 130,629 shares in Addex.

Authorized share capital

According to the Articles, the Board of Directors (Board) is authorized, at any time until April 16, 2011 to increase the share capital in an amount of CHF2,337,679 through the issuance of 2,337,679 fully paid registered shares with a nominal value of CHF1 each. An increase in partial amounts is permitted. The Board shall determine the issue price, the type of payment, the date of issue of new shares, the conditions for the exercise of pre-emptive rights and the beginning date for dividend entitlement. In this regard, the Board may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party with a subsequent offer of these shares to the current shareholders (unless the pre-emptive rights of current shareholders are excluded). The Board may permit pre-emptive rights that have not been exercised to expire or it may place these rights and/or shares to which pre-emptive rights have been granted but not exercised, at market conditions or use them for other purposes in the interest of the Company.

The subscription and acquisition of the new shares, as well as each subsequent transfer of shares, shall be subject to the restrictions in Article 5 of the Articles.

The Board is authorized to restrict or exclude the pre-emptive rights of shareholders and allocate such rights to third parties if the shares are to be used (1) for the acquisition of enterprises, parts of an enterprise, or participations, or for new investments, or, in case of a share placement, for the financing or refinancing of such transactions; or (2) for the purpose of the participation of strategic partners (including in the event of a public tender offer) or for the purpose of an expansion of the shareholder constituency in certain investor markets; or (3) for the granting of an over-allotment option (Greenshoe) of up to 20 percent to the banks involved in connection with a placement of shares; or (4) for raising capital in a fast and flexible manner, which would not be achieved without the exclusion of the statutory pre-emptive rights of the existing shareholders.

Conditional share capital

According to the Articles, the share capital of the Company may be increased by a maximum aggregate amount of CHF891,250 through the issuance of a maximum of 891,250 registered shares, which shall be fully paid-in, with a nominal value of CHF1 per share by the exercise of option rights or subscription rights attached to bons de jouissance which the employees and / or directors of the Company or a group company are granted according to respective regulations of the Board. The pre-emptive rights of the shareholders are excluded. The acquisition of registered shares through the exercise of option rights or subscription rights granted to the holders of bons de jouissance and the subsequent transfer of the registered shares shall be subject to the transfer restrictions provided in Article 5 of the Articles.

The share capital of the Company may be increased by a maximum aggregate amount of CHF2,031,246 through the issuance of a maximum of 2,031,246 registered shares, which shall be fully paid-in, with a nominal value of CHF1 per share by the exercise of option and/or conversion rights which are granted in connection with the issue of bonds, similar obligations or other financial instruments by the Company or another group company. In the case of the issue of bonds, similar obligations or other financial instruments linked with option and/or conversion rights, the pre-emptive right of shareholders is excluded. The holders of option and/or conversion rights are entitled to receive the new shares. The Board shall determine the terms of the option and/or conversion rights. The acquisition of registered shares through the exercise of option or conversion rights and the subsequent transfer of the registered shares shall be subject to the transfer restrictions provided in Article 5 of the Articles.

The Board is authorized to restrict or exclude the pre-emptive rights of shareholders (1) if the debt or other financial instruments issued with conversion rights or warrants are for the purpose of financing or refinancing of the acquisition of enterprises, parts of an enterprise, or participations or new investments; or (2) if such debt or other financial instruments are issued on the national or international capital markets and for the purpose of a firm underwriting by a banking institution or a consortium of banks with subsequent offering to the public. If the advance subscription rights are excluded by the Board, the following shall apply: the issuance of convertible bonds or warrants or other financial market instruments shall be made at the prevailing market conditions (including dilution protection provisions in accordance with market practice) and the new shares shall be issued pursuant to the relevant conversion or exercise rights in connection with bond or warrant issue conditions. Conversion rights may be exercised during a maximum 10-year period, and warrants may be exercised during a maximum 7-year period, in each case from the date of the respective issuance.

Changes in capital

In 2010, Addex increased its shares capital by CHF593,567 (593,567 registered shares with a nominal value of CHF1 per share) out of its authorized share capital in connection with a private placement with BVF Partners L.P., excluding the pre-emption rights of shareholders, in order to raise capital in a fast and flexible manner.

In 2009, Addex increased its share capital by CHF8,750 (8750 registered shares with a nominal value of CHF1 per share) out of its conditional share capital as a result of the exercise of share options under the Addex share option plan.

For further information on changes in capital in 2010 and 2009, including changes in reserves, refer to the consolidated statements of changes in equity as well as note 14 of the consolidated financial statements and note 9 of the financial statements included in this annual report.

Shares, participation and equity sharing certificates

Addex has one class of shares, i.e. registered shares with a nominal value of CHF1 per share. Each share is fully paid up and carries one vote and equal dividend rights, with no privileges. The Company has 891 outstanding equity sharing certificates (Bon de Jouissance / Genussscheine). Equity sharing certificates are available for granting to employees and/or directors of the Group under the Group's equity incentive plan. Equity sharing certificates do not form part of the share capital, have no nominal value, and do not grant any right to vote nor the right to attend meetings of shareholders. Each equity sharing certificate grants the right to subscribe for 1,000 shares of the Company and a right to liquidation proceeds of the Company calculated in accordance with Article 25 of the Articles. The Company has no participation certificates.

The Company's shares and equity sharing certificates are not certificated. Shareholders and equity sharing certificate holders are not entitled to request printing and delivery of certificates, however, any shareholder or equity sharing certificate holder may at any time request the Company to issue a confirmation of their holdings.

Limitations on transferability of shares and nominee registration

A transfer of uncertified shares is effected by a corresponding entry in the books of a bank or depository institution following an assignment in writing by the selling shareholder and notification of such assignment to Addex by the bank or the depository institution. A transfer of shares further requires that a shareholder files a share registration form in order to be registered in Addex' share register with voting rights. Failing such registration, a shareholder may not vote at or participate in a shareholders' meeting.

A purchaser of shares will be recorded in Addex' share register as a shareholder with voting rights if the purchaser discloses its name, citizenship or registered office and address and gives a declaration that it has acquired the shares in its own name and for its own account.

Addex' Articles provide that a person or entity that does not explicitly state in its registration request that it will hold the shares for its own account (Nominee) may be entered as a shareholder in the share register with voting rights for shares up to a maximum of 5% of the share capital as set forth in the commercial register. Shares held by a Nominee that exceed this limit are only registered in the share register with voting rights if such Nominee declares in writing to disclose the name, address and shareholding of any person or legal entity for whose account it is holding 1% or more of the share capital as set forth in the commercial register. The limit of 1% shall apply correspondingly to Nominees who are related to one another through capital ownership or voting rights or have a common management or are otherwise interrelated. A share being indivisible, hence only one representative of each share will be recognized. Furthermore, shares may only be pledged in favor of the bank that administers the bank entries of such shares for the account of the pledging shareholders. If the registration of shareholdings with voting rights was effected based on false information, the Board may cancel such registration with retroactive effect.

Convertible bonds and options

On September 14, 2010, Addex issued zero coupon mandatory convertible notes. The notes are not listed and convert at a fixed conversion price of CHF10.18 per share into 1,371,069 registered shares with a nominal value of CHF1 each to be issued out of conditional share capital by no later than March 14, 2011. For further information, refer to the consolidated statements of changes in equity as well as note 15 of the consolidated financial statements and note 8 of the financial statements included in this annual report.

For information on share option plans for Non-Executive Directors, Executive Management and employees, refer to note 16 and note 28 of the consolidated financial statements included in this annual report.

Board of directors

The following table sets forth the name, year joined the Board, position and directorship term, as well as committee memberships, of each member of the Board, all of whom except for Vincent Mutel are Non-Executive Directors, followed by a short description of each member's business experience, education and activities:

Name	First elected	Elected until	Board	CC	AC	NC
André J. Mueller	2007 (2002)[1]	2012	C	M		M
Vincent Mutel	2007 (2003)[1]	2013	V			
Andrew Galazka	2007 (2004)[1]	2013	M	M		C
Raymond Hill	2008	2011	M		M	M
Vincent Lawton	2009	2012	M		C	
Beat E. Lüthi	2007	2013	M	C	M	
Antoine Papiernik	2007 (2002)[1]	2011	M	M		

[1] Date when joined the Board of Addex Pharma SA

C Chairman
V Vice Chairman
M member

CC: Compensation Committee
AC: Audit Committee
NC: Nomination Committee

André J. Mueller
Chairman

Mr Mueller was born in 1944 and is a Swiss citizen. He has extensive experience in creating and running successful biopharmaceutical companies. He is a board member of Synthes Inc. (SIX:SYST). He also is chairman of French cardiovascular disease startup company Cerenis Therapeutics. Mr Mueller was closely involved in starting up Actelion Ltd (SIX:ATLN), where he was CFO for 5 years and vice chairman until April 2009. He also was the first VP of Finance and Administration and later, CFO, at Biogen (now Biogen Idec), where he oversaw several financing rounds, including Biogen's IPO. Mr Mueller started his career with CIBA Ltd and Sandoz (now Novartis) where he held a number of managerial positions in the Pharma, Plant Protection and Finance divisions both at headquarters in Basel and in the U.S. He was a Founding Partner and Director of Investments for Genevest, the first Swiss venture capital organization. He has a degree in Chemical Engineering from the University of Geneva and an MBA from INSEAD.

Vincent Mutel
Vice Chairman & Chief Executive Officer

Dr Mutel was born in 1958 and is a French citizen. Since co-founding Addex, he has overseen three rounds of private venture capital financing, the Addex IPO and a private placement totalling CHF263 million. In parallel, he has overseen growth of the organization to more than 140 staff, focused in three therapeutic areas, and the building of the allosteric modulator discovery and development platform. Under his leadership the Company signed three major drug development partnerships, two with Merck & Co., Inc. and one with Ortho-McNeil-Janssen Pharmaceuticals Inc., a Johnson & Johnson company, representing CHF45 million in realized revenues to date and up to about USD1 billion in potential milestones plus royalties. At Roche, where he worked for 15 years, he was Head of Pharmacology in the CNS Diseases department and a member of the CNS Board of Research Area Heads, which contributed to Roche's research strategy. He is a co-author of over 74 research publications and co-inventor on over 20 patents for CNS drugs.

Andrew Galazka

Dr Galazka was born in 1955 and is a Swiss and U.K. citizen. Following a clinical career in the U.K. he joined the biotech industry over 25 years ago and has held a variety of senior management positions principally in drug development. He is currently Senior Vice President and head of Global Medical Affairs for Neurodegenerative and Rheumatological Diseases at Merck Serono. Prior to the acquisition of Serono by Merck in 2007, he held several senior management positions at Serono, most recently being Senior VP and head of New Therapeutic Areas. In 2000 he played a key role in listing Serono's shares on the New York Stock Exchange (NYSE) and raising over USD1 billion of capital. During his first 10 years with Serono he directed the worldwide pre-clinical and clinical development of the company's main biotechnology drugs: Rebif, Merck Serono's leading product for the treatment of relapsing multiple sclerosis; Gonal-F, a leading treatment for infertility; and Saizen, a treatment for certain growth disorders. In the 1980s, he was director of clinical research at Biogen (Europe) and then Glaxo (now GlaxoSmithKline). He received his medical degree (with distinction) from Cambridge University in 1978 following a degree in pathology and pharmacology. Since 2002 he has been a lecturer in the Executive MBA course of the EPFL (Swiss Federal Institute in Lausanne).

Raymond Hill

Dr Hill was born in 1945 and is a U.K. citizen. From 2002 until he retired on April 30, 2008, Dr Hill was Executive Director, Licensing and External Research, Europe for Merck Sharp & Dohme Research Laboratories, a subsidiary of Merck & Co., Inc. From 1997-2002 he was Executive Director, Pharmacology at the Neuroscience Research Centre engaged in drug discovery for Neuroscience indications at Merck. After joining Merck/MSD in 1990, Dr Hill chaired a number of discovery project teams including those responsible for the marketed products Maxalt (for migraine) and Emend (for chemotherapy induced nausea and vomiting). Dr Hill is currently Visiting Professor in Neuroscience and Mental Health and Honorary Business Development Advisor, Imperial College London; Visiting Industrial Professor of Pharmacology at the University of Bristol; Visiting Professor and Chairman of the External Advisory Board in the School of Biological and Health Sciences at the University of Surrey; and Visiting Professor in Physiology and Pharmacology at the University of Strathclyde. He is currently President of the British Pharmacological Society and is a Member of Council, Academy of Medical Sciences. Dr Hill received BPharm and PhD degrees from the University of London. He was a lecturer in Pharmacology at the University of Bristol School of Medicine from 1974 to 1983. He is currently a Non-Executive Director of Orexo AB and Covagen AG.

Vincent Lawton

Mr Lawton was born in 1949 and is a U.K. citizen. He was Managing Director of Merck Sharp & Dohme (MSD) U.K. and Vice President of MSD Europe, both subsidiaries of Merck & Co., Inc., until 2006, when he retired after 26 years of service at Merck. Also in 2006, the Queen of England appointed Mr Lawton Commander of the Order of the British Empire (CBE) for services to the Pharmaceutical Industry. During Mr Lawton's tenure, MSD U.K. achieved a high level of sustained success over many years and was the fastest growing company in the market. Mr Lawton also spent time at Merck in France, the U.S., Canada and Spain, primarily in sales and marketing. From 2004–2006 he was president of the Association of the British Pharmaceutical Industry. He was a founding member of the U.K. Clinical Research Collaboration, the Ministerial Industry Strategy Group, the Pharmaceutical Industry Competitiveness Task Force, and helped establish the Ask About Medicines Campaign. Mr Lawton is a Non Executive Director of the U.K. medicines regulator, the MHRA. He is a senior Strategy Advisor to Imperial College, University of London. Mr Lawton holds undergraduate and PhD degrees in Psychology from University of London.

Beat E. Lüthi

Dr Lüthi was born in 1962 and is a Swiss citizen. He is CEO of CTC Analytics AG, Zwingen (BL) a leading mid-sized Swiss Laboratory Instrument Company in the field of chromatography automation. From 2003 to 2007 he headed the Laboratory Division of Mettler-Toledo. From 1998 to 2002 he was CEO of Feintool, a listed fineblanking company. From 1990 to 1998 he held various management positions at Mettler Toledo. Dr Lüthi holds a PhD in electrical engineering from the Swiss Federal Institute of Technology in Zurich (ETH) and attended the Senior Management Program at INSEAD. He is a member of the Board of Bossard Holding AG, Zug (SIX:BOS), Straumann Holding AG, Basel (SIX:STMN) and Stadler Rail AG, Bussnang.

Antoine Papiernik

Mr Papiernik was born in 1966 and is a French citizen. He is a Managing Partner at Sofinnova Partners where he has been investing in life sciences since 1997. Previously he was with CDC-Innovation, the venture arm of the Caisse des Dépôts group. Since joining Sofinnova Partners, Mr Papiernik has been an initial investor and active board member in public companies like Actelion, Addex, Orexo, NovusPharma (sold to CTI), Movetis (sold to Shire) and Stentys, which went public respectively on the Zürich stock exchange, the Stockholm stock exchange, the Milan Nuovo Mercato, the Belgium Stock Exchange, the Paris Stock Exchange, in Cotherix (initially NASDAQ listed, then sold to Actelion), CoreValve (sold to Medtronic) and Fovea (sold to Sanofi Aventis). He has also invested in and is a board member of private companies CoAxia, EOS, ReCor and Mainstay Medical. Mr Papiernik has an MBA from the Wharton School of Business.

Except for Vincent Mutel, the Chief Executive Officer (CEO), none of the members of the Board have served in the management of the Company or any of its subsidiaries since the Group's inception in 2002. There are no significant business connections between members of the Board and the Company or any of its subsidiaries.

Elections and terms of office

Addex' Articles provide for a Board consisting of between five and eleven members. We currently have seven members on the Board. Members of the Board are appointed and removed exclusively by shareholders' resolution. Their maximum term of office is three years, re-election is allowed and elections are staggered with approximately a third of the Board elected yearly. The Chairman and Vice-Chairman of the Board are designated by the Board.

Changes in the board of directors

At the shareholders meeting on April 28, 2010, Vincent Mutel, Andrew Galazka and Beat E. Lüthi were re-elected as member of the Board for a term of three years.

Internal organization and areas of responsibility

Addex' Articles and Organizational Rules define the Company's internal organization and areas of responsibility of the Board, Chairman, CEO and the Executive Management.

Responsibilities of the board of directors

The Board is entrusted with the ultimate direction of the Company and the supervision of management. The Board's non-transferable and irrevocable duties include managing the Company and issuing the necessary directives, determining the organization including adoption and revision of the Organizational Rules, organizing the accounting system, the financial controls, the financial and strategic planning, as well as appointing, recalling, setting remuneration and ultimately supervising the persons entrusted with the management and representation of the Company, including the CEO. Furthermore, these duties include the responsibility for the preparation of the annual report and the shareholders' meetings, the carrying out of shareholders' resolutions, the notification of the judge in case of over indebtedness of the Company, and, passing resolutions regarding supplementary contributions for shares not fully paid-in, increases in capital to the extent that such power is vested in the Board, and of resolutions concerning the confirmation of capital increases and corresponding amendments to the Articles as well as making the required report on capital increases.

In addition to these duties the Board specifically retains responsibility for the non-delegable and inalienable duties and powers pursuant to the Swiss Merger Act and any other law; the examination of the necessary qualifications of the auditors; the adoption of, and any amendments or modifications to any equity incentive plans; and the decisions regarding entering into any financing arrangement in excess of CHF2 million including loan agreements, credit lines, letters of credit or capitalized leases; the issuance of convertible debentures or other financial market instruments; and the approval of any recommendation made by any of the Committees.

According to the current Organizational Rules enacted by the Board, resolutions of the Board are passed by way of simple majority vote. To validly pass a resolution, more than half of the members of the Board have to attend the meeting. No quorum is required for confirmation resolutions and adaptations of the Articles in connection with capital increases pursuant to articles 634a, 651a, 652g and 653g of the Swiss Federal Code of Obligations.

Chairman of the board of directors

The Chairman of the Board calls, prepares, and chairs the meetings of the Board. The Chairman also chairs the shareholders' meetings. He supervises the implementation of the resolutions of the Board and generally supervises the CEO, who regularly reports to the Chairman on the meetings of the Executive Management and all important matters of the Group. Should the Chairman be unable to exercise his function, his function is assumed by the Vice-Chairman.

Committees of the board of directors

The Board has three standing committees, the Audit Committee, the Compensation Committee and the Nomination Committee, that were operational during the year 2010. The tasks and responsibilities of these Committees are set forth in the Organizational Rules. These Committees make proposals to the Board in their areas of responsibilities while the resolutions are passed by the full Board.

Audit committee

The Audit Committee consists of the following members: Vincent Lawton (chairman), Raymond Hill and Beat E. Lüthi. The Audit Committee assists the Board in fulfilling its duties of supervision of management. It is responsible for the

guidelines for risk management and the internal control system, review of the compliance system, review of the auditors' audit plans, review of annual and interim financial statements, monitoring of the performance and independence of external auditors (including authorizing non-audit services by the auditors and their compliance with applicable rules), review of the audit results and monitoring of the implementation of their findings by management.

In 2010, the Audit Committee held two meetings to review the half year 2010 and full year 2009 financial statements and to generally review legal and regulatory compliance matters.

Compensation committee

The Compensation Committee consists of the following members: Beat E. Lüthi (chairman), Andrew Galazka, André J. Mueller and Antoine Papiernik. The Compensation Committee assists the Board in compensation related matters. It provides the Board with recommendations on the compensation of the members of the Board and the Executive Management of the Group (the "Executive Management"), the policies for the compensation of the Executive Management and the Group's other employees and the basic principles for the establishment, amendment and implementation of incentive plans.

The Compensation Committee meets as often as business requires. The Compensation Committee held two meetings in 2010 to review the 2009 achievements versus the planned corporate objectives and determination of the performance related bonus pool, the annual salary review process and recommendation of the CEO, grants under the Groups equity incentive plans and remuneration of the Board. The CEO was present at a portion of all meetings.

Nomination committee

The Nomination Committee consists of the following members: Andrew Galazka (chairman), André J. Mueller and Raymond Hill. It recommends to the Board qualified candidates to serve as Board members and reviews candidates for Executive Management positions.

The Nomination Committee held two meetings during the year 2010 to review Board composition and nomination related matters, including identification, review and evaluation of candidates.

Working methods of the board of directors

In 2010, the Board held five meetings with average duration of one half to two thirds of a day. All meetings were held at the Company's offices with virtually full attendance at all meetings. In addition to formal Board meetings, the Board holds additional ad hoc meetings or telephone conferences to discuss specific matters. The CEO is entitled to attend every Board meeting and to participate in its debates and deliberations with the exception of non-executive sessions.

During Board meetings, each member of the Board may request information from the other members of the Board, as well as from the members of the Executive Management present on all affairs of the Company. The CEO reports at each meeting of the Board on the course of business of the Company in a manner agreed upon from time to time between the Board and the CEO. The chairman of each Board Committee reports to the full Board at the Board meeting following the relevant Committee meeting. Any resolutions on matters assigned to the Committees are taken by the Board on the basis of recommendations of the relevant Committee.

In addition to reporting at Board meetings, the CEO reports immediately any extraordinary event and any significant change within the Company to the Chairman. Outside of Board meetings, each member of the Board may request from the CEO information concerning the course of business of the Company.

Definition of areas of responsibility

The Board has delegated all areas of management of the Group's business to the CEO and the Executive Management, and has granted the CEO the power to appoint the members of the Executive Management. The Board carries out the responsibilities and duties reserved to it by law, the Articles and the Organizational Rules as detailed in section "Responsibilities of the board of directors" on page 24.

Information and control instruments of the board of directors

The Board ensures that it receives sufficient information from the CEO and Executive Management to perform its supervisory duty and to make the decisions that are reserved to the Board. At each board meeting the Board receives reports from the CEO, the CFO and selected members of the Executive Management on the status of finance, business, research and development. These reports focus on the main risks and opportunities related to the Group. In addition, the Board is provided with a status report prior to each board meeting, a monthly finance report and other ad hoc reports on significant matters related to the Group's operations.

Furthermore, the Board receives unaudited annual and interim financial statements for all group companies including consolidated financial statements for the Company. The Board receives a written report from the auditors on the results of the audit which includes any findings with respect to internal control risks arising as a result of their audit procedures. The auditor was invited to the Audit Committee meeting two times and attended two meetings. Addex does not have an independent internal audit function.

Executive management

In accordance with the Articles and the Organizational Rules, the Board has delegated the operational management to the CEO.

The CEO together with the Executive Management and under the control of the Board, conducts the operational management of the Company pursuant to the Organizational Rules and reports to the Board on a regular basis.

The following table sets forth the name, year of birth and principal position of those individuals who currently are part of the Executive Management followed by a short description of each member's business experience, education and activities:

Name	Year of birth	Position	Nationality
Vincent Mutel	1958	Chief Executive Officer	French
Tim Dyer	1968	Chief Financial Officer	British
Charlotte Keywood	1962	Chief Medical Officer	British
Sonia Poli	1965	Head of Non-Clinical Development	Italian
Laurent Galibert	1967	Head of Metabolism & Inflammation	French
Jean-Philippe Rocher	1959	Head of Core Chemistry	French
Robert Lütjens	1968	Head of Core Biology	Swiss
Tatiana Pont Carteret	1966	Head of Human Resources	Swiss
Chris Maggos	1970	Business Development & Communication	USA

Vincent Mutel
Vice Chairman & Chief Executive Officer

Refer to page 23.

Tim Dyer
Chief Financial Officer

Since co-founding Addex, Mr Dyer has overseen the building of the finance and administration functions of the Group. He completed CHF263 million of capital raising including the Addex IPO, three rounds of venture capital financing, a PIPE and a convertible note offering. During this time, the Addex organisation grew to more than 140 staff and advanced an internally discovered allosteric modulator product into Phase IIb clinical testing from its proprietory allosteric modulator platform, and signed drug development partnerships with Merck & Co., Inc. and Ortho-McNeil-Janssen Pharmaceuticals, Inc. Prior to joining Addex he spent 10 years with Price Waterhouse & PricewaterhouseCoopers (PwC) in the UK, Ex-Soviet Union and Switzerland as part of the audit and business advisory group. Mr Dyer is a member of the Swiss government innovation promotion agency coaching team and has extensive experience in finance and the building of start-up companies. He is a U.K. Chartered Accountant and holds a BSc (Hons) in Biochemistry and Pharmacology from the University of Southampton.

Charlotte Keywood
Chief Medical Officer

Dr Keywood, who was a consultant for Addex from inception, formally joined in 2004. She has overseen Addex medical and regulatory activities, which includes completing four Phase IIa and three Phase IIb trials for products in development for smoking cessation, anxiety, migraine and gastroesophageal reflux disease. Dr Keywood has 20 years of experience in drug development and medical marketing across a broad range of therapeutic areas. During this time she has worked in the U.S. and Europe and has been responsible for all stages of clinical development, including pre- and post-registration and pharmacovigilance activities. Dr Keywood, acting as a consultant, served from 2001 to 2003 as Medical Director for Axovan, a Swiss biotech company that was acquired by Actelion in 2003. From 1996 to 2001 she was Medical Director at CNS company Vernalis, where she helped bring a new migraine drug, Frova frovatriptan, to the market. From 1991 to 1996 she was Medical Director of the European subsidiary of U.S. biotechnology company Gensia. Dr Keywood is a cardiologist who completed her post-graduate training at St Thomas' Hospital, London.

Sonia Poli
Head of Non-Clinical Development

Dr Poli, who joined Addex in 2004, is an accomplished drug R&D professional with over 16 years international experience in large and small pharmaceutical companies with extensive experience and knowledge of drug discovery and preclinical development. At Addex she has provided preclinical support for ongoing clinical development programs and has overseen the transition of four products into clinical development for indications including smoking cessation, anxiety, schizophrenia, migraine, gastroesophageal reflux disease and Parkinson's disease. She worked from 1997 to 2004 in the drug metabolism and pharmacokinetics (DMPK) area at Roche, where she was a key inventor and global head of a multidimensional optimization approach for drug discovery and development and played an important role in selecting clinical candidates in CNS indications, including Alzheimer's disease, Parkinson's disease, bi-polar disorders and anxiety. Dr Poli obtained her degree and doctorate in Industrial Chemistry at the University of Milan in 1993 and completed a post doctoral fellowship at the CNRS, in Paris, in the group of Prof. D. Mansuy in 1997. Dr Poli is co-author of more than 30 research publications and patents.

Laurent Galibert
Head of Metabolism & Inflammation

Dr Galibert joined Addex in 2008 and has focused on adapting the allosteric modulation discovery platform for use in the discovery of small molecules for clinically validated targets in inflammation. From early 2005 to 2008, he was at Merck Serono, where he was senior staff scientist. From 1996-2005 he held successive research positions at Immunex Corp. (acquired by Amgen Inc.) and Amgen, where he cloned the receptor activator of nuclear factor kappa B ligand (RANKL) and co-authored the initial patent leading to the development of Amgen's denosumab, a monoclonal antibody against RANKL, which is commercialized for the prevention of skeletal-related events in patients with bone metastases from solid tumors. From 1991-1995 Dr Galibert was a PhD fellow at Schering-Plough. He received a PhD in biological engineering from the Centre Universitaire des Sciences et Techniques in Clermont-Ferrand, France in 1996. Dr Galibert is coauthor of 26 research publications and 8 patents.

Jean-Philippe Rocher
Head of Core Chemistry

Dr Rocher has been working with Addex since inception and established the Company's chemistry department and allosteric modulator platform in chemistry. He is a medicinal chemist who has discovered several pre-clinical and clinical candidates for CNS, inflammatory diseases and cancer over the course of his career. He was director of chemistry at Devgen NV, Gent, Belgium from 2001 to 2002. From 1997 to 2001, Dr Rocher was senior research scientist for GlaxoSmithKline KK in Tsukuba, Japan, where he played a key role in implementing a modern drug discovery process. From 1995 to 1997 he was the first "guest scientist" at Mitsubishi Pharma in Yokohama, Japan. Prior to that Dr Rocher worked for contract research company Battelle, in Geneva, where he initiated neuropharmacology chemistry research programs. He completed a Pharm. D and obtained his PhD at the Faculty of Pharmacy of Lyon, France in

1987. Dr Rocher started his career as a research scientist in the dermatology research centre of Galderma at Sophia-Antipolis, France. He is co-author of more than 25 research publications and patents.

Robert Lütjens
Head of Core Biology

Dr Lütjens has worked with Addex since inception and established the Company's biology labs. He has been responsible for assay discovery/development and high throughput screening, which became the basis for the biological tools that have been integrated into the multi-disciplinary allosteric modulator discovery and development platform. Dr Lutjens has participated in the successful discovery collaborations with Johnson & Johnson and Merck & Co., Inc. Prior to that he completed a postdoctoral fellowship in the Department of Neuropharmacology at the Scripps Research Institute, in La Jolla, CA. Dr Lütjens obtained his master's degree in Biology at the Swiss Institute for Experimental Cancer Research and went on to complete a Biology Ph.D. thesis at the Glaxo Institute for Molecular Biology in Geneva and the Institute for Cellular Biology and Morphology in Lausanne. Dr Lütjens is co-author of more than 10 peer-reviewed publications and co-inventor on more than 10 patents.

Tatiana Pont Carteret
Head of Human Resources

Mrs Pont Carteret joined Addex in 2008 to further develop the Group's human resources function and strategy, focusing on building a performance culture and supporting the streamlining of the organization. After an initial career in private banking, Mrs Pont Carteret gained 13 years of international HR experience across a broad range of human resources specialties that she acquired by holding various senior positions with Lloyds TSB Bank (2006-2008); Union Bancaire Privée (2005-2006); Capital International (2001-2004) and DHL Switzerland (1997-2001). Mrs Pont Carteret holds a degree in Political Science from the University of Geneva.

Chris Maggos
Business Development & Communication

Since joining Addex in 2007, Mr Maggos has contributed to corporate communication and investor relations efforts concerning the Addex IPO, clinical trial results, out-licensing activities, a PIPE financing and other events. He also joined the Addex business development team in late 2010. Mr Maggos was Senior Writer for BioCentury, a biotechnology trade publication, from 2001 to 2007. He was an Associate at a New York City hedge fund focused on biotechnology, Casdin Capital Partners (later Cooper Hill Partners), from 1997 to 2000. Mr Maggos worked as a technician, studying the molecular neurobiology of drug abuse at The Rockefeller University, where he co-authored 11 scientific publications, from 1993 to 1997. He received a BA in English Literature from Yale University in 1993.

Management contracts

There are no management contracts between Addex and third parties.

Other vested activities and vested interests

None of the members of the Executive Management has had other activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law. No member of the Executive Management has permanent management and consultancy functions for important Swiss and foreign interest groups, or holds any official functions and political posts.

Changes in executive management

The Executive Management was decreased from ten to nine members in May 2010 following the departure of the head of the central nervous system (CNS) discovery unit. From this date, the CNS discovery unit is managed directly by the CEO.

Compensation, shareholdings and loans

Total compensation of the Non-Executive Directors and Executive Management increased in 2010 compared to 2009 primarily due to the granting of equity sharing certificates under the Group's equity incentive plan. Fixed cash compensation decreased primarily due to the reduction in the number of member of the Executive Management. There were no pay increases between 2009 and 2010 for Non-Executive Directors and Executive Managers. The variable cash compensation increased in 2010 compared to 2009 primarily due to the fact that no bonuses were paid on the 2009 results.

Content and method of determining compensation and the shareholding program

The Board determines the amount of the fixed remuneration of its members, taking into account their responsibilities, experience, and the time they invest in their activity as members of the Board. The compensation of the members of the Board and the Executive Management is determined and reviewed annually by the Board, based on recommendations of the Compensation Committee in accordance with the Group's compensation policies. The Compensation Committee makes its recommendations based on an assessment of market conditions, changes in responsibilities of individuals within the Executive Management, comparison with compensation levels within other biotech and pharmaceutical companies of a similar size conducting similar activities within Switzerland and Europe.

Non-Executive Directors receive an annual fee based on the responsibilities of each Director of which half is paid based on attendance at meetings and an annual committee fee for each of the board standing committees for which they are member. Extraordinary assignments or work which a member of the Board accomplishes outside of his activity as a Board member is remunerated separately after approval by the Board. In addition, expenses incurred by the non-executive Board members in the discharge of their duties are reimbursed. Non-Executive Directors are also eligible to participate in the Company's equity incentive plans.

Members of the Executive Management receive a base salary, as well as a variable bonus and participate in the Company's equity incentive plans. The bonus and the grant of equity incentive plan units are defined once per year based on achievement of personal targets and Group performance. Achievement of personal targets represent between 30% and 50% of the total amount of the bonus with the remaining part being based on Group performance, however, the Board retains total discretion over bonus allocation. Bonuses are not tied to specific financial targets, however, certain

business development and share price performance objectives are included in both the Group performance objectives and the personal targets of certain members of the Executive Management. As part of the Group's post retirement and social security plans, Executive Managers receive post employment benefits, disability and life insurance benefits. Executive Management employment contracts provide for a termination notice period of 4 to 6 months which can be extended in the event of a change of control. Refer to the section "Changes of control and defense measures" on page 29. No other fringe benefits are paid to Executive Managers. The remuneration of the CEO and other Executive Managers is approved by the Board on the recommendation of the Compensation Committee.

The Group has a number of equity incentive plans including an equity sharing certificate equity incentive plan and a share option plan that provides for grants to new joiners and an annual grant to Executive Management and other staff based on a recommendation of the CEO which is reviewed by the Compensation Committee and approved by the Board. The number of equity incentive units granted annually is at the discretion of the Board. The individual grants depend on the individual responsibilities of the members of the Executive Management and Board. Except for legal and tax advice, the Group did not consult any external advisors in respect of structuring compensation and benefits nor did it use any formal salary comparisons or benchmarks.

In connection with the granting of equity sharing certificates, Executive Management and other staff were offered loans to finance the tax and social charges consequences. These loans are repayable immediately on the realisation of capital gains under the respective equity incentive plan.

For further information on compensation, shareholdings and loans, refer to note 16, 26 and 28 of the consolidated financial statements.

Shareholders' participation

Voting rights and representation restrictions

Voting rights may be exercised only after a shareholder has been recorded in the Company's share register as a shareholder or usufructuary with voting rights. No exceptions from these restrictions were granted in 2010. A shareholder may be represented by his legal representative, the corporate proxy, the independent proxy, by a depositary or by another shareholder. Subject to the registration of shares in the share register within the deadline set from time to time by the Board before shareholders' meetings, the Company's Articles do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder. For further information on the conditions for registration in the share register (including in relation to Nominees) and for attending and voting at a shareholders' meeting, please refer to the sections "Limitations on transferability of shares and nominee registration" on page 22 and "Registration in the share register" below.

Resolutions of shareholders' meetings generally require the approval of the simple majority of the votes represented at the shareholders meeting. Such resolutions include amendments to the Articles, elections of the members of the Board and statutory and group auditors, approval of the annual financial statements, setting the annual dividend, decisions to discharge the members of the Board and management for liability for matters disclosed to the shareholders' meeting and the ordering of an independent investigation into specific matters proposed to the shareholders' meeting.

A resolution passed at a shareholders' meeting with a qualified majority of at least two-thirds of the votes represented and the absolute majority of the nominal share capital represented at such meeting is required by law for: (i) changes to the business purpose; (ii) the creation of shares with privileged voting rights; (iii) restrictions on the transferability of registered shares; (iv) an increase of the authorized or conditional share capital; (v) an increase in the share capital by way of capitalization of reserves against contribution in kind, for the acquisition of assets or involving the grant of special privileges; (vi) the restriction or elimination of pre-emptive rights of shareholders; (vii) a relocation of the registered office, and (viii) the dissolution of the Company. Special quorum rules apply by law to a merger, demerger, or conversion of the Company. The introduction or abolition of any provision in the Articles introducing a majority greater than that required by law must be resolved in accordance with such greater majority.

Statutory quorums

There is no provision in the Articles requiring a majority for shareholders' resolutions beyond the majority requirements set out by applicable legal provisions.

Convening of shareholders' meetings and agenda items

The shareholders' meeting is the supreme institution of the Company and under Swiss law, the ordinary shareholders' meeting takes place annually within six months after the close of the business year. Shareholders' meetings may be convened by the Board or, if necessary, by the auditors. Furthermore, the Board is required to convene an extraordinary shareholders' meeting if so requested in writing by holders of shares representing at least 10% of the share capital and who submit a petition specifying the item for the agenda and the proposals. Shareholders representing shares with a nominal value of at least CHF1,000,000 or 10% of the share capital have the right to request in writing that an item be included on the agenda of the next shareholders' meeting, setting forth the item and the proposal. A request to put an item on the agenda has to be made at least 60 days prior to the meeting. Extraordinary shareholders' meetings may be called as often as necessary, in particular in all cases required by law.

A shareholders' meeting is convened by publishing a notice in the Swiss Official Commercial Gazette (Feuille Officielle Suisse du Commerce/Schweizerisches Handelsamtsblatt) at least 20 days prior to such meeting. In addition, holders of shares may be informed by a letter sent to the address indicated in the share register.

Registration in the share register

The Board determines the relevant deadline for registration in the share register giving the right to attend and to vote at the shareholders' meeting. Such deadline is published by Addex in the Swiss Official Commercial Gazette and the Company's website, usually in connection with the publication of the invitation to the shareholders' meeting.

The registration deadline for the ordinary shareholders' meeting to be held on April 28, 2011 has been determined to be April 20, 2011.

Addex has not enacted any rules on the granting of exceptions in relation to these deadlines. No exceptions were granted in 2010, and the Board does not anticipate

granting any exceptions related to the shareholders' meeting on April 28, 2011.

For further information on registration in the share register, please refer to section "Limitations on transferability of shares and nominee registration" on page 22.

Changes of control and defense measures

Duty to make an offer

Swiss law provides for the possibility to have the Articles contain a provision which would eliminate the obligation of an acquirer of shares, exceeding the threshold of 33 1/3% of the voting rights, to proceed with a public purchase offer (opting-out provision pursuant to Article 22 para. 2 SESTA) or which would increase such threshold to 49% of the voting rights (opting-up provision pursuant to Article 32 para. 1 SESTA). The Company's Articles do not contain an opting-out or an opting-up provision.

Clauses on change of control

Addex' equity incentive plans including the equity sharing certificate plan and the share option plans contain provisions in respect of changes of Addex shareholder base. In the event of a change of control over Addex (defined as a change of control event triggering a mandatory public purchase offer according to applicable stock exchange rules) all unvested common shares, resulting from the conversion of non voting shares at the IPO, unexercised share options and subscription rights attached to equity sharing certificates, vest, and in the case of share options and subscription rights attached to equity sharing certificates, they become exercisable with their remaining term being reduced proportionally.

Executive Management employment contracts include a change of control provision that provides for the extension of the notice period by 1 year and the payment of 1.5 times the annual target bonus in the event of the Managers employment contract being terminated or there being a material change in job description or activities in connection with a change of control.

Auditors

Duration of the mandate and term of office of the lead auditor

Pursuant to the Articles the auditor shall be elected every year and may be re-elected. The statutory and group auditors of Addex are PricewaterhouseCoopers SA, Geneva, Switzerland. PricewaterhouseCoopers SA has held the function of statutory auditor since inception of the Company in February 2007 and of Addex Pharma SA since its inception in 2002, and acts as group auditor since 2004. The lead auditor of Addex since 2009 is Mr Mike Foley.

Audit fees

In 2010, PricewaterhouseCoopers SA and its affiliates charged the Group audit fees in the amount of CHF83,456.

Additional fees

In 2010, PricewaterhouseCoopers SA and its affiliates did not charge the Group additional fees.

Control instruments of the auditors

The Audit Committee of the Board assumes the task of supervising the auditors. The Audit Committee meets with external auditors at least once a year to discuss the scope and the results of the audit and to assess the quality of their service. The auditors prepare a management letter addressed to the Board and the Audit Committee two times per year, informing them of their audit plan for the year under review followed by a report detailing the result of their annual audit.

In 2010, the Audit Committee met with the auditors twice to discuss the scope and the results of their year-end audit for 2009 and the scope of the 2010 audit.

Information policy

Addex publishes financial results in the form of an Annual Report and a Half-year Report (Interim Report). In addition, Addex informs shareholders and the public regarding the Group's business through press releases, conference calls, as well as roadshows. Where required by law or Addex' Articles, publications are made in the Swiss Official Commercial Gazette. The Annual Report, usually published no later than in March of the following year, and the Interim Report, usually published no later than in July, are both announced by press release. Annual Reports, Interim Reports and press releases are available on request in printed form to all registered shareholders, and are also made available on the Group's website at www.addexpharma.com. The Group's website, which is the Group's permanent source of information, also provides other information useful to investors and the public, including information on the Group's research and development programs as well as contact information. It is the Group's policy not to release explicit earnings projections, but it will provide general guidance to enable the investment community and the public to better evaluate the Group and its prospective business and financial performance. The Board has issued a disclosure policy to ensure that investors will be informed in compliance with the requirements of the SIX Swiss Exchange. The Group's investor relations department is available to respond to shareholders' or potential investors' queries under IR@addexpharma.com or via post at Addex Pharmaceuticals Ltd., Investor Relations, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Geneva, Switzerland. Additional inquiries may also be made by phone at +41 22 884 1555.

Insider policy

The Board has issued an insider policy and implemented procedures to prevent insiders from benefiting from confidential information. The policy defines guidelines on how to deter corporate insiders from making use of confidential information. The Board has established blocking periods to prevent insiders from trading during sensitive periods.

Ethical business conduct

The Group is committed to the highest standards of ethical conduct. As a pharmaceutical business, the Group is operating in a highly regulated business environment. Strict compliance with all legal and health authority requirements, as well as requirements of other regulators, is mandatory. The Group expects its employees, contractors and agents to observe the highest standards of integrity in the conduct of the Group's business. The Code of Conduct sets forth the Group's policy embodying the highest standards of business ethics and integrity required of all directors, executives, employees and agents when conducting business affairs on behalf of the Group. The Group is committed to complying with the spirit and letter of all applicable laws and regulations where the Group engages in business.

Consolidated Financial Statements of Addex Pharmaceuticals Ltd as at December 31, 2010

Consolidated Balance Sheets as at December 31, 2010 and December 31, 2009

Amounts in Swiss francs	Notes	2010	2009
ASSETS			
Current assets			
Cash and cash equivalents	7	63,797,325	76,560,104
Other current assets	8	2,697,674	1,838,463
Total current assets		**66,494,999**	**78,398,567**
Non-current assets			
Intangible assets	9	83,918	181,566
Property, plant and equipment	10	6,668,201	9,568,079
Other non-current assets	11	1,036,862	405,142
Total non-current assets		**7,788,981**	**10,154,787**
Total assets		**74,283,980**	**88,553,354**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables and accruals	12	8,982,264	10,203,124
Deferred income	13	295,037	686,838
Total current liabilities		**9,277,301**	**10,889,962**
Non-current liabilities			
Retirement benefit obligations	22	592,477	82,554
Total non-current liabilities		**592,477**	**82,554**
Shareholders' equity			
Share capital	14	6,334,180	5,741,188
Share premium	14	237,487,830	232,191,050
Other reserves		4,723,069	3,932,256
Equity instruments	15	13,798,126	-
Accumulated deficit		(197,929,003)	(164,283,656)
Total shareholders' equity		**64,414,202**	**77,580,838**
Total liabilities and shareholders' equity		**74,283,980**	**88,553,354**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Income for the years ended December 31, 2010 and 2009

Amounts in Swiss francs	Notes	2010	2009
Income			
Fees from collaborations & sale of license rights	5	1,975,265	4,090,770
Other income	18	2,024,911	412,203
Total income		**4,000,176**	**4,502,973**
Operating expenses			
Research and development	19	31,164,789	39,961,124
General and administration	19	6,433,176	7,596,102
Total operating expenses		**37,597,965**	**47,557,226**
Operating loss		**33,597,789**	**43,054,253**
Finance income	23	97,254	362,129
Finance expense	23	(144,812)	-
Finance result, net		**(47,558)**	**362,129**
Net loss before tax		**33,645,347**	**42,692,124**
Income tax expense	21	-	-
Net loss for the year		**33,645,347**	**42,692,124**
Loss per share for loss attributable to the equity holders of the Company, expressed in Swiss francs per share basic and diluted	24	(5.69)	(7.44)

Consolidated Statements of Comprehensive Income for the years ended December 31, 2010 and 2009

Amounts in Swiss francs	2010	2009
Net loss for the year	**33,645,347**	**42,692,124**
Other comprehensive loss		
Currency translation differences	312,945	5,488
Other comprehensive loss for the year, net of tax	**312,945**	**5,488**
Total comprehensive loss for the year	**33,958,292**	**42,697,612**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity for the years ended December 31, 2010 and 2009

Amounts in Swiss francs	Notes	Share capital	Share premium	Other reserves	Equity instruments	Accumulated deficit	Total
Balance at January 1, 2009		**5,735,554**	**231,884,708**	**2,962,643**	**-**	**(121,591,532)**	**118,991,373**
Net loss for the year		-	-	-	-	(42,692,124)	(42,692,124)
Translation differences		-	-	(5,488)	-	-	(5,488)
Other comprehensive loss for the year		-	-	(5,488)	-	-	(5,488)
Total comprehensive loss for the year		**-**	**-**	**(5,488)**	**-**	**(42,692,124)**	**(42,697,612)**
Issue of shares - option plan	14	8,750	309,525	-	-	-	318,275
Cost of share capital issuance		-	(3,183)	-	-	-	(3,183)
Share based compensation	16	-	-	975,101	-	-	975,101
Purchase of treasury shares	14	(3,116)	-	-	-	-	(3,116)
Balance at December 31, 2009		**5,741,188**	**232,191,050**	**3,932,256**	**-**	**(164,283,656)**	**77,580,838**
Net loss for the year		-	-	-	-	(33,645,347)	(33,645,347)
Translation differences		-	-	(312,945)	-	-	(312,945)
Other comprehensive loss for the year		-	-	(312,945)	-	-	(312,945)
Total comprehensive loss for the year		**-**	**-**	**(312,945)**	**-**	**(33,645,347)**	**(33,958,292)**
Issue of shares - capital increase	14	593,567	5,448,945	-	-	-	6,042,512
Cost of share capital issuance	14	-	(152,165)	-	-	-	(152,165)
Issue of equity instruments - Mandatory convertible notes	15	-	-	-	13,957,482	-	13,957,482
Cost of equity instruments issuance	15	-	-	-	(159,356)	-	(159,356)
Share based compensation	16	-	-	1,103,758	-	-	1,103,758
Purchase of treasury shares	14	(575)	-	-	-	-	(575)
Balance at December 31, 2010		**6,334,180**	**237,487,830**	**4,723,069**	**13,798,126**	**(197,929,003)**	**64,414,202**

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statements of Cash Flows for the years ended December 31, 2010 and 2009

Amounts in Swiss francs	Notes	2010	2009
Cash flows from operating activities			
Net loss for the year		(33,645,347)	(42,692,124)
Adjustments for:			
Depreciation and amortization	9/10	2,941,151	2,835,639
Disposals		83,950	3,155
Value of share-based services	16	1,103,758	975,101
Changes in pension costs	22	509,923	199,509
Finance result, net	23	47,558	(362,129)
Changes in working capital:			
Other current assets		(979,927)	1,278,044
Deferred income, payables and accruals		(1,401,970)	(1,613,579)
Net cash used in operating activities		**(31,340,904)**	**(39,376,384)**
Cash flows from investing activities			
Purchase of intangible assets	9	(45,038)	(73,190)
Purchase of property, plant and equipment	10	(407,980)	(4,137,408)
Loans granted to employees		(209,827)	-
Loans granted to related parties	26	(407,211)	-
Interest received	23	97,254	315,130
Net cash used in investing activities		**(972,802)**	**(3,895,468)**
Cash flows from financing activities			
Proceeds from issue of shares – capital increase	14	6,042,512	-
Proceeds from issue of shares – option plan	14	-	318,275
Costs paid on issue of shares	14	(148,701)	-
Proceeds from issue of equity instruments:			
Mandatory Convertible Notes	15	13,957,482	-
Costs paid on issue of equity instruments	15	(144,003)	-
Purchase of treasury shares	14	(75)	(3,116)
Net cash from financing activities		**19,707,215**	**315,159**
Decrease in cash and cash equivalents		**(12,606,491)**	**(42,956,693)**
Cash and cash equivalents at beginning of the year	7	76,560,104	119,470,604
Exchange (loss) / gain on cash and cash equivalents		(156,288)	46,193
Cash and cash equivalents at end of the year	**7**	**63,797,325**	**76,560,104**

The accompanying notes form an integral part of these consolidated financial statements.

Notes

Notes to the Consolidated Financial Statements for the years ended December 31, 2010 and 2009 (amounts in Swiss francs)

1. General information

Addex Pharmaceuticals Ltd (the Company) and its subsidiaries (together, the Group) are a discovery based pharmaceutical group focused on discovery, development and commercialization of small-molecule pharmaceutical products for the treatment of human health. The Company is a Swiss stockholding corporation domiciled c/o Addex Pharma SA, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Geneva, Switzerland and the parent company of Addex Pharma SA and Addex Pharmaceuticals France SAS. Its registered shares are traded at the SIX, Swiss Exchange, under the ticker symbol ADXN.

To date, the Group has financed its cash requirements primarily from share issuances and out-licensing certain of its research and development stage products. The Group is a development stage enterprise and is exposed to all the risks inherent in establishing a business. Inherent in the Group's business are various risks and uncertainties, including the substantial uncertainty that current projects will succeed. The Group's success may depend in part upon its ability to (i) establish and maintain a strong patent position and protection, (ii) enter into collaborations with partners in the pharmaceutical industry, (iii) acquire and retain key personnel, and (iv) acquire additional capital to support its operations. The Board of Directors (Board) believes the Group will be able to meet all of its obligations for a further 12 months as they fall due and, hence, the consolidated financial statements have been prepared on a going concern basis.

These consolidated financial statements have been approved by the Board of Directors on February 22, 2011, and are subject to approval by the shareholders on April 28, 2011.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Addex Pharmaceuticals Ltd have been prepared in accordance with IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through the statement of income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2009, except for the following new standards, amendments to standards and interpretations which are mandatory for financial periods beginning on or after January 1, 2010:

The adoption of the following standards, amendments to standards and interpretations did not have an effect on the financial position or on the disclosure:

- IFRS 3 (revised), "Business combinations";
- IAS 27 (revised), "Consolidated and separate financial statements";
- IAS 39 (amendment), "Financial instruments: Recognition and measurement";
- IFRS 2 (amendment), "Share-based payment - Group cash-settled share-based payment transactions";
- IFRIC 16, "Hedges of a net investment in a foreign operation";
- IFRIC 17, "Distributions of non-cash assets to owners";
- IFRIC 18, "Transfers of assets from customers";
- Annual improvements to IFRS 2009, issued on 16 April 2009

New standards, amendments to standards and interpretations not relevant to the Group:

- IFRS 1 (revised), "First-time adoption";
- IFRS 1 (amendments), for additional exemptions.

The following new standards, amendments to standards and interpretations have been issued but are not mandatory for the financial year beginning January 1, 2010 and have not been early adopted:

- IFRS 9, "Financial instruments", effective January 1, 2013;
- IAS 32 (amendments), "Financial instruments: Presentation on classification of rights issues", effective February 1, 2010;
- IFRS 1 (amendment), "First-time adoption", effective July 1, 2010;
- IAS 24 (amendment), "Related party disclosures", effective January 1, 2011;
- IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective July 1, 2010;
- IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction", effective January 1, 2011;
- Annual improvements 2010, effective January 1, 2011.

These standards, amendments to standards and interpretations are not expected to have a material impact on the Group financial position but may have some impact on the disclosures.

2.2 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The reporting date of all Group companies is December 31.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

2.4 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within 'finance result, net'. All other foreign exchange gains and losses are presented in the statement of income within 'operating expenses'.

Group companies

The results and financial position of the Group's subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of income are translated at the average exchange rate; and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to shareholders' equity in the statement of other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	25 years
Leasehold improvements	(over life of lease)
Computer equipment	3 years
Laboratory equipment	4 years
Furniture and fixtures	5 years
Chemical library	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.7). Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the statement of income.

2.6 Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (2 to 5 years) on a straight-line basis. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

The Group has one category of financial assets which is "loans and receivables".

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in other current assets and other non-current assets in the balance sheet (see note 8 and 11).

Loans and receivables are measured at amortized cost. Amortized cost is the amount at which the loan or receivable is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Loans and receivables are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Loans and receivables are derecognized when settled or when the rights to receive cash flows have expired.

A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount and is recognized in the statement of income.

2.9 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the statement of income.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.11 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, is included in equity attributable to the Company's equity holders.

2.12 Equity instruments

Equity instruments issued by the Group are recorded at the fair value of the proceeds received, net of direct issuance costs. The Group has one category of equity instruments which is "mandatory convertible notes".

2.13 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.14 Grants

Grants are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to costs are deferred and recognized as other income in the statement of income over the period necessary to match them with the costs that they are intended to compensate.

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Under a defined contribution plan, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. All plans that do not meet the strict criteria of defined contribution plans are deemed to be defined benefit plans and accounted for accordingly.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the defined benefit obligation at the balance sheet date less the fair value of the plan assets together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid, the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that cash refund or a reduction in the future payments is available.

Share-based compensation

The Group operates a number of equity-settled, equity incentive plans and share option plans.

Non voting share equity incentive plans: The fair value of the employee services received in exchange for the sale of non voting shares at a price below fair value is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the non voting shares sold less the price paid. At the date of sale of the non voting shares the fair value was determined by reference to the latest price paid for preference shares adjusted for differences in rights and restrictions accruing to the non voting shares. The vesting period is determined based on the period over which the Company has the right to repurchase the shares at original cost. Proceeds received net of any directly attributable transaction costs were credited to share capital when the non voting shares were sold. As part of the Initial Public Offering ("IPO"), the non voting shares as well as the preference shares have been converted at a 1:1 ratio into common shares. All converted non voting shares are still subject to their respective plans and converted non voting shares which are repurchased under the Company's repurchase right are recorded as treasury shares.

Share option and equity sharing certificates' equity incentive plans: The fair value of the employee services received in exchange for the grant of options or equity sharing certificates (ESCs) is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or ESCs granted. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options or ESCs are exercised.

At each balance sheet date, the Group revises its estimates for the number of options, equity sharing certificates or converted non voting shares that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

2.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

2.18 Income recognition

Income, which currently relates primarily to collaborative arrangements, comprises the fair value for the sale of products and services, net of value-added tax, rebates and discounts. Income from the sale of products is recognized when the product has been delivered and accepted by the customer and collectability of the receivable is reasonably assured. Income from the rendering of services is recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be provided. Income from collaborative arrangements may include the receipt of non-refundable license fees, milestone payments, and research and development payments. When the Group has continuing performance obligations under the terms of the arrangements, non-refundable fees and payments are recognized as income by reference to the completion of the performance obligation and the economic substance of the agreement.

2.19 Finance income and expense

Interest received and interest paid are classified in the statement of cash flows as interest received under investing activities and finance expense under financing activities, respectively.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

2.21 Research and development

Research and development costs are expensed as incurred. Costs incurred on development projects are recognized as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

In the opinion of management, due to uncertainties inherent in the development of the Group's products, the criteria for development costs to be recognized as an asset, as prescribed by IAS 38, "Intangible Assets", are not met.

Property, plant and equipment used for research and development purposes are capitalized and depreciated in accordance with the Group's property, plant and equipment policy (see note 2.5).

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's finance department (Group Finance) under the policies approved by the Board. Group Finance identifies, evaluates and in some instances economically hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, use of derivative financial instruments and non-derivative financial instruments, credit risk, and investing excess liquidity.

Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various exposures, primarily with respect to the Euro, US dollar and UK pound. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. To manage foreign exchange risk Group Finance maintains foreign currency cash balances to cover anticipated future requirements. The Group's risk management policy is to economically hedge 50% to 100% of anticipated transactions in each major currency for the subsequent 12 months. The Group has a subsidiary in France, whose net assets are exposed to foreign currency translation risk. A 10% increase or decrease in the EUR/CHF exchange rate would result in a CHF414,472 increase or decrease in net income and shareholders' equity. Movements in other currencies would not have had a material impact. The Group is not exposed to equity price risk or commodity price risk as it does not invest in these classes of investment. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Therefore the Group has no significant interest rate risk exposure.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to collaboration partners. The Group has a limited number of collaboration partners and consequently has a significant concentration of credit risk. The Group has policies in place to ensure that credit exposure is kept to a minimum and significant concentrations of credit risk are only granted for short periods of time to high credit quality partners. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted (see note 7).

Liquidity risk

The Group's principal source of liquidity is its cash reserves which are obtained through the sale of new shares and to a lesser extent the sale of its research and development stage products. The Group's policy is to invest these funds in low risk investments including interest bearing deposits. The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium term is highly dependent on the Group's ability to raise further funds from the licensing of its development stage products and the sale of new shares. Consequently, the Group is exposed to significant liquidity risk in the medium term.

Capital risk

The Company and its subsidiaries are subject to capital maintenance requirements under Swiss and French law, respectively. To ensure that statutory capital requirements are met, the Group monitors capital periodically, at the entity level, on an interim basis as well as annually. From time to time the Group may take appropriate measures or propose capital increases to ensure the necessary capital remains intact.

3.2 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate to their fair values. The fair value of other financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a

significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or may have had a significant impact on the reported results are disclosed below:

Going concern

As discussed on page 34 under "general information", the consolidated financial statements have been prepared on a going concern basis after considering the Group's cash position in light of current financial plans and financial commitments.

Income taxes

As disclosed in note 21 the Group has significant Swiss tax losses. These tax losses represent potential value to the Group to the extent that the Group is able to create taxable profits within 7 years of the end of the year in which the losses arose. The Group has not recorded any deferred tax assets in relation to these tax losses. The key factors which have influenced management in arriving at this evaluation are the fact that the Group has not yet a history of making profits and product development remains at an early stage. Should management's assessment of the likelihood of future taxable profits change, a deferred tax asset will be recorded.

Commitments and contingencies

In assessing the need for provisions for legal cases, estimates and judgements are made by the Group with support of external legal advisors and other technical experts in order to determine the probability, timing and amounts involved.

Share-based compensation

The Group recognizes an expense for share-based compensation based on the difference between the fair value and the price paid, if any, for financial instruments granted under the Group's equity incentive plans. Should the assumptions and estimates underlying the fair value of these instruments vary significantly from management's estimates, then the share-based compensation expense would be materially different from the amount recognized.

The fair value of non voting shares issued under the Group's non voting share equity incentive plan was established based on a number of valuation models which gave a range of values from CHF3.0 to CHF7.7. Had the Group calculated the share-based compensation based on the higher and lower values of this range, the value of share-based compensation recorded as an expense in 2010 would have been CHF33,866 or CHF85,519, respectively (2009: CHF65,538 or CHF162,633, respectively). This is compared to the amount recognized as an expense in 2010 of CHF52,549 (2009: CHF114,086).

The fair value of share options granted under the Group's share option plans is established based on a standard binomial valuation model. However, the 12,000 options granted on April 1, 2007, prior to the IPO, have a strike price of CHF39.5 per share. The fair value of the shares at this date was established at CHF55 per share based on a number of valuation models which gave a range of values from CHF50 to CHF60 per share. Had the Group calculated the share-based compensation based on the higher and lower values of this range, share-based compensation expense in 2010 would have been CHF11,750 or CHF15,915, respectively (2009: CHF25,512 or CHF34,566, respectively). This is compared to the amount recognized as an expense in 2010 of CHF13,833 (2009: CHF30,036).

The fair value of the equity sharing certificates (ESCs) granted on June 1, 2010 was established using a customized binomial valuation model. The fair value of the ESCs at this date was established at CHF2,300 per ESC based on a set of standard assumptions. Had these standard assumptions been modified within their feasible range, the valuation model gave a range of values from CHF1,960 to CHF2,710 per ESC. Had the Company calculated the share based compensation based on the higher and lower values of this range, share-based compensation expense in 2010 would have been CHF545,147 or CHF768,908, respectively. This is compared to the amount recognized as an expense in 2010 of CHF646,585.

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 22.

Loans to employees

In connection with the granting of ESCs, the Group has made loans of CHF617,038 to its employees to finance the tax and social charges consequences of the grant of ESCs. The loans are only repayable if capital gains are realized from the exercise of the subscription rights attached to the ESCs. ESC subscription rights are exercisable, subject to vesting, until their expiry date of May 31, 2015 at a subscription price of CHF7.5 per share if the underlying share price exceeds a floor price of CHF15 per share. Based on the historic volatility of the Company's share price of 40% (see note 16), the Group has assessed the probability of the share price achieving the floor price and the holder realizing a capital gain as highly probable, and therefore no provision for impairment has been made. Had the Group assessed the current and past share price performance as objective evidence that the Group would not be able to collect the loans then a provision would have been made to reduce the carrying amount to the recoverable amount. This would have resulted in a charge to the statement of income of up to CHF617,038.

4.2 Critical judgments in applying the accounting policies

Income recognition

In 2009, the Group recognized CHF1,461,075 (2008: CHF1,859,886) of up front fees received, under the Merck Sharp & Dohme Research Ltd research collaboration and license agreement executed on November 30, 2007 (see note 17), since it was concluded that there was continuing involvement after that date. Had the Group considered the up front fee as consideration for the purchase of a license, the Group would have recognized the entire up front fee of CHF3,477,600 in 2007.

In 2009, the Group recognized a CHF1,510,100 milestone payment received under the Ortho-McNeil-Janssen Pharmaceuticals Inc. agreement executed on December 31, 2004 (see note 17) when the milestone payment fell due, since there was no significant continuing involvement in the development of the product. Had the Group been significantly involved in the continuing development of the product, the Group would have recognized the milestone of CHF1,510,100 over the period of continuing involvement.

Other income

In 2010, the Group recognized CHF2,006,568 of French government research tax credit (RTC) of which CHF1,173,944 (EUR844,220) related to R&D expenditure incurred in 2009 at its subsidiary, Addex Pharmaceuticals France SAS. The 2009 RTC was not accrued in the year in which it was incurred since the Group believed there was significant uncertainty concerning the claim being settled. Had the Group accrued the 2009 RTC then other income would have included CHF832,624 and CHF1,273,168 in 2010 and 2009, respectively, and 2010 other comprehensive loss would have included a currency translation difference of CHF99,224.

Share-based compensation

During 2010, the Group recognized share-based compensation of CHF404,624 related to share options and CHF646,585 related to the

equity sharing certificates (ESCs) granted on June 1, 2010 under the Company's new equity incentive plan. Since a significant proportion of the ESCs granted replaced existing share options, the cancelled share options have been treated as a plan modification under IFRS 2, and the unrecognized portion of the original fair value of the cancelled share options continues to be recognized over their original vesting periods. The net fair value of the new ESC grants was calculated as the fair value of the ESCs less the fair value of the replaced share options at the grant date of June 1, 2010. If the issue of ESCs had not been considered as a replacement of the existing share options, the remaining unrecognized portion of the replaced share option's original fair value of CHF371,768 would have been expensed immediately and the ESCs fair value of CHF1,764,100 would have been recognized over its vesting period. Therefore, the Group would have recognized a share-based compensation of CHF598,034 related to share options and CHF686,199 related to the new ESCs (see note 16).

Equity instruments

On September 14, 2010, the Group issued zero-coupon mandatory convertible notes with a total nominal value of CHF13,957,482. The notes convert no later than March 14, 2011 into 1,371,069 new shares at a fixed price of CHF10.18 per share, and have therefore been recorded as equity instruments. Had the Group considered the notes to have both a liability and an equity component, then the fair value of the liability component would have been recorded in liabilities, and the residual amount recorded in equity.(see note 15).

Development supplies

At December 31, 2010, the Group owns development supplies that have been expensed in the statement of income. These amounts have not been recognized on the balance sheet as an asset since they are to be used in pre-clinical and clinical trials of specific products that have not demonstrated technical feasibility.

5. Segmental information

5.1 Reportable segments

The Group operates in one segment, which is the business of developing drugs for human health.

5.2 Entity wide information

Information about products, services and major customers

External income of the Group for the years ended December 31, 2010 and 2009 is derived from the business of developing drugs for human health. Income was earned from collaborative arrangements and the sale of license rights to pharmaceutical companies.

Information about geographical areas

External income is recorded in the Swiss operating company as fees from collaborations and sale of license rights.

Analysis of income by nature is detailed as follows:

	2010	2009
Up front fees	-	1,461,075
Milestones	-	2,193,358
Technology access fees	255,785	285,827
Research funding	1,719,480	150,510
Total income	**1,975,265**	**4,090,770**

Analysis of income by major customer is detailed as follows:

	2010	2009
Merck & Co., Inc (USA)	1,975,265	2,580,670
Ortho-McNeil-Janssen (USA)	-	1,510,100
Total income	**1,975,265**	**4,090,770**

For more detail, refer to note 17, "License and collaboration agreements".

The geographical analysis of assets is as follows:

	December 31, 2010	December 31, 2009
Switzerland	72,588,494	86,674,105
Europe	1,695,486	1,879,249
Total assets	**74,283,980**	**88,553,354**

The geographical analysis of capital expenditure is as follows:

	2010	2009
Switzerland	177,003	3,024,507
Europe	61,899	344,655
Total capital expenditure	**238,902**	**3,369,162**

The geographical analysis of operating expenses is as follows:

	2010	2009
Switzerland	34,481,457	43,770,968
Europe	3,116,508	3,786,258
Total operating expenses (note 19)	**37,597,965**	**47,557,226**

6. Consolidated entities

The consolidated financial statements include the accounts of Addex Pharmaceuticals Ltd and its 100% owned subsidiaries, Addex Pharma SA and Addex Pharmaceuticals France SAS.

7. Cash and cash equivalents

	December 31, 2010	December 31, 2009
Cash at bank and on hand	53,282,325	61,059,104
Short term deposits	10,515,000	15,501,000
Total cash and cash equivalents	**63,797,325**	**76,560,104**

In 2010, the effective interest rate on cash and cash equivalents was 0.15% (2009: 0.33%).

Credit quality of cash and cash equivalents

The table below shows the cash and cash equivalents by credit rating of the major counterparties:

External credit rating of counterparty	December 31, 2010	December 31, 2009
P-1 / A-1	63,794,190	76,557,102
Cash on hand	3,135	3,002
Total cash and cash equivalents	**63,797,325**	**76,560,104**

External credit ratings of counterparties were obtained from Moody's (P-1) or Standard & Poor's (A-1), respectively.

8. Other current assets

	December 31, 2010	December 31, 2009
Receivables	1,198,966	736,657
Prepayments	1,489,916	1,095,412
Accrued interest income	8,792	6,394
Total other current assets	**2,697,674**	**1,838,463**

9. Intangible assets

	Computer software licenses
At January 1, 2009	
Cost	732,655
Accumulated amortization	(508,602)
Net book value	**224,053**
Year ended December 31, 2009	
Opening net book amount	224,053
Exchange differences	26
Additions	80,611
Disposals	(2,172)
Amortization charge	(120,952)
Closing net book amount	**181,566**
At December 31, 2009	
Cost	758,701
Accumulated amortization	(577,135)
Net book value	**181,566**

	Computer software licenses
Year ended December 31, 2010	
Opening net book amount	181,566
Exchange differences	(792)
Additions	19,393
Amortization charge	(116,249)
Closing net book amount	**83,918**
At December 31, 2010	
Cost	771,917
Accumulated amortization	(687,999)
Net book value	**83,918**

The Group recorded an amortization charge in 2010 of CHF95,191 (2009: CHF93,724) as part of research and development expenses and CHF21,058 (2009: CHF27,228) as part of general and administration expenses.

10. Property, plant and equipment

	Buildings	Leasehold improvements	Equipment	Furniture & fixtures	Chemical library	Total
At January 1, 2009						
Cost	32,698	7,201,371	10,690,458	1,244,509	1,017,748	20,186,784
Accumulated depreciation	(5,558)	(3,807,471)	(5,904,765)	(743,032)	(732,036)	(11,192,862)
Net book value	**27,140**	**3,393,900**	**4,785,693**	**501,477**	**285,712**	**8,993,922**
Year ended December 31, 2009						
Opening net book amount	27,140	3,393,900	4,785,693	501,477	285,712	8,993,922
Exchange differences	-	(437)	1,585	128	-	1,276
Additions	-	1,682,080	1,435,784	138,859	31,828	3,288,551
Disposals	-	(1)	(982)	-	-	(983)
Depreciation charge	(1,307)	(699,151)	(1,749,851)	(164,454)	(99,924)	(2,714,687)
Closing net book amount	**25,833**	**4,376,391**	**4,472,229**	**476,010**	**217,616**	**9,568,079**
At December 31, 2009						
Cost	32,698	8,873,320	12,069,350	1,382,946	1,049,575	23,407,889
Accumulated depreciation	(6,865)	(4,496,929)	(7,597,121)	(906,936)	(831,959)	(13,839,810)
Net book value	**25,833**	**4,376,391**	**4,472,229**	**476,010**	**217,616**	**9,568,079**
Year ended December 31, 2010						
Opening net book amount	25,833	4,376,391	4,472,229	476,010	217,616	9,568,079
Exchange differences	-	(147,455)	(58,007)	(5,073)	-	(210,535)
Additions	-	47,130	125,074	9,934	37,371	219,509
Disposals	-	(12)	(83,928)	(10)	-	(83,950)
Depreciation charge	(1,308)	(778,944)	(1,834,694)	(135,624)	(74,332)	(2,824,902)
Closing net book amount	**24,525**	**3,497,110**	**2,620,674**	**345,237**	**180,655**	**6,668,201**
At December 31, 2010						
Cost	32,698	8,124,978	11,444,694	1,351,477	1,086,947	22,040,794
Accumulated depreciation	(8,173)	(4,627,868)	(8,824,020)	(1,006,240)	(906,292)	(15,372,593)
Net book value	**24,525**	**3,497,110**	**2,620,674**	**345,237**	**180,655**	**6,668,201**

The Group recorded a depreciation charge in 2010 of CHF2,728,749 (2009: CHF2,611,894) as part of research and development expenses and CHF96,153 (2009: CHF120,793) as part of general and administration expenses.

11. Other non-current assets

	December 31, 2010	December 31, 2009
Security rental deposit	419,824	405,142
Loans to employees	209,827	-
Loans to related parties (note 26)	407,211	-
Total other non-current assets	**1,036,862**	**405,142**

12. Payables and accruals

	December 31, 2010	December 31, 2009
Trade payables	3,146,800	4,524,464
Social security and other taxes	913,869	415,820
Accrued expenses	4,921,595	5,262,840
Total payables and accruals	**8,982,264**	**10,203,124**

All payables mature within 3 months.

13. Deferred income

Deferred income of CHF295,037 (2009: CHF686,838) relates to technology access fees of CHF225,247 (2009: CHF686,838) received under the agreement with Merck Sharp & Dohme Research Ltd (see note 17) and to the first installment of CHF69,790 from The Michael J. Fox Foundation for Parkinson's Research (see note 18).

14. Share capital and share premium

Number of shares	Common shares	Treasury shares	Total
Balance at January 1, 2009	**5,862,492**	**(126,938)**	**5,735,554**
Issue of shares - option plan	8,750	_	8,750
Purchase of treasury shares	_	(3,116)	(3,116)
Balance at December 31, 2009	**5,871,242**	**(130,054)**	**5,741,188**
Issue of shares - capital increase	593,567	_	593,567
Purchase of treasury shares	_	(575)	(575)
Balance at December 31, 2010	**6,464,809**	**(130,629)**	**6,334,180**

At December 31, 2010, the total outstanding share capital is CHF6,464,809 (December 31, 2009: CHF5,871,242), consisting of 6,464,809 shares (December 31, 2009: 5,871,242). All shares have a nominal value of CHF1 and are fully paid.

During 2010, the Group's Swiss operating subsidiary acquired 575 (2009: 3,116) shares from employees for CHF1 under the Company's non voting share equity incentive plan. The total amount payable to acquire the shares, net of income tax, was CHF575 (2009: CHF3,116) and has been deducted from share capital. The shares are held as treasury shares and the Company has the right to reissue these shares at a later date.

On September 14, 2010, the Group issued 593,567 new shares to BVF Partners L.P. in a private placement for CHF10.18 per share. The gross proceeds of CHF6,042,512 have been recorded in equity net of directly related share issuance costs of CHF152,165.

15. Equity instruments

On September 14, 2010, the Group issued zero-coupon mandatory convertible notes with a total nominal value of CHF13,957,482 to BVF Partners L.P. The notes convert no later than March 14, 2011 into 1,371,069 new shares at a fixed conversion price of CHF10.18 per share. The notes bear no interest, are not listed and can be converted earlier at the holder or the issuer option should certain conditions be met.

As at December 31, 2010, the notes have been recorded at face value of CHF13,957,482 less directly related issuance costs of CHF159,356 in shareholders equity.

16. Share-based compensation

	2010	2009
Non-executive directors and consultants	64,660	94,152
Executives and employees (note 20)	1,039,098	880,949
Total share-based compensation	**1,103,758**	**975,101**

Analysis of share-based compensation by equity incentive plan is detailed as follows:

	2010	2009
Equity sharing certificate plan	646,585	-
Share option plans	404,624	861,015
Non voting share plans	52,549	114,086
Total share-based compensation	**1,103,758**	**975,101**

Equity sharing certificate equity incentive plan

The Company has established an equity incentive plan based on ESCs (the ESC Plan) to provide incentives to directors, executives, employees and consultants of the Group. The ESC Plan was effective on June 1, 2010 and provides for the granting of up to 891 ESCs. Each ESC provides the holder (i) a right to subscribe for 1,000 shares in the Company, and (ii) a right to liquidation proceeds equivalent to that of shareholders. The ESC grant is subject to a 4 year quarterly vesting period and all rights of the ESCs expire after 5 years with the ownership of the ESCs reverting to the Group. The right of the holder of the ESCs to subscribe can only be exercised with respect to vested ESCs if the underlying share price reaches a floor price that is calculated as approximately 133% of the share price at the date of grant. The subscription price is defined as 50% of the floor price. In the event of a change in control, all ESCs automatically vest.

On June 1, 2010, the Group granted 767 ESCs at a floor price of CHF15.00 per share and a subscription price of CHF7.50 per share. The Group has no legal or constructive obligation to repurchase or settle ESCs in cash. In accepting a grant of ESC, the holder automatically forfeited all previously granted share options and consequently the ESC grant has been considered to be a replacement, of the respective cancelled share options, under IFRS 2.

Movements in the number of ESCs outstanding are as follows:

	2010
Granted	767
Forfeited	42
At December 31	**725**

At December 31, 2010, 90 ESCs were exercisable. All ESCs expire on May 31, 2015.

At June 1, 2010, the net fair value of the 767 ESCs has been calculated at CHF1,660,942, being the ESCs fair value of CHF1,764,100 less the fair value of the forfeited share options of CHF103,158.

The total fair value of the ESCs of CHF1,764,100 was determined using a binomial valuation model and the significant inputs into the model were:

	2010
Share price at the grant date	CHF11.00
Subscription price per share	CHF7.50
Floor price per share	CHF15.00
Volatility	40%
Dividend yield	-
Annual risk-free interest rate	1.00%

Since the Company has a short track record as a public company, volatility has been estimated based on the historical trend of an appropriate sample of companies operating in the biotech and pharmaceutical industry.

The total share-based compensation expense recognized in the statement of income for ESCs granted to directors, executives, employees and consultants has been recorded under the following headings:

	2010	2009
Research and development	400,808	-
General and administration	245,777	-
Total share-based compensation for ESCs	**646,585**	**-**

Share option plans

The Company has established share option plans to provide incentives to directors, executives, employees and consultants of the Group.

Plan A was effective from January 1, 2007 until July 1, 2008, and provided for four grants per year on the first day of the quarter. The exercise price for options granted on April 1, 2007 (prior to the IPO) is CHF39.5. The exercise price of options granted on July 1, 2007, October 1, 2007, April 1, 2008 and July 1, 2008 is equal to the average closing share price for the quarter preceding the grant date. An options grant shall vest over 5 years in the following manner: (i) the participant may not exercise any options of such options grant during the first year starting from the grant date; (ii) the participant may exercise 20% of such options grant after the first anniversary of the grant date, and (iii) the participant may exercise another 20% of such options grant after each further anniversary of the grant date until exhaustion of such options grant. The option term (exercise period) shall be the fifth anniversary of the vesting date of such option.

Plan B became effective on July 1, 2008, replacing plan A and provides for four grants per year on the first day of the quarter. The exercise price of options granted on July 1, 2008, October 1, 2008, January 1, 2009, April 1, 2009, July 1, 2009, October 1, 2009 and January 1, 2010 is equal to the closing share price on the business day preceding the date of the grant plus 7.5%. An options grant shall vest over 4 years in the following manner: (i) the participant may not exercise any options of such options grant during the first year starting from the grant date; (ii) the participant may exercise 25% of such options grant after the first anniversary of the grant date, and (iii) the participant may exercise another 25% of such options grant after each further anniversary of the grant date until exhaustion of such options grant. The option term (exercise period) shall be the fifth anniversary of the grant date of such option.

In the event of a change in control, all options automatically vest. The Group has no legal or constructive obligation to repurchase or settle options in cash.

During 2010 the Company granted 750 options (2009: 22,750). As a result of the granting of ESCs on June 1, 2010, 226,000 options were forfeited. For accounting purposes the cancellation of these share options was treated as a modification under IFRS 2 and the portion of the original fair value that was unrecognized at the date of forfeiture of CHF371,768 is being recognized over the original vesting period.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2010		2009	
	Average exercise price in CHF per share	Number of options	Average exercise price in CHF per share	Number of options
At January 1	37.26	275,550	37.20	308,800
Granted	14.84	750	37.29	22,750
Forfeited	37.25	(24,743)	36.43	(43,400)
Forfeited due to ESC grants	37.22	(226,000)	-	-
Exercised	-	-	36.37	(8,750)
Expired	37.21	(15,382)	43.91	(3,850)
At December 31	**36.57**	**10,175**	**37.26**	**275,550**

Out of the 10,175 outstanding options (2009: 275,550 options), 6,250 options (2009: 65,733 options) were exercisable with an average exercise price of CHF36.84 (2009: CHF38.03). No options were exercised in 2010 (2009: 8,750).

Share options outstanding at the end of 2010 and 2009 have the following expiry dates and exercise prices:

	Range of exercise price in CHF per share				
Expiry date	**30 – 34.99**	**35 – 39.99**	**40 – 49.99**	**50 – 65**	**Total**
At December 31, 2010, number of options					
2011	-	4,050	750	375	5,175
2013	-	4,500	-	-	4,500
2014	-	100	-	-	100
2015	-	100	-	-	100
2016	-	100	-	-	100
2017	-	100	-	-	100
2018	-	100	-	-	100
Total outstanding options	**-**	**9,050**	**750**	**375**	**10,175**
At December 31, 2009, number of options					
2010	-	-	-	750	750
2013	-	216,600	-	7,060	223,660
2014	9,150	4,550	13,000	2,560	29,260
2015	900	3,050	-	2,560	6,510
2016	900	3,050	-	2,560	6,510
2017	900	3,050	-	2,560	6,510
2018	900	1,450	-	-	2,350
Total outstanding options	**12,750**	**231,750**	**13,000**	**18,050**	**275,550**

The fair value of options granted during 2010 determined using a binomial valuation model was CHF3.13 per option (2009: CHF7.94). The significant inputs into the model were:

	2010	2009
Share price / weighted average share price at the grant date	CHF13.80	CHF34.68
Exercise price / range of exercise price per share	CHF14.84	CHF30.42 – 40.85
Volatility	40%	40%
Dividend yield	-	-
Annual risk-free interest rate	1.00%	1.34%

Since the Company has a short track record as a public company, volatility has been estimated based on the historical trend of an appropriate sample of companies operating in the biotech and pharmaceutical industry.

The total share-based compensation expense recognized in the statement of income for share options granted to directors, executives, employees and consultants has been recorded under the following headings:

	2010	2009
Research and development	220,779	450,514
General and administration	183,845	410,501
Total share-based compensation for share options	**404,624**	**861,015**

Non voting share equity incentive plans

Prior to December 31, 2006, the Group established non voting share equity incentive plans effective on July 1, 2004 (the Equity Incentive Plan 2004) and on September 1, 2006 (the Equity Incentive Plan 2006). These equity incentive plans provided certain directors, executives, employees and consultants of the Group with an opportunity to subscribe or purchase non voting shares of the Company at a price of CHF1 each. By resolution of the shareholders' meeting dated May 3, 2007, all non voting shares have been converted at a one to one ratio into common shares. The Company is no longer issuing non voting shares under these equity incentive plans and all converted non voting shares continue to be subjected to their respective plans. The converted non voting shares are subject to a claw back provision that provides the Company with a right to repurchase the shares in the event of the contractual relationship being terminated. The right to repurchase shall reduce to zero on a straight-line basis over a 4 year period for Equity Incentive Plan 2004 and a 5 year period for Equity Incentive Plan 2006, subject to a period of 1 year from the subscription or purchase date when the right to repurchase shall be 100% of the non voting shares. In the event of a change in control, the Company automatically renounces its repurchase right.

Movements in the number of shares sold under the non voting share equity incentive plans are as follows:

Number of shares	2010	2009
At January 1	553,305	556,421
Repurchased under claw back provision (note 14)	(575)	(3,116)
At December 31	**552,730**	**553,305**

The total share-based compensation expense recognized in the statement of income for non voting shares sold at a price of CHF1 each to directors, executives, employees and consultants has been recorded under the following headings:

	2010	2009
Research and development	25,971	54,790
General and administration	26,578	59,296
Total share-based compensation for non voting shares	**52,549**	**114,086**

17. License and collaboration agreements

Merck & Co., Inc.

On January 2, 2008, the Group executed a license agreement with Merck & Co., Inc. (Merck). In accordance with the agreement, Merck has acquired an exclusive worldwide license to develop ADX63365 and other mGluR5PAM compounds for the treatment of human health. Under this agreement, the Group is eligible for future payments contingent on the products from the research achieving certain research, development and sales milestones. The Group is also eligible for undisclosed royalties on net sales. No income has been recognized in the years ended December 31, 2010 and 2009.

Merck Sharp & Dohme Research Ltd.

On November 30, 2007, the Group executed a research collaboration and license agreement with Merck Sharp & Dohme Research Ltd, a fully owned subsidiary of Merck & Co., Inc., which included an initial research period of two years. In accordance with the agreement, Merck has acquired an exclusive worldwide license to develop mGluR4PAM compounds for the treatment of human health. Under the agreement, the Group is eligible for future payments contingent on the products from the research achieving certain research and development milestones. The Group is also eligible for undisclosed royalties on net sales. On November 30, 2009, the agreement was amended and the initial research period of two years was extended for an additional year until November 30, 2010. Under the amendment, Merck made quarterly research payments amounting to USD1,800,000. During 2010 total fees and research funding of CHF1,975,265 (2009: CHF2,580,670) has been recognized as income and at December 31, 2010, CHF225,247 (2009: CHF686,838) has been recorded as deferred income.

Ortho-McNeil-Janssen Pharmaceuticals Inc.

On December 31, 2004, the Group entered into a research collaboration and license agreement with Ortho-McNeil-Janssen Pharmaceuticals Inc. (OMJPI). In accordance with this agreement, OMJPI has acquired an exclusive worldwide license to develop mGluR2PAM compounds for the treatment of human health. The Group is eligible for future payments contingent on the products from the research achieving certain development milestones. The Group is also eligible for undisclosed royalties on net sales. Under the agreement, OMJPI made a EUR1,000,000 (CHF1,510,100) milestone payment that has been recognized as income in June 2009. No income has been recognized under this agreement in 2010.

18. Other income

	2010	2009
Research grants	-	125,252
Research tax credit	2,006,568	-
Insurance recovery	-	286,951
Other income	18,343	-
Total other income	**2,024,911**	**412,203**

In 2010, the Group recognized CHF2,006,568 of research tax credit of which EUR844,220 was granted and settled by the French tax authorities in respect of Addex Pharmaceuticals France 2009 R&D expenditure and EUR599,790 was receivable in respect of Addex Pharmaceuticals France 2010 R&D expenditure.

In 2010, the Group was awarded a research grant of USD900,000 from The Michael J. Fox Foundation for Parkinson's Research. The grant is being received in installments to fund specific research costs which are planned to be incurred in 2011, and therefore none of the grant has been recognized in 2010 as income (see note 13).

In 2009 the Group recognized CHF125,252 of grant from the European Community and CHF286,951 of insurance recovery as other income.

19. Operating expenses by nature

	2010	2009
Staff costs (note 20)	17,658,370	18,289,568
Depreciation and amortization	2,941,151	2,835,639
External research and development costs	4,736,929	12,037,185
Laboratory consumables	4,418,542	5,482,069
Operating leases	2,429,272	2,450,103
Other operating expenses	5,413,701	6,462,662
Total operating expenses	**37,597,965**	**47,557,226**

Operating lease contracts are renewable on normal business terms and provide for annual rent increases based on the Swiss consumer price index and the French index of construction cost, INSEE, respectively.

20. Staff costs

	2010	2009
Wages and salaries	13,272,814	14,308,229
Social charges and insurances	1,560,174	1,504,047
Value of share-based services (note 16)	1,039,098	880,949
Pension costs – defined contribution plans	81,157	88,674
Pension costs – defined benefit plan (note 22)	1,453,988	1,192,864
Other employee costs	251,139	314,805
Total staff cost (note 19)	**17,658,370**	**18,289,568**

21. Taxes

The Group's Swiss operating subsidiary was granted a tax holiday for 10 years from incorporation in Switzerland for all income and capital taxes on a cantonal and municipal level. The Group is still subject to Swiss federal income taxes.

	December 31 2010	December 31 2009
Loss before tax	33,645,347	42,692,124
Tax calculated at a tax rate of 7.8% (2009:7.8%)	2,624,337	3,329,986
Effect of different tax rates in other countries	(30,761)	17,614
Expenses charged against equity	24,410	248
Expenses not deductible for tax purposes	(86,093)	(76,058)
Tax losses not recognized as deferred tax assets	(2,531,893)	(3,271,790)
Income tax expense	**-**	**-**

The Group has a tax loss carry forward of CHF185,398,505 as of December 31, 2010 (2009: CHF161,170,712) of which CHF109,061,034 (2009: CHF96,412,311) expire within the next five years and CHF76,337,471 (2009: CHF64,758,401) will expire between five and seven years. Tax losses of CHF9,417,554 expired in 2010 (2009: CHF3,112,944).

22. Retirement benefit obligations

Apart from the social security plans fixed by the law, the Group sponsors independent pension plans. All employees of Addex Pharma SA are covered by these plans, which are defined benefit plans. Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared approximately 46%/54% by employee and employer. In addition to retirement benefits, the plans provide death and long-term disability benefits to its employees. Liabilities and assets are revised every year by an independent actuary. In accordance with IAS 19, plan assets have been estimated at fair market values and liabilities have been calculated according to the "projected unit credit" method.

The Group recorded a pension benefit charge in 2010 of CHF1,453,988 (2009: CHF1,192,864) as part of staff costs. At December 31, 2010, the difference between the unrecognized actuarial losses of CHF2,251,401 (2009: CHF2,172,914) and the negative status of the pension funds of CHF2,843,878 (2009: CHF2,255,468) is recorded in non-current liabilities.

Pension benefits

The amounts recognized in the balance sheet are determined as follows:

	2010	2009
Present value of funded obligations	(10,011,872)	(9,325,540)
Fair value of plan assets	7,167,994	7,070,072
Funded status	(2,843,878)	(2,255,468)
Unrecognized net losses	2,251,401	2,172,914
Accrued pension costs	**(592,477)**	**(82,554)**

The amounts recognized in the statements of income are as follows:

	2010	2009
Current service cost	2,184,868	1,969,683
Interest cost	303,080	236,449
Expected return on plan assets	(282,803)	(208,245)
Employees' contributions	(818,385)	(858,733)
Amortization of unrecognized losses	67,228	53,710
Total included in staff costs (note 20)	**1,453,988**	**1,192,864**

The movement in the (liability) / asset recognized in the balance sheet is as follows:

	2010	2009
(Liability) / asset at beginning of year	(82,554)	116,955
Total expense charged in the statement of income	(1,453,988)	(1,192,864)
Contributions paid	944,065	993,355
Liability at end of year	**(592,477)**	**(82,554)**

The movement in the defined benefit obligations at the beginning of the year is as follows:

	2010	2009
Defined benefit obligation at beginning of year	(9,325,540)	(6,755,694)
Service cost	(2,184,868)	(1,969,683)
Interest cost	(303,080)	(236,449)
Change in assumptions	(833,943)	(392,724)
Actuarial gains / (losses)	774,015	(89,765)
Benefit payments	1,861,544	118,775
Defined benefit obligations at end of year	**(10,011,872)**	**(9,325,540)**

The movements in the fair value of plan assets during the year are as follows:

	2010	2009
Fair value of plan assets at beginning of year	7,070,072	5,206,129
Expected return on plan assets	282,803	208,245
Employees' contributions	818,385	858,733
Company contribution	944,065	993,355
Plan assets actuarial losses	(85,787)	(77,615)
Benefit payments	(1,861,544)	(118,775)
Fair value of plan assets at end of year	**7,167,994**	**7,070,072**

The movement in the unrecognized net losses at the beginning of the year is as follows:

	2010	2009
Unrecognized losses at beginning of year	2,172,914	1,666,520
Amortization	(67,228)	(53,710)
Change in actuarial assumptions	833,943	392,724
Actuarial (gains) / losses	(774,015)	89,765
Plan assets actuarial losses	85,787	77,615
Unrecognized losses at end of year	**2,251,401**	**2,172,914**

The actual return on plan assets is a gain of CHF197,016 in 2010 (2009: gain of CHF130,630).

The principal actuarial assumptions used were as follows:

	2010	2009
Discount rate	2.75%	3.25%
Expected return on plan assets	4.00%	4.00%
Future salary increases	1.50%	1.50%
Future pension increases	1.00%	1.00%

The expected return on plan assets is determined by considering the returns experienced by Swisscanto Asset Management over the last 15 years.

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age of 65 (male) or 64 (female) on the balance sheet date are as follows:

	2010	2009
Male	17.90	17.90
Female	21.85	21.85

The estimated Group contributions to pension plans for the financial year 2011 amount to CHF875,000. The plan assets relate primarily to amounts invested with, and managed by, the AXA-Winterthur Fondation LPP. The detailed structures and assets held at December 31, 2010, are not currently available for presentation. The detailed structures and assets held at December 31, 2009, are as follows:

	December 31, 2009	
	Allocation in %	Expected return
Cash	1.8%	2.0%
Bonds	57.0%	3.5%
Shares	2.7%	6.8%
Real estates and mortgage	34.4%	4.5%
Alternative investments	4.1%	4.5%

The following table shows a five year summary reflecting the funding of defined benefit pensions and the impact of historical deviations between expected and actual return on plan assets and actuarial adjustments on plan liabilities.

	2010	2009	2008	2007	2006
Present value of defined benefit obligation	(10,011,872)	(9,325,540)	(6,755,694)	(4,943,412)	(3,977,785)
Fair value of plan assets	7,167,994	7,070,072	5,206,129	3,906,621	2,929,027
Deficit in the plan	**(2,843,878)**	**(2,255,468)**	**(1,549,565)**	**(1,036,791)**	**(1,048,758)**
Unrecognized actuarial gains / (losses) on plan liabilities	774,015	(89,765)	(316,716)	(358,972)	(138,531)
Actuarial losses on plan assets	(85,787)	(77,615)	(69,407)	(31,910)	(36,881)

23. Finance income and costs

	2010	2009
Interest income	97,254	315,130
Unrealized foreign exchange (loss) / gain, net	(144,812)	46,999
Finance result, net	**(47,558)**	**362,129**

24. Loss per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year excluding common shares purchased by the Group and held as treasury shares.

	2010	2009
Loss attributable to equity holders of the Company	33,645,347	42,692,124
Weighted average number of shares in issue	5,916,336	5,734,662
Basic and diluted loss per share	**(5.69)**	**(7.44)**

The Company has three categories of dilutive potential shares: share options, equity sharing certificates and mandatory convertible notes. As of December 31, 2010 and December 31, 2009, share options, equity sharing certificates and mandatory convertible notes have been ignored in the calculation of the loss per share, as they would be anti-dilutive.

25. Commitments and contingencies

Operating lease commitments

	2010	2009
Within 1 year	1,604,269	2,355,451
Later than 1 year and no later than 5 years	4,982,645	5,702,229
Later than 5 years	994,600	1,918,277
	7,581,514	**9,975,957**

Operating lease commitments consist mainly of rental contracts for laboratories, offices and related spaces at Plan-les-Ouates and Archamps sites. As at December 31, 2010, there are no commitments over 6 years.

As a result of a renegotiation of lease contracts, the Group is benefiting from a rent free period which is being recognized over the life of the remaining lease contracts.

Capital commitments

Capital expenditure contracted at the balance sheet date but not yet incurred is as follows:

	2010	2009
Property, plant and equipment	2,776	31,577
Intangible assets	-	-
	2,776	**31,577**

Contingencies

As part of the ordinary course of business, the Group is subject to contingent liabilities in respect of certain litigation. In the opinion of management, none of the outstanding litigation will have a significant adverse effect on the Group's financial position.

26. Related party transactions

Related parties include members of the Board of Directors and the Executive Management of the Group.

The following transactions were carried out with related parties:

Purchase of services

Services are negotiated with related parties on the basis of prices available from non-related parties offering a similar service. During 2010, CHF4,713 of services were purchased from a person closely related to a member of the Board. During 2009 no services were purchased from related parties.

Key management compensation

	2010	2009
Salaries and other short-term employee benefits	3,390,732	3,158,276
Post-employment benefits	284,668	315,621
Share-based compensation	698,573	674,413
	4,373,973	**4,148,310**

Loans to related parties – Executive Management

	2010
At January 1	-
Loans advanced during the year	407,211
At December 31	**407,211**

In connection with the granting of equity sharing certificates, the Group has made loans of CHF617,038 to its employees, of which CHF407,211 were made to Executive Managers, to finance the tax and social charges consequences of the grant of ESCs. The loans accrue interest at 0.2% per year and the loan principal and accrued interest are repayable from the first capital gains realized from the exercise of the subscription rights attached to the ESCs. Should no capital gains be realized over the 5 year term of the ESCs then the loans are forgiven.

No loans were granted to related parties during 2009. No such loans were outstanding as of December 31, 2009. During 2009, no payments (or waivers of claims) other than those set out in the compensation table were made to related parties or to "persons closely linked" to them.

During 2009, the Group's Swiss operational subsidiary acquired 1,866 of the Company's shares from a member of the Board of Directors at CHF1 each by exercising its repurchase right under the Company's non voting share equity incentive plan.

27. Events after the balance sheet date

There have been no material events after the balance sheet date.

28. Non-Executive Directors and Executive Management compensation disclosures in accordance with Swiss law

The Group's consolidated financial statements have been prepared in accordance with IFRS. This note has been prepared in accordance with the requirements of the Swiss law for companies, the Swiss Code of Obligations, and therefore differs in certain significant respects from compensation disclosures in note 26 (related party transactions), mainly due to different expense recognition rules being applied.

Non-Executive Director Compensation

General principles

Based on a proposal made by the Compensation Committee, the Board of Directors determines the compensation of Non-Executive Directors. They receive an annual fee based on the responsibilities of each Director, of which half is paid based on attendance at meetings, and an annual committee fee for each of the board standing committees of which they are a member. Non-Executive Directors are also eligible to participate in the Company's equity incentive plans.

Loans and other payments to Non-Executive Directors

No loans were granted to current or former Non-Executive Directors during 2010 and 2009. No such loans were outstanding as of December 31, 2010 and 2009. During 2010 and 2009, no payments (or waivers of claims) other than those set out in the compensation table were made to current or former Non-Executive Directors or to "persons closely linked" to them.

Compensation to Non-Executive Directors in 2010 [1]

Name of Non-Executive Director [8]	Base cash compensation	Variable cash attendance	Equity sharing certificates (number) [3]	Equity sharing certificates (value) [3]	Total 2010
André J. Mueller [4]	30,000	22,500	9	20,700	73,200
Andrew Galazka [7]	25,000	15,000	6	13,800	53,800
Raymond Hill	22,500	15,000	6	13,800	51,300
Vincent Lawton [5]	25,000	15,000	6	13,800	53,800
Beat E. Lüthi [6]	30,000	15,000	6	13,800	58,800
Antoine Papiernik [2]	-	-	-	-	-
Total	**132,500**	**82,500**	**33**	**75,900**	**290,900**

1. Compensation does not include reimbursement for travel and other necessary business expenses incurred in the performance of their services as these are not considered to be compensation.
2. Non-Executive Directors who serve on the Board of Directors in their capacity as representatives of their respective venture capital investment firms receive no compensation for their services.
3. 33 equity sharing certificates were granted to Non-Executive Directors during 2010, reported at fair value at date of grant of CHF2,300 per ESC.
4. Non-Executive Chairman of the Board of Directors
5. Chairman of the Audit Committee
6. Chairman of the Compensation Committee
7. Chairman of the Nomination Committee
8. All Non-Executive Directors are members of the Board of Directors

Compensation to Non-Executive Directors in 2009 [1]

Name of Non-Executive Director [8]	Base cash compensation	Variable cash attendance	Share options (number) [3]	Share options (value) [3]	Total 2009
André J. Mueller [4]	32,500	22,500	-	-	55,000
Andrew Galazka [7]	25,000	15,000	-	-	40,000
Deborah Harland [2]	-	-	-	-	-
Werner Henrich	5,000	6,000	-	-	11,000
Raymond Hill	17,500	15,000	-	-	32,500
Vincent Lawton [5]	16,667	12,000	-	-	28,667
Beat E. Lüthi [6]	25,000	12,000	-	-	37,000
Antoine Papiernik [2]	-	-	-	-	-
Jacques Theurillat	8,333	6,000	-	-	14,333
Total	**130,000**	**88,500**	**-**	**-**	**218,500**

1. Compensation does not include reimbursement for travel and other necessary business expenses incurred in the performance of their services as these are not considered to be compensation.
2. Non-Executive Directors who serve on the Board of Directors in their capacity as representatives of their respective venture capital investment firms receive no compensation for their services.
3. No options were granted to Non-Executive Directors during 2009
4. Non-Executive Chairman of the Board of Directors
5. Chairman of the Audit Committee
6. Chairman of the Compensation Committee
7. Chairman of the Nomination Committee
8. All Non-Executive Directors are members of the Board of Directors

Executive Management Compensation

General principles

The Chief Executive Officer provides the Compensation Committee with an evaluation of the individual performance of the members of the Executive Management as well as an evaluation of their respective function. The Compensation Committee considers both the recommendation of the Chief Executive Officer and the overall performance of the Group including short and long term goals and achievements. Based on a proposal made by the Compensation Committee, the Board determines the compensation of the Executive Management. The members of Executive Management are eligible to participate in the Company's equity incentive plans.

Loans and other payments to Executive Management

In connection with the granting of equity sharing certificates, the Group made loans of CHF617,038 to its employees, of which CHF96,501 was to Vincent Mutel and CHF310,710 to other members of the Executive Management, to finance the tax and social charges consequences of the grant of ESCs. The loan accrues interest at 0.2% per year and the loan principal and accrued interest are repayable from the first capital gains realized from the exercise of the subscription rights attached to the ESCs. Should no capital gains be realized over the 5 year term of the ESCs then the loans are forgiven.

No loans were granted to current or former Executive Managers during 2009. No such loans were outstanding as of December 31, 2009. During 2009, no payments (or waivers of claims) other than those set out in the compensation table were made to current or former members of Executive Management or to "persons closely linked" to them.

Compensation to Executive Management in 2010 [1]

Executive Management [2]	Base cash compensation	Variable cash bonus	Equity sharing certificates (number) [3]	Equity sharing certificates (value) [3]	Total 2010
Vincent Mutel [4]	470,363	76,900	90	207,000	754,263
Other Executive Management	2,216,689	393,777	319	733,700	3,344,166
Total	**2,687,052**	**470,677**	**409**	**940,700**	**4,098,429**

1. Compensation does not include reimbursement for travel and other necessary business expenses incurred in the performance of their services as these are not considered to be compensation.
2. The Executive Management includes the Chief Executive Officer and senior members of management.
3. 409 equity sharing certificates were granted to Executive Management during 2010, reported at fair value at date of grant of CHF2,300 per ESC.
4. Vice Chairman of the Board of Directors and Chief Executive Officer

Compensation to Executive Management in 2009 [1]

Executive Management [2]	Base cash compensation	Variable cash bonus	Share options (number) [3]	Share options (value) [4]	Total 2009
Vincent Mutel [5]	463,962	-	-	-	463,962
Other Executive Management	2,562,319	-	10,000	87,241	2,649,560
Total	**3,026,281**	**-**	**10,000**	**87,241**	**3,113,522**

1. Compensation does not include reimbursement for travel and other necessary business expenses incurred in the performance of their services as these are not considered to be compensation.
2. The Executive Management includes the Chief Executive Officer and senior members of management.
3. The 10'000 options granted under the Company's share option plan have a 4 year vesting period and an exercise price of CHF40.85.
4. The value of share options granted are reported at fair value on the date of grant as determined using the binomial valuation model. (see note 16).
5. Vice Chairman of the Board of Directors and Chief Executive Officer

Ownership of Addex Pharmaceuticals shares, share options and subscription rights by Non-Executive Directors and members of Executive Management

The total number of shares and shares' subscription rights owned by Non-Executive Directors and members of the Executive Management at December 31, 2010 is shown in the following table.

Name of Director or Executive (number of shares or subscription rights)	2010 Equity sharing certificates granted	Vested shares and ESCs' subscription rights	Unvested shares and ESCs' subscription rights	Total shares and ESCs' subscription rights owned
Non-Executive Director				
André J. Mueller	9	75,701	8,675	84,376
Andrew Galazka	6	7,732	5,783	13,515
Raymond Hill	6	750	5,250	6,000
Vincent Lawton	6	750	5,250	6,000
Beat E. Lüthi	6	1,000	5,250	6,250
Antoine Papiernik	-	-	-	-
Executive Management				
Vincent Mutel	90	177,941	86,750	264,691
Tim Dyer	53	119,450	51,708	171,158
Charlotte Keywood	44	24,983	40,767	65,750
Sonia Poli	42	17,983	39,017	57,000
Laurent Galibert	42	5,250	36,750	42,000
Jean-Philippe Rocher	40	47,417	38,333	85,750
Robert Lütjens	45	28,608	41,642	70,250
Chris Maggos	30	3,750	26,250	30,000
Tatiana Pont Carteret	23	2,875	20,125	23,000
Total	**442**	**514,190**	**411,550**	**925,740**

The total number of shares and share options owned by Non-Executive Directors and members of the Executive Management at December 31, 2009 are shown in the following table.

Name of Director or Executive (number of shares or options)	2009 options granted	Vested shares & options	Unvested shares & options	Total shares and options owned
Non-Executive Director				
André J. Mueller	-	74,626	5,750	80,376
Andrew Galazka	-	6,932	3,583	10,515
Raymond Hill	-	750	2,250	3,000
Vincent Lawton	-	-	-	-
Beat E. Lüthi	-	2,600	4,650	7,250
Antoine Papiernik	-	-	-	-
Executive Management				
Vincent Mutel	-	169,250	44,900	214,150
Tim Dyer	-	111,215	28,333	139,548
Charlotte Keywood	-	19,833	16,917	36,750
Sonia Poli	-	13,083	16,917	30,000
Emmanuel Le Poul	-	36,017	19,583	55,600
Laurent Galibert	-	3,750	11,250	15,000
Jean-Philippe Rocher	-	39,917	15,833	55,750
Robert Lütjens	-	25,369	13,167	38,536
Chris Maggos	-	6,500	13,500	20,000
Tatiana Pont Carteret	10,000	-	10,000	10,000
Total	**10,000**	**509,842**	**206,633**	**716,475**

29. Risk assessment disclosure required by Swiss law

The Chief Executive Officer and Chief Financial Officer coordinate and align the risk management processes, and report to the Board and the Audit Committee on a regular basis on risk assessment and risk management. The organization and the corporate processes have been designed and implemented to identify and mitigate risks at an early stage. Organizationally, the responsibility for risk assessment and management is allocated to the Chief Executive Officer and members of the Executive Management and specialized corporate functions such as Group Finance and the Group Safety Committee. Group Finance provides support and controls the effectiveness of the risk management processes. Financial risk management is described in more detail in note 3 to the Group's consolidated financial statements.

Report of the statutory auditor to the General Meeting of Addex Pharmaceuticals Ltd Plan-les-Ouates

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Addex Pharmaceuticals Ltd, which comprise the balance sheets, statements of income, statements of comprehensive income, statements of cash flows, statements of changes in equity and notes (see pages 30 to 48), for the year ended December 31, 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Michael Foley
Audit expert
Auditor in charge

Claudia Benz
Audit expert

PRICEWATERHOUSECOOPERS

Geneva, February 22, 2011

Enclosure:

- Consolidated financial statements (balance sheets, statements of income, statements of comprehensive income, statements of cash flows, statements of changes in equity and notes)

Statutory Financial Statements of Addex Pharmaceuticals Ltd as at December 31, 2010

Amounts in Swiss francs	Notes	December 31, 2010	December 31, 2009
ASSETS			
Current assets			
Cash and cash equivalents		14,639,048	72,569,914
Other receivables			
Third parties		19,641	131,724
Accrued income		14,042	9,038
Total current assets		**14,672,731**	**72,710,676**
Non-current assets			
Investments in Group companies	7	2	2
Other non-current assets			
Loans to Group companies	6	49,788,299	4,403,988
Total non-current assets		**49,788,301**	**4,403,990**
Total assets		**64,461,032**	**77,114,666**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		51,471	34,800
Other payables			
Third parties		72,330	49,894
Group companies		725	-
Accruals		327,988	381,296
Other current liabilities			
Mandatory convertible notes	8	13,957,482	-
Total current liabilities		**14,409,996**	**465,990**
Shareholders' equity			
Share capital	9	6,464,809	5,871,242
Legal reserves			
Share premium	9	140,507,743	135,059,373
Treasury shares reserve	10	250,727	250,152
Non-voting equity securities (*)	12	p.m.	-
Accumulated deficit		(97,172,243)	(64,532,091)
Total shareholders' equity		**50,051,036**	**76,648,676**
Total liabilities and shareholders' equity		**64,461,032**	**77,114,666**

(*) p.m. = pro memoria. Non-voting equity securities have no nominal value.

Statements of Income for the years ended December 31, 2010 and 2009

Amounts in Swiss francs	2010	2009
Operating expenses		
Professional fees	343,437	239,111
Other operating expenses	486,622	472,154
Provision for Group companies	31,856,015	57,343,177
Taxes	43,962	71,492
Total operating expenses	**32,730,036**	**58,125,934**
Interest income	(89,884)	(253,194)
Interest expenses	-	-
Net loss before taxes	**32,640,152**	**57,872,740**
Income tax expense	-	-
Net loss for the year	**32,640,152**	**57,872,740**

The accompanying notes form an integral part of these financial statements.

Notes

Notes to the Financial Statements for the years ended December 31, 2010 and 2009 (amounts in Swiss francs)

1. General

Addex Pharmaceuticals Ltd was founded on February 19, 2007.

2. Guarantees, other indemnities and assets pledged in favor of third parties

As of December 31, 2010 and December 31, 2009, there were no guarantees, other indemnities or assets pledged in favor of third parties.

3. Pledges on assets to secure own liabilities

As of December 31, 2010 and December 31, 2009, there were no assets pledged to secure own liabilities.

4. Lease commitments not recorded in the balance sheet

As of December 31, 2010 and December 31, 2009, there were no lease commitments not recorded in the balance sheet.

5. Amounts due to pension funds

As of December 31, 2010 and December 31, 2009, there were no amounts due to pension funds.

6. Other non-current assets – Loans to Group companies

As at December 31, 2010 and 2009, the Company has provided for its loan to Addex Pharma SA as follows:

	December 31, 2010	December 31, 2009
Loan to Addex Pharma SA	135,000,000	57,759,674
Provision for loan to Addex Pharma SA	(85,211,701)	(53,355,686)
	49,788,299	**4,403,988**

The loan to Addex Pharma SA is subordinated to the claims of other creditors of the subsidiary up to CHF85,211,701.

7. Significant investments

Addex Pharmaceuticals Ltd as a holding company for the Addex Pharmaceuticals Group owns:

Company	Business	Capital	Interest in capital in %
Addex Pharma SA, Plan-les-Ouates, Switzerland	Research & development	CHF3,987,492	100%
Addex Pharmaceuticals France SAS, Archamps, France	Research & development	EUR37,000	100%

As at December 31, 2010 and 2009, the Company has provided for its investments in Group companies as follows:

	December 31, 2010	December 31, 2009
Investment in Addex Pharma SA	3,987,492	3,987,492
Provision for investment in Addex Pharma SA	(3,987,491)	(3,987,491)
Investment in Addex Pharmaceuticals France SAS	1	1
	2	**2**

8. Mandatory convertible notes

On September 14, 2010, the Group issued zero-coupon mandatory convertible notes with a total nominal value of CHF13,957,482 to BVF Partners L.P. The notes convert no later than March 14, 2011 into 1,371,069 new shares at a fixed conversion price of CHF10.18 per share. The notes bear no interest, are not listed and can be converted earlier at the holder or the issuer option should certain external conditions be met. As at December 31, 2010, the notes have been recorded as other current liabilities.

9. Share capital and share premium

On September 14, 2010, the Group issued 593,567 new shares to BVF Partners L.P. in a private placement for CHF10.18 per share. The proceeds of CHF6,042,512 have been recorded in share capital for CHF593,567 and share premium for CHF5,448,945. In 2009, the Company's share capital was increased by CHF8,750 through the exercise of 8,750 options under the Company's share option plans. The proceeds of CHF318,275 have been recorded in share capital for CHF8,750 and share premium for CHF309,525.

At December 31, 2010, the total outstanding share capital is CHF6,464,809 (2009: CHF5,871,242), consisting of 6,464,809 shares (2009: 5,871,242 shares). All shares have a nominal value of CHF1. The authorized capital and conditional capital as at December 31, 2010 and 2009 are as follows:

	December 31, 2010	December 31, 2009
Authorized capital	2,337,679	2,931,246
Conditional capital	2,922,496	2,922,496

10. Treasury share reserve

This reserve corresponds to the purchase price of shares in Addex Pharmaceuticals Ltd held by Group companies. The table shows movements in the number of shares and the treasury share reserve:

	Number of registered shares	Price in CHF	Total purchase price in CHF	% of share capital
Balance at January 1, 2009	**126,938**		**247,036**	**2.17%**
Purchases	1,866	1.00	1,866	
Purchases	1,250	1.00	1,250	
Balance at December 31, 2009	**130,054**		**250,152**	**2.22%**
Purchases	500	1.00	500	
Purchases	75	1.00	75	
Balance at December 31, 2010	**130,629**		**250,727**	**2.02%**

11. Significant shareholders

According to the information available to the Board of Directors the following shareholders held shares entitling them to more than 3% of the total voting rights:

	December 31, 2010		December 31, 2009	
	Number of shares	Interest in capital in %	Number of shares	Interest in capital in %
BVF Partners L.P.*	979,173	15.15%	-	-
Sofinnova Capital IV FCPR	806,648	12.48%	806,648	13.74%
TVM V Life Science Ventures	705,726	10.92%	705,726	12.02%
The Swiss Helvetia Fund	488,370	7.55%	314,860	5.36%
SROne Ltd	253,253	3.92%	290,529	4.95%
Varuma AG	231,425	3.58%	231,425	3.94%
Vincent Mutel	174,691	2.70%	180,150	3.07%
Index Ventures II	12,752	0.22%	568,056	9.68%

*Addex Pharmaceuticals Ltd shares were held by several related entities.

Post balance sheet changes in shareholders' equity:

On or before March 14, 2011, the mandatory convertible notes held by BVF Partners L.P. will convert into 1,371,069 new shares. As a result the significant shareholders voting rights as at December 31, 2010 will be adjusted as follows:

	March 14, 2011		December 31, 2010	
	Number of shares	Interest in capital in %	Number of shares	Interest in capital in %
BVF Partners L.P.*	2,350,242	29.99%	979,173	15.15%
Sofinnova Capital IV FCPR	806,648	10.29%	806,648	12.48%
TVM V Life Science Ventures	705,726	9.01%	705,726	10.92%
The Swiss Helvetia Fund	488,370	6.23%	488,370	7.55%
SROne Ltd	253,253	3.23%	253,253	3.92%
Varuma AG	231,425	2.95%	231,425	3.58%
Vincent Mutel	174,691	2.23%	174,691	2.70%

*Addex Pharmaceuticals Ltd shares were held by several related entities.

12. Non-voting equity securities

Refer to note 16 on page 41 of the consolidated financial statements.

13. Non-Executive Directors and Executive Management compensation disclosures in accordance with Swiss law

Refer to note 28 on page 46 of the consolidated financial statements.

14. Risk assessment

Refer to note 29 on page 48 of the consolidated financial statements.

15. Proposal of the Board of Directors for appropriation of loss carried forward

The Board of Directors proposes to transfer CHF575 from share premium to treasury shares reserve, to carry forward the net loss for the year 2010 of CHF32,640,152 and to offset the accumulated deficit of CHF64,532,091 with the share premium.

Report of the statutory auditor to the General Meeting of Addex Pharmaceuticals Ltd Plan-les-Ouates

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Addex Pharmaceuticals Ltd, which comprise the balance sheets, statements of income and notes (see pages 50 to 52), for the year ended December 31, 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

Furthermore we draw to your attention that the accumulated deficit exceeds one half of the share capital and legal reserves (Article 725 paragraph 1 of the Swiss Code of Obligations).

We further confirm that the proposal of the Board of Directors to set off the accumulated deficit with the legal reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Michael Foley
Audit expert
Auditor in charge

Claudia Benz
Audit expert

PRICEWATERHOUSECOOPERS

Geneva, February 22, 2011

Enclosures:

- Financial statements (balance sheets, statements of income and notes)

Forward-looking statements

These materials contain forward-looking statements that can be identified by terminology such as "not approvable", "continue", "believes", "believe", "will", "remained open to exploring", "would", "could", or similar expressions, or by express or implied discussions regarding Addex Pharmaceuticals Ltd, its business, the potential approval of its products by regulatory authorities, or regarding potential future revenues from such products. Such forward-looking statements reflect the current views of Addex Pharmaceuticals Ltd regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results with allosteric modulators of mGluR2, mGluR4, mGluR5, mGluR7, GABA-BR PAM, FSHR, GLP-1R or other therapeutic targets to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no guarantee that allosteric modulators of mGluR2, mGluR4, mGluR5, mGluR7, GABA-BR PAM, FSHR, GLP-1R or other therapeutic targets will be approved for sale in any market or by any regulatory authority. Nor can there be any guarantee that allosteric modulators of mGluR2, mGluR4, mGluR5,mGluR7, GABA-BR PAM, FSHR, GLP-1R or other therapeutic targets will achieve any particular levels of revenue (if any) in the future. In particular, management's expectations regarding allosteric modulators of mGluR2, mGluR4, mGluR5, mGluR7, GABA-BR PAM, FSHR, GLP-1R or other therapeutic targets could be affected by, among other things, unexpected actions by our partners, unexpected regulatory actions or delays or government regulation generally; unexpected clinical trial results, including unexpected new clinical data and unexpected additional analysis of existing clinical data; competition in general; government, industry and general public pricing pressures; the company's ability to obtain or maintain patent or other proprietary intellectual property protection. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. Addex Pharmaceuticals is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

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