

Company Announcement no. 11/2011

To: NASDAQ OMX Copenhagen A/S

Hørsholm, Denmark, 17 August, 2011

Veloxis Pharmaceuticals announces financial results for the first half 2011 in line with expectations

Highlights:

- The company's lead product candidate, LCP-Tacro™, has successfully demonstrated non-inferiority compared to tacrolimus (Prograf®; Astellas Pharma) in its Phase III trial, Study 3001 and patients met all primary efficacy and safety endpoints.
- The pivotal phase 3 study in de novo kidney patients, Study 3002, continues active patient enrollment. Enrollment is ongoing in all four planned geographic regions: EU, US, Latin America, Asia Pacific. Currently enrollment is lagging behind projection. While it is possible that the original target of full enrollment (540 patients) will be met by year-end 2011, it is possible that a delay of approximately 3 months may occur.
- At an extraordinary general meeting on 7 July, 2011 it was approved to change the name of the company from LifeCycle Pharma A/S to Veloxis Pharmaceuticals A/S.
- Ed Penhoet (co-founder of Chiron) has been elected as new member of the Board of Directors for a period ending at the next annual general meeting of the company.
- Veloxis has received a grant of DKK 3.9 million from The Danish National Advanced Technology Foundation to support collaborative work with Herlev Hospital, Denmark on the development of an oral chemotherapeutic agent to potentially replace an existing agent that requires intravenous administration.
- Veloxis reported a net loss of DKK 141.2 million for the first half of 2011 compared to a net loss of DKK 132.2 million for the same period in 2010. The result is in line with expectations and the company maintains its full year outlook.
- For the first half of 2011, Veloxis' research and development costs amounted to DKK 117.2 million compared to DKK 96.0 million during the same period in 2010.
- On 30 June, 2011, Veloxis had cash and cash equivalents of DKK 402.2 million.

William J Polvino, president and CEO said: "We are very pleased with the result for the first half 2011, which is in line with expectations and the positive phase III data in LCP-Tacro™ is a very significant achievement for the company. The company is working very hard on meeting the timelines for the second Phase 3 study, Study 3002. The emerging

profile for LCP-Tacro™ continues to suggest that it will be a very competitive product in the multi-billion dollar transplant immunosuppressant market“.

A conference call will be held tomorrow, 18 August, 2011 at 3:00 PM CET (Denmark); 2:00 PM GMT (London), 9:00 AM ET (New York), 6:00 AM PT (San Francisco).

To access the live conference call, please dial one of the following numbers:

+45 32 72 76 25 Denmark

+44 (0) 1452 555 566 UK

+1 631 510 7498 USA

Access code 90738320

Following the conference call, a recording will be available on the company's website www.veloxis.com.

Outlook for 2011

Veloxis maintains its 2011 outlook which was announced in the annual report for 2010, published on 1 March 2011, with an operating loss of DKK 250–280 million and likewise a net loss of DKK 250–280 million. The Company's position of cash and cash equivalents as at 31 December, 2011 is expected to be in the range of DKK 250–300 million.

Research & development update

LCP-Tacro™ in kidney transplant patients (stable patients, Study 3001)

The study was completed in June 2011, when positive data was published.

The study successfully demonstrated non-inferiority compared to tacrolimus (Prograf®; Astellas Pharma) in the Phase III trial. The Phase III Open-label conversion (switch) study in 326 stable kidney transplant recipients, with Prograf® as the comparator, met all its primary efficacy and safety endpoints. The study also showed a trend towards superior rejection rates based on central laboratory pathology assessment.

LCP-Tacro™ in kidney transplant patients (de novo patients, Study 3002)

The clinical Phase III program in *de novo* kidney transplant patients was initiated in October 2010. Patient enrollment is ongoing, and will include approximately 540 patients in total across all four planned geographic regions: EU, US, Latin America, Asia Pacific. Currently enrollment is lagging behind projection. While it is possible that the original target of full enrollment (540 patients) will be met by year-end 2011, it is possible that a delay of approximately 3 months may occur.

The Veloxis Study 3002 is a randomized, double-blind, multicenter study that compares once-daily LCP-Tacro™ against twice-daily Prograf® in *de novo* adult kidney transplant patients. The primary endpoint of the study, a composite endpoint (BPAR, graft failure, loss to follow up or death), will be evaluated after a 12-month treatment period to demonstrate the non-inferiority of LCP-Tacro™ compared to Prograf®. Secondary endpoints will include safety, tolerability and renal function assessments. The study will be conducted at approximately 100 transplant centers, primarily in the U.S and Europe. Patients will participate in a 12-month extension period on treatment for follow-up safety assessments.

Interim Report
for the 6 Months Ended 30 June, 2011
(17 August, 2011)



Financial Highlights					
	YTD 2011 DKK'000	YTD 2010 DKK'000	Q2 2011 DKK'000	Q2 2010 DKK'000	Year 2010 DKK'000
Income Statement					
Revenue	-	1,494	-	871	1,496
Research and development costs	(117,212)	(95,973)	(64,951)	(39,625)	(210,426)
Administrative expenses	(23,861)	(25,930)	(12,137)	(12,773)	(52,198)
One-off restructuring cost	-	(10,894)	-	-	(10,894)
Operating loss	(141,073)	(131,303)	(77,088)	(51,527)	(272,022)
Net financial income / (expenses)	158	(526)	2,008	(313)	(759)
Loss before tax	(140,915)	(131,829)	(75,080)	(51,840)	(272,781)
Tax for the period	(300)	(395)	(300)	(395)	(1,425)
Net loss for the period	(141,215)	(132,224)	(75,380)	(52,235)	(274,206)
Balance Sheet					
Cash and cash equivalents	402,213	205,136	402,213	205,136	531,519
Total assets	426,860	245,345	426,860	245,345	562,906
Share capital	452,543	56,568	452,543	56,568	452,543
Total equity	363,606	189,958	363,606	189,958	498,238
Investment in property, plant and equipment	1,256	594	635	101	2,583
Cash Flow Statement					
Cash flow from operating activities	(122,017)	(125,471)	(56,621)	(55,659)	(238,148)
Cash flow from investing activities	(221,757)	(829)	77,845	(246)	(2,658)
Cash flow from financing activities	(2,832)	(2,446)	(1,426)	(1,351)	440,014
Cash and cash equivalents at period end	402,213	205,136	402,213	205,136	531,519
Financial Ratios					
Basic and diluted EPS	(0.31)	(2.34)	(0.17)	(0.92)	(2.84)
Weighted average number of shares	452,542,480	56,567,810	452,542,480	56,567,810	96,707,708
Average number of employees (FTEs)	53	65	52	60	59
Assets/equity	1.17	1.29	1.17	1.29	1.13

The interim report is unaudited.

Revenue

For the first half of 2011 Veloxis had no revenue compared to DKK 1.5 million in revenues in the same period of 2010. Revenue in 2010 consisted of payments under Veloxis' collaboration agreements.

Research and development costs

For the first half of 2011, Veloxis' research and development costs amounted to DKK 117.2 million compared to DKK 96.0 million during the same period in 2010. Research and development costs are mainly attributable to the two phase III trials in LCP-Tacro™. In the period cost is included to the finalization of the phase III study in kidney transplant patients (stable patients, Study 3001), along with costs associated with the ongoing phase III study in kidney transplant patients (de novo patients, Study 3002).

Administrative expenses

For the first half of 2011, Veloxis' administrative cost amounted to DKK 23.9 million compared to DKK 25.9 million during the same period in 2010. The reduction in cost reflects the cost reduction initiatives which took place during 2010.

One-off restructuring cost

One-off restructuring cost mainly includes salary payments to former employees in connection with the reduction in headcount in January 2010.

Compensation costs

For the first half of 2011, a total of DKK 6.3 million was recognized as share-based compensation. The cost is included in R&D and G&A. The comparable cost for 2010 was DKK 5.0 million.

In the second quarter of 2011, a total of 250,000 warrants were granted to members of the Board of Directors at a strike price of DKK 1.16. In the second quarter of 2011, a total of 181,283 warrants have been cancelled.

As of 30 June, 2011, there were a total of 28,580,415 warrants outstanding at an average strike price of DKK 3.2. Members of the Board of Directors held 828,976 warrants at an average strike price of DKK 7.2. Members of the Executive Management held 8,788,122 warrants at an average strike price of DKK 2.2, while other current and former employees held 18,963,317 warrants at an average strike price of DKK 3.5.

Please refer to Veloxis' latest annual report for additional details on the Company's warrant programs.

Operating loss

Veloxis' operating loss for the first half of 2011 was DKK 141.1 million compared to DKK 131.3 million in the corresponding period of 2010.

Financial income

During the first half of 2011, the Company recognized net financial income of DKK 0.2 million compared to net financial expenses of DKK 0.5 million in the corresponding period of 2010.

Net loss

Veloxis' net loss for the first half of 2011 was DKK 141.2 million compared to DKK 132.2 million in the corresponding period of 2010.

Cash flow

As per 30 June, 2011, the balance sheet reflects cash and cash equivalents of DKK 402.2 million compared to DKK 531.5 million as per 31 December, 2010. This represents a decrease of DKK 129.3 million primarily related to the Company's operating activities for the period.

Balance sheet

As per 30 June, 2011, total assets were DKK 426.9 million compared to DKK 562.9 million at the end of 2010.

Shareholders' equity equalled DKK 363.6 million as of 30 June, 2011, compared to DKK 498.2 million at the end of 2010.

Accounting policies

The interim report is prepared in compliance with International Accounting Standard No. 34 (IAS 34), "Interim Financial Reporting" and in accordance with the NASDAQ OMX Copenhagen's financial reporting requirements for listed companies.

There have been no changes in accounting policies used for the interim report compared to the accounting policies used in the preparation of Veloxis Pharmaceuticals group's annual report for 2010.

Financial review

Veloxis reports its financial statements in Danish Kroner (DKK), which is the functional currency of the Company and the group. Solely for the convenience of the reader, this Interim Report contains a conversion of certain DKK amounts into Euro (EUR) at a specified rate. These converted amounts should not be construed as representations that the DKK amounts actually represent such EUR amounts or could be converted into EUR at the rate indicated or at any other rate. Unless otherwise indicated, conversion herein of financial information into EUR has been made using the Danish Central Bank's spot rate on 30 June, 2011, which was EUR 1.00 = DKK 7.4587.

Grant of warrants

At a board meeting held on 17 August, 2011, the Board of Directors decided to issue 1,603,239 warrants to employees of Veloxis.

Of the total number of warrants granted 324,323 warrants were granted to Executive Management, with 183,814 warrants granted to William J. Polvino, President and CEO and 140,509 warrants granted to Peter G. Nielsen, Executive Vice President, Pharmaceutical Development & CMC.

By application of the Black-Scholes formula, the market value of the warrant program can be calculated as DKK 0.43 per warrant assuming an exercise price of DKK 1.03, equal to the closing price of the Company's share at the NASDAQ OMX Copenhagen on 17 August, 2011, based on an interest rate of 1.47% and a volatility of the Company's shares of 51%.

The volatility is based on the Company's historical share prices since its IPO in November 2006.

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The forward looking statements and targets contained herein are based on Veloxis Pharmaceuticals A/S' management's current view and assumptions. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated herein. Veloxis Pharmaceuticals A/S expressly disclaim any obligation or undertaking to update or revise any forward looking statements, targets or estimates contained in this interim report to reflect any change in events, conditions, assumptions, or circulations on which any such statements are based unless required by applicable law.

About Veloxis Pharmaceuticals A/S (Veloxis)

Based in Hørsholm, Denmark, with an office in New Jersey, Veloxis is a specialty pharmaceutical company. Clinical development is the core of Veloxis' efforts to develop a product portfolio which includes the Company's lead product candidate, LCP-Tacro™, for immunosuppression, specifically organ transplantation, and products to combat certain cardiovascular diseases. Veloxis adapts new technologies on a fast commercial timetable. Veloxis' unique, patented delivery technology, MeltDose®, can improve absorption and bioavailability - at low-scale up costs - not only for a broad spectrum of drugs already on the market but also for new chemical entities. Veloxis has a lipid-lowering product, Fenoglide®, currently on the U.S. market and a diversified near and medium-term pipeline with three clinical stage product candidates and a number of projects in preclinical development. Veloxis is listed on the NASDAQ OMX Copenhagen under the trading symbol OMX: VELO. For further information, please visit www.veloxis.com.

Executive Management's and the Board of Directors' Statement on the Interim Report

The Executive Management and the Board of Directors have considered and adopted the Interim Report of Veloxis Pharmaceuticals A/S.

The Interim Report is prepared in accordance with International Accounting Standard No. 34 (IAS 34), "Interim Financial Reporting" and additional Danish disclosure requirements for financial reporting of listed companies.

We consider the applied accounting policies to be appropriate and, in our opinion, the Interim Report gives a true and fair view of the assets and liabilities, financial position, results of the operation and cash flow of the group for the period under review. Furthermore, in our opinion the management review includes a fair review of the development and performance of the business and the financial position of the group, together with a description of the material risks and uncertainties the group faces. The group does not face any material risks or uncertainties relating to the financial statements.

Hørsholm, 17 August, 2011

Executive Management

Dr. William J. Polvino
President and CEO

Peter G. Nielsen
Executive Vice President

Board of Directors

Kim Björnstrup
(Chairman)

Thomas Dyrberg
(Deputy Chairman)

Kurt Anker Nielsen

Anders Götzsche

Mette Kirstine Agger

Ed Penhoet

Interim Report
for the 6 Months Ended 30 June, 2011
(17 August, 2011)



Financial Highlights
Quarterly Numbers in DKK

	Q2 2011 DKK'000	Q1 2011 DKK'000	Q4 2010 DKK'000	Q3 2010 DKK'000	Q2 2010 DKK'000	Q1 2010 DKK'000
Income Statement						
Revenue	-	-	-	3	871	623
Research and development costs	(64,951)	(52,261)	(48,302)	(66,150)	(39,625)	(56,349)
Administrative expenses	(12,137)	(11,724)	(13,439)	(12,829)	(12,773)	(13,157)
One-off restructuring cost	-	-	-	-	-	(10,894)
Operating loss	(77,088)	(63,985)	(61,741)	(78,976)	(51,527)	(79,777)
Net financial income / (expenses)	2,008	(1,850)	461	(695)	(313)	(212)
Loss before tax	(75,080)	(65,835)	(61,281)	(79,671)	(51,840)	(79,989)
Tax for the period	(300)	-	(168)	(862)	(395)	-
Net loss for the period	(75,380)	(65,835)	(61,448)	(80,533)	(52,235)	(79,989)
Balance Sheet						
Cash and cash equivalents	402,213	462,319	531,519	134,022	205,136	261,918
Total assets	426,860	490,578	562,906	163,651	245,345	302,353
Share capital	452,543	452,543	452,543	56,568	56,568	56,568
Total equity	363,606	436,200	498,238	111,902	189,958	240,383
Investment in property, plant and equipment	635	621	1,548	441	101	493
Cash Flow Statement						
Cash flow from operating activities	(56,621)	(65,396)	(45,568)	(67,109)	(55,659)	(69,812)
Cash flow from investing activities	77,845	(299,602)	(1,548)	(281)	(246)	(583)
Cash flow from financing activities	(1,426)	(1,407)	444,519	(2,059)	(1,351)	(1,095)
Cash and cash equivalents at period end	402,213	462,319	531,519	134,022	205,136	261,918
Financial Ratios						
Basic and diluted EPS	(0.17)	(0.15)	(0.64)	(1.42)	(0.92)	(1.41)
Weighted average number of shares	452,542,480	452,542,480	96,707,708	56,567,810	56,567,810	56,567,810
Average number of employees (FTEs)	52	54	54	51	60	69
Assets/equity	1.17	1.12	1.13	1.46	1.29	1.26

Interim Report
for the 6 Months Ended 30 June, 2011
(17 August, 2011)



Financial Highlights
Quarterly Numbers in EUR

	Q2 2011 EUR'000	Q1 2011 EUR'000	Q4 2010 EUR'000	Q3 2010 EUR'000	Q2 2010 EUR'000	Q1 2010 EUR'000
Income Statement						
Revenue	-	-	-		117	84
Research and development costs	(8,708)	(7,007)	(6,476)	(8,869)	(5,313)	(7,555)
Administrative expenses	(1,627)	(1,572)	(1,802)	(1,720)	(1,713)	(1,764)
One-off restructuring cost	-	-	-	-	-	(1,461)
Operating loss	(10,335)	(8,579)	(8,278)	(10,589)	(6,908)	(10,696)
Net financial income / (expenses)	269	(248)	62	(93)	(42)	(28)
Loss before tax	(10,066)	(8,827)	(8,216)	(10,682)	(6,950)	(10,724)
Tax for the period	(40)	-	(22)	(116)	(53)	-
Net loss for the period	(10,106)	(8,827)	(8,238)	(10,797)	(7,003)	(10,724)
Balance Sheet						
Cash and cash equivalents	53,925	61,984	71,262	17,969	27,503	35,116
Total assets	57,230	65,773	75,470	21,941	32,894	40,537
Share capital	60,673	60,673	60,673	7,584	7,584	7,584
Total equity	48,749	58,482	66,800	15,003	25,468	32,229
Investment in property, plant and equipment	85	83	208	59	14	66
Cash Flow Statement						
Cash flow from operating activities	(7,591)	(8,768)	(6,109)	(8,997)	(7,462)	(9,360)
Cash flow from investing activities	10,437	(40,168)	(207)	(38)	(33)	(78)
Cash flow from financing activities	(191)	(189)	59,597	(276)	(181)	(147)
Cash and cash equivalents at period end	53,925	61,984	71,262	17,969	27,503	35,116
Financial Ratios						
Basic and diluted EPS	(0.02)	(0.02)	(0.09)	(0.19)	(0.12)	(0.19)
Weighted average number of shares	452,542,480	452,542,480	96,707,708	56,567,810	56,567,810	56,567,810
Average number of employees (FTEs)	52	54	54	51	60	69
Assets/equity	1.17	1.12	1.13	1.46	1.29	1.26

Statements of comprehensive income

Income Statement		Consolidated			
(DKK'000)	YTD 2011	YTD 2010	Q2 2011	Q2 2010	Year 2010
Revenue	-	1,494	-	871	1,496
Research and development costs	(117,212)	(95,973)	(64,951)	(39,625)	(210,426)
Administrative expenses	(23,861)	(25,930)	(12,137)	(12,773)	(52,198)
One-off restructuring cost	-	(10,894)	-	-	(10,894)
Operating loss	(141,073)	(131,303)	(77,088)	(51,527)	(272,022)
Financial income	10,253	1,183	8,608	485	3,635
Financial expenses	(10,095)	(1,709)	(6,600)	(798)	(4,394)
Loss before tax	(140,915)	(131,829)	(75,080)	(51,840)	(272,781)
Tax for the period	(300)	(395)	(300)	(395)	(1,425)
Net loss for the period	(141,215)	(132,224)	(75,380)	(52,235)	(274,206)
Basic and diluted EPS	(0.31)	(2.34)	(0.17)	(0.92)	(2.84)
Weighted average number of shares	452,542,480	56,567,810	452,542,480	56,567,810	96,707,708

Statements of comprehensive income		Consolidated			
(DKK'000)	YTD 2011	YTD 2010	Q2 2011	Q2 2010	Year 2010
Net loss for the period	(141,215)	(132,224)	(75,380)	(52,235)	(274,206)
Other comprehensive income:					
Currency translation differences	307	(56)	37	(68)	136
Other comprehensive income for the period	307	(56)	37	(68)	136
Total comprehensive income for the period	(140,908)	(132,280)	(75,343)	(52,303)	(274,070)

Balance sheet

Assets	Consolidated		
(DKK'000)	30 June 2011	30 June 2010	31 Dec. 2010
Patent rights and software	2,120	812	1,938
Intangible assets	2,120	812	1,938
Property, plant and equipment	10,131	15,225	11,950
Leasehold improvements	4,937	6,688	5,858
Property, plant and equipment	15,068	21,913	17,808
Non-current assets	17,188	22,725	19,746
Other receivables	6,204	6,590	8,590
Prepayments	1,255	10,894	3,051
Receivables	7,459	17,484	11,641
Securities	221,939	-	-
Cash	180,274	205,136	531,519
Cash and cash equivalents	402,213	205,136	531,519
Current assets	409,672	222,620	543,160
Assets	426,860	245,345	562,906

Balance sheet

Equity & Liabilities		Consolidated	
(DKK'000)	30 June 2011	30 June 2010	31 Dec. 2010
Share capital	452,543	56,568	452,543
Share premium	-	131,488	43,601
Translation reserves	2,401	1,902	2,094
Retained earnings/loss	(91,338)	-	
Equity	363,606	189,958	498,238
Finance lease	5,932	11,441	8,532
Non-current liabilities	5,932	11,441	8,532
Finance lease	5,510	5,590	5,742
Trade payables	21,244	12,462	23,528
Other payables	30,568	25,894	26,866
Current liabilities	57,322	43,946	56,136
Liabilities	63,254	55,387	64,668
Equity and liabilities	426,860	245,345	562,906

Cash flow statements

Cash Flow Statement		Consolidated			
(DKK'000)	YTD 2011	YTD 2010	Q2 2011	Q2 2010	Year 2010
Operating loss	(141,073)	(131,303)	(77,088)	(51,527)	(272,022)
Share-based payment	6,276	4,957	2,750	1,878	9,810
Depreciation and amortization	3,793	5,006	1,894	2,513	9,957
Changes in working capital	7,422	(3,798)	14,071	(7,855)	14,835
Cash flow from operating activities before interest	(123,582)	(125,138)	(58,373)	(54,991)	(237,420)
Interest received	3,344	962	2,298	351	1,689
Interest paid	(1,479)	(532)	(246)	(256)	(992)
Corporate tax paid	(300)	(763)	(300)	(763)	(1,425)
Cash flow from operating activities	(122,017)	(125,471)	(56,621)	(55,659)	(238,148)
Purchase of property, plant and equipment	(1,256)	(594)	(635)	(101)	(2,583)
Investments in bonds	(377,668)	-	(1,637)	-	-
Sale of bonds	155,729	-	78,737	-	-
Cash transfer to restricted security deposit	1,438	(235)	1,380	(145)	(75)
Cash flow from investing activities	(221,757)	(829)	77,845	(246)	(2,658)
Installments on bank borrowings and finance lease	(2,832)	(2,446)	(1,426)	(1,351)	(5,203)
Proceeds from issuance of shares, net	-	-	-	-	445,217
Cash flow from financing activities	(2,832)	(2,446)	(1,426)	(1,351)	440,014
Increase/(decrease) in cash	(346,606)	(128,746)	19,798	(57,256)	199,208
Cash at beginning of period	530,081	332,066	161,902	260,466	332,066
Exchange gains/(losses) on cash	(3,201)	219	(1,426)	329	(1,193)
Cash at end of period	180,274	203,539	180,274	203,539	530,081
Cash and cash equivalents at end of period comprise:					
Restricted bank deposit	-	1,597	-	1,597	1,438
Securities	221,939	-	221,939	-	-
Deposit on demand and cash	180,274	203,539	180,274	203,539	530,081
	402,213	205,136	402,213	205,136	531,519

Statement of changes in equity

Consolidated Equity						
	Number of Shares	Share Capital DKK'000	Share Premium DKK'000	Translation Reserves DKK'000	Retained Earnings DKK'000	Total DKK'000
Equity as of 1 January 2010	56,567,810	56,568	1,080,263	1,958	(821,508)	317,281
Total comprehensive income				(56)	(132,224)	(132,280)
Share-based payment					4,957	4,957
Transfer of retained earnings			(948,775)		948,775	-
Equity as of 30 June 2010	56,567,810	56,568	131,488	1,902	-	189,958
Total comprehensive income				192	(141,982)	(141,790)
Issuance of shares	395,974,670	395,975	79,195			475,170
Share-based payment					4,853	4,853
Costs related to capital increases			(29,953)			(29,953)
Transfer of retained earnings			(137,129)		137,129	-
Equity as of 31 December 2010	452,542,480	452,543	43,601	2,094	-	498,238
Total comprehensive income				307	(141,215)	(140,908)
Share-based payment					6,276	6,276
Transfer of retained earnings			(43,601)		43,601	-
Equity as of 30 June 2011	452,542,480	452,543	-	2,401	(91,338)	363,606

The share capital is not available for distribution, while other reserves are distributable for dividend purposes subject to the provision of the Danish Public Company Act.