



MOVETIS - Public Limited Company making or having made a public call on savings
Veedijk 58 (1004), 2300 Turnhout (Belgium) - BTW BE 885.206.558 RPR Turnhout

Half Year Financial Report covering the 6 month period ended 30 June 2010

Regulated information

26 August 2010 – 5:45 PM CET

Management statement

The undersigned hereby declare that, to the best of their knowledge, the interim financial statement for the six-month period ended June 30, 2010, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the equity, the financial situation and the results of Movetis NV and the companies that are included in the consolidation scope.

The undersigned also declare that, to the best of their knowledge, the interim financial report provides a true and fair review of the important events that have occurred during the first six months of the financial year and of the other legally required information.

In the name and for the account of the Board of Directors

R&S Consulting BVBA,
Chief Executive Officer
Represented by its permanent representative, Dirk Reyn

Catherine Moukheibir,
Chief Financial Officer

25 August 2010

Consolidated balance sheet

<i>(in EUR thousands)</i>	Notes	30 June 2010	31 December 2009
Non-current assets		17 737	12 675
Intangible assets	3.2	16 444	11 978
Capitalisation Development cost		5 952	974
Patents		10 407	10 863
Software		85	141
Property, plant and equipment		791	435
Trade and other receivables		502	262
Current assets		93 565	107 493
Inventory		906	938
Trade receivables		593	40
Other receivables		777	374
Accrued income and deferred charges		1 171	410
Available-for-sale financial assets		5 001	5 001
Other short-term investments	3.3	0	20 000
Cash and cash equivalents	3.4	85 118	80 730
Total assets		111 302	120 167
Equity attributable to Owners		103 714	113 634
Share capital	3.5	45 887	45 771
Share premium account		107 890	107 864
Share-based payments		3 595	3 623
Reserves available for sale		1	1
Retained loss		-53 658	-43 626
Non-current liabilities		0	0
Borrowings		0	0
Current liabilities		7 588	6 534
Borrowings		0	1
Trade payables		5 988	4 803
Other current liabilities		1 155	1 239
Accrued charges and deferred income		445	491
Total liabilities		7 588	6 534
Total equity and liabilities		111 302	120 167

Consolidated statement of comprehensive income

<i>(in EUR thousands)</i>	Notes	6 month period ended 30 June 2010	6 month period ended 30 June 2009
Total revenue		1 014	590
<i>Sales</i>	3.8	611	0
<i>Grants</i>	3.6	402	590
Total operating expenses		-11 440	-8 323
<i>Cost Of Goods Sold</i>	3.8	-39	0
<i>Research and development expense</i>		-2 962	-6 337
<i>General and administrative expense</i>		-2 400	-1 986
<i>Selling expenses</i>		-6 039	0
Other operating income		1	10
Operating result		-10 425	-7 723
Finance income		526	248
Finance expenses		-97	-16
Loss before taxes		-9 995	-7 491
Income tax expense		-37	-7
Loss of the period attributable to Owners		-10 033	-7 498
Other comprehensive income			
Fair value loss on available for sale financial assets, net of tax		-0	-27
Total comprehensive loss of the period attributable to Shareholders		-10 033	-7 525
Basic and diluted loss per share after conversion and reverse split (in euro)		-0.48	-0.12

Consolidated cash flow statement

<i>(in EUR thousands)</i>	First Half 2010 (period ended 30 June 2010)	First Half 2009 (period ended 30 June 2009)
<i>Cash flows from operating activities</i>		
Loss before income tax	-9 995	-7 498
Adjustments for:		
Amortization	1 057	515
Depreciation	81	70
Share-based payment expense	-28	462
Interest received	-571	-239
Interest paid	3	0
Net movement in receivables on more than one year	-241	0
Net movement in inventory	33	0
Net movement in trade and other receivables	-1 717	252
Net movement in trade and other payables	1 055	-563
Cash used in operations	-10 324	-7 001
Interest paid	-3	0
Income tax paid	-37	0
Net cash used in operating activities	-10 364	-7 001
<i>Cash flows from investing activities</i>		
Purchases of property, plant and equipment	-437	-34
Purchases of intangible assets	-5 523	0
Sale of available-for-sale financial assets	0	10 000
Sale of short-term investments	20 000	0
Interest received	571	239
Net cash used in investing activities	14 611	10 205
<i>Cash flows from financing activities</i>		
Proceeds from issuance of ordinary shares	141	0
Proceeds from borrowings	-1	-3
Net cash generated from financing activities	141	-3
Net (decrease)/increase in cash and cash equivalents :		
First Half Year 2010	4 388	3 202
Net (decrease)/increase in cash and cash equivalents :		
Second Half Year 2009	67 895	
Cash and cash equivalents at beginning of the Second Half of 2009	12 835	9 633
Cash and cash equivalents at the end of the period	85 118	12 835

Consolidated statement of changes in shareholder's equity

<i>(in EUR thousands)</i>	Share Capital	Share Premium	Share Based Payments	Available reserves	Retained Loss	Total Equity
Opening Balance at January 1 2009	31 163	29 157	2 309	30	-28 250	34 409
(Loss) of the period					-7 498	-7 498
Other comprehensive loss:						
Fair value gain (loss) on available for sale financial assets				-27		-27
Total comprehensive loss for the period ended 30 June 2009				-27	-7 498	-7 525
Employees share option scheme:						
Share-based payments			462			462
Proceeds from shares issued						
Capital increase						
Issuance costs		-				
Balance at 30 June 2009	31 163	29 157	2 771	3	-35 748	27 347
Opening Balance at January 1 2010	45 771	107 864	3 623	1	-43 626	113 634
(Loss) of the period					-10 033	-10 033
Other comprehensive loss:						
Fair value gain (loss) on available for sale financial assets				-0		-0
Total comprehensive loss for the period ended June 30 2010				-0	-10 033	-10 033
Employees share option scheme:						
Share-based payments			-28			-28
Proceeds from shares issued						
Capital increase	115	26				0
Issuance costs						0
Balance at June 30 - 2010	45 887	107 890	3 595	1	-53 658	103 714

Interim report

Strong cash position; spending on strategic marketing and R&D in line

As of 30 June 2010, Movetis had €90.1 million in cash (cash and cash equivalents, short-term investments and available-for-sale financial assets). This compares to €99.6 million at 31 March 2010 and to €105.7 million at 31 December 2009.

Cash utilisation in the first half of 2010 was mainly related to strategic marketing (€5.6 million), outsourced R&D activities (€5.5 million) and personnel and overhead expenses (€4.7 million), reflecting the set-up of local marketing organisations in Germany and the UK where Resolor is now on the market.

Business highlights

Movetis continues to make good progress in delivering its business plan which is focused on the roll out of Resolor and the further development of its clinical pipeline.

Resolor sales in Germany and the UK were €0.6 million in the first half of 2010. This includes the scheduled inventory build-up that takes place in the first two months following the product's introduction in each country, while it also reflects the sampling programme to GI specialists in line with industry regulations in each country. Total in-market sales and patient uptake in both Germany and the UK correspond with the company's expectations for this early phase of the Resolor launch program.

Major events of the first half of 2010

- 13 January 2010: Belgian tax authorities granted Movetis a positive ruling enabling the Company to benefit from the patent income deduction regime and, therefore, from a reduced tax rate for the IP-related Resolor revenues.
- 27 January 2010: Resolor made available on the German market.
- 2 February 2010: As a result of the exercise of warrants, the share capital has been increased by EUR 115,267.28 and, as a result, the total number of shares outstanding now amounts to 21,081,300.
- 3 March 2010: Date of incorporation of Movetis Limited in the UK.
- 24 March 2010: Resolor made available on the UK market.
- 3 May 2010: The Annual and Extraordinary General Shareholder Meetings unanimously approved all resolutions included in the agendas.

- 3 May 2010: In the first quarter of 2010, Movetis obtained favourable results from a trial to assess potential drug interactions of Resolor with oral contraceptives. This study was part of the EMA post marketing commitments made by Movetis at the time of Resolor's European approval. Movetis announced in its Trading Update on the first quarter 2010 that it had been informed that, earlier this month, Johnson & Johnson Pharmaceutical Research & Development (J&JPRD) in Asia has the first patient enrolled in a Phase III clinical trial with prucalopride in chronic constipation patients. The study will be used for registration purposes in some markets in Asia per local regulatory requirements. In the same Trading Update, Movetis reported that it had €99.6 million in cash and investments as of 31 March 2010 and the Company reported a turnover for the first quarter of 2010 of €0.4 million.
- 19 May 2010: Movetis started phase III clinical trial with prucalopride in patients with constipation induced by opioid based pain medications
- 21 May 2010: Date of incorporation of Movetis GmbH in Germany.
- In addition to the above-mentioned events and press releases, Movetis provides the following update on the organisational evolution of Movetis and its subsidiaries. In Germany, the team currently consists of 12 representatives and 2 regional sales managers who target GI specialists, 4 market access managers, and local staff in medical affairs/medical information and marketing, led by a country manager. In the UK, the team currently consists of 4 market access managers and one market access director, 4 medical science liaison officers plus a medical director, and local staff in medical affairs/medical information and marketing, led by a country manager. Movetis has built up its UK sales team and envisages having at least 14 sales representatives in the field by September 2010. As Movetis continues to prepare for launching Resolor in Belgium/Luxembourg and the Netherlands, the company has started to build an operational organisation for this region, currently consisting of 4 medical science liaison officers plus a medical director, a sales manager and local staff in marketing, led by a country manager.

Significant events after the balance sheet date

- 3 August 2010: Movetis announced that it had received a conditional offer from a Luxembourg incorporated wholly-owned subsidiary of Shire Plc to acquire all outstanding shares and warrants of Movetis at an offer price of €19.00 in cash per share. The public tender offer is expected to start upon approval by the Belgian supervisory authority of the bid prospectus. Movetis' board of directors has expressed its support for this offer and certain shareholders holding in the aggregate 38.9% of Movetis' issued share capital have unconditionally agreed to tender their shares in the bid. Movetis' board will provide its formal response to the proposed takeover bid in a memorandum which it will issue in due course. The availability of the prospectus and the board's memorandum will be announced at a later date through the media. The offer is contingent upon the

fulfillment of certain customary conditions, including receipt of acceptances in respect of at least 90% of the shares that are the subject of the offer.

- 3 August 2010: In the United Kingdom, the National Institute for Health and Clinical Excellence (NICE) issued draft guidance in support of Resolor (prucalopride) as an option for the treatment of chronic constipation “for women who have tried at least two different types of laxative and lifestyle changes for at least 6 months, but have not had relief from constipation”. This draft guidance has been issued for consultation; final guidance is likely to be published in December 2010. NICE determines which drugs represent a cost-effective use of the National Health Service’s funds in England. In parallel, Movetis is making significant progress with having Resolor included in hospital formulary lists, thus widening access to this novel product.
- 4 August 2010: Movetis received a letter from Swissmedic, dated 30 July 2010, with the authorisation to market its lead product, Resolor (prucalopride), in Switzerland with the following statement: “Resolor is indicated for treatment of idiopathic chronic constipation in adults for whom the currently available treatment options involving dietary measures and laxatives do not provide sufficient effect. There are currently no sufficient data available to evaluate the effectiveness and safety of Resolor in men.”.
- 20 August 2010: Movetis has been informed that Janssen-Cilag Russia has filed for registration of Resolor in Russia in March 2010.

Main risks and uncertainties

At closing of the interim period ended on June 30, 2010 Movetis did not identify any risks other than those included in pages 64 and 65 of the 2009 annual report (<http://www.movetis.com/annual-report-download>), which have not significantly evolved in the 6 month period ended 30 June 2010.

Outlook

Movetis expects the tender offer from Shire for all of the Company's outstanding shares and warrants to start in September. Movetis' board of directors, which has expressed its support for this offer, will provide its formal response to the proposed takeover bid in a memorandum, prior to the start of the bid period. The availability of Shire's bid prospectus and the board's memorandum will be announced in due course. Assuming this tender offer is successful, the transaction is likely to be completed in the 4th quarter of 2010, which could eventually result in the delisting of Movetis shares from Euronext Brussels.

In the meantime, Movetis continues to prepare for the launch of Resolor in Belgium/Luxembourg, France and the Netherlands according to plan. For the commercialisation of Resolor in the other European markets, Movetis initially intended to seek one or more partnership agreements. One of the conditions for the tender bid by Shire is that Movetis does not enter into such partnerships, and Movetis intends to comply with this condition pending the completion of the bid. Movetis intends to work with Shire, upon completion of the offer, to define the Resolor launch plans for other European markets. Beyond Europe, Movetis continues to co-operate with Janssen Pharmaceutica NV on regulatory affairs related to Resolor for various non-European regions.

Movetis is also on track with its programme of clinical trials that will be conducted to support broadening the potential uses of prucalopride in indications other than currently approved. Movetis anticipates that the next step in the Resolor label expansion strategy – the start of a phase III trial with prucalopride in male patients with chronic constipation in whom laxatives fail to provide adequate relief – will occur in the third quarter of 2010. Preparations for a phase III trial with prucalopride for pediatric constipation are on track to have this trial initiated in the 4th quarter of 2010.

In addition, preparations are on-going for clinical trials with M0003 (PPI-refractory GORD) as well as M0002 (ascites). On 30 June 2010, Movetis has submitted a grant application to the IWT for a follow-up research project entitled "Design of central-acting 5-HT₄ receptor agonists" with potential application in GI and Alzheimer disease.

Movetis has committed to Shire that the Company and its subsidiaries will have a cash and cash-equivalent position of at least €70 million (after deduction of borrowings) at the earliest of the following two dates: (i) the date of publication of the results of the initial bid period, or (ii) 15 October 2010.

Disclaimer: This release may contain forward-looking statements, including, without limitation, statements containing the words "believes," "anticipates," "expects," "intends," "plans," "seeks," "estimates," "may," "will," "could," "stands to," and "continues," as well as similar expressions. Such forward looking statements may involve known and unknown risks, uncertainties and other factors which might cause the actual results, financial condition, performance or achievements of Movetis, or industry results, to be materially different from any historic or future results, financial conditions, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, the reader is advised not to place any undue reliance on such forward looking statements. These forward-looking statements speak only as of the date of publication of this document. Movetis expressly disclaims any obligation to update any such forward-looking statements in this document to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless required by law or regulation.

Selected notes

1. General Information

Movetis NV (the 'Company') was incorporated on 17 November 2006 under the name "Movetis". Movetis is a public limited liability company (NV) governed by Belgian law. Movetis NV is incorporated and domiciled in Belgium, having its registered office at Veedijk 58, B-2300 Turnhout, Belgium (company number 0885.206.558 (RLP Turnhout)).

Movetis is a European specialty GI company that is focused on improving the lives of millions of patients – both adults and children – by discovering, developing and commercialising innovative treatments targeting GI conditions with a high unmet medical need. Movetis NV was founded in Belgium in November 2006 as a spin-off of Johnson & Johnson.

Movetis has a broad portfolio of GI products: since October 2009, Resolor[®] (prucalopride) is approved in the EEA for the indication "symptomatic treatment of chronic constipation in women in whom laxatives fail to provide adequate relief" and in August 2010, the product was also granted marketing authorisation in Switzerland for the treatment of idiopathic chronic constipation in adults for whom the currently available treatment options involving dietary measures and laxatives do not provide sufficient effect (while stating that "there are currently no sufficient data available to evaluate the effectiveness and safety of Resolor in men"); two products are in Phase II development and Movetis has two prioritised compounds in preclinical development, all addressing important GI areas including ascites, paediatric reflux, refractory GORD (gastroesophageal reflux disease) and severe forms of irritable bowel syndrome.

In addition, Movetis has rights to a large library of qualified lead compounds with potential for development in different GI indications and access to know how for compounds in secretory diarrhoea. The current portfolio is licensed from Janssen Pharmaceutica NV, Belgium and Ortho-McNeil Pharmaceutical Inc., two Johnson & Johnson companies.

Movetis shares are listed on the regulated market Euronext Brussels under the ticker MOVE.

The condensed consolidated interim financial statements for the six-months period ended 30 June 2010 have been prepared in accordance with IAS 'Interim Financial Reporting' as adopted by the European Union. This document should be read together with the annual accounts 2009 (including the significant accounting policies) as published in the 2009 annual report, which is available on www.movetis.com.

These condensed consolidated interim financial statements have been approved for publication by the Board of Directors of 23 August 2010. They have been submitted to a limited review by the Statutory Auditor (cf. page 18).

2. Summary of significant accounting policies

The financial statements for the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union. The financial statements are presented in thousand Euro (unless stated otherwise).

The principal accounting policies applied in preparation of these consolidated interim financial report are identical to those applied in preparation of the IFRS financial statements for the year ended on December 31, 2009 – though complemented with new accounting policies for revenue recognition, consolidation and foreign currency translation, which are listed below:

Revenue recognition

The Group currently generates revenues from government grants and sale of products.

Government grants

Grants related to research projects received from governmental agencies (such as IWT – Institute for the Promotion of Innovation through Science and Technology in Flanders) or the European Community for specific research projects are recognised as income with the related research and development costs they intend to compensate for when there is reasonable assurance the Group will meet the conditions attached to the grants, but not prior to the formal grant approval, against accrued income if no cash has been received, or in deferred income in case cash is received but costs are not yet incurred. Subsidies are recognised pro rata with the progress of the relevant project. These grants are separately presented in the income statement as revenue.

Sale of Products

Revenue arising from the sale of goods comprises revenue from sales of pharmaceutical products and active ingredient, net of sales returns, customer discounts, and certain sales-based taxes paid or payable to the healthcare authorities.

In accordance with IAS 18 (Revenue), the Group recognises revenue from the sale of goods when all of the following conditions have been met: the risks and rewards of ownership have been transferred to the customer; the Group no longer has effective control over the goods sold; the amount of revenue and costs associated with the transaction can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the Group.

Provisions for sales returns are calculated on the basis of management's best estimate of the amount of product that could ultimately be returned by customers. The provision is estimated on the basis of management experience while taking into account factors such as levels of inventory in distribution channels, product expiry dates, information about potential discontinuation of products and competitive entry into the market. These provisions are booked against sales.

Consolidation

The Group has consolidated its wholly owned subsidiaries in the UK and Germany, together with the figures for Movetis NV in Belgium, using the full consolidation method.

The leading currency used is the Euro.

The figures for the UK have been translated into Euro using the Average Rate for the P&L figures, and the Closing Rate for the Balance Sheet.

The base currency for the figures of Movetis Germany is the Euro.

The presented consolidated statements for the Group are the net result after eliminations of intra-group transactions and balances.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

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.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but are considered an impairment indication of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary with the policies adopted by the Group.

Foreign Currency Translation

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 Euros, which is the company's functional and presentation currency.

To consolidate, the financial statements are translated as follows :

- assets & liabilities at year-end rate;
- income statements at the average rate for the year;
- components of equity at historical rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries at year-end exchange rate are recorded as part of the subsidiaries equity in currency translation differences.

The following new standards and amendments to standards, endorsed by the EU, are mandatory for the financial year beginning 1 January 2010 and have been adopted by the Group, when relevant:

- IFRS 3 (revised) "Business Combinations" (effective 1 July 2009)
- IAS 27 (revised) "Consolidated and separate financial statements" (effective 1 July 2009)
- Annual improvements 2009 (effective 1 January 2010)
- Amendment to IAS 39 "Financial instruments. Recognition and measurement", on Eligible hedged items (effective 1 July 2009)
- Amendment to IFRS2 "Share based payments- Group cash-settled share-based payment transactions" (effective 1 January 2010)
- IFRIC 12 "Service concession arrangements". (effective 1 January 2008, EU endorsed 30 March 2009)
- IFRIC 15 "Arrangements for construction of real estate" (effective 1 January 2009 but EU endorsed for 1 January 2010)
- IFRIC 16 "Hedges of a net investment in a foreign operation (effective 1 October 2008 but EU endorsed for 1 July 2009)
- IFRIC 17 "Distributions of non cash assets to owners" (effective 1 July 2009)
- IFRIC 18 "Transfer of assets from customers" (EU endorsed for annual periods beginning on or after 31 October 2009).

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

- Revised IAS 24 "Related Party Disclosures" (effective 1 January 2011)
- Amendments to IAS 32 "Classification of Rights Issues" (effective 1 February 2010)
- Amendment to IFRIC 14 "Prepayment of a Minimum Funding Requirement" (effective 1 January 2011).

Foreign currency translation

1 euro = foreign currency x	Closing rate		Average rate	
	First Half 2010	First Half 2009	First Half 2010	First Half 2009
USD	1.2206	1.4406	1.3239	1.3287
GBP	0.8098	0.8881	0.8670	0.8881
SEK	9.5173	10.2520	9.7559	10.8692
CHF	1.3244	1.4836	1.4309	1.5047
CAD	1.2792	1.5128	1.3676	1.6012
NOK	7.9135	8.3000	7.9834	8.9079

3. Other notes

3.1. Segmented information

The Company does not distinguish different segments.

3.2. Intangible assets

The intangible assets mainly consist of a portfolio of patents and capitalisation of development expenses. The total amounts to EUR 16,444 thousand as at 30 June 2010.

The portfolio of patents, of which the remaining amortisation period is minimum 10 years and maximum 14 years, amounts to EUR 10,407 thousand. These patents were mainly acquired from Janssen Pharmaceutica by means of a quasi contribution of a licence agreement.

As from 1 January 2009 development expenses that meet the requirements for capitalization of internal cost in accordance with IAS 38 are capitalized, based on the principles described in the summary of accounting policies (Note 2 of the 2009 annual report). This carrying amount amounts to EUR 5,952 thousand.

3.3. Other short-term investments

(in EUR thousands)	30 June 2010	31 December 2009
Term account - 6 months investment (as of 23 Dec. 2009)	-	20 000
Total	-	20 000

Short-term bank deposits consist of cash placed on term accounts for a period of six months or less. The considerable change between 30 June 2010 and 31 December 2009 is driven by the conversion of a term account (6 months) into cash on hand.

3.4. Cash and cash equivalents

(in EUR thousands)	30 June 2010	31 December 2009
Short-term bank deposits	-	25 000
Cash at bank and on hand	85 118	55 730
Total	85 118	80 730

Short-term bank deposits consist of cash placed on term accounts for a period of three months or less. There is no significant difference between the fair value and the carrying amount of these instruments. Total cash and cash equivalents have increased by more than EUR 4 million. This is the result of cash burning by development and commercial activities of almost EUR 16 million, of which EUR 11 million was expensed during the period per the statement of comprehensive income and EUR 5 million of R&D expenses was capitalised. Furthermore a 6 month term account was converted into cash on hand as per note 3.3.

3.5. Share capital and share premium accounts

Ordinary Shares	30 June 2010	31 December 2009
<i>(in EUR thousand, except for number of shares)</i>		
Total number of issued and outstanding shares	21 081 300	21 035 175
Total share capital before deduction transaction costs	52 682	52 567
Transaction costs (cumulative)	-6 796	-6 796
Total share capital after deduction transaction costs	45 887	45 771
Total share premium	107 890	107 864

Evolution of the number of shares

Date	Transaction	Number of ordinary shares
31 December 2009	Year-end situation	21 035 175
5 February 2010	Exercise of warrants	46 125
30 June 2010	Situation at the end of the interim period	21 081 300

At 30 June 2010, Movetis had an aggregate of : 8,689,296 outstanding warrants, whereby six warrants of the same stock option plan give the right to subscribe for one share. The aggregate number of shares and voting rights that can be obtained upon exercise of the outstanding warrants when vested amounts to 1,448,215.

3.6. Commitments

Principal government grants

Movetis has been awarded the following grants from the government institute "IWT".

1) New directions for 5-HT₄ receptor agonists for Alzheimer's disease or GI disorders

The primary goal of this project is to validate the use of, and to select a 5-HT₄ receptor agonist from the Movetis' library (~600 compounds) for the treatment of Alzheimer's disease.

Grantor: IWT
 Start date: 1 December 2007
 End date: 30 November 2010
 Amount approved: EUR 1,466,379
 Amount received: EUR 1,176,000
 Amount recognised: EUR 1,148,379 (2007: EUR 0; 2008: EUR 458,237; 2009: EUR 555,353; 2010: EUR 134,789)

2) Protein kinase inhibitors: a novel approach to treat secretory diarrhoea

In this project, potent and selective inhibitors of the cGMP-dependent protein kinase II (cGKII) are being synthesised and screened and their use for the treatment of secretory diarrhea is being validated.

Grantor: IWT
 Start date: 1 January 2008
 End date: 31 December 2010
 Amount approved: EUR 1,779,040
 Amount received: EUR 1,185,000
 Amount recognised: EUR 1,450,374 (2007: EUR 0; 2008: EUR 585,288; 2009: EUR 597,646
 2010: EUR 267,440)

No new grants have been awarded in the first half of 2010. On 30 June 2010, Movetis has submitted a grant application to the IWT for a follow-up research project to project number 1 mentioned above. This project is entitled “Design of central-acting 5-HT₄ receptor agonists” for potential application in GI and Alzheimer’s disease.

3.7. Related-party transactions

Related parties refer to the members of the Executive Management Team and the members of the Board of Directors. The remuneration of the members of the Executive Management Team and the members of the Board of Directors is determined on an annual basis, for which reason no further details are included in this interim financial report.

Disclosure on related party-transactions for 2009 can be found on pages 82 and 83 of the 2009 annual report of Movetis (<http://www.movetis.com/annual-report-download>).

The annual and extraordinary shareholder meetings of 3 May 2010 have approved a motion referring to the remuneration of non-executive directors with unanimity of votes. For more info: <http://www.movetis.com/journalists/press-releases/algemene-vergadering-movetis-general-meeting?source=journalist>.

3.8. Revenue and Cost of Goods Sold

Revenues consist of the Resolor net sales, after deduction of provision for rebates and governmental rebates, in Germany and UK and of the IWT grants received.

Cost of Goods Sold contains the changes in inventory for raw materials and finished product related to the sales of Resolor in Germany and UK.

**REPORT OF THE STATUTORY AUDITOR ON THE REVIEW OF THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF
MOVETIS NV FOR THE HALF YEAR ENDED 30 JUNE 2010**

We have reviewed the accompanying consolidated condensed consolidated interim financial statements of Movetis NV (“the Company”) and its subsidiaries (jointly “the Group”), as of and for the six month period ended 30 June 2010, consisting of the interim consolidated balance sheet, the related consolidated statement of comprehensive income, consolidated statement of changes in shareholder's equity and consolidated cash flow statement for the six month period then ended, as well as the selected explanatory notes, with a balance sheet total of EUR'000 111.302 and a loss for the period of EUR'000 10.033. The board of directors is responsible for the preparation and fair presentation of these consolidated condensed interim financial statements in accordance with IAS 34 as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Brussels, 25 August 2010

PricewaterhouseCoopers Bedrijfsrevisoren bcvba
Represented by

Raf Vander Stichele
Statutory auditor