Company Announcement
No. 18/2011

Zealand Pharma A/S
Interim report for the nine months ending 30 September 2011 (unaudited)

-- Positive net result of DKK 32.5 (EUR 4.4) million with cash and securities amounting to DKK 441.9 (EUR 59.3) million on 30 September 2011

-- Guidance for revenues and other operating income in 2011 raised to DKK 170 (EUR 22.8) million from DKK 150 (EUR 20) million, expense guidance unchanged at DKK 170 (EUR 22.8) million

-- After the period, Sanofi submitted a Marketing Authorisation Application (MAA) for Lyxumia® [1)] (lixisenatide) in Europe; first Zealand Pharma drug now in registration phase

Copenhagen, 17 November 2011 – Zealand Pharma (NASDAQ OMX: ZEAL), a biopharmaceutical company based in Denmark, reports important progress in its drug pipeline and business activities and positive financial results for the nine month period 1 January – 30 September 2011.

First nine months of 2011,

- Revenues of DKK 120.0 (EUR 16.1) million (9m 2010: DKK 83.6 (EUR 11.2) million) from payments under the agreement with Boehringer Ingelheim.
- Total operating expenses amounted to DKK 114.4 (EUR 15.4) million (9m 2010: DKK 129.4 (EUR 17.4) million), in line with expectations.
- Other operating income for the period was DKK 23.6 (EUR 3.2) million (9m 2010: DKK 0.2 (EUR 0.0) million).
- Net profit totaled DKK 32.5 (EUR 4.4) million (9m 2010: DKK -42.0 (EUR -5.6) million).
- Cash and securities amounted to DKK 441.9 (EUR 59.3) million on 30 September 2011 (30 Sept 2010: DKK 134.0 (EUR 18.0) million).
- Important pipeline advance with additional positive Phase III results announced for Lyxumia® (lixisenatide), now in registration phase as a novel treatment of Type 2 diabetes.
- A license and collaboration agreement signed with Boehringer Ingelheim to advance novel dual acting glucagon/GLP-1 agonists, including ZP2929, to treat Type 2 diabetes and obesity.

In October 2011, Sanofi submitted before the European Medicines Agency (EMA) a Marketing Authorisation Application (MAA) for Lyxumia® (lixisenatide) as a novel treatment for Type 2 diabetes. This is a significant milestone for Zealand Pharma, as the first of the company's peptide drugs is now in the final phase of development before market launch.

1) Lyxumia® is the intended trademark of lixisenatide

The MAA includes documentation from the extensive, international Phase III GetGoal-program, which has provided clinical results to support the intended use of Lyxumia® (lixisenatide) as a novel treatment for Type 2 diabetes. Results from the GetGoal-programme demonstrate the efficacy and safety of Lyxumia® (lixisenatide) in achieving improved glycemic control in patients with Type 2 diabetes both as monotherapy and as an add-on to existing treatments, including in combination with basal insulin.

Further results from the GetGoal Phase III program are expected to be presented at international conferences during late 2011 and 2012. Additional ongoing studies are expected to complete and report in the same period to further elucidate the clinical profile of Lyxumia® (lixisenatide).

A regulatory submission for lixisenatide in the United States is planned for Q4 2012.

Under the agreement between Zealand Pharma and Boehringer Ingelheim, signed in June 2011, preparations for start of clinical development of ZP2929 for the treatment of diabetes and obesity are progressing well.

David H. Solomon, President and CEO of Zealand Pharma, commented on the report:
"The European submission of lixisenatide, our first peptide drug, represents a transformational milestone for Zealand Pharma. Lixisenatide has potential as a monotherapy and as an add-on to existing treatments, including in combination with basal insulin. Supported by Sanofi's strong position in the diabetes market and deep understanding of diabetes patients' need, we are confident that the drug will quickly find an important role in the management of Type 2 diabetes."

Financial guidance for 2011 raised

Zealand Pharma raises its financial guidance for the full year 2011, now expecting revenues and other operating income under the company's partnership agreements of DKK 170 (EUR 22.8) million against earlier expectations of DKK 150 (EUR 20) million, while maintaining expectations for total operating expenses of approximately DKK 170 (EUR 22.8) million.

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Conference call

Zealand Pharma will host a conference call today, Thursday, 17 November at 15:00 CET/ 9:00 EST. David H. Solomon, President & Chief Executive Officer, Mats Blom, Chief Financial Officer and Hanne Leth Hillman, Vice President for IR and Corporate Communication, will host the call to present the interim report for the first nine months of 2011 followed by a Q&A session.

The conference call will be conducted in English and the dial-in numbers are:

DK +45 3272 7625
UK and international +44 (0) 1452 555 566
US +1 631 510 7498

Pass code for all participants: 27101023

An accompanying slide presentation will be available for download from the company's website (ir.zealandpharma.com) prior to the call.

For further information, please contact:

David H. Solomon, President and Chief Executive Officer
Tel: +45 2220 6360

Hanne Leth Hillman, Vice President for IR & Corporate Communication
Tel: +45 5060 3689

Forward-looking statements

This announcement includes "forward-looking statements" that involve risk, uncertainties and other factors, many of which are outside of our control that could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, future events, performance and/or other information that is not historical information. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

About Zealand Pharma

Zealand Pharma A/S is a public (NASDAQ OMX: ZEAL) biopharmaceutical company based in Copenhagen, Denmark with a mature and growing clinical pipeline of innovative peptide based drugs. The company's lead product is Lyxumia® (lixisenatide), a once-daily GLP-1 agonist, discovered by Zealand Pharma and licensed to Sanofi for the treatment of Type-2 diabetes. In October 2011, Sanofi submitted an MAA for Lyxumia® (lixisenatide) in Europe and submission for regulatory approval of lixisenatide in the United States is planned for Q4 2012. Zealand Pharma also has a collaboration with Boehringer Ingelheim covering glucagon/GLP-1 dual agonists, including ZP2929 for the treatment of diabetes and obesity, and a licence agreement with Helsinn Healthcare on elsiglutide, a clinical stage GLP-2 drug for the treatment of chemotherapy- and radiotherapy-induced diarrhea.

Zealand Pharma specializes in the discovery, optimization and development of novel peptide drugs, and all drug candidates in its pipeline have been identified through the company's own drug discovery activities. Zealand Pharma's products target disease areas where existing treatments fail to adequately serve patient needs and where the market potential for improved treatments through the use of peptide drugs is high. For further information: www.zealandpharma.com.

Highlights from Q3 2011 and the period thereafter

Lyxumia® (lixisenatide) – In registration phase in Europe

- In October, Sanofi submitted before the European Medicines Agency (EMA) a Marketing Authorisation Application for Lyxumia® (lixisenatide) with the intended indication to achieve glycemic control in adults with type 2 diabetes not adequately controlled on current treatment and as add-on or in combination with a wide range of therapies.
- In September, positive results from the sixth consecutive Phase III GetGoal study, GetGoal-F1 were presented at the Annual Meeting of the European Association for the Studies of Diabetes (EASD) in Lisbon. The results showed that lixisenatide is effective in improving glycemic control (HbA1c reduction), reduces body weight and is safe with a simplified once-daily dosing regimen.

Other clinical pipeline programs

- Zealand Pharma is advancing preparations for both ZP1848 for the treatment of Inflammatory Bowel Disease and danegaptide in the area of cardiac protection towards Phase IIa development.
- In September, Action Pharma announced positive results from a clinical, multi-centre Phase IIb study of ZP1480, showing that ZP1480 reduces kidney injury and improves long-term outcomes on a composite clinical efficacy end point (death, dialyses and kidney function) and that the compound is safe and well-tolerated compared to placebo.

Other business highlights

- Recently, Zealand Pharma announced the establishment of a new Clinical and Scientific Advisory Board, comprising five internationally renowned scientific and clinical experts. On a continuous basis the advisory board will advice and collaborate closely with the company to ensure best practice in the company's scientific approach to peptide drug discovery and help ensure an optimal clinical pipeline prioritization.
- In September, the Executive Management team was strengthened with the nomination of Arvind M. Hundal as Senior Vice President and Chief Business Officer.
- As of 1 November, Zealand Pharma nominated Nordea as Market Maker on NASDAQ OMX Copenhagen, to make a market for shares issued by Zealand Pharma and help increase liquidity.

Financial Highlights (unaudited)

The Board of Directors and Executive Management have approved this interim report containing condensed financial information for the first nine months of 2011 ending 30 September 2011. The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies. The accounting principles are unchanged in the nine months of 2011 and reference is made to the Annual Report 2010 for a more detailed description of the accounting policies.

DKK thousand	2011 1.7 - 30.9 Q3	2010 1.7 - 30.9 Q3	2011 1.1 - 30.9 Q1 - Q3	2010 1.1 - 30.9 Q1 - Q3	2010 1.1 - 31.12 Full year
INCOME STATEMENT					
Revenue	670	782	119,968	83,630	87,357
Research and Development Expenses	-18,258	-27,158	-89,044	-94,310	-151,278
Administrative Expenses	-7,842	-25,064	-25,327	-35,116	-39,732
Initial Public Offering Expenses	0	0	0	0	-5,820
Other Operating Income	6,213	62	23,587	191	777
Operating result	-19,217	-51,378	29,184	-45,605	-108,696
Net Financial Items	4,907	-3,765	3,358	3,649	4,062
Net Result	-14,310	-55,143	32,542	-41,956	-104,634
Earnings per Share - basic (DKK)	-0.64	-3.22	1.47	-2.45	-5.92
Earnings per Share - diluted (DKK)	-0.64	-3.22	1.46	-2.45	-5.92

BALANCE SHEET	30 Sep 2011	30 Sep 2010	31 December 2010
Cash and Cash Equivalents	291,836	134,086	383,305
Securities	150,103	0	49,673
Total Assets	485,134	162,441	450,550
Share Capital ('000 shares)	22,871	17,682	22,871
Shareholder's Equity	447,263	101,699	407,108
Equity / assets ratio	0.92	0.63	0.90

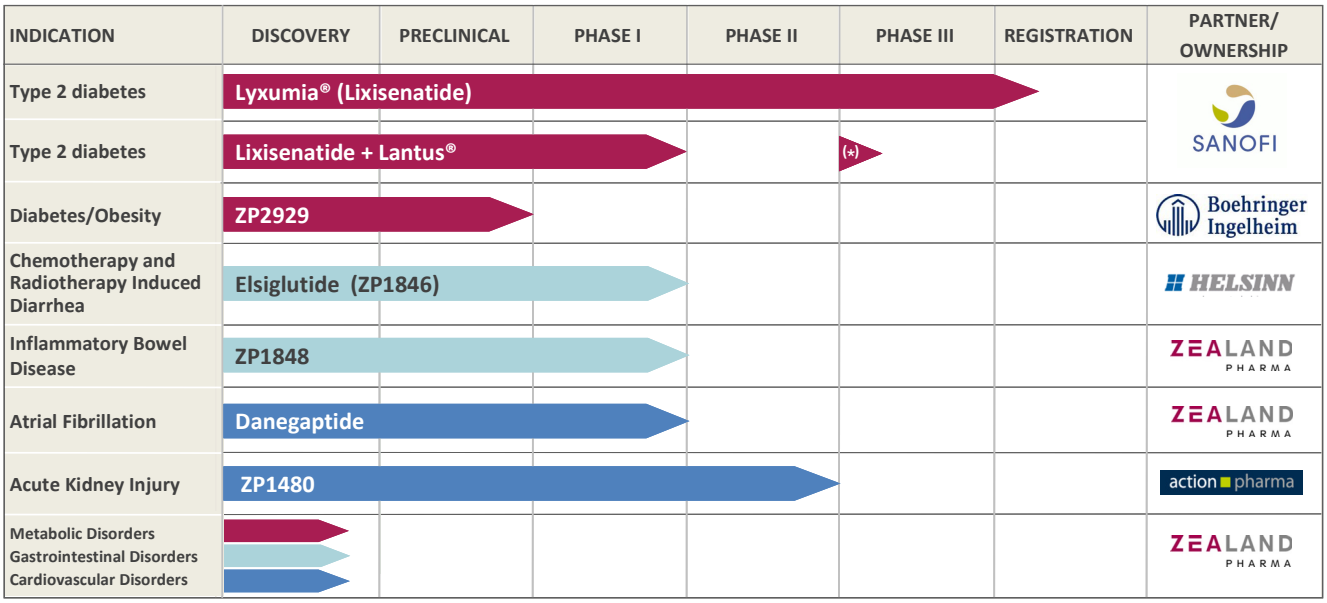
	30 Sep 2011	30 Sep 2010	31 December 2010
OTHER			
Share Price (end period)	49.90	n/a	70.00
Investments in Fixed Assets	10,171	1,640	4,236
Average number of Employees (full-time equivalents)	91	70	72
Compounds in Clinical Development (end period)	6	6	6

Management's review

Pipeline overview

Zealand Pharma has seven peptide drug candidates in clinical – or near clinical – development, designed to offer better treatment for patients with diabetes, metabolic or related gastrointestinal and cardiovascular diseases. Five of the seven programs are covered and fully financed by agreements with pharmaceutical companies; Sanofi, Boehringer Ingelheim, Helsinn Healthcare and Action Pharma.

Recently, the first Zealand Pharma discovered peptide drug advanced into registration phase with the submission by Sanofi of a Marketing Authorisation Application before the European Regulatory Authorities (EMA) for Lyxumia® (lixisenatide) as a novel treatment for Type 2 diabetes.



(*) Positive results from two clinical Phase III studies of lixisenatide and Lantus® in "free combination" announced as part of the GETGOAL programme for Lyxumia®. Sanofi expects to initiate further Phase III studies with the combination in early 2013 based on the pen device intended for commercial use.

Diabetes and related metabolic diseases

The prevalence of diabetes has doubled in less than 20 years. Today, approximately 350 million people worldwide are estimated to have diabetes, and of these at least 90% have Type 2 diabetes. The total number of diabetics is expected to continue to grow at high rate, and the International Diabetes Federation predicts an increase to over 550 million by 2030 with the highest growth rates in Africa, the Middle East and South East Asia.

Diabetes and related diseases, including obesity, cardiovascular disorders, cancer, renal failure and neuropathy, constitute a significant burden on individuals, families, health systems and countries with substantial economic implications, and represent a serious and urgent need for new and better treatments. The market for diabetes drugs is one of the largest pharmaceutical markets with an estimated value of approximately EUR 30 billion.

Zealand Pharma has dedicated focus and validated expertise in the field of diabetes and related metabolic diseases. Through its partnership agreements with two of the world's leading diabetes companies, Sanofi and Boehringer Ingelheim, Zealand Pharma holds a unique position to further

grow its presence as a provider of novel treatments for the benefit of patients with diabetes and related metabolic diseases.

License agreement with Sanofi

The license agreement with Sanofi covers global development and commercialisation rights to lixisenatide as a stand-alone drug and in a combination pen with Lantus®, Sanofi's world-leading insulin product, for the treatment of Type 2 diabetes.

Sanofi funds all clinical development and commercialization of products under the agreement and Zealand Pharma is eligible to receive remaining milestones of up to USD 235 million (EUR 170 million) and low double-digit royalties on global net sales of lixisenatide and of any combination product that includes lixisenatide.

Lyxumia® (lixisenatide) for Type 2 diabetes
- Completing Phase III, in registration phase in Europe

Lixisenatide is a highly potent GLP-1 receptor agonist for once-daily administration, discovered by Zealand Pharma and developed by Sanofi for the treatment of Type 2 diabetes.

Under the licence agreement, Sanofi has evaluated lixisenatide in an extensive international Phase III program, GetGoal, comprising ten studies and more than 4,500 Type 2 diabetes patients. Lyxumia® is the intended trademark for lixisenatide.

The results from the GetGoal program support lixisenatide's efficacy profile with a consistent reduction in HbA1c, driven by an effective reduction of fasting blood glucose level and by a pronounced post-prandial glucose lowering. Further, a beneficial effect in body weight was observed across studies. Lixisenatide once-daily, with a one-step dose increase regimen and a single maintenance dose, has shown also to be well-tolerated and to lead to significantly improved glycemic control with low risk of hypoglycemia in the overall GetGoal program. Nausea and vomiting, albeit mild and transient, were the most commonly reported adverse events in most studies.

In October, Sanofi submitted before the EMA a Marketing Authorisation Application (MAA) for the regulatory approval of Lyxumia® (lixisenatide) as a novel treatment for Type 2 diabetes.

The MAA includes documentation from the GetGoal Phase III program, providing data to support Lyxumia's (lixisenatides) intended indication for the treatment of adults with Type 2 diabetes to achieve glycemic control in patients not adequately controlled on current therapies and as add-on or in combination with a wide range of therapies.

Positive results reported from GetGoal-X, GetGoal-L, GetGoal-L Asia, GetGoal-Mono, GetGoal-S and GetGoal-F1 are available at Zealand Pharma's website ir.zealandpharma.com.

Further results from the GetGoal Phase III program are expected to be presented at international conferences during late 2011 and 2012.

Sanofi has also conducted a placebo-controlled, 24 week Phase III study of lixisenatide to evaluate the efficacy and safety of the drug when administered in combination with Lantus®. This study is expected to complete before the end of 2011.

Further, Sanofi is conducting a large cardiovascular safety outcome study, named "ELIXA", to evaluate the risk profile of lixisenatide in up to 6,000 Type 2 diabetes patients with a history of a cardiac event. The study is still recruiting patients and results are expected to be included in the US registration package.

Submission for regulatory approval of lixisenatide in the United States is planned for Q4 2012.

Lixisenatide/Lantus® Combination pen device
– In preparation for Phase III

As an expected next step to support and facilitate the use of lixisenatide in combination with Lantus®, Sanofi is advancing preparations for a Phase III study of a lixisenatide-Lantus® combination pen device.

The therapeutic rationale for a combination pen is supported by studies, conducted by Sanofi to demonstrate full bioequivalence between lixisenatide and Lantus® administered as two separate, simultaneous doses and a lixisenatide-Lantus® combination dose.

Phase III studies of a lixisenatide-Lantus® combination based on the pen device intended for commercial use as requested by the FDA, are expected to start in early 2013.

Partnership with Boehringer Ingelheim

In June 2011, Zealand Pharma and Boehringer Ingelheim signed an agreement to advance novel dual-acting glucagon/GLP-1 receptor agonists for the treatment of patients with Type 2 diabetes and obesity.

The agreement has given Boehringer Ingelheim global development and commercialisation rights to ZP2929 in preparation for clinical development and covers a two-year research collaboration to focus on the characterization, identification and development of additional novel dual acting glucagon/GLP-1 agonists.

Under the terms of the agreement, Boehringer Ingelheim will fund all research, development and commercialization, and depending on the achievement of pre-defined milestones, Zealand Pharma is eligible to receive payments of up to EUR 376 million on ZP2929 alone and may receive additional milestone payments if other products are advanced through development under the collaboration. Zealand Pharma is entitled to royalties on Boehringer Ingelheim's sales of all marketed products stemming from the collaboration. In the first two years of collaboration, Zealand Pharma is expected to receive up to EUR 41 million in signature, milestone, and other payments, including EUR 4 million in research funding.

The drug discovery collaboration part of the agreement has been initiated and is gaining momentum: the governance structure is in place, FTE resources have been allocated and focus research programs have been detailed and initiated.

ZP2929 for Type 2 diabetes and obesity
– In preparation for Phase I

ZP2929 is a dual-acting glucagon/GLP-1 agonist, building partly on the observed effects of the natural gut hormone oxyntomodulin, which has shown to decrease food intake and increase energy

expenditure in humans. The compound under investigation is designed to be a highly potent synthetic agonist with effect on both the glucagon and the GLP-1 receptors.

In validated preclinical models of diabetes and obesity, and compared to marketed GLP-1 agonists, ZP2929 has shown similar improvement of glycemic and a superior and sustained weight loss.

Zealand Pharma and Boehringer are advancing preparations of ZP2929 for start of clinical development of the compound for the treatment of Type 2 diabetes and obesity, with the first clinical study to be conducted by Zealand Pharma. Boehringer Ingelheim will be responsible for the clinical development thereafter and will finance all clinical development including Phase I.

Gastrointestinal diseases

Gastrointestinal diseases cover a range of disorders and imbalances of the digestive system, including the stomach, colon and rectum. For many gastrointestinal diseases the current treatment options offer limited efficacy and are associated with serious side-effects.

GLP-2 is a natural peptide, co-secreted in the gut together with GLP-1 during digestion. GLP-2 exerts its effect in the intestine, helping to stimulate bowel function and maintain a healthy lining. Zealand Pharma has two GLP-2 peptide drug candidates in development targeting improved treatment options for patients suffering from certain gastrointestinal diseases.

Elsiglutide (ZP1846) for chemotherapy-induced diarrhoea
– In preparation for Phase IIa (Helsinn Healthcare)

Elsiglutide is a novel, potent and selective GLP-2 agonist, which has shown the potential to stimulate regeneration of damaged intestinal lining and to improve bowel function.

The global rights to elsiglutide are out-licensed to Helsinn Healthcare an international pharmaceutical company with a strong position in Cancer Supportive Care. Helsinn is completing a Phase Ib study with elsiglutide in Europe under an IND with the FDA to evaluate the maximum tolerated dose of the drug candidate in colorectal cancer patients. Completion of the Phase Ib study is expected in early 2012, and in parallel, Helsinn is preparing for a Phase IIa study of elsiglutide in the primary prevention of diarrhoea in colorectal cancer patients receiving chemo-therapy.

Under the license agreement, Helsinn is responsible for the conduct and the financing of all clinical development and commercialisation of elsiglutide, and Zealand Pharma is eligible to up to EUR 140 million in milestone payments and to royalties of Helsinn's global sales of the drug.

ZP1848 for Inflammatory Bowel Diseases
– Under evaluation for Phase IIa

ZP1848 is the second potent and selective GLP-2 agonist in Zealand Pharma's pipeline, with regenerative effect on the intestinal epithelial surface and an ability to enhance intestinal function. In preclinical studies, ZP1848 has shown promise as a novel and improved treatment option for Inflammatory Bowel Disease (Crohn's Disease and Ulcerative Colitis).

In Phase Ia and Ib clinical studies, ZP1848 has demonstrated a significantly positive effect on the citrulline levels in patients compared to placebo, as well as good safety and tolerability. Increased citrulline levels is a validated marker for enhanced growth of the gut lining, as well as for an enhanced absorptive area and improved bowel function.

Zealand Pharma owns the global rights to ZP1848 and is currently evaluating this drug candidate for clinical Phase IIa studies.

Cardiovascular diseases

Cardiovascular diseases cover diseases and disorders that involve the heart or blood vessels (arteries and veins). Cardiovascular disorders and metabolic diseases, in particular diabetes and obesity, are in many cases closely inter-related.

Zealand Pharma's pipeline includes two drug candidates in development for the treatment of cardiovascular diseases, where there are currently very limited treatment options available for patients.

Danegaptide for cardiovascular disorders
– Under evaluation for Phase IIa

Danegaptide is a small and potent, first-in-class peptide drug candidate, acting as a second-generation gap junction modifier. In the heart, gap junctions help regulate the rhythmic contraction of the muscle to sustain a regular heartbeat.

Danegaptide has shown promise in several preclinical models for certain cardiovascular diseases. In a comprehensive Phase I development program including a total of 153 healthy volunteers, both an intravenous formulation of the drug candidate for acute use and an oral formulation for long-term use have been shown to be safe and well tolerated.

Zealand Pharma owns the global rights to danegaptide and is currently progressing preparatory work for the expected next clinical step for the compound in the prevention of atrial fibrillation after cardiac surgery, prevention of myocardial ischemia-reperfusion injury and maintenance of normal sinus rhythm in patients with atrial fibrillation.

ZP1480 for the treatment of post-surgical kidney injury
– Completed Phase IIb development (Action Pharma)

ZP1480 is a first-in-class melanocortin peptide agonist, discovered by Action Pharma and modified with Zealand Pharma's SIP® technology. All rights to ZP1480 (AP214) are owned by Action Pharma, which is developing the drug for in-hospital, intravenous treatment of post-surgical Acute Kidney Injury (AKI) associated with cardiac surgery.

In September 2011, Action Pharma announced positive results from a clinical, multi-center Phase IIb study of ZP1480 in 77 patients undergoing major cardiac surgery with cardiopulmonary bypass who are at increased risk of developing acute kidney injury. The results show that ZP1480 reduces kidney injury and improves long-term (90 days) outcomes on a composite end point (death, dialyses and kidney function) and that the compound is safe and well-tolerated compared to placebo.

Organisation and Management

The average number of employees in the organisation has increased to 91 in the first nine months of 2011 from 70 in the same period last year. The increase is a consequence of a higher activity level in the research and development organisation.

In early September, Zealand Pharma strengthened its Executive Management team with the nomination of former Vice President for Business Development, Arvind M. Hundal to Senior Vice President and Chief Business Officer.

In November, the Senior Management team won the 2011 Scrip Award for Management Team of the Year for its achievements from mid-2010.

Financial Review

(Comparative figures for the same period last year are shown in brackets)

Income statement
The net result for the first nine months of 2011 was a profit of DKK 32.5 million (-42.0). The increased profit is mainly a result of the license and collaboration agreement with Boehringer Ingelheim, signed in June, for the development of ZP2929.

Revenue
Revenue for the first nine months of 2011 increased to DKK 120.0 million (83.6) and consisted mainly of milestones from the Boehringer Ingelheim agreement. Revenue for the same period in 2010 came mainly from milestone payments received from Sanofi for the development of lixisenatide.

Research and development expenses
Zealand Pharma's research and development expenses for the period amounted to DKK 89.0 million (94.3). The decrease is a result of royalty expenses included in the 2010 figures of DKK 11.2 million, partly offset by increased costs in 2011 due to accelerated R&D activities. R&D expenses related to ZP2929 and the new collaboration agreement with Boehringer Ingelheim have been refunded and recorded as Other operating income, see below.

Administrative expenses
Administrative expenses for the period amounted to DKK 25.3 million (35.1). The decrease is mainly a result of high costs related to a provision for a cash bonus program in the third quarter in 2010 of DKK 13.4 million. This provision has been reduced by DKK 3.4 million during the first nine months of 2011.

Other operating income
Other operating income for the first nine months of 2011 amounted to DKK 23.6 million (0.2) mainly associated with income under the agreement with Boehringer Ingelheim, relating to funding of incurred development costs of ZP2929 and costs related to the Research collaboration.

Operating result
Operating result for the period was a profit of DKK 29.2 million (-45.6).

Net financial items
Net financial items for the first nine months of 2011 amounted to DKK 3.4 million (3.6). Net financial items consist of interest income, banking fees and regulations based on changes in exchange rates. In 2011 Net financial items was also affected by the bankruptcy of Amagerbanken, during the first quarter a loss of DKK 3.1 million was recorded but later the dividend from Amagerbanken was increased giving rise to an income of DKK 1.9 million in the third quarter.

Result from ordinary activities before tax
Result from ordinary activities before tax in the period came to a profit of DKK 32.5 million (-42.0).

Tax on ordinary activities
No tax on the result from ordinary activities has been recorded since Zealand Pharma offsets any tax through tax losses carry forward from previous years.

No deferred tax asset has been recognized in the Statement of Financial Position due to uncertainty as to whether tax losses can be utilized.

Net result
Net result for the first nine months of 2011 amounted to a profit of DKK 32.5 million (-42.0),

Equity
Equity stood at DKK 447.3 million (101.7) at the end of the period, corresponding to an equity ratio of 92 % (63). The increase in equity is mainly a result of the new issue of shares made at the November 2010 IPO.

Capital expenditure
Investments in new laboratory equipment for the period amounted to DKK 10.2 million (1.6).

Cash flow
As of 30 September 2011, Zealand Pharma had cash and cash equivalents including securities of DKK 441.9 million (134.1). The cash flow from operating activities amounted to DKK 19.6 million (-5.2), and cash flow used for investing activities to DKK 110.7 million (1.7) of which DKK 100.4 million has been invested in securities. The total cash flow for the first nine months of 2011 amounted to DKK -91.5 million (-10.5).

Risk factors
This interim report contains forward-looking statements, including forecasts of future expenses as well as expected business related events. Such statements are subject to risks and uncertainties as various factors, some of which are beyond the control of Zealand Pharma, may cause actual results and performance to differ materially from the forecasts made in this interim report. Without being exhaustive, such factors include e.g. general economic and business conditions, including legal issues, scientific and clinical results, fluctuations in currencies etc.

Financial guidance for 2011 raised
Zealand Pharma raises its financial guidance for the full year 2011, now expecting revenues and other operating income under the company's partnership agreements of DKK 170 (EUR 22.8) million against earlier expectations of DKK 150 (EUR 20) million, while maintaining expectations for total operating expenses of approximately DKK 170 (EUR 22.8) million.

Financial Calendar for 2012

15 March 2012	2011 full year report
26 April 2012	Q1 2012 Interim report
24 August 2012	Q2 2012 Interim report
13 November 2012	Q3 2012 Interim report

Management's Statements on the Interim Report

The Board of Directors and the Executive Management have today considered and adopted the interim report of Zealand Pharma A/S for the period 1 January – 30 September 2011. The interim report has not been audited or reviewed by the company's independent auditor.

The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies. The accounting principles are unchanged in the first nine months of 2011 and reference is made to the Annual Report 2010 for a more detailed description of the accounting policies.

In our opinion, the interim report gives a true and fair view of the Group's assets, equity and liabilities and financial position at 30 September 2011 and of the results of the Group's operations and the Group's cash flows for the period 1 January – 30 September 2011 and for the third quarter of 2011.

Moreover, in our opinion, the Management's Review and Financial Review gives a true and fair view of developments in the Group's operations and financial position and describes the most significant risks and uncertainty factors that may affect the Group.

Copenhagen, 17 November 2011

Executive Management

David H. Solomon President and CEO	Mats Blom SVP and CFO	Arvind M. Hundal SVP and CBO
Christian Grøndahl EVP and CSO	John Hyttel SVP and COO	

Board of Directors

Daan J. Ellens Chairman	Jørgen Lindegaard Vice chairman
Alain Munoz	Peter Benson
Florian Reinaud	Jutta af Rosenborg
Christian Thorkildsen	Helle Størum

DKK thousand	Note	2011 Q3	2010 Q3	2011 Q1 - Q3	2010 Q1 - Q3	2010 Full year
CONSOLIDATED INCOME STATEMENT						
Revenue		670	782	119,968	83,630	87,357
Research and development expenses	1	-18,258	-27,158	-89,044	-94,310	-151,278
Administrative expenses	1	-7,842	-25,064	-25,327	-35,116	-39,732
Initial public offering expenses		0	0	0	0	-5,820
Other operating income	2	6,213	62	23,587	191	777
Operating result		**-19,217**	**-51,378**	**29,184**	**-45,605**	**-108,696**
Financial income		2,615	-3,754	5,317	3,674	4,125
Financial expenses		2,292	-11	-1,959	-25	-63
Results from ordinary activities before tax		**-14,310**	**-55,143**	**32,542**	**-41,956**	**-104,634**
Tax on ordinary activities		0	0	0	0	0
Net result for the period		**-14,310**	**-55,143**	**32,542**	**-41,956**	**-104,634**
Comprehensive Income for the year		**-14,310**	**-55,143**	**32,542**	**-41,956**	**-104,634**
Earnings per Share - basic (DKK)		-0.64	-3.22	1.47	-2.45	-5.92
Earnings per Share - diluted (DKK)		-0.64	-3.22	1.46	-2.45	-5.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DKK thousand *Note*	30 Sep 2011	30 Sep 2010	31 December 2010
ASSETS			
Plant and machinery	15,241	7,316	8,426
Other fixtures and fittings, tools and equipment	383	194	198
Leasehold improvements	2,117	1,261	1,102
Fixed Assets under construction	0	0	802
Deposits	2,493	2,425	2,440
Other investments	0	0	0
Non current assets, total	**20,234**	**11,196**	**12,968**
Receivables	20,417	2,513	3,324
Prepayments	2,544	1,451	1,280
Initial public offering expenses		13,195	0
Securities	150,103	0	49,673
Cash and cash equivalents	291,836	134,086	383,305
Current assets, total	**464,900**	**151,245**	**437,582**
TOTAL ASSETS	**485,134**	**162,441**	**450,550**
LIABILITIES AND EQUITY			
Share capital	22,871	17,682	22,871
Retained earnings	424,392	84,017	384,237
Equity, total	**447,263**	**101,699**	**407,108**
Trade payables	9,401	15,089	10,668
Other liabilities	28,470	45,653	32,774
Current liabilities	**37,871**	**60,742**	**43,442**
Total liabilities	**37,871**	**60,742**	**43,442**
TOTAL EQUITY AND LIABILITIES	**485,134**	**162,441**	**450,550**

CONSOLIDATED STATEMENT OF CASH FLOWS DKK thousand	2011 Q1 - Q3	2010 Q1 - Q3	2010 Full year
Profit / loss for the period	32,542	-41,956	-104,634
Adjustments	7,638	9,576	29,295
Change in working capital	-22,115	24,247	15,194
Cash flow from operating activities before financing items	**18,065**	**-8,133**	**-60,145**
Financial income	3,504	2,946	4,228
Financial expenses paid	-1,959	-25	-63
Cash flow from operating activities	**19,610**	**-5,212**	**-55,980**
Change in deposit	-53	-39	-54
Purchase of property, plant and equipment	-10,171	-1,640	-4,236
Purchase of securities	-100,430	0	-49,837
Cash flow used in investing activities	**-110,654**	**-1,679**	**-54,127**
Repurchase of own shares	-425	0	395,563
Initial public offering expenses	0	-3,640	-46,768
Cash flow from financing activities	**-425**	**-3,640**	**348,795**
Decrease / increase in cash and cash equivalents	**-91,469**	**-10,531**	**238,688**
Cash and cash equivalents at beginning of period	383,305	144,617	144,617
Cash and cash equivalents at end of period	**291,836**	**134,086**	**383,305**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY DKK thousand	Share capital	Retained earnings	Total
Equity at 1 January 2010	**17,682**	**115,242**	**132,924**
Warrants compensation expenses	0	10,731	10,731
Comprehensive income for the period	0	-41,956	-41,956
Equity at 30 September 2010	**17,682**	**84,017**	**101,699**
Equity at 1 January 2011	**22,871**	**384,237**	**407,108**
Warrants compensation expenses	0	7,613	7,613
Comprehensive income for the period	0	32,542	32,542
Equity at 30 September 2011	**22,871**	**424,392**	**447,263**
Changes in Share Capital			
Share capital at 1 January 2005			2,633
Capital increase at 7 January 2005			2,768
Capital increase at 17 February 2005			1,806
Capital increase at 1 September 2005			3,659
Capital increase at 11 November 2005			1,136
Capital increase at 5 September 2006			5,680
Capital increase at 23 November 2010			4,337
Capital increase at 9 December 2010			852
Share Capital at 30 September 2011			**22,871**

Note 1

Warrant and bonus programs

Outstanding warrants		Programme of 2007	Programme of 2010 (issued 2010)	Programme of 2010 (issued 2011)	Total
Outstanding per September 30, 2011		360,998	595,406	445,500	1,401,904
Exercise price (DKK/warrant)		26.3	94.6	77.0	
Exercise period	from	31/Dec/08	3/Nov/13	10/Feb/14	
	to	31/Dec/11	3/Nov/15	10/Feb/16	
Expensed per September 30, 2011 (DKK million):					
Research and development expenses		0	0	5.9	5.9
Administrative expenses		0	0	0.9	0.9

Cash bonus programs:
The total estimated liability as of 30 September 2011 was DKK 10.4 million with a positive effect on net result of DKK 9.9 million in the third Quarter of 2011. The cash bonuses are payable in November 2011.

Note 2

Other operating income of DKK 23.6 million (0.2) is mainly associated with income under the agreement with Boehringer Ingelheim, relating to incurred development costs of ZP2929 and incurred costs of the Research Collaboration.