



**ConjuChem Biotechnologies Inc.**  
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Canada

**For immediate release**

## **ConjuChem Biotechnologies Announces Fiscal 2008 Year-End Financial Results**

**MONTREAL, Canada, January 29, 2009** – ConjuChem Biotechnologies Inc. (TSX: CJB) today announced financial results for its fiscal year, ended October 31, 2008.

“ConjuChem achieved a major clinical milestone during 2008, delivering data from our two randomized, double-blind, placebo controlled Phase II trials for our lead product, PC-DAC™:Exendin-4 for the treatment of Type 2 diabetes. Data from the two studies confirmed that our drug can achieve statistically significant reductions in HbA1c and weight loss while demonstrating an excellent tolerability profile,” said Mark Perrin, President and CEO of ConjuChem. “These data not only met our efficacy and safety objectives, they also provided a new level of validation for our platform technology, which greatly extends the half-life of therapeutic peptides. As such, we remain more convinced than ever that both our PC-DAC™:Exendin-4 and PC-Insulin products have the potential to become leading compounds within the enormous market for drugs that help manage diabetes.”

The Company’s net loss for the quarter ended October 31, 2008 amounted to \$10.9 million, or (\$0.04) per share, compared to \$6.5 million, or (\$0.03) per share, for the quarter ended October 31, 2007. The net loss for the year ended October 31, 2008 amounted to \$39.4 million or (\$0.16) per share, compared to \$45.9 million or (\$0.20) per share, for the year ended October 31, 2007. The increase in the net loss over the three-month period is attributable to the recently completed Phase II clinical trials for PC-DAC™:Exendin-4. The decrease over the twelve-month period is mainly attributable to a decrease in net research and development expenses of \$12.2 million which is largely related to the purchase, in the fiscal year ended October 31, 2007, of drug substance and drug product for the ongoing development of PC-DAC™:Exendin-4.

The Company recorded interest income on cash, short and long-term investments that amounted to \$194,703 for the quarter ended October 31, 2008 compared to \$876,394 for the same period last year. Interest income for the year ended October 31, 2008 was \$1.4 million versus \$3.7 million for fiscal 2007. The decrease in interest income was a result of a reduced investment portfolio base combined with a general decrease in market rates.

Net research and development expenses amounted to \$6.6 million for the quarter ended October 31, 2008 compared to \$3.4 million for the quarter ended October 31, 2007. Net research and development expenses amounted to \$21.5 million for the year ended October 31, 2008 compared to \$33.7 million for fiscal 2007. The increase over the three-month period is largely attributable to the ongoing Phase II clinical trials for PC-DAC™:Exendin-4. The decrease over the twelve-month period is largely attributable to the purchase, in 2007, of drug substance and drug product for the ongoing development of PC-DAC™:Exendin-4.

General and administrative costs amounted to \$2.0 million for the quarter ended October 31, 2008 compared to \$1.1 million for the quarter ended October 31, 2007. For the year ended October 31, 2008 general and administrative costs amounted to \$6.0 million, compared to the \$4.8 million incurred for the

same period the previous year. The increase in general and administrative expenses is largely attributable to fees related to the early redemption of the convertible senior unsecured notes and to a provision for income tax matters.

At October 31, 2008, the Company had cash and cash equivalents and available-for-sale short-term investments totalling \$21.1 million compared to \$26.0 million as at October 31, 2007. As at October 31, 2008, working capital amounted to \$12.0 million. The Company believes that its current cash and cash equivalents, investments and interest income will be sufficient to carry out their current research and development plans and operations into the second quarter of 2009.

### **Notice of AGM**

ConjuChem will hold its Annual General Meeting of Shareholders at 4:15pm on Tuesday, April 28, 2009 at 1000 de La Gauchetière Street West, Suite 2500, Montreal, Quebec, H3B 0A2.

### **About ConjuChem**

ConjuChem, developer of next generation medicines from therapeutic peptides, is creating long-acting compounds based on bioconjugation platform technologies. When applied to peptides, the Company's systemic PC-DAC™ technologies enable the creation of new drugs with significantly enhanced therapeutic properties as compared to the original peptide.

The Company has two major development programs: PC-DAC™:Exendin-4, a GLP-1 agonist that has successfully completed Phase II trials and PC-Insulin, a long-acting basal insulin in preclinical testing.

Detailed descriptions of the Company and its technologies can be viewed on the Company's website [www.conjuchem.com](http://www.conjuchem.com).

### **Forward-Looking Statements**

Some of the statements made herein may constitute forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause ConjuChem's actual results, performance or achievements to be materially different from those expressed or implied by any of the Company's statements. Actual events or results may differ materially. We disclaim any intention, and assume no obligation, to update these forward-looking statements.

### **For more information, please contact:**

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## ConjuChem Biotechnologies Inc.

### BALANCE SHEETS

As at October 31

	2008	2007
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	2,187,423	1,235,704
Investments	18,934,737	24,797,545
Accounts receivable	160,644	103,277
Investment tax credits receivable	542,000	1,169,000
Prepaid expenses	229,006	208,945
<b>Total current assets</b>	<b>22,053,810</b>	27,514,471
Long-term investments	—	59,736,098
Property, plant and equipment	841,685	1,049,147
Intangible assets	11,108	19,257
	<b>22,906,603</b>	88,318,973
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	10,080,463	8,576,258
Unearned revenue	—	35,314
<b>Total current liabilities</b>	<b>10,080,463</b>	8,611,572
Convertible senior unsecured notes	—	52,502,487
Convertible unsecured subordinated debentures	13,634,906	—
	<b>23,715,369</b>	61,114,059
<b>Shareholders' equity (deficiency)</b>		
Capital stock	266,823,735	265,332,302
Warrants	10,817,394	11,885,875
Equity portion of convertible senior unsecured notes	—	14,966,780
Equity portion of convertible unsecured subordinated debentures	5,193,793	—
Contributed surplus	48,818,826	28,008,989
Deficit	(332,390,857)	(292,973,699)
Accumulated other comprehensive loss	(71,657)	(15,333)
<b>Total shareholders' equity (deficiency)</b>	<b>(808,766)</b>	27,204,914
	<b>22,906,603</b>	88,318,973

**ConjuChem Biotechnologies Inc.**

**STATEMENTS OF DEFICIT**

Years ended October 31

	<b>2008</b>	<b>2007</b>
	\$	\$
<b>Deficit, beginning of year</b>	<b>(292,973,699)</b>	(247,082,959)
Net loss for the year	<b>(39,417,158)</b>	(45,890,740)
<b>Deficit, end of year</b>	<b>(332,390,857)</b>	(292,973,699)

**ConjuChem Biotechnologies Inc.****STATEMENTS OF OPERATIONS AND  
COMPREHENSIVE LOSS**

Years ended October 31

	2008	2007
	\$	\$
<b>REVENUES</b>		
Contract revenues	60,731	69,430
Interest income	1,449,360	3,693,388
	<u>1,510,091</u>	<u>3,762,818</u>
<b>EXPENSES</b>		
Research and development	22,212,279	35,034,021
Investment tax credits	(701,306)	(1,352,940)
Net research and development expenses	<u>21,510,973</u>	33,681,081
General and administrative expenses	5,965,092	4,754,366
Amortization of property, plant and equipment	220,918	255,128
Amortization of intangible assets	10,122	17,442
Stock-based compensation	2,567,057	3,872,365
Financial charges	209,500	15,976
Foreign exchange loss (gain)	937,925	(243,562)
Accretion in carrying value of convertible senior unsecured notes and interest	5,504,427	7,300,762
Accretion in carrying value of convertible unsecured subordinated debentures and interest	3,733,796	—
Loss on redemption of long-term investments	267,439	—
	<u>40,927,249</u>	49,653,558
<b>Net loss for the year</b>	<u>(39,417,158)</u>	(45,890,740)
<b>Other comprehensive loss</b>		
Unrealized loss on investments	(56,324)	(15,333)
<b>Comprehensive loss</b>	<u>(39,473,482)</u>	(45,906,073)
<b>Basic and diluted loss per share</b>	<u>(0.16)</u>	(0.20)
<b>Weighted average number of common shares outstanding during the year</b>	<u>244,260,543</u>	226,019,318

**ConjuChem Biotechnologies Inc.**

**STATEMENTS OF CASH FLOWS**

Years ended October 31

	<b>2008</b>	<b>2007</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	<b>(39,417,158)</b>	(45,890,740)
Items not affecting cash:		
Amortization of property, plant and equipment	<b>220,918</b>	255,128
Amortization of intangible assets	<b>10,122</b>	17,442
Amortization of premium on long-term investments	<b>(8,436)</b>	(91,965)
Stock-based compensation	<b>2,567,057</b>	3,872,365
Accretion in carrying value of convertible senior unsecured notes and interest	<b>5,504,427</b>	7,300,762
Accretion in carrying value of convertible unsecured subordinated debentures	<b>2,292,066</b>	—
Loss on redemption of long-term investments	<b>267,439</b>	—
	<b>(28,563,565)</b>	(34,537,008)
Net changes in non-cash working capital balances relating to operations	<b>2,018,463</b>	(4,498,728)
<b>Cash flows relating to operating activities</b>	<b>(26,545,102)</b>	(39,035,736)
<b>INVESTING ACTIVITIES</b>		
Acquisition of investments	<b>(46,878,259)</b>	(76,839,026)
Proceeds on maturities of investments	<b>52,684,741</b>	59,270,549
Acquisition of long-term investments	<b>(167,037)</b>	(59,644,133)
Proceeds on redemption of long-term investments	<b>59,644,133</b>	—
Acquisition of property, plant and equipment	<b>(13,456)</b>	(142,389)
Acquisition of intangible assets	<b>(1,973)</b>	(3,631)
<b>Cash flows relating to investing activities</b>	<b>65,268,149</b>	(77,358,630)
<b>FINANCING ACTIVITIES</b>		
Repayment of convertible senior unsecured notes	<b>(58,006,914)</b>	—
Issuance of convertible unsecured subordinated debenture units	<b>22,000,000</b>	—
Issuance costs paid in cash	<b>(1,764,414)</b>	—
Issuance of common shares for cash	—	120,253,483
Share issue costs paid in cash	—	(6,658,350)
<b>Cash flows relating to financing activities</b>	<b>(37,771,328)</b>	113,595,133
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>951,719</b>	(2,799,233)
Cash and cash equivalents, beginning of year	<b>1,235,704</b>	4,034,937
<b>Cash and cash equivalents, end of year</b>	<b>2,187,423</b>	1,235,704
<b>Supplemental cash flow information:</b>		
Interest paid	<b>13,899,840</b>	1,604