Financial accounts reports

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Biacore International AB: Interim results for the six months ended 30th June, 2004

Biacore International AB is a supplier of analytical systems that are used to generate data on protein interactions. The data are used to help understand the functionality of the proteins, to understand the role they play in both healthy and diseased states and to help identify and develop drug candidates. Using surface plasmon resonance (SPR) technology as the basis for detection and monitoring of protein interactions, Biacore has expanded the use of its technology into the food analysis market, providing manufacturers with solutions for determining food quality and safety. However, the company is focusing on drug discovery and development as its prime areas for future growth. Based in Uppsala, Sweden, Biacore has sales locations around the world and sells its products to life science research centres, large pharmaceutical companies and biotechnology businesses. Founded in 1984, the company is listed on the Stockholmsbörsen.

During the six months ended 30th June, 2004, sales declined by 19 per cent, from SEK249m to SEK203m, compared with the same period in 2003. Most of the decline took place in the second quarter, when sales declined from SEK143m in 2003 to SEK107m in 2004. The reduction in sales compared with the comparative six month period in 2003 took place primarily in the Americas (where sales fell from SEK106m to SEK88m) and in the Asia-Pacific region (where sales fell from SEK72m to SEK33m, something the company attributes to the reorganisation and de-centralisation of academic research in Japan which has led to a delay in sales. However, sales in Europe improved from SEK71m to SEK82m.

Despite the reduced turnover, reported cost of sales remained almost unchanged at SEK53m, which the company attributes to fixed production costs. With other costs remaining largely unchanged, net income for the period fell from SEK34.4m to SEK0.4m. Liquid funds remained largely unchanged from 31st December, 2003, at SEK352m.

If the reduction in sales is merely the result of delays in ordering, then, other things being equal, future results should show a corresponding improvement in sales and profitability. Indeed, the company believes that there is a clear need for its SPR-based systems. However, it also believes that it is not realising the full commercial potential of its technology and took the decision to undertake a complete review of the company's operations. The review was to focus on three areas:

- a more proactive approach to sales and marketing;
- evaluation of the company's research and development pipeline;
- analysis of overheads.

The company's President and Chief Executive Officer, Dr Ulf Jönsson, stood down from his position and left the board. He was replaced by Erik Walldén. In May the company's American Depositary Receipts (ADRs) were delisted from Nasdaq as planned.

On 21st October, 2004, the company announced its results for the nine months ended 30th September, 2004. Sales showed an encouraging upward trend, coming in at SEK134.6m for the third quarter compared with SEK105.7m for the comparative period in 2003. Most of the increase came from Europe where

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sales increased from SEK22.6m to SEK52.3m. The company believes that the funding environment in Japan is stabilising, and it is more confident of seeing an improving sales trend in this key market over the next six months. Sales for the quarter in the Asia-Pacific region were up by 21 per cent compared with 2003. In that region (outside Japan), sales were reported as being extremely strong, with the food sector making an important contribution. In the USA, sales were down by 13 per cent.

Operating income was hit by one-off costs of approximately SEK58m relating to the write-down of array technology and to senior personnel departures including Ulf Jönsson. The net loss in the third quarter amounted to SEK25.1m (compared with a loss of SEK45.5m for the same quarter in 2003). For the nine month period ended 30th September, 2004, the net loss was SEK24.7m.

The share price had increased to almost SEK120 by 21st October, up from its low point of less than SEK90 in September. However, the share value has a long way to go to reach the levels seen before July when it was above SEK160.

Evotec-OAI: Interim results for the six months ended 30th June, 2004

Evotec Biosystems and Oxford Asymmetry International merged in December 2000 to become Evotec-OAI, a provider of drug discovery solutions to its partners in the pharmaceutical and biotechnology industries. The company offers its skills and expertise in biology, screening and chemistry to accelerate the drug discovery and development process, aiming to help reduce the time and cost of bringing new drugs to market. To date, Evotec-OAI has completed more than 1,200 projects with more than 150 companies worldwide. In addition, the company is engaged in internal discovery activities to develop compounds for out-licensing, in selected therapeutic areas, up to Phase IIa, focusing on central nervous system and metabolic diseases. Evotec-OAI's shares are quoted on the Frankfurt Stock Exchange.

During the period under review turnover fell from €28.8m to €27.1m compared with the six months ended 30th June, 2003. Gross profit fell from €11.3m to €8.8m and operating loss increased from €6.4m to €10.0m. Cash and cash equivalents stood at €13.0m at 30th June, 2004. Gross profit was affected by the weakness of the dollar and the strength of sterling.

However, sales improved significantly in the second quarter, amounting to €16.0m, up from €15.0m compared with the equivalent three months in 2003. The interim report had an upbeat tone, with the company stating that revenue visibility had improved, with new order intake of €15m during May to July 2004 compared with €6m for the comparative period in 2003. The company expects revenues in its tools and technology division to be year-end loaded, with an EVOscreen® system expected to pass acceptance testing with a customer in December.

In May, Evotec-OAI entered into a strategic worldwide chemistry alliance with Roche. The company reported strong order inflow for its biology services as well as improvement in its development chemistry business. In its own internal programmes, the company was able to report further progress in its metabolic disease projects.

Ark Therapeutics Group plc: Interim results for the six months ended 30th June, 2004

Ark Therapeutics Group plc completed a successful initial public offering (IPO) in March 2004, raising £55m in connection with a listing on the main market of the London Stock Exchange. Its first published results since flotation cover the six months ended 30th June, 2004.

Ark is a healthcare group with one product already introduced into hospitals and three further lead products in late stage clinical development. Ark has a portfolio of proprietary healthcare products targeted at specific unmet

clinical needs within vascular disease and cancer. Ark's products have been selected to enable Ark to take each product through development and to benefit from orphan drug status and/or fast track designation, as appropriate. Ark has secured patents or has patent applications pending for all its lead products in principal pharmaceutical markets and retains the right to market its lead products in the key North American and European markets.

At 30th June, cash balances amounted to almost £54m, which, based on a level of activity that resulted in a cash outflow of £5.8m before management of liquid resources and financing, should be sufficient to fund the development of its portfolio of products for the next three to five years.

Ark has four principal products, of which one, Kerraboot®, has already been brought to market. Kerraboot® is a wound dressing device for foot and leg ulcers. The company's limited sales of £26,980 for the period under review relate exclusively to Kerraboot®. However, Ark only began selling into hospitals and primary care in mid-June 2004, having achieved UK Drug Tariff Listing in May 2004 which allows it to be sold in primary care. On 31st August, 2004, Ark announced the preliminary results of its third clinical study of Kerraboot®. The study, comparing Kerraboot® with current standard care, met both primary and secondary study objectives, showing Kerraboot® to be effective in the management of diabetic foot and leg ulcers in primary care-based patients. Benefits demonstrated over standard care were reduced dressing time, ease of use and improvements in quality of life indicators. A sales update on Kerraboot® was also issued on 31st August: by 20th August sales representatives were generating sales at an average of £5,000 per week and the product was being stocked and supplied as a standard product by two of the UK's major wholesalers, AAH and Phoenix, as well as a number of smaller regional wholesalers. In addition, the product was being supplied to UK hospitals via a contract agreed with PASA, the UK National Health Service's Purchasing and Supply Agency.

There were also developments in the company's other leading products.

- In June, Ark presented at the American Society of Gene Therapy the fully audited results of the second safety and efficacy study of Cerepro™ in malignant glioma. Results showed an 80 per cent increase in mean survival time. The company received unconditional approval from the UK's Gene Therapy Advisory Committee and Medicines and Healthcare Products Regulatory Agency for the continued development of Cerepro™ that Ark believes could be one of the world's first gene-based medicines to become commercially available.

- During the period under review, enrolment into the Phase III study of Vitor™ for cachexia in cancer has continued and the company reported that it had met the Drug Safety Monitoring Board, which confirmed that it has found no side-effects to give concern about the safety of the product. Ark was thus continuing enrolment into the study, opening further centres in Europe. Ark was also pleased to report that research elucidating the way Vitor™ works in preventing muscle cell breakdown received recognition at this year's Multi-national Association of Supportive Care in Cancer (MASCC) conference, where the company's research collaborators (Professor Tisdale and his team at Aston University, Birmingham) won one of the Investigator of the Year Awards.

- Trinam® achieved a milestone Ethics Committee approval in the USA, as a result of which the Phase II study in haemodialysis access surgery opened for patient recruitment. Ark has since

announced the first treatment of a patient with Trinam® in the trial. Trinam® received EU Orphan Medicinal Product Designation in June, in addition to the US Orphan Designation previously granted.

The company was disappointed with the share price performance since its IPO, falling from a peak of over 140p to under 70p by the end of August, rising to 84p by mid-October.