Financial accounts reports

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Basilea Pharmaceutica AG: Results for the year ended 31st December, 2004

Basilea Pharmaceutica AG is a Swiss-based biotechnology company whose shares are traded on the Swiss Stock Exchange. It is developing antibacterial and antifungal drugs along with dermatology treatments. The company was founded in October 2000 as a wholly owned subsidiary of F. Hoffmann-La Roche, which subsequently sold over half of the company's shares to other investors but retained approximately 33 per cent of the company at 31st December, 2004. The company's pipeline consists of the following compounds:

- Ceftobiprole (BAL5788) is an anti-MRSA cephalosporin that was originally granted fast-track status in March 2003 by the US Food and Drug Administration for the treatment of complicated skin and skin structure infections due to methicillin-resistant *Staphylococcus* species and which was followed by an additional designation in June 2004 for the treatment of hospital-acquired pneumonia, entered Phase III clinical trials in November 2004.

- BAL8557 is a novel broad-spectrum azole prodrug that can be given orally and intravenously with the potential to treat mucocutaneous and invasive fungal infections, and fungal infections of the nail. Invasive fungal infections appear predominantly in immunocompromised patients, the number of which growing due, for example, to HIV infection. Phase II clinical development of BAL8557 started in December 2004.

- BAL4079 is an oral treatment for patients with chronic hand dermatitis refractory to topical steroids. Currently, limited treatments are available for these patients. BAL4079 entered Phase III clinical trials in October 2004.

In addition, there are other potential antibacterial treatments at the preclinical phases as well as a possible treatment for acne.

The company announced its results for the year ended 31st December, 2004, on 10th March, 2005. Unsurprisingly, revenues are limited and amounted to CHF286,704 (2003: CHF379,224), consisting of research and development contract revenue. The majority of the company's expenditure was classified as research and development and amounted to CHF68.9m, leading to a loss before tax of CHF75.5m (2003: CHF50.0m and CHF55.7m respectively). The company achieved a number of milestones in its development programme during 2004, with all three compounds in the clinical phase moving to the next stage of development.

A key event in 2004 was the company's initial public offering (IPO) on 25th March, 2004. As a result, cash and short-term investments amounted to approximately CHF203m at 31st December, 2004, so based on the present level of expenditure, there is no immediate need for further fundraising.

The company's shares started at CHF98 on 24th March, 2005, fell to a low of CHF58 in August and stood at CHF88 on 15th April, 2005.

Antisoma plc: Results for the six months ended 31st December, 2004

Antisoma plc is a biotechnology company specialising in the development of novel

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anti-cancer drugs. The company was founded in 1988, and its shares are traded on the London Stock Exchange. Antisoma avoids initial drug discovery and concentrates on preclinical and clinical development. It has four products in clinical trials and three in preclinical development. Antisoma's products target tumours by several different mechanisms and are intended for the treatment of a range of cancers.

AS1404 is a small-molecule 'vascular targeting agent' that selectively disrupts established tumour blood vessels culminating in the breakdown of the vasculature and the death of tumour cells. The first Phase II study started in September 2004. R1550 is a humanised version of the mouse monoclonal antibody HMFG1. It binds to MUC1, a cell membrane protein present in a variety of tumours of epithelial origin, including breast, ovarian, pancreatic, gastric and colon cancers. R1550 is presently in Phase I.

AS1405 is a radiolabelled version of BC1, a mouse monoclonal antibody (BC1) that targets a protein produced specifically by new blood vessels. The radioisotope, Yttrium-90, irradiates and destroys the cells at and near the antibody binding site. Since essentially all solid tumours, including those of the brain, lung, breast, colon and prostate, need their own blood supply, products based on this antibody have the potential to treat many different cancers. AS1405 is in a Phase I trial in the USA and is initially being developed to treat glioblastoma multiforme. The company expects to take AS1405 into a Phase II programme this year.

AS1411 is a novel aptamer drug that came with the acquisition of the US cancer company Aptamera in February 2005. It binds to the protein nucleolin, which is normally found inside cells, but which presents on the cell surface in a wide range of cancers. The preclinical programme includes telomerase targeting agents and targeted apoptosis.

Revenues for the six months ended 31st December, 2004, amounted to £4.76m, down from £9.28m for the comparative period in 2003. In the current period all the revenue arose from the company's 2002 agreement with Roche and represents £4.5m recognised from the £23.2m upfront payments received and £0.3m in relation to development costs relating to two programmes, R1549 and R1550. The comparative period included £4.6m recognised from the upfront payments and £4.7m in relation to development costs for those two programmes. The reduction in revenues resulted from the winding down of the R1549 programme and the transfer of responsibility for the R1550 clinical programme to Roche. Operating expenses fell by £2.8m in the six month period ended 31st December, 2004, to £7.5m (six months ended 31st December, 2003: £10.3m). Of these amounts, research and development expenditure amounted to £5.0m (six months ended 31st December, 2003: £7.7m. While expenditure in respect of R1549 and R1550 fell, the cost of other programmes increased. The pre-tax loss amounted to £1.96m (2003: £0.51m).

The company has cash and short-term investments of £32.2m.

MorphoSys AG: Results for the year ended 31st December, 2005

MorphoSys AG is located in Germany and is a biotechnology company focused on antibodies. Its shares are quoted on the Deutche Borse. Significant investors include Schering AG, Cambridge Antibody Technology and Novartis Pharma AG, all of which had between 5 and 10 per cent of the company at 31st December, 2004.

The company's strategy is to apply its proprietary HuCAL® technology to generate therapeutic antibody either by working with partners who provide the target molecule against which the therapeutic antibody is directed or by the company sourcing the targets itself. HuCAL® is a technology that makes

possible the production of human antibodies from synthetically created genes.

The company's proprietary antibody pipeline currently consists of three compounds: MOR101, a potential treatment for deep burns; MOR102, aimed at psoriasis; and MR202, aimed at multiple myeloma and certain leukaemias. The company's technology can also be used to validate targets and to generate and optimise therapeutic antibodies against specific targets.

The company's revenues, which are derived mainly from partnered target research, amounted to €22.0m during the year ended 31st December, 2004, compared with €15.3m in 2003. Partners include Bayer, Roche and Novartis. Research and development increased from €9.0m to €12.4m, while sales and administrative expenses remained fairly constant, rising from €7.2m to €7.5m.

On 31st December, 2004, the company had €37.2m in cash, cash equivalents and marketable securities compared with €23.2m at 31st December, 2003 – an increase of €40m. In 2004, cash generated through operations amounted to €4.7m. In addition, the company's cash balances were improved through the issue of a convertible bond to Novartis of €9.0m in connection with the strategic antibody collaboration signed in May 2004.

The share price performed well in 2004, finishing at €38.8, having started the year at just over €10. The shares improved further in 2005 reaching a peak of €44.7 before falling back to €32.6 on 15th April, 2005.