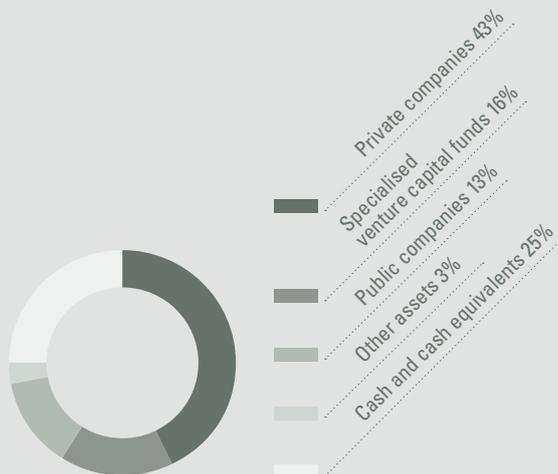


11

At a Glance

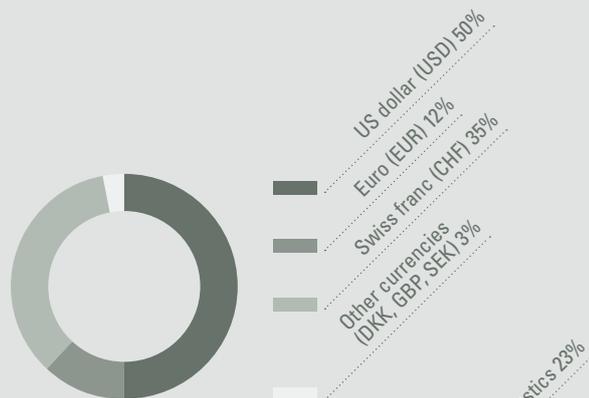
Profile HBM BioVentures is invested globally in some 30 mature companies in the biotechnology/human medicine, diagnostics and medical technology sectors. The lead products of many companies in HBM BioVentures' portfolio are either at an advanced stage of development or already available on the market. The investment

focus currently is on follow-on financings for private companies in the portfolio that offer high value-creation potential. HBM BioVentures is an interesting alternative to investments in big pharma and biotech companies. HBM BioVentures has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).



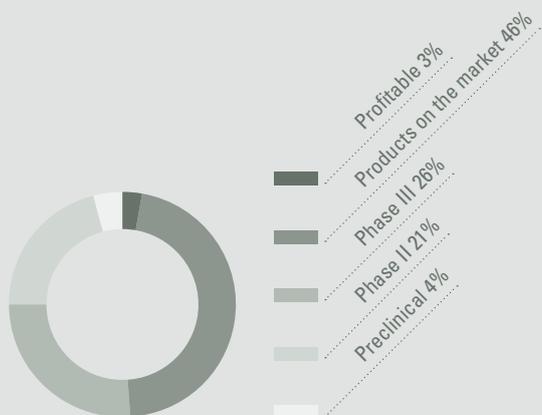
Allocation of assets¹⁾

Mainly invested in private companies with high value-creation potential.



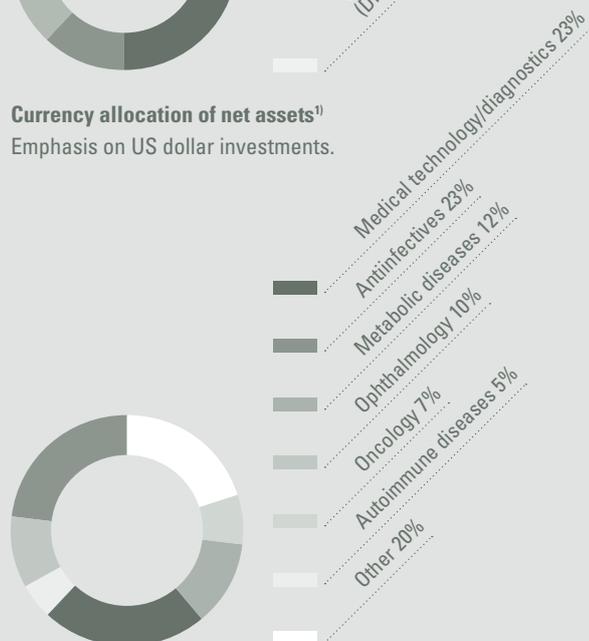
Currency allocation of net assets¹⁾

Emphasis on US dollar investments.



Development phase of portfolio companies²⁾

Largely invested in profitable companies or in companies with products available on the market.



Therapeutic area of the lead products of portfolio companies²⁾

Broadly diversified areas of activity.

As at 31.3.2011: 1) Total assets: CHF 628 million 2) Total investments: CHF 451 million

| Key Figures | | 31.3.2011 | 31.3.2010 | 31.3.2009 | 31.3.2008 | 31.3.2007 |
|--|-----------------------|---------------|---------------|---------------|---------------|----------------|
| Net assets | CHF million | 589.2 | 666.1 | 618.9 | 948.3 | 1 199.0 |
| Investments in private companies | | 367.6 | 532.6 | 594.5 | 685.0 | 527.6 |
| Investments in public companies | | 83.4 | 100.3 | 132.0 | 311.7 | 765.5 |
| Cash and cash equivalents | | 155.8 | 129.1 | 65.6 | 86.8 | 73.9 |
| Net cash flow from investing activities | CHF million | 148.9 | 186.9 | 27.9 | 83.5 | -124.0 |
| Net result for the year | CHF million | -56.4 | 66.0 | -312.9 | -222.3 | 150.9 |
| Basic earnings per share | CHF | -5.73 | 6.39 | -28.98 | -19.90 | 13.39 |
| Net asset value (NAV) per share | CHF | 61.15 | 65.85 | 58.80 | 86.60 | 106.45 |
| Share price ¹⁾ | CHF | 44.60 | 49.50 | 22.00 | 68.95 | 95.00 |
| Discount | | -27.1% | -24.8% | -62.6% | -20.4% | -10.8% |
| Shares issued | Registered shares (m) | 10.2 | 10.7 | 11.3 | 11.3 | 11.3 |
| Shares outstanding | Registered shares (m) | 9.6 | 10.1 | 10.5 | 11.0 | 11.3 |

1) Prior to the listing on SIX Swiss Exchange in February 2008, the share price is based on the closing prices of the OTC trading platform of the Cantonal Bank of Berne.

| Performance | Quarter | 12 months | since start of business (12.7.2001) |
|---|---------|-----------|-------------------------------------|
| HBM BioVentures Ltd | | | |
| Net asset value (NAV) | 5.2% | -7.1% | -39.5% |
| Registered share (HBMN) | 4.9% | -9.9% | -55.8% |
| Relevant market indices in Swiss francs | | | |
| Nasdaq Biotech Index (NBI) | 5.4% | -3.3% | -37.8% |
| MSCI World Pharma Index | -0.2% | -11.8% | -51.7% |

Net asset value (NAV) and shares of HBM BioVentures Ltd versus market

in Swiss francs, indices indexed (12.7.2001 = 100)



True value Successful exits confirm the enduring value of the portfolio and NAV.

Liquidity HBM BioVentures receives major cash injections from several successful trade sales.

Profit The sale of PharmaSwiss yields HBM BioVentures a gain of EUR 42 million.

Surplus Investments in venture capital funds improve liquidity by CHF 25 million.

Unfavourable exchange rates The strong Swiss franc prevents a breakeven annual result.

2 Significant Events An overview of the most important trade sales and the IPO from the HBM BioVentures portfolio during the 2010/2011 financial year.

Pacira Pharmaceuticals, Inc., based in California, USA, was established with the aim of improving the effectiveness of currently injectable drugs by applying its patented Depo-Foam® platform technology. The controlled and sustained release of an active agent results in better patient tolerability, fewer side-effects and less frequent injections. See page 23 for further information.

The transaction

PharmaSwiss was the largest holding in the HBM BioVentures portfolio of private companies when it was acquired in February 2011 by US pharmaceutical company Valeant at an equity valuation of EUR 350 million, paid in cash.

The influence on HBM BioVentures

HBM BioVentures owned 29 percent of PharmaSwiss and realised a net profit totalling EUR 41.9 million on this investment. The sale proceeds correspond to 1.8 times the capital invested, or an annualised return of 16 percent. The EUR 96.5 million in liquidity that flowed back to HBM BioVentures significantly boosted cash and cash equivalents. The net asset value (NAV) of HBM BioVentures rose by CHF 28.8 million or 5 percent (CHF 2.97 per share) as a result of the sale.

The investment

In June 2007, HBM BioVentures invested EUR 54.6 million in PharmaSwiss to accelerate the company's expansion. HBM BioVentures played an active part in the company at board of directors level. It supported PharmaSwiss with business development and business transactions, and helped to improve its market presence.

PharmaSwiss has a broad product portfolio in seven therapeutic fields, as well as branches in 19 countries in Central and Eastern Europe. As a partner to major pharmaceutical and biotech companies, PharmaSwiss also offers regional expertise in areas such as licensing, compliance, marketing and distribution. Since the HBM BioVentures investment, PharmaSwiss has extended its activities from 12 to 19 countries, doubled its workforce to over 750, and increased net sales from EUR 100 million to around EUR 180 million.

The transaction

Pacira Pharmaceuticals (NASDAQ: PCRX) raised USD 42 million in capital with an IPO on the NASDAQ in February 2011.

The influence on HBM BioVentures

Once the six-month lock-up period expires, the exchange listing will increase the liquidity of this investment. Furthermore, Pacira's financing going forward will be secured via the public market.

The investment

HBM BioVentures was one of the founders of Pacira and has contributed actively to the company's growth right from the start. HBM BioVentures made its first investment in 2007, and increased its holding again in 2009 and 2010. HBM BioVentures currently holds 18 percent of the company.

Founded in 2005, the venture capital fund **BioVeda China L.P.** concentrates on investments in the healthcare sector in the People's Republic of China.

The transaction

Micrus was HBM BioVentures' largest public investment holding when it was taken over in July 2010 by Johnson & Johnson for USD 480 million in cash. This valuation corresponded to a premium of 22 percent over the market price of the previous three months. HBM BioVentures had originally invested in Micrus when it was still privately owned, and held 7 percent of the company at the time of the takeover.

The influence on HBM BioVentures

The holding in Micrus was sold for USD 33.5 million, which represented an internal rate of return of 20 percent, or 2.8 times its acquisition cost.

The investment

HBM BioVentures had invested a total of USD 13.7 million in several financing rounds since 2003, when Micrus was still privately owned. Following the Micrus IPO in June 2005, HBM BioVentures was one of its largest investors, and continued to track the company's development closely. Part of the holding was sold at attractive valuations in early 2007. HBM BioVentures then used the share price drop that occurred during the financial crisis as an opportunity to increase its position once again.

Micrus Endovascular develops, manufactures and sells implants, as well as the corresponding application instruments, that are used in the minimally-invasive treatment of bloated or constricted blood vessels in the brain.

The transaction

BioVeda China, a specialised venture capital fund in the HBM BioVentures portfolio, sold its private portfolio company China Health System Ltd to Shanghai Pharmaceuticals Holding in April 2011. The cash sale yielded BioVeda China 14 times the capital originally invested. HBM BioVentures received its pro-rata share of the sale proceeds in April 2011.

The influence on HBM BioVentures

The sale boosted the net asset value (NAV) of HBM BioVentures by CHF 10.0 million, which corresponds to CHF 1.00 per share. The proceeds that HBM BioVentures received from the transaction corresponded to 3.2 times its total investment in the BioVeda China fund. One major and three small investment holdings remain in the fund.

The investment

HBM BioVentures is a founding partner and the largest investor in BioVeda China, with a 34 percent holding. As part of its active involvement in the fund, in 2006 HBM BioVentures raised its investment from USD 5.0 million to USD 8.5 million.

The transaction

Privately-held Sloning Biotechnology GmbH was taken over in October 2010 for EUR 19.0 million in cash by the listed company Morphosys (Xetra: MOR).

The influence on HBM BioVentures

HBM BioVentures received EUR 6.7 million from the sale. This figure was almost twice the book value at the time of the sale and resulted in an increase in NAV of CHF 0.45 per share.

The investment

HBM BioVentures was the largest private shareholder in Sloning and had played a significant part in the company's growth since 2003. At first, Sloning pursued the production of synthetic genes using its newly developed technology. The decision was subsequently taken not to continue with this business area owing to the rise of alternative technologies and price erosion in the synthetic gene segment. The value of HBM BioVentures' investment was adjusted as a result. The subsequent focus on combinatorial libraries, accompanied by small follow-on financing rounds, laid the foundation for the company's successful sale to Morphosys.

Munich-based Sloning Biotechnology operates in the field of protein engineering. According to Morphosys, Sloning's technology is currently the best method of amassing protein libraries. The objective is to produce optimised antibodies much faster than is presently possible. Furthermore, the technology provides a foundation for antibody production procedures which it has so far been impossible to pursue industrially.

Asthmatx develops and produces catheters and consoles for the treatment of severe asthma. With its brand-new technology, Asthmatx makes it possible for the first time to treat severe asthma using medical devices. The bronchial thermoplasty procedure is minimally invasive and facilitates the outpatient treatment of severe asthma. The system is approved in both the USA and Europe.

The transaction

Privately-held Asthmatx Inc., which is based in California, USA, approved its takeover by Boston Scientific, Inc. (NYSE: BSX) in September 2010. The global medical technology company paid Asthmatx shareholders USD 193.5 million in cash. Additional payments of up to USD 250 million will fall due when future sales milestones are reached.

The influence on HBM BioVentures

The proceeds of the sale were almost exactly twice HBM BioVentures' investment in Asthmatx. Contingent upon the achievement of the set milestones, the maximum return could be as high as 4.5 times the initial investment.

The investment

HBM BioVentures was a significant investor in Asthmatx and played a considerable role in the company's growth following the first investment in 2005.



“After many years as an executive with leading pharmaceutical and biotech companies, I contribute my **knowledge** and **experience** to HBM BioVentures.”

Hans Peter Hasler, Chairman

Dear Shareholders

HBM BioVentures performed well during the reporting period and benefited from a number of significant sales of companies from our portfolio, as well as one IPO. The hard work that has gone into the processes of trade sales, some of which began a while ago, has resulted in some notable successes.

The sale of our largest investment holding, PharmaSwiss, has brought about a lasting improvement in HBM BioVentures' liquidity situation. All in all, trade sales brought your Company a significant inflow of cash. In the majority of cases, valuations at the time of these sales were well above the book values carried in the HBM BioVentures balance sheet, and demonstrate how realistic our reported net asset value (NAV) is.

HBM BioVentures was also carried along by the unabated drive by major pharmaceutical and biotech companies to expand their current product pipelines. The takeover market for companies in the drug development business remains very active. That said, more and more transactions in recent years have been structured differently. Buyers are becoming less and less willing to pay the full price when they sign on the dotted line. They prefer to wait until certain successes have been recorded (e.g. the approval of a new drug, or the achievement of defined sales targets for a particular product) before making milestone payments.

The strong Swiss franc caused trouble for HBM BioVentures as it did for so many other companies. If exchange rates had held steady, we would have produced a break-even result for the financial year just ended, instead of a loss for the period of CHF 56 million. The weakness of the US dollar, in particular, massively impaired the book values of our investments in the USA and China.

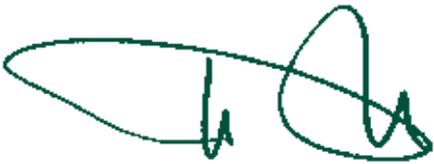
The aforementioned sales of portfolio companies, combined with the Pacira IPO, made the portfolio as a whole considerably more liquid. Available cash and cash equivalents now stand at 25 percent of net assets. We will use these funds to continue to support follow-on financing rounds at portfolio companies with promising growth prospects.

“Because of our mature portfolio, I expect further successes in the coming 12 to 18 months.”

In the future, our attention will be focused increasingly on expanding companies with predictable business growth on which we, as investors, can exert an appropriate degree of influence. Companies which satisfy these requirements may be privately held, or already listed on the stock exchange. Furthermore, we will step up our share buy-back programme for as long as our stock continues to trade at a major discount to our net asset value.

A number of investors increased their shareholdings in HBM BioVentures during the period under review. This has made your Company's shareholder base even more international, and also helped to keep trading volumes in HBM BioVentures shares at a healthy level.

Although our investment portfolio has changed following the sales of the past financial year, we still hold many well-positioned companies which have continued to mature. I am therefore confident that the HBM BioVentures portfolio will have further successes to report over the coming 12 to 18 months.



Hans Peter Hasler
Chairman of the Board of Directors

The financial year just ended saw notable investment holdings sold at good prices, and the listing of one portfolio company on the stock exchange. HBM BioVentures played a major part in several of these transactions, generating added value and significantly improving the Company's liquidity situation.

Unfortunately, the major investment currencies, the US dollar (–12.8%) and the euro (–8.6%), weakened dramatically against the Swiss franc, which resulted in a loss for the year of CHF 56 million in Swiss franc terms. Instead of this deficit, the Company would have posted a break-even result had the US dollar and euro exchange rates remained steady against the franc.

The trade sales of companies in our portfolio (PharmaSwiss, Micrus, China Health System, Sloning and Asthmatx) and the Pacira IPO confirm the enduring value of our investments and the net asset value (NAV) of HBM BioVentures. A detailed description of these six transactions is given in the section entitled "Significant Events" on pages 3 to 5.

We anticipate more good news from the investment portfolio given that more than two thirds of the companies in which we have major investment holdings are due to reach important milestones over the next 12 months. These include approval from the FDA supervisory authority in the US for the primary drugs in development at Pacira and PTC Therapeutics, phase II or phase III trial results for a number of portfolio companies, and possibly further trade sales and IPOs. Depending on the outcome of these events, the net asset value of HBM BioVentures will increase considerably and/or the Company's cash holdings will rise still further.

The Company continued to buy back its own shares at attractive prices. The buy-back programme helped to stabilise the discount in the share price relative to NAV at around 25 percent towards the end of the reporting period. Intensive talks with investors in a number of countries, more good news from the portfolio and additional share buy-backs will all help to reduce this discount further and increase the correlation between the Company's share price and its net asset value.



"The takeover market for companies in the healthcare sector remains active."

Dr Andreas Wicki, Chief Executive Officer

Successful sales of investments in private companies and Pacira's IPO cut the proportion of the portfolio accounted for by private investments from 79 to 59 percent within the year. Cash and cash equivalents swelled from 16 to 25 percent of net assets. The currency structure of investments remained unchanged. Indeed, the elevated 50-percent US dollar allocation was the main reason for high foreign currency losses that totalled around CHF 56 million.



“Trade sales brought the Company significant cash inflow.”

Dr Joachim Rudolf, Chief Financial Officer

Although successful currency hedging in the second calendar quarter of 2010 produced gains of CHF 11.5 million, this only softened the impact of exchange rates on the Company's results, but could not eliminate it entirely. Currency risks at HBM BioVentures are monitored continuously and currency hedging positions accumulated gradually when suitable. HBM BioVentures finances its investments almost exclusively from its own equity. The Company's liabilities amount to just six percent of total assets.

Investment activity during the financial year under review was focused on private companies that were already in the portfolio. A total of CHF 25 million was invested in follow-on financings, which were spread across a large number of portfolio companies. Valuation adjustments totalling CHF 30 million had to be made on a variety of other companies which failed to perform as anticipated.

The portfolio of public companies initially saw a major sale following the takeover of Micrus in summer 2010, but then grew in size when Pacira went public on the stock exchange. It was very pleasing to note that, for the first time, in the past financial year the portfolio of investments in venture capital companies generated more liquidity for HBM BioVentures than was called up. With the return of USD 26 million from the BioVeda China fund (sale of its holding in China Health System) at the beginning of April 2011, the positive liquidity balance from investments in venture capital funds came to CHF 25 million for the 2010/2011 financial year.

Trade sales and the increase in cash and cash equivalents that these generated have reduced the risks attached to the portfolio as a whole. The high US dollar allocation continues to leave HBM BioVentures vulnerable to fluctuations in Swiss franc terms. Imminent FDA approval decisions and clinical studies that are due for completion over the next 12 months mean that certain portfolio companies will temporarily be exposed to higher risks.

Market demand for smaller companies in the healthcare sector nonetheless remains lively, and the capital market has become more receptive to newly listed companies. We therefore remain confident about the prospects for further trade sales and individual IPOs from the portfolio. We expect that the corresponding transactions will further reveal the potential of HBM BioVentures' investments over the next one or two years.



Dr Andreas Wicki
Chief Executive Officer



Dr Joachim Rudolf
Chief Financial Officer

12 Portfolio Companies and their Markets

Short profiles of the ten largest investments in the HBM BioVentures portfolio.

Private Companies

| | Fair value (CHF 000) | As % of net assets |
|---------------------------|----------------------|--------------------|
| mtm laboratories | 36,612 | 6.2 % |
| PTC Therapeutics | 35,988 | 6.1 % |
| Cathay Industrial Biotech | 25,732 | 4.4 % |
| Lux Biosciences | 17,646 | 3.0 % |
| Interventional Spine | 17,479 | 3.0 % |
| ChemoCentryx | 15,764 | 2.7 % |
| Ophthotech | 15,125 | 2.6 % |
| Nabriva Therapeutics | 13,569 | 2.3 % |

Public Companies

| | | |
|--------------------------------------|--------|-------|
| Basilea Pharmaceutica ^{P)} | 44,026 | 7.5 % |
| Pacira Pharmaceuticals ^{P)} | 20,473 | 3.5 % |

P) The position originates from the private companies portfolio.

| | |
|---------------------|---|
| Domicile | Heidelberg, Germany |
| Development phase | Products on the market |
| Amount invested (m) | EUR 24.3 |
| Fair value (m) | EUR 28.1 |
| Ownership | 33.3 % |
| As % of net assets | 6.2 % |
| Board members | Dr Gerald Möller (Chairman) Dr Erich Platzer (Vice Chairman) |

Molecular diagnostics

Early diagnosis is frequently decisive in the successful treatment of a disease. Current progress in this area is often based on the identification of molecular markers, which provide the starting point for the development of new tests which permit earlier or more precise diagnosis. In oncology, these molecular markers play an important role not only in diagnosis but also, to some extent, in the selection of the best treatment option. In the case of cervical cancer, for example, a wide variety of check-ups using conventional technologies have already increased the survival rate significantly. This cancer nonetheless remains one of the most common malignant tumours in women around the world. New diagnostic methods based on molecular markers promise better pinpointing of the preliminary stages of cervical cancer. Following appropriate treatment, patients can generally expect to make a full recovery.

mtm laboratories

mtm laboratories develops, manufactures and sells test systems for the early detection of cervical cancer which are far more accurate than existing procedures. The target molecule of the test, the bio-marker p16, is patented. mtm laboratories' CINtec® products are marketed in different European countries and some areas of the USA. mtm laboratories' test systems are revolutionising what is currently the largest market in the early detection of cancer. The increased accuracy of mtm's products in the diagnosis of cervical cancer in patients of all ages offers cost savings in the millions, as tests no longer need to be repeated as they are at present. Continuing on this path, the company is expected to reach IPO maturity in a few years' time. A trade sale also remains an attractive exit opportunity for HBM BioVentures, however.



mtm laboratories' test systems are revolutionising the market for the early detection of cancer.



Orphan diseases

Orphan diseases are those which affect fewer than 250,000 patients within a given territory, such as Europe. Examples of these conditions, which in many cases have a genetic root, include haemophilia, muscular dystrophy in children, and cystic fibrosis. The development of new treatments for these often very serious or even life-threatening diseases is supported by a number of initiatives, including less stringent licensing terms in Europe and the United States, for example. The great

| | |
|---------------------|---------------------------|
| Domicile | South Plainfield, NJ, USA |
| Development phase | Phase II |
| Amount invested (m) | USD 24.2 |
| Fair value (m) | USD 39.2 |
| Ownership | 10.0% |
| As % of net assets | 6.1% |
| Board member | Axel Bolte |

medical and social value of treatment options in this area is also reflected in relatively high medication prices. This allows biotechnology companies to develop drugs for these comparatively small groups of patients profitably.

PTC Therapeutics

PTC Therapeutics develops drugs against rare genetic diseases based on its own patented technology platform. Many renowned pharmaceutical companies including Merck, Pfizer, Roche, Gilead and Celgene are already cooperating with PTC. For PTC's most advanced drug, Ataluren, a registration application for treatment of patients with muscular dystrophy was filed with the US FDA in March 2011. Moreover, the compound is in clinical trials in patients with cystic fibrosis and haemophilia. The partner in this development is the US company Genzyme, which specialises in the treatment of orphan diseases. If PTC obtains approval and the effectiveness of PTC's active agents is reconfirmed by the current studies, potential sales will be substantial. There is still a lack of satisfactory therapeutic options for many indications in the orphan diseases sphere, so the need for new active agents – and thus the sale price of the resulting medication – is very high.

Industrial biotechnology

Industrial biotechnology uses biotechnological methods for industrial production processes, such as the production of organic materials and additives for the chemical, manufacturing, food and agricultural industries. Bacteria, yeasts or enzymes are deployed in biological and biochemical processes. The objective of replacing conventional industrial production with novel biotechnological methods is to reduce the amount of energy and raw materials used, reducing costs while creating environmental benefits. Industrial applications have also benefited from major advances in the development of biotechnological methods. The industry is a growth market with great potential.

| | |
|---------------------|-----------------|
| Domicile | Shanghai, China |
| Development phase | Profitable |
| Amount invested (m) | USD 28.0 |
| Fair value (m) | USD 28.0 |
| Ownership | 12.4 % |
| As % of net assets | 4.4 % |
| Board member | William Keller |

Cathay Industrial Biotech

Cathay Industrial Biotech was HBM BioVentures' first investment in China. The company replaces chemical production methods with innovative biotechnological processes. Cathay is recognised as a market leader in the biotechnological production of dicarboxylic acids, or diacids, for different industry segments. Key clients are international companies such as DuPont, Ciba and Akzo Nobel. At the same time, Cathay is continuing to expand a second business segment around the production of bio-butanol, which is used as a biofuel and lubricant in various sectors. In its core segment, Cathay achieved a breakeven result last year with sales of USD 123 million despite the challenging environment. Cathay is targeting an IPO, an initiative that is supported by HBM BioVentures and other reputable international investors.

Cathay Industrial Biotech deploys biotechnological processes for the industrial production of speciality chemicals and biofuels.





Ophthalmology

Ophthalmology is one of the oldest medical disciplines. Operations on the eye were conducted in ancient Babylon as early as 1750 BC. Today, cataract surgery – where a cloudy grey lens is surgically replaced with an artificial lens implant – is the world’s most common and, all in all, the most costly operation in medicine. Much less common, but substantially more complex, is uveitis, an inflammation of the middle layer of the eye, the causes of which are not yet fully understood. Uveitis or iritis usually affects patients in middle age and in many cases leads to total blindness. No specific and approved treatment exists at present in the US and major European markets. The need for an effective therapy is therefore high.

Lux Biosciences develops drugs for the treatment of serious eye diseases, which usually affect patients in middle age and in many cases lead to total blindness.

| | |
|---------------------|----------------------|
| Domicile | Jersey City, NJ, USA |
| Development phase | Phase III |
| Amount invested (m) | USD 19.2 |
| Fair value (m) | USD 19.2 |
| Ownership | 15.0% |
| As % of net assets | 3.0% |
| Board member | Axel Bolte |

Lux Biosciences

Lux Biosciences develops drugs for the treatment of serious eye diseases. Lux’s main activity focuses on the development of Luveniq for the treatment of uveitis. Luveniq has successfully completed extensive phase III studies. Two patented technologies, one for the formulation of drugs and one for drug implants, are the basis of a (pre-)clinical pipeline: LX 214 is a patented topical formulation of Voclosporin for the treatment of dry eye disease. This candidate is currently in phase I clinical development and targets significant market potential. In addition, Lux is applying its exclusive license for biodegradable polymers to two pre-clinical studies with drug implants for use against serious eye diseases.

Orthopaedics – back pain

In Central Europe between a quarter and half of the population complains of back pain. This results in frequent visits to the doctor, absences from work and disability pensions. The diagnosis is often difficult. Although the pain can usually be attributed to illness or wear-related disorders of intervertebral discs and the joints of the spine, the precise cause of chronic back pains can only be explained medically for a minority of patients. Therefore, treatment options span a broad spectrum, ranging from painkillers, massage and acupuncture to surgery. Early detection and prevention are thus gaining an increasingly important role in orthopaedics.



| | |
|---------------------|------------------------|
| Domicile | Orange County, CA, USA |
| Development phase | Products on the market |
| Amount invested (m) | USD 14.6 |
| Fair value (m) | USD 19.0 |
| Ownership | 30.7 % |
| As % of net assets | 3.0 % |
| Board member | Dr Thomas Thaler |

Interventional Spine

Interventional Spine develops, produces and distributes implants and the related application instruments for the treatment of back pain. All Interventional Spine products are minimally invasive (percutaneously, without major surgical intervention). This eases treatment and shortens convalescence, thereby lowering costs. The company distributes products for both the fusion (Perpos) and the dynamic stabilisation (PercuDyn) of the vertebrae. Its core markets are the United States and Europe. The percutaneous operation technique combined with the patented fixation technique shortens the duration of intervention while ensuring the optimum mechanical stability of the implant. Interventional Spine plans to launch complementary products and broaden the indications for its existing products from the lower back to the cervical spine. In doing so, it aims to cover the whole vertebrae fusion process and expand the areas in which the fixation technique can be applied. Combined with the continued extension of current revenue streams and new product launches, growth in revenue is expected this year.

Products from Interventional Spine are used for the minimally invasive treatment of back pain.



Autoimmune diseases

The role of the immune system is to protect the body from foreign substances. This biological immune system destroys microorganisms and pathogens invading the body. For it to do so, it is crucial that the body can distinguish between its own and foreign tissues. In 1900, the German microbiologist Paul Ehrlich was the first to recognise this "immune tolerance", which prevents the body from destroying its own functional cells. In autoimmune diseases, this tolerance is incomplete and the immune system mistakenly marks the body's own cells as foreign bodies to be removed. Signalling proteins (chemokines) incorrectly tell the immune system that inflammation is present and lure immune cells to the marked tissue. This results in severe inflammation and damage to the affected organs.

ChemoCentryx's technology platform provides new hopes to patients with Crohn's disease or other serious inflammatory diseases.

| | |
|--|------------------------------|
| Domicile | Mountain View, CA, USA |
| Development phase | Phase III |
| Amount invested (m) | USD 12.3 |
| Fair value (m) | USD 17.2 |
| Ownership | 7.4% |
| As % of net assets | 2.7% |
| Representative on the board of directors | Dr Chandra P. Leo (observer) |

ChemoCentryx

ChemoCentryx is known worldwide as a leading specialist in signalling proteins. These provide starting points for a diversified drug development programme in the major markets of autoimmune and inflammatory diseases and cancer. In January 2010, GlaxoSmithKline (GSK) became a partner in the development of the main product, Traficet-EN[®]. This product is in phase III trials in patients with Crohn's disease, a chronic inflammatory bowel disease. ChemoCentryx's chemokine technology platform is among the best of its kind and permits the systematic development of a variety of medications. The company possesses a diversified and generally well-advanced range of drug candidates in clinical development. The licensing of Traficet-EN[®] to GSK and the related advance payment of USD 35 million, not only strengthened ChemoCentryx's financial standing, but also clearly validated the company's technology. Positive momentum for further product candidates is expected. Many of the candidates have blockbuster potential as they are aimed at markets already generating billions in revenue.

Diseases of the retina

An increasing number of older people suffer from a disease of the retina known as macular degeneration. This is the most common cause of age-related blindness in developed countries. Worldwide, some 25 to 30 million people are affected and 500,000 new cases are added each year. Macular degeneration has different causes and variations, but all affect the retina and lead to a gradual loss of vision through to blindness. By far the most common form is age-related macular degeneration (AMD). A distinction is made between the more serious "wet" AMD and the dry form. Alongside smoking and genetic predisposition, age is the biggest risk factor. Existing drug therapies and laser procedures can sometimes slow the vision loss, but rarely stop or cure it.

Ophthotech

Ophthotech specialises in the clinical development of drugs for serious diseases of the retina. The focus is on widespread age-related macular degeneration (AMD). Ophthotech focuses entirely on clinical development. Instead of itself being active in research, the company has licensed three promising drugs, which act against AMD via various biochemical mechanisms. These agents are currently in clinical development. The most advanced product candidate, E10030, has nearly completed phase II trials, which confirmed an improvement of vision in AMD patients. These results would even indicate that E10030 (in combination with the drug Lucentis)

| | |
|---------------------|--------------------|
| Domicile | Princeton, NJ, USA |
| Development phase | Phase II |
| Amount invested (m) | USD 16.5 |
| Fair value (m) | USD 16.5 |
| Ownership | 16.9% |
| As % of net assets | 2.6% |
| Board member | Axel Bolte |



could be used as a new standard therapy for AMD. The two other product candidates (ARC1905 and Volociximab) are in phase I. With its product development, Ophthotech is targeting a significant market potential which will continue to grow on the back of demographic trends. If Ophthotech's candidates confirm their effectiveness in phase II trials, the company is sure to attract interest from well-known pharmaceutical companies.

Ophthotech specialises in the development of drugs for serious age-related diseases of the retina.

| | |
|---------------------|-----------------|
| Domicile | Vienna, Austria |
| Development phase | Phase II |
| Amount invested (m) | EUR 10.4 |
| Fair value (m) | EUR 10.4 |
| Ownership | 13.5% |
| As % of net assets | 2.3% |
| Board member | Axel Bolte |

Multidrug-resistant pathogens

Multidrug-resistant pathogens cannot be fought by conventional antibiotics, which is a serious hazard for health facilities. The few available drugs often have reduced effectiveness and the potential for significant side effects. Every year thousands of deaths in hospitals are caused by resistant pathogens. The pathogens are mostly a product of biological evolution, having survived previous antibiotic therapies through mutations, and then further multiplied. In addition, certain disinfectants and cleaning agents prompt resistance. Such resistance develops primarily at sites where antibiotics are frequently used, i.e. in hospitals. MRSA (methicillin-resistant staphylococcus aureus) is the most well-known pathogen with multiple drug resistance.

Nabriva Therapeutics

Nabriva, a spin-off from Sandoz, is developing a new class of antibiotics for the treatment of life-threatening bacterial infections. These pleuromutilins interfere with bacterial protein synthesis. With their distinct anti-bacterial profile, they show no cross-resistance with any other class of antibiotics. Nabriva's pleuromutilins address the significant medical need for new antibiotic approaches to challenge serious infections in humans caused by multiple-drug-resistant bacteria. Nabriva's lead product, BC-3781, is being developed for the treatment of serious skin infections and bacterial pneumonia, including those caused by MRSA and other antibiotic-resistant bacteria. It has successfully completed phase II trials.



Nabriva is developing a new class of antibiotics for the treatment of drug-resistant bacterial infections.

Infectious diseases

Infectious diseases can be caused by different types of pathogens, including bacteria, fungi or viruses. The spectrum of diseases ranges from the common cold to acute life-threatening infections. In particular, older people and patients with a weakened immune system (e.g., because of cancer or following organ transplantation) are very susceptible to serious infections. Although targeted treatments already exist to fight many pathogens, such as different antibiotics against bacterial infections, there is a constant need for new and highly effective drugs. This because the resistance that pathogens develop continuously increases their immunity to existing drugs.



| | |
|---------------------------|---|
| Domicile | Basel, Switzerland |
| Development phase | Products on the market/ listed on SIX Swiss Exchange |
| Market capitalisation (m) | CHF 638 |
| Fair value (m) | CHF 44.0 |
| Ownership | 6.9% |
| As % of net assets | 7.5% |

Basilea Pharmaceutica

Basilea develops and markets drugs to treat infections and skin diseases. Three compounds take centre-stage. Alitretinoin is an oral treatment for hand eczema and is licensed in Europe and Canada under the brand Toctino®. Isavuconazole is a broad-spectrum antifungal and is being co-developed with Japan-based Astellas. The approval process for the broad-spectrum antibiotic Ceftobiprole has not yet been successful owing to quality problems at Johnson & Johnson. Basilea is currently looking for a new partner for the market launch of this product. Basilea also has a promising product pipeline at the pre-clinical stage. With Toctino®, Basilea achieves an annual turnover of over CHF 30 million. Sustained growth in Europe, as well as possible approval in the United States, should continue to strengthen this figure in the coming year. Basilea's financing is secure owing to a CHF 75 million advance from Astellas in connection with Isavuconazole, and the USD 130 million in damages received from Johnson & Johnson.

Basilea's compounds offer effective treatments for serious infectious diseases.



Pharmacokinetics

Even the best drug helps only if the right dosage can be delivered to the right place for the entire duration of the treatment. Pharmacokinetics studies the processes underlying what happens to a drug

| | |
|---------------------------|---|
| Domicile | San Diego, CA, USA |
| Development phase | Products on the market/ listed on NASDAQ |
| Market capitalisation (m) | USD 122 |
| Fair value (m) | CHF 20.5 |
| Ownership | 18.2% |
| As % of net assets | 3.5% |
| Board member | Dr Andreas Wicki |

in the body. This commonly entails the release of the active ingredient from the drug, its absorption into the bloodstream, distribution within the body, metabolic processing – biochemical conversion and degradation by the metabolism – and finally elimination. Pharmacokinetics is now a separate branch of science supplying important information for the optimum formulation and dosage of drugs. The challenge is largely to ensure dosage that is as accurate, constant and long-lasting as possible.

Pacira Pharmaceuticals

Recently-listed Pacira Pharmaceuticals uses its proprietary DepoFoam technology to enhance the effectiveness of existing injectable drugs. The controlled, long-lasting delivery of active ingredients results in better patient tolerance, fewer side-effects and less frequent injections. Two products based on the DepoFoam platform, DepoCyt against meningitis and DepoDur to treat certain post-operative pain, are produced by Pacira and distributed in various markets by strategic partners. The lead product candidate Exparel is well placed to take a share of a billion-dollar market. Subject to successful approval for the post-operative pain indication, Exparel is expected to be on the market as early as the end of 2011. HBM BioVentures should profit from a considerable increase in value, when the expected approval goes through.

Pacira Pharmaceuticals enhances the effectiveness of existing drugs: patients benefit from fewer side-effects and less frequent injections.

24 Corporate Governance Disclosures on Group and capital structure, share- holders and shareholder rights as well as on HBM BioVentures' Management, Board of Directors and Auditors.

Introduction

HBM BioVentures Ltd (the "Company") emphasises the systematic implementation of a corporate governance policy as a key component of its corporate culture. The objective of corporate governance is to ensure transparent business policy and the responsible use of deployed resources by the Company's Board of Directors and Management. It establishes a system of transparency, checks and balances that is tailored to the size and complexity of HBM BioVentures Ltd.

1. Group structure and shareholders

1.1 Group structure

HBM BioVentures ("the Group") is invested globally in mature companies in the biotechnology/human medicine, diagnostics and medical technology sectors. The Group comprises HBM BioVentures Ltd, Zug, and its wholly owned subsidiary HBM BioVentures (Cayman) Ltd, Cayman Islands.

HBM BioVentures Ltd

HBM BioVentures Ltd is a holding company established under Swiss law and domiciled in Zug. The objective of the company is to purchase, hold and sell positions in other companies, as well as to manage and finance such positions.

The Company's shares are listed on SIX Swiss Exchange. For further information about the shares, please refer to the "Investor Information" section on page 76.

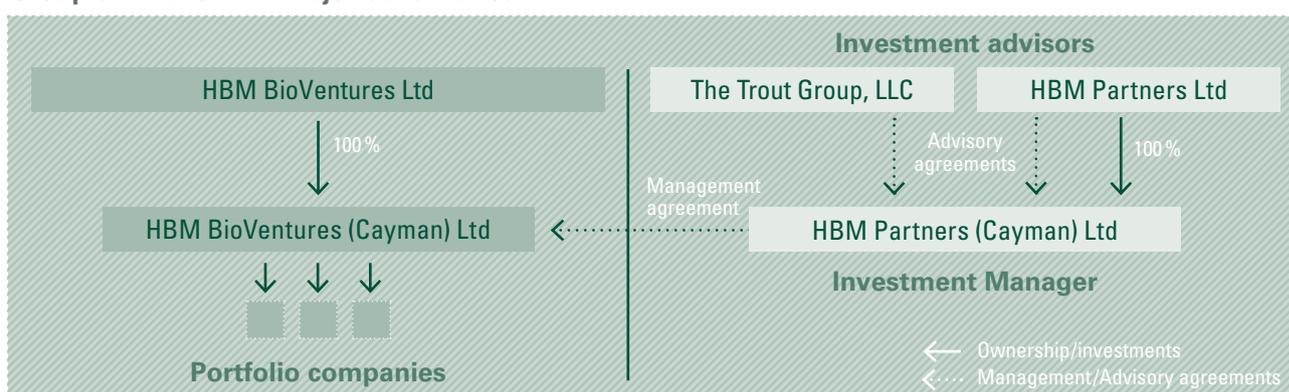
HBM BioVentures (Cayman) Ltd

All investments in portfolio companies are held via HBM BioVentures (Cayman) Ltd, in part indirectly through the subsidiaries HBM Biomedicine (Cayman) Ltd and HBM Biomed China Ltd, both headquartered in the Cayman Islands, as well as HBM BioVentures (Barbados) Ltd and HBM BioVentures International Ltd, both headquartered in Barbados. All subsidiaries are wholly owned by HBM BioVentures (Cayman) Ltd. HBM BioVentures (Cayman) Ltd also holds 100 percent of the capital and voting rights of Tensys Medical Inc., an operating company headquartered in the United States of America. The share capital of HBM BioVentures (Cayman) Ltd as at 31 March 2011 was CHF 934 million.

1.2 Investment manager and investment advisors

The role of the investment manager for HBM BioVentures (Cayman) Ltd is performed by HBM Partners (Cayman) Ltd.

Group structure with major subsidiaries



HBM Partners (Cayman) Ltd

HBM Partners (Cayman) Ltd of the Cayman Islands fulfils the role of investment manager and provides a variety of services to HBM BioVentures (Cayman) Ltd and its subsidiaries under the terms of the management agreement.

HBM Partners (Cayman) Ltd has delegated the provision of certain advisory services to HBM Partners Ltd and to The Trout Group, LLC.

HBM Partners Ltd and The Trout Group, LLC

HBM Partners Ltd, based in Zug, Switzerland, and The Trout Group, LLC, based in New York, USA, provide defined advisory services as European and North American investment advisors respectively for HBM Partners (Cayman) Ltd. They are particularly active in identifying and evaluating possible investment targets, in monitoring existing investments and in evaluating and assessing potential exit strategies.

1.3 Significant shareholders

As at the balance sheet date, the Company had 995 registered shareholders. Shareholders are institutional and private investors. Based on the information that the Company has received and published, the following shareholders reported equity holdings of three percent or more as at 31 March 2011:

- > Astellas Pharma Inc., Tokyo, Japan (former OSI Pharmaceuticals Inc., Melville, USA):
1,126,384 registered shares or 11.04 percent (notifications of 11 February 2010 and 7 April 2011)
- > HBM BioVentures, Zug:
565,001 registered shares or 5.54 percent (holding as at 31 March 2011)¹⁾
- > Alpine Select Ltd, Zug / Sauter Daniel, Zug:
521,102 registered shares or 5.11 percent (notification of 31 March 2011)

- > Beamtenversicherungskasse des Kantons Zürich (Canton Zurich civil servants' insurance fund), Zurich:
400,000 registered shares or 3.92 percent (notification of 12 February 2008)
- > UBS Ltd, Zurich:
317,777 registered shares or 3.12 percent (notification of 21 September 2010).

A complete overview of all disclosures received and published by the Company is available on the websites of HBM BioVentures (www.hbmbioventures.com) and SIX Swiss Exchange. The Company is not aware of the existence of any shareholder pooling agreements.

2. Capital structure

2.1 Share capital and changes to the share capital

The Company's share capital of CHF 612,000,000 consists of 10,200,000 fully paid up registered shares with a par value of CHF 60 each. No share certificates are issued.

A review of the Company's changes in capital since 31 March 2008 is provided in the "Consolidated statement of changes in equity" on page 44. For the parent company's "Development of shareholders' equity," see page 71.

2.2 Rights attached to shares

Each registered share carries one vote at the Ordinary Shareholders' Meeting. There are no shares which carry preferential voting rights. Shareholders are entitled to dividends and to other rights as set forth in the Swiss Code of Obligations (CO).

¹⁾ This position includes 215,690 registered shares held by HBM BioVentures (Cayman) Ltd and 349,311 registered shares that have been purchased by the Company on the second trading line on SIX Swiss Exchange.

2.3 Limitations on transferability

The Board of Directors may refuse the transfer of shares if the number of registered shares held by the prospective buyer exceeds 10 percent of the total number of registered shares pursuant to the Commercial Register. A number of purchasers acting in a group or in a coordinated manner in order to circumvent registration restrictions are deemed to be a single share purchaser. The Company may also refuse entry in the share register if the share purchaser does not explicitly confirm on request that they have acquired the shares under their own name and for their own account. These limitations on transferability are laid down in the memorandum and articles of association and can be lifted only by an absolute majority of the shares represented at the Ordinary Shareholders' Meeting.

3. Board of Directors

3.1 Members of the Board of Directors

As at 31 March 2011, the Board of Directors was composed of the following members:

| Board of Directors | First elected | End of term |
|--|---------------|-------------|
| Hans Peter Hasler, Chairman | 2009 | 2012 |
| Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman | 2001 | 2011 |
| Dr Eduard E. Holdener | 2008 | 2011 |
| Robert A. Ingram | 2006 | 2012 |
| Dr Rudolf Lanz | 2003 | 2012 |

Specific expertise in the pharmaceutical and biotechnology sectors is needed to ensure the active monitoring of business activities. The members of the Board of Directors cover the following areas of expertise: Hans Peter Hasler and Robert A. Ingram: sector and marketing strategies, FDA; Dr Eduard E. Holdener: research and development; Prof. Heinz Riesenhuber: management, including production, audit; Dr Rudolf Lanz: finance, M&A transactions, audit.

The members of the Board of Directors are elected individually for a maximum three-year term of office, up to the Ordinary Shareholders' Meeting of the year in question. They may be re-elected. Further information on the members of the Board of Directors is given on pages 33 to 36.

3.2 Internal organisation

The Board of Directors constitutes itself. It appoints the Chairman and the Vice Chairman, as well as a Secretary, who does not necessarily have to be a member of the Board of Directors. Meetings of the Board of Directors are convened by the Chairman or, in his absence, by the Vice Chairman. Individual members of the Board of Directors may, stating their reasons, demand that the Chairman call a meeting immediately. Prior to the meetings, the members of the Board of Directors receive comprehensive documentation on the agenda items to be discussed.

The Board of Directors passes its resolutions by a majority of votes cast, whereby the Chairman has the deciding vote in the event of a tie. The Board of Directors is quorate when the majority of its members take part in a Board meeting. No quorum is required for resolutions regarding statements on capital increases that have already taken place. Resolutions may also be passed in writing or by telephone conference without a meeting of the Board of Directors being held. Circular resolutions must be unanimous in order to be valid.

Four half-day meetings, as well as one telephone conference, of the Board of Directors took place during the 2010/2011 financial year. The Company's Chief Executive Officer and Chief Financial Officer also attended all Board meetings.

Audit Committee

The Audit Committee supports the Board of Directors in the supervision of the Company's business activities in the following domains, in accordance with written guidelines:

- > financial reporting;
- > auditing and controlling;
- > compliance with laws, directives and corporate governance.

In performing its function, the Audit Committee reviews how the Company's largest financial exposures and risks are handled, as well as the independence and performance of the Company's Auditors. The Audit Committee does not have decision-making power.

The members of the Audit Committee are elected by the Board of Directors. Their term of office corresponds to the term of office on the Board of Directors. They may be re-elected. The current members of the Audit Committee are:

| | First elected to the committee | End of term |
|--|--------------------------------|-------------|
| Prof. Dr Dr h.c. mult. Heinz Riesenhuber | 2001 | 2011 |
| Dr Rudolf Lanz | 2003 | 2012 |

The Audit Committee held two half-day meetings and one telephone conference during the 2010/2011 financial year. In addition, the meetings were all attended by the Company's CEO and CFO, as well as Lars-Kristian Bråten, in his capacity as the Audit Committee's secretary and Erwin Troxler, in his capacity as controller, as well as Jürg Zürcher and Jörg Schmidt of the Auditors, Ernst & Young Ltd. The members of the Audit Committee report to the full Board of Directors on the issues they have discussed. Minutes of Audit Committee meetings are sent for information to all members of the Board of Directors.

Nominating Committee

The Nominating Committee was established in September 2008. It is concerned with the composition of the Board of Directors and supports the Board of Directors in implementing a process for the nomination of new Board members, jointly with the Board's Chairman. The members of the Nominating Committee are elected by the Board of Directors. Their term of office corresponds to their term of office on the Board of Directors. They may be re-elected. The members of the Nominating Committee are not compensated separately. The members of the Nominating Committee are:

| | First elected to the committee | End of term |
|------------------|--------------------------------|-------------|
| Dr Rudolf Lanz | 2008 | 2012 |
| Robert A. Ingram | 2008 | 2012 |

There were no meetings of the Nominating Committee during the 2010/2011 financial year.

3.3 Authorities and responsibilities of the Board of Directors and Management

The Board of Directors is the Company's highest governing body and is also charged with supervising and monitoring the activities of the Management. Furthermore, the Board of Directors passes resolutions on all matters that are not the preserve of or delegated to another governing or executive body under the law, by the Company's memorandum and articles of association or its organisational regulations.

As the Company's highest governing body, the Board of Directors is responsible for the following, in particular:

- > defining the strategy;
- > issuing the organisational regulations;
- > appointing the members of Management;
- > issuing accounting policies;
- > passing resolutions on motions to be put to the Ordinary Shareholders' Meeting.

The supervision and monitoring of management activities includes the following specific tasks:

- > annual risk assessment;
- > setting up an appropriate system of internal checks and balances;
- > receiving regular reports on the Company's business;
- > examining the annual report and the annual consolidated, statutory and interim financial statements;
- > examining the reports produced by the statutory auditors.

The members of the Board of Directors do not hold executive positions, and no member of the Board of Directors has held an executive position with HBM BioVentures in the past. In particular, the Company's Board of Directors does not, in the context of regular business operations, take any decisions with regard to investments in or disposals of individual companies.

3.4 Information and control instruments with regard to the Management

The Board of Directors has adopted directives on all of the major aspects of business activities.

The key directives are:

- > the Investment Guidelines, see page 39;
- > the Operations Manual, which governs the investment and disposal processes and the monitoring of portfolio companies;
- > guidelines on own-account trading;
- > guidelines on trading by members of staff in the Company's own shares.

Guidelines on own-account trading

The Company has issued restrictive guidelines for members of HBM BioVentures' governing bodies regarding share transactions for their own accounts. These guidelines also apply to HBM Partners Ltd and its subsidiaries ("HBM Partners") and staff, as well as to staff of The Trout Group working under the

instruction of HBM Partners. In principle, own-account transactions involving private companies in the human medicine and medical technology sectors are prohibited. In addition to a number of other regulations, own-account trading in public companies is subject to the rule that the interests of HBM BioVentures must not be infringed upon. Own-account trading involving private companies can be authorised in exceptional cases.

Guidelines on trading by members of staff in the Company's own shares

The Company has issued restrictive guidelines for members of HBM BioVentures' governing bodies regarding trading in the Company's own shares. These guidelines also apply to HBM Partners and its staff, as well as to staff of The Trout Group working under the instruction of HBM Partners. Trading in the Company's own shares is prohibited for insiders if unpublished information exists which would probably be of significance in an investor's decision to buy or sell such shares. Furthermore, insiders are not permitted to trade within defined time windows.

Transactions with related parties

Details of transactions with related parties are given in Note 13 to the Consolidated Financial Statements on pages 67 to 68.

Information instruments

In addition to the Company's comprehensive external reporting, prior to each of its meetings, the Board of Directors receives detailed documentation from the Management about the development of the Company and its advisory organisation. Among the issues reported upon at each meeting of the Board of Directors are financial performance, major portfolio events, liquidity planning, new developments in the advisory organisation and compliance with own-account and insider trading guidelines. Regular meetings are held between the Chairman of the Board and the Management.

External review mandates

The Board of Directors has issued the following review mandates to the Auditors as a complement to the external audit of the financial statements that is required by law:

- > review of the consolidated semi-annual financial statements of the Company;
- > review of the corporate governance section of the annual report;
- > audit procedures required by law relating to the reduction of corporate capital.;
- > advice regarding the cash contribution principle.

The Auditors must submit a written report on their findings to the Board of Directors. The findings of audits and reviews are also discussed with the Auditors in the context of the Audit Committee.

Furthermore, in the year under review, the Board of Directors mandated a different audit firm to conduct a voluntary, internal investigation of the payments in connection with the capital increases of HBM BioVentures Ltd in 2001 and 2002.

4. Management

4.1 Members of Management

As at 31 March 2011, the Management was composed of the following members:

- > Dr Andreas Wicki, Chief Executive Officer
- > Dr Joachim Rudolf, Chief Financial Officer

Further information on the members of Management is given on page 37.

4.2 Management and advisory agreements

HBM BioVentures (Cayman) Ltd has entered into a management agreement with HBM Partners (Cayman) Ltd. This obliges HBM Partners (Cayman) Ltd to provide management services in connection with the investment activities of HBM BioVentures. Under the terms of the advisory agreements, HBM Partners (Cayman) Ltd has delegated the pro-

vision of defined advisory services to HBM Partners Ltd and The Trout Group, LLC. Specifically, these are identifying and evaluating possible investment targets, monitoring existing investments and evaluating potential exit strategies. The management agreement runs until the end of the 2013/2014 financial year and will be extended automatically for periods of two years if it is not terminated by notice. Any notice of termination must be served at least 18 months before the agreement's expiration. HBM BioVentures (Cayman) Ltd pays HBM Partners (Cayman) Ltd a quarterly management fee and an annual performance fee, subject to the high water mark principle. Detailed information on the core elements of the management agreement and on the scope of remuneration is provided in Note 8 to the Consolidated Financial Statements on pages 60 to 61.

5. Remuneration and share allotments

5.1 Remuneration paid to serving members of governing bodies; method of determination

Details of the remuneration paid to serving members of governing bodies, as well as how this remuneration is determined, can be found in Note 13.1 to the Consolidated Financial Statements on pages 67 to 68 as well as in the Notes to the Parent Company Financial Statements on page 73.

5.2 Shares owned by members of governing bodies

Details of the shares owned by serving members of governing bodies can be found in the Notes to the Parent Company Financial Statements on page 74.

6. Shareholder co-determination rights

6.1 Voting rights

The right to vote may be exercised by anyone who is entered in the share register as a shareholder with voting rights on the cut-off date determined by the Board of Directors, provided they do not sell their shares before the end of the Ordinary Shareholders' Meeting. Shareholders who hold their shares via nominee entries are not entitled to vote.

6.2 Submission of agenda items

Motions and issues for discussion from shareholders holding shares with a par value of CHF 1,000,000 or more will be included in the agenda of the Ordinary Shareholders' Meeting provided they are submitted in writing to the Board of Directors before the meeting actually convenes. The Ordinary Shareholders' Meeting itself may decide to permit the debate of motions on matters not properly submitted for discussion as described above. No resolution on the matter in question may be passed until the next Ordinary Shareholders' Meeting, however. Motions to call an Extraordinary Shareholders' Meeting or to conduct a special audit are not subject to this regulation. No advance notice is required to propose a motion in connection with matters already tabled for discussion.

6.3 Entries in the share register

Entry in the share register requires evidence of the purchase of title to registered shares or of a right of usufruct. No entries are made in the share register between the cut-off date determined by the Board of Directors and the day following the Ordinary Shareholders' Meeting.

7. Auditors

7.1 Duration of mandate and term of office of auditor in charge

The Ordinary Shareholders' Meeting appoints the Company's auditors for each financial year. Ernst & Young Ltd was elected as the Company's statutory and Group auditors for the first time for the 2001/2002 financial year. Jürg Zürcher took over as auditor in charge from the 2005/2006 financial year.

7.2 Audit fees

Fees paid to Ernst & Young Ltd for audits required by law (auditing the Company's 2010/2011 statutory and Consolidated Financial Statements as well as audit procedures relating to the reduction of corporate capital) amounted to CHF 144,100 in the period

under review. Additional fees amounted to CHF 90,400, whereof CHF 82,000 for reviewing the semi-annual financial statements and CHF 8,400 for reviewing the corporate governance disclosures in the annual report and other advisory services.

7.3 Supervision and control instruments with regard to the Auditors

The independence and performance of the Auditors are reviewed by the Audit Committee. The Auditors are instructed to produce audit reports on the consolidated and statutory annual financial statements, as well as to review reports on the consolidated semi-annual financial statements and the corporate governance section of the annual report. In addition, the Board of Directors receives a management letter from the Auditors following the semi-annual review, if required, and a comprehensive report following the annual audit. These documents are discussed by the Audit Committee with the Auditors. Representatives of the Auditors took part in all Audit Committee meetings during the past financial year.

8. Information policy

Every year, the Company publishes an annual report and three interim reports. The Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) is the Company's official publication for announcements. Moreover, the current net asset value (NAV) is published twice monthly on the Company's website (www.hbmbioventures.com). The Company is subject to the ad hoc disclosure rules of SIX Swiss Exchange.

Further details of the Company's information policy and permanent sources of information are given in the "Investor Information" section on page 76.

The Company's contact address is:

HBM BioVentures Ltd
Bundesplatz 1
CH-6300 Zug, Switzerland
Phone +41 41 768 11 08
Fax +41 41 768 11 09
info@hbmbioventures.com
www.hbmbioventures.com

9. Inapplicability/negative declaration

It is hereby stated expressly that all information that is not contained or mentioned in the Corporate Governance section is deemed inapplicable or is to be understood as a negative declaration.



Hans Peter Hasler
 Chairman of the Board of Directors
 Nationality **Swiss**
 Date of birth **2 February 1956**

Education

Swiss Federal Commercial Diploma
 Marketing Certificate, Swiss School of Business
 Economy SIB, Zurich

Professional history

Since 2010 HPH Management GmbH, Switzerland, consultant to biotech and pharma companies (M&A, strategy and marketing)
2008–2009 Biogen Idec Inc., USA, Chief Operating Officer (COO)
2007 Biogen Idec Inc., USA, Head of Global Neurology/Cardiovascular Business
2004–2007 Biogen Idec International GmbH, Switzerland, Senior Vice President, Head of International Organization
2001–2003 Biogen Inc., USA, Head of Commercial Operations
1998–2001 Wyeth Pharmaceuticals, St. Davids/PA, USA, Chief Marketing Officer/Head of Global Strategic Marketing, SVP
1993–1998 Wyeth Pharmaceuticals, Switzerland, Austria, Eastern Europe, Germany

Mandates

Since 2011 Ferring Holding S.A., Member of the Board of Directors
Since 2008 Acino Pharma Ltd, Vice Chairman of the Board of Directors
Since 2006 Santhera Pharmaceuticals Holding Ltd, Vice Chairman of the Board of Directors



Prof. Dr Dr h.c. mult. Heinz Riesenhuber
 Vice Chairman of the Board of Directors
 Member of the Audit Committee
 Nationality **German**
 Date of birth **1 December 1935**

Education

Master's and PhD degrees in chemistry; post-doctoral fellow, University of Frankfurt am Main, Germany

Professional history

Since 2006 Chairman of the German Parliamentary Society
Since 1995 Honorary Professor, Goethe University, Frankfurt am Main, Germany
Since 1976 Member of the German Federal Parliament (since 1993: Member of the Committee on Economics and Technology, Chairman 2001–2002)
1994–2002 Co-President of the German-Japanese Cooperation Council for High Technology and Environment Technology
1982–1993 German Federal Minister of Research & Technology
1971–1982 CEO, Synthomer Chemie GmbH, Frankfurt am Main (Metallgesellschaft AG)
Since 1968 Member of the Presidential Board of the Christian Democratic Party of Hessen
1966–1971 Erzgesellschaft mbH, Frankfurt (Metallgesellschaft AG)
 1968–1971 CEO

Mandates

Since 2004 Kabel Deutschland GmbH
 2004–2010 Chairman of the Board of Directors
 Since 2010 Honorary Chairman
Since 2001 Heidelberg Innovation BioScience Venture II GmbH, Member of the Investor Committee
Since 1999 Frankfurter Allgemeine Zeitung GmbH
 1999–2010 Member of the Board of Directors
 Since 2010 Vice Chairman of the Board of Directors



Dr med. Eduard E. Holdener

Member of the Board of Directors

Nationality **Swiss**Date of birth **14 January 1945**

Robert A. Ingram

Member of the Board of Directors

Member of the Nominating Committee

Nationality **USA**Date of birth **6 December 1942**

Education

University of Zurich, Medical Faculty and School of Medicine, Zurich, Switzerland (graduation November 1971); MD degree (dissertation) University of Basel, Medical Faculty, Basel, Switzerland, 1975

Professional history

1991–2007 F. Hoffmann-La Roche Ltd, Basel, Switzerland
2006–2007 Chief Medical Officer (CMO) and Member of the Extended Corporate Executive Committee
1999–2006 Global Head of Pharma Development and CMO
1996–1998 Head of Pharma Development, Nippon Roche K.K., Tokyo, Japan
1991–1995 Deputy Head Global Clinical Research

Mandates

Since 2009 Cellerix SA, Member of the Board of Directors
Since 2008 NovImmune SA, Chairman of the Board of Directors
Since 2008 Parexel International Co., Member of the Board of Directors
Since 2008 Syntaxin Ltd, Member of the Board of Directors

Education

Bachelor of Science in business administration from the Eastern Illinois University, Lumpkin College of Business, Charleston, Illinois, USA

Professional history

Since 2007 General Partner, Hatteras Ventures Partners, USA
1990–2010 GlaxoSmithKline plc
2010 Advisor to the CEO
2003–2009 Vice Chairman Pharmaceuticals
2001–2003 President and COO pharmaceutical operations
1997–2000 CEO Glaxo Wellcome plc
1999–2000 Chairman of the Board of Directors Glaxo Wellcome plc
1990–1999 Several executive positions

Mandates

Since 2011 Elan Corporation plc, Member of the Board of Directors
Since 2008 Cree, Inc., Member of the Board of Directors
Since 2008 Valeant Pharmaceuticals International, Member of the Board of Directors
Since 2005 Allergan Inc., Member of the Board of Directors
Since 2003 Edwards Lifesciences, Member of the Board of Directors
Since 2003 GlaxosmithKline, Vice Chairman of the Board of Directors
Since 2001 Lowe's Companies, Member of the Board of Directors



Education

Master's degree in economics from the University of St. Gallen, Switzerland; doctorate in law from the University of Bern, Switzerland

Professional history

2000–2009 The Corporate Finance Group AG (TCFG), Co-founder, partner and Chairman of the Board of Directors

1980–2000 Ernst & Young Ltd, Zurich and Bern.

1997–2000 Member of the Executive Committee

1992–2000 Partner

1988–2000 Head of Mergers & Acquisitions/
Corporate Finance

1995–1999 CFO

1994–1997 Member of the Board of Directors

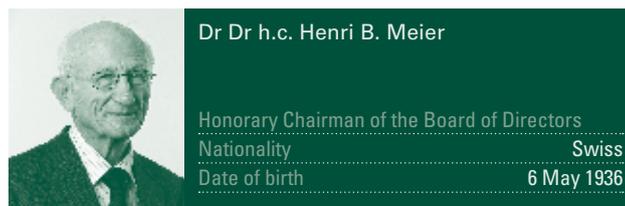
1976–1977 Allgemeine Treuhand Ltd., Basel,
Assurance and Advisory department

Mandates

Since 2009 Dr. Rudolf Lanz AG, Chairman of the Board of Directors

Since 2009 Pearls Fashion Holding AG, Member of the Board of Directors

2003–2010 Invision Beteiligungen AG, Member of the Board of Directors



Education

Master's and PhD degrees in business administration and economics from the University of St.Gallen, Switzerland

Postgraduate studies at Columbia University, New York, USA

Honorary doctorate from the University of Basel, Switzerland

Professional history

2001–2010 HBM BioVentures Ltd, Chairman of the Board of Directors

2001–2005 Züblin Real Estate Holding Ltd, Member of the Board of Directors

2000–2005 Givaudan Ltd, Chairman of the Board of Directors

1997–2004 Privatbank IHAG AG und IHAG Holding AG, Member of the Board of Directors

1996–2005 Grand Hotel Victoria-Jungfrau AG, Member of the Board of Directors

1992–2005 Eufra Holding Ltd, Member of the Board of Directors

1986–2000 Member of the Roche Group Executive Committee, as well as Group Chief Financial Officer; from 1996 to 2004, Member of the Board of Directors of Roche Holding Ltd

1978–1985 Member of the Executive Committee of Handelsbank National Westminster, Zurich

1973–1978 Member of the Executive Committee of Motor Columbus Ing. AG

1965–1973 Division chief of World Bank and International Finance Corporation (IFC), Washington

1956–1959 Bookkeeper and general accountant, Williams Brothers Co., Caracas, Venezuela



Mandate

Since 2007 BioMedInvest Management AG, Chairman of the Board of Directors

Since 2006 BioMedCredit AG, Member of the Board of Directors

Since 2006 BioMedCreditor AG, Chairman of the Board of Directors

Since 2006 BioMedPartners AG, Chairman of the Board of Directors

Since 2006 HBM Stiftung zur Schaffung und Förderung einer Unternehmerschule in St. Gallen, Chairman of the Board of Trustees

Since 2001 HBM Partners Ltd, Chairman of the Board of Directors

Since 2000 HBM Fondation, Chairman of the Board of Trustees

Education

Master's degree and doctorate in law from the University of Basel, Switzerland

Bar exam and qualification as a notary public in the Canton of Basel-Stadt

Professional history

Since 1995 Lawyer and notary in the Lenz

Caemmerer law firm in Basel, partner since 1999

1994 Employment in law firms in London and Paris

1993 Employment in the commercial and land registries of the Canton of Basel-Stadt

1991 – 1992 Lawyer in the Lenz Iselin Riggensch law firm in Basel

Mandates

Since 2004 Gebro Pharma Ltd, Member of the Board of Directors

Since 2003 SIC invent AG, Member of the Board of Directors

Since 2002 Nef Group (Nef Automobile AG, Nef Truckcenter AG and Nef Management AG), Vice Chairman of the Board of Directors



Education

Studies in chemistry and biochemistry at the University of Bern, Switzerland, graduating in 1983; doctoral thesis at the Theodor Kocher Institute of the University of Bern, completed in 1986

Professional history

Since 2001 CEO of HBM BioVentures Ltd and HBM Partners Ltd

1998–2001 Venture capital advisor for life science investments with Private Equity Holding Ltd

1994–2001 Founder and CEO of Clinserve Ltd

1991–2001 CEO (1996) and Chairman (1998) of ANAWA Holding AG / MDS Pharma Services Inc.

1993–1998 Investment advisor for life sciences with the private equity group APAX

1988–1990 Founder and CEO of Vivagen Diagnostics Ltd, Bern (sold to Unilabs Corp. in 1990)

Mandates

Since 2007 HBM Biopharma India Ltd, Chairman of the Board of Directors

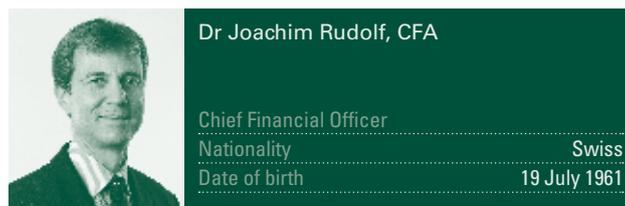
Since 2007 Pacira Pharmaceuticals, Inc., Member of the Board of Directors

Since 2004 HBM BioCapital Ltd, Member of the Board of Directors

Since 2001 HBM BioVentures (Cayman) Ltd, Member of the Board of Directors

Since 2001 HBM Partners Ltd, Member of the Board of Directors

Since 2000 Buchler GmbH/Fagus GmbH, Member of the Board of Directors



Education

Master's degree and doctorate in business and economics from the University of St.Gallen, Switzerland
Chartered financial analyst (CFA)

Professional history

Since 2001 CFO of HBM BioVentures Ltd and HBM Partners Ltd

1999–2001 Managing Director, UBS Warburg, London

1997–1999 Artemis LLC, San Francisco, Founder and Manager

1995–1997 Sector analyst in a US equity strategy group, UBS Asset Management, San Francisco

1993–1995 Chief of staff with responsibility for various strategic projects in North America, UBS, New York

1989–1993 Capital markets manager for US and international clients and portfolio manager for globally diversified assets of international and domestic clients, UBS, New York

1987–1989 Development and implementation of rating analyses for bond investment strategies in research and investment fund management, UBS, Zurich

To the Board of Directors of
HBM BioVentures Ltd, Zug

Zurich, 5. Mai 2011

Review Report for the Corporate Governance disclosures

In accordance with your instructions, we have reviewed the Corporate Governance disclosures of HBM BioVentures Ltd according to the Directive Corporate Governance (DCG) issued by the SIX Swiss Exchange (pages 25 to 37) for the year ended 31 March 2011.

These disclosures are the responsibility of the Board of Directors. Our responsibility is to issue a report on these disclosures based on our review.

Our review was conducted in accordance with Swiss Auditing Standard 910 applicable to review engagements, which requires that a review be planned and performed to obtain moderate assurance about whether the Corporate Governance disclosures are free from material misstatements. A review is limited primarily to inquiries of personnel and analytical procedures applied to the disclosures and thus provides less assurance than an audit. We have not performed an audit and, 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 Corporate Governance disclosures of HBM BioVentures Ltd. are not complete with regard to the Directive Corporate Governance (DCG) issued by the SIX Swiss Exchange, contain material misstatements or are not in compliance with it.

Ernst & Young Ltd



Jürg Zürcher
Licensed audit expert
(Auditor in charge)



Jörg Schmidt
Licensed audit expert
German public auditor

Investment Guidelines

As at 31 March 2011

1. Investment objective

HBM BioVentures' objective is to generate long-term capital gains with investments in private and public companies in the biotechnology, human medicine, diagnostics and medical technology sectors and related areas.

2. Investment strategy

Within its target sector, HBM BioVentures invests predominantly in later-stage private companies which are attractively valued and have a convincing business model, including their product pipeline, technology and management:

- > The initial investment is typically made in the later stages of clinical development, and where profitable or cash flow-neutral companies require financing for their expansion. There must be an attractive ratio between value-creation potential and the risk of the investment. HBM BioVentures must also be able to influence the portfolio company, particularly with regard to its exit from the investment.
- > HBM BioVentures may acquire majority participations in portfolio companies and thus include these portfolio companies as subsidiaries in its consolidated financial statements.
- > The amount of the investment may be increased in follow-on financing rounds provided the value-creation potential remains intact.
- > HBM BioVentures has the flexibility to increase its investment further at the time of or after the portfolio company's IPO.

Geographical focus

Investments are made worldwide – primarily in Europe and Asia, and to a lesser extent in North America.

Availability of funds

HBM BioVentures maintains adequate short-term funds to ensure that it is able to satisfy all of its commitments, including follow-on financings for portfolio companies. Cash and cash equivalents are held with a variety of top-rated banks.

Debt financing

With the approval of the Board of Directors, HBM BioVentures Ltd may obtain debt financing totalling no more than 20 percent of net assets at any time. Where possible, the repayment dates for this borrowed capital will be staggered over time.

Hedging

HBM BioVentures may hedge all or part of its investment risks using derivatives or other appropriate financial instruments. Such transactions must be aimed at reducing overall portfolio risk.

Investment instruments

HBM BioVentures' investments are made primarily in equities. HBM BioVentures may also invest in other instruments including, but not limited to, convertible bonds and, exceptionally, debt securities and derivatives.

3. Investment categories

HBM BioVentures continually optimises the composition of its portfolio in line with its sector focus and prevailing market circumstances. HBM BioVentures holds a diversified portfolio of high-quality companies with considerable potential. Without the consent of the Board of Directors of HBM BioVentures Ltd, the acquisition cost of any single investment may not exceed ten percent of net assets.

Private companies

The majority of capital flows into direct participations in private companies with a convincing business model. These are generally operating at break-even and are unlikely to require any further financing. HBM BioVentures may acquire majority holdings in portfolio companies, and guides and supports them.

Public companies

HBM BioVentures may increase its investment in a portfolio company at the time of or after the latter's IPO. HBM BioVentures may also make investments in public companies. Increases in the value of existing holdings – following private portfolio company IPOs, for example – may result in a significant proportion of net assets being held in public companies.

Financial instruments

A total of up to three percent of the net assets of HBM BioVentures may be invested in long or short holdings in options in individual public companies. Short options holdings are limited to a cumulated total of ten percent of HBM BioVentures' net assets. Holdings in sold call options which are covered by the corresponding portfolio holdings may be entered into additionally.

4. Investment decisions

Investment and divestment decisions in relation to individual companies are taken by the Board of Directors of the investing HBM BioVentures entity, HBM BioVentures (Cayman) Ltd., based on the recommendations of the investment manager, HBM Partners (Cayman) Ltd. The investment manager engages one or more investment advisors. Within the scope of HBM BioVentures' ordinary business activities, the Board of Directors of HBM BioVentures Ltd does not make any company-specific investment or divestment decisions.

5. Application of and changes to the Investment Guidelines

The original Investment Guidelines were adopted by the Board of Directors of HBM BioVentures Ltd on 6 December 2001, revised on 14 May 2004 and 7 July 2006, and passed in their present form on 25 June 2010. These Investment Guidelines define and regulate the investment activities of HBM BioVentures Ltd and its subsidiaries ("HBM BioVentures"). The Investment Guidelines may be amended within the limits of the Articles of Association of HBM BioVentures Ltd by its Board of Directors at any time.

40 Financial Report The Consolidated Financial Statements of the HBM Bio-Ventures Group and the Parent Company Financial Statements of HBM Bio-Ventures Ltd for the financial year ended 31 March 2011.

Consolidated Financial Statements

Consolidated balance sheet

| | Notes | 31.3.2011 | 31.3.2010 |
|---|-------|----------------|----------------|
| Assets (CHF 000) | | | |
| Current assets | | | |
| Cash and cash equivalents | | 155,789 | 129,084 |
| Financial instruments | | 633 | 0 |
| Receivables | | 7,246 | 5,992 |
| Inventories | | 554 | 724 |
| Total current assets | | 164,222 | 135,800 |
| Non-current assets | | | |
| Investments | (2) | 450,953 | 632,918 |
| Other financial assets | | 7,955 | 11,385 |
| Property, plant and equipment | | 187 | 212 |
| Intangible assets | (4) | 5,010 | 5,640 |
| Total non-current assets | | 464,105 | 650,155 |
| Total assets | | 628,327 | 785,955 |
| Liabilities (CHF 000) | | | |
| Short-term liabilities | | | |
| Financial instruments | | 353 | 0 |
| Short-term financial liabilities | (5) | 36,166 | 84,284 |
| Other short-term liabilities | | 2,580 | 5,982 |
| Total short-term liabilities | | 39,099 | 90,266 |
| Long-term liabilities | | | |
| Long-term financial liabilities | | 0 | 29,541 |
| Total long-term liabilities | | 0 | 29,541 |
| Shareholders' equity | | | |
| Share capital | (6) | 612,000 | 642,000 |
| Treasury shares | (6) | -26,257 | -30,358 |
| Capital reserve | | 369,019 | 363,900 |
| Currency translation differences | | 89 | -153 |
| Accumulated loss | | -365,623 | -309,241 |
| Total shareholders' equity | | 589,228 | 666,148 |
| Total liabilities and shareholders' equity | | 628,327 | 785,955 |
| Number of outstanding shares (in 000) | | 9,635 | 10,116 |
| Net asset value (NAV) per share (CHF) | | 61.15 | 65.85 |

Consolidated Financial Statements

Consolidated statement of income for the financial year ended 31 March

42

| | Notes | 2010/2011 | 2009/2010 |
|--|----------|----------------|---------------|
| Result from investment activities (CHF 000) | | | |
| Gains on investments | (2) | 45,655 | 189,990 |
| Losses on investments | (2) | -91,398 | -98,990 |
| Result from currency hedging transactions | | 11,442 | 0 |
| Gains from other financial instruments | | 633 | 0 |
| Gains on other financial assets | | 3,021 | 1,884 |
| Losses on other financial assets | | -4,276 | -2,830 |
| Gross result from investment activities | | -34,923 | 90,054 |
| Result from product sales | | | |
| Revenues from product sales | | 151 | 32 |
| Costs of products sold | | -136 | -19 |
| Gross result from product sales | | 15 | 13 |
| Gross result | | -34,908 | 90,067 |
| Management fee | (8) | -10,000 | -12,096 |
| Personnel expenses ¹⁾ | (9) (11) | -3,035 | -2,111 |
| Other operating expenses ¹⁾ | (11) | -4,346 | -2,491 |
| Depreciation and amortisation | | -88 | -6 |
| Operating result before interest and taxes | | -52,377 | 73,363 |
| Financial income | | 50 | 3,112 |
| Financial expenses | (5) | -4,052 | -10,442 |
| Result before taxes | | -56,379 | 66,033 |
| Income taxes | | -3 | 0 |
| Net result for the year | | -56,382 | 66,033 |
| Number of outstanding shares, time-weighted (in 000) | | 9,844 | 10,340 |
| Basic earnings per share (CHF) | | -5.73 | 6.39 |

As the Company does not have options or similar instruments outstanding, diluted earnings per share are identical to basic earnings per share.

Consolidated statement of comprehensive income for the financial year ended 31 March

| (CHF 000) | 2010/2011 | 2009/2010 |
|---|----------------|---------------|
| Net result for the year | -56,382 | 66,033 |
| Contribution to operating result reported in shareholders' equity | | |
| Change owing to currency translation differences | 242 | -96 |
| Total comprehensive result | -56,140 | 65,937 |

1) The following amounts from Personnel expenses and from Other operating expenses are attributable to the operating subsidiary Tensys Medical Inc.: Personnel expenses: CHF 1.2 million (previous year: 0.375 million for one quarter), Other operating expenses: CHF 1.815 million (previous year: CHF 0.264 million for one quarter).

Consolidated Financial Statements

Consolidated statement of cash flows for the financial year ended 31 March

| (CHF 000) | 2010/2011 | 2009/2010 |
|--|-----------------|-----------------|
| Revenues from product sales received | 141 | 46 |
| Costs of products sold paid | -36 | -5 |
| Management fee paid | -10,000 | -11,868 |
| Other expenses paid (personnel and other operating expenses) | -7,276 | -4,597 |
| Net cash flow from operating activities | -17,171 | -16,424 |
| Interest payments received | 43 | 240 |
| Purchase of investments | -64,583 | -68,868 |
| Sale of investments | 194,501 | 249,053 |
| Payments received from escrow amounts and milestones | 7,263 | 6,161 |
| Net cash flow from financial instruments to hedge currency risks | 11,795 | 0 |
| Acquisition of Tensys Medical, net of cash and cash equivalents acquired | 0 | 316 |
| Purchase of property, plant and equipment | -116 | 0 |
| Net cash flow from investing activities | 148,903 | 186,902 |
| Interest paid on financial liabilities | -6,107 | -5,389 |
| Redemption of financial liabilities | -77,661 | -83,991 |
| Issuance of financial liabilities | 0 | 5,309 |
| Transaction costs for exchange of financial liabilities | 0 | -849 |
| Purchase of treasury shares | -26,459 | -29,958 |
| Sale of treasury shares | 4,404 | 11,240 |
| Net cash flow from financing activities | -105,823 | -103,638 |
| Currency translation differences | 796 | -3,365 |
| Net change in cash and cash equivalents | 26,705 | 63,475 |
| Cash and cash equivalents at beginning of period | 129,084 | 65,609 |
| Cash and cash equivalents at end of period | 155,789 | 129,084 |

Consolidated Financial Statements

Consolidated statement of changes in equity

| (CHF 000) | Share capital | Treasury shares | Capital reserve | Currency translations differences | Accumulated loss | Total shareholders' equity |
|------------------------------------|----------------|-----------------|-----------------|-----------------------------------|------------------|----------------------------|
| Balance as at 31 March 2008 | 675,772 | -26,602 | 363,306 | -1,754 | -62,394 | 948,328 |
| Net result for the year | | | | | -312,880 | -312,880 |
| Currency translation differences | | | | 1,697 | | 1,697 |
| Total comprehensive result | | | | | | -311,183 |
| Purchase of treasury shares | | -23,486 | | | | -23,486 |
| Sale of treasury shares | | 8,832 | -3,562 | | | 5,270 |
| Balance as at 31 March 2009 | 675,772 | -41,256 | 359,744 | -57 | -375,274 | 618,929 |
| Net result for the year | | | | | 66,033 | 66,033 |
| Currency translation differences | | | | -96 | | -96 |
| Total comprehensive result | | | | | | 65,937 |
| Purchase of treasury shares | | -29,958 | | | | -29,958 |
| Sale of treasury shares | | 16,704 | -5,464 | | | 11,240 |
| Capital reduction (18.11. 2009) | -33,772 | 24,152 | 9,620 | | | 0 |
| Balance as at 31 March 2010 | 642,000 | -30,358 | 363,900 | -153 | -309,241 | 666,148 |
| Net result for the year | | | | | -56,382 | -56,382 |
| Currency translation differences | | | | 242 | | 242 |
| Total comprehensive result | | | | | | -56,140 |
| Purchase of treasury shares | | -26,459 | | | | -26,459 |
| Sale of treasury shares | | 6,943 | -1,264 | | | 5,679 |
| Capital reduction (3.9.2010) | -30,000 | 23,617 | 6,383 | | | 0 |
| Balance as at 31 March 2011 | 612,000 | -26,257 | 369,019 | 89 | -365,623 | 589,228 |

Consolidated Financial Statements

Notes

1. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Consolidated Financial Statements are set out below.

1.1 Basis of Preparation – Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB), and the provisions of the Listing Rules of SIX Swiss Exchange that apply to investment companies. They are presented in Swiss francs ("CHF").

The preparation of the Consolidated Financial Statements is based on the acquisition cost principle. Any exceptions to this are described in the Notes 1.4. to 1.17.

With the exception of the new and modified standards and interpretations listed in Note 1.20, the same accounting policies and valuation principles as in the previous year have been applied in the preparation of these financial statements. The statement of the result from investment activities in the income statement has been amended slightly from the previous year. The comparative figures were adjusted accordingly.

As explained in Note 4.2 "Takeover of Tensys Medical", the purchase price allocation, which in the previous year had been based on provisional fair values, was changed retroactively to the acquisition date as at 1 January 2010, which led to the following adaptation of the previous year's figures in the balance sheet as at 31 March 2010 including currency translation differences: increase of Inventories by CHF 185,000, reduction of Goodwill by CHF 185,000. This adaptation of the purchase price allocation has no effect on the income statement for the previous year.

The preparation of the Consolidated Financial Statements requires Management to make estimates which affect reported earnings, expenditure, assets, liabilities and investment commitments as at the balance sheet date. Should the estimates made by Management to the best of their knowledge at the balance sheet date subsequently be shown to differ from actual circumstances, the original estimates are adjusted accordingly during the reporting year in which circumstances changed. As explained in Note 1.7.3, a degree of uncertainty is attached specifically to estimating individual fair values for private companies and specialised venture capital funds.

1.2 Scope of Consolidation

The scope of consolidation comprises the holding company HBM BioVentures Ltd (the "Company"), Bundesplatz 1, Zug, Switzerland, which is listed on SIX Swiss Exchange, and the following fully consolidated subsidiaries (together "HBM BioVentures"):

| Subsidiary | Objective | Ownership in % as at 31.3.2011 | Ownership in % as at 31.3.2010 |
|--|---|-----------------------------------|-----------------------------------|
| HBM BioVentures (Cayman) Ltd, Cayman Islands | Holding of company interests | 100% | 100% |
| HBM Biomedicine (Cayman) Ltd, Cayman Islands | Holding of company interests | 100% | 100% |
| HBM Biomed China Ltd, Cayman Islands | Holding of company interests | 100% | 100% |
| HBM BioVentures (Barbados) Ltd, Barbados | Holding of company interests | 100% | 100% |
| HBM BioVentures International Ltd, Barbados | Holding of company interests | 100% | 100% |
| Tensys Medical Inc., USA | Manufacture and distribution of medtech devices | 100% | 100% |

All subsidiaries are wholly owned either directly or indirectly. The subsidiaries' annual financial statements have been adjusted to the Company's reporting period in observance of Group guidelines. Intra-Group transactions have been eliminated.

Shareholdings in associated companies are valued in accordance with the exception provision for venture capital companies under IAS 39 at fair value and are reported as investments. Associated companies are understood as shareholdings in companies over which HBM BioVentures exerts a significant influence, but does not have a controlling interest (shareholdings of between 20 and 50 percent of voting rights). Please refer to Note 3 "HBM BioCapital" concerning the recognition of the holding in HBM BioCapital (EUR) L.P. (equity interest of 44.7%) under financial investments.

1.3 Foreign Currencies

The functional currency for the operating company Tensys Medical is the US dollar ("USD"). For all other subsidiaries, it is the Swiss franc ("CHF").

Transactions in foreign currencies are booked at the exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted into Swiss francs at the exchange rates prevailing on the balance sheet date. The resulting financial gains or losses are booked to the statement of income. Non-monetary assets and liabilities in foreign currencies, which are to be recognised at their acquisition cost, are converted at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities which are to be recognised at their fair value are converted at the exchange rate prevailing on the revaluation date. The resulting foreign currency gains or losses are booked together with the revaluation result to the statement of income.

For consolidation purposes, the assets and liabilities of subsidiaries that use USD are converted at year-end exchange rates, while entries in the statement of income and the statement of cash flows are converted at average rates for the period. Currency translation differences that arise owing to conversion rate changes in the reporting period and to the difference between the period's result at average rates and balance sheet date rates are booked to the statement of changes in equity as a special component of the comprehensive result.

The following exchange rates were used in the preparation of the financial statements:

| (CHF) | 31.3.2011 | 31.3.2010 |
|-------|-----------|-----------|
| DKK | 0.1745 | 0.1912 |
| EUR | 1.3011 | 1.4238 |
| GBP | 1.4730 | 1.6002 |
| SEK | 0.1453 | 0.1460 |
| USD | 0.9190 | 1.0539 |

The following average exchange rate was used in the preparation of the statement of income of the subsidiary with functional currency USD:

| (CHF) | 2010/2011 | 2009/2010 |
|-------|-----------|-----------|
| USD | 1.0089 | 1.0558 |

1.4 Cash and Cash Equivalents

Cash and cash equivalents comprise assets which can be converted into amounts of legal tender within 90 days of the original transaction, i.e. cash on hand or at bank, and fixed-term deposits.

1.5 Receivables

Receivables comprise escrow amounts from the sale of portfolio companies, trade receivables, and other credits. They are valued at their amortised cost, which generally corresponds to their nominal value less necessary valuation adjustments. The appropriateness of such valuation adjustments is reviewed regularly and adjustments are made in the period in which the underlying conditions are changed. The receivables are non-derivative financial assets whose fair value approximates the book value and which become due for payment within 12 months.

1.6 Inventories

Inventories are valued at the average cost price in accordance with the "first in, first out" method, but at the highest at their net realisable value. Valuation adjustments are made on inventories with a long shelf life and goods that are difficult to sell.

1.7 Financial Instruments and Investments

In the Consolidated Financial Statements, derivative financial instruments are referred to as "Financial instruments", while other financial assets such as equity positions in and convertible bonds issued by portfolio companies are referred to as "Investments". These financial assets are reported at fair value through profit and loss, in line with risk management and the investment strategy. These financial assets are recognised at their acquisition cost without transaction costs. After initial recognition, all financial assets are stated at fair value. All gains or losses arising from an adjustment to the fair value of financial assets are entered in the statement of income in the period on which they arise.

Sales of investments and financial instruments are booked out at the anticipated sale proceeds on the date of sale. Claims to escrow amounts or performance-related milestone payments, which result in cash flows only at a later date, are carried under receivables (Note 1.5) or other financial assets (Note 1.8).

1.7.1 Trade Date Accounting

All purchases and sales of financial instruments and investments are recognised on the trade date, i.e. on the date on which a Group company commits to purchasing or selling the asset in question. Regular purchases and sales are purchases and sales of financial assets that require the delivery of assets within a time frame laid down by law or by the conventions of the marketplace.

1.7.2 Derivative Financial Instruments

HBM BioVentures buys and sells derivative financial instruments in the course of its ordinary business activities and as part of its risk management. In the past, HBM BioVentures has invested in the following types of derivatives: futures and options on foreign currencies, indices and securities. Derivatives are held for trading purposes and are reported at fair value through profit and loss. They are listed in the balance sheet under financial instruments and are stated at market value. For listed derivatives, market value is determined by the market price on the balance sheet date. The market value of unlisted derivatives is determined using customary market methods. Derivatives acquired in combination with an investment in a private company are reported together with the market value of the related investment.

1.7.3 Investments

Investments are recognised at their acquisition cost, and thereafter at their fair value. The fair value of investments in private companies is determined using the "International Private Equity and Venture Capital Valuation Guidelines". For this purpose, the acquisition cost in the investment currency is used as the best approximation of the fair value of the private company in question, except where

- > the company has been valued higher or lower in connection with a new round of financing with a third party (except with a strategic investor), in which case the company is valued according to the new financing round, whereby the various shareholder categories' rights are taken into account for valuation;
- > the company is performing significantly below expectations or is facing long-term problems, leading to a permanent diminution in value, in which case the relevant position is written off in intervals of 25, 50, 75 or 100 percent or revalued at its net realisable value;

- > the company is earning significant profits, in which case an appropriate price/earnings ratio is applied, maintaining a discount to reflect the restricted liquidity of the portfolio company (earnings multiple method).

The fair valuation of private companies is reviewed regularly for a possible diminution in value.

Specialised venture capital funds are valued based on the net asset value of the fund in question.

The Company's Management determines the fair valuations of private companies and specialised venture capital funds on the basis the "International Private Equity and Venture Capital Valuation Guidelines". Given the uncertainty inherent in valuing private equity in general, the reported fair values may differ from the values that might have been used had an active market existed for the investments. This difference may be material in the case of certain individual investments.

For investments in public companies, the fair value is determined by the market price on the balance sheet date.

1.8 Other Financial Assets

Other financial assets comprise contractual claims on the sale of portfolio companies that are tied to the achievement of predefined objectives (milestone payments). They are valued as financial instruments at fair value, based on an estimate of the probability of success, and discounting for time.

The rates applied in discounting for time are 8 to 12 percent, depending on the structure of the expected payments and the assessment of the probability of occurrence.

1.9 Property, Plant and Equipment

Property, plant and equipment are stated at acquisition cost less cumulated depreciation. These assets are written down on a straight-line basis over their estimated useful life, which is between five and ten years.

1.10 Intangible Assets

Goodwill from business combinations is stated under intangible assets at its acquisition value, less cumulated valuation adjustments. Capital from company mergers is consolidated according to the purchase method. The difference between the purchase price of a company that has been acquired and the fair value of the net assets taken over is carried in the balance sheet as goodwill at the time of the merger. Goodwill is subject to an annual impairment test. Such tests may be carried out at shorter intervals if a diminution in value is indicated.

1.11 Financial Liabilities

Financial liabilities are initially carried at their acquisition value, i.e. the proceeds received once transaction costs have been deducted. They are subsequently carried at their amortised cost value using the effective interest method. Any discount, corresponding to the difference between the net proceeds received and the nominal value repayable upon maturity, is amortised over the term of the financial liability and charged to financial expenses.

Financial liabilities conferring conversion rights are divided into a debt portion and an equity portion. The debt portion represents the cash value of future obligations, based on a market interest rate for comparable debt instruments without conversion rights. The difference between this figure and the issue proceeds corresponds to the equity portion and is reported under shareholders' equity. After its initial recognition, the debt portion is carried at its amortised cost value.

1.12 Provisions

Provisions are created where HBM BioVentures has a legal or actual obligation in the present arising from an event in the past, where the fulfilment of this obligation is likely to result in an outflow of funds of which a reliable estimate can be made, and its anticipated financial value exceeds the value of the asset encumbered with the obligation.

1.13 Equity Transaction Costs of the Company

Expenses incurred in raising the share capital of HBM BioVentures Ltd are charged to the capital reserves under shareholders' equity, net of any related corporate income tax implications.

1.14 Treasury Shares

Treasury shares held by HBM BioVentures are reported as deductions from shareholders' equity. Purchasing costs, proceeds from onward sales and other transactions in treasury shares are reported as changes in shareholders' equity.

1.15 Result from investment activities

Changes in the value of individual investments in the financial year (including currency changes) are recorded in the income statement as "Gains and Losses on investments". The "Realised gains and losses on investments" disclosed in Note 2 are calculated as the difference between the sale proceeds of an investment and the capital invested. Unrealised gains and losses on the investments, which had been recorded in previous years, are eliminated and – together with the value adjustments on investments of the current fiscal year – reported under "Change in unrealised gains and losses". In the income statement, earnings from derivative financial instruments are reported as "Gains and Losses from financial instruments" or as "Result from currency hedging transactions". The "Gains and Losses from other financial assets" items in the income statement include changes in value (including currency effects) on receivables in escrow amounts, contractual claims arising from the sale of portfolio companies, which are recognised under "Other financial assets", as well as foreign currency gains and losses on cash and cash equivalents.

1.16 Sales Revenues

Sales revenues result from Tensys Medical's sale of the T-Line® system and the corresponding sensors. Sales are booked when the product has been delivered, material risks and benefits have been transferred to the buyer, and it is sufficiently probable that the sale price will be paid. Sales revenues are presented net of any impairments to revenue. Provisions are created for estimated discounts, returns and subsequent charges.

1.17 Corporate Income Taxes

Corporate income taxes comprise both current and deferred taxation. Current income taxes are made up of the tax owed in individual countries on the basis of local fiscal regulations and taxable income, calculated at the tax rates valid on the balance sheet date.

Provisions for deferred taxes on corporate income are created using the balance sheet liability method. This takes into account the tax implications of temporary valuation differences between the book value of an asset or a liability in the Consolidated Financial Statements, and its taxable value on the balance sheet date. Calculations are based on the rate of tax that is expected to apply when the tax liability is incurred. Valuation adjustments are created to reduce deferred tax credits if it is unlikely that tax credits will be realised.

1.18 Net Asset Value and Earnings per Share

The net asset value per share is calculated from the consolidated shareholders' equity reported as at the balance sheet date, divided by the number of shares outstanding on that date.

Earnings per share are calculated by dividing the consolidated net result for the year that is due to shareholders by the time-weighted average number of shares in circulation during the same period.

Diluted earnings per share are calculated by dividing the consolidated net result for the year that is due to shareholders by the time-weighted average number of shares in circulation during the same period, adjusted for costs and potential new shares issued in connection with outstanding convertible bonds, share options and similar instruments.

1.19 Segment Reporting

HBM BioVentures' primary business activity is the acquisition, holding and sale of equity interests in companies in the human medicine sector ("Investment activities" segment). Following the takeover of Tensys Medical as an operating company, the manufacture and sale of medical devices is reported as a separate segment ("Operating business").

1.20 Changes to Accounting Policies

In the year under review the Company applied the following new and revised reporting standards that may be relevant for the Group:

| Standard and Interpretation | Effective date |
|---|-----------------------|
| Various Improvements to IFRS 2009 | 1.7.2009 and 1.1.2010 |
| IAS 39 rev. Financial instruments: risk positions that qualify for hedge accounting | 1.7.2009 |
| IFRIC 17 Distributions of non-cash assets to owners | 1.7.2009 |
| IFRIC 18 Transfers of assets from customers | 1.7.2009 |

The implementation of these standards and interpretations had no significant impact on the Consolidated Financial Statements.

The following new and revised standards and interpretations, which could be relevant for the Group, were approved during the reporting period. However, they are only applicable to future financial years and have not been applied ahead of schedule in the present financial statements. No conclusive analysis of the implications for the Consolidated Financial Statements of HBM BioVentures has yet been conducted, so the expected effects as presented below show only a first estimate.

| Standard and Interpretation | Effect | Effective date | Financial year in which application is planned |
|---|---------------|-----------------------|---|
| Various Improvements to IFRS 2010 | * | 1.7.2010/ 1.1.2011 | 2011/12 |
| IFRIC 19 Extinguishing financial liabilities with equity instruments | * | 1.7.2010 | 2011/12 |
| IAS 24 rev. Related party disclosures | * | 1.1.2011 | 2011/12 |
| IFRIC 14 rev. Prepayments of a minimum funding requirement | * | 1.1.2011 | 2011/12 |
| IFRS 7 rev. Financial instruments disclosures: derecognition of financial assets | * | 1.7.2011 | 2012/13 |
| IAS 12 Deferred tax: recovery of underlying assets | * | 1.1.2012 | 2012/13 |
| IFRS 9 Financial instruments | ** | 1.1.2013 | 2013/14 |

* No significant impact on the Consolidated Financial Statements is expected.

** The impact on the Consolidated Financial Statements cannot yet be determined with sufficient certainty.

2. Investments

| | Domicile | Investment currency (IC) | Amount disbursed as at 31.3.2010 (IC m) | Changes in the reporting period (IC m) | Amount disbursed as at 31.3.2011 (IC m) | Fair value as at 31.3.2011 (IC m) | Ownership as % of portfolio company | Fair value as at 31.3.2011 (CHF 000) | Fair value as at 31.3.2010 (CHF 000) |
|--------------------------------------|-------------|--------------------------|---|--|---|-----------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| Private companies | | | | | | | | | |
| mtm laboratories ¹⁾ | Germany | EUR | 21.7 | 2.6 | 24.3 | 28.1 | 33.3% | 36,612 | 36,355 |
| PTC Therapeutics | USA | USD | 20.5 | 3.7 | 24.2 | 39.2 | 10.0% | 35,988 | 37,395 |
| Cathay Industrial Biotech | China | USD | 28.0 | | 28.0 | 28.0 | 12.4% | 25,732 | 29,509 |
| Lux Biosciences ¹⁾ | USA | USD | 16.1 | 3.1 | 19.2 | 19.2 | 15.0% | 17,646 | 16,962 |
| Interventional Spine | USA | USD | 13.5 | 1.1 | 14.6 | 19.0 | 30.7% | 17,479 | 16,848 |
| ChemoCentryx | USA | USD | 12.1 | 0.2 | 12.3 | 17.2 | 7.4% | 15,764 | 17,835 |
| Ophthotech | USA | USD | 15.4 | 1.0 | 16.5 | 16.5 | 16.9% | 15,125 | 16,247 |
| Nabriva Therapeutics ¹⁾ | Austria | EUR | 8.9 | 1.6 | 10.4 | 10.4 | 13.5% | 13,569 | 12,617 |
| Cylene Pharmaceuticals | USA | USD | 10.0 | 2.2 | 12.2 | 12.2 | 10.1% | 11,212 | 10,539 |
| Mpex Pharmaceuticals ¹⁾ | USA | USD | 12.0 | 1.4 | 13.4 | 10.4 | 11.6% | 9,526 | 9,399 |
| Nereus Pharmaceuticals ¹⁾ | USA | USD | 13.1 | 1.4 | 14.5 | 8.7 | 9.2% | 7,957 | 13,788 |
| Medimpulse Holding | Switzerland | USD | 4.4 | | 4.4 | 8.3 | 20.7% | 7,622 | 8,741 |
| Probiodrug | Germany | EUR | 13.1 | 0.6 | 13.7 | 5.6 | 11.1% | 7,338 | 7,247 |
| Enanta Pharmaceuticals | USA | USD | 7.7 | | 7.7 | 7.7 | 6.1% | 7,074 | 8,113 |
| Vivacta | UK | GBP | 3.1 | 0.8 | 3.9 | 3.9 | 17.0% | 5,683 | 4,961 |
| Paratek Pharmaceuticals | USA | USD | 5.7 | | 5.7 | 5.0 | 3.1% | 4,621 | 5,299 |
| Cardiac Assist | USA | USD | 4.2 | | 4.2 | 4.2 | 9.1% | 3,842 | 4,406 |
| MiCardia ¹⁾ | USA | USD | 3.2 | | 3.2 | 3.2 | 8.0% | 2,964 | 3,399 |
| Delenix Therapeutics ¹⁾ | Switzerland | CHF | 2.9 | 2.3 | 5.3 | 2.9 | 18.8% | 2,871 | 2,940 |
| Westmed Holding | USA | USD | 5.5 | | 5.5 | 2.7 | 12.4% | 2,515 | 2,885 |
| PharmaSwiss ²⁾ | Switzerland | EUR | 54.6 | -54.6 | 0.0 | 0.0 | 0.0% | 0 | 105,599 |
| Surface Logix ²⁾ | USA | USD | 15.6 | -15.6 | 0.0 | 0.0 | 0.0% | 0 | 10,072 |
| Sloning BioTechnology ²⁾ | Germany | EUR | 6.7 | -6.7 | 0.0 | 0.0 | 0.0% | 0 | 4,335 |
| Devax ²⁾ | USA | USD | 21.8 | -21.8 | 0.0 | 0.0 | 0.0% | 0 | 3,991 |
| Other Investments | | | | | | | | 16,309 | 32,838 |
| Total private companies | | | | | | | | 267,450 | 422,319 |

1) As explained in Note 3 "HBM BioCapital", this investment was made partly or wholly through HBM BioCapital (EUR) L.P. HBM BioCapital's pro rata fees are reimbursed in full to HBM BioVentures so that fees are not levied twice.

2) The investment was sold during the period under review.

| | Domicile | Investment currency (IC) | Total commitment (IC m) | Payments in the reporting period (IC m) | Repayments in the reporting period (IC m) | Cumulative payments as at 31.3.2011 (IC m) | Cumulative repayments as at 31.3.2011 (IC m) | Fair value as at 31.3.2011 (IC m) | Fair value as at 31.3.2010 (CHF 000) | Fair value as at 31.3.2010 (CHF 000) |
|--|-------------|--------------------------|-------------------------|---|---|--|--|-----------------------------------|--------------------------------------|--------------------------------------|
| Specialised venture capital funds | | | | | | | | | | |
| BioVeda China ¹⁾ | China | USD | 8.5 | | | 8.5 | 0.9 | 31.3 | 28,755 | 15,599 |
| BioMedInvest I | Switzerland | CHF | 26.0 | | 2.6 | 26.0 | 7.8 | 19.1 | 19,085 | 21,711 |
| Water Street Healthcare Partners | USA | USD | 15.0 | 1.4 | 1.2 | 14.0 | 1.5 | 16.0 | 14,714 | 15,223 |
| MedFocus Fund II | USA | USD | 16.0 | | | 16.0 | 0.0 | 14.2 | 13,033 | 13,321 |
| Symphony Capital Partners | USA | USD | 15.0 | 0.1 | 0.4 | 14.6 | 6.9 | 5.3 | 4,883 | 7,419 |
| Galen Partners V | USA | USD | 10.0 | 1.4 | | 5.4 | 0.0 | 4.8 | 4,389 | 3,686 |
| Hatteras Venture Partners III | USA | USD | 10.0 | 1.6 | 1.5 | 5.0 | 1.5 | 4.1 | 3,729 | 2,905 |
| Nordic Biotech | Denmark | DKK | 31.0 | 2.1 | | 27.9 | 9.8 | 18.6 | 3,251 | 3,010 |
| EMBL Technology Fund | Germany | EUR | 2.1 | | | 2.1 | 0.0 | 1.7 | 2,269 | 2,247 |
| BioMedInvest II | Switzerland | CHF | 10.0 | | | 2.0 | 0.0 | 2.0 | 2,020 | 2,065 |
| Heidelberg Innovation BSV II | Germany | EUR | 5.0 | 0.2 | | 5.0 | 0.9 | 1.0 | 1,258 | 1,447 |
| BioVentures Investors II | USA | USD | 3.0 | | | 3.0 | 0.5 | 1.1 | 993 | 1,633 |
| Skyline Venture Partners III | USA | USD | 3.0 | | 0.1 | 2.9 | 2.4 | 1.1 | 974 | 1,193 |
| A. M. Pappas LifeScience Ventures II | USA | USD | 3.0 | | 0.3 | 3.0 | 1.9 | 0.8 | 771 | 1,041 |
| Total specialised venture capital funds | | | | | | | | | 100,123 | 92,500 |

1) The valuation of the position includes the sale of the investment in China Health Systems of 31 March 2011. BioVeda China distributed the pro rata sales proceeds of USD 26.3 million on 12 April 2011.

| | Domicile | Investment currency (IC) | Number of shares as at 31.3.2010 | Changes in number of shares in the reporting period | Number of shares as at 31.3.2011 | Ownership as % of portfolio company | Fair value as at 31.3.2011 (CHF 000) | Fair value as at 31.3.2010 (CHF 000) |
|--------------------------------------|------------------------------|--------------------------|----------------------------------|---|----------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| Public companies | | | | | | | | |
| Basilea Pharmaceutica | P) ¹⁾ Switzerland | CHF | 483,429 | 181,609 | 665,038 | 6.9% | 44,026 | 39,520 |
| Pacira Pharmaceuticals ¹⁾ | P) ¹⁾ USA | CHF | 1,798,311 | 1,339,286 | 3,137,597 | 18.2% | 20,473 | 17,785 |
| Swedish Orphan Biovitrum | P) ¹⁾ Sweden | SEK | 1,920,000 | -806,000 | 1,114,000 | 0.5% | 4,679 | 10,708 |
| SkyePharma | UK | GBP | 4,976,806 | | 4,976,806 | 20.8% | 3,006 | 3,663 |
| China Nuokang Biopharmaceuticals | P) ¹⁾ China | USD | 355,652 | | 355,652 | 1.8% | 1,503 | 2,324 |
| Micrus Endovascular ²⁾ | P) ¹⁾ USA | USD | 1,614,203 | -1,614,203 | 0 | 0.0% | 0 | 33,548 |
| Other Investments | | | | | | | 9,694 | 10,550 |
| Total private companies | | | | | | | 83,380 | 118,099 |
| Total investments | | | | | | | 450,953 | 632,918 |

P) The position originates from the private companies portfolio.

1) The company listed its shares on the Nasdaq exchange in February 2011. The investment was previously reported under private companies.

2) The company was taken over by Johnson & Johnson in the period under review.

During the reporting period, the individual asset classes that are summarised under investments performed as follows:

Development of investments (CHF 000)

| | Private Companies | Specialised venture capital funds | Public companies | Total investments |
|--|-------------------|-----------------------------------|------------------|-------------------|
| Fair value as at 31 March 2010 as per Annual Report | 440,104 | 92,500 | 100,314 | 632,918 |
| Reclassification owing to IPO (Pacira) | -17,785 | | 17,785 | 0 |
| Adjusted fair value as at 31 March 2010 | 422,319 | 92,500 | 118,099 | 632,918 |
| Purchases | 25,414 | 5,127 | 35,230 | 65,771 |
| Sales | -138,444 | -6,115 | -57,434 | -201,993 |
| Realised gains | 37,690 | 2,060 | 15,349 | 55,099 |
| Realised losses | -55,036 | -558 | -7,914 | -63,508 |
| Changes in unrealised gains | 44,405 | 12,073 | 2,278 | 58,756 |
| Changes in unrealised losses | -68,898 | -4,964 | -22,228 | -96,090 |
| Fair value as at 31 March 2011 | 267,450 | 100,123 | 83,380 | 450,953 |

The following table shows the gains and losses (realised and unrealised) on single investments for the 2010/2011 and 2009/2010 financial years. Investments are listed separately only if the change in value in terms of the investment currency results

in a gain or loss greater than CHF 2 million. Not listed individually are those investments for which a gain or loss of greater than CHF 2 million is due to currency fluctuations.

| Gains on investments (realised and unrealised per company) ¹⁾ | Investment currency (IC) | |
|---|--------------------------|----------------------|
| | IC 000 | 2010/11 (CHF 000) |
| Private companies | | |
| PharmaSwiss | EUR 22,334 | 19,148 |
| Sloning | EUR 3,133 | 3,960 |
| Asthmatx | USD 3,811 | 3,700 |
| Total private companies | | 26,808 |
| Specialised venture capital funds | | |
| BioVeda China | USD 16,488 | 13,156 |
| Other investments | | 654 |
| Total venture capital funds | | 13,810 |
| Public companies | | |
| Micrus Endovascular | USD 5,227 | 4,057 |
| Other investments | | 980 |
| Total public companies | | 5,037 |
| Total gains on investments | | 45,655 |
| Losses on investments (realised and unrealised per company) ¹⁾ | | |
| Private companies | | |
| Surface Logix | USD 10,078 | 10,624 |
| Nereus Pharmaceuticals | USD 5,832 | 7,299 |
| Recorders and Medicare Systems | USD 4,556 | 4,884 |
| Broncus Technologies | USD 4,329 | 4,864 |
| Pelikan Technologies | USD 2,922 | 3,086 |
| Devax | USD 2,472 | 2,766 |
| Delenex Therapeutics | CHF 2,385 | 2,385 |
| Other investments ²⁾ | | 32,739 |
| Total private companies | | 68,647 |
| Specialised venture capital funds | | |
| Symphony Capital | USD 1,453 | 2,267 |
| Other investments | | 2,932 |
| Total venture capital funds | | 5,199 |
| Public companies | | |
| Pacira Pharmaceuticals | USD 3,973 | 6,872 |
| Basilea Pharmaceutica | CHF 6,484 | 6,484 |
| Other investments | | 4,196 |
| Total public companies | | 17,552 |
| Total losses on investments | | 91,398 |

| Gains on investments (realised and unrealised per company) ¹⁾ | Investment currency (IC) | |
|---|--------------------------|----------------------|
| | IC 000 | 2009/10 (CHF 000) |
| Private companies | | |
| Brahms | EUR 62,158 | 94,257 |
| ESBATech | CHF 18,084 | 18,084 |
| PTC Therapeutics | USD 17,636 | 17,353 |
| Pacira Pharmaceuticals | USD 6,875 | 6,589 |
| mtm laboratories | USD 3,831 | 3,585 |
| Other investments | | 1,015 |
| Total private companies | | 140,883 |
| Specialised venture capital funds | | |
| BioVeda China | USD 3,752 | 2,919 |
| Other investments | | 1,286 |
| Total venture capital funds | | 4,205 |
| Public companies | | |
| Micrus Endovascular | USD 25,988 | 26,519 |
| Basilea Pharmaceutica | CHF 6,123 | 6,123 |
| Swedish Orphan Biovitrum | SEK 26,445 | 4,864 |
| Other investments | | 7,396 |
| Total public companies | | 44,902 |
| Total gains on investments | | 189,990 |
| Losses on investments (realised and unrealised per company) ¹⁾ | | |
| Private companies | | |
| Zosano Pharma | USD 14,448 | 15,888 |
| Devax | USD 10,220 | 11,645 |
| Broncus Technologies | USD 6,559 | 8,035 |
| Pelikan Technologies | USD 5,000 | 5,697 |
| Vital Therapies | USD 3,500 | 4,009 |
| Symphony Evolutions | USD 2,500 | 3,062 |
| Barofold | USD 2,538 | 2,892 |
| Other investments ³⁾ | | 26,740 |
| Total private companies | | 77,968 |
| Specialised venture capital funds | | |
| Symphony Capital | USD 2,195 | 3,104 |
| MedFocus Fund II | USD 1,432 | 2,712 |
| Other investments | | 1,713 |
| Total venture capital funds | | 7,529 |
| Public companies | | |
| Skyepharma | GBP 6,719 | 11,038 |
| Other investments | | 2,455 |
| Total public companies | | 13,493 |
| Total losses on investments | | 98,990 |

1) Amount in Swiss francs includes gains and losses on foreign currency.

2) Of which CHF 31 million loss on foreign currency.

3) Of which CHF 25 million loss on foreign currency.

The net loss on investments of CHF 45.7 million (previous year: net profit of CHF 91.0 million) includes net currency losses of CHF 64 million (previous year: net currency losses of CHF 33 million).

3. HBM BioCapital

HBM BioVentures has committed EUR 39.1 million to HBM BioCapital (EUR) L.P., Cayman Islands ("HBM BioCapital"), which is reported under investments. Of this, EUR 36.3 million had been paid in as at 31 March 2011 (previous year: EUR 33.9 million), while EUR 33.8 million had been repaid (previous year: EUR 29.4 million). As at 31 March 2011, the fair value of the remaining HBM BioCapital investment stood at EUR 21.6 million (previous year: EUR 23.6 million). Both HBM BioVentures and HBM BioCapital are managed by subsidiaries of HBM Partners Ltd. As explained in Note 8.1 "Management Fee", HBM BioCapital's pro rata fees are reimbursed to HBM BioVentures in full so that fees are not levied twice. HBM BioCapital's investments are reported pro rata, in addition to the investments held directly by HBM BioVentures, in Note 2 "Investments".

4. Intangible Assets

4.1 Development of Intangible Assets

HBM BioVentures' intangible assets are composed entirely of the goodwill recognised from the takeover of Tensys Medical (Note 4.2 "Takeover of Tensys Medical").

| | Goodwill | Total intangible assets |
|--|--------------|-------------------------|
| (CHF 000) | | |
| Intangible assets as at 31 March 2010 | 5,640 | 5,640 |
| Currency translation differences | -630 | -630 |
| Intangible assets as at 31 March 2011 | 5,010 | 5,010 |

Owing to a valuation adjustment on inventories, goodwill was reduced by USD 0.176 million retroactively as per the date of acquisition (Note 4.2 "Takeover of Tensys Medical").

The impairment of goodwill was tested using a "discounted cash flow (DCF)" calculation, based on the latest business plan, which had been approved by Tensys management, and which has a planning horizon up to 2015. The expected cash flows were discounted at a rate of 12 percent per year. No growth rates were applied to expected cash flows beyond the planning horizon.

In addition to the DCF calculation, the realisable value of Tensys Medical is reviewed on the basis of past acquisition prices for companies with a similar technology and a comparable stage of development.

The impairment review has shown no impairment of goodwill.

4.2 Takeover of Tensys Medical

HBM BioVentures acquired San Diego (USA)-based Tensys Medical Inc. from the Indian company Recorders and Medicare Systems with effect from 1 January 2010. Tensys Medical has since been included as an operating company in the Consolidated Financial Statements. All of the assets and liabilities, income and expenses of this company have been included in the Consolidated Financial Statements of HBM BioVentures from this date. Information on the amounts of income and expenses included in the Consolidated Financial Statements from this point on, as well as Tensys Medical's contribution to the overall result, can be found in Note 11 "Segment Reporting".

HBM BioVentures held a minority interest in Tensys Medical between May 2004 and October 2008. The company was taken over by the Indian company Recorders and Medicare Systems (RMS) in October 2008 by means of a share swap. HBM BioVentures continued to track and support Tensys Medical's performance closely and, when the opportunity arose, acquired all of the company's capital and voting rights from RMS with effect from 1 January 2010. HBM BioVentures maintains a holding of around 7 percent in the India-based RMS.

Tensys Medical produces and distributes a device and the corresponding sensors for continuous ("beat-to-beat"), non-invasive blood pressure meas-

urement (T-Line® system). The product is licensed by the FDA for distribution in the USA. The company has a workforce of around ten. Since it was founded in 1997, a total of over USD 70 million has been invested in developing the system, which has been market-ready in its current form since the autumn of 2009. HBM BioVentures intends to optimise the manufacturing process and drive forward the global distribution of the device over the years to come. In the medium term, the holding is to be sold to a strategic investor.

The fair values of identifiable assets and liabilities as at the acquisition date of 1 January 2010 are as follows:

| | Book values taken over (USD 000) | Fair value adjustments (USD 000) | Fair value of net assets (USD 000) | Fair value of net assets (CHF 000) |
|--|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Takeover of Tensys Medical (identifiable net assets) | | | | |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 305 | | 305 | 316 |
| Receivables | 49 | | 49 | 51 |
| Inventories | 525 | 176 | 701 | 725 |
| Total current assets | 879 | 176 | 1,055 | 1,092 |
| Non-current assets | | | | |
| Other financial assets | 44 | | 44 | 46 |
| Property, plant and equipment | 208 | | 208 | 215 |
| Total non-current assets | 252 | 0 | 252 | 261 |
| Total assets | 1,131 | 176 | 1,307 | 1,353 |
| Liabilities | | | | |
| Liabilities | | | | |
| Short-term financial liabilities | 6,302 | | 6,302 | 6,524 |
| Other short-term liabilities | 456 | | 456 | 472 |
| Total liabilities | 6,758 | 0 | 6,758 | 6,996 |
| Total identifiable net assets at fair value | -5,627 | 176 | -5,451 | -5,643 |
| Purchase price (set off against loan) | | | 2,250 | 2,329 |
| Valuation adjustments owing to the revaluation of the loan at the time of takeover | | | -2,250 | -2,329 |
| Purchase price, valued at fair value at the time of takeover | | | 0 | 0 |
| Goodwill | | | 5,451 | 5,643 |

A review of stock found that the value of inventories is slightly higher than shown in the acquisition balance sheet. For this reason, the valuation of inventories was increased by USD 0.176 million retroactively as per the date of acquisition and goodwill reduced by the same amount.

The purchase price of USD 2.25 million was set off against a loan which was granted to the seller indirectly via the company that was acquired for the completion of the development of the present T-Line® system. The loan was revalued and written off in full upon takeover. In the previous year, the resulting book loss of CHF 2.3 million was recorded in the Consolidated Financial Statements under losses on investments.

Capitalised goodwill of USD 5.451 million (CHF 5.010 million) is calculated as the difference between the fair value of identified assets and liabilities on the acquisition date, and the purchase price which, in accordance with IFRS 3, was revalued at fair value at the time of acquisition.

5. Financial Liabilities

5.1 Short-Term Financial Liabilities

The following short-term financial liabilities were outstanding within the HBM BioVentures Group as of the balance sheet date:

- > Debtor: HBM BioVentures Ltd
Par value of CHF 30.0 million in the form of a straight bond with a coupon of 10%, due for payment on 16 December 2011, redemption at 100% of par value.
- > Debtor: Tensys Medical Inc.
USD 6.9 million (CHF 6.4 million) of secured loan, including cumulated interest, interest rate 10%.

The straight bond is carried at its amortised cost value, subject to the effective interest method. The difference between the net proceeds from the conversion and subsequent placements (after the deduction of transaction costs) and the amount repayable when it falls due for redemption is amortised over the term of the bond and charged

to financial expenses along with the interest that has been paid. The effective rate of interest applied amounts to 11.1 percent. Interest expense on the straight bond recorded during fiscal year 2010/2011 amounted to CHF 3.257 million (previous year: CHF 2.223 million).

The Going Public convertible bond was repaid in full on 19 April 2010. Interest expense on the Going Public convertible bond recorded during fiscal year 2010/2011 amounted to CHF 0.243 million (previous year: CHF 8.088 million).

The operating subsidiary Tensys Medical has an outstanding secured loan of USD 6.9 million (including accrued interest). The loan was granted to the company by a listed medical technology group as part of a planned alliance that subsequently did not come about. The company's patent rights were put up as collateral for the loan. Interest expense on the loan recorded during fiscal year 2010/2011 amounted to CHF 0.507 million (previous year: CHF 0.131 million for three months).

The Tensys Medical loan was redefined at the beginning of May 2011 and extended for four years. The interest rate on the original par value of USD 5.024 million was reduced from 10 percent to 3.5 percent per year. At the same time the lender was granted the right to convert the loan in 30 percent of the outstanding shares in Tensys Medical Inc.

6. Shareholders' Equity

At the Ordinary Shareholders' Meeting of 25 June 2010, it was decided that the Company's share capital should be reduced by means of the cancellation of 500,000 treasury shares that had been acquired under the current 2009 share buy-back programme, which has since been completed. Consequently, as at the balance sheet date, the Company's share capital stood at CHF 612 million (previous year: CHF 642 million), divided into 10,200,000 shares (previous year: 10,700,000 shares) at a par

value of CHF 60 each. The capital reduction was entered in the Canton Zug Commercial Register on 3 September 2010.

6.1 Treasury Shares

The Ordinary Shareholders' Meeting of 4 September 2009 authorised the Board of Directors to repurchase a maximum of 2,140,000 of the company's own shares via a second trading line in a share buy-back programme. The programme is intended to reduce capital and will run until 31 August 2012 ("2009 share buy-back programme"). Within the framework of this 2009 share buy-back programme, a total of 849,311 of the Company's own shares have been purchased to date, of which 500,000 shares were cancelled as at 3 September 2010 to reduce capital. As at the balance sheet date of 31 March 2011, the Company held 349,311 of its own shares (previous year: 388,951 own shares), acquired as part of this share buy-back programme but have not yet been cancelled.

During the 2010/2011 financial year, the company acquired a total of 460,360 of its own shares via the second trading line, at an average price of CHF 44.00 per share (previous year: 526,858 own shares at an average price of CHF 46.12 per share).

In addition, as at 31 March 2011, the Company held a further 215,690 of its own shares (previous year: 195,450 own shares), acquired via the regular trading line, indirectly via its HBM BioVentures (Cayman) Ltd. subsidiary. During the financial year, 143,753 own shares were acquired via the regular trading line at an average price of CHF 43.16 (previous year: 136,693 shares at CHF 41.42), while 123,513 treasury shares were sold at an average price of CHF 45.99 (previous year: 253,912 shares at CHF 44.27). The CHF 1.3 million trading loss from treasury shares (previous year: loss of CHF 5.5 million) that is booked to shareholders' equity is calculated from the proceeds of the shares that were sold, less the pro rata average purchase price of all own shares acquired since October 2007 via the regular trading line.

The number of shares sold in the 2010/2011 financial year includes 21,944 own shares with a total value of CHF 1.275 million swapped against a portfolio of investments in private companies, in which HBM BioVentures had already been invested. The exchange took place at the same valuations based on the net asset value at 31 December 2010.

6.2 Significant Shareholders

Based on information received by the Company, the following shareholders report equity holdings of three percent or more as at 31 March 2011:

- > Astellas Pharma Inc., Tokyo, Japan (formerly OSI Pharmaceuticals Inc., Melville, USA):
1,126,384 registered shares, 11.04%
(previous year: 1,126,384 registered shares, 10.53%)
- > HBM BioVentures (treasury shares):
565,001 registered shares, 5.54%
(previous year: 584,401 registered shares, 5.46%)
- > Alpine Select Ltd / Daniel Sauter:
521,102 registered shares, 5.11%
(previous year: less than 3%)
- > Beamtenversicherungskasse des Kantons Zürich (Canton Zurich civil servants' insurance fund):
400,000 registered shares, 3.92%
(previous year: 400,000 registered shares, 3.74%)
- > UBS Ltd:
317,777 registered shares, 3.12%
(previous year: less than 3%).

7. Off-Balance-Sheet Commitments

7.1 Investment Commitments

HBM BioVentures had the following investment commitments as at 31 March 2011:

| | 31.3.2011 | 31.3.2010 |
|-------------------------------------|---------------|---------------|
| (CHF 000) | | |
| HBM BioCapital (EUR) L.P. | 3,612 | 7,349 |
| Private companies | 1,349 | 15,259 |
| Specialised venture capital funds | 18,911 | 25,843 |
| Total investment commitments | 23,872 | 48,451 |

As explained in Note 3 "HBM BioCapital", some of HBM BioVentures' investments in private companies are held via HBM BioCapital. Of the total EUR 39.1 million capital committed by HBM BioVentures, EUR 36.3 million had been paid in as at 31 March 2011 (previous year: EUR 33.9 million), while EUR 2.8 million (previous year: EUR 5.2 million) remained outstanding

7.2 Commitments from Operating Leasing

A four-year rental agreement with a fixed term up to 31 May 2013 exists in respect of the operating premises of Tensys Medical in San Diego. Future minimum obligations under this rental agreement run to USD 0.25 million for calendar 2011, USD 0.35 million for 2012 and USD 0.15 million for 2013.

8. Management and Performance Fee

HBM BioVentures has entered into a management contract with a subsidiary of HBM Partners Ltd (together "HBM Partners"). This contract requires HBM Partners to provide management services in relation to the investment activity of HBM BioVentures. The compensation under the contract includes a management fee and a performance fee.

The management fee paid to HBM Partners during the 2010/2011 financial year came to CHF 10.0 million (previous year: CHF 12.1 million). No performance fee was paid (previous year: none).

8.1 Management Fee

For the 2010/2011 financial year, the management fees payable to HBM Partners amount to 1.5 percent of the Company's assets for the year up to a maximum of CHF 10 million. Company's assets are calculated from the consolidated shareholders' equity reported as at the end of the previous quarter, plus borrowed capital net of transaction costs, and the Company's holdings of its own shares acquired via the regular trading line, valued at market prices. The management fee is paid quarterly, in advance.

Starting from 1 April 2011, the management fee will amount to 1.2 percent of the Company's assets plus 0.3 percent of the Company's market capitalisation per year.

As explained in Note 3 "HBM BioCapital", some of HBM BioVentures' holdings are held via HBM BioCapital. HBM BioCapital is managed by an HBM Partners Ltd subsidiary. The pro rata share of management fees that is payable by HBM BioVentures to HBM BioCapital is refunded to HBM BioVentures in full. This prevents fees being charged twice.

The management fees essentially cover all expenses incurred by HBM Partners in connection with their investment advisory services as part of regular operating activities. The management fee does not cover third-party costs for the evaluation and review of investment opportunities, purchase and sale agreements, charges and duties payable on trading in listed securities, expenditures on taxes, stamp duties and similar charges.

8.2 Performance Fee

Based on the increase in net asset value, HBM Partners is entitled to an annual performance fee, less the performance fees paid to members of the Board of Directors of HBM BioVentures Ltd, as explained in Note 13.1 "Remuneration to Members of Governing Bodies and Related Parties". Net asset value is calculated once a year as at the balance sheet date.

Performance fees are calculated on the following basis: net assets on the balance sheet date on which the performance fee is calculated, less the highest net assets that were used as a calculation basis to pay out the last fee (high water mark).

The total performance fee to HBM Partners and to members of the Board of Directors of HBM BioVentures Ltd corresponds to 15 percent of the difference between these two net asset values. It is paid out only if this difference exceeds the high water mark by five percent or more. As the calculation basis, net assets are adjusted in line with changes to the capital structure of HBM BioVentures and any dividends that are paid out. As at 31 March 2011, the high water mark amounted to CHF 107.71 per share (previous year: CHF 107.71 per share).

9. Personnel Expenses

Personnel expenses for the Group are composed as follows:

| (CHF 000) | 2010/2011 | 2009/2010 |
|--|--------------|--------------|
| Emoluments to Directors and members of the Audit Committee | 299 | 340 |
| Emoluments to Directors of subsidiaries | 259 | 260 |
| Wages and salaries | 2,042 | 1,249 |
| Social insurance contributions and duties | 264 | 145 |
| Other personnel expenses | 171 | 117 |
| Total personnel expenses | 3,035 | 2,111 |

CHF 1.2 million (previous year: CHF 0.375 million for three months) of the personnel expenses are incurred by the operating subsidiary Tensys Medical Inc.

Staff at HBM BioVentures are integrated into the affiliation agreement with an HBM Partners, BVG-approved collective pension foundation. Pension fund contributions are paid in full by HBM Partners. The staff of Tensys Medical may participate in a retirement savings plan ("401(k) retirement plan"), which is financed exclusively by the employees themselves.

10. Taxes

HBM BioVentures does not capitalise deferred tax assets relating to the Company's loss carryforwards because it is unlikely, given the tax status of the Company and its subsidiary on the Cayman Islands, that such loss carryforwards could be used in the near future. The Company's deductible loss carryforwards as at 31 March 2011 amounted to CHF 489 million, which can be set off in subsequent periods:

| Tax losses carried forward (CHF 000) | 31.3.2011 |
|--------------------------------------|----------------|
| Within 1 year | 65,098 |
| Within 2 to 5 years | 367,584 |
| After 5 years | 56,720 |
| Total | 489,402 |

The operating subsidiary Tensys Medical is liable to tax in the United States of America. From its foundation through to the balance sheet date, Tensys accumulated loss carryforwards of USD 76 million (CHF 70 million). Owing to various ownership changes in the past, it is not guaranteed under local law, that the tax credits resulting from these loss carryforwards can be realised in full. For this reason they are written off in full as at the balance sheet date.

11. Segment Reporting

Since the takeover of Tensys medical, HBM BioVentures divides its reporting into two segments: "Investment Activities" and "Operating Business", with a particular view to maintaining transparency in financial reporting.

Information on the geographical location of these investments is given in the tables in Note 2 "Investments". The operations of Tensys Medical are limited to North America.

| Segment reporting (CHF 000) | <i>Investment activities</i> 2010/2011 | | <i>Operating business</i> 2010/2011 | | <i>Elimination of</i> <i>intra-segment transactions</i> | | <i>Total Group</i> 2010/2011 | | <i>Investment activities</i> 2009/2010 | | <i>Operating business</i> 2009/2010 | | <i>Elimination of</i> <i>intra-segment transactions</i> | | <i>Total Group</i> 2009/2010 | |
|---|---|---------------|--|----------------|--|--------------|---------------------------------|--------------|---|--|--|--|--|--|---------------------------------|--|
| Balance sheet by segment | | | | | | | | | | | | | | | | |
| Current assets | 163,284 | 938 | | 164,222 | 134,803 | 997 | 135,800 | | | | | | | | | |
| Non-current assets | 462,544 | 228 | 1,333 | 464,105 | 644,256 | 259 | 650,155 | 5,640 | | | | | | | | |
| Total assets | 625,828 | 1,166 | 1,333 | 628,327 | 779,059 | 1,256 | 785,955 | 5,640 | | | | | | | | |
| Short-term liabilities | 32,136 | 10,640 | -3,677 | 39,099 | 82,978 | 8,184 | 90,266 | -896 | | | | | | | | |
| Long-term liabilities | 0 | 0 | | 0 | 29,541 | 0 | 29,541 | | | | | | | | | |
| Shareholders' equity | 593,692 | -9,474 | 5,010 | 589,228 | 666,540 | -6,928 | 666,148 | 6,536 | | | | | | | | |
| Total liabilities | 625,828 | 1,166 | 1,333 | 628,327 | 779,059 | 1,256 | 785,955 | 5,640 | | | | | | | | |
| Statement of income by segment | | | | | | | | | | | | | | | | |
| Result from investment activities | | | | | | | | | | | | | | | | |
| Gains on investments | 45,655 | | | 45,655 | 189,990 | | 189,990 | | | | | | | | | |
| Losses on investments | -91,398 | | | -91,398 | -99,472 | 482 | -98,990 | | | | | | | | | |
| Result from currency hedging transactions | 11,442 | | | 11,442 | 0 | | 0 | | | | | | | | | |
| Gains from other financial instruments | 633 | | | 633 | 0 | | 0 | | | | | | | | | |
| Gains on other financial assets | 3,021 | | | 3,021 | 1,884 | | 1,884 | | | | | | | | | |
| Losses on other financial assets | -4,276 | | | -4,276 | -2,830 | | -2,830 | | | | | | | | | |
| Gross result from investment activities | -34,923 | 0 | 0 | -34,923 | 89,572 | 0 | 90,054 | 482 | | | | | | | | |
| Result from product sales | | | | | | | | | | | | | | | | |
| Sales revenues from product sales | | 151 | | 151 | | 32 | 32 | | | | | | | | | |
| Costs of products sold | | -136 | | -136 | | -19 | -19 | | | | | | | | | |
| Gross result from product sales | 0 | 15 | 0 | 15 | 0 | 13 | 13 | 0 | | | | | | | | |
| Gross result | -34,923 | 15 | 0 | -34,908 | 89,572 | 13 | 90,067 | 482 | | | | | | | | |
| Management fee | -10,000 | | | -10,000 | -12,096 | | -12,096 | | | | | | | | | |
| Personnel expenses | -1,835 | -1,200 | | -3,035 | -1,736 | -375 | -2,111 | | | | | | | | | |
| Other operating expenses | -2,531 | -1,815 | | -4,346 | -2,227 | -264 | -2,491 | | | | | | | | | |
| Depreciation and amortisation | | -88 | | -88 | 0 | -6 | -6 | | | | | | | | | |
| Operating result before interest and taxes | -49,289 | -3,088 | 0 | -52,377 | 73,513 | -632 | 73,363 | 482 | | | | | | | | |
| Financial income | 218 | | -168 | 50 | 3,112 | | 3,112 | | | | | | | | | |
| Financial expense | -3,543 | -677 | 168 | -4,052 | -10,311 | -131 | -10,442 | | | | | | | | | |
| Result before taxes | -52,614 | -3,765 | 0 | -56,379 | 66,314 | -763 | 66,033 | 482 | | | | | | | | |

12. Financial Risk Management

HBM BioVentures is exposed to various financial risks within the limits of the law, the articles of association and the Investment Guidelines. These risks, which are a result of the Group's investment and financial activities, are monitored continuously. The Board of Directors conducts an annual assessment of business risks. The basis of the analysis is a risk matrix that identifies and evaluates significant risks and defines necessary measures to monitor and mitigate these risks. The Investment Guidelines set out the overall investment strategy, the tolerance of risk and the general risk management philosophy. HBM BioVentures has also established processes for the careful and timely monitoring and controlling of its financial instruments and investments. The Board of Directors reviews these Guidelines on an annual basis. Management ensures compliance with them by reviewing portfolio composition continuously.

12.1 Risk of Limited Market Liquidity

HBM BioVentures invests predominantly in privately held companies. Such investments are mostly illiquid by nature and are often subject to contractual transfer restrictions. These restrictions may, in certain circumstances, prevent HBM BioVentures from selling such investments without the support of the portfolio company and the consent of major co-investors. All of these restrictions on liquidity may prevent the successful sale of holdings in these portfolio companies and/or reduce the proceeds that might be realised from a sale. HBM BioVentures tries to reduce market liquidity risk by means of thorough investment analysis and by dialogue and cooperation with the portfolio companies concerned. Cash and cash equivalents are held exclusively with first rate banks and are not invested in structured investment vehicles.

12.2 Market Risks

General economic and political market factors, as well as the state of the relevant public equity markets, are factors that impact directly on the prospects of HBM BioVentures' investments. By virtue of the maturity of HBM BioVentures' investment portfolio, which should provide exit opportunities (sale to other operating companies or investors, IPOs) for a large number of private portfolio companies within the next few years, public equity markets have a direct impact. A receptive public equity environment is helpful for a company in successfully executing a trade sale or public offering, and the pricing of a company correlates positively with the valuation of its publicly traded peers. The valuation of HBM BioVentures' public investments also generally increases and decreases in line with valuations on public equity markets as a whole.

The ability of HBM BioVentures' private portfolio companies to realise an increase in value for their investors may depend in part on the appetite of strategic buyers for companies with promising drug and/or medical device development programmes. The fact that mid-sized or large pharmaceutical, biotechnology and medical technology companies have purchased smaller biotechnology or medical technology companies in order to add to their individual product portfolios has not only opened up attractive exit opportunities from many smaller companies, but has also had a positive effect on the valuation of many other companies.

For HBM BioVentures' portfolio of private companies that are still at a relatively early stage of development, the availability of funding is crucial to the continuation of their business activities and to reaching their development objectives. The liquidity provided by the private equity market thus impacts positively on these companies' financing costs. The healthcare sector as a whole depends on society's ability and willingness to pay for drugs, treatments and innovations that help to address health issues. If certain countries, such as the United States

of America as the largest market worldwide for drug and medical device products, were to increase or reduce spending on such treatment options materially, HBM BioVentures' portfolio companies might be impacted significantly. Political developments in the countries where the operations of a few portfolio companies are located, e.g. China, may affect the ability of the companies in question to execute their business plans and attain their growth targets. HBM BioVentures tries to reduce market risks by means of thorough investment analysis and by close cooperation with the portfolio companies concerned.

12.3 Liquidity Risks

The Investment Guidelines oblige HBM BioVentures to maintain an adequate level of short-term funds in order to participate in follow-on financing for portfolio companies and to ensure that it is able to

meet all of its liabilities and investment commitments. When determining the necessary level of liquidity, the most important factors are (1) the expected payment dates of HBM BioVentures' investment commitments, (2) due dates for the repayment of borrowed capital and/or the possibility of refinancing, (3) expected payment dates of other contractual obligations, (4) expected follow-on financing rounds at private portfolio companies, including their anticipated timing, (5) the trading liquidity of public portfolio companies and (6) expected cash flows from the sale of private portfolio companies.

The following table analyses liabilities and investment commitments to portfolio companies and specialised venture capital funds as at 31 March 2010 with regard to the due dates of contractual cash flows (including interest on financial liabilities):

| Liquidity risks (CHF million) | Book value on 31.3.2011 | Total contractual cash flow | Due within 3 months | Due in 3 – 12 months | Due in 12 – 24 months | Due >24 months |
|---|----------------------------|--------------------------------|---------------------|----------------------|-----------------------|----------------|
| Balance sheet liabilities | | | | | | |
| Short-term financial liabilities | 36.2 | 38.5 | 6.4 | 32.1 | | |
| Other short-term liabilities and financial instruments | 2.9 | 2.9 | 2.0 | 0.9 | | |
| Total balance sheet liabilities as at 31 March 2011 | 39.1 | 41.4 | 8.4 | 33.0 | 0.0 | 0.0 |
| Total balance sheet liabilities as at 31 March 2010 | 119.8 | 125.7 | 88.5 | 4.2 | 33.0 | 0.0 |
| Off-balance-sheet investment commitments¹⁾ | | | | | | |
| Expected drawdowns HBM BioCapital (EUR) L.P. | 3.6 | 3.6 | | 1.0 | 1.0 | 1.6 |
| Expected maturities of investment commitments to private companies | 1.4 | 1.4 | 1.4 | | | |
| Expected drawdowns specialised venture capital funds | 18.9 | 18.9 | 2.5 | 4.0 | 6.0 | 6.4 |
| Total off-balance-sheet investment commitments as at 31 March 2011 | 23.9 | 23.9 | 3.9 | 5.0 | 7.0 | 8.0 |
| Total off-balance-sheet investment commitments as at 31 March 2010 | 48.5 | 48.5 | 13.5 | 12.9 | 10.5 | 11.6 |

1) Due dates are estimates.

Given the maturity of the HBM BioVentures portfolio, the Board of Directors anticipates that a favourable market environment will provide regular exit opportunities for the sale of its private and public investments, at the corresponding levels of added value.

HBM BioVentures manages its liquidity by means of comprehensive liquidity planning.

12.4 Foreign Currency Risks

A significant proportion of HBM BioVentures' investments is held in foreign currency. The value of these investments and other assets held in foreign currencies is subject to risks emanating from exchange rate fluctuations. As a general rule, HBM BioVentures does not hedge these risks. It may, however, be appropriate to hedge currency exposure in full or in part from time to time.

From May to the beginning of July 2010, about 40 percent of the US dollar foreign exchange risk was hedged through a forward sale of USD 150 million. As at 31 March 2011, EUR 30 million of the Euro foreign exchange risk was hedged by means of a forward sale (previous year: no hedge of foreign currency risk). In the financial year 2010/2011, the currency hedging transactions resulted in a net profit of CHF 11.4 million (previous year: no currency hedge).

As at the balance sheet date, 65 percent (previous year: 77 percent) of HBM BioVentures' total assets were subject to foreign currency risks.

The following table demonstrates the sensitivity of HBM BioVentures' annual result to a possible fluctuation in foreign exchange of +/- 10 percent compared to the foreign exchange rates used for the financial statements as at 31 March 2011:

The Group's foreign currency exposure is continuously monitored by the Management and regularly examined by the Board of Directors.

| | Fair value | Foreign exchange rates +10% | Foreign exchange rates -10% |
|---|------------|-----------------------------|-----------------------------|
| 31 March 2011¹⁾ (CHF million) | | | |
| Net assets held in USD | 311 | 31 | -31 |
| Net assets held in EUR | 79 | 8 | -8 |
| Net assets held in other foreign currencies | 17 | 2 | -2 |
| 31 March 2010²⁾ (CHF million) | | | |
| Net assets held in USD | 386 | 39 | -39 |
| Net assets held in EUR | 187 | 19 | -19 |
| Net assets held in other foreign currencies | 26 | 3 | -3 |

1) Effect on annual result assumes a currency hedge of EUR 30 million against the Swiss franc.

2) Effect on annual result assumes no hedging of foreign currency risk.

12.5 Valuation Risks and Fair Values

Given the uncertainties inherent in valuing private companies, the net asset value (NAV) reported by HBM BioVentures may differ from the actual fair value of individual investments. As a result of valuation differences owing to the unavailability of information and the fact that investments are valued without third-party assistance, the estimated values of individual investments may diverge significantly from values that would have been used had a ready market for such securities existed. Such differences could have a material effect on the valuation of individual investments in the financial statements of HBM BioVentures. Valuations of difficult-to-assess investments are made by HBM BioVentures in accordance with its accounting policies, as described in Note 1.7.3, and are the sole responsibility of the Management.

The following summary analyses assets and liabilities valued at their fair values, in accordance with their place in the valuation hierarchy, which is defined as follows:

Level 1: Market prices (unadjusted) on active markets for identical assets and liabilities ("quoted prices").

Level 2: Valuation methods that are directly or indirectly observable for all major parameters ("observable inputs").

Level 3: Valuation methods covering major parameters that are not based on observable market data ("unobservable inputs").

Assets and liabilities at fair value as at 31 March 2011 (CHF million)

| | Level 1 "Quoted prices" | Level 2 "Observable inputs" | Level 3 "Unobservable inputs" | Total |
|--|----------------------------|--------------------------------|----------------------------------|--------------|
| Investments | | | | |
| – Private companies | | | 267.5 | 267.5 |
| – Specialised venture capital funds | | | 100.1 | 100.1 |
| – Public companies | 83.4 | | | 83.4 |
| Financial instruments | | 0.6 | | 0.6 |
| Other financial assets | | | 8.0 | 8.0 |
| Total assets at fair value | 83.4 | 0.6 | 375.6 | 459.6 |
| Financial instruments | | 0.4 | | 0.4 |
| Total liabilities at fair value | 0.0 | 0.4 | 0.0 | 0.4 |

Assets at fair value as at 31 March 2010 (CHF million)

| | | | | |
|-------------------------------------|--------------|------------|--------------|--------------|
| Investments | | | | |
| – Private companies | | | 440.1 | 440.1 |
| – Specialised venture capital funds | | | 92.5 | 92.5 |
| – Public companies | 100.3 | | | 100.3 |
| Other financial assets | | | 11.4 | 11.4 |
| Total assets at fair value | 100.3 | 0.0 | 544.0 | 644.3 |

As as 31 March 2010, there were no financial liabilities that are carried at fair value.

Financial liabilities with a book value of CHF 36.2 million (previous year: CHF 113.8 million) are carried at their amortised cost value. The fair value of these financial liabilities stood at CHF 36.4 million as at the balance sheet date (previous year: CHF 116.7 million).

12.6 Interest Rate Risks

HBM BioVentures' exposure to interest rate risk is low because interest rates on outstanding financial liabilities are fixed, and the Company holds only short-term positions in cash and cash equivalents.

12.7 Credit Risks

Credit risks with regard to all HBM BioVentures investments relate to the risk that a debtor may become unable to meet its liabilities. In order to minimise this risk, HBM BioVentures holds cash and cash equivalents, listed securities, foreign exchange and derivatives only with top-rated financial institutions. In addition, risks are diversified across a number of different counterparties. As at the balance sheet date on 31 March 2011, there were no receivables overdue, and there were no recorded losses on receivables during the 2010/2011 financial year.

12.8 Capital Management

The Company manages its shareholders' equity within the limits of the law and in accordance with its investment strategy and liquidity planning. The Company's Investment Guidelines limit borrowing to 20 percent of net assets.

Details of current share buy-back programmes and the number of treasury shares held by the Company are given in Note 6.1 "Treasury Shares".

13. Transactions with Related Parties

13.1 Payments to Members of Governing Bodies and Related Parties

The members of the Board of Directors received a fee for the first time for the 2006/2007 financial year. The members of the Board of Directors were not paid any directors' emoluments from the foundation of the Company in 2001 up to the end of the 2005/2006 financial year.

The members of the Board of Directors receive a fixed fee for their activities of CHF 35,000 per year. The compensation to the Chairman of the Board was increased to CHF 120,000 from its previous figure of CHF 70,000 per year as from 1 July 2010. The two members of the Audit Committee receive an additional fixed fee of CHF 30,000 each per year. The Board of Directors is also entitled to claim a performance fee of a total of five percent of the performance fee paid by HBM BioVentures to HBM Partners (Note 8.2 "Performance Fee"). The performance fee paid to HBM Partners is then reduced by the same amount. As a result, the sum of all performance fees paid out by HBM BioVentures, including those to members of the Board of Directors, equals 15 percent of the increase in net assets.

The five members of the Board of Directors received fixed directors' emoluments totalling CHF 239,000 (previous year: CHF 280,000 for seven members) for the 2010/2011 financial year. In addition, the two members of the Audit Committee received fees totalling CHF 60,000 (previous year: CHF 60,000). The social security contributions and duties paid by the Company on these fees came to a total of CHF 15,000 (previous year: CHF 21,000). No performance fee was paid in the 2010/2011 financial year (previous year: none).

The two members of Management, who both also are employed by and hold a stake in HBM Partners, receive a third of their total fixed fee paid out from HBM BioVentures Ltd. In addition, the two members of Management would benefit through their holding in HBM Partners from the performance fee, if such a fee was to be paid to HBM Partners (Note 8.2 "Performance Fee").

For the 2010/2011 financial year, the fixed fee for the two members of Management totalled CHF 266,000 (previous year: CHF 266,000), including social security contributions. No performance fee was paid out.

The Board of Directors as a whole is responsible for setting the compensation. A detailed overview of the total compensation of individual members of the Board of Directors and the Management is shown in the notes to the Parent Company Financial Statements on page 73.

13.2 Investment Holdings

HBM BioVentures has invested in HBM BioCapital (EUR) L.P., which is managed by a subsidiary of HBM Partners Ltd. Contractual agreements are in place to prevent the HBM Partners organisation from earning fees twice.

HBM BioVentures holds a position in the Hatteras Venture Partners III venture capital fund, where Robert A. Ingram is a General Partner. Details of investment commitment, paid-in capital and valuation of this investment can be found in the overview of specialised venture capital funds given on page 53.

14. Events after the Balance Sheet Date

The Board of Directors of the Company adopted these Consolidated Financial Statements on 5 May 2011. They will be presented to the Ordinary Shareholders Meeting on 24 June 2011 for approval.

As at 11 April 2011, the private portfolio company Mpex Pharmaceuticals was sold to Axcan Pharma Inc. The purchase price will be in the form of an up-front payment in cash and success-based milestone payments. Based on risk-weighted and discounted expected sales proceeds, this transaction earns HBM BioVentures a book profit of USD 3 million and increases the NAV per share by CHF 0.30.

As at 12 April 2011, HBM BioVentures received a disbursement in the amount of USD 26.3 million from the venture capital fund BioVeda China. This disbursement increases cash and cash equivalents by USD 26.3 million and reduces the market value of venture capital funds by the same amount.

Otherwise, no events occurred between the balance sheet date and the date of approval of the annual financial statements that impact on the informational value of the latter.

To the General Meeting of
HBM BioVentures Ltd, Zug

Zurich, 5 May 2011

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of HBM BioVentures Ltd., which comprise the consolidated balance sheet, consolidated statements of income, comprehensive income, cash flows and changes in equity, and notes, for the year ended 31 March 2011, presented on pages 41 to 68.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange as well as Swiss law.

Emphasis of matter

We draw attention to notes 1.7 and 2 of the consolidated financial statements which have been prepared in accordance with article 16 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange. As indicated in note 2, investments in private companies and specialised venture capital funds are measured at fair value of approximately CHF 367.6 million. Due to the inherent uncertainty associated with the valuation of such investments and the absence of a liquid market, these fair values could differ from their realisable values, whereas the difference may be material. The Board of Directors is responsible for the determination of these fair values. The procedures applied in valuing such investments are disclosed in note 1.7. We have reviewed these procedures and inspected the underlying documentation. While in the circumstances the procedures appear to be reasonable and the documentation appropriate, the determination of fair values involves subjective judgment which cannot be independently verified. Our opinion is not qualified in respect to this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG



Jürg Zürcher
Licensed audit expert
(Auditor in charge)



Jörg Schmidt
Licensed audit expert
German public auditor

 Member of the Swiss Institute of Certified Accountants and Tax Consultants

Parent Company Financial Statements

Balance sheet

| | 31.3.2011 | 31.3.2010 |
|---|----------------|----------------|
| Assets (CHF 000) | | |
| Current assets | | |
| Cash and cash equivalents | 12,806 | 99,898 |
| Securities | 14,860 | 18,223 |
| Other current assets | 31 | 27 |
| Total current assets | 27,697 | 118,148 |
| Non-current assets | | |
| Subsidiaries | 636,734 | 687,600 |
| Total non-current assets | 636,734 | 687,600 |
| Total assets | 664,431 | 805,748 |
| Liabilities (CHF 000) | | |
| Short-term liabilities | | |
| Short-term financial liabilities | 29,798 | 77,512 |
| Liability to subsidiary | 19,504 | 0 |
| Other short-term liabilities | 98 | 164 |
| Accrued liabilities | 1,327 | 4,503 |
| Total short-term liabilities | 50,727 | 82,179 |
| Long-term liabilities | | |
| Long-term financial liabilities | 0 | 29,541 |
| Total long-term liabilities | 0 | 29,541 |
| Shareholders' equity | | |
| Share capital | 612,000 | 642,000 |
| Reserves from capital brought in | 165,649 | 159,266 |
| Reserves for treasury shares | 26,257 | 30,358 |
| Free reserves | 126,943 | 122,842 |
| Accumulated loss | -317,145 | -260,438 |
| Total shareholders' equity | 613,704 | 694,028 |
| Total liabilities and shareholders' equity | 664,431 | 805,748 |

Parent Company Financial Statements

Statement of income

for the financial year ended 31 March

| | 2010/2011 | 2009/2010 |
|--|----------------|---------------|
| Operating income (CHF 000) | | |
| Financial income | 281 | 3,495 |
| Income from participations | 0 | 19,647 |
| Reversal of value adjustments on subsidiaries | 0 | 64,600 |
| Reversal of value adjustments on securities | 0 | 8,729 |
| Total operating income | 281 | 96,471 |
| Operating expenses (CHF 000) | | |
| Value adjustments on subsidiaries | 50,866 | 0 |
| Financial expenses | 3,545 | 8,172 |
| Personnel expenses | 921 | 969 |
| Administration expenses | 1,656 | 1,224 |
| Amortisation of capitalised equity transaction costs | 0 | 2,583 |
| Total operating expenses | 56,988 | 12,948 |
| Net result for the year | -56,707 | 83,523 |

71

Development of shareholders' equity

| (CHF 000) | Number of shares | Share capital | Reserves from capital brought in | Reserves for treasury shares | Free reserves | Accumulated income / loss | Total shareholders' equity |
|--|-------------------|----------------|----------------------------------|------------------------------|----------------|---------------------------|----------------------------|
| Balance as at 31 March 2008 | 11,262,859 | 675,772 | 149,646 | 26,602 | 126,598 | -7,584 | 971,034 |
| Increase in reserves for treasury shares | | | | 14,654 | -14,654 | | 0 |
| Net result for the year | | | | | | -336,377 | -336,377 |
| Balance as at 31 March 2009 | 11,262,859 | 675,772 | 149,646 | 41,256 | 111,944 | -343,961 | 634,657 |
| Capital reduction (18.11. 2009) | -562,859 | -33,772 | 9,620 | -24,152 | 24,152 | | -24,152 |
| Increase in reserves for treasury shares | | | | 13,254 | -13,254 | | 0 |
| Net result for the year | | | | | | 83,523 | 83,523 |
| Balance as at 31 March 2010 | 10,700,000 | 642,000 | 159,266 | 30,358 | 122,842 | -260,438 | 694,028 |
| Capital reduction (3.9.2010) | -500,000 | -30,000 | 6,383 | -23,617 | 23,617 | | -23,617 |
| Increase in reserves for treasury shares | | | | 19,516 | -19,516 | | 0 |
| Net result for the year | | | | | | -56,707 | -56,707 |
| Balance as at 31 March 2011 | 10,200,000 | 612,000 | 165,649 | 26,257 | 126,943 | -317,145 | 613,704 |

Parent Company Financial Statements

Notes to the annual financial statements as at 31 March 2011

General

The financial statements of HBM BioVentures Ltd, Zug (the "Company"), are prepared in accordance with the provisions of Swiss company law.

Financial Liabilities

The following bond issues of the Company were outstanding as at the balance sheet date:

- > Par value of CHF 30.0 million in the form of a straight bond with a coupon of 10%, due for payment on 16 December 2011, redemption at 100% of par value.

The Going Public convertible bond was repaid in full on 19 April 2010.

Treasury Shares

The Ordinary Shareholders' Meeting of 4 September 2009 authorised the Board of Directors to repurchase a maximum of 2,140,000 of the Company's own shares via a second trading line in a share buy-back programme. The programme is intended to reduce capital and will run until 31 August 2012 ("2009 share buy-back programme"). Under this 2009 share buy-back programme, a total of 849,311 own shares have since been purchased, of which 500,000 shares were cancelled on 3 September 2010 to reduce capital. As at the balance sheet date of 31 March 2011, the Company thus held 349,311 of its own shares (previous year: 388,951 own shares), which were acquired as part of this share buy-back programme but have not yet been cancelled.

During the 2010/2011 financial year, the Company acquired a total of 460,360 shares via the second trading line, at an average price of CHF 44.00 per share (previous year: 526,858 shares at an average price of CHF 46.12 per share).

In addition, as at 31 March 2011 the Company held 215,690 of its own shares (previous year: 195,450 of its own shares), acquired via the regular trading line, indirectly via its BioVentures (Cayman) Ltd. subsidiary. During the financial year, 143,753 own

shares were acquired via the regular trading line at an average price of CHF 43.16 (previous year: 136,693 shares at CHF 41.42), while 123,513 treasury shares were sold at an average price of CHF 45.99 (previous year: 253,912 treasury shares at CHF 44.27).

Significant Shareholders

Based on the information received by the Company, the following shareholders report equity holdings of three percent or more:

- > Astellas Pharma Inc., Tokyo, Japan (formerly OSI Pharmaceuticals Inc., Melville, USA):
1,126,384 registered shares, 11.04% (previous year: 1,126,384 registered shares, 10.53%)
- > HBM BioVentures (treasury shares):
565,001 registered shares, 5.54% (previous year: 584,401 registered shares, 5.46%)
- > Alpine Select Ltd / Daniel Sauter:
521,102 registered shares, 5.11% (previous year: less than 3%)
- > Beamtenversicherungskasse des Kantons Zürich (Canton Zurich civil servants' insurance fund):
400,000 registered shares, 3.92% (previous year: 400,000 registered shares, 3.74%)
- > UBS Ltd:
317,777 registered shares, 3.12% (previous year: less than 3%).

Information about the Completion of a Risk Assessment

The Board of Directors conducts an annual assessment of business risks. The basis for the analysis is a risk matrix that identifies and evaluates the significant risks and defines the necessary measures to monitor and mitigate these risks.

Major Subsidiaries

The Company owns 100 percent of the shares in the following company:

| | Capital as at 31.3.2011 | Capital as at 31.3.2010 |
|---|----------------------------|----------------------------|
| (CHF 000) | | |
| HBM BioVentures (Cayman) Ltd, Cayman Islands | 934,000 | 934,000 |

The object of the subsidiary is to enter into and hold investments in the areas of biotechnology, pharmaceutical companies and medical technology, as well as in related industries.

HBM BioVentures Ltd holds investments in private and public companies, as well as in specialised venture capital funds, indirectly via its HBM BioVentures (Cayman) Ltd subsidiary. Owing to the lack of immediately available fair values, the fair valuations of the private companies and specialised venture capital funds held by the subsidiary are determined by the Management on the basis of the "International Private Equity and Venture Capital Valuation

Guidelines" and approved by the Board of Directors. Given the uncertainty inherent in valuing such investments in general, the reported valuations may differ from the values that might have been resulted had an active market existed for the investments.

The CHF 636.7 million book value of the holding in HBM BioVentures (Cayman) Ltd reported in the balance sheet of HBM BioVentures Ltd reflects the total of the valuations of the investments held by the subsidiary. As a result, changes in the valuations of the subsidiary's investments have an impact on the book value of this holding in HBM BioVentures Ltd's balance sheet.

| Remuneration to the Board of Directors and the Management (CHF 000) | <i>Board of Directors fees and salaries 2010/2011</i> | <i>Audit Committee fees 2010/2011</i> | <i>Social insurance and duties 2010/2011</i> | <i>Total remuneration 2010/2011</i> | <i>Total remuneration 2009/2010</i> |
|--|---|---|--|---|---|
| Board of Directors | | | | | |
| Hans Peter Hasler, Chairman (elected 4.9.2009, Chairman since 25.6.2010) | 99 | 0 | 0 | 99 | 18.5 |
| Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman | 35 | 30 | 13 | 78 | 78 |
| Dr Eduard E. Holdener, Member | 35 | 0 | 2 | 37 | 37 |
| Robert A. Ingram, Member | 35 | 0 | 0 | 35 | 35 |
| Dr Rudolf Lanz, Member | 35 | 30 | 0 | 65 | 65 |
| Former members of the Board of Directors | | | | | |
| Dr Dr h.c. Henri B. Meier, Chairman (until 25.6.2010) | 0 | 0 | 0 | 0 | 73 |
| Prof. Dr Ulrich Abshagen, Member (until 25.6.2010) | 0 | 0 | 0 | 0 | 36 |
| Dr Karl W. Preisig, Member (until 4.9.2009) | 0 | 0 | 0 | 0 | 18.5 |
| Total Board of Directors | 239 | 60 | 15 | 314 | 361 |
| Management | | | | | |
| Dr Andreas Wicki, CEO | 134 | 0 | 8 | 142 | 142 |
| Dr Joachim Rudolf, CFO | 117 | 0 | 7 | 124 | 124 |
| Total Management | 251 | 0 | 15 | 266 | 266 |

The HBM BioVentures (Cayman) Ltd subsidiary has entered into a management agreement with HBM Partners (Cayman) Ltd. This agreement obliges HBM Partners to provide management services in connection with the investment activities of HBM BioVentures. The management fee paid to HBM Partners in the 2010/2011 financial year

amounted to CHF 10.0 million (previous year: CHF 12.1 million). Further details can be found in Note 8 "Management and Performance Fee" and Note 13 "Transactions with Related Parties" to the Consolidated Financial Statements.

Shares held by the Board of Directors and Management

Board of Directors

| | Registered shares as at 31.3.2011 | Registered shares as at 31.3.2010 |
|--|--------------------------------------|--------------------------------------|
| Hans Peter Hasler, Chairman (elected 4.9.2009, Chairman since 25.6.2010) | 13,000 | 5,000 |
| Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman | 3,500 | 3,500 |
| Dr Eduard E. Holdener, Member | 2,000 | 2,000 |
| Robert A. Ingram, Member | 1,000 | 1,000 |
| Dr Rudolf Lanz, Member | 3,300 | 3,300 |

Management

| | | |
|------------------------|--------|--------|
| Dr Andreas Wicki, CEO | 32,490 | 32,490 |
| Dr Joachim Rudolf, CFO | 10,100 | 10,100 |

The following former members of the Board of Directors (until 25.6.2010) reported the following share holdings as at 31.3.2010: Dr Dr h.c. Henri B. Meier, Chairman: 311,276 registered shares; Prof. Dr Ulrich Abshagen, Member: 500 registered shares.

Events after the Balance Sheet Date

The Board of Directors of the Company adopted these statutory annual financial statements on 5 May 2011. No events occurred between the balance sheet date and the date of approval of the annual financial statements that impact on the informational value of the latter.

To the General Meeting of
HBM BioVentures Ltd, Zug

Zurich, 5 May 2011

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of HBM BioVentures Ltd, which comprise the balance sheet, income statement and notes (pages 70 to 74), for the year ended 31 March 2011.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2011 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young AG



Jürg Zürcher
Licensed audit expert
(Auditor in charge)



Jörg Schmidt
Licensed audit expert
German public auditor

Significant shareholders

Based on the notifications received by the Company, the following shareholders are known to hold 3 percent or more of the share capital of HBM BioVentures as at 31 March 2011:

| Shareholder | Latest notification of shareholding | Published on |
|---|-------------------------------------|----------------------|
| Astellas Pharma Inc. (former OSI Pharmaceuticals, Inc.) | 11.04% | 11.2.2010 / 7.4.2011 |
| HBM BioVentures Ltd (treasury shares) | 5.54% | 31.3.2011 |
| Alpine Select Ltd/ Daniel Sauter | 5.11% | 31.3.2011 |
| BVK Personalvorsorge des Kantons Zürich | 3.92% | 12.2.2008 |
| UBS Ltd | 3.12% | 21.9.2010 |

Information on shares

| | |
|---------------------------|------------------------|
| Swiss security number | 1.262.725 |
| German security number | 984345 |
| ISIN | CH 0012627250 |
| CUSIP | H 3553X112 |
| Telekurs | 126,126272 |
| SIX Swiss Exchange Ticker | HBMN |
| Internet | www.hbmbioventures.com |

Board of Directors

| |
|---|
| Hans Peter Hasler, Chairman |
| Prof. Dr Dr h.c. mult. Heinz Riesenhuber ¹⁾ , Vice Chairman |
| Dr Eduard E. Holdener |
| Robert A. Ingram ²⁾ |
| Dr Rudolf Lanz ¹⁾²⁾ |
| Dr Dr h.c. Henri B. Meier, Honorary Chairman |
| Dr Benedikt Suter, Secretary of the Board of Directors |

1) Member of the Audit Committee

2) Member of the Nominating Committee

Management

| |
|--|
| Dr Andreas Wicki, Chief Executive Officer |
| Dr Joachim Rudolf, Chief Financial Officer |

Fees

| | |
|---|-------------------|
| Management fee 2010/2011 | CHF 10 million |
| Management fee as of 1 April 2011: | |
| 1.2% of Company assets plus | |
| 0.3% of the Company's market capitalisation | |
| High water mark per share | |
| for all outstanding shares | NAV of CHF 107.71 |

Credits

Editorial HBM BioVentures Ltd

Photography Stephan Rappo and iStockphoto

Concept and realisation Weber-Thedy, Corporate & Financial Communications

Design Küng Art Direction

Layout and print Bader + Niederöst AG

Copyright © 2011 HBM BioVentures Ltd

The Annual Report is published in English and German.

The German version is binding in all matters of interpretation.

