

Who we are

Profile

As a venture capital company, HBM BioVentures is invested globally in some 30 mature emerging 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 Company focuses on unlisted emerging companies, with two-thirds of assets being invested in private companies that offer high value-creation potential. This has enabled HBM BioVentures to carve out a unique and distinctive market position. HBM BioVentures has a broad shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

Portfolio Strategy

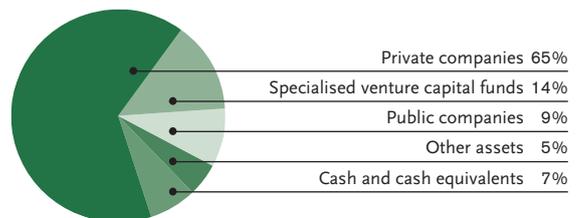
HBM BioVentures has started sales negotiations for several portfolio companies and is participating actively in the selling processes. As demand from major pharma and biotech companies for new products continues to rise, and with many mature portfolio companies, HBM BioVentures is well positioned for successful divestments.

HBM BioVentures' investment activity is currently focused on follow-on financing for existing portfolio companies. Each individual financing round is analysed in detail from the scientific, technical, business, financial, legal and patent perspectives. Investments are made only in companies that have attractive value-creation potential. HBM BioVentures takes an active role and entrepreneurial responsibility in each of the 20 largest private portfolio companies.

Portfolio Overview

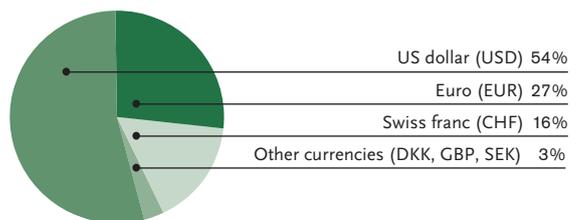
Allocation of assets¹⁾

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



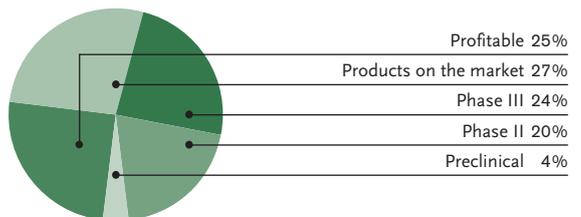
Currency allocation of assets¹⁾

Predominantly US dollar investments.



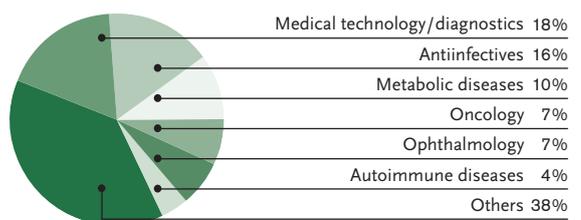
Development phase of portfolio companies²⁾

Primarily invested in profitable emerging companies or in emerging companies with products already available on the market.



Therapeutic area of the lead products of portfolio companies²⁾

Broadly diversified areas of activity.



As at 30.9.2010:

¹⁾ Total assets: CHF 641 million

²⁾ Investments: CHF 566 million

Key Figures

	30.9.2010	30.6.2010
Net assets (CHF 000)	601,861	646,133
Cash and cash equivalents	43,923	32,103
Disbursed	566,123	621,304
Investments in private companies	415,184	438,455
Net asset value (NAV) per share (CHF)	61.22	65.00
Share price (CHF)	40.30	40.00
Performance of net assets		
In the quarter 1.7. – 30.9.2010	-6%	
In the 6-month period 1.4. – 30.9.2010	-7%	
Since start of business (12.7.2001)	-38%	
Performance of relevant market indices (in CHF)		
NBI – Nasdaq Biotech Index (since 12.7.2001)	-43%	
MSCI World Pharma Index (since 12.7.2001)	-49%	
Number of shares issued (registered shares)	10,200,000	10,700,000
Number of shares outstanding (registered shares)	9,830,555	9,939,805
Number of registered shareholders	1,141	1,209

The 12 largest investments as at 30.9.2010¹⁾		
	Fair value (CHF 000)	As % of net assets
Private companies		
PharmaSwiss	99,348	16.5
PTC Therapeutics	38,004	6.3
mtm laboratories	34,203	5.7
Cathay Industrial Biotech	27,510	4.6
Pacira Pharmaceutical	22,106	3.7
Lux Biosciences	17,506	2.9
ChemoCentryx	16,627	2.8
Interventional Spine	15,707	2.6
Ophthotech	15,146	2.5
Nereus Pharmaceuticals	13,924	2.3
Nabriva Therapeutics	13,769	2.3
Public companies		
Basilea Pharmaceutica ²⁾	37,944	6.3

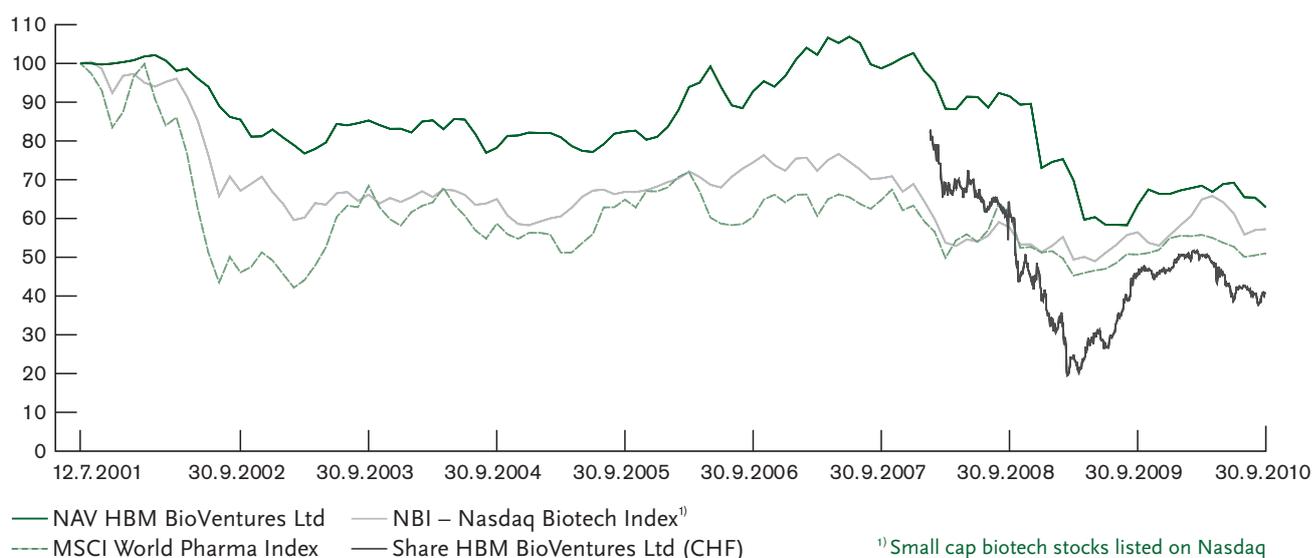
²⁾ Position originating from the private companies portfolio.

¹⁾ Excluding specialised venture capital funds.

Investor Information

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

in Swiss francs, indexed (12.7.2001 = 100)



Information on HBM BioVentures Ltd 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

Fees

Management fee 2010/2011 (max. 1.5% of gross assets)	CHF 10 million
High water mark per share for all outstanding shares	NAV of CHF 107.71

Contact

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

Board of Directors

Hans Peter Hasler
 Chairman
 Prof. Dr Dr h.c. mult. Heinz Riesenhuber¹⁾
 Vice Chairman
 Dr Eduard E. Holdener
 Robert A. Ingram²⁾
 Dr Rudolf Lanz¹⁾²⁾

Honorary Chairman
 Dr Dr h.c. Henri B. Meier

Secretary to the Board of Directors
 Dr Benedikt Suter

Management

Dr Andreas Wicki
 CEO
 Dr Joachim Rudolf
 CFO

¹⁾ Member of the Audit Committee

²⁾ Member of the Nomination Committee

Management Report

Dear Shareholders

During the quarter under review, the net asset value (NAV) lost 5.8% to CHF 61.22 per share despite two successful sales of companies – equally attributable to exchange rate fluctuations and value adjustments on investments. The Swiss franc's strength has led to a – hopefully temporary – lower valuation of the investment holdings in US dollars and euros (together 81% of the investments). The hedge of almost half of the US dollar foreign exchange risk from mid-May to the beginning of July 2010 only partially neutralised the foreign exchange losses, yet increased the Company's liquidity by CHF 11.5 million.

Private companies

In the quarter under review, the holding in the US company Asthmatx was sold for more than double its book value. Furthermore, the investment in the German company Sloning was sold in early October to the public company MorphoSys for close to twice its book value. Together, the sales of Asthmax and Sloning have contributed CHF 13 million in liquidity to HBM BioVentures and underline the attractiveness of many companies in HBM BioVentures' portfolio for strategic investors. We are working intensively with several private companies in the portfolio toward a sale, bringing in selected external experts as well.

Opportunities to refinance portfolio companies present themselves regularly; the probability of success of the projects is measured continuously and investments are made only when a reasonable probability of success is foreseeable. In the quarter under review, a total of CHF 8 million was invested in follow-on financings for Delenex Therapeutics, Pacira Pharmaceuticals, Mpex Pharmaceuticals, Lux Biosciences, Nereus, Vivacta, Surface Logix, Recorders and Medicare Systems, and Sloning. The investment holdings in Recorders and Medicare Systems (USD –4.6 million), Broncus (USD –4.3 million) and Delenex (CHF –2.4 million) had to be revaluated in most part because new financing rounds took place at significantly lower valuations.

Public companies

Boston Scientific made a take-over bid in July 2010 for Micrus Endovascular – for long an important position in HBM BioVentures' portfolio. Its acceptance led to the delisting of Micrus before the quarter's end, to HBM BioVentures receiving its proportional share of the take-over price and thus to the end of a successful investment.

Basilea's position was somewhat increased during the summer based on our expectations for positive news from the company.

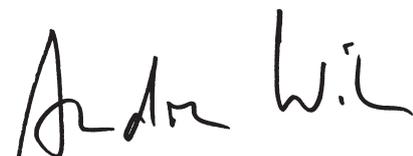
Many venture capital funds in which HBM BioVentures is invested have returned money to their investors in the quarter under review. For the first time, HBM BioVentures received in the past three months more distributions from its funds portfolio than it used to meet its investment commitments to funds. At present, the foreign exchange risks of the investment portfolio are not hedged.

Outlook

Just under 80% of HBM BioVentures' current investment portfolio is invested in positions in private companies, more than half of which (in terms of investment volume) are operating profitably or already selling products on the market.

A large chunk of the portfolio is stable, and the operations of these more mature companies develop well. The take-overs of Micrus, Asthmatx and Sloning from HBM BioVentures' portfolio are testament to the unabated interest of larger pharma and medtech companies to strengthen their product pipeline through acquisitions. We anticipate the demand for mergers and acquisitions to remain strong, enabling us to sell additional portfolio companies at attractive conditions.

Zug, 14 October 2010



Dr Andreas Wicki
CEO



Dr Joachim Rudolf
CFO

Consolidated Interim Financial Statements

Consolidated balance sheet

(CHF 000)	Notes	30.9.2010	31.3.2010
Assets			
Current assets			
Cash and cash equivalents		43,923	129,084
Receivables	(2)	15,741	5,992
Inventories		472	539
Total current assets		60,136	135,615
Non-current assets			
Investments	(3)	566,123	632,918
Other financial assets		8,414	11,385
Property, plant and equipment		141	212
Intangible assets		5,825	5,825
Total non-current assets		580,503	650,340
Total assets		640,639	785,955
Liabilities			
Short-term liabilities			
Short-term financial liabilities	(4)	6,562	84,284
Other short-term liabilities		2,557	5,982
Total short-term liabilities		9,119	90,266
Long-term liabilities			
Long-term financial liabilities	(4)	29,659	29,541
Total long-term liabilities		29,659	29,541
Shareholders' equity			
Share capital	(5)	612,000	642,000
Treasury shares	(5)	-18,551	-30,358
Capital reserve		369,372	363,900
Currency translation differences		295	-153
Accumulated loss		-361,255	-309,241
Total shareholders' equity		601,861	666,148
Total liabilities and shareholders' equity		640,639	785,955
Number of outstanding shares (in 000)		9,831	10,116
Net asset value (NAV) per share (CHF)		61.22	65.85

Consolidated Interim Financial Statements

Consolidated statement of income for the period 1 April to 30 September

(CHF 000)	Notes	Quarter ended 30.9.2010	Quarter ended 30.9.2009	6-month period ended 30.9.2010	6-month period ended 30.9.2009
Result from investment activity					
Gains on investments	(3)	10,462	131,883	14,339	160,079
Losses on investments	(3)	-46,617	-36,622	-66,354	-64,683
Gains from currency hedging transactions	(2)	1,378	0	11,540	0
Gross result from investment activity		-34,777	95,261	-40,475	95,396
Result from product sales					
Revenues from product sales		34	0	88	0
Costs of products sold		-13	0	-80	0
Gross result from product sales		21	0	8	0
Gross result		-34,756	95,261	-40,467	95,396
Management fee	(7)	-2,564	-3,000	-5,464	-6,000
Personnel expenses		-712	-437	-1,605	-871
Other operating expenses		-1,373	-741	-2,277	-1,223
Depreciation and amortisation		-17	0	-60	0
Operating result before interest and taxes		-39,422	91,083	-49,873	87,302
Financial income		3	1,481	16	3,045
Financial expenses		-969	-2,693	-2,157	-5,227
Result before taxes		-40,388	89,871	-52,014	85,120
Income taxes		0	0	0	0
Net result for the period		-40,388	89,871	-52,014	85,120
Number of outstanding shares, time-weighted (in 000)		9,885	10,478	9,958	10,499
Basic earnings per share (CHF)		-4.08	8.58	-5.22	8.11

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 period 1 April to 30 September

Net result for the period according to consolidated statement of income	-40,388	89,871	-52,014	85,120
Contribution to operating result reported in shareholders' equity				
Change owing to currency translation differences	580	0	448	0
Comprehensive result for the period	-39,808	89,871	-51,566	85,120

Consolidated Interim Financial Statements

Consolidated statement of cash flows for the period 1 April to 30 September

(CHF 000)	6-month period ended 30.9.2010	6-month period ended 30.9.2009
Revenues received from product sales	76	0
Paid costs of products sold	-45	0
Management fee paid	-5,464	-5,771
Other expenses paid (personnel and other operating expenses)	-3,768	-2,814
Net cash flow from operating activities	-9,201	-8,585
Interest payments received	13	62
Purchases of investments	-36,623	-34,092
Sales of investments	53,131	67,357
Payments received from escrow amounts and milestones	2,551	149
Net cash flow from investing activities	19,072	33,476
Interest paid on financial liabilities	-4,787	-4,492
Redemption of financial liabilities	-77,661	-21,789
Issuance of financial liabilities	0	3,006
Transaction costs for exchange of financial liabilities	0	-849
Purchase of own shares	-15,435	-12,513
Sale of own shares	2,714	3,686
Net cash flow from financing activities	-95,169	-32,951
Currency translation differences	137	-656
Net change in cash and cash equivalents	-85,161	-8,716
Cash and cash equivalents at beginning of period	129,084	65,609
Cash and cash equivalents at end of period	43,923	56,893

Consolidated Interim Financial Statements

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Consolidated statement of changes in equity

(CHF 000)	Share capital	Treasury shares	Capital reserve	Currency translation differences	Accumulated loss	Total shareholders' equity
Balance as at 31.3.2009	675,772	-41,256	359,744	-57	-375,274	618,929
Net result for the period					85,120	85,120
Currency translation differences				0		0
Comprehensive result for the period						85,120
Purchase of own shares		-12,513				-12,513
Sale of own shares		6,976	-3,290			3,686
Balance as at 30.9.2009	675,772	-46,793	356,454	-57	-290,154	695,222
Net result for the period					-19,087	-19,087
Currency translation differences				-96		-96
Comprehensive result for the period						-19,183
Purchase of own shares		-17,445				-17,445
Sale of own shares		9,728	-2,174			7,554
Capital reduction (18.11.2009)	-33,772	24,152	9,620			0
Balance as at 31.3.2010	642,000	-30,358	363,900	-153	-309,241	666,148
Net result for the period					-52,014	-52,014
Currency translation differences				448		448
Comprehensive result for the period						-51,566
Purchase of own shares		-15,435				-15,435
Sale of own shares		3,625	-911			2,714
Capital reduction (3.9.2010)	-30,000	23,617	6,383			0
Balance as at 30.9.2010	612,000	-18,551	369,372	295	-361,255	601,861

Consolidated Interim Financial Statements

Notes

1. Summary of significant accounting policies

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) IAS 34 on Interim Financial Reporting and the provisions of the SIX Swiss Exchange Additional Rules on the Listing of Investment Companies. These interim financial statements should be read in conjunction with the consolidated financial statements for the financial year ended 31 March 2010, as they provide an update to the latest full financial report. In preparing the interim financial statements, the same accounting principles and methods of computation have been applied as in the preparation of the annual financial statements.

A summary of the new and revised IFRS/IAS standards and interpretations effective in the year under review is provided on page 66 of the Consolidated Financial Statements of the 2009/2010 Annual Report. The use of these standards had no impact on the

financial condition or the earnings situation of the Company, or on its accounting principles.

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

(CHF)	30.9.2010	31.3.2010
DKK	0.1798	0.1912
EUR	1.3395	1.4238
GBP	1.5441	1.6002
SEK	0.1458	0.1460
USD	0.9825	1.0539

2. Receivables

The receivables comprise a credit of CHF 11.5 million from the hedging activities that were closed at the beginning of July 2010 and will be paid out in November 2010. A further CHF 4.2 million originate from escrow amounts from the sale of the portfolio companies Brahms, ESBATech and Precimed and are expected in the next 6 months.

3. Investments

Investments developed as follows during the reporting period:

(CHF 000)	Private companies	Specialised venture capital funds	Public companies	Total investments
Fair value as at 31 March 2010	440,104	92,500	100,314	632,918
Purchases	19,881	1,946	14,796	36,623
Sales	0	-4,405	-48,726	-53,131
Realised gains	0	1,270	15,068	16,338
Realised losses	0	-233	-3,218	-3,451
Unrealised gains	2,434	4,758	4,378	11,570
Unrealised losses	-47,235	-3,055	-24,454	-74,744
Fair value as at 30 September 2010	415,184	92,781	58,158	566,123

The holding in Asthmatx, sold in the quarter under review, is held indirectly through HBM BioCapital (EUR) L.P. The expected proceeds of the sale are proportionally booked in other private companies and

will be booked out at the closing of the transaction and the distribution of the funds through HBM BioCapital (EUR) L.P. in the fourth quarter.

Further details on investments can be found on pages 11 and 12.

4. Financial liabilities

The Going Public Convertible Bond was redeemed in full on 19 April 2010.

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

- > Debtor: HBM BioVentures Ltd
Nominal CHF 30 million in straight bonds with a coupon of 10%, maturity 16 December 2011, redemption at 100% of par value.
- > Debtor: Tensys Medical Inc.
USD 6.7 million secured loan, including cumulated interest, interest rate 10%, due 18 October 2010.

5. Equity Capital

5.1 Share Capital

At the Ordinary Shareholders' Meeting of 25 June 2010, it was decided that the Company's share capital shall be reduced by cancelling 500,000 own shares. The capital reduction was entered in the Canton Zug Commercial Register on 3 September 2010. The Company's share capital now amounts to CHF 612 million, divided into 10,200,000 shares at a par value of CHF 60 each.

5.2 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 as part of a share buy-back programme lasting until 31 August 2012 and aiming at reducing capital via a second trading line. As part of this 2009 share buy-back programme, 631,711 treasury shares were acquired, 500,000 of which being cancelled on 3 September 2010 as part of the capital reduction. As at the balance sheet date of 30 September 2010, the Company held 131,711 of its own shares (31 March 2010: 388,951 own shares), acquired as part of this share buy-back programme via a second trading line. In the 6-month period of the current financial year, a total of 242,760 of the Company's own shares were purchased via a second trading line at an average price of CHF 44.94.

Additionally, as at the balance sheet date of 30 September 2010, the HBM BioVentures (Cayman) Ltd. subsidiary holds 237,734 treasury shares (31 March 2010: 195,450 treasury shares), which have been purchased over the regular trading line. In the 6-month period until end of September 2010, a total of 103,653 treasury shares were purchased at an average price of CHF 43.65 per share (previous year: 61,094 treasury shares at CHF 32.15) and 61,369 treasury shares were sold at an average price of CHF 44.22 per share (previous year: 101,094 treasury shares at CHF 36.46) via the regular trading line. The loss of CHF 0.9 million (previous year: loss of CHF 3.3 million) from trading in treasury shares, which is reported in shareholders' equity, is based on the proceeds of shares sold minus the pro-rata average acquisition price of all shares purchased over the regular trading line.

6. Investment commitments

(CHF 000)	30.9.2010	31.3.2010
HBM BioCapital (EUR) L.P.	5,552	7,349
Private companies	4,397	15,259
Specialised venture capital funds	22,841	25,843
Total investment commitments	32,790	48,451

7. Management fees

Management fees to HBM Partners for the current financial year amount to 1.5% of gross assets, but are capped at CHF 10 million. In the 6-month period until end of September 2010, HBM Partners was paid CHF 5.5 million (previous year: CHF 6.0 million).

8. Transactions with related parties

The remuneration of the Board of Directors and the Management remains unchanged compared with the previous year, with the exception of the emoluments to the Chairman of the Board. These were increased from the previous amount of CHF 70,000 to CHF 120,000 per year for the newly elected Chairman

of the Board of Directors. In the 6-month period to 30 September 2010, an accrual amounting to CHF 160,000 was made for emoluments to the five members of the Board of Directors and the Audit Committee (previous year: CHF 170,000 for seven members). The remuneration to the two members of Management for the same period was CHF 133,000 (previous year: CHF 133,000).

HBM BioVentures holds an investment in the Hatteras Venture Partners III specialised venture capital fund, where Robert A. Ingram, Member of the Board

of Directors, serves as General Partner. For details on the investment commitment, paid-in capital and valuation, please refer to the overview of specialised venture capital funds on page 12.

9. Events after the balance sheet date

On 7 October 2010 the listed company MorphoSys AG took over the private portfolio company Sloning Biotechnology for EUR 19 million. This transaction brings HBM BioVentures around CHF 9 million in cash, leading to an increase of the equity capital as reported on 30 September 2010 of about CHF 4.5 million.

Private companies

	Domicile	Investment currency (IC)	Amount disbursed as at 31.3.2010 (IC m)	Changes in the 6-month period (IC m)	Amount disbursed as at 30.9.2010 (IC m)	Fair value as at 30.9.2010 (IC m)	Ownership as % of portfolio company	Fair value as at 30.9.2010 (CHF 000)	Fair value as at 31.3.2010 (CHF 000)
PharmaSwiss	Switzerland	EUR	54.6		54.6	74.2	29.1%	99,348	105,599
PTC Therapeutics	USA	USD	20.5	3.2	23.7	38.7	9.8%	38,004	37,395
mtrm laboratories ¹⁾	Germany	EUR	21.7		21.7	25.5	33.5%	34,203	36,355
Cathay Industrial Biotech	China	USD	28.0		28.0	28.0	12.4%	27,510	29,509
Pacira Pharmaceutical	USA	USD	26.9	5.6	32.5	22.5	20.1%	22,106	17,785
Lux Biosciences ¹⁾	USA	USD	16.1	1.7	17.8	17.8	15.6%	17,506	16,962
ChemoCentryx	USA	USD	12.1		12.1	16.9	7.3%	16,627	17,835
Interventional Spine	USA	USD	13.5		13.5	16.0	22.4%	15,707	16,848
Ophthotech	USA	USD	15.4		15.4	15.4	16.9%	15,146	16,247
Nereus Pharmaceuticals ¹⁾	USA	USD	13.1	1.1	14.2	14.2	9.0%	13,924	13,788
Nabriva Therapeutics ¹⁾	Austria	EUR	8.9	1.4	10.3	10.3	13.3%	13,769	12,617
Cylene Pharmaceuticals	USA	USD	10.0	1.1	11.1	11.1	11.0%	10,906	10,539
Mpex Pharmaceuticals ¹⁾	USA	USD	12.0	0.7	12.7	9.6	11.7%	9,473	9,399
Medimpulse Holding	Switzerland	USD	4.4		4.4	8.3	20.7%	8,149	8,741
Enanta Pharmaceuticals	USA	USD	7.7		7.7	7.7	6.0%	7,563	8,113
Probiodrug	Germany	EUR	13.1		13.1	5.1	12.0%	6,818	7,247
Vivacta	UK	GBP	3.1	0.4	3.5	3.5	16.8%	5,372	4,961
Paratek Pharmaceuticals	USA	USD	5.7		5.7	5.0	3.1%	4,940	5,299
Sloning BioTechnology	Germany	EUR	6.7	0.3	7.0	3.4	41.7%	4,537	4,335
Devax	USA	USD	21.8	0.5	22.3	4.3	28.3%	4,245	3,991
Cardiac Assist	USA	USD	4.2		4.2	4.2	9.1%	4,107	4,406
Surface Logix	USA	USD	15.6	0.5	16.1	4.0	10.3%	3,885	10,072
MiCardia ¹⁾	USA	USD	3.2		3.2	3.2	8.0%	3,169	3,399
Delenix Therapeutics ¹⁾	Switzerland	CHF	2.9	2.3	5.2	2.9	18.8%	2,871	2,940
Westmed Holding	USA	USD	5.5		5.5	2.7	12.4%	2,689	2,885
Symphony Evolution	USA	USD	10.0		10.0	2.5	12.5%	2,456	2,635
Broncus Technologies ¹⁾	USA	USD	19.4		19.4	2.2	12.2%	2,193	6,915
Recorders and Medicare Syst.	India	USD	15.8	0.4	16.2	0.7	7.2%	682	5,152
Other investments								17,280	18,137
Total private companies								415,184	440,104

¹⁾ As explained in Note 3 of the annual financial statements, 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.

Specialised venture capital funds

	Domicile	Investment currency (IC)	Total commitment (IC m)	Payments in the 6-month period (IC m)	Distributions in the 6-month period (IC m)	Cumulative payments as at 30.9.2010 (IC m)	Cumulative distributions as at 30.9.2010 (IC m)	Fair value as at 30.9.2010 (IC m)	Fair value as at 30.9.2010 (CHF 000)	Fair value as at 31.3.2010 (CHF 000)
BioVeda China	China	USD	8.5			8.5	0.9	21.0	20,654	15,599
BioMedInvest I	CH	CHF	26.0		2.6	26.0	7.8	18.8	18,799	21,711
Water Street Healthcare	USA	USD	15.0	0.3	1.0	12.9	1.3	14.0	13,706	15,223
MedFocus Fund II	USA	USD	16.0			16.0	0.0	12.6	12,419	13,321
Symphony Capital Partners	USA	USD	15.0	0.1	0.4	14.6	6.9	6.9	6,747	7,419
Nordic Biotech	DK	DKK	31.0	1.5		27.3	9.8	20.5	3,682	3,010
Hatteras Venture Partners III	USA	USD	10.0	0.9		4.3	0.0	3.6	3,546	2,905
Galen Partners V	USA	USD	10.0			4.0	0.0	3.5	3,425	3,686
EMBL Technology Fund	GER	EUR	2.1			2.1	0.0	1.8	2,382	2,247
BioMedInvest II	CH	CHF	10.0			2.0	0.0	2.3	2,330	2,065
Heidelberg Innovation BSV II	GER	EUR	5.0	0.2		5.0	0.9	1.1	1,523	1,447
BioVentures Investors II	USA	USD	3.0			3.0	0.5	1.5	1,513	1,633
Skyline Venture Partners III	USA	USD	3.0			2.9	2.2	1.3	1,245	1,193
A. M. Pappas LSV II	USA	USD	3.0		0.3	3.0	1.9	0.8	809	1,041
Total specialised venture capital funds									92,781	92,500

Public companies

	Domicile	Investment currency	Number of shares as at 31.3.2010	Changes in number of shares over the last		Number of shares as at 30.9.2010	Ownership as % of portfolio company	Fair value as at 30.9.2010 (CHF 000)	Fair value as at 31.3.2010 (CHF 000)
				6 months	3 months				
Basilea Pharmaceutica ^{p)}	CH	CHF	483,429	136,071	136,071	619,500	6.5%	37,944	39,520
Swedish Orphan Biovitrum ^{p)}	Sweden	SEK	1,920,000	-807,000	-16,000	1,113,000	0.5%	7,284	10,708
SkyePharma	UK	GBP	4,976,806	0	0	4,976,806	20.8%	2,843	3,663
China Nuokang Biopharma ^{p)}	China	USD	355,652	0	0	355,652	1.8%	1,747	2,324
Micrus Endovascular ¹⁾ ^{p)}	USA	USD	1,614,203	-1,614,203	-1,487,303	0	0.0%	0	33,548
Other investments								8,339	10,550
Total public companies								58,158	100,314
Total investments								566,123	632,918

^{p)} The position originates from the private companies portfolio.

¹⁾ The company has been taken over by Johnson & Johnson during the quarter under review. Total proceeds from the investment amount to USD 30.4 million (a multiple of 2.8 of the capital invested), of which USD 5.2 million are recorded in the first six months of the current financial year.

To the Board of Directors of
HBM BioVentures Ltd, Zug

Zurich, 14 October 2010

Report on review of condensed interim consolidated financial statements

Introduction

In accordance with your instructions, we have reviewed the condensed interim consolidated financial statements of HBM BioVentures Ltd and its subsidiaries (the "Group") as of 30 September 2010, comprising of the interim consolidated balance sheet as of 30 September 2010 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-months period then ended and explanatory notes, presented on pages 4 to 12.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34") and article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange.

Without qualifying our conclusion, and in accordance with article 16 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange, we draw your attention to notes 1 and 3 of the condensed interim financial statements. As indicated there, investments in private companies and specialised venture capital funds are measured at fair value of approximately CHF 508 million. Due to the inherent uncertainty associated with the valuation of such investments with regard to assumptions applied and the absence of a liquid market, these fair values may differ from their realisable values, and the difference could be material. The Board of Directors is responsible for the determination of these fair values. We have reviewed the procedures applied in valuing such investments and have viewed the underlying documentation. We have not become aware of indications which cause us to believe that the procedures appear to be unreasonable and that the documentation appears to be inappropriate.

Ernst & Young Ltd



Jürg Zürcher
Licensed audit expert
(Auditor in charge)



Jörg Schmidt
Licensed audit expert

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