

Press release

Zug, 27 October 2008

HBM BioVentures Quarterly Report as at 30 September 2008

HBM BioVentures: Stable net asset value (NAV)

Despite the difficult market climate during the reporting period HBM BioVentures' net asset value (NAV) rose by 3%. Turbulences in the financial markets, however, held the share price down. The capital management measures announced at the Shareholders' Meeting at the end of June were worked out in greater detail and HBM BioVentures made the first purchases via the second trading line. Under the present circumstances, HBM BioVentures regards the acquisition of its own shares as an attractive investment, as they are significantly under-valued relative to their net asset value and profit potential. In addition, the Board of Directors intends to propose to future Shareholders' Meetings that at least CHF 2.25 of the par value per share be paid out annually. This provides an attractive yield to shareholders, which, for Swiss shareholders, is not taxable.

Emerging private companies

Pelikan Technologies is looking for a strategic partner for the continued development of its integrated glucose measurement device. In the quarter under review, a bridge finance in the amount of up to USD 10 million was arranged. HBM BioVentures contributed more than its pro rata share. There were also a number of minor follow-on financings. Several portfolio companies are actively being prepared for sale with the close support and advice of HBM BioVentures.

Public portfolio companies

The main event in the public portfolio was Medtronic's takeover offer for Canadian CryoCath Technologies. The takeover increased the value of the HBM BioVentures investment holding by around CHF 13 million, corresponding to an increase of some CHF 1.10 in net asset value per share. In the capital restructuring and capital increase at SkyePharma, HBM BioVentures took a disproportionately high share and remains its largest shareholder. Flutiform, the most important drug, with blockbuster potential, that SkyePharma has under development, is expected to be submitted in the United States for approval at the beginning of 2009, now that it has successfully finished all clinical studies.

HBM BioVentures benefited last quarter from the appreciation of around 10% in the US dollar. Closing out USD hedging positions during the previous quarter proved to be a profitable move. No foreign currency positions are hedged for the time being.

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Outlook

HBM BioVentures generated positive value internally during the second quarter of its financial year, but this was not reflected in the share price trend. Much of HBM BioVentures' potential lies in the mature private emerging companies that make up more than 60 percent of the portfolio, but which are carried at less than their sale value in many cases because of accounting regulations. In addition, some two thirds of net assets are invested in companies that are operating at a profit or already have products on the market.

The breadth of the HBM BioVentures investment portfolio will mitigate the risks associated with investments in fast-growing emerging companies. In addition, HBM BioVentures expects its portfolio companies to be hit less hard by a recession than companies in other sectors. The global need for innovative drugs remains high, with new and groundbreaking products being taken up by the market immediately, irrespective of economic trends.

HBM BioVentures' net asset value is a reliable benchmark even in today's unpredictable and volatile markets. Unlike many private equity fund of funds products, at HBM BioVentures both positive and negative changes in value flow very quickly through to our NAV. The fact that our shares are now trading at a significant discount to our NAV, combined with the anticipated value increase of our portfolio, results in attractive medium-term profit potential for an investment in HBM BioVentures. We expect the net asset value to rise in the coming years, and will continue to do all we can to close the NAV – share price gap.

For further information, please contact Dr. Joachim Rudolf, CFO HBM BioVentures Ltd, tel.: +41 41 768 11 08, joachim.rudolf@hbmbioventures.com.

Brief profile of HBM BioVentures Ltd

As a venture capital company, HBM BioVentures is invested globally in some 40 mature emerging companies in the biotechnology/human medicine, diagnostics and medical technology sectors. The primary products of HBM BioVentures' portfolio companies are either at an advanced stage of development or already available on the market. The company focuses on unquoted emerging companies, with two-thirds of its CHF 1 billion capital 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 the SIX Swiss Exchange (ticker: HBMN).

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