

Press Release

Zug, 26 July 2011

HBM BioVentures Quarterly Report as at 30 June 2011

During the quarter under review HBM BioVentures further demonstrated the enduring value of its portfolio with the successful sale of investments. Indirectly held China Health System was sold at 14 times the original investment, the US drug development company Mpex was also sold at a price well above its book value. These trade sales are fast followers of the value-enhancing transactions of the first calendar quarter, i.e. the sale of the largest investment holding, PharmaSwiss, and the Pacira IPO. They resulted in a further increase in net liquidity and were a major factor in halving the share price discount from 27% as at 31 March 2011 to 14% as at 30 June 2011. In addition, the biggest private investment position (mtm laboratories) was sold at twice its book value in July.

These successes were nonetheless counterbalanced by the persistently strong Swiss franc during the period just ended. The CHF rose by 8.6% against the USD and by 6.3% against the EUR during the quarter. This produced currency losses of CHF 35 million and a decline in the net asset value (NAV) per share from CHF 61.15 (31 March) to CHF 57.86 (30 June).

Following the major investment sales, as at 30 June HBM BioVentures was 54% invested in private companies (41% direct and 13% indirect). Some 20% of the company's assets are accounted for by public companies, and 22% is held in the form of liquidity. Receivables and entitlements to possible future milestone payments make up 4% of assets. At 48% of net assets, investments in USD remain the currency heavyweights. HBM BioVentures has acquired a put option with a strike price of USD/CHF 0.80 for approx. half of its US dollar exposure. This acts as a partial hedge against a potentially ongoing pronounced weakness of the US dollar, which had fallen by 22% against the Swiss franc in the 12 months to the end of June 2011.

Private companies in the portfolio

Various private companies in the portfolio were reporting progress, although these did not permit any increase in the valuation of the corresponding investment holdings as at the end of June 2011. Cathay Industrial Biotech's planned IPO could lead to an increase in the net asset value (NAV). Poor study results forced a USD 5.8 million adjustment in the valuation of our investment in Nereus. CHF 9 million went into follow-on financing rounds connected with existing investments. Of this figure, just under CHF 7 million was placed with Ellipse Technologies, a US medical technology company in which HBM BioVentures has held an indirect stake via the MedFocus Fund since 2005.

Public companies in the portfolio

The investment in the public company Basilea Pharmaceutica was extended to over 10% of the company's outstanding shares. The HBM team is involved in efforts that should lead to a value increase. Shares in Pacira, which were listed in February 2011, recovered during the quarter under review after buy-ins by a number of new investors attracted by the stock's risk-weighted appreciation potential. A very important approval decision from the US Food and Drug Administration is expected towards the end of 2011.

Outlook

The majority of the largest investment holdings can look forward to key market admission decisions, study results or the outcome of sales negotiations over the next 12 months. We expect most of these events to enhance value, which should result in an increase of the net asset value (NAV) over the quarters to come.

The quarterly report as at 30 June 2011 is available on the web site of HBM BioVentures Ltd. www.hmbioventures.com.

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Brief profile of HBM BioVentures Ltd

HBM BioVentures is invested globally in some 25 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

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investments in big pharma and biotech companies. HBM BioVentures has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

Disclaimer

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