



# 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**

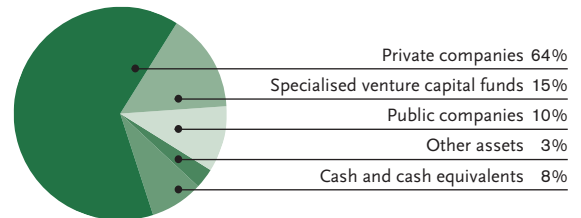
HBM BioVentures has started sales negotiations for several portfolio companies and is participating actively in the selling processes. As demand from major pharma and biotech companies for new products continues to rise, and as many portfolio companies mature, HBM BioVentures is well positioned for successful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

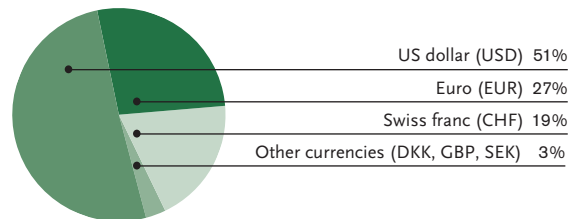
## Allocation of assets<sup>1)</sup>

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



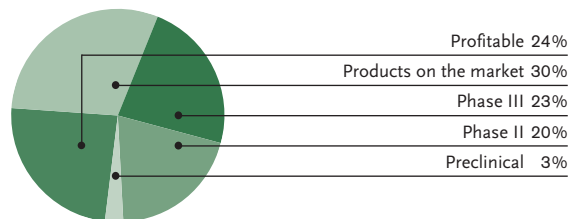
## Currency allocation of assets<sup>1)</sup>

Predominantly US dollar investments.



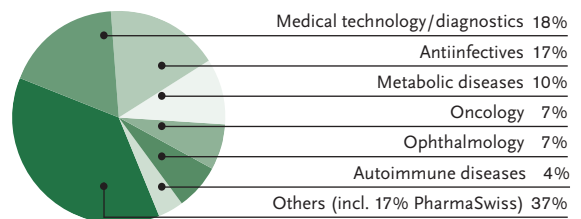
## Development phase of portfolio companies<sup>2)</sup>

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 companies<sup>2)</sup>

Broadly diversified areas of activity.



As at 31.12.2010:

<sup>1)</sup> Total assets: CHF 604 million

<sup>2)</sup> Total investments: CHF 535 million

# Key Figures

	31.12.2010	30.9.2010
<b>Net assets (CHF 000)</b>	<b>564,829</b>	<b>601,861</b>
Cash and cash equivalents	50,783	43,923
Disbursed	534,598	566,123
Investments in private companies	387,607	415,184
<b>Net asset value (NAV) per share (CHF)</b>	<b>58.10</b>	<b>61.22</b>
<b>Share price (CHF)</b>	<b>42.50</b>	<b>40.30</b>
<b>Performance of net assets</b>		
In the quarter 1.10. – 31.12.2010	–5%	
In the 9-month period 1.4. – 31.12.2010	–12%	
Since start of business (12.7.2001)	–41%	
<b>Performance of relevant market indices (in CHF)</b>		
NBI – Nasdaq Biotech Index (since 12.7.2001)	–40%	
MSCI World Pharma Index (since 12.7.2001)	–52%	
<b>Number of shares issued (registered shares)</b>	<b>10,200,000</b>	<b>10,200,000</b>
Number of shares outstanding (registered shares)	9,721,855	9,830,555
<b>Number of registered shareholders</b>	<b>1,099</b>	<b>1,141</b>

<b>The 12 largest investments as at 31.12.2010<sup>1)</sup></b>		
	Fair value (CHF 000)	As % of net assets
<b>Private companies</b>		
PharmaSwiss	92,831	16.4
PTC Therapeutics	36,174	6.4
mtm laboratories	35,220	6.2
Cathay Industrial Biotech	26,186	4.6
Pacira Pharmaceutical	22,796	4.0
Interventional Spine	17,787	3.1
Lux Biosciences	17,472	3.1
ChemoCentryx	15,826	2.8
Ophthotech	14,417	2.6
Nereus Pharmaceuticals	13,253	2.3
Nabriva Therapeutics	12,866	2.3
<b>Public companies</b>		
Basilea Pharmaceutica	40,061	7.1

<sup>1)</sup> Excluding specialised venture capital funds.

# Management Report

## Dear Shareholders

HBM BioVentures closed 2010 with a net asset value (NAV) per share of CHF 58.10. In calendar year 2010 the NAV fell by 12.7%, primarily as a result of foreign currency fluctuations. At the same time, the share price was down by 11.4%. In 2010 the Swiss franc was very strong against our main investment currencies, the US dollar and the euro, in which HBM BioVentures holds around 80% of its investments. Without these probably temporary foreign exchange losses, the NAV trend would have been marginally negative, but within the performance range (expressed in Swiss francs) of a number of key equity indices. The US dollar, which on average accounted for 53% of HBM BioVentures' net assets during the period, has lost 9.7% against the Swiss franc over the past 12 months. Recording a 15.6% decline, the euro was even weaker, which impacted negatively on the average 27% of the investment portfolio that was held in EUR.

Given the low share price, HBM BioVentures continued to repurchase its own shares in calendar year 2010. Since 500,000 shares were cancelled by the last ordinary shareholders' meeting, some further 240,000 shares (= 2.4% of issued shares) have been bought back at an average price of CHF 41.60. The cancellation of these most recently purchased shares will be put before the forthcoming shareholders' meeting in 2011.

As at 31 December 2010, private companies accounted for 79% of the HBM BioVentures investment portfolio. 24% of the investment value is held in profitable companies, and a further 30% in companies that already have products on the market. HBM BioVentures does not currently hedge foreign currency risks.

HBM BioVentures currently holds cash and cash equivalents of CHF 51 million. Repayment of the outstanding CHF 30 million bond (due December 2011) is therefore assured, and we can continue to finance promising companies in our portfolio. Such follow-on financing is often also directed to portfolio companies that are already performing well. It may be used, for example, in connection with an IPO, for which a company needs sufficient cash on its balance sheet, if it is to succeed.

### Private portfolio companies

During the quarter under review, the US company Pacira, in which HBM BioVentures has a major investment holding, submitted an IPO application in the USA. Pacira aims to potentially finance itself on the public market. If a good valuation can be obtained, a listing on the US exchange NASDAQ is targeted for the first quarter of 2011.

HBM BioVentures' stake in Sloning was sold to the public company Morphosys, also German, for CHF 9 million in cash – twice its investment valuation. HBM BioVentures purchased shares of Interventional Spine on the secondary market at an attractive valuation, which led to a slight increase of the investment position's valuation. The investment in Devax was sold at around half of its book value, while Surface Logix was written off. These three amendments resulted in a negative valuation adjustment of USD 4.5 million.

We continued to support the following portfolio companies with follow-on financings: Pacira (USD 1.875 million of a total commitment of USD 3.75 million, to improve the company's negotiating position for its IPO), mtm laboratories (EUR 2.6 million), Interventional Spine (USD 1.05 million of a total commitment of USD 2.3 million), Cylene Pharmaceuticals (USD 1.1 million), and Lux Biosciences (USD 0.9 million).

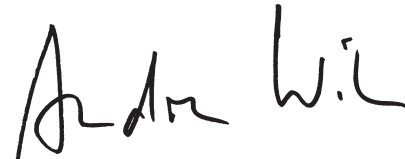
### Public portfolio companies

Basilea brought arbitration proceedings with Johnson & Johnson to a successful conclusion. It received USD 130 million in compensation for Johnson & Johnson's violations of the licensing agreement for phase III development of Basilea's broad-spectrum antibiotic Ceftobiprole.

## Outlook

Despite the debt crisis in Eastern Europe, the operating business of Pharma Swiss, the largest portfolio position, is growing according to plan. Both PTC and Pacira are expecting approval decisions for major indications for their primary drugs in the summer of 2011. Additionally, a number of portfolio companies – Nereus, Cylene, Nabriva, Chemocentryx, and Ophthotech – will be announcing key clinical study data in the course of the year. These approval decisions and study results will naturally impact heavily on the value of the companies concerned.

A number of companies in the portfolio of HBM BioVentures and third-party funds in which HBM BioVentures has a significant holding are currently in trade sale negotiations. These transactions have the potential to boost the net asset value and liquidity of HBM BioVentures. In addition, Pacira is considering going public, as mentioned above. Overall, we are expecting a series of positive news from the investment portfolio in the first half of 2011.



Dr Andreas Wicki  
CEO



Dr Joachim Rudolf  
CFO

# Consolidated Interim Financial Statements

Consolidated balance sheet

(CHF 000)	Notes	31.12.2010	31.3.2010
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		50,783	129,084
Receivables		3,565	5,992
Inventories		546	539
<b>Total current assets</b>		<b>54,894</b>	<b>135,615</b>
<b>Non-current assets</b>			
Investments	(2)	534,598	632,918
Other financial assets		8,009	11,385
Property, plant and equipment		195	212
Intangible assets		5,825	5,825
<b>Total non-current assets</b>		<b>548,627</b>	<b>650,340</b>
<b>Total assets</b>		<b>603,521</b>	<b>785,955</b>
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Short-term financial liabilities	(3)	6,364	84,284
Other short-term liabilities		2,601	5,982
<b>Total short-term liabilities</b>		<b>8,965</b>	<b>90,266</b>
<b>Long-term liabilities</b>			
Long-term financial liabilities	(3)	29,727	29,541
<b>Total long-term liabilities</b>		<b>29,727</b>	<b>29,541</b>
<b>Shareholders' equity</b>			
Share capital	(4)	612,000	642,000
Treasury shares	(4)	-22,727	-30,358
Capital reserve		369,058	363,900
Currency translation differences		614	-153
Accumulated loss		-394,116	-309,241
<b>Total shareholders' equity</b>		<b>564,829</b>	<b>666,148</b>
<b>Total liabilities and shareholders' equity</b>		<b>603,521</b>	<b>785,955</b>
Number of outstanding shares (in 000)		9,722	10,116
Net asset value (NAV) per share (CHF)		58.10	65.85



# Consolidated Interim Financial Statements

Consolidated statement of income for the period 1 April to 31 December

(CHF 000)	Notes	Quarter ended 31.12. 2010	Quarter ended 31.12. 2009	9-month period ended 31.12. 2010	9-month period ended 31.12. 2009
<b>Result from investment activity</b>					
Gains on investments	(2)	9,843	34,139	17,263	168,617
Losses on investments	(2)	-37,527	-39,242	-96,962	-78,324
Gains from currency hedging transactions		0	0	11,540	0
<b>Gross result from investment activity</b>		<b>-27,684</b>	<b>-5,103</b>	<b>-68,159</b>	<b>90,293</b>
<b>Result from product sales</b>					
Revenues from product sales		30	0	118	0
Costs of products sold <sup>1)</sup>		136	0	56	0
<b>Gross result from product sales</b>		<b>166</b>	<b>0</b>	<b>174</b>	<b>0</b>
<b>Gross result</b>		<b>-27,518</b>	<b>-5,103</b>	<b>-67,985</b>	<b>90,293</b>
Management fee	(6)	-2,403	-3,000	-7,867	-9,000
Personnel expenses		-704	-431	-2,309	-1,302
Other operating expenses		-1,275	-129	-3,552	-1,352
Depreciation and amortisation		-15	0	-75	0
<b>Operating result before interest and taxes</b>		<b>-31,915</b>	<b>-8,663</b>	<b>-81,788</b>	<b>78,639</b>
Financial income		8	40	24	3,085
Financial expenses		-954	-3,007	-3,111	-8,234
<b>Result before taxes</b>		<b>-32,861</b>	<b>-11,630</b>	<b>-84,875</b>	<b>73,490</b>
Income taxes		0	0	0	0
<b>Net result for the period</b>		<b>-32,861</b>	<b>-11,630</b>	<b>-84,875</b>	<b>73,490</b>
Number of outstanding shares, time-weighted (in 000)		9,885	10,223	9,958	10,405
Basic earnings per share (CHF)		-3.32	-1.14	-8.52	7.06

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

<sup>1)</sup> Includes the release of an allowance on the stock of merchandise.

## Consolidated statement of comprehensive income for the period 1 April to 31 December

<b>Net result for the period according to consolidated statement of income</b>	<b>-32,861</b>	<b>-11,630</b>	<b>-84,875</b>	<b>73,490</b>
<b>Contribution to operating result reported in shareholders' equity</b>				
Change owing to currency translation differences	319	0	767	0
<b>Comprehensive result for the period</b>	<b>-32,542</b>	<b>-11,630</b>	<b>-84,108</b>	<b>73,490</b>

# Consolidated Interim Financial Statements

Consolidated statement of cash flows for the period 1 April to 31 December

(CHF 000)	9-month period ended 31.12. 2010	9-month period ended 31.12. 2009
Revenues received from product sales	115	0
Paid costs of products sold	- 18	0
Management fee paid	- 7,867	- 8,772
Other expenses paid (personnel and other operating expenses)	- 5,385	- 3,430
<b>Net cash flow from operating activities</b>	<b>- 13,155</b>	<b>- 12,202</b>
Interest payments received	19	209
Purchases of investments	- 47,059	- 55,616
Sales of investments	65,411	220,546
Net cash flow from financial instruments for currency hedging	11,540	0
Payments received from escrow amounts and milestones	6,393	1,326
Purchase of fixed assets	- 102	0
<b>Net cash flow from investing activities</b>	<b>36,202</b>	<b>166,465</b>
Interest paid on financial liabilities	- 6,062	- 5,107
Redemption of financial liabilities	- 77,661	- 70,038
Issuance of financial liabilities	0	5,309
Transaction costs for exchange of financial liabilities	0	- 849
Purchase of own shares	- 20,908	- 22,512
Sale of own shares	3,697	4,513
<b>Net cash flow from financing activities</b>	<b>- 100,934</b>	<b>- 88,684</b>
<b>Currency translation differences</b>	<b>- 414</b>	<b>- 642</b>
<b>Net change in cash and cash equivalents</b>	<b>- 78,301</b>	<b>64,937</b>
Cash and cash equivalents at beginning of period	129,084	65,609
Cash and cash equivalents at end of period	50,783	130,546

# 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
<b>Balance as at 31.3.2009</b>	<b>675,772</b>	<b>-41,256</b>	<b>359,744</b>	<b>-57</b>	<b>-375,274</b>	<b>618,929</b>
Net result for the period					73,490	73,490
Currency translation differences				0		0
<b>Comprehensive result for the period</b>						<b>73,490</b>
Purchase of own shares		-22,512				-22,512
Sale of own shares		8,151	-3,638			4,513
Capital reduction (18.11.2009)	-33,772	24,152	9,620			0
<b>Balance as at 31.12.2009</b>	<b>642,000</b>	<b>-31,465</b>	<b>365,726</b>	<b>-57</b>	<b>-301,784</b>	<b>674,420</b>
Net result for the period					-7,457	-7,457
Currency translation differences				-96		-96
<b>Comprehensive result for the period</b>						<b>-7,553</b>
Purchase of own shares		-7,446				-7,446
Sale of own shares		8,553	-1,826			6,727
<b>Balance as at 31.3.2010</b>	<b>642,000</b>	<b>-30,358</b>	<b>363,900</b>	<b>-153</b>	<b>-309,241</b>	<b>666,148</b>
Net result for the period					-84,875	-84,875
Currency translation differences				767		767
<b>Comprehensive result for the period</b>						<b>-84,108</b>
Purchase of own shares		-20,908				-20,908
Sale of own shares		4,922	-1,225			3,697
Capital reduction (3.9.2010)	-30,000	23,617	6,383			0
<b>Balance as at 31.12.2010</b>	<b>612,000</b>	<b>-22,727</b>	<b>369,058</b>	<b>614</b>	<b>-394,116</b>	<b>564,829</b>

# 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)	31.12.2010	31.3.2010
DKK	0.1679	0.1912
EUR	1.2517	1.4238
GBP	1.4600	1.6002
SEK	0.1393	0.1460
USD	0.9352	1.0539

## 2. Investments

Investments developed as follows during the reporting period:

(CHF 000)	Private companies	Specialised venture capital funds	Public companies	Total investments
<b>Fair value as at 31 March 2010</b>	<b>440,104</b>	<b>92,500</b>	<b>100,314</b>	<b>632,918</b>
Purchases	25,718	3,360	17,981	47,059
Sales	-11,348	-4,560	-52,117	-68,025
Realised gains	3,316	1,270	15,211	19,797
Realised losses	-34,161	-264	-3,739	-38,164
Unrealised gains	38,171	3,279	3,580	45,030
Unrealised losses	-74,193	-7,280	-22,544	-104,017
<b>Fair value as at 31 December 2010</b>	<b>387,607</b>	<b>88,305</b>	<b>58,686</b>	<b>534,598</b>

Details can be found on pages 11 and 12.

### 3. 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 6.8 million secured loan, including cumulated interest, interest rate 10%. Beginning of 2011, the conditions for the loan of the Tensys Medical Inc. subsidiary will be redefined in a new contract.

### 4. Equity Capital

#### 4.1 Share Capital

The Ordinary Shareholders' Meeting of 25 June 2010 decided to reduce the Company's share capital 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.

#### 4.2 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 via a second trading line as part of a share buy-back programme lasting until 31 August 2012 at the latest and aiming at reducing capital ("Share buy-back programme 2009"). As part of this 2009 share buy-back programme, a total of 740,511 treasury shares were acquired, 500,000 of which were cancelled on 3 September 2010 as part of the capital reduction. As at the balance sheet date of 31 December 2010, the Company now held 240,511 of its own shares (31 March 2010: 388,951 own shares). In the 9-month period of the current financial year, a total of 351,560

of the Company's own shares were purchased via a second trading line at an average price of CHF 43.83.

Additionally, as at the balance sheet date of 31 December 2010, the HBM BioVentures (Cayman) Ltd. subsidiary holds 237,634 treasury shares (31 March 2010: 195,450 treasury shares), which have been purchased over the regular trading line. In the 9-month period until end of December 2010, a total of 127,531 treasury shares were purchased at an average price of CHF 43.12 per share (previous year: 78,929 treasury shares at CHF 35.30) and 85,347 treasury shares were sold at an average price of CHF 43.31 per share (previous year: 118,929 treasury shares at CHF 37.95) via the regular trading line. The loss of CHF 1.2 million (previous year: loss of CHF 3.6 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.

### 5. Investment commitments

(CHF 000)	31.12.2010	31.3.2010
HBM BioCapital (EUR) L.P.	3,475	7,349
Private companies	6,074	15,259
Specialised venture capital funds	20,748	25,843
<b>Total investment commitments</b>	<b>30,297</b>	<b>48,451</b>

### 6. Management fees

Management fees to HBM Partners for the current financial year amount to 1.5% of the Company assets, but are capped at CHF 10 million. In the 9-month period until end of December 2010, HBM Partners was paid CHF 7.9 million (previous year: CHF 9.0 million).

As of 1 April 2011 the management fee is 1.2% of the Company assets plus 0.3% of the market capitalisation of the Company.

### 7. 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 newly elected 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 9-month period to 31 December 2010, an accrual amounting to CHF 255,000 was made for emoluments to the five members of the Board of Directors and the Audit Committee (previous year: CHF 270,000 for seven

members). The remuneration to the two members of Management for the same period was CHF 200,000 (previous year: CHF 200,000).

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.

## Private companies

	Domicile	Investment currency (IC)	Amount disbursed as at 31.3.2010 (IC m)	Changes in the 9-month period (IC m)	Amount disbursed as at 31.12.2010 (IC m)	Fair value as at 31.12.2010 (IC m)	Ownership as % of portfolio company	Fair value as at 31.12.2010 (CHF 000)	Fair value as at 31.3.2010 (CHF 000)
PharmaSwiss	Switzerland	EUR	54.6		54.6	74.2	29.1%	92,831	105,599
PTC Therapeutics	USA	USD	20.5	3.2	23.7	38.7	9.8%	36,174	37,395
mtrm laboratories <sup>1)</sup>	Germany	EUR	21.7	2.6	24.3	28.1	37.2%	35,220	36,355
Cathay Industrial Biotech	China	USD	28.0		28.0	28.0	12.4%	26,186	29,509
Pacira Pharmaceutical <sup>2)</sup>	USA	USD	26.9	7.5	34.4	24.4	20.1%	22,796	17,785
Interventional Spine	USA	USD	13.5	1.1	14.6	19.0	28.6%	17,787	16,848
Lux Biosciences <sup>1)</sup>	USA	USD	16.1	2.6	18.7	18.7	14.8%	17,472	16,962
ChemoCentryx	USA	USD	12.1		12.1	16.9	7.3%	15,826	17,835
Ophthotech	USA	USD	15.4		15.4	15.4	16.9%	14,417	16,247
Nereus Pharmaceuticals <sup>1)</sup>	USA	USD	13.1	1.1	14.2	14.2	9.0%	13,253	13,788
Nabriva Therapeutics <sup>1)</sup>	Austria	EUR	8.9	1.4	10.3	10.3	13.3%	12,866	12,617
Cylene Pharmaceuticals	USA	USD	10.0	2.2	12.2	12.2	11.0%	11,409	10,539
Mpex Pharmaceuticals <sup>1)</sup>	USA	USD	12.0	0.7	12.7	9.6	11.7%	9,017	9,399
Medimpulse Holding	Switzerland	USD	4.4		4.4	8.3	20.7%	7,757	8,741
Enanta Pharmaceuticals	USA	USD	7.7		7.7	7.7	6.0%	7,199	8,113
Probiodrug	Germany	EUR	13.1		13.1	5.1	12.0%	6,371	7,247
Vivacta	UK	GBP	3.1	0.4	3.5	3.5	16.8%	5,080	4,961
Paratek Pharmaceuticals	USA	USD	5.7		5.7	5.0	3.1%	4,702	5,299
Cardiac Assist	USA	USD	4.2		4.2	4.2	9.1%	3,910	4,406
MiCardia <sup>1)</sup>	USA	USD	3.2		3.2	3.2	8.0%	3,016	3,399
Delenix Therapeutics <sup>1)</sup>	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%	2,560	2,885
Broncus Technologies <sup>1)</sup>	USA	USD	19.4		19.4	2.2	12.2%	2,088	6,915
Symphony Evolution	USA	USD	10.0	-0.5	9.5	2.0	12.5%	1,870	2,635
Recorders and Medicare Syst.	India	USD	15.8	0.4	16.2	0.7	7.2%	649	5,152
Surface Logix <sup>3)</sup>	USA	USD	15.6	0.5	16.1	0.0	10.3%	0	10,072
Sloning BioTechnology <sup>4)</sup>	Germany	EUR	6.7	-6.7	0.0	0.0	0.0%	0	4,335
Devax <sup>4)</sup>	USA	USD	21.8	-21.8	0.0	0.0	0.0%	0	3,991
Other investments								14,280	18,137
<b>Total private companies</b>								<b>387,607</b>	<b>440,104</b>

<sup>1)</sup> 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.

<sup>2)</sup> The investment includes loans in the amount of USD 14.4 million. The ownership as percentage of portfolio company refers to the share position only.

<sup>3)</sup> The investment was written off in full.

<sup>4)</sup> The investment was sold during the period under review.

### Specialised venture capital funds

	Domicile	Investment currency (IC)	Total commitment (IC m)	Payments in the 9-month period (IC m)	Distributions in the 9-month period (IC m)	Cumulative payments as at 31.12.2010 (IC m)	Cumulative distributions as at 31.12.2010 (IC m)	Fair value as at 31.12.2010 (IC m)	Fair value as at 31.12.2010 (CHF 000)	Fair value as at 31.3.2010 (CHF 000)
BioVeda China	China	USD	8.5			8.5	0.9	21.0	19,625	15,599
BioMedInvest I	CH	CHF	26.0		2.6	26.0	7.8	18.6	18,642	21,711
Water Street Healthcare	USA	USD	15.0	0.3	1.2	12.9	1.5	14.2	13,241	15,223
MedFocus Fund II	USA	USD	16.0			16.0	0.0	12.3	11,540	13,321
Symphony Capital Partners	USA	USD	15.0	0.1	0.4	14.6	6.9	5.3	4,969	7,419
Galen Partners V	USA	USD	10.0	1.4		5.4	0.0	4.7	4,424	3,686
Hatteras Venture Partners III	USA	USD	10.0	0.9		4.3	0.0	3.5	3,276	2,905
Nordic Biotech	DK	DKK	31.0	1.7		27.5	9.8	19.3	3,248	3,010
BioMedInvest II	CH	CHF	10.0			2.0	0.0	2.4	2,400	2,065
EMBL Technology Fund	GER	EUR	2.1			2.1	0.0	1.8	2,295	2,247
BioVentures Investors II	USA	USD	3.0			3.0	0.5	1.5	1,439	1,633
Heidelberg Innovation BSV II	GER	EUR	5.0	0.2		5.0	0.9	1.0	1,237	1,447
Skyline Venture Partners III	USA	USD	3.0			2.9	2.2	1.3	1,209	1,193
A. M. Pappas LSV II	USA	USD	3.0		0.3	3.0	1.9	0.8	761	1,041
<b>Total specialised venture capital funds</b>									<b>88,305</b>	<b>92,500</b>

### Public companies

	Domicile	Investment currency	Number of shares as at 31.3.2010	Changes in number of shares over the last 9 months		Number of shares as at 31.12.2010	Ownership as % of portfolio company	Fair value as at 31.12.2010 (CHF 000)	Fair value as at 31.12.2010 (CHF 000)
Basilea Pharmaceutica <sup>p)</sup>	CH	CHF	483,429	132,897	-3,174	616,326	6.4%	40,061	39,520
Swedish Orphan Biovitrum <sup>p)</sup>	Sweden	SEK	1,920,000	-806,000	1,000	1,114,000	0.5%	6,287	10,708
SkyePharma	UK	GBP	4,976,806	0	0	4,976,806	20.8%	2,289	3,663
China Nuokang Biopharma <sup>p)</sup>	China	USD	355,652	0	0	355,652	1.8%	1,261	2,324
Micrus Endovascular <sup>1)</sup> <sup>p)</sup>	USA	USD	1,614,203	-1,614,203	0	0	0.0%	0	33,548
Other investments								8,788	10,550
<b>Total public companies</b>								<b>58,686</b>	<b>100,314</b>
<b>Total investments</b>								<b>534,598</b>	<b>632,918</b>

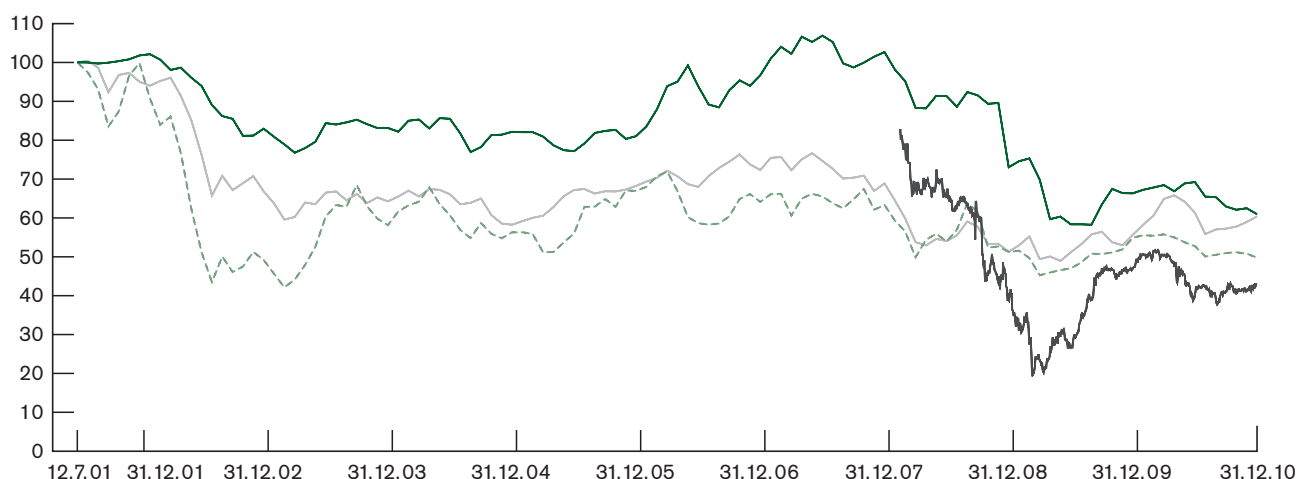
<sup>p)</sup> The position originates from the private companies portfolio.

<sup>1)</sup> The company was acquired by Johnson & Johnson during the period under review.



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

in Swiss francs, indexed (12.7.2001 = 100)



— NAV HBM BioVentures Ltd — NBI – Nasdaq Biotech Index<sup>1)</sup>  
 - - - MSCI World Pharma Index — Aktie HBM BioVentures Ltd (CHF)

<sup>1)</sup> Small cap biotech stocks listed on Nasdaq

### Significant Shareholders

Based on the notifications received by the Company as at 31 December 2010, the following shareholders are known to hold 3% or more of the share capital of HBM BioVentures:

Shareholder:	Latest notification of shareholding:	Published on:
OSI Pharmaceuticals, Inc.	10.53%	11.2.2010
HBM BioVentures Ltd (own shares)	4.68%	31.12.2010
Alpine Select Ltd/ Daniel Sauter/Fabrel Ltd	3.91%	11.12.2010
BVK Pension Fund of the Canton of Zurich	3.90%	12.2.2008
UBS Ltd	3.12%	21.9.2010
Red Rocks Capital LLC	3.05%	21.10.2010

### 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

### Board of Directors

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

<sup>1)</sup> Member of the Audit Committee

<sup>2)</sup> Member of the Nomination Committee

### Management

Dr Andreas Wicki, CEO  
 Dr Joachim Rudolf, CFO

### Fees

Management fee 2010/2011 (max. 1.5% of Company assets)	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

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