

SHS-REPORT

Issued March 2006

Dear Readers,

In 2001, we forecasted a good year for 2005. Despite being a little late, 2006 looks like it might just be able to deliver. With the investment phase coming to an end, we will invest in two spin-offs of large firms, deeming their technology and management to be impressive and likely to add value.

At the other end of the business system, we anticipate a raft of positive exits, some as IPOs, as we move into 2006.

Also, our investments have continued to amass value. Some key factors: successfully concluding

clinical phase III, strategic partnerships, attracting new quality customers, and (not least) recruiting seasoned managers and their taking stakes.

SHS is now setting up a successor fund, SHS fund III. This fund will invest in high-tech firms working in the Health Care field. We will focus on incipient market players whose revenues and customer basis are poised to grow. We confidently anticipate closing this fund before the year is out. One positive signal already is that EIF has committed to SHS fund III.

Editorial



Dr. Bernhard Schirmers
Managing Director

Novosis seeks approval for prostrate cancer treatment



Novosis-Headquarters in Miesbach

Novosis will now file for EU approval of its Goserelin implant, following the successful conclusion of clinical phase III trials.

Goserelin is used to lower testosterone levels in the treatment of (mainly) prostrate cancer but also of breast cancer. The technique will be licensed to pharmaceutical

firms within the first two quarters of 2006. Another development nearing takeoff (it is currently in clinical phase III) is an opiate patch. Clinical trials will conclude in 2007, with marketing scheduled to get underway in 2008.

This patch will be used to control severe pain. It will supplement the Fentanyl patch Novosis has developed for a pharmaceutical company (approval has also been filed for as a proprietary product).

The approval in the latter half of 2005 of the Fentanyl patch, which is chiefly used to control cancer-induced pain, has translated into rapid growth for Novosis.

www.novosis.com

LipoNova on track for IPO



LipoNova, a biopharmaceutical firm specialized in the development, production, and distribution of tumour vaccines, is preparing to go public.

LipoNova is one of few German biotech firms to have a product with a concluded clinical phase III. The firm is currently preparing a second phase III trial for this lead product: designed for use in renal cell carcinoma (RCC) noted clinical centres in Europe could already be brought on board.

Excellent clinical data have impressed existing shareholders and new investors of this product's efficacy and investment rationale,

especially since, based on the phase III data already available, risks and opportunities are pretty evenly poised by biotech investment standards.

Additionally, as it moves towards public listing, LipoNova has brought in acknowledged experts in order to strengthen its line-up. Dr. Wilfried Krümke and Prof. Dr. Ralf Thiericke, experienced managers with a pharmaceutical and biotech background, have now joined the supervisory board (see also under "New Faces").

www.liponova.com

New investment

With its latest acquisition, a stake in a firm in the thermoelectric sector, SHS has now made one of its final investments under the SHS fund II. By teaming up with a major high-tech player, this new stake will allow SHS to draw on the latter's research and development. What prompted SHS to invest in the thermoelectric firm is that its products are almost fully developed, and that first customer relationships have been established, thus assuring rapid growth over the short term.

Vita 34 successfully attracts new shareholders

To drive likely future growth, Vita 34 International AG has increased its share capital by some €4 million. The issue was sold to various venture capital and asset management firms.

SHS too has taken part in the capital increase. The funds are aimed at positioning the firm better in the German market and at accelerating entry to the US market.

In Europe, Vita 34 leads the field in umbilical cord blood banking. In the strongly growing US market, Vita 34 has formed a merger with CorCell, an American umbilical cord blood bank.

SHS initiated the above transaction in tandem with Vita 34's management.

www.vita34.de

CryLaS posts profitable growth in revenues

After splitting the Crystal group in two business sectors, CryLaS has successfully positioned itself as an OEM supplier of diode-pumped solid-body lasers.

It specializes in long-life high beam micro lasers, whose primary application is in diagnostic instruments.

Revenues are up ten-fold over last year's levels; in addition, the firm has posted a positive operational result (EBIT).

The year 2005 saw more new lasers come on stream, currently undergoing trials with OEMs. General agreements have been signed with noted suppliers of diag-

nostic applications in the fields of pharmaceutical, medical, and life science technology.

At the end of 2005, SHS and management decided to inject more equity into CryLaS with a view to boosting further growth.

www.crylas.de

ProBioGen:

Successful completion of development project with PAION

ProBioGen AG and the Aachen based PAION Deutschland GmbH have successfully completed a joint development project. After establishing the production process, the Berlin based cell line specialist will deliver Solulin for final pre-clinical testing, thereby supporting PAION in the preparation for the first clinical Phase I trial of the anticoagulant Solulin. ProBioGen will further be responsible for the manufacturing of

GMP material for this trial.

Solulin is a recombinant, soluble version of the human membrane protein thrombomodulin. It acts as a natural modulator of coagulation. The drug is currently being developed for the treatment of thrombotic diseases where the present anticoagulants are ineffective or are perceived to have an unsatisfactory safety profile.

Cooperation with Sigma Aldrich

ProBioGen has embarked on a sales and marketing cooperation with media supplier Sigma Aldrich with the aim of marketing cell-line development services.

Sigma Aldrich has an international presence, giving ProBioGen market entry to biotech and pharmaceutical companies, including those operating in the US market with its attractive volumes.

www.probiogen.de

New Faces



MBI at CPC Systems

CPC Systems, a company producing micro reactor systems for the synthesis of chemical compounds, has successfully completed its product assortment by the end of 2005. CPC Systems is now the only firm worldwide to be able to supply its customers in the (fine) chemical and pharmaceutical industry with integrated standardized production systems (ranging in scale from mg to tons). With a scheduled marketing expansion looming, CPC Systems was able to attract **Heinz-Jürgen Benninghof**, a highly experienced manager and successful entrepreneur, by way of a MBI. With his engineering background and his long-standing sales experience Mr. Benninghof will handle Marketing and Sales at CPC Systems and will move the company into relevant target markets.



VITA34 appoints Oliver Papaviassopoulos to board

VITA34 AG has appointed **Oliver Papaviassopoulos** as Chief Marketing and Sales Officer. His objectives are to sharpen the company's brand positioning and to roll out its services to a broad target group. The new Marketing and Sales Manager can point to a number of successes scored in the marketing of family-related products and services for noted market leaders in the consumer goods, media, and tourism sectors, e.g. Proctor & Gamble and Centre Parks Europe.



ProBioGen appoints Professor Treffenfeldt to supervisory board

ProBioGen has appointed Professor Wiltrud Treffenfeldt to its supervisory board. **Professor Wiltrud Treffenfeldt** is director for Bioprocess Development at Dow Chemicals, the leading US Company, her job being to design and implement for Dow strategies in the areas of human and animal health with the goal of creating sustainable value within the biotechnology sector. As an internationally renowned expert in the industry, Prof. Treffenfeldt increases the firm's expertise through her extensive experience in red and white biotechnology and her excellent contacts in industry, science, and research.



Novosis appoints COO

In 2005 Manfred Nachtwey was appointed to the board of Novosis. Mr. Nachtwey's career in the pharmaceutical industry goes back many years, milestones in this regard being Smith Kline, Sanofi Synthelabo, and Servier, to name just some. In his new job as COO at Novosis, he will oversee the corporate organization.



Prof. Ralf Thiericke

LipoNova appoints two experienced managers to its supervisory board

As it moves towards IPO, LipoNova AG has appointed **Prof. Dr. Ralf Thiericke** and **Dr. Wilfried Krümke** to its supervisory board.

Professor Thiericke works for CyBio AG Jena where he oversees scientific strategies; he is also spokesman for the Cluster Biotechnology-Life Sciences in Central Germany. Some earlier stages in his career: general pharmaceutical research for HOECHST AG; the Hans Knöll Institute; and (since 2000) CyBio Screening GmbH. Professor Thiericke will significantly support LipoNova with his experience and networks he has built; in particular, he will bring expertise to the task of international strategy planning.



Dr. Wilfried Krümke

Dr. Krümke has many years of experience as an independent consultant in the fields of clinical trials and approvals. After studying chemistry and medicine, he worked for various pharmaceutical firms, most recently as director of medicine and health policy for Knoll Deutschland GmbH. Dr. Krümke now works, among other things, as scientific evaluator for BfArM in which capacity he has conducted numerous clinical trials from phases I-IV involving a total of 20,000 patients or more. In addition, Dr. Krümke has many years of experience in the field of drug marketing approval.



Affimed appoints Dr. Miroslav Ravic as CMO

Affimed Therapeutics AG, a specialist in developing recombinant antibodies for use in treating cancer diseases, has appointed **Dr. Miroslav Ravic** as its Chief Medical Officer. Dr. Ravic, Managing Director of the London-based consulting firm Pharma Integra Ltd. is a medical professional with 30 years of combined experience in clinical practice, medical science, and drug development. While working as Chief Clinical Officer at Antisoma, a British biotech company, Dr. Ravic was in charge of designing and implementing the firm's global program of clinical trials. Earlier, he worked for 10 years with Eisai, the leading Japanese pharmaceutical group, where he was European Head of Clinical Research and Development. At the beginning of his career, he worked for Boehringer Ingelheim, and held various academic and clinical positions. Overall, Dr. Ravic has overseen some 100 clinical trials (phases I-IV), establishing in the process a broad network of investigators in Europe, the US, Japan, Australia, and New Zealand. He has many years of experience in dealing with the most important regulatory authorities worldwide. Through innovative development strategies and novel trial designs, he has achieved sizeable reductions in standard development times and costs of anticancer drugs.

Imprint:

A publication of
SHS Gesellschaft für Beteiligungsmanagement GmbH
Bismarckstrasse 12, 72072 Tübingen, Germany
Fon: +49 (0) 70719169-0, Fax: +49 (0) 70719169-190
e-mail: tuebingen@shsvc.net, www.shsvc.net

Responsible for content:

Dr. Bernhard Schirmers
Managing director of SHS

Layout and setting:

Carolin Wiede, Tübingen

Printer: Gulde Druck, Tübingen