

MolMed Board of Directors reviews 2007 financial statements

- The company's revenues grew from € 2.7 million to € 3.8 million, thanks to activities performed in scientific partnerships for the development of innovative therapies against AIDS and rare diseases.
- Operating costs increased from € 13.6 million to € 16.8 million in relation to the expansion and strong acceleration of R&D activities connected with clinical testing of the TK and ARENEGYR products.
- The company made a net loss in the year of € 12.7 million, in line with expectations. This situation is typical of biotech companies' business model in the development phase of their products, whose economic return is expected in future years.
- The net financial position was positive by € 5.7 million, consisting almost totally of cash and cash-equivalents coming from share capital contributions.
- The main results achieved in R&D activities in 2007 were: start of Phase II clinical development of ARENEGYR, and finalisation of the regulatory procedure for the start of TK's Phase III trial in leukaemias.

Milan (Italy), 19 March 2008 - The Board of Directors of MolMed - a medical biotechnology company focused on research, development, and clinical validation of innovative therapies for cancer treatment - which met this afternoon under the chairmanship of Claudio Bordignon, has reviewed and approved draft year-end financial statements as at 31 December 2007.

MOLMED HIGHLIGHTS

(Amounts in € '000)	31/12/2007	31/12/2006	Change	%
Total revenues	3,814	2,725	1,089	40%
Total operating costs	(16,763)	(13,563)	(3,200)	24%
Operating income (loss)	(12,949)	(10,838)	(2,111)	19%
Net finance income (expense)	253	141	112	79%
Pre-tax profit (loss)	(12,696)	(10,697)	(1,999)	19%
Income tax	-	-	-	-
Profit (loss) for the year	(12,696)	(10,697)	(1,999)	19%

FY2007 marked a crucial step for MolMed, which - while continuing to focus on activities relating to clinical and pre-clinical development of its products - started the process of listing the company's shares on the Milan screen-based equity market (*Mercato Telematico Azionario*) managed by Borsa Italiana SpA. This process culminated in the effective start of trading of the company's shares on 5 March 2008.

Main research activities in 2007 and their results

- Start of Phase II clinical development of ARENEGYR, with the start of four trials in four indications, i.e. colorectal cancer (January), small-cell lung cancer and liver cancer (February), and pleural mesothelioma (May).
- Finalisation of the regulatory procedure for the start of TK's Phase III trial in leukaemias, with the scientific support and protocol assistance of the EMEA (European Medicines Agency),

which led to filing of the application for authorisation with the AIFA (Agenzia Italiana del Farmaco - the Italian drug agency) in October, and approval of the Phase III clinical protocol by the Ethical Committee of the first clinical centre involved in December.

Bottom-line result

The bottom-line result in FY2007 showed a loss of € 12.696 million vs. a loss of € 10.697 million in FY2006. Annual results were the direct consequence of the business development typical of biotech companies working on R&D, for which an economic return is expected in future years.

The FY2007 loss was 19% higher than in FY2006, set against considerable expansion of R&D activities, mainly relating to the clinical trials of the TK and ARENEGYR products.

Revenues

Revenues increased from € 2.725 million in 2006 to € 3.814 million in FY2007, growing by +40%. This was primarily due to payment of a milestone relating to the 2005 agreement with the Japanese company Takara Bio Inc., concerning an AIDS gene therapy project.

The positive progress of revenues was also due to expansion of service activities performed as part of scientific partnerships with research centres for the development of innovative therapies against rare diseases.

Operating costs

Operating costs increased from € 13.563 million in 2006 to € 16.763 million in 2007, up by +23.6% mainly because of the increase in service and staff costs associated with the expansion and acceleration of R&D activities.

The main changes in operating costs were due to the following items:

Service costs

Service costs rose from € 5.564 million in 2006 to € 7.365 million in 2007, with an increase of +32.4%. This is mainly related to the increased level of activity for development of the company's products.

The strong boost to clinical development activities relating to the TK product and expansion of ARENEGYR's clinical development plan, based on the start of numerous studies for trial of the product for different therapeutic indications caused the major increase in income-statement items relating to such costs. More specifically, the biggest increases concerned costs for clinical centres where trials are performed, which increased from € 0.479 million to € 0.725 million (+51.4%), and costs for support activities for clinical trials, which rose from € 0.158 million in FY2006 to € 0.389 million in FY2007 (+146.2%).

Service costs were also burdened by the increase in management, administrative and tax advisory services, which increased from € 0.101 million in 2006 to € 0.253 million in 2007 (+150.5%). This increase was mainly due to advisory activities for preparation of the company's IPO process.

Staff costs

Staff costs grew by 30.9%, rising from € 3.486 million in 2006 to € 4.562 million in 2007. This was due to the hire of 12 employees during the financial year, as well as to salary increases and bonuses accorded in the period. The increase in staff members, especially in operating areas, was necessary following the increase in clinical development activities for the company's products.

Net financial position

MolMed's balance sheet does not feature any financial debt. The company's net financial position as at 31 December 2007 was positive and amounted to € 5.666 million. Of this, € 5.591 million consisted of cash resources. These cash resources shown at year-end relate to the capital increase of € 10.028 million resolved on 24 April 2007 and totally subscribed and paid in by shareholders by the end of the current financial year.

FY2008 outlook

In the early days of FY2008 MolMed initiated the Phase III trial of TK (a cell therapy enabling transplant of haematopoietic stem cells from partially compatible donors) in patients suffering from high-risk acute leukaemias. This study, which follows successful completion of the Phase I/II trial, conducted on 53 patients suffering from high-risk leukaemias, will involve some 200 patients recruited in various Italian and international clinical centres.

In FY2008 clinical trials of ARENEGYR will continue, with the aim of verifying the product's efficacy either as a single agent or combined with other drugs, in several therapeutic indications.

The official Corporate Financial Reporting Manager of MolMed SpA, Enrico Cappelli, herewith attests, pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Law on Finance (Legislative Decree 58/1998), that the accounting disclosure contained in this press release matches documentary evidence, corporate books, and accounting records.

The report on operations, draft FY2007 financial statements, the Board of Statutory Auditors' Report and the independent auditor's reports will be made available to the public at the company's headquarters and via the NIS circuit of Borsa Italiana SpA, as well as on the Company website (<http://www.molmed.com>), in accordance with legal provisions.

The Board of Directors has reviewed and approved the FY2007 annual report on the corporate governance system and adherence of the Italian Corporate Governance Code for Listed Companies.

Summoning of the Annual General Meeting of Shareholders

The Board of Directors has summoned an ordinary shareholders' meeting to be held on 22 April 2008 at 10 a.m. on first call and, if necessary, on 29 April 2008 at 10 a.m. on second call.

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About MolMed

MolMed S.p.A is a biotechnology company focused on research, development and clinical validation of novel antitumour therapies. MolMed's pipeline includes three novel therapeutics in clinical development: TK, a cell-based therapy enabling bone marrow transplant from partially compatible donors, in Phase III in high-risk acute leukaemias; ARENEGYR, a novel vascular targeting agent (VTA), in Phase II in four different indications; M3TK, a

therapeutic vaccine, in Phase I/II in advanced melanoma. MolMed's clinical pipeline is supported by a broad portfolio of therapeutic candidates. MolMed is headquartered at the San Raffaele Biomedical Science Park in Milan, Italy. The company's shares (MLM.MI) are listed at the MTA managed by Borsa Italiana (Standard segment, class I).

Public disclosure obligations established by CONSOB (Italian securities & exchange commission) resolution no. 11971 of 14.5.1999 as subsequently amended

Financial statements as at 31 December 2007

Balance sheet

(Amounts in thousands of euro)	31/12/2007	31/12/2006
ASSETS		
Tangible assets	2,077	2,325
Goodwill	77	77
Intangible assets	3,248	4,223
Financial assets	5	1
Tax receivables	1,851	1,273
Other assets	4,131	4,131
TOTAL NON-CURRENT ASSETS	11,389	12,031
Inventories	200	119
Trade receivables and other commercial assets	1,825	1,082
Tax receivables	1,132	1,042
Other receivables and sundry assets	1,842	485
Other financial assets	75	-
Cash & cash equivalents	5,591	8,433
TOTAL CURRENT ASSETS	10,666	11,161
<i>Assets held for sale</i>	-	-
TOTAL ASSETS	22,055	23,192
SHAREHOLDERS' EQUITY & LIABILITIES		
Share capital	16,229	22,487
Share premium reserve	-	10,502
Other reserves	9,606	-
Stock option plan reserve	1,152	1,024
Actuarial valuation reserve	21	7
Retained earnings	(3,232)	(9,910)
Profit (loss) for the year	(12,696)	(10,697)
TOTAL SHAREHOLDERS' EQUITY	11,080	13,413
Pension and employee severance indemnity liabilities	269	335
Trade payables	476	1,348
TOTAL NON-CURRENT LIABILITIES	745	1,683
Amounts payable to lenders for finance leases	-	7
Trade payables	5,168	3,326
Other liabilities	5,061	4,763
TOTAL CURRENT LIABILITIES	10,230	8,096
<i>Liabilities held for disposal</i>	-	-
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	22,055	23,192

Income statement

(Amounts in €'000)	31/12/2007	31/12/2006
Revenues	2,984	1,920
Other income	830	805
Total operating revenues	3,814	2,725
Purchases of materials and consumables	(1,735)	(1,552)
Service costs	(7,365)	(5,564)
Costs for use of third-party assets	(1,129)	(1,040)
Staff costs	(4,562)	(3,486)
Other operating costs	(265)	(142)
Depreciation, amortisation, and write-downs	(1,706)	(1,779)
Total operating costs	(16,763)	(13,563)
Operating income (loss)	(12,949)	(10,838)
Financial income	253	164
Financial charges	-	(23)
Net financial income (charges)	253	141
Pre-tax profit (loss)	(12,696)	(10,697)
Income taxes	-	-
Net profit (loss) of continuing operations	(12,696)	(10,697)
Profit (loss) of discontinued operations	-	-
Profit (loss) for the year	(12,696)	(10,697)

Cash flow statement

(Amounts in €'000)	31/12/2007	31/12/2006
Cash & cash equivalents	8,433	11,701
Opening balance of cash & cash equivalents	8,433	11,701
Operating cash flows:		
Profit (loss) for the period	(12,696)	(10,697)
Depreciation & amortisation	1,706	1,779
Increase (decrease) in employee severance indemnity provisions	(66)	51
Other changes	-	-
Operating cash flows before changes in working capital	(11,056)	(8,867)
Changes in current assets and liabilities:		
(Increase) decrease in inventories	(81)	(16)
(Increase) decrease in trade and other receivables	(2,266)	(93)
Increase (decrease) in trade and other payables	2,141	(1,048)
Total change in current assets and liabilities	(206)	(1,157)
(Increase) decrease in non-current tax receivables	(577)	71
Increase (decrease) in non-current trade payables	(872)	-
Total cash flows for operating activity	(12,712)	(9,953)
Cash flows for investment activity:		
Net investments (disposals) of tangible assets	(456)	(1,152)
Net investments (disposals) of intangible assets	(27)	(233)
Net investments (disposals) of financial assets	(4)	-
Total cash flows for investment activity	(487)	(1,385)
Cash flows for financing activity:		
Increases of share capital and share premium reserve	10,220	8,000
Other changes in shareholders' equity	143	80
Change in amounts payable to lenders for medium-term finance leases	-	(8)
Change in amounts payable to lenders for short-term finance leases	(7)	(2)
Total cash flows for financing activity	10,356	8,070
Cash flows generated (absorbed) in the period	(2,843)	(3,268)
End-of-period balance of cash & cash equivalents	5,591	8,433

Summary of changes in shareholders' equity

(Amounts in € '000)	Share capital	Share premium reserve	Other reserves	Stock option plan reserve	Actuarial valuation reserve	Retained earnings	Profit (loss) for the year	Total s/holders' equity
Balance as at January 1 2006	17.182	-	11.761	956	(5)	(4.094)	(9.770)	16.030
Allocation of previous year's earnings	-	-	(3.954)	-	-	(5.816)	9.770	-
Share capital increase	5.305	10.502	(7.807)	-	-	-	-	8.000
Actuarial valuation	-	-	-	-	12	-	-	12
Cost of staff stock options	-	-	-	68	-	-	-	68
Profit (loss) for the period	-	-	-	-	-	-	(10.697)	(10.697)
Balance as at 31 December 2006	22.487	10.502	-	1.024	7	(9.910)	(10.697)	13.413

(Amounts in € '000)	Share capital	Share premium reserve	Other reserves	Stock option plan reserve	Actuarial valuation reserve	Retained earnings	Profit (loss) for the year	Total s/holders' equity
Balance as at January 1 2007	22.487	10.502	-	1.024	7	(9.910)	(10.697)	13.413
Payment of remaining capital increase	193	-	-	-	-	-	-	193
Allocation of previous year's earnings	-	(10.502)	-	-	-	(195)	10.697	-
Payment for capital increase	-	-	9.301	-	-	-	-	9.301
Share capital increase	3.436	6.591	(9.301)	-	-	-	-	726
Share capital reduction and loss hedging	(9.888)	(6.591)	9.606	-	-	6.873	-	-
Cost of staff stock options	-	-	-	128	-	-	-	128
Actuarial valuation	-	-	-	-	14	-	-	14
Profit (loss) for the period	-	-	-	-	-	-	(12.696)	(12.696)
Balance as at 31 December 2007	16.228	-	9.606	1.152	21	(3.232)	(12.696)	11.080