

MolMed Board of Directors approves financial report for first half-year 2008

- Significant acceleration of development activities, particularly on most advanced investigational new drugs TK and NGR-hTNF (ARENEGYR)
- Strengthened organisation and hired additional resources because of the increase of operations and the Company's listing on the Milan Stock exchange, which resulted in an expected increase of operating costs to € 11.5 million in 1H 2008 compared with € 8.1 million in 1H 2007
- Positive net cash position of € 44.1 million, resulting from the IPO

Milan (Italy), 27 August 2008 - The Board of Directors of MolMed S.p.A. (Milan:MLM), chaired by Professor Claudio Bordignon, has approved the financial report for 1H 2008.

DEVELOPMENT ACTIVITIES AND RESULTS

MolMed made significant progress during 1H 2008, with particular emphasis on its most advanced projects TK and NGR-hTNF (ARENEGYR):

- MolMed started a Phase III trial of its TK therapy in high-risk leukaemia patients, following authorisation from the Italian drug agency AIFA (*Agenzia Italiana del Farmaco*) obtained on January 17, 2008. TK is a cell therapy enabling bone marrow transplants from partially compatible donors.
- The Company presented the results, either final or preliminary, of five clinical trials of NGR-hTNF, MolMed's vascular targeting agent, at the 44th annual meeting of the American Society of Clinical Oncology (ASCO). Among these, of particular interest were the key preliminary data of two yet ongoing Phase II trials, conducted in chemo-pretreated patients affected by malignant pleural mesothelioma (MPM), and in heavily pre-treated patients affected by colorectal cancer (CRC). Early evidence demonstrated safety and clinical activity of NGR-hTNF, with promising survival data and evidence of substantial clinical benefit in terms of long-lasting disease control.
- Thanks to these promising results, NGR-hTNF was granted Orphan Drug designation by the European Commission for the treatment of malignant mesothelioma. NGR-hTNF is now in the Community Register of designated Orphan Medicinal Products (EU/3/08/549).
- MolMed signed a drug development and production agreement concerning NGR-hTNF with Avecia Biologics in Billingham (UK), focused on optimisation and industrial scale-up of the drug manufacturing process, and on cGMP manufacturing of the drug by Avecia for the forthcoming Phase III trials. This optimised production process will match the requirements of adequate supply for the drug commercialisation.
- The Company continued patient enrollment in the ongoing trials of NGR-hTNF. A new Phase II trial was started, exploring combination with Xelox regimen (capecitabine + oxaliplatin) in colorectal cancer. Definition of new trial protocols was carried on, aimed at the exploration of NGR-hTNF at high doses and in new indications.

FINANCIAL RESULTS

In line with expectations, MolMed recorded a total loss of € 9.9 million in the first half of 2008, *versus* € 6.8 in 1H 2007, which reflects a business model typical for a R&D-driven biotech company, for which economic return is expected in future years.

Total revenue in the first six months amounted to € 0.9 million, compared with € 1.3 million in 1H 2008, a decrease of 28% as a result of increased company focus on advancing its development pipeline and a shift away from its service activities.

Total operating costs increased to € 11.5 million, 42% up compared to 1H 2007, and are a direct consequence of the Company's expansion, strong increase of its development activities, listing and organisation reinforcement with staff hirings.

With cash on hand of € 44.1 million as of 30 June 2008, MolMed is in a financial position allowing to continue its development plan and support current and possible new research and clinical development programmes, as well as the establishment of new production facilities related to pharmaceutical development and future marketing of the Company's products.

During 1H 2008, MolMed completed a successful listing of its shares on the Milan Stock Exchange. Trading of MolMed's shares started on 5 March 2008 on the class I Standard segment of the Milan screen-based equity market (*Mercato Telematico Azionario*) managed by *Borsa Italiana*. The listing was achieved through a Global Offer of 26,116,952 shares without nominal value, representing 25% of post-IPO corporate capitalisation, at the price of € 2.15 per share. Gross financial resources issued amounted to € 56.2 million.

FINANCIAL HIGHLIGHTS

(Amounts in million of €)	June 30, 2008	June 30, 2007	Change %
Revenues	0.9	1.3	(28%)
Operating costs	(11.5)	(8.1)	42%
Operating loss	(10.6)	(6.9)	54%
Net finance income	0.7	0.1	741%
Loss of the period	(9.9)	(6.8)	46%

(Amounts in million of €)	June 30, 2008	June 30, 2007	Change %
Net financial position	44.1	5.7	678%

The official Corporate Financial Reporting Manager of MolMed S.p.A., 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.

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 transplants 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 (colorectal, small-cell lung and liver cancers and mesothelioma); and 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 (Milan:MLM) are listed at the Milan Stock Exchange, on the Standard segment (class I) of the MTA managed by Borsa Italiana.

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This press release is written in compliance with public disclosure obligations established by CONSOB (Italian securities & exchange commission) resolution no. 11971 of 14.5.1999 as subsequently amended.

Financial statements 1H 2008

Balance sheet

(amounts in thousands of Euro)	30/06/2008	31/12/2007
ASSETS		
Tangible assets	2,226	2,077
Goodwill	77	77
Intangible assets	2,782	3,248
Financial assets	13	5
Tax receivables	3,470	1,851
Other assets	3,443	4,131
TOTAL NON CURRENT ASSETS	12,011	11,389
Inventory	255	200
Trade receivables and other commercial assets	878	1,825
Tax receivables	936	1,132
Other receivables and sundry assets	1,351	1,842
Other financial assets	-	75
Cash at bank and on hand	44,061	5,591
TOTAL CURRENT ASSETS	47,481	10,666
<i>Assets held for sale</i>	-	-
TOTAL ASSETS	59,492	22,055
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	21,638	16,229
Share premium reserve	45,463	-
Other reserves	-	9,606
Stock option plan reserve	1,499	1,152
Actuarial valuation reserve	21	21
Accumulated losses	(6,321)	(3,232)
Loss for the period	(9,873)	(12,696)
TOTAL SHAREHOLDERS' EQUITY	52,427	11,080
Liabilities for pensions and employee termination indemnities (TFR)	270	269
Trade payables	852	476
TOTAL NON CURRENT LIABILITIES	1,122	745
Trade payables	4,756	5,168
Other liabilities	1,187	5,061
TOTAL CURRENT LIABILITIES	5,943	10,230
<i>Liabilities held for disposal</i>	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	59,492	22,055

Income statement

(amounts in thousands of Euro)	30/06/2008	30/06/2007
Revenues	519	951
Other income	393	310
Total operating revenues	912	1,261
Purchases of raw and consumable materials	(1,027)	(942)
Costs for services	(5,737)	(3,751)
Costs for use of assets owned by third parties	(626)	(556)
Personnel costs	(3,181)	(1,933)
Other operating costs	(128)	(86)
Amortization, depreciation & writedowns	(809)	(862)
Total operating costs	(11,508)	(8,130)
Operating loss	(10,596)	(6,869)
Financial income	735	98
Financial charges	(12)	(12)
Net financial income and charges	723	86
Loss before taxation	(9,873)	(6,783)
Taxes on income	-	-
Loss for the period	(9,873)	(6,783)

Cash flow statement

(amounts in thousands of Euro)		First half 2008	First half 2007
Cash and cash equivalents		5,591	8,433
Opening cash and cash equivalents	A	5,591	8,433
Cash flow from operating activities:			
Loss for the period		(9,873)	(6,782)
Amortization/depreciation of assets		809	862
Increase (decrease) in TFR/Employee leaving indemnity provision		1	(25)
Share based payments		347	64
Deduction of financial income and taxes		(723)	(86)
Deduction of taxes		-	-
Cash flow from operating activities before changes in working capital		(9,439)	(5,967)
Changes in current assets and liabilities:			
(Increase) decrease in inventory		(55)	(56)
(Increase) decrease in trade receivables and other receivables		1,709	(225)
Increase (decrease) in trade payables and other payables		(4,286)	1,277
Total changes in current assets and liabilities		(2,632)	996
(Increase) decrease in non current tax receivables		(919)	(2)
Increase (decrease) in non current trade payables		376	(166)
Interests paid		(12)	(12)
Income taxes paid		-	-
Total cash flow from operating activities	B	(12,626)	(5,151)
Cash flow from investing activities:			
Net (investment) divestment in tangible assets		(455)	(375)
Net (investment) divestment in intangible assets		(36)	(200)
Net (investment) divestment in financial assets		(8)	(3)
Total cas flow from investing activities	C	(499)	(578)
Cash flow from financing activities:			
Increases in share capital and share premium reserve		50,872	194
Other changes in shareholders' equity		-	7,182
Change in medium term finance lease payables		-	(7)
Interests received		723	98
Total cash flow from financing activities	D	51,595	7,467
Cash flow generated (absorbed) during the year	E=B+C+D	38,470	1,738
Closing cash and cash equivalents	A+E	44,061	10,171

Summary of changes in shareholders' equity

(amounts in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Stock option plan reserve	Actuarial valuation reserve	Accumulated losses	Loss for the period	Total shareholders' equity
Balance at January 1, 2007	22,487	10,502	-	1,024	7	(9,910)	(10,697)	13,413
Payment of remaining share capital increase	194	-	-	-	-	-	-	194
Allocation of prior year loss	-	(10,502)	-	-	-	(195)	10,697	-
Payment for future share capital increases	-	-	7,182	-	-	-	-	7,182
Personnel cost for stock options	-	-	-	64	-	-	-	64
Actuarial valuation	-	-	-	-	4	-	-	4
Net loss for the period	-	-	-	-	-	-	(6,782)	(6,782)
Balance at June 30, 2007	22,681	-	7,182	1,088	11	(10,105)	(6,782)	14,075

(amounts in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Stock option plan reserve	Actuarial valuation reserve	Accumulated losses	Loss for the period	Total shareholders' equity
Balance at July 1, 2007	22,681	-	7,182	1,088	11	(10,105)	(6,782)	14,075
Payment for future share capital increases	-	-	2,119	-	-	-	-	2,119
Share capital increase	3,436	6,591	(9,301)	-	-	-	-	726
Reduction in share capital to cover losses	(9,888)	(6,591)	9,606	-	-	6,873	-	-
Personnel cost for stock options	-	-	-	64	-	-	-	64
Actuarial valuation	-	-	-	-	10	-	-	10
Net loss for the period	-	-	-	-	-	-	(5,914)	(5,914)
Balance at December 31, 2007	16,229	-	9,606	1,152	21	(3,232)	(12,696)	11,080

(amounts in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Stock option plan reserve	Actuarial valuation reserve	Accumulated losses	Loss for the period	Total shareholders' equity
Balance at January 1, 2008	16,229	-	9,606	1,152	21	(3,232)	(12,696)	11,080
Allocation of prior year loss	-	-	(9,606)	-	-	(3,090)	12,696	-
Share capital increase from IPO	5,409	50,742	-	-	-	-	-	56,151
Deduction of IPO cost	-	(5,279)	-	-	-	-	-	(5,279)
Personnel cost for stock options	-	-	-	347	-	-	-	347
Net loss for the period	-	-	-	-	-	-	(9,873)	(9,873)
Balance at June 30, 2008	21,638	45,463	-	1,499	21	(6,321)	(9,873)	52,427