

## PRESS RELEASE

Lelystad, the Netherlands, 10 March 2011

### Fornix publishes final annual figures for 2010

#### Key figures for 2010

In millions of EUR (except amounts per share)	2010	2009	Increase/decrease
Turnover	22.5	37.8	(40.5%)
Gross turnover result	17.3	30.4	(43.0%)
Other operating income	12.6	0.3	N/A
Total costs <sup>1)</sup>	16.0	16.8	(4.8%)
<sup>1)</sup> of which costs for allergy research	0.7	3.4	(79.1%)
Result from operating activities (EBIT)	13.9	13.9	0.2%
Net finance income/expenditure	0.6	0.9	(34.9%)
Profit before taxation	14.5	14.8	(1.9%)
Profit after taxation	13.6	11.0	23.3%
Earnings per share	EUR 1.76	EUR 1.43	23.1%

- Divestment of all operational activities
- Consistently and significantly lower holding-company costs and administrative costs
- Investigation of opportunities for merger or reverse acquisition
- Net profit increases from € 11.0 million to € 13.6 million
- Net profit impacted by book profit from sale of Allergy Division and book loss from Artu Deutschland and downward revaluation of goodwill due to sale of Medical Aids Division (Laprolan)
- Book profit balance of € 7.2 million contributed to the 2010 profit from sales of Allergy Division and Artu Deutschland and the special depreciation on goodwill of Medical Aids Division
- Net turnover declines by 40.5% to € 22.5 million (2009: € 37.8 million) due to sale of Allergy Division during 2010 financial year
- Liquidity position at year-end 2010: € 10.7 million (2009: € 35.2 million)
- Earnings per share for 2010: € 1.76 (2009: € 1.43)

#### CEO Cees Bergman on Fornix's results for 2010:

*'For Fornix, 2010 was the most turbulent year on record. Due to registration issues, we were compelled to sell the Allergy Division to ALK-Abelló in the first half of the year. Since then, a strategic study of our company's future has also resulted in the sale of Artu Deutschland and the Medical Aids Division (Laprolan). This means that all the operations that contributed to a solid result in recent years and that ensured a high dividend yield for our shareholders have now been sold. It is currently difficult to predict what the future will hold for our company, partly because of the still uncertain outcome of a study of the opportunities for a merger or a reverse acquisition of Fornix BioSciences.'*

**Fornix BioSciences N.V. (Euronext Amsterdam: AFORBI) is publishing its 2010 annual figures today.**

**A comparison with the results of previous years is difficult due to the dramatic changes in the structure of the company's operations in the past year. Effective 1 July 2010, the Allergy Division was deconsolidated following its sale as of that date. Although net profit for 2010 was higher than for 2009, this was mainly due to the sale of the Allergy Division (representing a book profit) and the sale of Artu Deutschland as of 30 December 2010 (representing a book loss), as well as the downward revaluation of the goodwill of the Medical Aids Division (Laprolan) as a result of the proposed sale to Rochester Medical.**

In 2010, Fornix achieved net profit of € 13.6 million, versus € 11.0 million for 2009.

EBIT – including book results, and primarily as a result of the sale of the Allergy Division – remained steady at € 13.9 million. Overall, the sales of the Allergy Division and Artu Deutschland resulted in a book profit of € 12.4 million. The downward revaluation of the goodwill of the Medical Aids Division totalled € 5.2 million.

As a result of the sale of the Allergy Division in the first half of the 2010 financial year, Fornix BioSciences' net turnover declined by 40.5% to € 22.5 million (versus € 37.8 million in 2009). The company's liquidity position at year-end 2010 totalled € 10.7 million (2009: € 35.2 million). This decline was directly related to the dividend distribution in May 2010 (final dividend and special dividend of a total of € 3.00 per share) and the interim dividend, distributed in September 2010, of € 3.30 per share, including the proceeds from the Allergy Division of € 2.65 per share. Earnings per share for 2010 stood at € 1.76, versus € 1.43 for 2009.

### **Division results**

During the six months that the Allergy Division was still part of Fornix BioSciences, the division contributed a total of € 12.7 million to the group turnover for 2010. EBIT for the Allergy Division totalled € 21.7 million; this increase was driven by lower research costs and the net profit from the sale of the Allergy Division.

For Artu Deutschland, 2010 was a disappointing year, with turnover declining by 38.6% to € 1.7 million (versus € 2.8 million in 2009). EBIT declined, mainly due to the realised book loss to - € 2.9 million (2009: € 0.2 million profit).

Strong sales of private-label brand products ensured that Laprolan's turnover due to the loss of two distribution contracts declined by only 11.4% in 2010. Turnover for the year stood at € 8.2 million (2009: € 9.3 million). EBIT from operating activities declined from € 2.4 million in 2009 to € 2.2 million in 2010.

### **Dividend and profit appropriation**

On balance, the 2010 net profit of € 13.6 million (€ 1.76 per share) includes the net profit from the six months that the Allergy Division was still part of Fornix; the proceeds from the sale of the Allergy Division; and the results from the German operations and Laprolan, along with the book losses from Artu Biologicals Deutschland and goodwill impairment on the Medical Aids Division. Since the net proceeds from the sale of the Allergy Division were already distributed to shareholders in September 2010 as a portion of the interim dividend of € 3.30 per share and the interim dividend distribution significantly exceeds the total net profit for the 2010 financial year, no final dividend will be proposed.

At the upcoming Annual General Meeting of Shareholders on 13 May 2011, Fornix BioSciences will therefore propose to add the full net profit for 2010 of € 13.6 million (€ 1.76 per share) to the reserves, and to not propose a final dividend for 2010.

### **Shareholder structure**

The second half of 2010 and the beginning of 2011 saw a number of significant changes in Fornix BioSciences's shareholder structure. In September 2010, long-term shareholders Aviva (Delta Lloyd) and Kempen Oranje Participaties sold their stakes in the company. Around the same time, Value8 acquired a 16.3% stake in Fornix BioSciences. In January 2011, Cross Options reduced its stake to below 1%, while Value8 increased its interest to 26.59%.

### **Strategic study**

The in-depth strategic study of the future of Fornix BioSciences, which was launched after the sale of the Allergy Division, prompted the company in 2010 to begin selling its remaining operations, consisting of Artu Deutschland and Laprolan. At the same time, the Board of Directors and Supervisory Board of Fornix BioSciences launched a detailed investigation of the opportunities for a merger or reverse acquisition of Fornix BioSciences, where the company's preference is for a candidate operating in the healthcare industry. The Board of Directors and Supervisory Board consider this the preferred alternative for the shareholders. Additionally, the Board of Directors and Supervisory Board have implemented far-reaching measures to reduce the holding company's cost levels to a minimum required level.

### **Sale of Allergy Division**

The sale of the Allergy Division to ALK-Abelló, effective 1 July 2010, was finally completed on 5 July 2010. The final sale price was set at € 21.8 million: € 2.2 million higher than the previously reported price of € 19.6 million, due to a higher working capital. Net proceeds from the sale of the Allergy Division (i.e. the price paid by ALK-Abelló less the € 1.2 million transaction fee) totalled € 2.65 gross per ordinary share. These proceeds were distributed as part of the interim dividend (at € 3.30 per share) in September 2010.

### **Sale of Artu Deutschland**

Following the strategic review announced on 8 December 2010, the company reported on 4 January 2011 that the divestment of Artu Biologicals Deutschland GmbH & Co. KG was completed on 30 December 2010, when Fornix BioSciences transferred the entire stake in Artu Deutschland of the sole limited partner to Rölke Pharma GmbH. As part of this transaction, it also transferred all issued shares in Artu Biologicals Deutschland Verwaltungs GmbH, Artu Deutschland's sole general partner. Since all debts and future liabilities of the loss-making entity Artu Deutschland were transferred, no material consideration was paid. The result was a book loss of € 2.5 million.

### **Proposed sale of Medical Aids Division (Laprolan)**

Also as a result of Fornix BioSciences' strategic review, the company announced on 12 January 2011 that it had signed an agreement with Rochester Medical, as part of which the latter will acquire the Medical Aids Division (Laprolan) from Fornix BioSciences at a cash price of € 10.35 million, free of debt, where a portion of the sale price will be payable only subject to specific conditions upon acquisition. If none of these conditions can be met, the sale price will be reduced by a maximum of approximately € 2 million. A definite answer regarding these conditions can be provided within 90 days after the transaction is completed. Fornix BioSciences has confirmed to Rochester that these conditions have largely been satisfied, as a result of which the maximum reduction of the sale price currently amounts to approximately € 0.5 million. After the deduction of the transaction fee, the agreed reserve for guarantees and the like, and related tax liabilities, the expected cash proceeds of the proposed divestment will total between € 6.5 and € 7.0 million. The company will propose that these proceeds be distributed in the form of an interim dividend in April 2011. The effective date of the acquisition is 1 January 2011.

The Fornix BioSciences Supervisory Board approved and recommended the transaction on 12 January 2011, with the company's Works Council also issuing a favourable recommendation. The only remaining condition precedent for the transaction is the approval of the shareholders of Fornix BioSciences (pursuant to Article 2:107a of the Dutch Civil Code. In an Extraordinary General Meeting of Shareholders scheduled for 30 March 2011, the transaction will be submitted for approval to the shareholders and then completed shortly thereafter. A shareholders' circular detailing the transaction, including background and reasons, was posted on Fornix BioSciences' website on 15 February 2011.

### **Costs related to Fornix BioSciences holding company**

In addition to the divestment of Laprolan and Artu Deutschland, the Board of Directors and Supervisory Board also focussed on substantially reducing the company's overhead costs and infrastructure, in light of the reduced operating activities. As part of these measures, the Supervisory Board reached agreement with Mr C.L. Bergman that the latter would terminate his

employment effective 1 May 2011. After this date, Mr Bergman will remain CEO of the company on a consultancy basis for a limited period of time, collecting a substantially lower fee. In addition, the Supervisory Board resolved to reduce the compensation of the members of the Supervisory Board by 50% with effect from 1 January 2011. This decision was prompted by the company's smaller size, where it should be noted that the Board's activities have not been reduced but have in fact increased.

Cost savings were also implemented in the other cost categories, to the extent possible. As a result, as of March 2011, the Fornix holding company no longer employs any staff, other than the CEO. These measures have substantially reduced the long-term costs of Fornix BioSciences' holding company. Based on current information, the holding company's net loss for the full year 2011 will be less than € 0.4 million.

### **Composition of the Supervisory Board and Board of Directors**

The composition of the Supervisory Board and Board of Directors is one of the items on the agenda for the Extraordinary Meeting of Shareholders to be held on 30 March 2011.

### **Outlook and future strategy**

Due to the company's tentative situation at present and the uncertain outcome of the studies launched by the Board of Directors and the Supervisory Board of opportunities for a possible merger or a reverse acquisition of Fornix BioSciences, the Board of Directors is presently unable to make any predictions regarding developments for 2011.

As part of our company's strategic review, we will continue to explore further options, including a merger or reverse acquisition. Based on our solid track record as a listed company and our liquidity position, these options remain our preferred alternatives in the interest of all the company's stakeholders.

Along with the divestments of Laprolan and Artu Deutschland and the study of alternatives related to a merger or reverse acquisition, the reduced operating activities have prompted us to substantially reduce our overhead costs. Due to the company's radically reduced infrastructure, the costs involved in finding a candidate for a merger or reverse acquisition will be significantly lower. Partly as a result of these lower costs, there will be less pressure to find a suitable candidate.

Based on the above, the Board of Directors has prepared the Annual Accounts on the assumption of the company's continuity. However, there is currently no certainty as to the impact of the strategic options and the continuity basis. If the strategic options turn out to be infeasible, Fornix BioSciences may proceed to go into liquidation. However, if the sale of Laprolan is approved at the upcoming Extraordinary General Meeting of Shareholders on 30 March 2011, liquidation will not be possible before 1 January 2012, as part of Fornix BioSciences' commitment to the buyer.

Based on its current financial situation, Fornix BioSciences expects to have sufficient funds available to sustain its limited cost structure over the next two years.

### **General results**

#### **Turnover**

The turnover of the Allergy Division, Artu Biologicals Deutschland and the Medical Aids Division was down 40.5% in 2010 at 22.5 million compared with € 37.8 million in 2009. The decline in turnover was, of course, mainly due to the sale of the Allergy Division to ALK-Abelló and, to a lesser degree, due to the lower turnover of Laprolan and Artu Biologicals Deutschland.

#### **Gross turnover result**

The gross turnover result came to € 17.3 million in the financial year, which is 77.1% of the turnover. This is a decline of 43.0% compared to the gross margin in 2009 (€ 30.4 million).

### Other operating income

The other operating income of € 12.6 million (2009: € 0.3 million) concern in 2010 the book profit from the sale of subsidiaries and income from a service agreement with ALK-Abelló for services delivered. In 2009, the other operating income mainly concerned subsidies.

### Costs

The costs in 2010 amounted to € 16.0 million compared with € 16.8 million in 2009, a decline of € 0.8 million or 4.8%. This decline in costs was mainly due to much lower costs for the Clinical Development Plan of € 0.7 million compared to € 3.4 million in 2009. The sale of the Allergy Division on 1 July 2010 also substantially reduced costs. The costs of the Holding also fell sharply, as a result of a drastically reduced workforce. As part of the transaction with ALK-Abelló, the current share plans for the whole Fornix group (Board of Directors, management and staff) were ended upon their completion and replaced by a compensation scheme which also applied to the whole Fornix group. The consequences of this resulted in an additional cost in 2010 of on balance € 0.2 million. On the other hand, substantial extraordinary costs were incurred relating and as a consequence of the sale of various business units.

### EBIT and net profit

Mainly as a result of the sale of the Allergy Division, the EBIT of Fornix BioSciences, including book profits, came to € 13.9 million in 2010 (2009: € 13.9 million). The net profit of Fornix BioSciences was € 13.6 million in 2010 compared with € 11 million in 2009. The sale of the Allergy Division and Artu Deutschland resulted in a book profit of € 12.4 million. The impairment on the goodwill of the Medical Aids Division resulted in a loss of € 5.2 million.

### Financing

Fornix BioSciences is financed mainly with shareholders' equity. At year-end 2010, equity stood at € 19.2 million, which is 86.5% of the total balance sheet (year-end 2009: € 54.8 million, or 89.6%). Fornix BioSciences has no credit facilities.

### Other balance sheet items

At the end of 2010, no inventory was held except for the inventory of Laprolan which was classified as assets held for sale (year-end 2009: € 4.3 million).

On 31 December 2010, there was no receivables position except for the receivables position of Laprolan which was classified as assets held for sale (2009: € 4.1 million). The trade accounts payable item fell from € 1.3 million at year-end 2009 to € 0.1 million on 31 December 2010.

### Liquidity position

On 31 December 2010, the liquidity position of Fornix BioSciences was € 10.7 million. As indicated in this press release and the press release of 15 February 2011, the net proceeds from the sale of Laprolan will be paid out in the form of an interim dividend to shareholders. Only the reserve to be maintained for guarantees and indemnifications to the buyer of € 1.55 million will be added to the liquidity position. After the settlement of all current obligations of Fornix BioSciences and accounting for the loss of the Holding over the financial year 2011, the liquidity position will be, according to current insights, between € 10 and € 11 million at year-end 2011.

Furthermore, the company holds € 0.7 million of its own shares in portfolio (based on the closing price on 31 December 2010).

### Allergy Division\*

(in millions of EUR)	2010*	2009	2008
Net turnover	12.7	26.1	29.2
EBIT	21.7	12.5	12.7
Number of employees on 31 December	-	87	85

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\* In consolidation figures until 1 July 2010 (sold to ALK-Abelló)

**For years, the Allergy Division has been the profitable core of the Fornix activities. The subsidiary Artu Biologicals Europe B.V. was sold, debt-free for € 21.8 million in cash on 1 July 2010 to an associate allergy company called ALK-Abelló in Denmark and it was therefore only included in the consolidation figures for six months. The Allergy Division develops and distributes immunotherapeutic products for the treatment of patients with an inhalation allergy to, for example, grass pollen, house-dust mites, tree pollen and cats and dogs, under the brand name Oralgén®.**

### **Result**

In the six months of 2010 that the Allergy Division fell within the consolidation figures of Fornix BioSciences, the turnover was € 12.7 million. There was a decline compared with the first six months of 2009 owing to shaky market conditions associated with the uncertainty surrounding the legislation with respect to non-registered allergen products. The EBIT of the Allergy Division was with € 21.7 million substantially higher than the financial year 2009, mainly due to the book profit realised with the sale.

In the Netherlands, Artu Biologicals Europe was with Oralgén®, with a market share of approximately 70%, and despite the presence of a registered rival product, by far the market leader. Years of hard work, including costly and clinical research programmes lasting years, have gone into the definitive registration of the most important Oralgén® products, namely Grass and Tree Pollen and House-dust mite.

The registration file dates from 1993. In the interim, a provisional registration was acquired from the Dutch Medicines Evaluation Board (College ter Beoordeling van Geneesmiddelen, or CBG). In the last ten years, it became clear that such products would ultimately require official registration. The Dutch Medicines Evaluation Board has rejected our applications for the registration of the main product Oralgén® Grass Pollen on a number of occasions and for various reasons, despite the performance of, in our opinion, very convincing clinical research especially in recent years. In addition, the District Court of Zwolle ruled in the second instance against Fornix BioSciences in its appeal against the rejection of the registration. The fact that registration had been denied also threatened the reimbursement for the products. In the last two years, the Dutch government announced a drastic tightening of compensation policy.

An interim injunction granted Fornix BioSciences a respite with regard to reimbursement until mid-2012, or earlier if a definitive decision is made regarding the registration file. The rejection of the appeal at the beginning of 2010 endangers the continuity of the Allergy Division on a '*stand alone basis*', which is not in the interests of the staff, shareholders and all other stakeholders in the company.

After this, an earlier preliminary sales process was initiated at an accelerated speed in order to affect the sale of the profitable Allergy Division to ALK-Abelló in April 2010.

In the meantime, the Council of State has judged in an appeal initiated by Fornix BioSciences against the ruling of the District Court of Zwolle that the Dutch Medicines Evaluation Board did in principle rightly reject the applications. But at the same time, the Council declared that the Dutch Medicines Evaluation Board should review the applications owing to serious procedural errors. The Council thinks the Dutch Medicines Evaluation Board was incorrect in refusing to include certain research data in the evaluation that was submitted by Fornix BioSciences to demonstrate the effectiveness of Oralgén®. However, in the interests of all the stakeholders Fornix BioSciences could not wait for the results of this decision.

### **Sale**

As a result of the strategic reorientation of the Dutch activities of the Allergy Division (Artu Biologicals Europe), Fornix BioSciences came to an agreement in April of the year under review with ALK-Abelló A/S regarding the sale of 100% of the shares in the Allergy Division for a purchase price of € 21.8 million in cash, debt-free. The transaction took place on 1 July 2010.

## Artu Biologicals Deutschland

(in millions of EUR)	2010	2009	2008
Net turnover	1.7	2.8	1.4
EBIT	(2.9)	0.2	(0.7)
Number of employees on 31 December	-	16	6

**Fornix BioSciences was involved in the marketing, sales and distribution of immunotherapeutic allergen products and medical aids in Germany through its subsidiary, Artu Biologicals Deutschland GmbH & Co. KG, from June 2007. The Oralgen® product was sold in the German market under the brand name Igevac® on a named-patient basis. The product was identical to Oralgen® and also manufactured by Artu Biologicals Europe B.V. in Lelystad. In the last 18 months, a fast-growing range of medical aids was also distributed to wholesalers, hospitals, care homes and private individuals.**

After achieving profit levels in 2009 for the first time since joining the Group, the company again landed in a loss-making situation in 2010 owing to difficult market conditions. Following a review of strategy by Artu Biologicals Deutschland, a process was launched with the intention of disposing of the loss-making activities. This process was completed within a very short space of time, ending on 30 December 2010 with the transfer of the shares to the original owner, Rölke Pharma.

### 2010 result

2010 was a disappointing year for Artu Deutschland. Turnover declined by almost 40% to € 1.7 million (2009: € 2.8 million). With the phasing out of sales of allergen products in Germany, expectations took account of a slight reduction in turnover. The reduction of 38.6% was mainly caused by budget measures, which have had a very negative effect on Artu Deutschland's sales of medical aids. This and especially the write off on goodwill of € 2.5 million caused the pre-tax result (EBIT) to decline to € 2.9 million negative (2009: € 0.2 million profit).

## Medical Aids Division

(in millions of EUR)	2010	2009	2008
Net turnover	8.2	9.3	9.7
EBIT	(3.2)	2.4	2.6
Number of employees on 31 December	22	22	26

**The Medical Aids Division, consisting of subsidiary Laprolan in Beuningen, has exclusive sales rights for a wide range of medical aids in the Netherlands, and for some products also in Europe. Besides this, a number of these products are increasingly being developed independently. The range consists of products in the area of urology and stoma care, wound and scar treatments and anti-decubitus care. The company employs 22 people.**

**The products are purchased by various institutions, including hospitals, nursing homes, care homes, wholesalers, chemists, specialist medical suppliers and home care organisations. It was**

**announced in January 2011 that, in light of the strategy change announced on 12 December 2010, agreement had been reached with the American concern, Rochester Medical Corporation, on the sale of Laprolan to Rochester. Shareholders will be able to approve this transaction in an extraordinary General Meeting of Shareholders on 30 March 2011. The effective date of takeover is set at 1 January 2011.**

With its suppliers, Laprolan has exclusive distribution rights for the Netherlands. There are also exclusive pan-European distribution rights for one of the washable incontinence products. Fornix BioSciences has exclusive rights for the anti-decubitus mattresses for the whole of Europe. Most of Laprolan's products are, when prescribed by a physician, reimbursed by the insurers, although the margins are coming under pressure through intervention by government and health insurers. Distribution is carried out from the plant in Beuningen. The policy is aimed at an optimal representation of strong manufacturer brands as well as the development of distinctive innovative products under the company's own management.

### **Result**

Owing to the loss at the end of 2009 of two important distribution agreements (accounting in 2009 for a third of total sales), in 2010 Laprolan was faced with a decline in turnover. However, against expectations this was limited by better-than-expected sales of the company's own brand of stoma products and additional turnover through a new distribution contract from 1 September 2010 in respect of wound care products. Laprolan's turnover in 2010 amounted to € 8.2 million (2009: € 9.3 million), 11.4% lower than in 2009. The EBIT declined, mainly through the extraordinary write-down on goodwill of € 5.2 million and costs directly related to the transaction of € 0.3 million, from € 2.4 million in 2009 to € 3.2 million negative in 2010.

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**END OF PRESS RELEASE**



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**Profile of Fornix BioSciences N.V.**

Fornix BioSciences N.V. is a listed company (Euronext Amsterdam: AFORBI) engaged in the distribution of medical aids and medical and nursing consumables. The company, which operates sites in Lelystad and Beuningen, currently employs approximately 23 people. Fornix BioSciences N.V. operates mainly in the Netherlands and is currently only engaged in the sale and distribution of medical aids.

The Medical Aids Division consists of Laprolan, which is located in Beuningen, and specialises in the sale, marketing and distribution in the Netherlands of a wide range of medical aids and medical and nursing consumables.

**Attachments**