



ARPIDA ANNOUNCES FULL YEAR 2008 FINANCIAL RESULTS

Reinach, Switzerland, 25 February 2009. Arpida Ltd (SIX: ARPN) announced today its financial results for the year ending 31 December 2008.

2008 Key Events

- Setback in regulatory process for intravenous iclaprim in US
- Restructuring and focus on iclaprim
- Top-line results of “intravenous-to-oral” Phase II trial with oral iclaprim
- Leadership change
- Share placing

Cash and financial investments of CHF 38.7 million at 31 December 2008

Post-Year-End Event

- January 2009: FDA issues Complete Response Letter

2009 Priorities

- Finalise restructuring
- Design a roadmap for approval of intravenous iclaprim
- Consider and develop strategic options

Dr Jürgen Raths, President and CEO, commented: “The negative FDA response of last January was a serious blow to our company and all of its stakeholders. The steps we have announced and executed, though painful, were unavoidable. We are currently pursuing several strategies to maximise shareholder value. This includes partnering, mergers and acquisitions as well as the disposal of certain assets as we do not have the money nor the time required to further develop iclaprim on our own.”

CFO Harry Welten, MBA, added: “Our cash balance at year-end 2008 was in line with our earlier guidance. We maintain our forecast that cash and financial investments will amount to approximately CHF 17 million at year-end 2009.”

Financial review for twelve months to 31 December 2008

Key financial indicators

CHF million	2008	2007
Research and development expenses	(43.8)	(45.0)
Management and general expenses	(13.4)	(15.4)
Restructuring expenses	(12.6)	-
Total operating expenses	(69.9)	(60.4)
Net result	(66.5)	(59.1)
Cash and financial investments at year-end	38.7	68.1
Equity at year-end	21.9	67.1

Results

Research and development expenses decreased to CHF 43.8 million in 2008 (2007: CHF 45.0 million). Major elements of the costs were related to staff, to the Phase II trial with intravenous iclaprim in HAP/VAP/HCAP and to spending on pre-marketing activities for iclaprim. The R&D expenses for 2008 include an impairment charge of CHF 3.6 million related to TLT.

Management and general expenses were CHF 13.4 million in 2008 (2007: CHF 15.4 million). The change relative to 2007 stems primarily from substantially lower IFRS-2 charges for share-based compensation.

The cost-saving measures that were implemented in December 2008 have led to restructuring charges of CHF 12.6 million in the 2008 result.

Balance sheet and cash flow

Cash and financial investments (including rent deposit) stood at CHF 38.7 million as of 31 December 2008, compared with CHF 68.1 million at year-end 2007. The funds are held in current and money market accounts with leading banks.

Cash used in operating activities amounted to CHF 44.5 million (2007: CHF 57.1 million), mainly driven by lower spending on clinical trials. Investing activities required CHF 3.1 million (2007: CHF 1.0 million), primarily reflecting the payment of a clinical milestone for TLT. Financing activities provided CHF 19.3 million, reflecting the proceeds from the share issue of April 2008.

Arpida has adjusted the assumptions regarding the TLT-programme, resulting in an updated business plan. The revised cash flow projections based on this updated business plan indicated that the recoverable amount of the TLT-related assets is below the carrying amount. This has resulted in an impairment charge in the 2008 accounts of CHF 0.7 million for goodwill and CHF 2.9 million for In-process R&D. In addition, the company restructuring which was announced in November 2008, has led to several adjustments in balance sheet values of assets and liabilities. More information can be found in the Notes to the Financial Statements in the 2008 Annual Report.

Statutory Accounts

Since inception, Arpida has chosen to capitalise research and development costs in its Statutory Accounts. In light of the announced company restructuring and the sharply reduced market capitalisation, this policy was reviewed. It was decided to write down 100% of the capitalised R&D expenses, resulting in an impairment charge in the Statutory Accounts. This does not impact the consolidated accounts, as R&D was never capitalised in these.

Outlook

After completion of the restructuring that was initiated at the end of 2008, the burn rate is expected to fall to around CHF 1 million on average per month from the second quarter of 2009 onwards. Cash and financial investments are expected to be around CHF 17 million at year-end 2009.

Pipeline Development

Intravenous iclaprim in cSSSI – setback in regulatory process

In 2008, regulatory filings for intravenous iclaprim in complicated skin and skin structure infections (cSSSI) were submitted in the USA, the European Union and in Canada.

On 20 November 2008, the Anti-infective Drugs Advisory Committee of the US Food and Drug Administration (FDA) voted 17 to 2 against the approval of intravenous iclaprim for use in the treatment of patients with cSSSI. In January 2009, Arpida received the FDA's Complete Response Letter. The FDA indicated in its letter that they could not approve the application for intravenous iclaprim in its current form and required additional clinical data to demonstrate efficacy in order to gain approval. Arpida has initiated a dialogue with external experts and the FDA to develop a roadmap to approval.

The regulatory filing in the European Union is ongoing. Arpida has received an intermediate report from the European Medicines Agency (EMA) containing the findings of the review carried out so far. The company is working closely with EMA to address the topics it has put forward.

The Canadian filing is currently not being pursued.

Oral iclaprim in cSSSI – in-depth analysis ongoing for further design of development plan

In December 2008, Arpida announced the top-line results of a Phase II “intravenous-to-oral” switch trial with iclaprim in patients with cSSSI. In parallel with the Phase II trial, the last ongoing study of the Phase I programme has been closed.

Based on the review to date, Arpida expects that further development work will be required in order to better understand the effect of orally administered iclaprim on liver enzymes and to explore optimal dosing regimens.

Other programmes:

In December 2008, a re-alignment of activities was initiated. The action plan to reduce costs impacts the development programmes in different ways:

- study stopped: Phase II with intravenous iclaprim in HAP/VAP/HCAP
- late preclinical studies stopped: AR-709 and AR-2474
- trial ongoing, further patient enrolment stopped: Phase III study with TLT in onychomycosis.

- ends -

A PDF-file containing the preliminary 2008 annual report (in English) is available on our website (www.arpida.com) starting 25 February 2009, noon.

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Against the background of these uncertainties readers should not place undue reliance on forward-looking statements. The company assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

This statement was also released in German and French. The English original is the binding version.