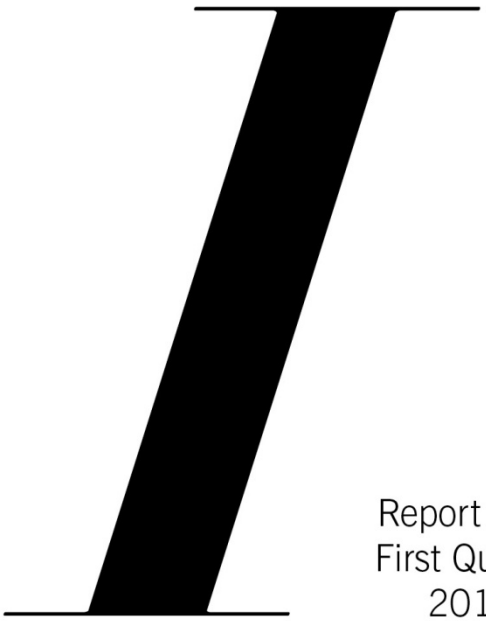
evotec

'RESEARCH NEVER STOPS'



Report as of
First Quarter
2010

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I. Management Report of the First Quarter 2010

EVOTEC'S DRUG DISCOVERY BUSINESS SET FOR STRONG GROWTH – EXCELLENT START INTO 2010: REVENUES +19% AND STRONG DECREASE OF OPERATING LOSS BY 93%

Recent highlights:

— **Sustainability of business clearly visible**
- Discovery alliances growing significantly, revenues +19%
- Strong decrease of operating loss by 93% to € 1.5m
- Cash burn markedly reduced: liquidity at € 67m

— **Increased revenues from long-term collaborations**
- New multi-year strategic alliance with Genentech (after period-end)
- Collaboration with CHDI to fight Huntington's Disease extended for another three years

— **Good progress with proprietary pipeline projects; increased third party funding**
- Positive FDA feedback to initiate Phase II with EVT 101; study to start in Q2 2010
- Successful completion of first-in-man study with EVT 103
- BMBF grant for H3 receptor antagonist programme (after period-end)

— **Financial guidance for 2010 confirmed**
- At least 15% revenue growth and >€ 64m liquidity at year-end

1. OPERATIONAL PERFORMANCE

Sustainability of business clearly visible: revenues +19%; operating loss -93% at € 1.5 m

The effects of Evotec's 'Action Plan 2012' are now clearly reflected in the financial results for the first quarter 2010. Revenues from the Company's discovery alliances grew significantly. Although Q1 revenues in 2009 and 2010 did not include any milestone payments from collaborations, total Group revenues increased by 19% to € 9.8 m (2009: € 8.2 m). R&D expenses declined by 83%, and SG&A costs by 30%. Due to this strong top-line performance and the significant reduction in operating expenses as well as exceptional items in Q1 2009, Evotec's operating loss for the first quarter decreased by 93% to € 1.5 m (2009: € 20.2 m). On this basis, liquidity including cash and cash equivalents, investments and auction rate securities at the end of March remained strong at € 66.8 m. Going forward, milestone achievements are expected to further enhance Evotec's financial performance; a strong basis to develop the Company to profitability latest in 2012.

2. DISCOVERY ALLIANCES UPDATE

Increased revenues from long-term collaborations

Due to its scale, integration of drug discovery technologies and disease know-how, as well as its strong reputation in the industry, Evotec is ideally positioned to take advantage of the increase in strategic drug discovery outsourcing. As a partner of choice for integrated alliances with pharmaceutical companies, Evotec further increased its share in revenues from long-term collaborations in the first quarter.

New multi-year strategic alliance with Genentech (after period-end)

On 10 May 2010, Evotec announced a new multi-year integrated drug discovery alliance with ***Genentech***. Jointly, both companies aim to identify novel therapeutics against one or several targets.

Collaboration with CHDI to fight Huntington's Disease extended for another three years

In January 2010, Evotec announced the extension of its collaboration with ***CHDI Foundation, Inc.*** (CHDI) through the end of 2012. The collaboration represents one of the largest drug discovery alliances within Evotec and will provide the Company with up to a total of US$ 37.5 m in research funding over three years. Evotec has been providing research and innovation support to CHDI since 2006.

In the first quarter 2010, Evotec also signed a significant collaboration with ***Vifor Pharma*** to jointly identify a pre-clinical candidate for the treatment of anaemia and announced collaborations or extensions with ***Cubist Pharmaceuticals*** and ***Active Biotech***.

3. STATUS OF CLINICAL PROGRAMMES AND PARTNERING OF ASSETS

Proprietary R&D increasingly funded by external partners
Evotec is focusing its proprietary programmes on fewer core assets, aggressively seeking strategic alliances to progress their development and to capture their commercial potential. The EVT 100 programme is partnered with Roche for development in treatment-resistant depression. The costs for the EVT 101 and EVT 103 studies are now fully borne by Roche, significantly reducing Evotec's R&D expenses and risk profile.

Good progress with EVT 101 and EVT 103 in Roche alliance
Early in 2010, Evotec completed the clinical part of the first-in-human Phase I study with EVT 103. The compound was safe and very well tolerated after single and multiple oral dose administration, with excellent bioavailability and only a minimal effect of food on the kinetic profile.
For EVT 101, the lead compound, Evotec received approval from the FDA to initiate the Phase II Proof-of-Concept study in treatment resistant depression. The study will start recruiting patients in the second quarter of 2010. If Roche exercises its buy-back option after completion of the Phase II trial, Evotec will receive a $65 m payment in exchange for the assignment of all rights.

New BMBF grant for H3 receptor antagonist programme (after period-end)
On 27 April 2010 Evotec announced it will receive up to € 1.5 m funding from the German Federal Ministry of Education and Research (BMBF) to advance its H3 receptor antagonist programme through Phase I clinical studies. H3 receptor antagonists have potential in a number of CNS indications, including excessive fatigue associated with conditions such as multiple sclerosis.

4. GUIDANCE

Financial guidance for 2010 confirmed
The Company confirms all financial targets for the fiscal year 2010 published on 25 March 2010: Total Group revenues before out-licensing income are expected to grow by at least 15%. SG&A expenses will decrease due to cost reductions in all parts of the Group. In addition, the Company will focus on key programmes and targets to invest approximately € 10 m in R&D. As a result, Evotec's Group operating result in the absence of impairment charges is expected to improve significantly over 2009. On this basis, the Company expects to end 2010 with a liquidity of more than € 64 m at constant year-end 2009 currencies.

A. REPORT ON THE FINANCIAL SITUATION AND RESULTS

1. RESULTS

Revenues

Evotec's **revenues** for the first quarter 2010 amounted to € 9.8 m, an increase of 19% compared to the same period of the previous year (2009: € 8.2 m). At constant 2009 exchange rates, revenues were € 10.0 m (+22%). Growth was driven by strong contributions from the drug discovery alliances, with additional contributions from the acquired business Evotec (India) Private Ltd., as well as a higher portion recognised from the upfront payment for the EVT 100 compound family from Roche compared to Q1 2009. Q1 2010 revenues did not include any milestone payments from collaborations. Geographically, 38% of Evotec's revenues were generated from Europe, 39% from the US, and 23% from Japan and the Rest of the World. This compares to 38%, 49% and 13%, respectively, in the same period of the previous year. The higher contribution of Japanese revenues to Group revenues reflects the expansion of the strategic long-term partnership with Ono Pharmaceutical.

Operating cost structure

Costs of revenue for the first quarter 2010 amounted to € 6.1 m (2009: € 5.3 m) yielding a strong **gross margin** of 37.9% (2009: 36.2%). At constant 2009 currencies, gross margin would have been even higher at 40.1%. The increase over 2009 is attributable primarily to a higher amount of the upfront payment from Roche recognised in the quarter.
Gross margins in the future may be somewhat volatile, and the receipt of potential milestone or out-licensing payments may further enhance Evotec's financial results.

R&D expenditure for the first quarter 2010 decreased by 83% to € 1.7 m (2009: € 10.3 m). The decrease primarily resulted from a focus on fewer core programmes, from the reduction of early discovery programmes, and from the closure of Evotec's US site following the implementation of the 'Evotec 2012 – Action Plan to Focus and Grow'. In addition, costs for the development of the EVT 100 compound family are now fully borne by Roche, while they were still included in Evotec's R&D expenses for the majority of the first quarter 2009.

SG&A expenses for the first quarter 2010 decreased markedly by 30% to € 3.4 m (2009: € 4.8 m), reflecting the full impact of Evotec's restructuring and cost saving measures.

Other operating income and expenses resulted primarily from the reimbursement of expenses incurred for the clinical programmes with EVT 101 and EVT 103 by Roche.

Financial results

Evotec's **operating loss** for the first quarter 2010 decreased by 93% to € 1.5 m (2009: € 20.2 m). This decrease in operating loss is mainly a result of the Company's strong top-line performance as well as its significant reductions in operating expenses mentioned above. In addition, the first quarter of the prior year included an impairment charge of € 6.6 m for the VR1 (vanilloid receptor 1) antagonist programme and € 1.4 m of restructuring expenses. The operating loss before these exceptional items improved by 88%.

Net loss decreased by 94% to € 1.2 m (2009: € 21.8 m). **Loss per share** for the first quarter 2010 was € 0.01 (2009: € 0.21).

2. FINANCING AND FINANCIAL POSITION

Cash flow and liquidity

Based on a significantly lower net loss than in the first quarter 2009, **cash flow used in operating activities** for the first quarter 2010 improved significantly to € (5.2) m from € (17.9) m in 2009. Besides net loss, cash outflow was mainly driven by regular bonus payments and prepaid expenses such as payments for insurances and maintenance contracts due at the beginning of each year: Cash outflow is expected to decline over the next quarters.
"Adjustments to reconcile net loss to net cash used in operating activities" included mainly amortisation (€ 0.1 m) and depreciation (€ 1.0 m).
Cash flow from investing activities was almost exclusively from transactions involving investments in money market funds. It resulted in a net cash decrease and respective increase in investments of € 5.1 m. Capital expenditures amounted to € 0.3 m.
Cash flow from financing activities was € (0.4) million and related mainly to the repayment of bank loans and purchase of our own stock.
Liquidity, which includes cash and cash equivalents (€ 24.8 m), investments (€ 32.2 m) and auction rate securities[1] (€ 9.8 m), at the end of March 2010 amounted to € 66.8 m (31 December 2009: € 70.6 m).

3. ASSETS AND LIABILITIES

Other current financial assets increased to € 2.3 m due to not yet charged expenses for the EVT 100 series to Roche. Prepaid expenses and other current assets increased to € 3.0 m as a result of prepaid expenses such as payments for insurances and maintenance contracts due at the beginning of each year.
Trade accounts payable increased to € 5.6 m, mainly as a result of accrued outstanding invoices for clinical trials for the EVT 100 series which will be reimbursed by Roche. Provisions decreased to € 1.6 m. The decrease is mainly the consequence of regular bonuses paid in March. Non-current deferred revenues decreased to € 1.1 m mainly due to recognition of the first quarter revenue portion of the Roche upfront payment for the EVT 100 compound family.
More details and all further material changes of assets and liabilities during the first quarter 2010 are described in the Notes to the Unaudited Condensed Consolidated Interim Financial Statements.
Evotec's capital structure is unchanged compared to the end of 2009. The total number of ordinary shares outstanding as of the date of this report is 108,838,715.
Evotec's equity ratio as of 31 March 2010 continued to be high at 78.3% (31 December 2009: 76.0%).

4. HUMAN RESOURCES

Employees

At the end of March 2010, following restructuring (-83 people) and the subsequent strategic acquisition of RSIPL and the Zebrafish operation (+180 people) in 2009, 466 people were employed within the Evotec Group, a decrease of 19 compared to the end of December 2009 (485 employees). The decrease in the first quarter 2010 is due to adjustments made during the integration of acquired new businesses and a decreased focus on early research.

[1] For further discussion of the auction rate securities please see Note 5 to the Unaudited Condensed Consolidated Interim Financial Statements.

Stock-based compensation
During the first quarter of 2010 no options were granted or exercised. As of 31 March 2010, the total number of options available for future exercise amounted to 4,747,156 (approximately 4% of shares in issue). Options have been accounted for under IFRS 2 using the fair value method at the measurement date.
In connection with the acquisition of Renovis, Evotec issued shares to a trust. These shares were meant to replace outstanding options and similar share-based compensation arrangements for Renovis employees. Of those issued shares, Evotec released 33,522 in the first quarter of 2010 from this trust, which, by the end of March, had approximately 1,486,468 remaining unreleased Evotec shares.

Shareholdings of the Boards of Evotec AG

	Number of shares	Share options
Management Board		
Dr Werner Lanthaler	414,494	500,000
Dr Klaus Maleck	0	250,000
Dr Mario Polywka	60,000	455,000
Supervisory Board		
Dr Flemming Ornskov	15,513	0
Dr Hubert Birner	27,897	0
Dr Peter Fellner	14,727	0
Mary Tanner	62,192	0
Dr Walter Wenninger	5,419	0

31 March 2010

Pursuant to §15a of the German Securities Trading Act (Wertpapierhandelsgesetz), the above table lists separately for each member of our Management and Supervisory Board, the number of Company shares held, and rights for such shares granted to each board member as of 31 March 2010.

B. Risks and Opportunities Report

The risks and opportunities described in Evotec's 2009 Annual Report remain unchanged.

C. Important events after the end of the first quarter 2010

There are no material events to be reported.

D. Outlook

2010 financial guidance confirmed

The Company confirms all financial targets for the fiscal year 2010 published on 25 March 2010.
Total Group revenues before out-licensing income are expected to grow by at least 15%. These assumptions are based on the strong order book of approximately € 30 m at the end of March 2010 (2009: € 24 m), expected new contracts and contract extensions as well as the

achievement of certain milestones.
With the restructuring measures taken in 2009, Evotec has significantly reduced its cost base. SG&A expenses will decrease due to cost reductions in all parts of the Group. In addition, Evotec expects R&D expenses to decrease considerably from 2009 levels. The Company will focus on key programmes and targets to invest approximately € 10 m in R&D in 2010. As a result, Evotec's Group operating result before impairment is expected to improve significantly over 2009.
Top-line growth and the adjusted cost base are expected to significantly reduce the cash requirements compared to the 2009 fiscal year. Consequently, at constant year-end 2009 currencies, the Company expects to end 2010 with a liquidity of more than € 64 m.

Note: The 2009 and 2010 results are not fully comparable. The major difference results from the acquisition of Research Support International Private Limited on 31 August 2009. The operating results of RSIPL from the period 1 January 2010 through 31 March 2010 are included in the accompanying consolidated interim statements of operation for the three months ended 31 March 2010.

II. Consolidated Interim Financial Statements

Evotec AG and Subsidiaries -
Condensed consolidated interim income statement for the period from 1 January to 31 March 2010

in T€ except share and per share data	*Three months ended 31 March 2010*	*Three months ended 31 March 2009*
Revenue	9.841	8.238
Costs of revenue	6.112	5.259
Gross profit	**3.729**	**2.979**
Operating expenses (income)		
Research and development expenses	1.734	10.319
Selling, general and administrative expenses	3.350	4.793
Amortisation of intangible assets	129	78
Impairment of intangible assets	-	6.630
Restructuring expenses	-	1.444
Other operating income	(910)	(220)
Other operating expenses	900	184
Total operating expenses	**5.203**	**23.228**
Operating loss	**(1.474)**	**(20.249)**
Other non-operating income (expense)		
Interest income	84	247
Interest expense	(101)	(164)
Gain (loss) from equity investments	-	15
Other expense from financial assets	(12)	(590)
Other income from financial assets	2	167
Foreign currency exchange gain (loss), net	117	(1.271)
Other non-operating expense	(34)	-
Other non-operating income	60	12
Total non-operating income (expense)	**116**	**(1.584)**
Loss before taxes	**(1.358)**	**(21.833)**
Current tax expense	(52)	(4)
Deferred tax income (expense)	163	(10)
Net loss	**(1.247)**	**(21.847)**
thereof attributable to:		
Shareholders of Evotec AG	(1.284)	(21.847)
Non-controlling interest	37	-
Net loss	**(1.247)**	**(21.847)**
Weighted average shares outstanding	**107.335.773**	**106.564.331**
Net loss per share (basic and diluted)	**(0,01)**	**(0,21)**

Evotec AG and Subsidiaries -
Consolidated statements of comprehensive income for the period from 1 January to 31 March 2010

in T€	*Three months ended 31 March 2010*	*Three months ended 31 March 2009*
Net loss	**(1.247)**	**(21.847)**
Other comprehensive income		
Foreign currency translation	2.846	6.945
Revaluation of available-for-sale securities	17	619
Other comprehensive income	**2.863**	**7.564**
Total comprehensive income (loss)	**1.616**	**(14.283)**
Total comprehensive income (loss) attributable to:		
Shareholders of Evotec AG	1.579	(14.283)
Non-controlling interest	37	-
Total comprehensive income (loss)	**1.616**	**(14.283)**

Evotec AG and Subsidiaries -
Consolidated interim statement of financial position as of 31 March 2010

in T€ except share data	*as of 31 March 2010*	*as of 31 Dec 2009*
ASSETS		
Current assets:		
Cash and cash equivalents	24.840	32.926
Investments	29.149	25.432
Trade accounts receivables	3.201	4.510
Inventories	3.012	2.425
Current tax receivables	619	347
Other current financial assets	2.331	1.428
Prepaid expenses and other current assets	2.967	1.889
Total current assets	**66.119**	**68.957**
Non-current assets:		
Long-term investments	10	10
Property, plant and equipment	18.922	19.162
Intangible assets, excluding goodwill	29.144	29.010
Goodwill	16.915	16.557
Auction rate securities	9.783	9.236
Other non-current financial assets	3.639	3.667
Total non-current assets	**78.413**	**77.642**
Total assets	**144.532**	**146.599**

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term loans	9.087	9.087
Current portion of finance lease obligations	189	229
Trade accounts payable	5.587	4.398
Accounts payable to related parties	837	837
Advanced payments received	460	129
Provisions	1.595	4.858
Deferred revenues	4.433	5.483
Current income tax payables	205	244
Other current finanical liabilities	472	485
Other current liabilities	942	695
Total current liabilities	**23.807**	**26.445**
Non-current liabilities:		
Long-term loans	3.616	3.757
Long-term finance lease obligations	108	132
Deferred tax liabilities	1.834	1.977
Deferred revenues	1.131	1.969
Provisions	825	832
Total non-current liabilities	**7.514**	**8.667**
Stockholders' equity:		
Share capital	108.839	108.839
Additional paid-in capital	648.525	648.417
Accumulated other comprehensive income	(24.615)	(27.478)
Accumulated deficit	(620.188)	(618.904)
Equity attributable to shareholders of Evotec AG	**112.561**	**110.874**
Non-controlling interests	650	613
Total stockholders' equity	**113.211**	**111.487**
Total liabilities and stockholders' equity	**144.532**	**146.599**

Evotec AG and Subsidiaries -
Condensed consolidated interim statements of cash flows for the three months ended 31 March 2010

in T€	*Three months ended 31 March 2010*	*Three months ended 31 March 2009*
Cash flows from operating activities:		
Net loss	(1.284)	(21.847)
Adjustments to reconcile net loss to		
net cash used in operating activities	1.127	8.924
Change in assets and liabilities	(5.014)	(5.016)
Net cash used in operating activities	**(5.171)**	**(17.939)**
Cash flows from investing activities:		
Purchase of current investments	(21.640)	(5.196)
Purchase of property, plant and equipment	(295)	(107)
Proceeds from sale of property, plant and equipment	-	1
Proceeds from sale of financial assets	72	166
Proceeds from sale of current investments	16.555	8.738
Net cash provided by (used in) investing activities	**(5.308)**	**3.602**
Cash flows from financing activities:		
Proceeds from option exercise	41	-
Proceeds from sale of own stock	11	-
Purchase of own stock	(96)	(44)
Repayment of loans	(393)	(941)
Net cash used in financing activities	**(437)**	**(985)**
Net decrease in cash and cash equivalents	**(10.916)**	**(15.322)**
Exchange rate difference	2.830	2.483
Cash and cash equivalents at beginning of year	32.926	55.064
Cash and cash equivalents at end of the period	**24.840**	**42.225**

Evotec AG and Subsidiaries -
Consolidated interim statements of changes in stockholders' equity for the three months ended March 2010

	Share capital			Accumulated other comprehensive income					
in T€except share data	Shares	Amount	Additional paid-in capital	Treasury shares	Foreign currency translation	Revaluation reserve	Accumulated deficit	Equity attributable to shareholders of Evotec AG	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2009	**108.838.715**	**108.839**	**647.163**	**-**	**(38.835)**	**6.073**	**(573.381)**	**149.859**	-	**149.859**
Stock option plan	-	-	369	-	-	-	-	369	-	369
Purchase of treasury shares	-	-	-	(44)	-	-	-	(44)	-	(44)
Total comprehensive income (loss)					**6.945**	**619**	**(21.847)**	**(14.283)**	**-**	**(14.283)**
Balance at 31 March 2009	**108.838.715**	**108.839**	**647.532**	**(44)**	**(31.890)**	**6.692**	**(595.228)**	**135.901**	**-**	**135.901**
Balance at 1 January 2010	**108.838.715**	**108.839**	**648.417**	**-**	**(34.727)**	**7.249**	**(618.904)**	**110.874**	**613**	**111.487**
Exercised shares from shares in trust	-	-	41	-	-	-	-	41	-	41
Stock option plan	-	-	67	-	-	-	-	67	-	67
Purchase of treasury shares	-	-	-	(96)	-	-	-	(96)	-	(96)
Transfer of treasury shares	-	-	-	85	-	-	-	85	-	85
Sale of treasury shares	-	-	-	11	-	-	-	11	-	11
Total comprehensive income (loss)					**2.846**	**17**	**(1.284)**	**1.579**	**37**	**1.616**
Balance at 31 March 2010	**108.838.715**	**108.839**	**648.525**	**-**	**(31.881)**	**7.266**	**(620.188)**	**112.561**	**650**	**113.211**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements of Evotec have been prepared in accordance with International Financial Reporting Standards (IFRS) in conjunction with IAS 34. The accounting policies used to prepare interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2009.
The interim consolidated financial statements do not include all of the information and footnotes required under IFRS for complete financial statements according to IAS 1. As a result, these interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2009.
In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

2. BASIS OF CONSOLIDATION

The basis of consolidation changed. Evotec acquired 70% of the shares of Research Support International Private Limited, India (RSIPL) including its 51% share in Evotec-RSIL Limited, India (Evotec-RSIL) as of 31 August 2009 and from this date onwards RSIPL as well as Evotec-RSIL were fully consolidated. Evotec used to account for Evotec-RSIL Limited under the equity method of accounting until 31 August 2009. Effective 30 April 2009, Evotec acquired 100% of the shares of Summit Asia Pte Limited, Singapore, which was fully consolidated from this date onwards. Therefore the consolidated interim financial statements for 2009 and 2010 are not fully comparable.

3. BASIS OF ESTIMATION

In the consolidated interim financial statements for the three months ended 31 March 2010, the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2009.

4. ACQUISITIONS

The Company acquired 70% of the shares in Research Support International Private Limited, Thane, India (RSIPL) including its 51% share in Evotec-RSIL Limited, India (Evotec-RSIL). RSIPL is a company providing drug discovery and development services. The acquisition was effective as of 31 August 2009. The purchase price of T€ 2,373 in cash includes a potential earn-out which was calculated based on estimated future revenues and will be paid in 2010. The Company decided to early adopt the revised version of IFRS 3 “Business Combinations” and the amended version of IAS 27.
At 31 August 2009 the Company recognised a gain of T€ 559 to adjust its carrying amount of the investment in Evotec-RSIL which used to be accounted for under the equity method to its fair value according to the revised version of IFRS 3. The fair values of the assets and liabilities acquired from RSIPL were estimated based on the recognised amounts as of the date of the acquisition. Fair value adjustments have been

recorded for a customer list in the amount of T€ 103 which has been estimated based on discounted cash flow modelling. The resulting goodwill from the acquisition amounts to T€ 2,204. The net loss of Evotec for the three months ended 31 March 2010 included a net loss of T€ 122 from RSIPL and Evotec-RSIL as well as revenues of T€ 781.

	31 August 2009 carrying amount T€	31 August 2009 fair value T€
Cash and cash equivalents	137	137
Trade accounts receivable	277	277
Inventories	69	69
Other current assets	465	465
Property, plant and equipment	2,454	2,454
Customer list	-	103
Loans	(504)	(504)
Provisions	(74)	(74)
Current liabilities	(1,145)	(1,145)
Deferred tax liabilities	(52)	(70)
Net assets acquired	**1,627**	**1,712**
Non-controlling interests	-	(587)
At equity investment Evotec-RSIL	-	(956)
Goodwill	-	2,204
Cost of acquisition	**-**	**2,373**
Plus transaction costs	-	98
Less cash and cash equivalents acquired	-	(137)
Less earn out	-	(748)
Cash outflow from acquisition	-	1,586

The following unaudited pro forma information is based on the assumption that the investment in RSIPL occurred as of 1 January 2009:

	Three months ended 31 March 2009 T€
Pro-forma revenues	8,894
Pro-forma net loss	(21,802)
Pro-forma basic and diluted loss per share	(0.20)

5. AUCTION RATE SECURITIES

The auction rate securities (ARSs) acquired in the Renovis acquisition are classified as available-for-sale which are measured at fair value with unrealised gains and losses reported as a component of “Reserve” in stockholders’ equity.
Due to the illiquidity of the ARSs, the Company utilised a discounted cash flow (“DCF”) model to derive an estimate of fair value of these securities at 31 March 2010. The discounted cash flow model includes estimates with respect to the amount and timing of future interest payments, projections of interest rates, and the rate of return required by investors to own such securities given the current liquidity risk associated with the ARSs. As a result, the Company recorded an unrealised gain of T€ 17 in the first quarter of 2010. The current valuation represents a discount of approximately 6% on the par value of the auction rate securities.

6. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets as of 31 March 2010 consist primarily of Coupon Bonds in the amount of T€ 3,000 and Put Options related to the ARSs in the amount of T€ 573 (31 December 2009: T€ 550). In accordance with IAS 39, the Put Option is considered to be a derivative and is measured at fair value with gains or losses recorded in the income statement at each period end. The Company, using a DCF model to measure the Put Option, recorded expenses of T€ 12 and T€ 590 in the first quarter of 2010 and 2009, respectively.

7. PROVISIONS

The provisions as of 31 March 2010 in comparison to 31 December 2009 mainly decreased due to the payments for bonuses and severance in the first quarter 2010.

8. DEFERRED REVENUES

The deferred revenues as of 31 March 2010 mainly decreased due to the partial recognition of the Roche upfront payment in connection with the option to buy back rights to the entire EVT 100 family of compounds. The revenue recognition of this upfront payment will be spread over the expected duration of the Phase II study with EVT 101.

FORWARD-LOOKING STATEMENTS

Information set forth in this report contains forward-looking statements, which involve a number of risks and uncertainties. Such forward-looking statements include, but are not limited to, statements about our 2010 financial outlook and our expected financial results in future quarters, our ability to deliver on our liquidity guidance, our belief that we are on course to profitability in 2012, our expectations and assumptions concerning regulatory, clinical and business strategies, the progress of our clinical development programmes and timing of the commencement and results of our clinical trials, strategic collaborations and management's plans, objectives and strategies. These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from those contemplated in these forward-looking statements. In particular, the risks and uncertainties include, among other things: risks that product candidates may fail in the clinic or may not be successfully marketed or manufactured; the risk that we will not achieve the anticipated benefits of our collaborations, partnerships and acquisitions in the timeframes expected, or at all; risks relating to our ability to advance the development of product candidates currently in the pipeline or in clinical trials; our inability to further identify, develop and achieve commercial success for new products and technologies; the risk that competing products may be more successful; our inability to interest potential partners in our technologies and products; our inability to achieve commercial success for our products and technologies; our inability to protect our intellectual property and the cost of enforcing or defending our intellectual property rights; our failure to comply with regulations relating to our products and product candidates, including FDA requirements; the risk that the FDA may interpret the results of our studies differently than we have; the risk that clinical trials may not result in marketable products; the risk that we may be unable to successfully secure regulatory approval of and market our drug candidates; and risks of new, changing and competitive technologies and regulations in the U.S. and internationally.

The list of risks above is not exhaustive. Our most recent Annual Report on Form 20-F, filed with the Securities and Exchange Commission, and other documents filed with, or furnished to the Securities and Exchange Commission, contain additional factors that could impact our businesses and financial performance. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.