ABSTRACT OF PPS VALUATION

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JULY 2010

OUTLINES OF PPS VALUATION METHOD

1. THE VALUATION IS BASED ON PPS EXPERIENCE & RECORDS IN ITS OPERATIONS IN 2005-2010

2 . PPS VALUE IS COMBINED FROM 3 INDEPENDENT PROFIT CENTERS RUN BY ONE MANAGEMENT TEAM

a, THE NESS ZIONA DEVELOPMENT CENTER

b, THE SHLOMI MANUFACTURING PLANT

c, PORTFOLIO PRODUCTS

THE VALUATION METHOD IS DISCOUNTED CASH FLOW WITH PROBABILITY ADJUSTMENTS FOR PORTFOLIO PRODUCTS

THE NESS ZIONA DEVELOPMENT CENTER

P&L NESS ZIONA AVERAGE YEAR US $			
REVENUE			
No of CRO projects for external clients - large scale			4
Revenue from 1 large scale project (12 months)			1,100,000
No of CRO projects for external clients - medium scale			6
Revenue from medium scale project (3-6 months)			75,000
No of CRO projects for external clients - small scale(1-2 months)			4
Revenue from small scale project			25,000
no of portfolio projects			3
Grant from OCS& Funds per portfolio project			100,000
Total Revenue from projects			5,250,000
EXPENDITURES			
No of development workers			50
Annual cost per worker			60,000
No of management workers			8
Annual cost per manager			90,000
Total annual salary cost			3,720,000
Rent & municipal taxes (1350 sqm)			250,000
Administrtive costs			100,000
Car leasing & maintenance			96,000
Regulatory administrator, QA.consultances,training, travel,Outsourcing services			300,000
capex & contingency costs			200,000
Total non salary costs			946,000
Total expenditures			4,666,000
Special Annual Capital expenditure in 2011,2012,2013			300,000

NESS ZIONA VALUATION

Ness Ziona site - Corporate & Development $				
Year	No of projects	Revenues	Expenditures	Balance
2,011	3	4,150,000	4,066,000	84,000
2,012	3	4,150,000	4,066,000	84,000
2,013	4	5,250,000	4,966,000	284,000
2,014	4	5,250,000	4,666,000	584,000
2,015	4	5,250,000	4,666,000	584,000
2,016	4	5,250,000	4,666,000	584,000
2,017	4	5,250,000	4,666,000	584,000
2,018	4	5,250,000	4,666,000	584,000
2,019	4	5,250,000	4,666,000	584,000
2,020	4	5,250,000	4,666,000	584,000
2,021	4	5,250,000	4,666,000	584,000
2,022	4	5,250,000	4,666,000	584,000
2,023	4	5,250,000	4,666,000	584,000
2,024	4	5,250,000	4,666,000	584,000
2,025	4	5,250,000	4,666,000	584,000
2,026	4	5,250,000	4,666,000	584,000
2,027	4	5,250,000	4,666,000	584,000
			NPV	3,099,305

IN THE YEARS 2011-2013 THERE IS A 300,000 $ CAPITAL EXPENDITURE ANNUALLY

FULL CAPACITY (4 PROJECTS) IS REACHED IN 2013

2014 & ONWAREDS ARE AVERAGE YEARS

IN ADDITION TO 4 LARGE SCALE PROJECTS, 3 PORTFOLIO PROJECTS ARE CARRIED

PORTFOLIO PRODUCT 1 : FVIIa

Milestones, clinical stages & expected Earnings for rh - FVIIa Development plan - 2010-2017 (pre sales)						
Milestones	Year	Details on development stages & Clinical studies	Up fronts from sub- licensing agreement (Millions US$)	Probability of passing the milestone	Accumalated probability	Weighted expected Earnings M $
1	2010	Development.Process & analtycal methods	0	100%	100%	
2	2011	Development. Pre - clinical & pharmacologicall studies	0	50%	50%	
3	2012	Development. Pre - clinical & toxicological studies.	0	60%	30%	
4	2013	Development. Phase I/II Clinical studies	2	70%	21%	0.4
5	2014	Development. Phase I/II Clinical studies	2.5	70%	15%	0.4
6	2015	Development. Phase I/II Clinical studies	3	70%	10%	0.3
7	2016	Manufacturing.Registration BLA submission (defined markets) Phase III clinical studies.	3.5	80%	8%	0.3
8	2017	Phase III Clinical studies. Manufacturing. Registration	4	80%	7%	0.3

Valuation of FVIIa

List of the model's assumptions	
sales of novoseven in 2010 M $	1,200
Annual growth in Novoseven sales 2010-2018	4%
Decrease in sales in 2018 (Introduction of FVIIa)	30%
Annual growth in Novoseves & FVIIa 2018-2027	8%
% of royalties to PPS from sales of FVIIa	10%
Rate of interest for Capitalization	12%

Income forecast from FVIIa for PPS 2010-2026 (Millions US $)					
Year	Annual sales of Novoseven & FVIIa	Market share of FVIIa	Sales of FVIIa	Upfronts & Royalties to PPS	Weighted Expected Earnings for PPS
2010	1,200				
2011	1,248				
2012	1,298			0	0.0
2013	1,350			2	0.4
2014	1,404			2.5	0.4
2015	1,460			3	0.3
2016	1,518			3.5	0.3
2017	1,579			4	0.3
2018	1,105	10%	111	11.1	0.7
2019	1,194	15%	179	17.9	1.2
2020	1,289	20%	258	25.8	1.7
2021	1,392	25%	348	34.8	2.3
2022	1,504	30%	451	45.1	3.0
2023	1,624	30%	487	48.7	3.2
2024	1,754	30%	526	52.6	3.5
2025	1,894	30%	568	56.8	3.7
2026	2,046	30%	614	61.4	4.0
2027	2,210	30%	663	66.3	4.4
				NPV	7.9

Portfolio product 2 FSH

Milestones, clinical stages & expected Earnings for FSH Development plan - 2010-2017 (pre sales)						
Milestones	Year	Details on development stages & Clinical studies	Up fronts from sub-licensing agreement (Millions US$)	Probability of passing the milestone	Accumalated probability	Weighted expected Earnings M $
1	2010	Development.Process & analtycal methods	0	100%	100%	
2	2011	Development. Pre - clinical & pharmacologicall studies	0	20%	20%	
3	2012	Development. Pre - clinical & toxicological studies.	0	40%	8%	0
4	2013	Development. Phase I/II Clinical studies	2	90%	7%	0.1
5	2014	Development. Phase I/II Clinical studies	2	80%	6%	0.1
6	2015	Development. Phase I/II Clinical studies	3	80%	5%	0.1
7	2016	Manufacturing.Registration BLA submission (defined markets) Phase III clinical studies.	3	90%	4%	0.1
8	2017	Phase III Clinical studies. Manufacturing. Registration	4	90%	4%	0.1

VALUATION OF FSH

List of the model's assumptions	
sales of FSH in 2010 M $	1,500
Annual growth in fsh sales 2010-2018	4%
Decrease in sales in 2018 (Launching of FSH)	30%
Annual growth in fsh & FSH 2018-2027	9%
% of royalties to PPS from sales of FVIIa	7%
Rate of interest for Capitalization	12%

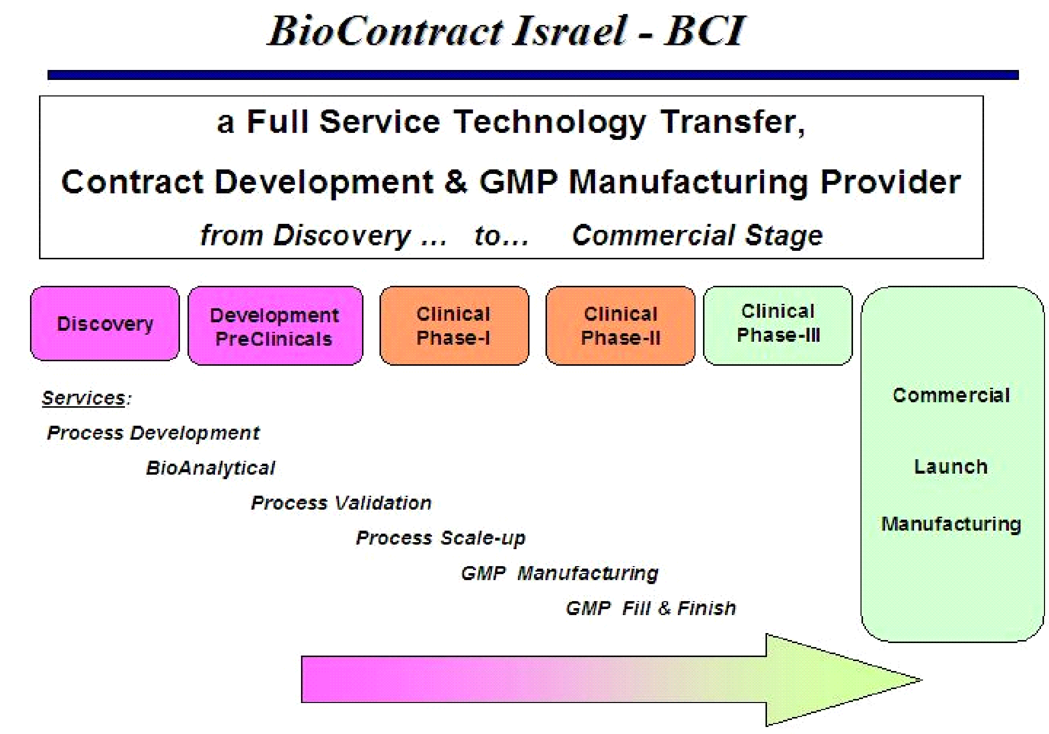
Income forecast from FSH for PPS 2010-2027 (Millions US $)

Year	Annual sales of Competitors fsh & FSH	Market share of FSH	Sales of FSH	Upfronts & Royalties to PPS	Weighted Expected Earnings for PPS
2010	1,500				
2011	1,560				
2012	1,622			0	0.0
2013	1,687			2	0.1
2014	1,755			2	0.1
2015	1,825			3	0.1
2016	1,898			3	0.1
2017	1,974			4	0.1
2018	1,382	10%	138	9.7	0.4
2019	1,506	15%	226	15.8	0.6
2020	1,642	20%	328	23.0	0.9
2021	1,789	25%	447	31.3	1.2
2022	1,950	30%	585	41.0	1.5
2023	2,126	30%	638	44.6	1.7
2024	2,317	30%	695	48.7	1.8
2025	2,526	30%	758	53.0	2.0
2026	2,753	30%	826	57.8	2.2
2027	3,001	30%	900	63.0	2.4
				NPV	4.0

The FP7 CARE - MI program

- The program was initiated by a Spanish organization specialising in heart restoration. A consortium including18 commercial pharma companies & academic institutions was formed & a plan was submitted to the FP7 program of the European Community, the plan received high mark& approved by the EU, which means full finance of the project for 5 years.
- PPS role in the project is to handle the process development & manufacturing of the growth factors IGF-1 & HGF , required for treatment of heart patients .PPS was granted 1.3 M euro & has the right to commercialize the new product which we value at 2.6 M euro presently.

THE SHLOMI MANUFACTURING PLANT – THE 2002 VISION



HIGHLIGHTS OF THE SHLOMI PLANT

THE PLANT WILL BE GMP FACILITY IN COMPLIANCE WITH

FDA/EMEA STANDARDS

THE PLANT WILL PROVIDE PHASE III & COMMERCIAL MANUFACTURING TO ISRAELI BIOMED COMPANIES,FOREIGN COMPANIES & PPS PORTFOLIO COMPANIES

ANNUAL INVESTMENT IN BIOMED COMPANIES IN ISRAEL IS ESTIMATED BY THE CHIEF SCIENTIST TO BE 250 M $ IN 2010

THERE ARE AROUND 200-300 LOCAL BIOMED STARTUPS, 40 OF THEM ARE PUBLIC COMPANIES TRADED IN TASE

4 NEW VENTURE FUNDS WHO SPECIALISE IN BIOMED WERE ESTABLISHED IN 2010 TOTALING 400 M $

THE SHLOMI PLANT IS EXPECTED TO BE THE ONLY FACILITY IN ISRAEL TO PROVIDE THOSE SERVICES

TOTAL INVESTMENT IN SHLOMI

Investment estimate			
	Area sqm	cost per sqm	Total
Land	11,000	10	110,000
Building	4,400	2,525	11,110,000
Equipment (see list on table)			7,450,000
Total Investmen			18,670,000
Total investment+ 20% contingency			22,404,000

INVESTMENT IN EQUIPMENT

List of major equipment items & price per unit			
Item	Price per unit	No of units	total
Bioreactors & Fermen	500,000	8	4,000,000
Steam boiler	150,000	1	150,000
Backup generator	150,000	1	150,000
EFI water system & pi	750,000	1	750,000
Containers for solutio	25,000	6	150,000
automatic systems for	250,000	6	1,500,000
Lyophilizer	350,000	1	350,000
Autoclave	100,000	2	200,000
Sterilization heater	50,000	2	100,000
Dish washer	50,000	2	100,000
Total			7,450,000

Investment & current expenditures

Expenditures in manufacturing site	
Function	No of workers
Overhead	17
Operations	42
Maintenance, Logistics & services	21
Development & Qa & lab	32
Total Personnel	112
No of lines in full capacity	4
Annual average Employer cost per worker	60,000
Annual labor cost 4 lines	6,720,000
Other operating costs (fuel, electricity,water)	1,250,000
General & Administrative costs	600,000
Equipments & replacement costs	1,117,500
Total costs at full capacity	9,687,500
Revenue from 1 production line. 2 cycles	4,500,000

Investment in building &equipment 2010-2015	
Year	investment
2010	132,000
2011	4,713,000
2012	7,263,000
2013	3,333,000
2014	4,773,000
2015	2,190,000
Total	22,404,000

Cash flow forecast 2010 -2027 Shlomi manufacturing site								
Year	Investment	Investment Grant	Net Investment after Grant	No of production lines	Total current expenditures	Revenues	Annual cash flow	Accumulated cash flow
2010	132,000		132,000				-132,000	-132,000
2011	4713000	942600	3,770,400				-3,770,400	-3,902,400
2012	7263000	1452600	5,810,400		4,843,750		-10,654,150	-14,556,550
2013	3,333,000	666600	2,666,400	1	6,781,250	4,500,000	-4,947,650	-19,504,200
2014	4773000	954600	3,818,400	2	7,750,000	9,000,000	-2,568,400	-22,072,600
2015	2190000	438000	1,752,000	3	8,718,750	13,500,000	3,029,250	-19,043,350
2016				4	9,687,500	18,000,000	8,312,500	-10,730,850
2017				4	9,687,500	18,000,000	8,312,500	-2,418,350
2018				4	9,687,500	18,000,000	8,312,500	5,894,150
2019				4	9,687,500	18,000,000	8,312,500	14,206,650
2020				4	9,687,500	18,000,000	8,312,500	22,519,150
2021				4	9,687,500	18,000,000	8,312,500	30,831,650
2022				4	9,687,500	18,000,000	8,312,500	39,144,150
2023				4	9,687,500	18,000,000	8,312,500	47,456,650
2024				4	9,687,500	18,000,000	8,312,500	55,769,150
2025				4	9,687,500	18,000,000	8,312,500	64,081,650
2026				4	9,687,500	18,000,000	8,312,500	72,394,150
2027				4	9,687,500	40,404,000	30,716,500	103,110,650
Total	22,404,000	4,454,400	17,949,600		144,343,750	265,404,000	103,110,650	
				IRR	22%	NPV 12%	15,226,218	

Concluding remarks

Accumulated Value M $	
SHLOMI	15.2
NESS ZIONA	3.1
FVIIa	7.9
FSH	4.0
CARE-MI	3.2
TOTAL	33.4

- THE TOTAL VALUE OF THE 3 PROFIT CENTERS IS 32.5M $
- ONLY 3 PORTFOLIO PRODUCTS WERE TAKEN INTO ACCOUNT IN THE ECONOMIC ESTIMATION
- THE 3 PROFIT CENTERS COMPLEMENT EACH OTHER & RUN BY ONE MANAGEMENT TEAM
- THE MONEY RAISED WILL BE INVESTED IN THE MANUFACTURING PLANT