



**ARPIDA INTERIM RESULTS FOR SIX MONTHS ENDED
30th JUNE 2005**

Muenchenstein / Basel, Switzerland, August 16th, 2005. Arpida Ltd (SWX: ARPN), a Swiss anti-infectives company, announced today its interim results for the six months ended 30th June 2005.

Highlights

- Completion of the largest European biotech Initial Public Offering in 2005 (to date) raising CHF 97.2 million (€62.7 million) despite difficult market conditions
- Substantial cash resources of CHF 145.4 million (€93.8 million) at 30th June 2005 provide strategic flexibility to progress product candidates towards commercialisation
- Lead product candidate, injectable iclaprim, in Phase III clinical trials after protocol approval by US FDA and European Health Authorities
- Further confirmation that iclaprim could have a high potential to treat important additional life-threatening conditions such as hospital-associated pneumonia after positive results from an innovative lung study
- Appointment of a leading infectious diseases expert, Prof. John G. Bartlett, to Scientific Advisory Board

Post-balance sheet events

- US FDA grants IND for oral iclaprim, allowing Arpida to conduct studies for its second clinical development programme under FDA-approved protocols.

Dr Khalid Islam, President and CEO of Arpida, said: "It has been a very busy and exciting six months for Arpida. The IPO in May added significant new funds to our existing level of cash resources. As a result, we are now in a strong financial position to proceed as planned with our research and development programmes. We continue to achieve important milestones for our lead product candidate iclaprim. Global clinical Phase III trials for complicated skin and skin structure infections have been initiated after approval by US and European Health Authorities. Moreover, we are encouraged by the results of our recent clinical studies that once more confirm the potential of iclaprim as a possible new treatment for pneumonia. Finally, we continue as planned with the development of the second development programme with oral iclaprim. Taken together, these clinical studies are beginning to clearly demonstrate the potential and value we believe iclaprim holds as a new and effective antibiotic to treat a range of infectious diseases."

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About Arpida Ltd.

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Arpida is a Swiss anti-infectives company focused on the discovery and development of novel anti-infective drugs that seek to overcome the growing problem of bacterial resistance. Arpida uses an integrated multidisciplinary platform including genomics-assisted selection of novel antibacterial targets to develop its portfolio of potential drug candidates.

Arpida's leading product candidate is injectable iclaprim, a bactericidal broad-spectrum antibiotic that targets severe infections requiring hospital treatment, including those caused by MRSA (methicillin-resistant *Staphylococcus aureus*). In 2005, Arpida received clearance from the US FDA and several European Health Authorities to conduct Phase III clinical trials with injectable iclaprim as part of a global Phase III programme for the treatment of cSSSI (complicated skin and skin structure infections). These Phase III trials are on-going and patient recruitment is progressing as anticipated.

An oral formulation of iclaprim is in Phase I clinical trials under approved protocols from US and European Health Authorities. Oral iclaprim could offer the possibility of switching patients from intravenous antibiotic therapy to allow earlier hospital discharge. This is potentially a very important benefit as such a switch will not only reduce healthcare costs but could significantly reduce the probability of patients contracting new infections.

Arpida's third most advanced programme, AR-709, is a broad spectrum and bactericidal antibiotic that targets upper and lower respiratory tract infections in the community setting. AR-709 is in late pre-clinical development. In addition, the company has a further 12 pre-clinical antibiotic programmes derived from its own discovery platform, which are at various stages of pre-clinical development.

In May 2005, Arpida listed on the SWX Swiss Exchange (ticker: ARPN) raising a total of CHF 97.2 million (€62.7 million). The company has research facilities near Basel, Switzerland and in Copenhagen, Denmark, and it currently employs 75 people.

This press release contains specific forward-looking statements, e.g. statements including terms like believe, assume, expect or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. 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.

REPORT FOR THE FIRST SIX MONTHS OF 2005

Arpida has made considerable progress over the past six months including the completion of the largest European biotech Initial Public Offering (IPO) in 2005 (to date) raising a total of CHF 97.2 million (€62.7 million). This significant event enables the Company to retain its strategic flexibility to progress the development of its portfolio of antibiotics, including its lead product candidate, iclaprim, towards commercialisation and thereby to maximise value for shareholders.

The past six months has also seen progress in the development of Arpida's product portfolio:

- The intravenous formulation of iclaprim, a potent broad-spectrum bactericidal antibiotic, has advanced into global Phase III clinical trials as a potential treatment for complicated skin and skin structure infections (cSSSI; including infected burns, ulcers and surgical wounds).
- The successful completion of an innovative Phase I clinical study, known as a Bronchial Alveolar Lavage study, demonstrates that iclaprim achieves high concentrations in specific lung compartments in healthy volunteers. These results pave the way to broaden the use of intravenous iclaprim in a second major indication, namely hospital-treated pneumonia, which could significantly enhance the antibiotic's market potential.
- A second major development programme with the oral formulation of iclaprim has received approval by US and European Health Authorities. Several Phase I clinical trials are on-going.

In addition, the Company's discovery and development capabilities have produced AR-709, a broad-spectrum bactericidal antibiotic, which is in late pre-clinical development, as well as further 12 pre-clinical antibiotic programmes that are at various stages of pre-clinical development.

The Company has research facilities near Basel, Switzerland and in Copenhagen, Denmark, and it currently employs 75 people.

Corporate Strategy

Arpida's goal is to become a world-leading biopharmaceutical company in the area of anti-infective drugs. In the short term, Arpida is focusing on developing its existing product portfolio, which includes injectable iclaprim, oral iclaprim and AR-709.

The Company's longer term strategy is to advance promising candidates from its in-house research programmes into clinical development to support future growth. Arpida will also seek attractive co-development opportunities at various stages of the discovery and development process within the sector. At the appropriate time, Arpida aims to establish its own specialist sales and marketing infrastructure to complement its integrated research and development capabilities.

Arpida Completes IPO and Listing on SWX

A significant event in the past six months was the completion of the largest European biotech IPO in 2005 (to date) at the SWX Swiss Exchange on 4th May 2005. The IPO took place in difficult market conditions and provided CHF 97.2 million (€62.7 million) from national and international retail and institutional investors.

Despite a difficult first day of trading, which saw a high share turnover volume and the share price drop from its issue price of CHF 18.00 to CHF 13.30, the share price has since recovered steadily to CHF 17.80 at the close of trading on August 15, 2005. The improvement in the share price reflects Arpida's continued progress with its ongoing clinical programmes and the delivery of important milestones for the Company's lead products.

The Company intends to use its substantial financial resources of CHF 145.4 million (€93.8 million) for investment in:

- Ongoing and new clinical development and research programmes,
- Preparations for the commercialisation of its lead antibiotic product candidate, iclaprim,
- Licensing and acquisition of new products or technologies, should the opportunity arise, and
- Operating expenses and general corporate purposes.

To-date Arpida has conducted all clinical development on iclaprim itself and since inception has maintained a tight control over its spending while advancing the development of its product candidate portfolio significantly.

Importantly, the new funding enables the Company to continue the Phase III clinical development of iclaprim independently. This, however, does not preclude the possibility of partnering iclaprim under certain circumstances where an opportunity is deemed to be in the best interests of shareholders in terms of maximising the value of iclaprim.

Product Development

During the past six months, Arpida has achieved several important milestones in the development of its portfolio of antibiotic candidates.

(i) Injectable iclaprim – Phase III Trials in Complicated Skin and Skin Structure Infections

Arpida's lead product candidate, iclaprim, is a potent broad-spectrum bactericidal antibiotic that targets severe bacterial infections that require hospital treatment, including those caused by difficult-to-treat multidrug-resistant bacteria, such as MRSA.

Injectable iclaprim is currently in Phase III clinical trials for the treatment of cSSSI. The Company received clearance in March 2005 from the FDA to include US clinical centres in its global Phase III programme for injectable iclaprim in this indication.

Moreover, the Phase III programme has also been approved by several European Health Authorities.

The Phase III ASSIST studies (Arpida's Skin and Skin Structure Infection Studies) are designed to compare the efficacy and safety of iclaprim with that of the current market leader linezolid (marketed by Pfizer as ZyvoxTM). These multi-national studies are currently recruiting patients and accrual is progressing as anticipated. The trials are anticipated to complete patient recruitment over the next 15-18 months.

(ii) Injectable iclaprim – Pneumonia, a Potential Second Significant Indication

Iclaprim is a broad-spectrum antibiotic and it is a key component of Arpida's strategy to identify and investigate other serious bacterial infections against which iclaprim might be effective.

The Company announced in June 2005 that it has successfully completed an innovative Phase I clinical study, known as a Bronchial Alveolar Lavage study, demonstrating that iclaprim achieves high concentrations in specific lung compartments in healthy volunteers. These results pave the way for a new clinical development programme with iclaprim for the treatment of pneumonia.

Specifically, the results showed that iclaprim achieves particularly high concentrations in the Epithelial Lining Fluid (ELF) and Alveolar Macrophages (AM). ELF is the major site for most common respiratory tract pathogens whereas AM is the major site of infection for intracellular pathogens. In earlier microbiological studies iclaprim has been shown to be active against respiratory tract and intracellular pathogens.

Based on the results from this study, Arpida intends to conduct further clinical studies with iclaprim as a potential treatment for pneumonia. In addition, it plans to evaluate the full potential of iclaprim in additional infectious disease indications.

The innovative Phase I was conducted under the leadership of Prof. Richard Wise, from the Department of Medical Microbiology, City Hospital in Birmingham, UK. Prof. Wise is an expert in bacterial resistance and is the current Chair of the UK Government's Specialist Advisory Committee on Antimicrobial Resistance (SACAR), which provides independent expert scientific advice on resistance issues arising from medical, veterinary and agricultural use of antimicrobials.

Pneumonia represents an important commercial opportunity to Arpida as it is a significant medical problem where effective treatment can lead to substantial healthcare cost savings. For example, pneumonia acquired in the community accounts for approximately 4.5 million medical visits per year in the US alone and results in annualised treatment costs of more than US\$8 billion. The vast majority of these costs is associated with the hospitalisation of approximately 20% of patients with the condition. Pneumonia acquired in hospitals is also a major problem and affects between 0.5% and 2% of all hospitalised patients¹, rising to between 6% and 52% of patients in intensive care².

¹ Lynch, J.P. III (2001) *Chest* 119: 373S-384S

² Rello, J. *et al* (2001) *Chest* 120: 955-970

(iii) Oral iclaprim – Potential for New Treatment Alternatives

Arpida is currently conducting Phase I clinical trials with an oral capsule formulation of iclaprim. Arpida believes there are several significant clinical and commercial benefits to this route of administration. For example, the switch from intravenous to oral treatment means that patients can be discharged earlier from hospital by allowing them to continue and complete their treatment at home. Not only will this reduce healthcare costs but will also reduce the probability of further hospital-acquired infections. It is estimated that US\$5–6 billion are added to US healthcare costs annually as a result of infections that patients acquire while hospitalised for other health problems³.

The grant of an Investigational New Drug Application (IND) for oral iclaprim allows Arpida to conduct its second clinical development programme with oral iclaprim under FDA-approved protocols. Initially, Arpida plans to initiate a Phase I dose-escalation trial in healthy volunteers designed to investigate the safety, tolerability and pharmacokinetics of a capsule formulation of iclaprim as a foundation for its further clinical development. Clinical trials (Phase I) with oral iclaprim are currently ongoing under approved protocols from the German Health Authorities.

The dual possibility of intravenous and oral therapy with iclaprim is expected to constitute an important advantage to patients and to healthcare providers and clearly differentiates iclaprim from most other antibiotics for serious infections currently on the market or in development.

(iv) AR-709 – Progressing Novel Antibiotic Candidates towards the Clinic

Arpida's most advanced pre-clinical candidate, AR-709, is a broad-spectrum and bactericidal antibiotic that targets pathogens that cause upper and lower respiratory tract infections in community settings, including those resistant to several commonly used antibiotics.

AR-709 originates from Arpida's multidisciplinary discovery platform, and continues to make steady progress in pre-clinical trials where it has demonstrated a potent ability to eradicate multidrug-resistant pathogens.

Arpida currently intends to complete the pre-clinical IND package to initiate "first in man" studies in 2006.

In addition, the Company's discovery and development capabilities have produced a further 12 pre-clinical antibiotic programmes that are at various stages of pre-clinical development.

³ Infectious Diseases Society of America (2004) Bad Bugs, No Drugs: As Antibiotic Discovery Stagnates – A Public Health Crisis Brews

Appointments

In April, Arpida strengthened its Scientific Advisory Board with the appointment of Professor John G. Bartlett, MD. Prof. Bartlett, Chief of the Division of Infectious Diseases at the prestigious Johns Hopkins University School of Medicine, is an expert in infectious diseases and their treatment and management, including community-acquired pneumonia, diarrhoea and anaerobic infections, as well as viral infections, specifically HIV and AIDS.

Among the many Society affiliations he holds, he is Master of the American College of Physicians, member of the Institute of Medicine and recipient of the Finland Award of the National Foundation of Infectious Diseases. Prof. Bartlett also held the position of President of the Infectious Diseases Society of America in 1999.

In a medical career spanning 42 years, Prof. Bartlett has authored more than 800 publications, including over 400 peer-reviewed academic papers, more than 400 reviews, chapters and letters, and 61 editions of 17 books. He is on the editorial boards of 12 journals covering the areas of infectious diseases and their treatment.

Financial Review

Balance Sheet

Cash and Cash Equivalents

At December 31, 2004 and at June 30, 2005 cash and cash equivalents represented 87.0% and 93.3% of total assets, respectively. On a net basis, total cash and cash equivalents at hand increased from CHF 68.2 million as of December 31, 2004 to CHF 145.4 million as of June 30, 2005. All cash and cash equivalents are invested in low risk current and money market accounts with high grade rated banks.

Operating Statement

Revenues

In the first half year of 2005 Arpida has not generated any revenue while in the first half year of 2004 revenue of CHF 58'360 was generated from a fee for service transaction.

Research and Development Expenses

Research expenses relate to the costs on discovery efforts, including but not limited to costs for research staff (salaries, social security and pension costs, etc.), consumables (chemical and biological ingredients, auxiliary materials including disposables such as gloves, glassware, etc.) and rent for laboratory space used. Furthermore, research expenses include other direct costs such as purchases of compound libraries or costs incurred on external screening of Arpida's compounds. Development expenses primarily relate to costs incurred in conjunction with pre-clinical and clinical trials.

Research and development expenses increased from CHF 5.7 million for the first half of 2004 to CHF 13.4 million for the first half of 2005 primarily due to (i) the increased spending for pre-clinical and clinical trials with iclaprim, (ii) the headcount increase of more than 22 full time equivalents in conjunction with the acquisition of Arpida A/S (formerly known as Combio A/S) and (iii) due to the expense recorded as a result of equity based compensation for certain key personnel.

Management & General Expenses

Management and general expenses include salaries for management and administrative personnel, insurance, rent and other administrative costs. These expenses increased from CHF 1.6 million for the first six months of 2004 to CHF 2.7 million for the first six months of 2005. The effect from the acquisition of Arpida A/S (formerly known as Combio A/S), the hiring of additional managers and administrative personnel as well as the impact of the adoption of IFRS 2 for equity based compensation contributed to this increase.

Financial Results

The financial result of the first six months of 2004 was impacted by expenses of CHF 262'546 stemming from financing activities. Furthermore, interest expenses of CHF 86'263 for subordinated convertible loans were charged against the income statement.

In accordance with IFRS, fees and expenses related to the Series C capital increase in the first half of 2004 as well as the Initial Public Offering (IPO) in the first half of 2005 have been set off against the funds raised in the same period, hence have not been charged to the income statement.

Interest income significantly increased from CHF 19'751 in the first half of 2004 to CHF 400'226 in the first half of 2005 due to higher cash amounts being invested as a result of the cash raised in the Series C financing rounds as well as the cash proceeds from the IPO. For the first six months of 2005, unrealized foreign exchange gains amount to CHF 540'588 while realized foreign exchange gains amount to CHF 49'798.

Income Taxes

The Company has net operating loss carry-forwards for tax purposes, which are available to offset future taxable income. If not used, these tax losses will expire in seven years after they are incurred. In accordance with IAS 12, the Company did not capitalize a deferred tax asset relating to tax loss carry-forwards and temporary differences, since there is a limited probability that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Net Result

The operating loss in the first six months of 2004 amounts to CHF 7.2 million and the net loss to CHF 7.5 million respectively. For the first six months of 2005, the operating loss amounts to CHF 16.1 million while the net loss amounts to CHF 15.1 million.

Cash Flow Statement

Since its inception, Arpida has financed and met working capital requirements through the issuances of share capital and the proceeds from subordinated convertible loans, which have been converted into equity in 2004 in conjunction with the Series C financing round.

In the first half of 2004, the first closing of the Series C financing round which took place on May 7, 2004, contributed CHF 46.3 million in net cash. In the first six months of 2005, the completion of an Initial Public Offering on May 4, 2005 provided gross cash proceeds of CHF 97.2 million which, after fees and expenses, amount to CHF 89.3 million respectively.

Arpida Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS (unaudited)

(in CHF)	June 30, 2005	December 31, 2004
Assets		
Non current assets		
Goodwill	5'489'771	5'489'295
Intangible assets	677'744	819'352
Plant and equipment	3'131'165	2'594'274
Other non-current receivables	-	49'377
Prepaid pension	5'276	3'335
Total non current assets	9'303'956	8'955'633
Current assets		
Inventories	-	490'566
Prepayments	495'169	354'608
Other receivables	688'572	407'267
Cash and cash equivalents	145'356'674	68'199'187
Total current assets	146'540'415	69'451'628
Total assets	155'844'371	78'407'261
Equities and liabilities		
Share capital	3'274'392	2'194'392
Share premium	231'831'941	142'662'613
Other reserves (share based compensation)	1'590'519	990'367
Cumulative translation differences	(71'855)	(70'289)
Accumulated loss	(86'270'828)	(70'180'655)
Total equity	150'354'169	75'596'428
Current liabilities		
Trade accounts payables	1'766'687	800'639
Accrued and other current liabilities	3'723'515	2'010'194
Total current liabilities	5'490'202	2'810'833
Total shareholders equity and liabilities	155'844'371	78'407'261

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

Period from to	January 1, 2005 June 30, 2005	January 1, 2004 June 30, 2004
(in CHF)		
Income from services	-	58'360
Research and development	(13'359'332)	(5'672'775)
Management and general expenses	(2'727'079)	(1'609'820)
Total operating expenses	(16'086'411)	(7'282'595)
Operating loss	(16'086'411)	(7'224'235)
Financial result, net	396'371	(329'058)
Foreign exchange gains	590'234	-
Net loss before tax	(15'099'806)	(7'553'293)
Income tax expense/benefit	-	-
Net loss for the period	(15'099'806)	(7'553'293)
Basic and diluted loss per share	(1.19)	(1.24)

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

Period from to	January 1, 2005 June 30, 2005	January 1, 2004 June 30, 2004
(in CHF)		
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Operating activities		
Net loss	(15'099'806)	(7'553'293)
Adjustments to reconcile net income to cash:		
- Depreciation on tangible assets	585'086	270'860
- Amortization on intangible assets	77'156	-
- Interest on subordinated convertible loans	-	86'263
- Effect of share based compensation	600'152	247'592
- Changes in the comp. of working capital:		
- Change in inventories	489'939	-
- Change in other curr. & long-term receiv.	(231'727)	(82'716)
- Change in prepayments	(140'533)	29'720
- Change in acc. payable & accrued liab.	2'679'295	(600'154)
- Change in pension liab. / prepaid pension	(1'941)	(50'530)
Net cash used in operating activities	(11'042'379)	(7'652'258)
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Investing activities		
Plant and equipment purchases	(1'121'700)	(103'914)
Proceeds from the sale of fixed assets	64'330	-
Net cash used in investing activities	(1'057'370)	(103'914)
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Financing activities		
Issuance of common/preferred shares	97'200'000	48'134'406
Capital increase expenses	(7'941'039)	(1'844'863)
Total cash provided by financing activities	89'258'961	46'289'543
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Net increase in cash position	77'159'212	38'533'371
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Cash and cash equivalents, beginning of period	68'199'187	10'306'793
Exchange losses on cash and cash equivalents	(1'725)	-
Net increase in cash and cash equivalents	77'159'212	38'533'371
Cash and cash equivalents, end of period	145'356'674	48'840'164
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Interest payment received as part of net cash used in operating activities		

CONSOLIDATED STATEMENTS OF EQUITY (unaudited)

	CHF									
	Number of shares									
	Common Shares	Preferred Shares	Total	Share Capital	Share premium	Total capital paid in	Other Reserves	Cumulative translation differences	Accumulated loss	Total equity
At January 1, 2004	516'250	4'594'600	5'110'850	1'022'170	53'524'817	54'546'987	-	-	(48'018'946)	6'528'041
Issuance of shares	-	2'953'031	2'953'031	590'606	47'543'800	48'134'406	0	0	0	48'134'406
Equity funding costs	-	-	-	-	(1'844'863)	(1'844'863)	0	0	0	(1'844'863)
Subordinated convertible loans - conversion	-	194'319	194'319	38'864	3'077'422	3'116'286	0	0	0	3'116'286
Share based compensation	-	-	-	-	-	0	247'592	0	0	247'592
Translation differences	-	-	-	-	-	0	0	0	0	0
Loss for the period	-	-	-	-	-	0	0	0	(7'553'293)	(7'553'293)
At June 30, 2004	516'250	7'741'950	8'258'200	1'651'640	102'301'176	103'952'816	247'592	0	(55'572'239)	48'628'169
At January 1, 2005 as previously reported	577'600	10'394'359	10'971'959	2'194'392	143'652'980	145'847'372	-	(70'289)	(70'180'655)	75'596'428
Impact of adoption of IFRS2 (share based compensation)	-	-	-	-	-	-	990'367	-	(990'367)	-
as restated	577'600	10'394'359	10'971'959	2'194'392	143'652'980	145'847'372	990'367	(70'289)	(71'171'022)	75'596'428
Conversion of preferred shares (10'394'359)	10'394'359	-	-	-	-	-	-	-	-	-
Capital increase IPO	5'400'000	-	5'400'000	1'080'000	96'120'000	97'200'000	-	-	-	97'200'000.00
Equity funding costs	-	-	-	-	(7'941'039)	(7'941'039)	-	-	-	(7'941'039)
Share based compensation	-	-	-	-	-	-	600'152	-	-	600'152.00
Translation difference	-	-	-	-	-	-	-	(1'566)	-	(1'566)
Loss for the period	-	-	-	-	-	-	-	-	(15'099'806)	(15'099'806)
At June 30, 2005	16'371'959	0	16'371'959	3'274'392	231'831'941	235'106'333	1'590'519	(71'855)	(86'270'828)	150'354'169

On August 12, 2004, the Company's shares were split 1 to 50. All references to shares in the first half-year of 2004 have been restated to reflect this change.

Condensed Notes to the Consolidated Interim Financial Statements (unaudited)

1. Organisation

Arpida Ltd. and its subsidiaries (collectively the “Company”) is a Swiss anti-infectives company focusing on the discovery and development of new, safer and more efficacious antimicrobial drugs for the treatment of infectious diseases.

The Company is subject to various risks and uncertainties, including but not limited to its reliance on a single lead product candidate in order to achieve revenues, the substantial uncertainty of the drug development process including uncertainty of the outcome of clinical trials, significant regulatory approval requirements for market admission of product candidates, uncertainty of third party reimbursement, timing of achieving profitability, missing marketing capacity, highly competitive environment, and potential product liability claims in case of unforeseen side effects. The Company’s success may depend in part upon its ability to (i) establish a strong patent position and protection, (ii) enter into collaborations with partners in the pharmaceutical industry, (iii) acquire and retain key personnel, (iv) outsourcing manufacturing capabilities and (v) acquire additional capital to support its operations.

The Company operates in a single business segment. Geographically, its research and development activities are performed in Switzerland and Denmark.

2. Accounting policies

Basis of preparation

These unaudited interim financial statements have been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and as set out in the audited consolidated financial statements for the year ended December 31, 2004, except for the changes in accounting policies set out below. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes related thereto for the year ended December 31, 2004.

The preparation of the Company’s interim consolidated financial statements requires making estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported expenses and revenues during the reporting periods. The Company bases its estimates on historical experience and on various other factors that in the Company’s belief are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Changes in accounting policies

The Company has adopted the following new IFRS rules:

IFRS 2 (share-based compensation) - IFRS 2 requires the fair value of any equity instruments granted to employees to be recognized as an expense as long as such instruments are granted after November 7, 2002 and had not yet vested at January 1, 2005. In order to assess such expenses, the Company calculates the fair value of the granted options using a binomial option value assessment model. The resulting expenses are recognized on a straight-line basis over the vesting period. As a result, total operating expenses for the six months ended June 30, 2004 and 2005 increase by CHF 247'592 and CHF 600'152, respectively. The net losses for the above periods increase by the same amounts.

In the audited consolidated financial statements as per December 31, 2004 no equity related expense has been recognized. As permitted by IFRS 2, the Company has restated its prior-year audited historical consolidated financial statements to reflect the cost of grants awarded since November 7, 2002.

IFRS 3 (business combination) - Under IFRS 3, with effect from January 1, 2005, goodwill is considered to have an indefinite life and is not amortized but is subject to annual impairment testing. This new accounting policy was already applied in 2004 for the preliminary estimate of the goodwill of CHF 5.5 million recognized in conjunction with the acquisition of Arpida A/S (formerly known as Combio A/S) in October 2004. There is no other goodwill.

The adoption of other revised or new standards did not result in substantial changes.

3. Changes in the scope of consolidation

During the six months to June 30, 2004 there were no changes to the group scope. On October 14, 2004 Arpida AG acquired 100% of the outstanding shares of Arpida A/S (formerly known as Combio A/S) by issuing Arpida Ltd. shares. As a result of the acquisition the scope of consolidation changed and therefore the first six months of 2005 include the accounts of Arpida A/S. There were no other changes to the scope of consolidation.

4. Information by geographical area

The Company has only one business segment, namely the discovery and development of new, safer and more efficacious antimicrobial drugs for the treatment of infectious diseases.

Period from to	January 1, 2005 June 30, 2005	January 1, 2004 June 30, 2004
(in CHF)		
Research & Development		
Switzerland	(10'502'557)	(5'672'775)
Outside Switzerland	(2'856'775)	-
Total Research & Development	(13'359'332)	(5'672'775)
Management & General Expenses		
Switzerland	(2'471'277)	(1'609'820)
Outside Switzerland	(255'802)	-
Total Management & General Expenses	(2'727'079)	(1'609'820)
Total operating expenses	(16'086'411)	(7'282'595)

5. Shareholders Equity

On December 31, 2003 the issued share capital amounted to CHF 1'022'170 consisting of 516'250 common shares with a nominal value of CHF 0.20 each and 4'594'600 preferred shares with a nominal value of CHF 0.20 each.

As of May 7, 2004 the Company increased its share capital by CHF 629'470 (3'147'350 preferred C shares with a nominal value of CHF 0.20 each). Part of this capital increase involved the conversion of the subordinated convertible loans into the preferred C shares. As of September 23, 2004 the Company increased its share capital by CHF 157'476 (787'379 preferred C shares with a nominal value of CHF 0.20 each). As of October 14, 2004 the Company increased its share capital by CHF 373'006 (1'865'030 preferred C shares with a nominal value of CHF 0.20 each) in order to acquire Arpida A/S and by CHF 12'270 (CHF 61'350 common shares with a nominal value of 0.20 each) in connection with the exercise of warrants associated with the subordinated convertible loans.

On April 8, 2005, the Company converted all preferred A, B and C shares one for one into common shares subject to the completion of an Initial Public Offering at the SWX Swiss Exchange. On the same day, the Company furthermore authorized the issuance of up to 5'400'000 common shares for an Initial Public Offering excluding the pre-emptive right ("Bezugsrecht") of the shareholders. Upon completion of the Initial Public Offering on May 3, 2005 the Company issued the 5'400'000 common shares and the first day of trading was May 4, 2005. After the Initial Public Offering, the total number of registered common shares issued amounts to 16'371'959 with a nominal value of CHF 0.20 each, bringing the nominal share capital to CHF 3'274'391.80.

6. Legal Proceedings

The Company is not a party to any material legal proceedings, and is not aware of any material legal actions pending or threatened against the Company.

Shareholder Information

Stock Exchange:	SWX Swiss Exchange (Main Segment)
Ticker Symbol:	ARPN
Reuters:	ARPN.S
Swiss Security Number:	2121806
ISIN (International Security Identification Number):	CH 0021218067
Common Code:	021801755
First Day of Trading:	May 4, 2005
Total Shares Outstanding:	16'371'959 registered common shares with a nominal value of CHF 0.20 each
Free Float:	33%
Share Register:	Arpida Ltd. Aktienregister/Share Register c/o Nimbus AG, Postfach CH-8866 Ziegelbrücke Phone: +41 (0)55 617 37 35 Fax: +41 (0)55 617 37 28 E-Mail: arpida@nimbus.ch
Investor Contact:	Harry Welten, MBA Chief Financial Officer Arpida Ltd. Dammstrasse 36 4142 Muenchenstein Switzerland Phone: +41 (0)61 417 9665 Fax: +41 (0)61 417 9679 E-mail: hwelten@arpida.ch www.arpida.ch

DISCLOSURE NOTICE:

The information contained in this document and the attachments is as of August 16, 2005. The Company assumes no obligation to update any forward-looking statements contained in this document or the attachments as a result of new information or future events or developments.

This document contains forward-looking information about the Company's financial results and estimates, business prospects and products in research that involve substantial risks and uncertainties. These statements can be identified by the fact that they use words such as "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Among the factors that could cause actual results to differ materially are the following: The success of research and development activities; decisions by regulatory authorities regarding whether and when to approve drug applications as well as their decisions regarding labelling and other matters that could affect the commercial potential of such products; product launches including marketing arrangements with partners or the built up of a marketing force may be achieved; competitive developments affecting the Company's lead product candidate; the ability to successfully market any product admitted for marketing, legislation or regulations affecting product pricing and reimbursement; claims and concerns that may arise regarding the safety or efficacy of products and product candidates; patent protection, governmental investigations, the Company's ability to protect its patents and other intellectual property; and interest rate or foreign currency exchange rate fluctuations.