

Press Release
September 13th 2004



Xantos Secures Additional Finance of €4 Million (\$4.8 Million)

Munich, Germany, September 13th 2004 - Xantos Biomedicine AG, a leading functional biology and drug discovery company has announced that it has secured €4 million (\$4.8 million) in a financing round from existing investors Global Life Science, GIMV, Alta California Partner, Oxford BioScience Partners and Global Life Science Ventures.

Commenting on the financing **Stefan Wehselau, Chief Executive Officer** said:

“The investment in Xantos by our investors demonstrates their commitment and faith in our future success. We would like to thank them for their support in the current difficult financing environment.”

The funds will be used to complete the restructuring of the Company’s science and business. In R&D, the Company’s in-house projects are now focused on two therapeutic areas: In oncology, the Company is identifying inhibitors of angiogenesis; and in metabolic diseases, it is exploring targets in fat cell differentiation as a route to new therapies for obesity and type 2 diabetes. Xantos’ functional genomics platform will be strengthened with the integration of RNAi technology. Recently, the Company extended its business strategy from collaborative partnerships to offering its technology platform for development projects on a fee-for-service basis. This focusing and re-organization will significantly reduce the burn rate.

Paul Nicholson, Chairman of the Supervisory Board comments:

“ We have been guiding the Company through its restructuring and are starting to witness the benefits. In particular, making available XantoScreen™, the Company’s high-throughput, fully automated gene transfection and cellular assay system for screening cDNA libraries on a fee-for-service basis, is starting to pay off. Deals with Roche, Evotec Technologies and two other companies have been closed and several other agreements are in the pipeline”.

Peter Reinisch, partner, Global Life Sciences Ventures, speaking for all the investors, added: “Xantos Biomedicine AG has made significant progress since its last financing round in 2001. It not only came up with unique discoveries in cancer and metabolic diseases but has also started generating first revenues by offering development solutions to leading pharmaceutical and biotech partners. Also, the company will generate further income from significant grants.”

Hanns-Peter Wiese, Partner of Global Life Science Ventures added: "The above achievements formed the basis for the successful closing of this new financing round in a difficult economical environment, which was also made possible by the assistance of the silent partners tbg and Bayern Kapital. It also gives Xantos the chance to reach its next ambitious goals."

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About Xantos Biomedicine AG - www.xantos.de

Xantos Biomedicine AG is a functional biology and drug discovery company that is focusing on the identification and validation of disease relevant human genes. Studies on biological functions are carried out rapidly by screening for phenotypic changes caused by increase of gene function in mammalian cell systems. For this Xantos has established the proprietary high-throughput, fully automated cellular gene-transfection and assay system **XantoScreen™** that is used for several functional applications:

- Molecular drug profiling
- Target / pathway profiling
- Target and protein identification and
- Lead identification

XantoScreen™ enables the fully automated and standardized functional analysis of 100,000 to 300,000 genes per month in cell systems. Xantos has one of the world's largest full-length human cDNA collections (35,000 clones), several high quality cDNA libraries from various human tissues and several cell systems available for high throughput analysis. The Company uses its technology for its own discovery programs in cancer and metabolic diseases. Xantos focuses on the development of therapeutics based on secreted proteins involved in angiogenesis of cancer cells, in differentiation of fat cells and in the induction of insulin resistance. Xantos has already identified several disease relevant new targets and proteins and is searching for collaboration partners. Xantos is offering its technology, the human cDNA collections, libraries and functional cell assay systems on a fee-for-service basis for technology-driven interactions.

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