ANNUAL REPORT

2007

BIOINVENT

CONTENTS

OPERATIONS

BioInvent discovers and develops therapeutic antibodies – a strongly growing segment in the pharmaceutical market. In just a short period of time the company has produced an innovative portfolio of development projects for cancer, thrombosis and atherosclerosis – disease areas with significant medical need for new treatment options. The company has three products in clinical development and several programs in earlier stages of development. BioInvent is located in the Ideon Science Park in Lund and has 94 employees. The company has been listed on the Nordic Exchange since June 2001.

Focus on antibody drugs

Antibodies are a vital part of the immune system and constitute one of the human body's most important defence mechanisms against disease. Treating the patient with antibodies can accurately and effectively impact many diseases. BioInvent has developed a powerful technology platform for discovery, development and production of human antibodies. The n-CoDeR® antibody library is the source of the company's drug candidates. The company has purposefully focused on building up its capacity to efficiently drive projects through the development chain by gradually building up and broadening its regulatory and clinical expertise in drug development.

Value generation

BioInvent's strategy is to develop a broad portfolio of drug candidates. The projects take drugs from their early discovery phase until their effect is demonstrated in human clinical trials. For certain projects BioInvent searches for a partner at an early stage of development to limit financial risk and to gain access to the partner's expertise, while in others the company takes the product all the way to market on its own, thereby maximizing value growth while spreading development risk across multiple projects.


ADVANCES FOR BIOINVENT
20

OVER THE PAST YEAR

07

BI-204

Clinical studies of BI-204 began in January 2008. A co-development agreement with Genentech – in which Genentech acquired the American sales rights for the product – was reached in January 2007.

TB-402

Phase I trials of TB-402 were successfully carried out during the year by BioInvent and its cooperation partner ThromboGenics. Phase II trials are planned to begin in 2008.

TB-403

Promising preclinical data were published in November 2007 in the highly regarded journal Cell. A phase I clinical trial with TB-403 was initiated in January 2008 by BioInvent and ThromboGenics.

BI-505

Choice of new product candidate, BI-505, which to begin with will be developed for hematologic cancer such as multiple myeloma.

We intend to steadfastly drive our projects forward through the clinical trial process, with a partnership strategy that provides an optimal balance between risk and long-term earnings.

COMMENTS BY THE CEO

BioInvent has made good progress over a number of years and successfully lived up to the targets set in our operations plan. For me, 2007 was the year that we matured as a company and defined our commercial profile more clearly.

The collaboration agreement with Genentech to develop an antibody-based drug to treat cardiovascular disease contributed to this achievement and was the highlight of the year.

The financial value of the agreement received considerable attention, but for me it was just as important that we were able to demonstrate our ability to add significant value in a drug project that had not yet even entered clinical trials at the time of the agreement. I can only view Genentech's decision – with its documented experience of taking antibody projects to market – to invest in one of our projects as recognition of the excellence of our technology and our expertise in the field of antibodies.

Looking back at 2007, it was a successful year in several other regards. In my comments last year I promised that we would work hard to bring our drug candidates into clinical phase. At that time we had just initiated phase I trials in one project. Today, a year later, the situation is completely different, with three projects in the clinical phase.

The anticoagulant TB-402, which we are developing in cooperation with ThromboGenics, has completed successfully a phase I trial. We have also initiated two new phase I trials. One involves TB-403 for the treatment of cancer, also in cooperation with ThromboGenics, and the other involves BI-204 for atherosclerosis, our collaborative project with Genentech.

During the year we also selected a new drug candidate, BI-505, which has demonstrated an enhanced ability to kill tumour cells in severe types of cancer. This drug candidate is the result of our own research. In the past our projects have been based on target proteins – the molecule to which the antibody binds – from external research groups. The fact that BI-505 is the result of our own discovery research is a sign that we are acquiring more extensive knowledge in important fields and are maturing as a company.

We now face new challenges as we consolidate, our step into the clinical phase, entirely according to plan. As the clinical emphasis of our operations expands, so our investment needs also grow – and with them, the importance of deciding whether we will continue to pursue projects on our own, or enter into alliances, and if so, at what point in time.

For each project we must find the right balance between cost, risk, and future commercial potential. This analysis will determine if, and when, it might be appropriate to find a partner for the continued development of an individual project in order to share costs and risks. In situations of intense competition, and where many patients and decision-makers are involved, it might be wise to find a partner at an early stage. However, in a niche market it might be more fitting to continue on our own. Our strategy and the structure of our agreements must be determined and tailored to the needs of the individual projects. Regardless of the timing of the agreement, however, we want to try to ensure that BioInvent plays a role in further development together with its partner. This is the best way to develop the company's expertise, while ensuring insight into and influence over continued developments.

BioInvent's drug candidates span several medical disciplines. To some extent we focus on cancer treatment, which we decided would be a strategically high-priority field in 2008 as we continue to expand our portfolio. However, this strategy does not preclude initiation of projects for other indications. Pivotal for our choices is that our technology and our knowledge of antibodies should create conditions for successful development of the project.

We have set several goals for 2008, which we believe are all within the realm of possibility. The phase II trial of anticoagulant TB-402 will begin and the phase I trial of BI-204 for atherosclerosis in cooperation with Genentech is making progress, as is the study for the cancer drug TB-403, where testing in patients will begin during the year. Our new drug candidate for the treatment of cancer, BI-505, is also expected to make good progress towards clinical trials. Our goal is for all four drug candidates to be in phase I or phase II trials by early next year.

We also intend to broaden and strengthen our research portfolio during the year. Prior to the selection of product candidate BI-505, our projects were based on medical concepts from external research groups. We will use the screening system – which was developed in-house – that identified BI-505 and the properties of its target protein more extensively in our research.

Over the past few years, BioInvent has shifted the focus of its operations from technology development to control over applications and product development. We have therefore become a broader and more complete company. With our foothold in antibody-based drugs, we are in the segment of the pharmaceutical market with the strongest growth, and this will open up a number of commercial opportunities that we intend to actively exploit during 2008.

We will seek a partner solution in Japan for our atherosclerosis project BI-204, and will explore opportunities for new partners and commercial partnerships for our projects and technology. We are now entering a more dedicated commercial phase from a position of strength.

All of our drug projects are unique in some way. These highly innovative projects involve mechanisms of action and treatment methods representing new approaches to diseases with a great need for new treatment options. Therein lies the key to our future value generation, and it is also the reason I am hopeful that we will see an exciting flow of news from BioInvent over the next few years.

In conclusion, I would like to thank all our employees for their efforts during a successful year.

Svein Mathisen
Chief Executive Officer, February 2008

MARKET

Antibodies - The Rising Star of the Pharmaceutical Industry!

Antibody-based drugs comprise one of the fastest growing segments in the pharmaceutical industry. Since the turn of the new millennium, sales have increased more than tenfold, from USD 2 billion to almost USD 25 billion. During this period the number of approved antibody-based drugs has jumped from 9 to 22. Analysts expect this strong growth to continue for the next several years; by 2012 the market is expected to be worth more than USD 40 billion (Datamonitor 2007). Antibody-based drugs have been successful for several reasons, both technological and medical. Technologically, in the 1990s a breakthrough occurred in the methods used to discover and design antibodies. Researchers could make antibodies more similar to, or even identical to, the antibodies naturally produced by the body. These so-called humanized and fully human antibodies are very well tolerated by the body, and can effectively neutralize various substances by taking advantage of the immune system's natural defense mechanisms. Through their specific binding to antigens antibodies can also influence the course of disease in several other different ways.

Medically, the launch of antibody-based drugs, with their natural structure and highly specific binding properties, resulted in the creation of a new class of drugs. Medications could now target extracellular molecules or cell surface proteins – two important groups of target structures that are mosty difficult to reach and modulate with traditional small-molecule drugs. Naturally occurring antibodies have an important task in the body: to recognize foreign substances or cells, so that they can be neutralized.

Antibody technologies and antibody-based drugs have mainly been developed by biotech companies. One of the pioneers, and now the single largest company that mainly develops antibody-based drugs, is the US-based company Genentech, which is partially owned by the Swiss pharmaceutical company Roche. Genentech launched two of the first marketed antibody-based drugs back in 1998, the cancer antibodies rituximab and trastuzumab, the first to achieve "blockbuster" status, with annual sales exceeding USD 1 billion. Today the company, together with various partners, markets six antibody-based drugs; these products have annual sales exceeding USD 13 billion. The anti-cancer drug bevacizumab (Avastin), anti-VEGF, is probably the company's most important drug at this time. This antibody was the first of the first generation angiogenesis inhibitors to reach the market, representing a completely new treatment option for many cancer patients.

Roche, which owns the rights to most Genentech products outside of North America, is the other company that dominates the antibody-based drug market. Other major companies in this market include Centocor (today part of J&J), BiogenIdec, Abbott and Wyeth.

The antibody market has grown more than tenfold since 2000, and in 2007 was worth USD 25 billion.

Companies with antibodies in the market

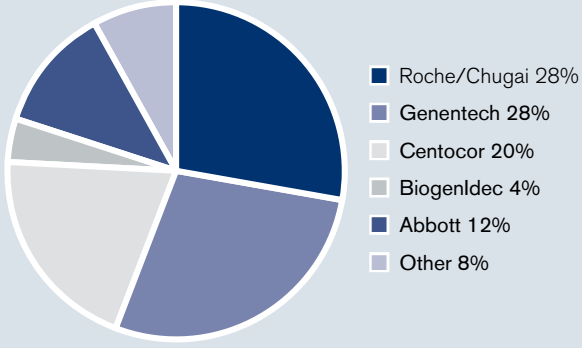
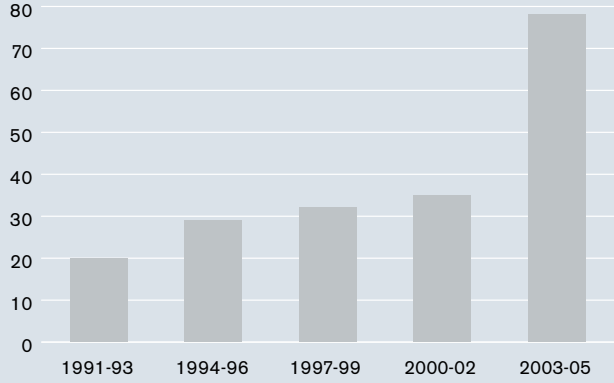


Figure 3. Average payments in USD million for drug projects in preclinical phase (1991-2005) (Recap, 2006)



Rising costs for Development projects

There are probably at least two main reasons for the rising cost of antibody projects in recent years. One is because several newly launched antibody-based drugs have become major commercial successes, which has significantly increased expectations for antibodies under development. For example, GSK is paying up to USD 2.1 billion in various cash considerations for Danish Genmab's antibody HuMax-CD20, currently in late clinical development. In this case it can be assumed that the large sales of another anti-CD20 antibody, rituximab, played a pivotal role in determining the size of the price tag. The second important factor pushing prices upward is probably the current imbalance between supply and demand of promising projects. Large pharmaceutical companies, with little or no tradition of developing biologics, have in recent years increasingly endeavored to compensate for this deficiency through aggressive in-licensing strategies, and through strategic alliances or acquisitions of biotech companies with the desired expertise and products.

Shortage of promising antibody projects under development

More than one hundred antibody-based drugs are currently under clinical development. It may therefore seem contradictory to say that there is a shortage of available projects. However, many of these projects are being developed by companies with ambitions of bringing products to market, and these projects are unavailable for licensing. Other projects may involve niche products that focus on small patient populations and are of little interest to large pharmaceutical companies. At the same time, several major pharmaceutical companies in Europe, the US, and Japan have an acute need to in-license biologics. Consequently, large pharmaceutical companies are greatly interested in those companies with projects that fulfill the criteria for in-licensing, and the value of projects under development has also risen in recent years, including for early phase projects.

Key transactions 2007

Over hundred public transactions involving antibody companies and antibody technologies were carried out in 2007 (PharmaDeals). These transactions spanned everything from research collaboration, development cooperation with respect to products, pure licensing deals, to the purchase of companies. Noteworthy among the larger deals are the broad technology and product collaboration between US biotech company Regeneron and the pharmaceutical company Sanofi-Aventis and the multi-year cooperation agreement between antibody company MorphoSys and the pharmaceutical company Novartis.

Four major transactions that resulted in the acquisition of antibody companies by larger companies took place during 2007, indicating a slight decline in the appetite for acquisitions compared with 2006, when six larger corporate acquisitions were carried out. The largest deal by far was when AstraZeneca purchased MedImmune, with one antibody product on the market and several in clinical development, paying more than USD 15 billion. Together with the acquisition of British CAT in 2006 and other add-on acquisitions, AstraZeneca has thus during a short period acquired significant expertise in biologics development. As early as 2010 this large pharmaceutical company expects that 25% of its development pipeline will stem from biologics. In addition, in 2007 the Japanese pharmaceutical company Astellas acquired the US company Agensys, whereas another Japanese pharmaceutical company, Eisai, bought American Morphotek, and British antibody specialist Haptogen was taken over by Wyeth. The increased activity of the Japanese companies, both through corporate acquisitions and product licensing, demonstrates the strong interest in biologics, also in the Japanese market.

OUR STRATEGY AND BUSINESS

BioInvent's place in the value chain

BioInvent focuses on discovery and development of therapeutic antibodies and documents their biological activity and effect in early clinical trials. In order to bring product candidates through later clinical development to full commercialization, the company collaborates with large pharmaceutical companies. The timing for such collaboration is determined by costs, risk, competence requirements and the value that could be gained if BioInvent completes an additional step in the process. The strategic purpose of the agreements is to ensure that the projects receive the necessary expertise and resources without BioInvent tying up too many resources in any individual project.

In order to maximize the company's potential to benefit from total value generation, it will try to retain market rights in individual geographic markets, where the company considers it feasible to establish a competitive marketing and sales organization. In cases where the company's production capacity is adapted to needs, BioInvent will also retain production rights for the clinical program, as well as for production of the commercial product. Ensuring active participation in the projects is the best way to protect the company's interests.

Broad portfolio

In just a short time BioInvent has put together an innovative and broad portfolio of drug projects. This portfolio is being broadened and expanded to give BioInvent more opportunities for successful development of new products, thereby increasing the likelihood of commercial success. In this way the company avoids becoming too dependent on the success of any one individual project. The capacity that the established technology platform provides is a good foundation for further expansion of the portfolio.

So far the company has mainly recruited projects through alliances with external research groups, either in academic environments or within the industry. These research groups provide not only target proteins, but also significant biological and medical expertise. The company continues to place great emphasis on collaboration with external research groups as an important source for new medical concepts. Backed by the power of growing maturity and expertise in individual areas, medical concepts from internal research programs will also be launched.

Oncology

The company's project portfolio currently spans several medical disciplines. Given the company's ambition to move selected projects forward in the development chain, the company will need to determine how investments are governed. To some extent, BioInvent already concentrates on oncology – a field in which the company has made it a priority to strengthen its project portfolio.

Complementary business in the form of development assignments

As a partner and supplier, BioInvent has been able to build the technology platform that the company is now using to generate value in proprietary projects. The company's portfolio of proprietary projects will continue to be supplemented by development assignments on behalf of partners. Such assignments generate revenue that counterbalances a portion of the risk associated with BioInvent's development of proprietary drugs.

Revenue model

BioInvent's business model generates revenues as follows:

- From a development partner who buys into the company's proprietary projects. These revenue flows are expected to include:
  - cash payment when the agreement is signed
  - R&D milestone payments, which means payments when projects pass pre-determined milestones
  - payment for manufacturing the product for the clinical program and commercial products, if any
  - royalties involving a percentage of sales of the end-product
  - revenues from sales of the product in those markets in which the company has retained market rights
- From customers for whom BioInvent conducts development projects.

Up until the collaboration agreement with Genentech, BioInvent's revenues have come from development projects. With the partnership strategy and the role in the value chain that BioInvent aspires to achieve, with time proprietary projects are expected to be the predominant source of revenue. The goal is that over time, BioInvent will achieve a balanced cash flow through cash payments, milestone payments and production for clinical programs within the company's proprietary projects, combined with revenue flows from development assignments. Long-term profitability is ensured through royalties and revenues from own sales in selected markets, as well as payment for commercial production in any projects that successfully reach the market.

BioInvent develops innovative antibody-based drugs for areas in which there is a significant medical need. We build value by pursuing the projects until we can demonstrate biological effects, preferably in humans. We work with partners to continue development and achieve commercialization. This strategy enables the company to maintain a broad product portfolio, which reduces risk and allows a more even and earlier revenue flow.

BUSINESS CONCEPT, GOALS AND STRATEGIES

Our business concept

BioInvent develops innovative antibody drugs to treat diseases where there is a significant medical need.

Our goal

To generate value by building a sustainable portfolio of clinical development projects and over time, successfully launching several innovative drugs.

Our strategy

- to commercialize product candidates in cooperation with partners
- to retain market rights in individual geographic markets, where the company considers it to be feasible to establish a competitive marketing and sales organization
- to retain production rights for clinical programs and for manufacturing commercial products in cases where the company's production capacity meets the need
- to broaden and expand the portfolio to include projects that provide us with more opportunities to create successful products and thereby increase the likelihood of commercial success for the company as a whole
- to gain access to innovative target proteins and/or projects from external research groups and to develop unique medical concepts through our technology platform.

Our business is characterized by

- revenues from cooperation agreements linked to our own drug projects in the form of license fees, milestone payments, ongoing compensation for manufactured products, and royalties on the final sale of products, as well as from our own sales. In addition, revenues are generated by customer projects
- sustainable profitability, expected to be achieved the day one of our projects reaches the market. Profits may be reported in certain years before this point, when significant breakthroughs are made in one of our projects.

A successful year for the projects, which all made significant advances.

PROJECTS

BIOINVENT'S PIPELINE

– THREE CLINICAL TRIAL PROJECTS AND ONE NEW DRUG CANDIDATE

DEVELOPMENT PROJECTS

In early 2008 BioInvent initiated clinical trials of BI-204 and TB-403, and in the fall of 2007 the company reported the successful results of the first phase I study on TB-402. Consequently, the company has three therapeutic antibodies in clinical development, where the drug candidates are being tested in controlled human trials. In addition the company broadened the portfolio during the year by choosing a new product candidate, BI-505, for the treatment of cancer. Thus in short order the company has produced a broad, innovative portfolio of drug projects. The purpose is to develop antibody-based drugs for disease areas with significant medical needs. All of the projects represent unique medical concepts with the strong support of patents and patent applications. A broad product portfolio of mature projects reduces risk and cost-effectively increases opportunities for future success. By entering into partnerships based on certain products the company gains access to valuable expertise at the same time that development risk can be limited.

RESEARCH PROJECTS

BioInvent's research portfolio consists of several projects in the phase prior to definitive selection of a product candidate. The company's research portfolio currently includes projects within the areas of cancer, inflammation and ophthalmic diseases. The portfolio includes both early projects with a focus on research and more mature projects, where an array of data supporting mechanisms of action and effects has been produced. BioInvent conducts these research projects alone or in cooperation with various partners.

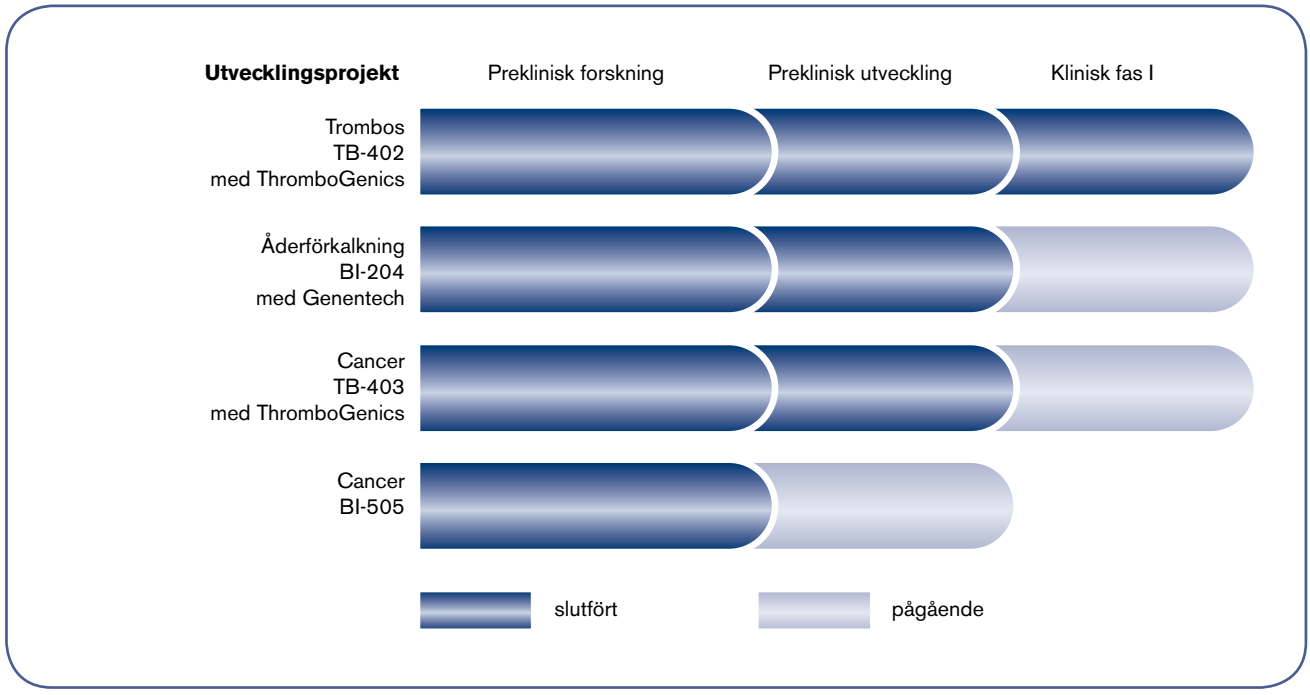
BioInvent will continue to invest in early research projects in order to continuously fill the clinical trial pipeline, thereby ensuring the continued development of the company. During the year a product candidate, BI-505, was selected from the BioInvent research portfolio.

Preclinical research
Antibody-based drugs bind to specific target proteins. It is this binding, and the effects subsequently mediated by the antibody, that determine treatment efficacy. Therefore choice of target structure is of central importance when developing antibody-based drugs. BioInvent uses its patented antibody library, n-CoDeR®, to produce such drug candidates. Next the selected antibodies are extensively tested in vitro and in suitable animal models. The results from these tests form the basis for selecting the antibody that will be developed as a product candidate.

Preclinical development
The purpose of this step is to document that the drug candidate can be administered to humans with minimal risk. This is why side effect studies are conducted in animals, and why various studies are done in vitro and on tissue samples. In vivo studies also provide the opportunity to analyze absorption, distribution, metabolism and excretion of the drug candidate.

Once the safety studies have been completed, an application is sent to the authorities to begin clinical studies ("Investigational New Drug application"). In most cases the preclinical development phase takes about one year.

Phase I clinical trials
Phase I clinical trials are usually conducted on healthy human subjects to study whether the drug is safe and well-tolerated. In addition, drug pharmacokinetics are analyzed, and when possible, the effect of the drug on the body (pharmacodynamics). A phase I clinical trial can often be completed in less than one year.



Phase II clinical trials
In phase II clinical trials the drug is tested on small groups of patients to analyze its effects. In addition to safety and tolerability, an attempt is made to assess dosing, and usually this phase provides an initial indication of the drug's efficacy. Phase II studies may be expected to take from one to three years.

Phase III clinical trials
Phase III trials involve broad patient groups. In Phase III studies, the efficacy of the drug and adverse effects are compared with those of drugs currently on the market. Usually several parallel studies are carried out on different patient populations. The primary purpose of phase III studies is to show that the drug is efficacious. These studies must be large since the results must demonstrate adequate statistical significance. Such studies may require anything from two up to five or six years, depending on indication and the effect to be demonstrated.

Registration and launch
After successful completion of clinical trials an application is submitted to the proper authorities (FDA in the United States, EMEA in Europe) to obtain approval for the drug and register it for marketing and sales. The registration process usually takes about one year.

TB-402

FIRST CLINICAL STUDY SUCCESSFULLY COMPLETED

TB-402 is being developed to treat the large group of patients who face the daily risk of a life-threatening blood clot (thrombosis), such as in conjunction with major surgery or as a consequence of certain arrhythmias, such as atrial fibrillation.

During the year, BioInvent and partner ThromboGenics carried out a study of TB-402 in healthy subjects. TB-402 met all study goals. The medication was shown to be safe and have the desired safety and pharmacokinetic properties. In addition, a long-acting anticoagulant effect was confirmed among the treated individuals, and this effect reaches a ”plateau” at high doses, which is desirable since the medication may then be expected to be both safe and effective. TB-402’s long half-life allows single-dose treatment of patients undergoing orthopedic surgery, and/or one dose per month for long-term treatment of patients with atrial fibrillation to prevent stroke, in contrast with currently available daily dosing.

TB-402 represents a new way of preventing the occurrence of thrombosis. It is a human antibody that targets Factor VIII, which plays a pivotal role in blood coagulation. The antibody has demonstrated beneficial partial inhibition of Factor VIII, even when administered in extremely high doses. This unique concept makes it possible to effectively limit the thrombotic process to achieve a long-term effect with minimal risk of bleeding. Research indicates that the medication cannot be overdosed.

In 2008 an initial phase II study of TB-402 is expected to be carried out in patients.

FACTS TB-402

Indications: Stroke prevention in patients with atrial fibrillation and prevention of thrombosis in connection with orthopedic surgery.

Target protein: Factor VIII. The antibody only partially inhibits this coagulation factor.

Anticipated competitive advantages: The partial inhibition of coagulation by a human antibody is anticipated to be associated with a low risk of overdose and of side effects such as bleeding and liver toxicity. Long-acting medication eliminates the need for daily treatments and facilitates patient monitoring.

Partner: Product developed in cooperation with ThromboGenics NV. Professor Marc Jacquemin, Flanders Interuniversity Institute of Biotechnology (VIB) and the university in Leuven, Belgium, developed the concept and remains as a partner.

Status: : The medication met both primary and secondary objectives in the recently reported phase I study.

Next milestone: The clinical phase II study in patients who have undergone orthopedic surgery is expected to begin during the autumn.

TB-402

402 is a human monoclonal anti-Factor VIII-antibody, a new anticoagulant treatment for a number of indications such as atrial fibrillation and deep vein thrombosis.

BioInvent is conducting this project in collaboration with ThromboGenics, and is part of a larger partnership between the companies initiated in 2004. The parties will continue to conduct this development program together. The project is based on research into inhibition of coagulation Factor VIII under the leadership of Professor Marc Jacquemin of Flanders Interuniversity Institute of Biotechnology (VIB) and the university in Leuven, Belgium, in co-operation with ThromboGenics.

Clinical need

Several patient groups are in great need of improved and safe anticoagulant therapy, perhaps most of all patients with atrial fibrillation. They are often affected by complications such as small blood clots in the lungs (pulmonary embolism), which can lead to stroke if a blood clot is transported to the brain.

Another group that requires effective antithrombotic treatment involves patients undergoing major orthopedic surgery. These patients are at risk of deep vein thrombosis. Current treatment, primarily various heparin drugs, requires daily injections and sometimes gives rise to serious hemorrhaging. The side-effect profile of new anticoagulants is therefore very important, with respect to the risk of bleeding.

The mortality rate of patients affected by deep vein thrombosis or pulmonary embolism is high and the costs for society relating to the acute medical needs of these patients and their subsequent long-term health care is great. Current treatment for these patient groups can to be improved because today's treatments involve the risk of serious bleeding complications and require daily doses of drugs. In contrast to currently available treatment, TB-402 is expected to be administered as a single dose – or with up to a two- to four-week interval for chronic conditions. It is also anticipated that the risk of bleeding and other side effects such as liver toxicity will be low.

Market and competition

The market for antithrombotics in 2006 was calculated to be worth USD 14 billion (Datamonitor 2007). About 1.5 million knee and hip replacement procedures, and a million acute cases of pulmonary embolism, occur annually to patients in the seven largest pharmaceutical markets. The number of cases is also rising at a relatively rapid pace because of risk factors such as an aging population and obesity.

Warfarin is noteworthy among oral anticoagulants and is often given to prevent emboli in atrial fibrillation, but risks are entailed due to the critical importance of precise dosing. Warfarin is one of the ten most prescribed drugs, and in the US alone, three million patients receive more than 30 million prescriptions per year (Bio-Century 2004). The most important injectable anticoagulant is low molecular weight heparin, with annual sales of USD 3.5 billion (Datamonitor). Heparin treatment requires daily injections. Two more recent injectable anticoagulants are the Factor Xa inhibitors fondaparinux and idraparinux, which are expected to achieve sales of USD 350-400 million by 2010 (Datamonitor).

BioInvent's concept – partial inhibition of Factor VIII – is unique. Its safety profile and long half-life make it ideally suited for providing a long-term anticoagulant effect, for prophylaxis in situations such as orthopedic surgery, or in conditions associated with a chronic risk of thrombosis, such as atrial fibrillation.

Project status

A clinical phase I study of TB-402 in healthy subjects was carried out in 2007. This study confirmed that the antibody provides a beneficial partial inhibition of Factor VIII with a plateau effect at higher doses, as was previously shown in preclinical studies. A stable and long-acting anticoagulant effect was also demonstrated.

The results from the study were presented at the annual meeting of the American Society of Hematology in Atlanta, Georgia, USA, in December. These data show that TB-402 has a high safety profile and is well-tolerated. No serious side effects were reported.

The pharmacokinetic study, which was carried out as part of the phase I study, confirmed a half-life for TB-402 of about three weeks, which makes it possible to use single dose treatment In patients undergoing orthopedic surgery, and/or a single monthly dose to prevent stroke among patients on long-term therapy for atrial fibrillation, in contrast to today's daily treatments with currently available medications.

Preparations are under ways for the phase II program. As part of the development program interaction studies are under way simultaneously with these preparations. One study is investigating whether the effect of TB-402 can be reversed by administering the target protein (factor VIII), which TB-402 blocks. Another study is exploring whether the effect of TB-402 is affected in patients who received standard therapy for deep vein thrombosis. The results from these studies are expected during the second quarter and should improve the prospects for the phase II program, which is anticipated to begin in autumn 2008. The ambition of the Phase II program is to evaluate the drug's safety and its ability to prevent deep vein thrombosis in conjunction with orthopedic surgery.

Patent protection

Patent applications have been submitted in Europe, Japan, Canada, USA, Australia and other countries for antibodies that partially inhibit Factor VIII, pharmaceutical preparations involving such antibodies and their use in therapeutic applications. One patent is approved in Europe.

BI-204

CLINICAL TRIALS INITIATED

In January 2008 BioInvent and the company's collaborative partner Genentech initiated a phase I study of BI-204 in Denmark. The objective is to study the drug candidate's safety, tolerability, and pharmacokinetics.

BI-204 is a human antibody that targets oxidized forms of LDL (bad cholesterol). Several animal models have shown that BI-204 can substantially reduce both plaque formation and progression of existing plaque. Treatment with BI-204 affects the inflammatory process associated with atherosclerotic plaque, which reduces plaque progression. Over the past year, researchers have obtained more basic data relating to the mechanism of action for BI-204, which seems to limit secretion of inflammatory mediators and thereby recruitment of inflammatory cells to the plaque. Data supporting this basic mode of action were published in the *Journal of the American College of Cardiology* in December 2007.

In January 2007 BioInvent entered into a cooperation agreement with major US biotech company Genentech to jointly develop and commercialize BI-204. Under this agreement, Genentech received the North American rights to the drug, while BioInvent retained the rights for rest of the world. BioInvent therefore has a strong partner, with a recognized track record of developing and commercializing antibody-based drugs. With this strategy BioInvent continues to be heavily involved in the development process, while taking advantage of Genentech's considerable experience in developing antibody-based drugs. Moreover, BioInvent retains great flexibility in its participation in the future development and commercialization of the project, with the possibility of benefiting from the potential value growth associated with later steps in the drug development process, or to enter into future partnership agreements for other geographic areas.

FACTS BI-204

Indications: To prevent myocardial infarction or stroke in patients with prior manifestations of acute coronary artery disease.

Target protein: Oxidized ApoB100-proteins in LDL-particles.

Anticipated competitive advantages: The treatment is expected to be able to reduce plaque size and prolong survival.

Partner: Clinical development is under way in cooperation with Genentech, which has the North American commercialization rights to the medication.

Status: Clinical phase I studies in healthy subjects began in January 2008.

Next milestone: Report from Phase I studies.

BI-204 targets oxidized forms of a lipoprotein (apoB100), which is a component of the LDL particle. LDL is known as ”the bad cholesterol”. Research in recent years has indicated strong links between these oxidized particles and harmful inflammatory processes in the vessel walls. Such inflammation results in the formation of atherosclerotic plaque that may fragment and cause blood clots.

The concept of protecting the vessel against atherosclerosis with the help of antibodies against oxidized LDL particles is supported by earlier research. This protection was shown to be linked to an increased level of naturally occurring antibodies against the target proteins. The study showed that development of plaque is reduced as the quantity of antibodies increases. Consequently, there is good reason to believe that antibodies targeting oxidized LDL particles will have a protective effect against atherosclerosis.

Clinical need

BI-204 is expected to be able to be used in patients with a history of myocardial infarction. These patients are at substantially increased risk of complications – 30 percent have another MI within three years. Currently no effective drugs are available that have a significant effect on the root cause of the disease, the generally extensive atherosclerosis within the patient’s vessels.

There is a significant medical need for a new treatment for atherosclerosis that can stabilize plaque which is at risk of fragmentation, while hopefully also reducing its size. Since a drug of this kind would have great commercial potential, considerable research initiatives are under way in this field.

Market and competition

Lipid-lowering drugs, along with gastric ulcer medicines, constitute the largest group of drugs worldwide. Sales in 2006 reached USD 29 billion (Datamonitor 2007). Statins, which account for the largest percentage of drugs used to treat atherosclerosis in terms of sales, are included here.

Unfortunately, far from all patients with atherosclerosis can be helped by currently available treatments. The mortality rate remains high.

Clinical studies have shown that new drugs under development have demonstrated a reduction in plaque size in the vessels of patients, both by increasing the positive effect of HDL (the ”good” cholesterol) as by reducing the harmful effect of LDL (the ”bad” cholesterol). An example of a drug with the latter mode of action is ISIS’ antisense drug Mipomersen, which blocks ApoB100 (and not just oxidized ApoB100). This medication, which is currently in the final stages of clinical development, was out-licensed in January 2008 to US biotech company Genzyme, which paid USD 325 million in an advance payment and shares, in addition to other milestones (USD 1.6 billion) and royalties. This drug is primarily being developed for familial hypercholesterolemia, and probably will not directly compete with BI-204, but the value of the licensing agreement with Genzyme shows the great potential for value growth of new medications that address unsolved medical needs within the cardiovascular arena.

The expected competitive advantages of BI-204’s are rooted in its mode of action and effect on the basic course of the disease; it has been shown to reduce both plaque volume in general as well as inflammation of the vascular wall, and thereby stabilize unstable plaque.

Project status

Clinical studies of BI-204 in healthy subjects began in January 2008. The study is a double-blind randomized dose-escalation study, in which single as well as repeated doses of BI-204 will be administered intravenously or subcutaneously. The study will include a total of 80 healthy men and women with elevated levels of LDL cholesterol.

In addition to following up on safety and tolerability, pharmacokinetic and pharmacodynamic properties of BI-204 will be assessed, which will then provide important information about how to dose BI-204 in upcoming phase II trials.

Moreover, continued experimentation has further clarified the mechanism of action of BI-204. Data support that the underlying mode of action of BI-204 is a modulation of the inflammatory process resulting in a reduction of pro-inflammatory cells within treated plaque, which in turn leads to a reduction in new plaque formation and regression of existing plaque. Thus experiments in animal models have confirmed that treatment with BI-204 has highly significant effects on the progression and composition of the plaque.

Patent protection

The oxidized forms of the apolipoprotein apoB-100 that cause harmful inflammation within the vascular wall, the use of these in drug development, products aimed at these target proteins, the mode of action, as well as the formulation of BI-204 are patent pending in about 40 countries, including major markets such as the US, Europe, Canada, Japan, Australia, China, and India.

TB-403

MAJOR ADVANCES IN PROJECT, CLINICAL STUDIES UNDER WAY

TB-403 is a humanized antibody directed against PlGF, a growth factor secreted by tumors, and is specifically upregulated in diseases such as cancer and in chronic inflammatory conditions. TB-403 targets the tumor's blood supply, thereby starving it. Treated patients should experience fewer adverse effects than with rival medications. This hypothesis received support from the results of preclinical studies published in the respected scientific journal Cell in November 2007, where researchers showed that growth of malignant tumors and development of metastases were prevented, without affecting healthy tissues. These advantageous properties are achieved thanks to the PlGF inhibitors' ability to prevent new blood vessel formation exclusively in cancer tissue, a pivotal advantage compared with VEGF inhibitors (primarily bevacizumab, Avastin).

TB-403 will initially be developed to treat oncological diseases. It could potentially be included in combination therapy that also includes other cancer drugs such as chemotherapy and hormone therapy. In the future it is also expected that combinations of multiple angiogenesis inhibitors will improve treatment outcome. There is also good reason to expect that TB-403 could be used in other diseases where angiogenesis plays an important role.

The drug candidate (TB-403) has shown good inhibition of PIGF-associated angiogenesis and tumor formation in preclinical studies. Clinical studies in healthy subjects began in January 2008, and a second study with repeated doses in cancer patients is expected to begin during the third quarter of 2008. The project is being developed within the framework of the alliance with ThromboGenics.

FACTS TB-403

Indications: Forms of cancer that are sensitive to angiogenesis such as pancreatic, prostate, kidney, colorectal, breast, and lung cancer.

Target protein: PlGF, a growth factor that binds to the VEGFR1 receptor in the endothelial cells of newly formed vessels.

Anticipated competitive advantages: Anti-PlGF is also expected to have an effect in patients resistant to anti-VEGF treatment. Anticipated advantageous side effect profile, since PlGF is primarily secreted at pathologic conditions.

Partner: BioInvent is developing this project in cooperation with ThromboGenics NV. and Professor Peter Carmeliet of the university in Leuven.

Status: Clinical phase I-studies in healthy subjects are underway. The role of the effect of PlGF and anti-PlGF in cancer has been clarified in extensive experiments published in Cell (Nov. 2007).

Next milestone: Clinical phase I studies employing repeated doses in cancer patients are expected to begin during the third quarter of 2008.

TB-403 is a new form of angiogenesis inhibitor that is specific to the PlGF target protein. PlGF is a homologue of VEGF and binds to one of its receptors. PIGF expression is specifically upregulated in diseases such as cancer and in chronic inflammatory conditions and thereby affects new blood vessel formation in tissues under stress. Unlike VEGF, PIGF does not seem to regulate normal physiological angiogenesis. VEGF inhibition has been shown to give rise to certain adverse effects such as neuropathy and hypertension, as well as rare serious side effects in the intestinal mucous membrane. Inhibition of PlGF is therefore expected to have the advantage of causing limited adverse effects while still providing the desired effect, which is supported by the results published during the year. There is also reason to believe that TB-403 may also be found to have an effect in certain patients who do not respond to anti-VEGF treatment. This hypothesis is supported by animal data from BioInvent and ThromboGenic partner's Professor Peter Carmeliet at the university in Leuven, Belgium.

Clinical need

Cancers constitute a heterogeneous group of diseases, which complicates the development of drugs directed at tumor cells with the intention of killing them. A new and attractive strategy is to attack the blood supply to tumors indirectly by blocking the growth of new blood vessels.

The formation of new blood vessels is a process called angiogenesis. These vessels supply growing tissue with nutrients and transport waste away from the tissue. Tumors over a certain size are dependent on the formation of new blood vessels in order to grow and survive. A substance that inhibits the growth of new blood vessels could therefore reduce tumour growth and increase the patient's chances of survival.

Current treatment for these forms of cancer usually includes various combinations of chemotherapy or radiation as well as surgery. Certain types of cancer are also sensitive to hormone therapy. Angiogenesis inhibitors work better in combination with currently available treatments, which is supported by clinical trials that have been carried out using other angiogenesis inhibitors under development and in the market. The effect of the treatment has therefore been shown to be additive or even synergistic, both among patients who recently initiated treatment and those who received several courses of treatment. Therefore as a class, angiogenesis inhibitors have a broad spectrum of application, in part because many types of tumor are suitable for treatment, and in part because a large percentage of patients are expected to benefit from the treatment.

Market and competition

Interest in angiogenesis inhibitors in cancer treatment has intensified over the past year. They can be used to treat a variety of cancers, including pancreatic, prostate, renal, colorectal, breast, and ovarian cancer, as well as lung cancer and lymphoma. Each of these diseases represents a sales potential from a few hundred million US dollars up to several billion. One antibody, bevacizumab (Avastin), has been approved for several of these indications, and has quickly achieved commercial success with sales in excess of USD 3 billion in 2007.

At present more than 30 angiogenesis inhibitors are in clinical development. A decade from now there will probably be several angiogenesis inhibitors on the market targeting different segments.

Project status

Clinical studies of the product candidate (TB-403) began in January 2008. This randomized double-blind, placebo-controlled study uses single doses of TB-403 in three escalating doses in 16 healthy male subjects. The objective is to study safety and tolerability, as well as to evaluate the pharmacokinetics, for the purpose of laying a foundation for a safe and effective dosage of the substance in a subsequent study with repeated doses.

The study employing repeated doses is expected to begin during the third quarter of 2008. This study will evaluate tolerability, pharmacokinetics and pharmacodynamics in patients with advanced cancer. Patient groups that did not respond to earlier treatments will be given escalating doses.

Preclinical studies have shown that TB-403 can inhibit tumor growth and development of metastases, improve tumor sensitivity to anti-VEGF, and augment the antitumor effect of chemotherapy.

Patent protection

Patent applications have been submitted relating to treatment with antibodies against PIGF aimed at reducing or preventing pathological angiogenesis, vascular leakage, pulmonary hypertension, cancer and inflammation. Applications have been submitted in several countries, including the United States and Canada. The patent is approved in Europe. A patent case has been filed against the European patent. In addition, patent applications for TB-403 and similar bodies have been submitted Europe, Japan, Canada, USA, Australia, and other countries.

BI-505

NEW PRODUCT CANDIDATE CHOSEN WITH BROAD POTENTIAL FOR TREATMENT OF CANCER

In December 2007 BioInvent announced the selection of a new clinical drug candidate, BI-505. The new drug candidate derives from BioInvent's research program within the area of apoptosis (programmed cell death) to fight tumor cells, where the company has identified several antibodies with tumoricidal effect. BI-505 is a human antibody that was developed using BioInvent's n-CoDeR®-technology and targets the adhesion protein ICAM-1 (also called CD54). In several models the antibody has demonstrated a significant anti-tumor activity and being more potent than currently available medications.

As a first step, BioInvent intends to develop BI-505 to treat patients with hematologic cancer, such as multiple myeloma. In the area of hematologic cancer there is significant need for new effective drugs to replace or complement existing medications. The number of patients newly diagnosed with hematologic cancer is estimated to exceed 200,000 per year. The possibility of treating solid tumors that express ICAM-1 will be explored in additional preclinical trials, and in clinical trials in the future.

FACTS ABOUT BI-

Indications: Cancers that express ICAM-1, primarily hematologic malignancies such as myeloma and lymphoma.

Target protein: ICAM-1, an adhesion molecule expressed by many cancer cells.

Anticipated competitive advantages: BI-505 is expected to be given to patients who do not respond to existing treatment.

Partner: BioInvent has identified the antibody and target protein through its own research efforts.

Status: The product candidate was chosen in December 2007. Extensive in vivo testing has shown that BI-505 inhibits tumor growth extremely effectively, and is superior to currently available treatment.

Next milestone: Start of clinical trials.

BI-505 targets ICAM-1, a naturally occurring protein on the surface of certain cells. Expression of ICAM-1 is elevated in tumor cells, thereby making it a suitable target protein for a therapeutic antibody. ICAM-1 is an adhesion molecule which among other things is important for the ability of immune cells to migrate into tissue and fight infections. BI-505 binds to ICAM-1 and induces programmed cell death (apoptosis) and also mediates immune effector functions that also contribute to fighting tumor cells.

Clinical need

ICAM-1 is expressed by cancer cells in a variety of cancers. BioInvent has shown that BI-505 is especially active against multiple myelomas and lymphomas that express ICAM-1. There is currently a significant medical need for new forms of treatment against these hematologic malignancies.

The current standard treatment of multiple myeloma is chemotherapy and bone marrow transplant. Notable among newer treatments is the proteasome inhibitor bortezomib, and immunomodulating drugs such as lenalidomide and thalidomide. These drugs have improved survival somewhat in the population of recurrent cases, which are difficult to treat, but the mortality rate remains high. Average survival is 3-5 years for myeloma patients, and the course of disease is often painful since the tumor affects bone tissue, and patients suffer from severe bone pain and bone destruction, as well as neurologic symptoms. In addition these patients are infection-prone and may suffer from severe kidney damage.

The medical need for improved treatment of lymphoma is likewise significant; certain subtypes of aggressive lymphoma in particular are associated with a poor prognosis. Treatment with CD20-specific therapy (mainly the antibody rituximab) has improved survival for many patients. However, most of these patients soon suffer a recurrence and then no longer respond to treatment with anti-CD20. Other lymphomas do not express CD20, and are therefore unsuitable for anti-CD20 therapy. These patient categories are in great need of new forms of treatment, and many of them may be suitable for treatment with an anti-ICAM-1 antibody.

Market and competition

The market for the treatment of multiple myeloma is significant; total sales of the two recently launched drugs lenalidomide and bortezomib amounted to almost USD two billion in 2007. The market can be expected to increase sharply in the near future, since medical need remains great.

Currently there are a handful of new drug candidates in late clinical development. One or two of these may be approved for clinical use over the next few years, before BI-505 can be expected to reach the market. Bevacizumab (anti-VEGF) and tocilizumab (anti-IL6) are two interesting biologic drugs currently undergoing phase II clinical trials in myeloma patients.

There is also considerable commercial potential to develop BI-505 to treat other ICAM-1-positive tumors, such as lymphoma, lung and breast cancer, and gastrointestinal malignancies, among others.

Rituximab currently dominates the market for the treatment of lymphoma, with annual sales of about USD 4 billion. However, about ten percent of lymphomas are CD20-negative, and unsuitable for rituximab treatment. The size of this market alone can be estimated at almost USD 500 million.

Project status

BI-505 is a high-affinity specific antibody to ICAM-1. It has been demonstrated to kill tumors very effectively in several preclinical models. A stable high productivity cell line that expresses this antibody has been developed, for the purpose of initiating large-scale production of clinical material in the near future.

Patent protection

BioInvent has applied for patents to protect antibodies to ICAM-1 and their ability to induce apoptosis in various types of tumors such as multiple myeloma, lymphoma and carcinoma.

RESOURCES AND TECHNOLOGY

The company has purposefully focused on improving its capacity to efficiently run projects through the development chain by gradually building up and broadening its expertise within antibody development, as well as by recruiting key individuals with broad regulatory and clinical expertise in drug development.

TOOLS

BioInvent's technology platform is an important tool for achieving the company's objectives relating to the development of antibody-based drugs. The technology platform primarily consists of the n-CoDeR® antibody library with its associated process and production capacity.

The n-CoDeR® Antibody library

The antibody library is the cornerstone of BioInvent's technology platform. The library contains a collection of more than 15 billion human antibody genes that are stored within bacteria in test tubes. The bacteria act as production units for the antibodies, which makes it possible to search through the library in order to identify precisely those antibodies that bind to a specific target protein. The n-CoDeR®- library is searched using an established technology called phage display. To identify the optimal antibody, BioInvent has developed automated processes in which robots carry out the analysis on an industrial scale.

The n-CoDeR® library consists of naturally occurring antibody genes. Every component comes from nature, but the combinations are largely new. The rich variation and unique combinations, which result from the way the library is designed, make it possible to build an antibody repertoire that is greater than nature itself is able to create. BioInvent calls this "Evolution Beyond Nature".

The n-CoDeR® library is protected by patents and patent applications in all markets of commercial interest.

Production facility

BioInvent's production facility is set up to be able to produce several products at the same time. The facility consists of three culture suites with purification capacity. With reasonably productive cell lines the facility has an annual capacity of about 10 to 15 kilograms of product. The capacity could be increased by equipping the suites with additional processing equipment. All drug production must follow strict guidelines defined by the authorities. BioInvent's manufacturing organization and production facility have been inspected and approved by the Swedish Medical Products Agency according to guidelines set by the EU.

The manufacturing of antibody drugs differs from the manufacturing of conventional drugs in that living host cells are used for production. The manufacturing process involves cultivation in a "fermenter" in which the cells multiply while synthesizing and secreting new antibody molecules into the nutrient solution in which they are cultivated. This is then purified in several stages to separate the antibodies from the unwanted components. The purification process is carried out according to strict sterility requirements.

BioInvent made the strategic decision to build up its own production resources due to the complexity of the manufacturing processes, providing the company with maximum control and flexibility in the individual projects.

HUMAN RESOURCES AND ORGANIZATION

All research and development is conducted in project format with a matrix containing the following main areas:

The preclinical department is mainly responsible for discovering new product candidates.

The protein chemistry and pharmacy departments are responsible for developing the cell lines that will produce the products and for other process development, as well as for all production, characterization and quality control of the products in compliance with directives from the authorities. The clinical department is responsible for preclinical safety tests and clinical development of the company's product candidates, as well as for ensuring that the company's drug development is carried out in compliance with pharmaceutical legislation. The activities within this unit's area of responsibility are largely outsourced to external contract research organizations.

In addition to the line functions referred to above, the company's quality assurance department and the company's own patent department are directly involved in research and development.

As of December 31, 2007, BioInvent had 94 (96) employees, 79 (81) of whom work in research and development. Management, business development and administrative staffs such as personnel, finance and IT have a total of 15 (15) employees. About 90 percent of the company's employees have university degrees, including 34 percent with PhDs.

PATENT PROTECTION

Working to achieve effective patent protection is an important aspect of all projects run by BioInvent.

The patents cover the company's core technology for antibody drug development and various aspects thereof, as well as different antibody products under development and their use as drugs.

Products and technologies

The company protects its right to products and their use through exclusive licenses and patents. In addition, BioInvent protects its ongoing proprietary products and product improvements, as well as new technologies for development and uses of antibodies. The most important patents and patent applications in the technology platform cover the n-CoDeR® antibody library with requirements that cover methods for creating antibody libraries as well as the individual antibody components within it. The opposition process challenging the approved European patent for n-CoDeR® has now been finally decided upon with the outcome that the claims that cover the method are upheld to the same extent as was previously approved. An additional European application is being processed in order to cover alternative aspects of the library.

Acquired technology licences

In addition to the groups of patents and patent applications described above, BioInvent has also acquired licences for the technology that complements its own technology platform where this is deemed to provide a competitive advantage. Nonexclusive licenses have therefore been acquired from Biosite Inc., Cambridge Antibody Technology Ltd., Dyax Corp., XOMA Ltd, Micromet AG/Enzon Inc. and Lonza Biologics.

BioInvent pays licence fees for some of these licences in the form of royalties following successful product development, with payment consideration set at market rates.

RISKS AND RISK MANAGEMENT

Risks associated with pharmaceutical development

Developing a new biotech drug up to and including its launch costs about USD 1.2 billion (source: Tufts Center for the Study of Drug Development, May 2006). At the same time, statistically only one in ten drug candidates in clinical Phase I reaches the market, while the probability of successfully launching an antibody-based drug is somewhat higher. The likelihood of reaching the market increases as the project is moved forward in the development chain. However, the costs also increase, rising sharply in the late clinical phases. To sum up, the risk associated with developing a new drug is very high.

As the company matures and the project portfolio develops, the company's knowledge and experience in important areas continues to grow, which benefits all important decisions in the projects and collectively reduces the risk of investing in the wrong project.

Building a large project portfolio will, in the long term, make the company less dependent on the success of individual projects. At this point, however, the portfolio is relatively limited and consists of projects in early phases – which means that a setback in an individual project may have a significantly negative impact on the company.

Cooperation agreements

BioInvent's strategy of allying itself with development partners for all clinical development projects means that the projects get the benefit of expertise and experience, while reducing BioInvent's investment in individual projects. This strategy also reduces BioInvent's risk level because the company is able to invest in several projects.

Even if the company tries to develop and strengthen such partnerships there is no guarantee that the collaboration will result in a successful product launch. There is always the risk that the partner could change its focus and priorities, which in turn could have a negative effect on the collaboration.

Competition and fast technological development

The market for all of the company's future products is characterized by significant competition and fast technological development. BioInvent's competitors consist, among others, of major international pharmaceutical and biotech companies. Many of the competitors have far greater resources than BioInvent. There is always a risk that the company's product concept will be subject to competition from a similar product or that entirely new product concepts will prove superior. By allying itself with external research groups in the forefront of medical development, the company hopes to gain access to target proteins that can be developed for long-term competitive medical treatment options. In order to further strengthen the company's own position, great emphasis is placed on strong patent protection.

The selection of future partners will also be a crucial factor in the competitiveness of the company's own products.

BioInvent will therefore look for partnerships with companies that have an established and strong infrastructure, strategic commitment to future product development, and can provide the necessary resources.

Biotechnology and patent risk

For obvious reasons, patenting inventions or innovations within the biotech field is a relatively new phenomenon. Scientific and technical progress within this field is generally characterized by a high level of complexity and it is not always easy to fit an innovation into the framework of the traditional basis for patent examination. This situation has made it difficult for patent authorities to accurately assess the innovations for which patent applications are filed in relation to earlier known technology, and to identify such known technology. Because of these problems, the validity of many granted biotech patents is uncertain and they risk being declared invalid if they are subjected to the scrutiny of a court.

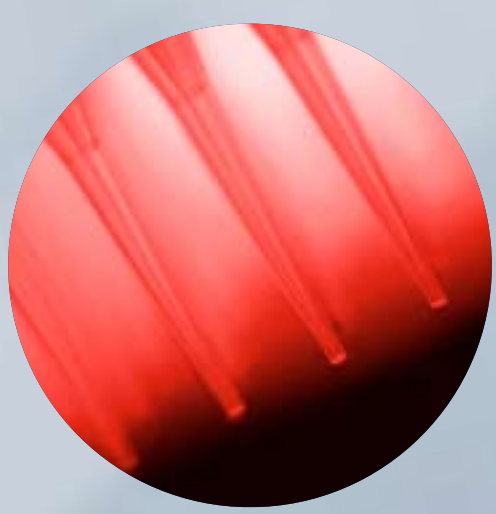
Thus, there is no guarantee that products and processes which are actually covered by granted patents will not be attacked or contested by competitors or that granted patents will not infringe upon competitors' patents. BioInvent monitors and evaluates the activities, patents and patent applications of competitors on an ongoing basis for the purpose of identifying activities that are covered by the company's intellectual property and patents that could cover parts of the company's sphere of activity.

It may also be necessary to initiate legal proceedings to defend the company's current or future patents, or to determine the extent and validity of patents that belong to a third party.

Obtaining additional financial resources

The focus on producing drug candidates is expected to involve significant costs and generate annual revenue from products on the market in the longer term. Accordingly, the business is expected to continue to report a negative cash flow. The capital requirement is financed through (i) sales of rights to individual projects, (ii) partnerships that guarantee product financing, (iii) shareholders' equity. Failure to secure such financing could negatively affect the company's business, financial position and operating income.

Developing new medications is associated with risks. BioInvent is therefore exposed to several risk factors that must be considered. The company's strategy includes identifying and trying to minimize risk to the greatest extent possible.



FINANCIAL INFORMATION

DIRECTORS' REPORT

The Board of Directors and the CEO of BioInvent International AB (publ), co. reg. no. 556537-7263, hereby present the annual accounts and consolidated accounts for the financial year 1 January–31 December, 2007. The Company is registered in Sweden and is located in the Lund municipality. The visiting address is Sölvegatan 41, Lund and the postal address is 223 70 Lund. The descriptions below of the status of BioInvent's projects are current at the time this annual report was presented.

Operations

BioInvent, listed on the OMX Nordic Exchange Stockholm (BINV), is a research-based pharmaceutical company that focuses on developing antibody drugs. The Company is currently running innovative drug projects within the areas of thrombosis, cancer, atherosclerosis and ophthalmic diseases.

Development projects

BioInvent is currently running four projects in the development phase. In the development phase the safety profile of the product candidate is tested in animal models, before testing safety and efficacy in clinical trials.

Thrombosis (TB-402)

TB-402 is a human antibody binding to Factor VIII. The antibody has shown a beneficial partial inhibition of Factor VIII, even when applied in excess dosage. This reduces the risk of an overdose resulting in undesirable bleedings. Extensive testing in several animal models has shown that TB-402 strongly reduces the risk of thrombosis without increasing the risk of bleeding. The project is carried out within the alliance with ThromboGenics NV.

A clinical Phase I study of TB-402 has been successfully completed. The trial, performed in Denmark, was a randomized, single-dose, placebo-controlled, dose escalation trial in healthy male volunteers. 56 volunteers were enrolled into the trial, including both younger age volunteers (18-45) and older age volunteers (55-76). The results of the trial were presented in December at the American Society of Hematology Annual Meeting in Atlanta, Georgia, USA. Results of the trial show that TB-402 is both safe and well-tolerated. No serious adverse events related to TB-402 were reported.

The pharmacokinetic analysis undertaken as part of the Phase I trial confirm a prolonged half-life of approximately three weeks, which will allow for single-dose treatment in orthopaedic surgery patients and/or a once-a-month administration for long-term stroke prevention in atrial fibrillation (AF), as opposed to daily treatment with current anticoagulants. The pharmacodynamic analysis confirms that TB-402 achieves only partial inhibition of Factor VIII activity without the undesired effect of total Factor VIII inactivation. A stable long-acting anticoagulant effect based on partial Factor VIII inhibition could also be shown.

Preparatory work for the Phase II trial is underway. As part of the development programme, drug interaction studies are performed in parallel with the preparatory work. One study investigates if the effect of TB-402 can be reversed by giving the target protein (Factor VIII) that blocks TB-402. Another study investigates if the effect of TB-402 is affected if patients are given standard treatment for deep vein thrombosis. Results from these studies are expected to be available during the second quarter and are expected to strengthen the Phase II programme. Final design of the Phase II programme will be decided when these results are available. The Phase II programme is expected to start during the autumn 2008. The initial Phase II trial will be a dose-ranging clinical trial evaluating safety and ability to prevent deep vein thrombosis in an orthopaedic surgery setting.

Atherosclerosis (BI-204)

The product candidate BI-204 targets oxidized forms of the LDL cholesterol (oxLDL). Links have been shown between oxidized forms of certain lipoproteins and the inflammatory processes that lead to plaque formation in the vessel walls. BI-204 has, in several tests, reduced inflammatory processes and, in animal models, it has been able to reduce plaque formation significantly. The results also show a considerable reduction in the size of existing plaques in animals treated with BI-204. Results supports that the mechanism behind BI-204 is a modulation of the inflammatory process resulting in a reduction of pro-inflammatory cells in treated plaques, which in turn leads to a reduction in new plaque formation and the regression of existing plaques. It is being developed as a drug for the secondary prevention of cardiac events, such as heart attack or stroke, in high-risk patients.

In January 2008 BioInvent and its partner Genentech initiated a Phase I study in Denmark. The Phase I study is a double-blind, within-group randomised dose-escalation trial testing both single and multiple doses of BI-204 administered either intravenously or subcutaneously. In total, 80 healthy male or female subjects with elevated levels of LDL cholesterol are planned to be included in the trial.

In addition to monitoring the tolerability and safety of BI-204, the study will evaluate pharmacokinetic and pharmacodynamic parameters in order to help set the dosage of BI-204 administered to patients in future Phase II trials.

BI-204 is developed in collaboration with Genentech, Inc.. Under the collaboration Genentech and BioInvent will be jointly responsible for clinical development. Genentech will solely control, any commercialization of the drug in North America, whilst BioInvent retains all commercial rights in the rest of the world. In January 2007 Genentech paid an upfront payment of SEK 105.5 million to BioInvent and, in addition, BioInvent could receive further milestone payments of up to about SEK 1.2 billion as well as royalties on Genentech's sales in North America.

Cancer (TB-403)

The product candidate TB-403, aimed at the PlGF growth factor, has in preclinical studies demonstrated good specificity for the target protein PlGF and inhibition of PlGF-associated angiogenesis and tumour growth in animal models. TB-403 blocks the development of new blood vessels, thereby depriving growing cancer tumour cells of oxygen and nutriments. This approach in turn is thought to stop the tumour from growing and spreading to other parts of the body. The project is being developed within the framework of the alliance with ThromboGenics NV.

The PlGF growth factor is secreted by tumours and is specifically over expressed in cancer and chronic inflammatory conditions. It affects the formation of new vessels in tissue that is under stress. Unlike VEGF, which is targeted by the drug Avastin, PlGF does not seem to affect normal, physiological angiogenesis. This characteristic is important because it means that the inhibition of PlGF is expected to have fewer side effects, but will still have the desired effect on various diseases.

Data supporting this was in November published in the respected publication Cell. Research performed at the University of Leuven, Belgium and the Flanders Institute for Biotechnology (VIB) shows that antibodies against PlGF can inhibit cancer tumour growth and the development of metastases in preclinical models, without affecting healthy tissues. This research has also shown that inhibition of PlGF does not induce resistance because it does not evoke an "angiogenic rescue" by the tumour, in contrast to current angiogenesis inhibitors.

In February 2008 a Phase I study was initiated in Denmark. The trial is a double-blind and within-group randomised trial testing single-doses of TB-403 or placebo at three escalating levels in 16 healthy male subjects. The objective is to monitor tolerability and safety after three single escalating intravenous doses. Furthermore, pharmacokinetics will be determined with the objective to create the basis for a safe and efficient introduction of the compound in the subsequent repeat-dose trial.

The repeat-dose trial is expected to start during the third quarter 2008. The trial will be a study of tolerability, pharmacokinetics and pharmacodynamics in patients with advanced cancer. Cohorts of patients having failed prior therapy will be given escalating doses.

Cancer (BI-505)

In December 2007 BioInvent announced a new clinical drug candidate, BI-505. The new drug candidate comes from BioInvent's research programme within the area of apoptosis (programmed cell death) to fight tumour cells, where the company has identified several antibodies with tumorcidal effect. BI-505 is a human antibody that targets the adhesion protein ICAM-1 (also called CD54). In tumour cells the expression of ICAM-1 is elevated and it is therefore a candidate for being a suitable target protein for a therapeutic antibody. In addition to inducing apoptosis the antibody also provides important immuno-effector functions that help to kill tumour cells. BI-505 has in different animal models proved to be very effective at killing tumours and more effective than existing drugs.

BioInvent's intention is, in an initial stage, to treat patients with blood cancer, for example multiple myeloma, with BI-505. Within blood cancer there is a great need for new effective drugs to replace or supplement existing ones. The number of newly diagnosed patients with blood cancer is more than 200,000 per year. The possibility of treating ICAM-1 expressing solid tumours will also be examined further in additional preclinical trials.

BI-505 is in the preclinical development phase, the stage preceding clinical trials. We are currently scaling up production processes in order to be able to produce material for planned preclinical and clinical studies.

Research projects

BioInvent is running a number of projects in the research phase i.e. the stage prior to selection of a Candidate Drug. The company's research portfolio currently includes projects within the areas of cancer, inflammation and ophthalmic diseases. The research in the cancer field is aimed at additional product candidates that will impede undesirable vessel growth and thus the blood supply to tumours, as well as at apoptotic antibodies that kill tumour cells. BI-505 is one result of the apoptosis programme.

Human resources and organization

As of 31 December 2007, BioInvent had 94 (96) employees. 79 (81) of these work in research and development.

Total absence due to sickness decreased compared with 2006. Both long-term and short-term absence decreased somewhat. Sickness absence and other key figures can be seen in note 1.

Environment

The company has limited emissions from its laboratories and production facility. The emissions consist of commonly found salts and easily biodegradable organic substances. Waste is sorted and separated, and special procedures are applied for handling environmentally hazardous waste.

BioInvent has a permit in accordance with the Swedish Environmental Code for manufacturing pharmaceutical substances for production based on a total reactor volume of no more than 10 cubic metres. The company also has a permit to import and export cell lines in accordance with the European Parliament's regulation. BioInvent uses genetically modified micro-organisms (GMM) in its research and development work and has permits for the so-called contained use of such organisms according to the Swedish Work Environment Authority's directions.

BioInvent works actively with environmental issues and consistently endeavors to reduce the use of substances that may be harmful to the environment and ensure that environmental impact is kept to a minimum. The goal is to continuously improve the use of chemical substances and other resources effectively so that the Company's impact on the environment is minimized in this respect as well.

The Group's operations require permits according to the Swedish Environmental Code, and reports are required to be submitted to Lund municipality.

Quality and regulatory approval

The Company's organization and facilities have been approved by the Swedish Medical Products Agency for the production of biological drugs and it is also GMP-approved according to applicable EU regulations. The Swedish Medical Products Agency and BioInvent's partners conduct regular inspections to secure whether the facility is maintaining an approved quality level.

BioInvent's preclinical studies to evaluate the safety of products are carried out through contract research organizations (CROs) in accordance with Good Laboratory Practice (GLP). Clinical trials are conducted according to Good Clinical Practice (GCP). In cases

where tests are carried out on animals, they are conducted in laboratories that strictly adhere to the applicable regulations.

BioInvent has many years' experience of quality work, and endeavors to constantly improve the quality of all of its work.

Revenues and result

Net revenues amounted to SEK 143.4 million (50.8). The first instalment from the collaboration with Genentech of SEK 105.5 million is included in its entirety in the reported net revenues. The remaining revenues for the period refer to remuneration from external development projects and comprise SEK 37.9 million (50.8). The assignments include mainly process development and manufacturing of products for customers clinical trials. Revenues from external development projects declined primarily because the company used its development capacity for its own projects.

The Company's total costs amounted to SEK 169.6 million (165.2). Operating costs are divided between external costs of SEK 83.1 million (75.7), personnel costs of SEK 74.2 million (74.1) and depreciation of SEK 12.3 million (15.4). External costs relate mainly to toxicology studies, clinical studies, commissioned research and milestone payments.

Research and development costs amounted to SEK 140.9 million (135.4). Depreciation according to plan reduced the operating result for the period by SEK 12.3 million (15.4), of which depreciation of intangible fixed assets amounts to SEK 6.3 million (7.6).

BioInvent's portion of the subsidy from the EU's Sixth Framework Programme for the TB-403 project amounted to SEK 2.5 million (2.5) and has been reported in the income statement under "Other operating revenues and costs."

The loss after tax amounted to SEK -16.1 million (-108.8). The improved result is principally related to cash payments received relating to BI-204. The net financial items amounted to SEK 7.4 million (2.9). The change is mainly due to higher market interest rates. Earnings per share after tax amounted to SEK -0.31 (-2.31).

Financial position and cash flow

As of 31 December 2007, the Group's current investments together with cash and bank amounted to SEK 216.9 million (88.0). The cash flow from current operations and investment activities was positive and amounted to SEK 8.7 million (-107.3). A cash payment received for BI-204, higher interest received, lower investments and normal fluctuations in working capital all had a positive impact on cash flow.

After the directed issue of 8,500,000 shares, which was concluded in early July, share capital increased by SEK 4.2 million to SEK 27.8 million. The issue raised SEK 120.0 million after issue expenses, which amounted to SEK 5.4 million. The number of shares following the directed issue is 55,660,889.

The shareholders' equity amounted to SEK 214.4 million (110.2) at the end of the period. The equity/assets ratio at the end of the period was 79.0 (74.3) percent. Shareholders' equity per share amounted to SEK 3.85 SEK (2.34). The Group had no interest-bearing liabilities.

The five-year review is described on page 56 and Financial risks on page 42.

Investments

Investments in tangible fixed assets amounted to SEK 3.9 million (9.0) and principally relate to new manufacturing equipment. No investments were made in intangible fixed assets (-).

Parent company

The BioInvent Group consists of the parent company, BioInvent International AB, and the subsidiary BioInvent Finans AB, which administers warrants issued by BioInvent International AB. At the end of the period there were no outstanding warrants. Net revenues amounted to SEK 143.4 million (50.8). The loss after tax amounted to SEK -16.1 million (-108.9). The cash flow from current operations and investment activities amounted to SEK 8.8 million (-107.3). The Parent Company coincides in every material way with the Group.

Future prospects

BioInvent's future revenue flows are primarily expected to come from co-operation agreements linked to own drug projects in the form of license fees, milestone payments, fees for manufactured products and royalties on the final sale of its products, as well as from its own sales. Future revenue trends will largely depend on the success of outlicensing of the company's product candidates and the results of future product development and launches.

Sustainable profitability is expected when one of our projects reaches the market. In the meantime, profit may be reported for individual years before this time, when essential breakthroughs are made in any of our projects.

Corporate governance

As of 1 July 2008, the Swedish code of corporate governance covers all listed Swedish companies, including BioInvent which until that time is not covered by the code. BioInvent observes the Swedish Companies Act, the regulations and recommendations ensuing from the Company's listing on the OMX Nordic Exchange Stockholm, and the recommendations issued by relevant organizations.

Annual General Meeting

The Annual General Meeting (AGM) is the decision-making body for BioInvent at which all shareholders can participate. The AGM considers the Company's progress and resolves on a number of key issues such as dividends, Directors and auditors' fees, amendments to the Articles of Association, appointing auditors, discharge of the Board of Directors from liability, and the election of a new Board of Directors for the upcoming twelve months. Auditors are appointed for the company every fourth year.

Notification to attend the AGM is published no earlier than six, and no later than four, weeks before the Meeting. Proposals to the Meeting should be addressed to BioInvent International AB, attn: Board of Directors, 223 70 Lund and submitted in good time before notification of the Meeting is issued.

The Annual General Meeting will be held in Lund on Monday 14 April 2008 at 4 p.m., at Ideon

Nominating Committee

The Nominating Committee consists of the Chairman of the Board as the convenor, and a representative for each of the Company's three largest shareholders as of 31 August each calendar year. The Nominating Committee shall prepare all the elections and proposals of remuneration that come into question, from the Nominating Committee has been appointed until a new Nominating Committee is appointed. The Nominating committee is tasked with preparing proposals to present to the AGM regarding the election of Chairman of the General Meeting, Chairman of the Board and other Board members, board remuneration, shared among the Chairman, other Board members and possible compensation for committee work and, where applicable, election of auditors and auditor's fees.

The following individuals have been appointed to the Nominating committee: Björn Ogenstam (Stiftelsen Industrifonden), Thomas Ehlin (Nordea Fonder), Ulrica Slåne Sens, (Tredje AP-fonden) and the Chairman of the Board Karl Olof Borg.

The Board of Directors and its work

The 2007 AGM discharged the Board members and the President and CEO from liability and re-elected the Board members: Karl Olof Borg, Carl Borrebaeck, Lars Henriksson, Lars Ingelmark, Elisabeth Lindner, Svein Mathisen, Björn Nilsson and Kenth Petersson. Per-Olof Mårtensson, Chairman of the Board since 1997, had declined re-election. The AGM elected Karl Olof Borg to be Chairman of the Board. In 2007 Ulrika T Mattson was appointed Employee Representative.

The Board of Directors is introduced on page 58. Directors include, Lars Henriksson, who is employed by the Company's biggest owner, Stiftelsen Industrifonden. CEO Svein Mathisen is on the Board of Directors. Carl Borrebaeck, member of BioInvent's Board of Directors, is employed as a senior scientific advisor for the Company. He does not work with BioInvent's operations in his capacity as scientific advisor. Other elected members are independent, both in relation to the company's larger shareholders and in relation to the company.

The 2007 AGM resolved that a total of SEK 1,110,000 would be paid in remuneration, including SEK 360,000 in remuneration to the Chairman of the Board and SEK 150,000 to each of the other Directors who are not employed by the Company. In addition the AGM resolved to pay SEK 140,000 in remuneration for committee work to be allocated according to the Board's decision.

The work of the Board is governed by rules of procedure that are revised and re-adopted by the Board at least once a year. The rules of procedure consist primarily of directions for the work of the Board, instructions for the division of duties between the Board and the CEO and instructions for financial reporting.

In 2007 the Board of Directors held eight regular meetings and five extra meetings. Attendance was high. Attorney Madeleine Rydberger served as the secretary of the Board during the year.

Regular items on the agenda at the meetings included following up on the operation in relation to the Company's budget and strategic plan. In addition the Board has considered and resolved on issues pertaining to research and development, financing, intellectual property, strategic focus and planning, the budget, essential agreements, audits, financial reporting and compensation related issues.

Remuneration Committee

The Board has appointed a remuneration committee consisting of Chairman of the Board, Karl Olof Borg, as well as two other Directors, Lars Henriksson and Elisabeth Lindner. The Board's Remuneration Committee considers and decides on issues pertaining to remuneration and benefits to all senior executives except the CEO, whose compensation is decided by the Board of Directors. The committee also prepares other remuneration issues of greater importance, such as incentive programs. The remuneration committee reports to the Board of Directors. The committee met six times in 2007.

Audit Committee

The Board of Directors has appointed an Audit Committee consisting of Björn Nilsson (chairman), Karl Olof Borg, Lars Ingelmark and Kenth Petersson. The Audit Committee is tasked with preparing issues on behalf of the Board of Directors pertaining to selection of auditors and remuneration, follow up of the auditors' work and the Company's internal control systems, follow up of the current risk scenario, follow up of external audits and the Company's financial information, adoption of the earnings report for quarters 1 and 3, follow up of issues pertaining to financing, and preparations to adopt and revise financial policy and other issues that the Board of Directors entrusts to the Committee. The Audit Committee reports to the Board of Directors. The committee held seven meetings in 2007.

Ernst & Young AB was selected as auditor for the company. Åke Stenmo, authorised public accountant, has been the auditor in charge at BioInvent since 2000.

Group Management

According to its guidelines and instructions, the Board of Directors has delegated day-to-day management to CEO Svein Mathisen. The CEO and under his leadership, other members of the management group, are responsible for collective business operations and day-to-day management. The CEO reports regularly to the Board of Directors on the Company's business operations, financial performance and other issues relevant to the company. The group management team is introduced on page 59.

Remuneration

Remuneration of Directors, the CEO and other senior executives and auditors is described in notes 2 and 3.

The 2007 Annual General Meeting adopted principles of remuneration to the CEO and benefits for other senior executives. There were no deviations from these guidelines. The Board proposes that the principles of remuneration to the CEO and other senior executives remain unchanged and apply from the 2008 Annual

General Meeting, with the addition that defined contribution occupational pension shall not exceed 35% of the pensionable salary, as follows.

These guidelines will apply to those persons who during the period that the guidelines are in effect, belong to executive management and to other department heads who are directly subordinate to the CEO, referred to below as "senior executives".

BioInvent will offer compensation and terms of employment deemed necessary to recruit and retain qualified executives who are capable of achieving established goals. The overarching principle is to offer market-based salaries and other remuneration to senior executives at BioInvent. Senior executives will receive a fixed salary. In addition, variable compensation may also be paid to reward clearly target-related accomplishments in a simple and transparent way. Senior management's variable compensation will depend on the extent to which previously established targets are met within the frame of the company's operation, mainly technical and commercial milestones within proprietary drug projects. Such targets will not be related to developments of the company's share. Senior management's variable compensation will not exceed 30 percent of the fixed salary. Such remuneration can be pensionable. The maximum result of variable compensation shall not entail costs for the company in excess of a total of SEK 2 million (excluding social security costs), calculated based on the number of persons currently inclued in executive management (such costs may change proportionately if the number of persons in management should change).

Each year the Board of Directors will consider whether or not to propose a share-based incentive scheme to the Annual General Meeting. Issuance and transfer of ownership of securities resolved by the Annual General Meeting in accordance with the rules of chapter 16 of the Swedish Companies Act or the old "Leo" Act, are not covered by these guidelines to the extent that the Annual General Meeting has taken or will take such decisions.

Executive management's non-monetary benefits, such as company cars, computers, mobile phones, extra health insurance, or occupational health care, may be provided to the extent that such benefits are deemed market-based for senior executives in equivalent positions in the market where the company is active. The collective value of these benefits must comprise a smaller portion of total compensation.

Senior executives have the right to retire with pension at the earliest from the date the individual reaches the age of 65. Senior executives will be covered by the prevailing ITP plan or a defined contribution occupational pension that does not exceed 35% of pensionable salary. Senior executives who reside outside Sweden or are foreign nationals and have their main pension in a country other than Sweden, may be offered other pension solutions that are reasonable in the relevant country. Such solutions must be defined contribution plans.

The total of dismissal and severance pay for members of senior management will not exceed 24 monthly salaries for the CEO and 12 monthly salaries for others senior executives.

According to Swedish law, the Annual General Meeting resolves on remuneration to board members and deputy board members to the extent such remuneration is for board-related duties. If a board member is employed by the company, remuneration is paid to such board members in accordance with these guidelines. Board members who are employed by the company will not receive separate compensation for board duties in the company or group companies. If a board member carries out duties for the company that are not board duties, compensation will be paid that is market-based and with consideration taken to the nature and performance of the assignment.

The Board's Remuneration Committee prepares and formulates proposals for the Board to resolve with respect to remuneration for the CEO. The Board of Directors Remuneration Committee prepares, in consultation with the CEO, and decides on questions involving remuneration to other senior executives. The Board decides on issues relating to remuneration for board members for duties not included in the duties of the board, provided that this can be accomplished with the necessary majority, otherwise the Annual General Meeting decides on such matters.

The Board of Directors will have the right to depart from these guidelines if justified by particular circumstances in individual cases, provided that this is subsequently reported and explained.

At the time of the 2008 Annual General Meeting BioInvent does not have any remuneration undertakings due for payment.

Events after the end of the financial year

During January 2008 BioInvent initiated clinical phase I studies of BI-204 and TB-403. No other significant events occurred since the end of the financial year.

Proposed appropriation of losses

At the disposal of the Annual General Meeting is the loss for the year of SEK -16,097,484. The Board of Directors and the CEO propose that the statutory reserve be reduced SEK 16,097,484 to cover the accumulated loss. Consequently, no dividend is proposed.

For more information about the Group and the Company's results and financial position, please refer to the income statements, balance sheets, cash flow statements and table of changes in shareholders' equity that follow, and to the notes that accompany them. The currency in this report is SEK and all amounts are shown in SEK thousands unless otherwise indicated.

INCOME STATEMENTS

	Note	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Net revenues		143,437	50,829	143,437	50,829
Operating costs					
Research and development costs		-140,861	-135,361	-140,861	-135,361
Sales and administrative costs		-28,715	-29,804	-28,715	-29,804
Other operating revenues		3,540	2,754	3,536	2,754
Other operating costs		-850	-148	-850	-148
		-166,886	-162,559	-166,890	-162,559
Operating profit/loss	1-6	**-23,449**	**-111,730**	**-23,453**	**-111,730**
Profit/loss from financial investments					
Interest income and similar items	7	7,390	2,934	7,390	2,898
Interest costs and similar items	8	-34	-37	-34	-37
Profit/loss after financial items		**-16,093**	**-108,833**	**-16,097**	**-108,869**
Tax on profit for the year	9	-	-	-	-
Profit/loss for the year	6	**-16,093**	**-108,833**	**-16,097**	**-108,869**
Profit/loss pertaining to the parent company's shareholders		-16,093	-108,833		
Earnings per share, average no. of shares, SEK					
Before dilution		-0.31	-2.31		
After dilution		**	*		
Average no. of shares					
Before dilution (thousands)		51,175	47,161		
After full dilution (thousands)		**	47,161		
Proposed dividend per share				-	

*The outstanding warrants lead to no dilution of earnings per share as a redemption to shares would lead to an improvement of earnings per share.

**At the end of the period there were no outstanding warrants.

BALANCE SHEETS

	Note	Group 2007	Group 2006	Parent company 2007	Parent company 2006
ASSETS					
Fixed assets					
Intangible fixed assets					
Acquired intangible fixed assets	10	12,532	18,877	12,532	18,877
Tangible fixed assets	11				
Equipment		12,281	13,444	12,281	13,444
Investments in rented premises		1,901	2,797	1,901	2,797
		14,182	16,241	14,182	16,241
Financial fixed assets					
Shares in subsidiaries	12	-	-	100	100
Current assets					
Inventories etc					
Work on contract	13	1,739	5,675	1,739	5,675
Raw materials and consumables		2,086	2,114	2,086	2,114
		3,825	7,789	3,825	7,789
Current receivables					
Accounts receivables		9,120	3,648	9,120	3,648
Other receivables		10,315	5,720	10,306	5,720
Prepaid expenses and accrued income	14	4,176	8,046	4,176	8,046
		23,611	17,414	23,602	17,414
Current investments and cash and bank*					
Current investments		154,365	19,957	154,459	19,962
Current investments that constitute liquid funds		36,847	61,702	36,870	61,716
Cash and bank		25,639	6,352	25,639	6,349
		216,851	88,011	216,968	88,027
Total assets		**271,001**	**148,332**	**271,209**	**148,448**

*See also specification at the bottom of page 38, Cash flow statements.

	Note	Group 2007	Group 2006	Parent company 2007	Parent company 2006
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
				Restricted Equity	
Share capital		27,830	23,580	27,830	23,580
Other allocated capital		805,160	689,288		
Statutory reserve				202,515	195,512
Reserves		-116	-53		
				230,345	219,092
				Accumulated Loss	
Accumulated loss		-618,756	-602,663		
Profit/loss for the year				-16,097	-108,869
Total shareholders' equity		**214,118**	**110,152**	**214,248**	**110,223**
Shareholder's equity pertaining to the parent company's shareholders		214,118	110,152		
Current liabilities					
Work on contract	13	6,515	3,452	6,515	3,452
Accounts payables		14,115	12,772	14,115	12,772
Liabilities to subsidiaries		-	-	101	198
Other liabilities		18,050	4,108	18,050	4,009
Accrued expenses and deferred income	15	18,203	17,848	18,180	17,794
		56,883	38,180	56,961	38,225
Total shareholders' equity and liabilities		**271,001**	**148,332**	**271,209**	**148,448**
Memorandum items					
Pledged assets		**-**	**-**	**-**	**-**
Contingent liabilities		**-**	**-**	**-**	**-**

CASH-FLOW STATEMENTS

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Current operations				
Operating profit/loss	-23,449	-111,730	-23,453	-111,730
Adjustments for non-cash items				
Depreciation	12,312	15,419	12,312	15,419
Interest received	6,046	2,880	6,046	2,916
Interest paid	-34	-37	-34	-37
Cash flow from current operations before changes in working capital	**-5,125**	**-93,468**	**-5,129**	**-93,432**
Changes in working capital				
Changes in inventories, etc.	3,964	-4,830	3,964	-4,830
Changes in current receivables	-4,897	9,075	-4,843	9,054
Changes in current liabilities	18,685	-9,125	18,736	-9,176
	17,752	**-4,880**	**17,857**	**-4,952**
Cash flow from current operations	**12,627**	**-98,348**	**12,728**	**-98,384**
Investment activities				
Acquisition of tangible fixed assets	-3,909	-8,962	-3,909	-8,962
Cash flow from investment activities	**-3,909**	**-8,962**	**-3,909**	**-8,962**
Cash flow from current operations and investment activities	**8,718**	**-107,310**	**8,819**	**-107,346**
Financing activities				
Directed new share issue	120,023	-	120,023	-
Warrant premiums	99	-	99	-
Cash flow from financing activities	**120,122**	**-**	**120,122**	**-**
Changes in current investments**	**-134,408**	**39,828**	**-134,497**	**39,840**
Change in liquid funds	**-5,568**	**-67,482**	**-5,556**	**-67,506**
Opening liquid funds	68,054	135,536	68,065	135,571
Liquid funds at year-end	**62,486**	**68,054**	**62,509**	**68,065**
Liquid funds, specification:				
Current investments that constitute liquid funds*	36,847	61,702	36,870	61,716
Cash and bank	25,639	6,352	25,639	6,349
	62,486	**68,054**	**62,509**	**68,065**
Current investments**	154,365	19,957	154,459	19,962
	216,851	**88,011**	**216,968**	**88,027**

*duration less than 3 months

**duration more than 3 months

CHANGE IN SHAREHOLDERS' EQUITY

GROUP

	Share-capital	Other allocated capital	Reserves	Accumulated loss	Total
Shareholders' equity 31 December 2005	**23,580**	**689,288**	**-38**	**-493,830**	**219,000**
Reserve, actual value			-15		-15
Profit/loss for the year				-108,833	-108,833
Shareholders' equity 31 December 2006	**23,580**	**689,288**	**-53**	**-602,663**	**110,152**
Reserve, actual value			-63		-63
Profit/loss for the year				-16,093	-16,093
Warrant premiums		99			99
Directed new share issue	4,250	115,773			120,023
Shareholders' equity 31 December 2007	**27,830**	**805,160**	**-116**	**-618,756**	**214,118**

Shareholders' equity is attributable in its entirety to shareholders of the parent company. Share capital as of 31 December 2007, consists of 55,660,889 shares and the share's ratio value is 0.5. The directed new share issue carried out in July 2007 raised SEK 120,023 thousands after issue expenses, which amounted to SEK 5,352 thousands.

PARENT COMPANY

	Share-capital	Statutory reserve	Accumulated loss	Total
Shareholders' equity 31 December 2005	**23,580**	**335,320**	**-139,808**	**219,092**
Appropriation of profit/loss		-139,808	139,808	0
Profit/loss for the year			-108,869	-108,869
Shareholders' equity 31 December 2006	**23,580**	**195,512**	**-108,869**	**110,223**
Appropriation of profit/loss		-108,869	108,869	0
Profit/loss for the year			-16,097	-16,097
Warrant premiums		99		99
Directed new share issue	4,250	115,773		120,023
Shareholders' equity 31 December 2007	**27,830**	**202,515**	**-16,097**	**214,248**

ACCOUNTING PRINCIPLES AND INFORMATION NOTES

Statement of compliance with the applicable rules
The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). Since the Parent Company is an enterprise within the EU, only EU-approved IFRS will be applied. Moreover, the consolidated accounts are prepared in compliance with the Annual Accounts Act through the application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Regulations for Groups. The Parent Company's annual accounts have been prepared in compliance with Annual Accounts Act and with application of the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities.

With effect from 2005 all listed companies in the European Union must prepare their consolidated accounts in accordance with International Financial Reporting Standards (IFRS), which also include current International Accounting Standards (IAS). The consolidated financial reports have been prepared in accordance with IFRS.

Critical accounting issues and accounting estimates
During preparation of the consolidated accounts, in addition to the estimates made, the Audit Committee also assessed critical accounting issues that have significance for recognized amounts. During the year the Audit Committee reviewed the Company's intangible assets to determine whether the need for write-down was present.

Basis for preparation of the accounts
The consolidated accounts are based on historical acquisition values, with the exception of financial assets intended for trading and financial derivatives, which are carried at fair value.

Basis for consolidation
The BioInvent Group consists of the Parent Company, BioInvent International AB, and the wholly owned subsidiary BioInvent Finans AB, which administers the warrants issued by BioInvent International AB. The consolidated financial statements are prepared using the acquisition method. Accordingly, shareholders' equity in the subsidiaries is entirely eliminated upon acquisition. The Group's equity consists of the equity in the Parent Company and the equity in the subsidiaries accrued after the acquisition.

Segment reporting
BioInvent develops antibody-based drugs. The Company's risks and opportunities are mainly affected by the progress of the projects, and accordingly, business segments are the primary basis for classification and the geographic areas are the secondary basis for classification. The projects are considered to carry similar risks and opportunities, and there is therefore only one business segment, which is apparent in the consolidated income statement, balance sheet, cash-flow statement and the notes associated with these. The Company's revenues originate from different geographic areas; however, the Company's risks and opportunities in these geographic areas are similar. All of the Company's operations are conducted in Sweden.

Revenues and work on contract
Revenues are reported at the fair value of what has been received or will be received. Revenues are reported to the extent it is deemed likely that the Company will benefit financially and the revenues can be calculated in a reliable way.

Revenues in the form of initial remuneration and milestone payments from outlicensed development projects are taken up as revenues when the agreed-upon criteria are met and agreement has been reached with the counterparty. The first instalment from the collaboration with Genentech of SEK 105.5 million is included in its entirety in the reported net revenues.

The Group's other revenues involve remuneration from external development projects. The assignments include mainly process development and manufacturing of products for customers' clinical trials. These revenues falls under the category of service assignments. Revenues from such projects, where the Company delivers a service, is recognised according to the percentage of completion method. According to this method, revenues, costs and profit/loss are reported during the accounting period when the work is carried out. The percentage of completion is established through an assessment of work completed in relation to the total work to be carried out in the respective project. In the balance sheets, receivables from customers and liabilities to customers are reported as "Work on contract" on both the asset and liabilities side of the balance sheet.

Interest income is reported using the interest rate that provides a steady return for the asset in question. Interest income is described in Note 7.

Government grants
Government grants are recognized as revenue at actual value when it is reasonable to assume that the subsidy will be received and that all associated conditions will be met. When the subsidy is linked to a cost, it is reported as income during the periods required to offset the cost reported in a systematic way and for which the subsidy is intended to compensate. Government grants are reported in the income item Other operating revenue. During 2006 and 2007 BioInvent and its partner ThromboGenics received a grant from the EU Framework Programme 6 for joint development of a new class of angiogenesis inhibitor.

Research and development costs
Research costs are expensed as they occur. Costs for development of new products are not capitalized, unless the criteria in IAS 38 have been met. Since the Company's drug projects are quite a long time away from being registered as products that can be sold and thereby generate a financial gain for the Company, no costs for development of products are capitalized, i.e. no intangible assets developed by BioInvent have been capitalized.

During financial years 2002 through 2005, acquired intangible assets such as technology licenses and acquired target protein licenses were capitalized. Externally acquired technology licenses that can be used broadly in the operation have been capitalized. BioInvent's proprietary drug projects are based on target proteins that are usually acquired or licensed from external research groups. Cash payment for the acquisitions is capitalized taking into account the fact that a market value exists since the price was arrived at through negotiation between two independent parties. The principles for depreciation are outlined under "Fixed assets" below.

Remuneration to employees
Short-term remuneration
The Company reports short-term remuneration to employees as a cost during the period that the employee carries out the work for which he/she is being compensated.

Compensation after end of employment
BioInvent's pension commitment is secured by an Alecta insurance. According to a statement issued by the Swedish Financial Reporting Board, UFR 3, this is a benefit-based plan that covers several employers. For the 2007 financial year, the Company did not have access to the information necessary to report this plan as a benefit-based plan. The ITP pension plan secured by an Alecta insurance is therefore reported as a premium based plan. Note 2 provide information about the premiums for 2007 for Alecta pension insurance. The Company reports pension payments as a cost during the period that the employee carries out the work to which the benefit relates.

Compensation in connection with notice of termination
Compensation in connection with termination of employment is reported as a cost where the Company is obliged to prematurely terminate an employee's employment.

Share-related compensation
There is no share-related compensation.

Disclosure of related party transactions
There are no transactions with related parties, in accordance with IAS 24, to report.

Leasing
The Group's leasing agreements have been categorized as operational leases. Leasing charges are expensed over the period of the agreement.

Taxes
Deferred tax shall be reported in the balance sheet, which means that deferred tax is calculated for all identified temporary differences between, on the one hand, the fiscal value of assets and liabilities, and on the other hand, their reported value. There are no deferred taxes that relate to temporary differences as of 31 December 2007.

The Group's accumulated unutilised loss carry-forwards amounted to SEK 655 million as of 31 December 2007. It is unclear when these loss carry-forwards will be utilised for deduction against taxable earnings. Deferred income tax recoverable relating to loss carry-forward is therefore not reported at any value.

Fixed assets
Fixed assets are valued at the acquisition value less accumulated depreciation. Tangible fixed assets and acquired intangible assets are depreciated or amortised according to the straight-line method over the expected useful life of the assets. However, the Company is conservative in its estimate of the usage period of acquired intangible assets, taking into account the constant, rapid development within the biotech industry.

Depreciation/amortisation according to plan is as follows:

Equipment	5 years
Investments in rented premises	5–10 years
Acquired intangible assets	3–5 years

Inventories
Inventories are valued according to the lowest value principle and the first in, first out (FIFO) method. This means that the inventories are reported at the lowest of the acquisition value according to the FIFO method and the actual value.

Impairment
The carrying amounts of the Group's assets are checked on each balance sheet date to determine whether there is any indication that an impairment loss is necessary.

Impairment test of tangible and intangible assets
and shares in subsidiaries, etc.
If there is any indication of impairment, the asset's recoverable value is calculated according to IAS 36 (see below). The estimated recoverable amount is assessed annually for goodwill and other intangible assets with an indefinite useful life and intangible assets that are not yet ready for use. If it is not possible to establish material independent cash flows for an individual asset, when assessing these assets the impairment requirement will be grouped at the lowest level at which it is possible to identify material independent cash flows (a so-called cash generating unit).

Impairment is indicated when the reported value of an asset or cash-generating unit (group of units) exceeds the recovery value. An impairment loss is recognised in the income statement. Impairment of assets attributable to a cash-generating unit (group of units) is allocated mainly to goodwill. After that, a proportionate impairment loss is applied to other assets included in the unit (group of units).

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating value in use, the future cash flow is discounted by a discounting factor which takes into consideration risk-free interest and the risk associated with the specific asset.

Impairment testing for financial assets
On each reporting date, the company evaluates whether there is objective evidence that a financial asset or pool of assets is impaired. Objective evidence comprises observable conditions that occurred and that have a negative impact on the possibility of recovering the cost of the asset.

The recoverable amount of assets in the category loan receivables and accounts receivable, which are recognised at amortised cost, is determined as the present value of future cash flows discounted at the effective rate at initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognised in the income statement.

Reversal of impairment losses
An impairment loss is reversed if there is an indication that the need for impairment no longer exists and there has been a change in the estimates used to determine the asset's recoverable amount. However, an impairment loss for goodwill is never reversed. An impairment loss is only reversed if the asset's reported value after reversal does not exceed the reported value that the asset would have had if the impairment loss had not been made.

Impairment losses of loan receivables and accounts receivable that are reported at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment loss was made.

Transactions in foreign currencies
The consolidated financial statements are presented in Swedish kronor, which is the company's functional and reporting currency. Transactions in foreign currencies are translated when they are entered in the accounts into the reporting currency, according to the spot rate on the transaction day. Receivables and liabilities in foreign currencies have been translated at the closing day exchange rate. Exchange rate gains and losses on operating receivables and liabilities are charged to the operating profit/loss. Gains and losses on financial receivables and liabilities are reported as financial items.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset, financial liability, or equity instrument in another company. For BioInvent this encompasses liquid funds, current investments, accounts receivable, accounts payable and derivative instruments. Liquid funds consist of cash and bank balances, as well as short-term investments with maturity shorter than 3 months. Current investments consist of investments with maturity longer than 3 months.

Recognition of financial instruments
A financial asset or a financial liability is reported in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Accounts receivable are recognised in the balance sheet when an invoice is sent. A liability is recognised when the counterparty has performed under the agreement and there is a contractual obligation to settle, even if no invoice has been received. Accounts payable are recognised when an invoice has been received.
A financial asset is derecognised from the balance sheet when the rights in the agreement are fulfilled, due, or the company loses control of them. The same applies to part of a financial asset. A financial liability is derecognised in the balance sheet when the obligations of the contract have been met or otherwise concluded. The same applies to part of a financial liability.

Acquisitions and disposals of financial assets are recognised on the date of the transaction, which is the date on which the Group undertakes to acquire or divest the asset.

Classification and measurement of financial instruments
The classification depends on the acquirer's intention with the acquisition of the financial instrument. Financial assets and liabilities are classified in the following categories.

Financial assets and financial liabilities carried at fair value via the income statement
This category consist of two sub-categories: financial assets held for trading and other financial assets that the company initially decided to classify in this category. A financial asset is classified as held for trading if it is acquired for the purpose of selling in the near term. Examples of assets classified in this category are bonds and other interest-bearing securities, shares and participation rights, and derivatives. Assets in this category are continuously valued at fair value with changes in value recognised in the income statement.

Held-to-maturity investments
This category includes non-derivative financial assets with fixed or determinable payments and with specified terms, which a company intends and has the ability to hold until maturity. These investments are valued at amortised cost. Impairment, if any, is recognised in the income statement.

Loan receivables and accounts receivable
Loan receivables and accounts receivable are financial assets that are not derivatives with fixed payments or with determinable payments that are not quoted on an active market. Assets in this category are valued at amortised cost. The amortised cost is determined based on the effective interest calculated at the time of acquisition. Assets with short maturities are not discounted. Accounts receivable are reported at the amount expected to be received and are individually assessed. Impairment losses on accounts receivable are recognised in operating expenses. Other receivables with an expected maturity of more than one year are classed as noncurrent. Those with shorter maturities are classed as other receivables. Impairment losses, if any, for noncurrent loans receivables are recognised as a financial item.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the three aforementioned categories. Assets in this category are continuously valued at fair value with changes in value recognised in equity. At the time when the investments are removed from the balance sheet, previously reported accumulated gains or losses in equity are transferred to the income statement.

Financial liabilities are recognised at fair value in the income statement.
This category consists of financial liabilities held for trading, such as derivatives. Liabilities in this category are continuously valued at fair value with changes in value recognised in the income statement.

Other financial liabilities
This category includes loans and other financial liabilities, such as accounts payable. Liabilities are valued at amortised cost. Accounts payable have a short expected maturity and are valued without discounting at a nominal amount. Noncurrent liabilities have an expected maturity longer than one year, while current liabilities have a maturity shorter than one year.

Hedge accounting
In order to apply hedge accounting the following criteria must be met: the position being hedged is identified and exposed to exchange-rate or interest-rate movements, the purpose of the instrument is to serve as a hedge and that the hedging effectively protects the underlying position against changes in the market rates. Financial instruments used for the purpose of hedging future currency flows are accounted for as hedges if the currency flows are considered probable to occur. BioInvent has chosen not to apply hedge accounting because the criteria cannot always be deemed to be met. Changes in fair value of such derivative instruments are therefore recognised in the income statement.

Financial Risks
Currency risks
Bioinvent's currency exposure has increased as the development projects move forward in the value chain. Costs of services such as toxicological studies and clinical trials have increased. These services are often carried out abroad and are paid for in foreign currencies. At the same time the percentage of revenues in foreign currencies has increased.

Currency flows in conjunction with the purchase and sale of goods and services in currencies other than SEK generate transaction exposure. Currency exposure is primarily eliminated by matching flows in the same currency. When matching is not possible, the currency exposure is eliminated through forward contracts.

In 2007 83% (15) of revenues were invoiced in foreign currencies, mainly USD. Around 36% (31) of costs in 2007 were invoiced in foreign currencies, mainly in GBP, EUR and USD. Realised forward contracts for flows in 2007 had a positive effect on the operating income in the amount of SEK 1.4 (0.1) million.

A sensitivity analysis shows that the Company's operating loss in 2007 before hedging transactions would have been affected in the amount of SEK +9.9 million if the Swedish krona had weakened by 10 per cent compared with USD. The operating loss in 2007 before hedging transactions would have been affected in the amount of SEK -3.1 million if the Swedish krona had weakened by 10 per cent compared with GBP.

Interest risk
BioInvent's exposure to market risk for changes in interest levels is related to bank balances and corporate and bank certificates. To reduce the effect of the fluctuation in market interest rates, the excess liquidity is invested with different maturities so that the investments mature on a regular basis over the subsequent twelve-month period.

The average interest rate in 2007 was 4.0% (2.2). A change in the interest rate of 1% in 2007 would have affected the net interest income by SEK 1.8 million.

Liquidity and credit risk
Liquidity risk is minimized by liquidity planning and investment in financial instruments that can be redeemed at short notice. Only investments in interest bearing securities with low credit risk and high liquidity are permitted. There are also limitations in the amount that can be invested with an individual counterparty to avoid concentration of credit risk.

In accordance with the Company's financial policy the excess liquidity in 2007 was placed in bank accounts and invested in corporate and bank certificates with a K1 rating or equivalent. Corporate and bank certificates carry fixed interest rates and may have terms of up to one year.

BioInvent works with established and creditworthy counterparties. A credit assessment is carried out for all partners who will receive some form of credit. In addition, BioInvent monitors receivables on a constant basis. The Company's exposure to doubtful receivables is therefore low.

NOTE 1 KEY RATIOS HUMAN RESOURCES

	2007	2006
Absence due to illness		
Total absence due to illness[1)]	3.1%	3.8%
Of which long-term absence >60 days	1.5%	2.0%
Absence due to illness, women[2)]	2.1%	3.1%
Absence due to illness, men[2)]	4.5%	4.9%
29 years or younger[2)]	3.3%	0.7%
30-49 years[2)]	2.0%	3.2%
Older than 50 years[2)]	5.7%	6.5%
Average number of employees, of which women	**96 (64%)**	**96 (59%)**
Age distribution		
-30 years	14%	15%
31-40 years	40%	38%
41-49 years	19%	21%
50- years	27%	26%
Staff turnover[3)]	**7.0%**	**6.0%**

1) Absence is indicated as a percentage of total normal working hours.

2) Absence is indicated as a percentage of the Group's total normal working hours.

3) Staff turnover is shown as the number of individuals leaving the Company as a percentage of the average number of employees.

NOTE 2 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY

	2007		2006	
	Salaries and other remuneration	Social security costs (of which pension costs)	Salaries and other remuneration	Social security costs (of which pension costs)
Parent company	48,647	24,023 (7,216)	47,833	24,570 (7,810)
Subsidiaries	-	-	-	-
Group total	**48,647**	**24,023** **(7,216)**	**47,833**	**24,570** **(7,810)**

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN THE BOARD OF DIRECTORS, THE CEO AND OTHER EMPLOYEES.

	2007		2006	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent company	3,687	44,960	3,648	44,185
Subsidiaries	-	-	-	-
Group total	**3,687**	**44,960**	**3,648**	**44,185**

NOTE 2 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY, CONTINUED

PENSIONS COSTS DISTRIBUTED BETWEEN THE BOARD OF DIRECTORS, THE CEO AND OTHER EMPLOYEES.

	2007		2006	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent company	496	6,720	519	7,291
Subsidiaries	-	-	-	-
Group total	**496**	**6,720**	**519**	**7,291**

BENEFITS FOR SENIOR EXECUTIVES

Principles

The Board's fees are determined at the Annual General Meeting according to proposals submitted by the Nominating Committee. The fees are shared among the Board members at the discretion of the Annual General Meeting. Fees are paid for committee work and allocated according to the Board's decision.

Benefits for CEO and other senior executives were determined in accordance with the 2007 Annual General Meeting. The Board determines the fixed salary of the CEO annually. The Board's Remuneration Committee determines the fixed salary of other senior executives annually. In addition to a fixed salary, variable remuneration may be payable according to the incentive scheme described below.

BioInvent's incentive scheme for the CEO and other senior executives consists of a variable remuneration model that was introduced at the beginning of 2003. Variable performance-related remuneration of 0–30 per cent of fixed annual cash salaries may be paid out on an annual basis to senior executives. The performance-related components in the current program, for the period 1 January – 31 December 2008, are based primarily on high expectations for technical and commercial milestones in proprietary drug projects. The Board of Directors resolved in February 2008 to pay variable remuneration to the CEO, SEK 188 thousands, and other senior executives, SEK 620 thousands, for the period 1 January – 31 December 2007. Variable remuneration is pensionable income.

Remuneration and other benefits in 2007

	Fixed salary	Board and committee fees	Variable remuneration	Other benefits	Pensions costs	Total
Board and CEO						
Per-Olof Mårtensson, Chairman until 17 april 2007		-				-
Karl Olof Borg, Chairman from 17 april 2007		380				380
Carl Borrebaeck, member	612			61	124	797
Lars Henriksson, member		160				160
Lars Ingelmark, member		170				170
Elisabeth Lindner, member		160				160
Björn Nilsson, member		200				200
Kenth Petersson, member		170				170
Svein Mathisen, CEO and member	1,518		188	68	372	2,146
	2,130	**1,240**	**188**	**129**	**496**	**4,183**
Other senior executives (5 individuals)	**5,548**	**-**	**620**	**295**	**1,720**	**8,183**
Total	**7,678**	**1,240**	**808**	**424**	**2,216**	**12,366**

Benefits for the Board and CEO

The Board's fees were set by the 2007 Annual General Meeting at a total of SEK 1,110 thousands. The Chairman of the Board received a fee of SEK 360 thousands and each of the other Board members who are not employed by the company received a fee of SEK 150 thousands. In addition the Annual General Meeting resolved to pay SEK 140 thousands in remuneration for committee work, to be allocated according to the Board's decision.

Carl Borrebaeck, a member of BioInvent's Board, is the Company's Senior Scientific Advisor. In 2007 he received SEK 612 thousands in cash gross salary and SEK 61 thousands in other benefits (primarily car benefits). He received no Board fees in 2007. Carl Borrebaeck is entitled to pension benefits under the ITP plan. Retirement age is 65. The total cost of Carl Borrebaeck's pension benefits amounted to SEK 124 thousands in 2007. Carl Borrebaeck and the Company have a mutual period of notice of six months. He is not entitled to any redundancy pay over and above his salary during the period of notice.

The President and CEO, Svein Mathisen, received a fixed gross cash salary in 2007 of SEK 1,518 thousands and SEK 188 thousands in variable remuneration, as well as SEK 68 thousands in other benefits (primarily car benefits). Svein Mathisen has a pension provision within the framework of the ITP plan. Retirement age is 65. The total cost of Svein Mathisen's pension benefits amounted in 2007 to SEK 372 thousands. Svein Mathisen and the Company have a mutual period of notice of six months. If notice is given by the Company, Svein Mathisen is entitled to redundancy pay equivalent to 18 monthly salaries. Redundancy pay is not deducted from other income. If Svein Mathisen resigns, no redundancy pay is payable.

Neither the Board members nor the CEO acquired any warrants in BioInvent in 2007.

Benefits for other senior executives

Other senior executives are the five individuals who, in addition to the CEO, are part of senior management. The retirement age for these individuals is 65, after which time a pension will be paid according to the ITP pension plan. The Company and the other senior executives have a mutual period of notice of six months.

If notice is given by one specific member of senior management, the executive is entitled, under special circumstances, to redundancy pay of six monthly salaries. Redundancy pay is not deducted from other income. If notice is given by the Company, no redundancy pay is payable. Other individuals are not entitled to redundancy pay over and above the payment of salaries during the period of notice.

Other senior executives received a fixed gross cash salary in 2007 of SEK 5,548 thousands and SEK 620 thousands in variable salary, as well as SEK 295 thousands in other benefits (primarily car benefit). The total pension costs relating to other senior executives in 2007 amounted to SEK 1,720 thousands.

Other senior executives did not acquire any BioInvent warrants during 2007.

Academic partnerships

An important aspect of BioInvent's strategy is to develop and maintain a research base with ties to a number of academic institutions. One such relationship, with the department of Immunotechnology at Lund University, is particularly strong. BioInvent provides research funding to the institution and in return BioInvent obtains the results and patent rights that arise from the partnership. Carl Borrebaeck is a professor and responsible for these activities at the Department of Immunotechnology. Carl Borrebaeck has not participated in preparations or decisions relating to agreements that BioInvent has entered into with Lund University.

PERCENTAGE OF WOMEN/MEN

	2007		2006	
	Number	Of which women	Number	Of which women
Board and CEO	9	22%	10	10%
Other senior executives	5	20%	5	20%

NOTE 3 INFORMATION ABOUT AUDITORS' FEES

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Ernst & Young				
Audit assignments	151	147	151	147
Other assignments	54	113	54	113
Total	**205**	**260**	**205**	**260**

NOTE 4 DEPRECIATION ACCORDING TO PLAN OF INTANGIBLE AND TANGIBLE FIXED ASSETS

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Research and development costs	11,851	14,837	11,851	14,837
Sales and administrative costs	461	582	461	582
Total	**12,312**	**15,419**	**12,312**	**15,419**

Depreciation of intangible and tangible assets is included in the items in the income statement as indicated above. Depreciation of intangible fixed assets amounted to SEK 6,345 thousands (7,612) and is included in the income statement item "Research and development costs."

NOTE 5 OPERATIONAL LEASING

Leasing charges are for laboratory, production and office premises, and car leases. Leasing costs in 2007 and 2006 amounted to SEK 9,973 thousands (11,170) for the group and the parent company. The table below shows the minimum lease payments for non-cancellable operational leasing agreements.

	Group	**Parent company**
Payments due:		
Year 2008	9,833	9,833
Year 2009-2012	13,042	13,042
Year 2013 or later	-	-
Total	**22,875**	**22,875**

NOTE 6 EXCHANGE RATE DIFFERENCES THAT AFFECTED THE NET PROFIT/LOSS FOR THE PERIOD

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Exchange rate differences that affected the operating profit/loss	-517	69	-517	69
Financial exchange rate differences	336	10	336	10
Total	**-181**	**79**	**-181**	**79**

NOTE 7 INTEREST INCOME AND SIMILAR ITEMS

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Interest income	7,022	2,897	7,022	2,861
Exchange rate differences	368	37	368	37
Total	**7,390**	**2,934**	**7,390**	**2,898**

NOTE 8 INTEREST COSTS AND SIMILAR ITEMS

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Interest costs	-2	-10	-2	-10
Exchange rate differences	-32	-27	-32	-27
Total	**-34**	**-37**	**-34**	**-37**

NOTE 9 TAX ON PROFIT FOR THE YEAR

Tax on profit for the year	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Current tax on profit for the year	0	0	0	0
Deferred taxes relating to temporary differences	0	0	0	0
Reported tax on the profit for the year	**0**	**0**	**0**	**0**

Reconciliation of effective tax	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Reported loss before tax	-16,093	-108,833	-16,097	-108,869
Tax according to the applicable tax rate, 28%	4,506	30,473	4,507	30,483
Tax effect of costs that are not deductible	-65	-76	-65	-76
Tax effect of loss carry forward for which the deferred tax claim will not be taken into account	-4,441	-30,397	-4,442	-30,407
Reported tax on profit for the year	**0**	**0**	**0**	**0**

NOTE 10 INTANGIBLE FIXED ASSETS

Acquired intangible fixed assets	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Opening acquisition value	51,567	51,567	51,567	51,567
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Closing accumulated acquisition value	**51,567**	**51,567**	**51,567**	**51,567**
Opening depreciation	-32,690	-25,078	-32,690	-25,078
Disposals	-	-	-	-
Depreciation for the year	-6,345	-7,612	-6,345	-7,612
Closing accumulated depreciation	**-39,035**	**-32,690**	**-39,035**	**-32,690**
Closing residual value according to plan	**12,532**	**18,877**	**12,532**	**18,877**

NOTE 11 TANGIBLE FIXED ASSETS

Equipment	**Group**		**Parent company**	
	2007	**2006**	**2007**	**2006**
Opening acquisition value	69,132	61,160	69,132	61,160
Acquisitions	3,909	8,962	3,909	8,962
Disposals	-1,794	-990	-1,794	-990
Closing accumulated acquisition value	**71,247**	**69,132**	**71,247**	**69,132**
Opening depreciation	-55,688	-49,768	-55,688	-49,768
Disposals	1,794	990	1,794	990
Depreciation for the year	-5,072	-6,910	-5,072	-6,910
Closing accumulated depreciation	**-58,966**	**-55,688**	**-58,966**	**-55,688**
Closing residual value according to plan	**12,281**	**13,444**	**12,281**	**13,444**

Investments in rented premises	**Group**		**Parent company**	
	2007	**2006**	**2007**	**2006**
Opening acquisition value	10,967	10,967	10,967	10,967
Acquisitions	-	-	-	-
Closing accumulated acquisition value	**10,967**	**10,967**	**10,967**	**10,967**
Opening depreciation	-8,170	-7,273	-8,170	-7,273
Depreciation for the year	-896	-897	-896	-897
Closing accumulated depreciation	**-9,066**	**-8,170**	**-9,066**	**-8,170**
Closing residual value according to plan	**1,901**	**2,797**	**1,901**	**2,797**

Tangible fixed assets are primarily equipment used in research and development. Investments in rented premises are primarily investments in rented production facilities.

NOTE 12 SHARES IN SUBSIDIARIES

	Co. reg. no.	**Reg. office**	**Share of equity**	**Share of votes**	**Book value**
BioInvent Finans AB	556605-9571	Lund	100%	100%	100

BioInvent Finans AB administers the warrants issued by BioInvent International AB.

NOTE 13 WORK ON CONTRACT

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Value of work completed	2,823	9,000	2,823	9,000
Invoiced amounts	-1,084	-3,325	-1,084	-3,325
Receivables from customers	**1,739**	**5,675**	**1,739**	**5,675**
Value of work completed	20,477	44,994	20,477	44,994
Invoiced amounts	-26,992	-48,446	-26,992	-48,446
Liabilities to customers	**-6,515**	**-3,452**	**-6,515**	**-3,452**

Receivables from customers and liabilities to customers are reported in the balance sheet as work on contract in the balance sheet's assets and liabilities sections respectively.

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Prepaid rent	1,613	2,097	1,613	2,097
Other items	2,563	5,949	2,563	5,949
Total	**4,176**	**8,046**	**4,176**	**8,046**

NOTE 15 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2007	**2006**	**2007**	**2006**
Payroll liabilities	9,393	8,634	9,393	8,634
Social security fees	4,643	4,070	4,643	4,070
Other items	4,167	5,144	4,144	5,090
Total	**18,203**	**17,848**	**18,180**	**17,794**

NOTE 16 FINANCIAL INSTRUMENTS

FAIR VALUES

Below is a comparison of the reported values and the fair values of the Group's financial instruments.

	Book value		Actual value	
	2007	**2006**	**2007**	**2006**
Financial assets				
Loan receivables and accounts receivables				
Accounts receivables	9,120	3,648	9,120	3,648
Available-for-sale financial assets				
Current investments	154,365	19,957	154,365	19,957
Current investments that constitute liquid funds	36,847	61,702	36,847	61,702
Cash and bank	25,639	6,352	25,639	6,352
	216,851	88,011	216,851	88,011
Financial assets carried at fair value via the income statement				
Derivatives	9	-	9	-
Total	**225,980**	**91,659**	**225,980**	**91,659**
Financial liabilities				
Other financial liabilities				
Accounts payables	-14,115	-12,772	-14,115	-12,772
Financial liabilities recognised at fair value in the income statement				
Derivatives	-5	-54	-5	-54
Total	**-14,120**	**-12,826**	**-14,120**	**-12,826**

MATURITIES

Maturities for financial instruments are presented below

Remaning term, 31 December 2007	**On demand**	**< 3 months**	**3-12 months**	**Total**
Financial assets				
Loan receivables and accounts receivables				
Accounts receivables (where of past due but not recognised as impairment losses*)		9,120		9,120
		(4,019)		(4,019)
Available-for-sale financial assets				
Current investments			154,365	154,365
Current investments that constitute liquid funds		36,847		36,847
Cash and bank	25,639			25,639
Financial assets carried at fair value via the income statement				
Derivatives		9		9
Total	**25,639**	**45,976**	**154,365**	**225,980**

*Accounts receivable are < 30 days past due and not recognised as impairment losses.

Remaning term, 31 December 2007	On demand	< 3 months	3-12 months	Total
Financial liabilities				
Other financial liabilities				
Accounts payables		-14,115		-14,115
Financial liabilities recognised at fair value in the income statement				
Derivatives		-5		-5
Total	**-**	**-14,120**	**-**	**-14,120**
Remaning term, 31 December 2006				
Financial assets	**6,352**	**65,350**	**19,957**	**91,659**
Financial liabilities	**-**	**-**	**-12,826**	**-12,826**

NET GAINS /LOSSES

Below are the net gains/losses for financial instruments recognised in the income statement

	2007	2006
Financial assets		
Loan receivables and accounts receivables	-59	-65
Available-for-sale financial assets	336	10
Financial assets carried at fair value via the income statement	-	-
Financial liabilities		
Other financial liabilities	-458	134
Financial liabilities recognised at fair value in the income statement	-	-
Total	**-181**	**79**

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Company, and that the management reports of the Group and the Company give a fair review of the development of the operations, financial positions and results of the Group and the Company and describes substantial risks and uncertainties that the Group companies faces.

Lund, 7 March 2008

Karl Olof Borg Chairman of the Board	Carl Borrebaeck	Lars Henriksson	Lars Ingelmark
Elisabeth Lindner	Ulrika T Mattson	Björn Nilsson	Kenth Petersson
Svein Mathisen President and CEO			

Our audit report was submitted on 7 March 2008
ERNST & YOUNG AB

Åke Stenmo
Authorised Public Accountant

AUDIT REPORT

To the annual meeting of the shareholders of BioInvent International AB (publ)
Corporate identity number 556537-7263

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the CEO of BioInvent International AB for the year 2007. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 30–52. The board of directors and the CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the CEO and significant estimates made by the board of directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the CEO. We also examined whether any board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

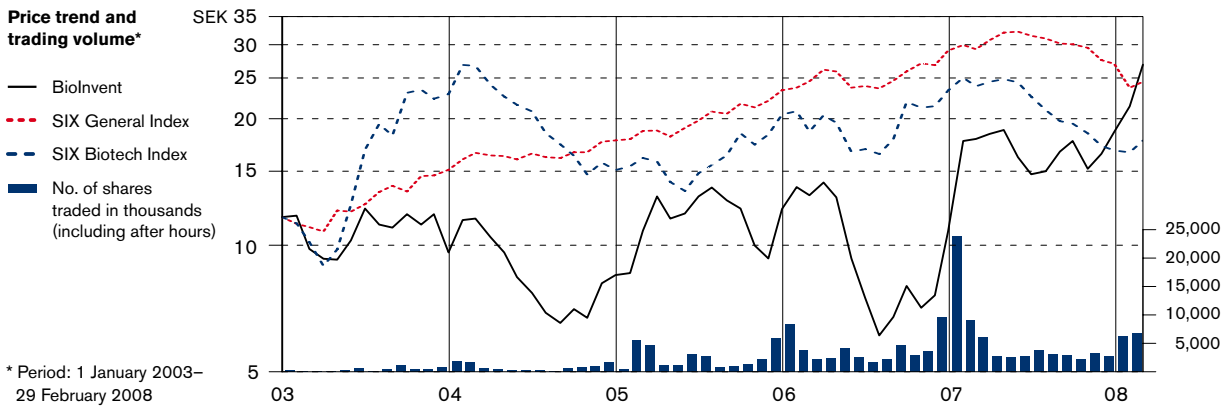
The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group´s financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of the shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the loss of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the CEO be discharged from liability for the financial year.

Lund 7 March 2008
Ernst & Young AB

Åke Stenmo
Authorised Public Accountant

THE BIOINVENT SHARE



BioInvent has been listed on OMX the Nordic Exchange Stockholm (BINV) since 2001. One trading unit consists of 1,000 shares.

Share capital

After the directed issue of 8,500,000 shares, which was concluded in early July, share capital increased by SEK 4.2 million to SEK 27.8 million distributed between 55,660,889 shares.

There is only one class of share. Each share entitles the holder to one vote at shareholders' meetings and all shares carry equal rights to the Company's assets and profit.

Warrant programme

At the end of the period there were no outstanding warrants.

Dividend and dividend policy

The Board of Directors and the CEO do not recommend payment of any dividend for the 2007 financial year. The Company will continue to focus on research and development of new products. Available financial resources will be used to finance these projects. The Board of Directors and the CEO therefore do not recommend that any dividend be paid for the next few years.

Price trend and trading volume

In 2007, the share price increased 72%, from SEK 10.80 to SEK 18.60. During 2007 the SIX General Index decreased 7% and SIX Biotech Index decreased 28%. The highest price paid in 2007 was SEK 20.90 and the lowest price was SEK 9.25. BioInvent's market capitalization totalled SEK 1,035 million at the end of 2007.

During the year 65.2 (48.4) million BioInvent shares were traded for a value of SEK 1,075 (485) million. This corresponds to a rate of turnover of 129% (105). Average trading volume per trading day was 260,662 (192,649) shares for a value of SEK 4.3 (1.9) million. Average number of trades per trading day were 102 (73).

Ownership structure

As of 31 December 2007 the number of shareholders amounted to 3,567 (3,612) shareholders. Foreign owners held 27% (22) of the share capital and votes. The ten largest shareholders owned 41% (40) of the shares. About 62% (59) of the shareholders owned 1,000 or fewer shares each.

Analysts who followed BioInvent during 2007

Björn Andersson – Redeye
Alexander Lindström – ABG Sundal Collier
Benjamin Nordin – Kaupthing Bank
Camilla Oxhamre – D. Carnegie
Astrid Samuelsson – Handelsbanken Capital Markets

Distribution of financial reports

The annual report will be distributed to all shareholders that have not declined this service. Annual reports may also be ordered from Sölvegatan 41, 223 70 Lund, or by fax +46 (0)46-211 08 06, or telephone +46 (0)46-286 85 50, or by e-mail info@bioinvent.com. The annual report is published in Swedish and English.

Upcoming financial information

Interim Reports: 10 April, 16 July, 16 October, 2008
Financial statement 2008: 12 February, 2009

Share statistics, 31 December 2007

Size of holdings	No. of shareholders	No. of holders in %	No. of shares in %
1–500	1,394	39.1	0.5
501– 1,000	832	23.3	1.4
1,001–2,000	492	13.8	1.6
2,001–5,000	422	11.8	2.7
5,001–10,000	189	5.3	2.8
10,001–20,000	96	2.7	2.7
20,001–50,000	56	1.6	3.3
50,001–100,000	28	0.8	3.6
100,001–500,000	33	0.9	15.8
500,001–1,000,000	6	0.2	8.0
1,000,001–5,000,000	19	0.5	57.7
Total	**3,567**	**100.0**	**100.0**

Largest shareholders, 31 December 2007

Shareholders	No. of shares	Percentage of capital and votes,%
Stiftelsen Industrifonden	4,461,342	8.0
JP Morgan Bank	3,023,394	5.4
Tredje AP-fonden	2,752,000	4.9
Nordea fonder	2,252,209	4.0
Stena-koncernen	2,240,000	4.0
Hans Ståhlgren	1,900,000	3.4
Catella Healthcare AB	1,725,000	3.1
SEB Life Ltd	1,516,400	2.7
Friends Provident International Ltd	1,364,000	2.5
Catella fonder	1,359,000	2.4
Östersjöstiftelsen	1,334,476	2.4
Sekol AB	1,327,000	2.4
Carl Borrebaeck*	1,292,908	2.3
Nordnet Pensionsförsäkring AB	1,286,598	2.3
Sjätte AP-fonden	1,268,718	2.3
Other shareholders	26,557,844	47.7
Total	**55,660,889**	**100.0**

*Board member

Changes in the share capital

Year	Transaction	Increase in share capital, SEK	Increase in no. of shares	Share capital, SEK	No. of shares	Ratio value
1996	BioInvent International AB was founded[1)]			100,000	10,000	10.00
1997	New share issue	7,140	714	107,140	10,714	10.00
1997	Bonus issue	857,120	85,712	964,260	96,426	10.00
1998	Share split 1:10		867,834	964,260	964,260	1.00
1998	New share issue[2)]	181,000	181,000	1,145,260	1,145,260	1.00
1999	New share issue[3)]	108,527	108,527	1,253,787	1,253,787	1.00
2000	New share issue[4)]	250,000	250,000	1,503,787	1,503,787	1.00
2000	Warrants exercised	11,013	11,013	1,514,800	1,514,800	1.00
2001	Bonus issue	9,846,200		11,361,000	1,514,800	7.50
2001	Share split 1:15		21,207,200	11,361,000	22,722,000	0.50
2001	Warrants exercised	461,152.5	922,305	11,822,152.5	23,644,305	0.50
2001	New share issue[5)]	2,250,000	4,500,000	14,072,152.5	28,144,305	0.50
2002	New share issue[6)]	665,625.5	1,331,251	14,737,778	29,475,556	0.50
2005	New share issue[7)]	8,842,666.5	17,685,333	23,580,444.5	47,160,889	0.50
2007	New share issue[8)]	4,250,000	8,500,000	27,830,444.5	55,660,889	0.50

1) BioInvent International AB was established by its managers, Stiftelsen Industrifonden, Pronova a.s. and Aragon Fondkommission.

2) In November 1998 the Company issued 181,000 new shares aimed at institutional investors. The issue price was SEK 125 and SEK 22.6 million was raised for BioInvent International AB after issue cost deductions.

3 In November 1999 the Company issued 108,527 new shares aimed at institutional investors. The issue price was SEK 175 and SEK 18.7 million was raised for BioInvent International AB after issue cost deductions.

4) In March 2000, the Company issued 250,000 shares aimed at institutional investors. The issue price was SEK 720 and SEK 169.0 million was raised for BioInvent International AB after issue cost deductions.

5) New share issue in connection with the listing. The issue price was SEK 62 and SEK 261.6 million was raised for BioInvent International AB after issue cost deductions.

6) In March 2002, the Company carried out a directed issue of 1,331,251 new shares for Oxford GlycoSciences. The issue price was SEK 39 and this raised SEK 52.0 million for BioInvent International AB. There were no issue costs.

7) In November 2005 the Company carried out a new share issue. The issue price was SEK 9 and SEK 146.2 million was raised for BioInvent International AB after deductions of issue costs.

8) In July 2007 the Company carried out a directed issue. The issue price was SEK 14.75 and SEK 120.0 million was raised for BioInvent International AB after deductions of issue costs.

FIVE-YEAR REVIEW

INCOME STATEMENT, SEK MILLION	2007	2006	2005	2004	2003
Net revenues	143.4	50.8	28.2	58.7	66.7
Research and development costs	-140.9	-135.4	-142.4	-126.1	-131.0
Sales and administrative costs	-28.7	-29.8	-28.1	-30.7	-36.7
Other operating revenues and costs	2.7	2.6	0.0	0.0	0.3
	-166.9	-162.6	-170.5	-156.8	-167.5
Operating profit/loss	**-23.4**	**-111.7**	**-142.3**	**-98.0**	**-100.7**
Profit/loss from financial investments	7.4	2.9	2.5	5.5	11.1
Profit/loss after financial items	**-16.1**	**-108.8**	**-139.9**	**-92.5**	**-89.7**
Tax on profit for the year	–	–	–	–	–
Profit/loss for the year	**-16.1**	**-108.8**	**-139.9**	**-92.5**	**-89.7**

BALANCE SHEET, SEK MILLION	2007	2006	2005	2004	2003
Intangible fixed assets	12.5	18.9	26.5	16.1	19.4
Tangible fixed assets	14.2	16.2	15.1	22.4	34.5
Inventories etc.	3.8	7.8	3.0	5.8	9.9
Current receivables	23.6	17.4	26.5	19.1	10.9
Current investments and liquid funds	216.9	88.0	195.3	175.0	268.5
Total assets	**271.0**	**148.3**	**266.3**	**238.4**	**343.2**
Shareholders' equity	214.1	110.2	219.0	212.7	305.0
Non-interest-bearing liabilities	56.9	38.2	47.3	25.7	38.2
Interest-bearing liabilities	–	–	–	–	–
Total shareholders' equity and liabilities	**271.0**	**148.3**	**266.3**	**238.4**	**343.2**

CASH FLOW, SEK MILLION	2007	2006	2005	2004	2003
Operating profit/loss	-23.4	-111.7	-142.3	-98.0	-100.7
Adjustments for depreciation and interest	18.3	18.3	23.2	27.2	30.0
Changes in working capital	17.8	-4.9	16.6	-17.3	4.5
Cash flow from current operations	**12.6**	**-98.3**	**-102.5**	**-88.1**	**-66.2**
Cash flow from investment activities	-3.9	-9.0	-23.4	-5.6	-9.2
Cash flow from current operations and investment activities	**8.7**	**-107.3**	**-125.9**	**-93.7**	**-75.5**
Cash flow from financing	120.1	-	146.2	0.2	0.4
Increase/decrease in current investments and liquid funds	**128.8**	**-107.3**	**20.3**	**-93.5**	**-75.1**

KEY FINANCIAL RATIOS	2007	2006	2005	2004	2003
Net revenue growth, %	182.2	80.3	-52.0	-12.0	-23.4
Net working capital, SEK million	-29.4	-13.0	-17.9	-0.2	-17.4
Net working capital/net revenue, %	-20.5	-25.5	-63.5	-0.4	-26.1
Operating capital, SEK million	-2.7	22.1	23.7	38.3	36.5
Operating capital/net revenue, %	-1.9	43.6	84.0	65.2	54.7
Capital employed, SEK million	214.1	110.2	219.0	212.7	305.0
Capital employed/net revenue, %	149.3	216.7	776.7	362.4	457.1
Shareholders' equity, SEK million	214.1	110.2	219.0	212.7	305.0
Return on shareholders' equity, %	-9.9	-66.1	-64.8	-35.7	-25.6
Return on capital employed, %	-9.9	-66.1	-64.8	-35.7	-25.6
Capital turnover, times	0.9	0.3	0.1	0.2	0.2
Equity/assets ratio, %	79.0	74.3	82.2	89.2	88.9
Intangible fixed assets investments, SEK million	-	-	19.5	5.4	6.2
Tangible fixed assets investments, SEK million	3.9	9.0	3.9	0.2	3.0
Average number of employees	96	96	95	101	119
Net revenue per employee, SEK million	1.5	0.5	0.3	0.6	0.6

DATA PER SHARE	2007	2006	2005	2004	2003
Earnings per share, SEK					
Before dilution	-0.31	-2.31	-4.41	-3.14	-3.04
After full dilution	**	*	*	*	*
Shareholders' equity per share, SEK					
Before dilution	3.85	2.34	4.64	7.22	10.35
After full dilution	**	2.34	4.64	7.21	10.34
Cash flow per share, SEK	0.17	-2.28	-3.97	-3.20	-2.56
Average no. of shares					
Before dilution (thousands)	51,175	47,161	31,686	29,476	29,476
After full dilution (thousands)	**	47,161	31,691	29,481	29,501
Number of shares at end of period					
Before dilution (thousands)	55,661	47,161	47,161	29,476	29,476
After full dilution (thousands)	**	47,161	47,165	29,481	29,501
Share price, 31 December	18.60	10.80	12.20	8.49	9.61
Dividend	-	-	-	-	-

* The outstanding warrants lead to no dilution of earnings per share as a redemption to shares would lead to an improvement of earnings per share.
**At the end of the period there were no outstanding warrants.

The figures in the tables are rounded to one decimal, while the calculations are made using a greater number of decimals. As a result, it may appear that certain tables do not add up.

DEFINITIONS

Net working capital
Non-interest-bearing current assets less non-interest-bearing current liabilities.

Operating capital
The balance sheet total less non-interest-bearing liabilities, other non-interest-bearing provisions and current investments and liquid funds.

Capital employed
The balance sheet total less non-interest-bearing liabilities and non-interest-bearing provisions.

Return on shareholders' equity
Profit/loss after financial items as a percentage of the average shareholders' equity.

Return on capital employed
Profit/loss after financial items plus financial costs as a percentage of average capital employed.

Capital turnover
Net revenue divided by the average capital employed.

Equity/assets ratio
Shareholders' equity as a percentage of the balance sheet total.

Average number of employees
Weighted average number of employees during the year.

Earnings per share
Profit/loss after financial items divided by the average number of shares.

Shareholders' equity per share
Shareholders' equity divided by the number of shares at the end of the period.

Cash flow per share
Cash flow from current operations and investment activities divided by the average number of shares.

THE BOARD AND AUDITORS

Karl Olof Borg
Chairman of the Board
Doctor of Pharmacy. Lives in Stockholm, Sweden. Previously Vice President of Research at Astra AB, Pharmacia AB and Active Biotech AB. Associate professor at Uppsala University. Member of the Board since 2001. Chairman of the Board since 2007. Member of the Renumeration Committee and Audit Committe. Other board appointments: Chairman of the board of Eurocine AB. Member of the boards of Cyncron A/S, Galencia AB, Alligator Bioscience AB and Pharmexa A/S.
Shareholding: 8,000 shares.

Carl Borrebaeck
Doctor of Science. Lives in Lund, Sweden. Professor at the Department of Immunotechnology at Lund University, Sweden. Centre Director at the Strategic Centre for Clinical Cancer Research - CREATE Health, Lund, Sweden. Senior Scientific Advisor to the Company. Member of the Board since 1997. Other board appointments: Chairman of the board of Innovationsbron Syd AB. Member of the boards of Alligator Bioscience AB and Nordic Vaccine Technology A/S.
Shareholding: 1,292,908 shares.

Lars Henriksson
Master of Science. Lives in Stockholm, Sweden. Investment Manager/Controller of Business Area Life Science of Stiftelsen Industrifonden. Member of the Board since 2005. Member of the Renumeration Committee. Other board appointments: Member of the board of Sidec AB.
Shareholding: -

Lars Ingelmark
Bachelor of Medicine. Lives in Halmstad, Sweden. Head of Business Area Life Science of Sjätte AP-fonden. Member of the Board since 2006. Member of the Audit Committee. Other board appointments: Chairman of the board of Gyttorp Cartridge AB, MVC Holding AB, Medicon Valley Capital Management AB, Medicon Valley Capital Two General Partner AB, SLSGP AB, SLS Two GP AB and Svensk Våtmarksfond. Member of the boards of CashCap AB, Healthcare Gbg AB, Karo Bio AB, Innoventus AB, Innoventus Project AB, Karolinska Investment Fund, Skedala Säteri AB and Svenska Jägareförbundet.
Shareholding: -

Elisabeth Lindner
Master of Science, MBA. Lives in Hägersten, Sweden. CEO of Diamyd Medical AB. Member of the Royal Swedish Academy of Engineering Sciences. Member of the Board since 2005. Member of the Renumeration Committee. Other board appointments: Chairman of the board and CEO of Biosource Europe AB.
Shareholding: 6,400 shares.

Svein Mathisen
President and CEO
Master of Science, Engineering Physics. Lives in Malmö, Sweden. President and CEO since 1997. Previously held senior positions within the Norsk Hydro Group. Member of the Board since 2001.
Other board appointments: Member of the board of the Biotec Pharmacon ASA and the SwedenBio organisation.
Shareholding: 1,050,000 shares.

Ulrika T Mattsson
Employee representative. University degree in Biomedical Laboratory Science. Lives in Malmö, Sweden. Biomedical Scientist. Member of the Board since 2007.
Shareholding: 400 shares (own and affiliated holdings).

Björn Nilsson
Doctor of Science. Lives in Sollentuna, Sweden. Director, Senior Vice President Corporate Development of Biovitrum AB. Nominee for President of the Royal Swedish Academy of Engineering Sciences as from 1 August, 2008. Associate professor at the Royal Institute of Technology (KTH) in Stockholm. Member of the Royal Swedish Academy of Engineering Sciences. Member of the Board since 1999. Chairman of the Audit Committe. Other board appointments: -
Shareholding: 10.000 shares.

Kenth Petersson
Bachelor of Arts. Lives in Stockholm, Sweden.
Member of the Board since 1997. Member of the Audit Committee. Other board appointments: Chairman of the board of Alfabeta AB, Diabetes Tools AB and Spider Technologies AB. Member of the board of Alligator Bioscience AB
Shareholding: 80,000 shares.

Auditor
Ernst & Young AB
Auditor in charge: Åke Stenmo, Sweden, Authorised Public Accountant. Lives in Lund, Sweden. Auditor for BioInvent International AB since 2000.

SENIOR MANAGEMENT

Svein Mathisen
President and CEO
Master of Science, Engineering Physics. Lives in Malmö, Sweden. President and CEO since 1997. Previously held senior positions within the Norsk Hydro Group. Member of the Board since 2001. Member of the board of the Biotec Pharmacon ASA and the SwedenBio organisation.
Shareholding: 1,050,000 shares.

Roland Carlsson
Senior Vice President, Preclinical Research
Ph. D. Lives in Lund, Sweden. Employed in 1987 by the former subsidiary Bioinvent Production AB. Associate professor at the Department of Immunotechnology at Lund University, Sweden.
Shareholding: 1,043,301 shares.

Cristina Glad
Executive Vice President
Doctor of Science, Biochemistry. MBA. Lives in Malmö, Sweden. Employed in 1987 by the former subsidiary Bioinvent Production AB.
Shareholding: 1,043,301 shares.

Steven Glazer
Senior Vice President, Development
Doctor of Medicine. Lives in Copenhagen, Denmark. Employed since 2004. 2001-2004 Medical Director and Director of Development at Maxygen A/S, Denmark. Previously employed at NovoNordisk A/S etc.
Shareholding: Call options equivalent to 50,000 shares.

Per-Anders Johansson
Vice President, Quality Assurance and Regulatory Affairs
Master of Science, Chemistry. Lives in Lund, Sweden. Employed in 1984 by the former subsidiary Bioinvent Production AB.
Shareholding: 250,000 shares.

Martin Wiles
Senior Vice President, Business Development
Ph. D. Chemistry. MBA.
Lives in London, Great Britain. Employed since 2003.
1999-2003 Head of Business Development at KS Biomedix Holdings Plc, listed on the London Stock Exchange.
Shareholding: -

GLOSSARY

Administer drugs To give drugs to patients, e.g. by injection.

Angiogenesis Formation of new blood vessels.

Antigen A substance that is foreign to the body and that can stimulate the immune system.

Anticoagulants Drugs that reduce the blood's ability to coagulate that are used, for example, to prevent blood clots from forming.

Antibody Reaction product in the body induced by antigens. Antibodies are proteins from the group collectively called immunoglobulins and can now be produced in laboratories.

Atherosclerosis Condition where deposits of fats and minerals form on the walls of large blood vessels.

Biological drugs Drugs, e.g. antibodies, with varying biological origins, including vaccines, blood products, cells, gene therapy, tissue and recombinant proteins. Recombinant proteins are produced from living cells.

Blockbuster A drug with sales of at least USD 1 billion a year.

Cell line Cultured cells with the same genetic origin.

Clinical trials Studies carried out on humans to test the effect and safety of future drugs.

DNA Deoxyribonucleic acid. The chemical material in a cell that contains the genetic code; genetic make-up.

Drug candidate/product candidate A substance with the potential to be developed into a drug.

Embolism When part of a blood clot breaks loose and is transported by the blood flow through the heart and elsewhere in the body, e.g. to the lungs.

Endothelial cells Cells that line the inside of blood vessels.

Enzyme A substance that triggers and stimulates chemical reactions in living organisms.

Fermentor A reactor where microorganisms are cultivated.

Genetic make-up All of the genetic material in a cell or an individual.

Genome See above.

GMP Good Manufacturing Practice. A set of instructions for manufacturing pharmaceuticals and ensuring their quality and safety.

Heparin Drug that impedes the coagulation of the blood.

Homologous Here, proteins with similar functions.

Human antibodies Antibodies that are perceived by the immune system as human.

Immunology Study of the origins and consequences of immune responses (i.e. antibody and cell responses).

Inflammation Reactive condition of tissue -following damage to the tissue or infection.

Inhibitory Inhibits a physiological process.

In vitro Within a test tube or another artificial environment -(opposite of in vivo).

In vivo "Within the living body." In biomedicine, something that is done to a living organism. In everyday speech, synonymous with experiments on animals.

LDL Transport molecule for blood lipids Commonly known as "the bad cholesterol."

Lipids Collective term for naturally occurring organic compositions that are not soluble in water, e.g. steroids, prostaglandins, fats and wax.

Lipoprotein Chemical compounds of proteins that transport lipids in the blood. They can be divided, for example into HDL and LDL.

Lymphoma Disease involving a tumor in the lymphoid tissue.

Macula degeneration/oedema Breakdown or accumulation of fluid in macula, i.e. "yellow spots" in the retina.

Mediate To bridge or transfer.

Metabolism All of the biochemical reactions that take place in living organisms.

Milestone payment Payment when targets are reached in a drug development project; often linked to the successful implementation of phases in clinical development.

OxLDL Oxidized LDL. A substance that can contribute to blood clots or infarction; a target protein for the development of a treatment for atherosclerosis.

Pathological Diseased, abnormal, changed by disease.

Phage Virus that can infect bacteria.

Phage display Technology for expressing molecules, e.g. -antibodies, on the surface of phages.

Pharmaceutical Referring to drugs or their preparation.

Pharmacokinetic How a drug is absorbed, distributed, broken down and excreted from the body.

Pharmacy The science of preparing and making drugs.

PIGF Growth factor that is secreted by tumor cells; target protein for one of BioInvent's anti-angiogenesis projects.

Plaque Deposits of substances/materials, for example on vessel walls.

Pre-clinical development Testing and documentation of a drug candidate's properties in a model system.

Protein The most important components in all organisms. There are many thousands of different proteins.

Pulmonary hypertension Elevated blood pressure in the pulmonary circulation.

Receptor Here, molecules on the surface of or inside cells that have the task of receiving and transferring signals.

Resistance The ability of e.g. tumor cells to avoid treatment that was originally effective. Resistance is developed when genes change and vary and the inhibitor therapy favours the variations that survive and multiply.

Retinopathy Medical term for a disease of the retina.

Royalty Payment linked to the sale of a drug; often a percentage of sales.

Screening Searching and final selection of the antibody fragments that bind the best to a given antigen.

Selection Selection of a number of possible antibody fragments that bind to a given antibody.

Specificity The ability of antibodies to recognise the 'right' -antigen and ignore all others.

Statins A group of antibodies that reduce the level of cholesterol in the blood.

Stroke Blood clot in the brain.

Safety study Study of side effects in animal models to ensure that a product is safe enough to begin clinical trials.

Target protein The proteins in the body upon which a drug can have an effect. An antigen can be a target protein upon which antibodies can have a therapeutic effect.

Therapeutic antibody Antibody that is used for the treatment of a disease; antibody-based drug.

Therapy Treatment; here in general with drugs.

Thrombosis Formation of a blood clot.

Toxicology Scientific study of poisons and their effects.

Toxin, toxic Toxic substance, with toxic effect.

Vaccine A medicine that is used in immunisation (vaccination) to produce protection against a disease that is often caused by an infection.

Validation Assessment of an antibody or target structure to -discover if they have the desired effect or characteristics.

Vascular That belongs to or has a connection with an organism's vascular system.

Vascular leakage Pathological condition characterised by leakage of cells and fluid from vessels.

VEGF inhibitor Substance that inhibits angiogenesis, where this is caused by the growth factor VEGF.

Annual General Meeting

The Annual General Meeting will be held on Monday 14 April 2008 at 4 p.m., at Ideon, Lund. Notice to attend will be announced in the Swedish press in Post-och Inrikes Tidningar, Sydsvenska Dagbladet and Dagens Industri, and will be posted on the Company's website. The annual report will be distributed to all shareholders that have not declined this service.

Shareholders wishing to attend the AGM must be registered in the shareholders' register kept by the Swedish Securities Register Centre (VPC AB) no later than Tuesday 8 April 2008 and must inform BioInvent of their intention to attend no later than 4 p.m. on Tuesday 8 April 2008 by sending a letter to:
Sölvegatan 41, SE-223 70 Lund,
attn: Marie Serwe, or by fax to +46 (0)46 211 08 06,
or by phone +46 (0)46 286 85 50,
or by e-mail to marie.serwe@bioinvent.com.
Shareholders must include their name, personal/company registration number, shareholding, telephone number and the name of any assistants that will be attending.

In order to participate in the AGM, shareholders with nominee-registered shares must request that their shares be temporarily owner-registered in the VPC AB shareholders' register. Such registration must be completed no later than Tuesday 8 April 2008 and the nominee must be informed of this well in advance of this date.

Financial calender

BioInvent will present the following financial reports:
Interim reports – 10 April, 16 July, 16 October 2008
Financial statement 2008 – 12 February 2009

Investor Relations

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BioInvent's financial reports are also aviable at www.bioinvent.com

Legal disclaimer

This annual report contains statements about the future consisting of subjective assumptions and forecats for future scenarios. Predictions for the future only apply as of the date they are made and by their very nature, in the same way as research and development work in the biotech segment, are associated with risk and uncertainty. With this in mind, the actual outcome may deviate significantly from the scenarios described in this annual report.

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