BioInvent

08

Annual Report 2008

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BioInvent entered into a strategic agreement with Roche for development and commercialisation of TB-403 for the treatment of cancer. The agreement has already brought BioInvent and its partner ThromboGenics revenues of EUR 55 million, of a total of EUR 500 million. In addition, Roche will pay double-digit royalties in percent on future product sales. A phase Ib study with repeated doses of TB-403 in patients with advanced cancer is currently underway.

Two phase I studies with TB-402 were completed during the year, showing that the effect of the drug can be reversed by administering the target protein (factor VIII), and that TB-402 is safe and well-tolerated in patients who received standard treatment for deep vein thrombosis. Clinical phase II trials with TB-402 for the prevention of thrombosis were initiated in February 2009.

During the year BioInvent and its partner Genentech initiated a phase I study with BI-204, for the treatment of atherosclerosis. All patients in the study have completed treatment and we expect a report from the study during the first half of 2009. The results will provide a basis for decisions on starting clinical phase II trials.

BI-505 was granted orphan drug status during the year for the indication of multiple myeloma in both the EU and the United States. In addition, favorable preclinical data were reported for BI-505 in the treatment of multiple myeloma in animal experiments, showing that the substance substantially prolonged survival compared with the current most effective treatment for the disease.

Comments by the CEO

In 2008 BioInvent fully lived up to the expectations I expressed in last year's "Comments by the CEO." We are well on the way to meet our goal for all four drug candidates to be in clinical phase trials in 2009. One project is already in clinical phase II trials and others are heading that way at a rapid pace. I also said that in 2008, we intended to take advantage of the new commercial opportunities created by our strong position on the market for antibody-based drugs. What I could not anticipate was that we would enter into yet another major cooperation agreement so quickly, this time with Roche, involving our cancer project TB-403.

Thanks to our portion of the first payment of EUR 50 million, which BioInvent and our partner ThromboGenics received from Roche when the agreement was signed in June 2008, for the second consecutive year we could report a balanced cash flow in which revenues from some of our projects covered all of the costs of operation. Even if we still do not have any medication for sale on the market, we received more proof that revenues from our collaborative projects make an important contribution to our finances. Our ability to create such value when we are still in the early development phase is a sign of strength, especially in light of the current turmoil in the financial markets.

The agreement with Roche was the single most important event of the past year. As with the collaboration with Genentech for our atherosclerosis project, the Roche agreement demonstrated that BioInvent's product portfolio is able to attract some of the most successful pharmaceutical companies in the world. The agreement is important not only because it provides us with valuable revenues, but also because the project gains the expertise and resources needed to advance all the way to a commercial launch.

After a successful technology transfer, a first milestone payment arrived from Roche in January 2009 to provide BioInvent and our partner ThromboGenics with EUR 5 million. In all, the two companies may receive payments from Roche for an additional EUR 450 million plus royalties on future sales.

Thus 2008 was indeed a successful year for the project portfolio. All of our drug candidates moved forward in the value chain. We began 2009 with four projects in development phase, including one that is now in phase II. My goal is that when I "tally up" our accomplishments at the same time next year, our partners and we will have taken three projects to phase II, while a fourth will have made good progress in phase I.

The anticoagulant TB-402 has entered Phase II clinical trials, our first ever. We expect the study to be completed toward the end of 2010. A major indication is involved and the upcoming clinical phase III program could be a major challenge for us. Our objective is to link up with a partner for continued development before starting the phase III study.

We expect data from the phase I study of BI-204, for the treatment of atherosclerosis, to be reported during the first half of the year, which will provide a basis for a decision on initiating a phase II study. We retained considerable rights in our agreement with Genentech, which provides us with significant value. As we announced previously, we expect that when the time is right, we will link up with partners even for these rights. We are currently considering different alternatives to see who will offer the greatest opportunity for additional value generation in the project.

The first phase I study of TB-403 was concluded in June 2008 and was followed by a new study with repeated doses in patients with advanced cancer. We expect that our partner Roche will decide to initiate phase II trials for several cancer indications in 2009.

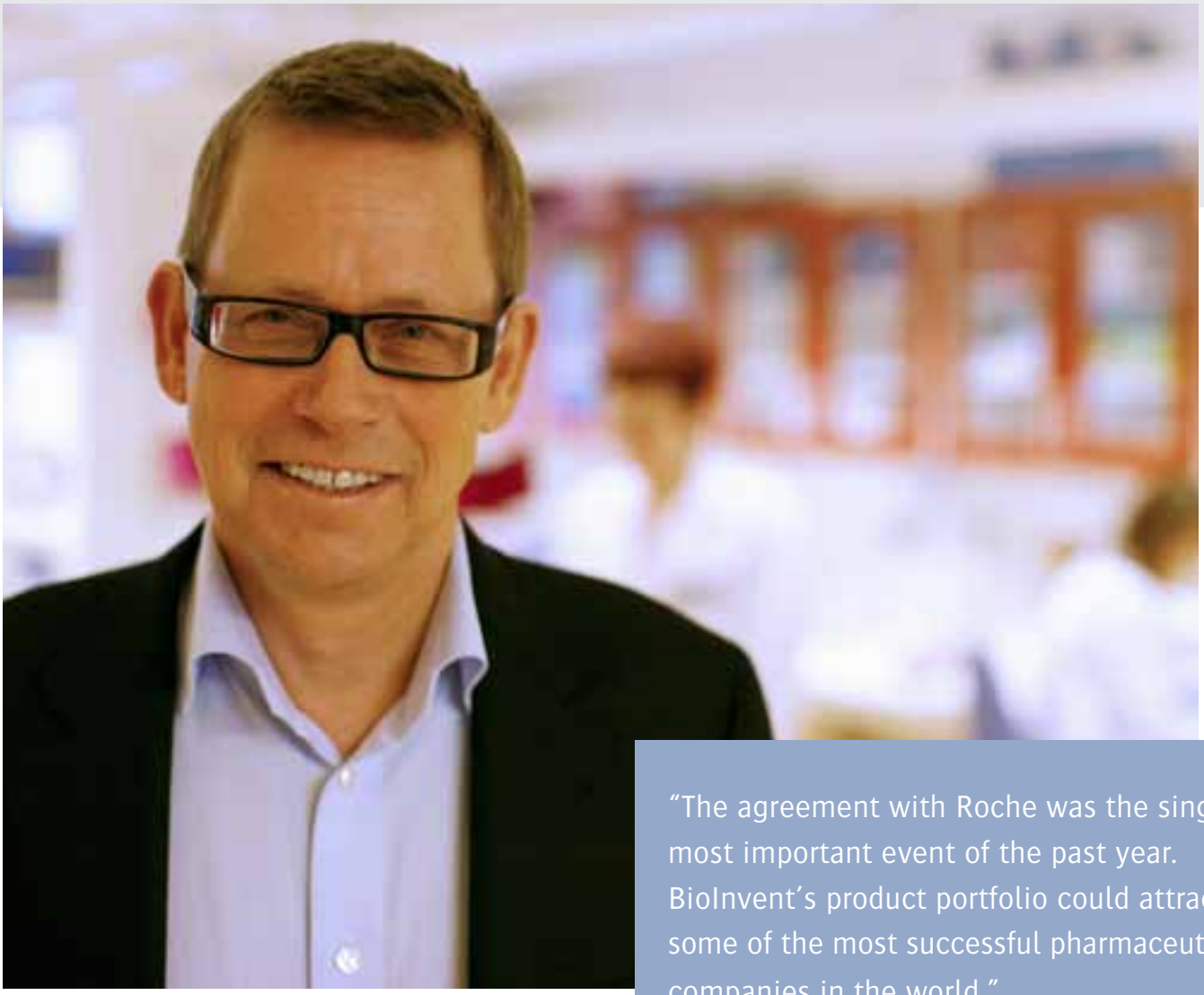
For our fourth drug candidate, BI-505, which was shown in animal models to be effective against multiple myeloma, we plan to apply to start a phase I study in the US. We expect to get started with the study around June or July. Organising and conducting a clinical trial programme in the US is also a new challenge for us. Carrying out a study in the US will increase both our visibility among potential American partners for developing BI-505.

One core question for the continued development of BioInvent is to what extent we will drive our projects forward on our own and when it is more advantageous to find a partner. The more extensive our clinical trial programme, the larger the need for investment, and therefore also the need to find forms for continued financing.

Our agreements with Genentech and Roche provided both expertise and resources to two projects at a time when they were in a relatively early phase of development. These are extensive projects with significant future investment needs, which made it necessary to find a model for continued development in which costs and risks could be shared with a partner.

However, our objective for the future is to drive our projects forward on our own somewhat farther, before bringing in a partner. This strategy would allow us to retain greater value in the projects. As always, for each individual project, costs must be weighed against the risks of moving forward under our own management in relation to the future commercial opportunities that such a solution could create. In any case, we will endeavour to retain significant influence in those projects that we choose to develop together with a partner.

With four drug candidates in clinical phase it is natural that



"The agreement with Roche was the single most important event of the past year. BioInvent's product portfolio could attract some of the most successful pharmaceutical companies in the world."

Svein Mathisen, CEO

in 2009 we will focus on moving these forward in the value chain. However, we will also continue to expand our research portfolio with new projects in the hope that one day they will evolve into future drug candidates.

Our partnerships with successful pharmaceutical companies such as Genentech and Roche enhance our credibility among external research groups that could contribute with medical concepts for developing new antibody-based drugs. As we mature as a company and improve our expertise in important areas, I believe that our projects will also be able to build on our own research to a greater extent. Our most recent drug candidate, BI-505 for the treatment of cancer, is one example in which our in-house developed screening system successfully identified properties in the target protein against which our drug is targeted. I hope that this example will be followed by many more.

Today BioInvent is stronger than it was one year ago. Our project portfolio has taken a major step forward and our international alliances have brought us a significant capital infusion, providing a fundamental financial security for our operations. Once again, I expect an exciting flow of news during the coming year, as our drug candidates advance in the clinical trials.

Our potential for creating value is completely linked to the fact that in one way or another, all of our drugs are unique. When I refer to value generation, I do not only mean the narrow financial or economic aspects of success and target fulfillment. We develop medications that offer completely new opportunities to cure or alleviate several diseases for which there are currently no effective treatment methods. The medical and human value of succeeding with our undertaking is the ultimate driving force in our work.

In conclusion, I would like to extend a warm thank you to our employees for their contributions during yet another successful year.

Svein Mathisen
Chief Executive Officer, March 2009

The pharmaceutical market: BioInvent's role and strategy

The pharmaceutical industry faces challenges

The pharmaceutical market has undergone long-term growth of about 10% per year, and is relatively insensitive to cyclical fluctuations and other temporary market fluctuations. In 2007 global sales of pharmaceuticals reached USD 712 billion, a 6.4% increase compared with the previous year. The high long-term growth rate reflects both an increasing need due to an aging population and generally rising prosperity, as well as the development of new medications, which make it possible to treat more diseases with satisfactory results. However, growth is expected to slow down over the next few years due to patent expiries of several bestsellers and price erosion. This trend has not been offset by the launch of new medications due to the apparently declining innovative capacity of the pharmaceutical industry over the past few decades, as evidenced by the dwindling number of new products with new mechanisms of action approved for sale by regulatory public authorities (FDA in the US, EMEA in Europe).

The major pharmaceutical companies are therefore eager to find innovative new concepts and products under development to meet their need to launch new medications in the future. The winners in this trend are those development companies with products in their portfolio that meet the needs of the pharmaceutical companies. These projects attract greater interest and it is possible to arrange better payment terms than it was in the past. It is also more common for deals to include components with significant strategic value for the development companies. For example, the development companies can ensure continued involvement in the product's development and commercialisation, or retain sales rights for certain markets.

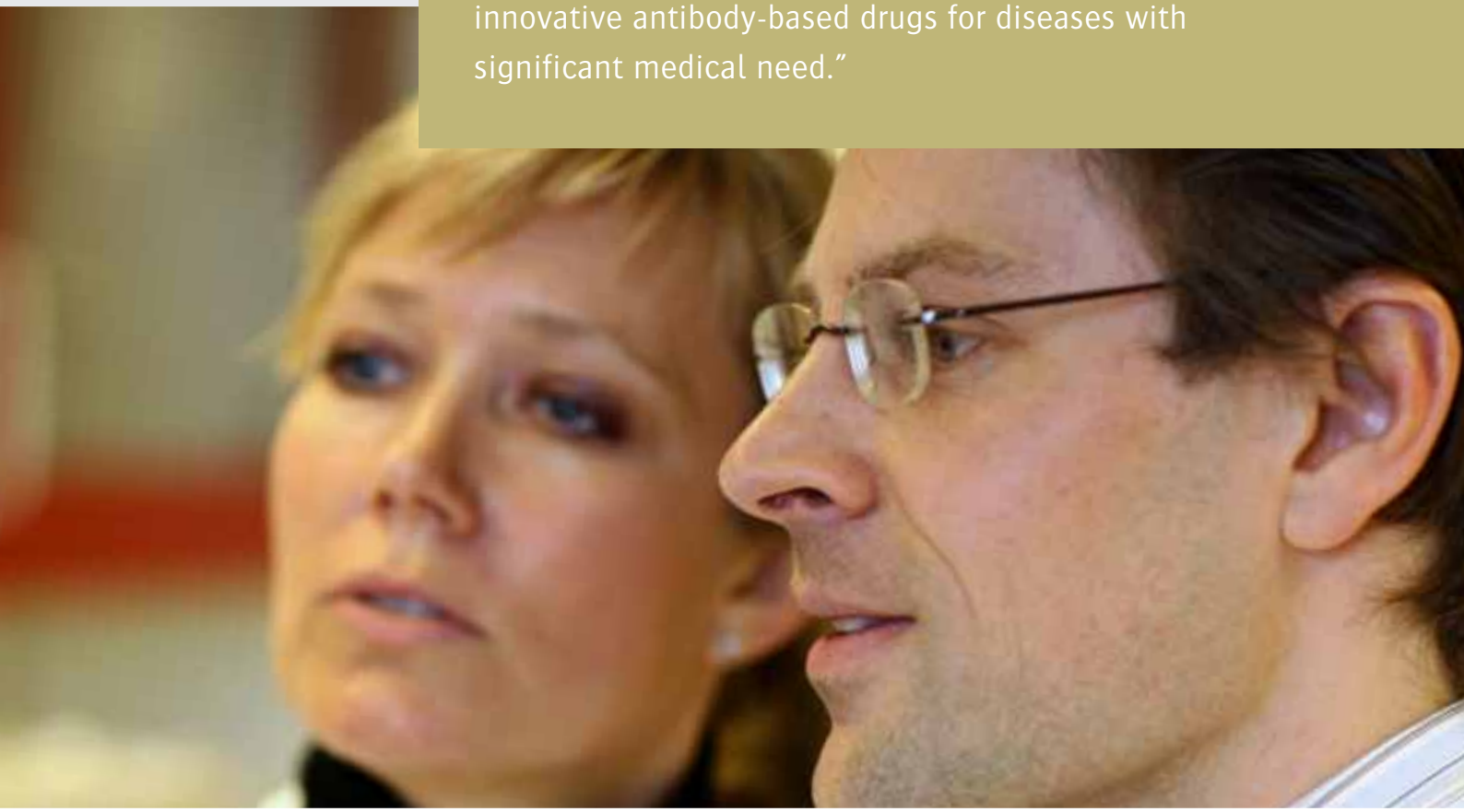
The credit crisis

In 2008 conditions in the global financial markets changed dramatically, due to plummeting asset values and the breakdown of trust amongst lending institutions, which in turn resulted in a sharp decline in access to credit for companies, and was followed by the rapid decline of the global economy. The pharmaceutical industry is by nature noncyclical and generates strong cash flows, and therefore, at least so far, the companies appear to be relatively immune to the turbulence of the financial crisis. For example, the world's largest drug company, Pfizer, announced in January 2009 that it intends to buy another big pharma company, Wyeth, in a deal worth almost USD 70 billion, and that it was possible to arrange the necessary credit for the deal – for the largest buy-out in the world in all sectors over the past two years. In another major deal, Swiss pharmaceutical company Roche announced its intention to purchase the stake (44%) that it does not yet own in the world's second largest biotech company – and also the world's most important antibody company – American Genentech.

So far, pharmaceutical companies are showing few signs of a declining appetite for promising development projects due to the financial crisis.

One consequence of the financial crisis is that companies without earning capacity from their own operations are at risk of being forced to carry out new share issues at low rates and with significant dilution as a result. Another consequence of the current situation is the possible acceleration of the ongoing consolidation of the industry. Companies with strong balance sheets, which in the medium term can be expected to bring in capital through their own operations (e.g., through large mile-

"The pharmaceutical industry faces difficult challenges in securing long-term growth and innovation. BioInvent is well positioned to meet this need – by developing innovative antibody-based drugs for diseases with significant medical need."



stone payments, and/or the sale of product rights), and which are not dependent on external financing, are stronger in this type of situation.

BioInvent's business

BioInvent focuses on discovery and development of therapeutic antibodies and documents their biological activity and effect in clinical trials. In order to be able to move the product candidates forward through the later clinical development stages to full commercialisation, the Company collaborates with large pharmaceutical companies, such as Genentech and Roche. The Company has a broad product portfolio. For certain projects collaboration agreements are reached early during the development process, while the Company develops other projects for longer periods and therefore can expect to add more value to these projects. The timing for entering into such collaboration is determined by costs, risk, skills 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 maximise the Company's potential to benefit from total value generation, and to provide the greatest possible flexibility, in certain cases the Company may retain market rights in individual geographic markets, where the Company considers it feasible to establish a competitive marketing and sales organisation. This strategy reduces business risk and can be adapted to market- and company-specific conditions, while creating conditions that enable the Company to take maximum advantage of value growth in successful projects. The Company's potential to achieve this strategy is supported by its ability to attract strong partners. In cases where the Company's production capacity is adapted to needs, BioInvent will also retain production rights for the clinical trial programme, 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.

The pharmaceutical market: BioInvent's role and strategy

A key factor for success:
Create a broad portfolio through partnerships

In just a short time BioInvent has put together an innovative and broad portfolio of drug projects. BioInvent is expanding this portfolio to provide 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 of the proprietary technology platform provides 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. As the Company matures and expands its expertise in individual fields, it will also launch medical concepts from internal research programmes.

During the year the Company increased its presence at Karolinska Institute, Stockholm, and it intends to build up its contact network of research groups with world-leading excellence through carefully selected partnerships.

BioInvent's revenue Model

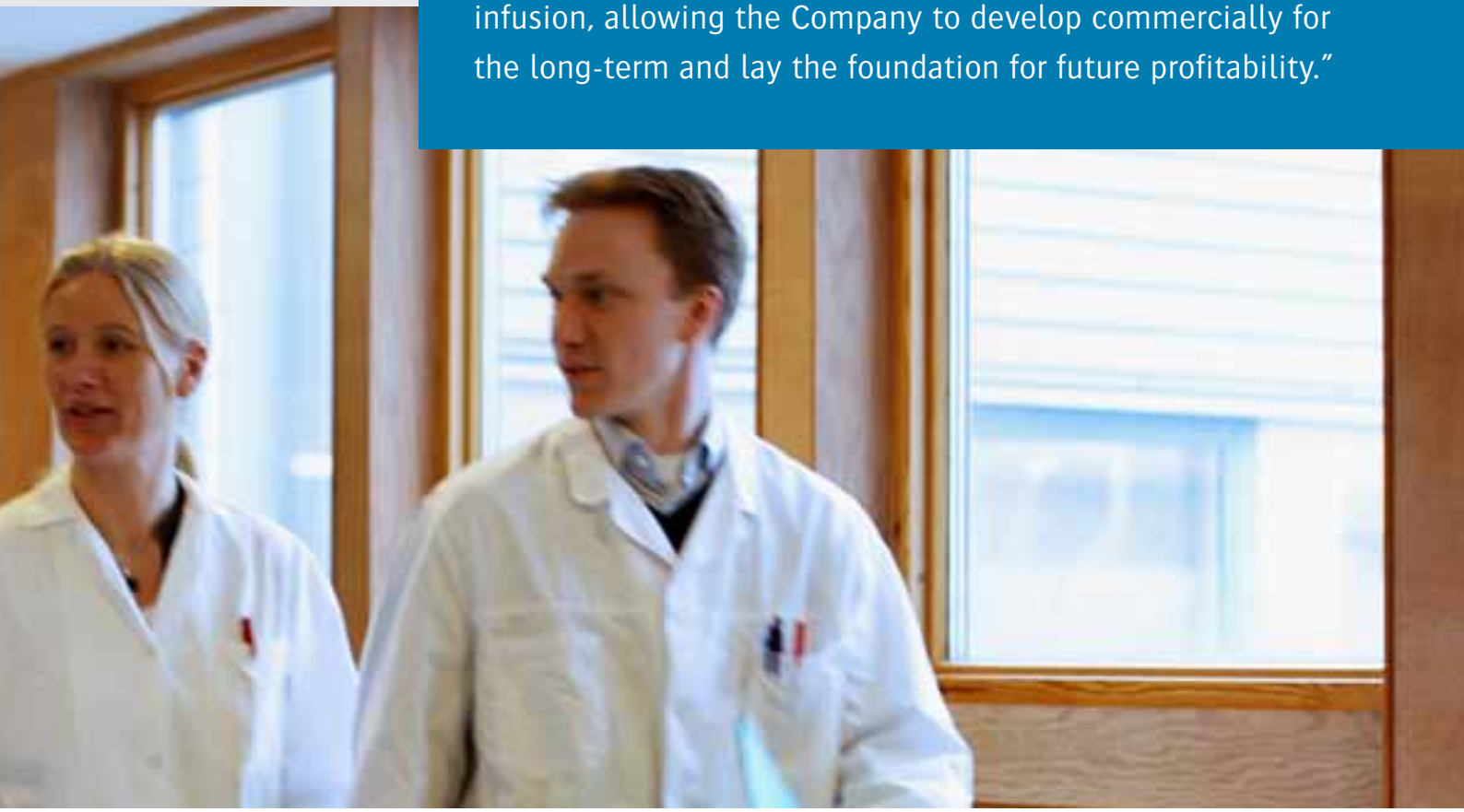
BioInvent's business model enables the Company to generate revenues as follows:

- From a development partner who buys into the Company's proprietary projects. Revenue flows will then come from:
  - cash payment when the agreement is signed
  - R&D milestone payments when projects achieve predetermined milestones
  - payment for manufacturing products for clinical trial programmes
  - royalties involving a percentage of sales of the end-product
  - revenues from sales of the product in those markets in which the Company retains market rights or shares marketing rights with a partner

- From customers for which BioInvent conducts development projects.

Until the collaboration agreements with Genentech and Roche, BioInvent's revenues came 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, research support and production for clinical trial programmes within the Company's proprietary projects, combined with revenue flows from development projects. Long-term profitability is ensured through royalties and revenues from own sales in selected markets, as well as consideration for commercial production in any projects that successfully reach the market.

"The agreements with leading antibody companies Genentech and Roche, have shown that BioInvent's business model works – in the short-term, these alliances provide a significant capital infusion, allowing the Company to develop commercially for the long-term and lay the foundation for future profitability."



BIOINVENT'S BUSINESS CONCEPT GOALS AND STRATEGIES

Our business concept
BioInvent develops innovative antibody-based 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 commercialise 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 organisation
- to retain production rights for clinical trial programmes and for manufacturing commercial products in cases where the Company's production capacity meets the need
- to 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 characterised 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. Customer projects also generate revenues.
- 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.

Key factors for success

1 **Talented research-driven organisation.** Focus on biological comprehension of the course of disease and disease models.

2 **Solid technology base to identify the best antibody.** BioInvent has developed a number of core technologies and skills to succeed in this endeavour, such as the fully human n-CoDeR antibody library, automated screening through RoboCoDeR, and the discovery of new target proteins through Biopanning.

3 **Alliances with leading external research groups.** These alliances involve both industry and academia to ensure access to the leading available international knowledge in the Company's research areas, as well as to provide access to new product ideas and new target structures. BioInvent has ongoing successful collaborations with academic partners such as Professor Jan Nilsson at University Hospital, Malmö, and Professor Peter Carmeliet at the University in Leuven, as well as with industrial partners such as Thrombo-Genics and Genentech in the field of vascular research.

4 **A strong and broad patent portfolio.** The patent portfolio protects and generates value for the Company's products and technologies. The Company currently has 180 approved patents and patent applications that protect core technologies such as n-CoDeR, Biopanning and the Company's product candidates. BioInvent actively conducts its own work to ensure the quality and scope of its patent portfolio, while monitoring and evaluating relevant patents and technologies in the rest of the world.

5 **Preclinical and clinical growth potential.** BioInvent carries out regulatory preclinical and clinical trials together with contract research organisations (CROs). The Company administers and plans the studies through its own project management organisation and its own experienced clinical development organisation.

6 **In-house production capacity for antibody-based drugs.** BioInvent has years of experience manufacturing antibody-based drugs for its own operations or for clients for clinical studies, with necessary approval by European regulatory authorities. The Company also has access to its own cell line expertise and culture optimisation. Having full control over the expensive and complex production of proprietary antibody-based drugs is a definite advantage, which creates flexibility and the opportunity to accelerate the development process, while generating added value for products to be out-licensed and enabling the Company to show that it has full control over process conditions.

7 **Find appropriate partners.** Attracting appropriate partners for the Company's development projects and technologies requires commercial expertise. BioInvent has successfully established alliances with global companies such as Genentech and Roche for the further development of two of the Company's projects, BI-204 and TB-403, respectively. BioInvent believes that the world-leading expertise of these companies in antibodies is key, since it increases the likelihood that these products will reach the market and become commercial successes.

8 **The Company's employees.** A self-explanatory key factor.

PERSONNEL AND ORGANISATION

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 groups working in protein technology and pharmacy are responsible for developing the cell lines that will produce the products and for other process development, as well as for all production, characterisation and quality control of the products in compliance with directives from 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 organisations.

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 31 December 2008 BioInvent had 103 (94) employees, 89 (79) of whom work in research and development. About 90 per cent of the Company's employees have university degrees, including 39 (34) per cent with PhDs.

"BioInvent's primary competitive advantage is its ability to identify key expertise and create a good work climate, so that in the long-term the Company can ensure that it can develop innovative new antibody-based drugs."

Antibody-based drugs

One group of pharmaceuticals that is particularly interesting from a commercial viewpoint is biologics, because as a group they show significantly higher sales growth than the pharmaceutical market in general. The most successful group of biologics may be antibody-based drugs, which have had an average annual growth rate over the past 10 years of about 30%, with total sales in 2008 approaching USD 30 billion.

Antibody-based drugs have become successful for many reasons; they represent a large value for the firms that developed them. Antibodies are nature's own defense molecules. As such they are highly selective, and in their natural form very well-tolerated. Consequently the mechanism of action can be expected to be more predictable and the risk of undesirable side effects is lower than for conventional drugs. The time needed to develop antibody-based drugs is shorter than for traditional pharmaceuticals and therefore development costs are lower (SCRIP). In addition, the risk of setbacks in clinical development appears to be lower for antibodies than for traditional drugs (PharmaProjects). An additional advantage is that antibody-based drugs may be expected to have longer life cycles, and may be subject to less competition from companies that produce copies of the medication after patent expiration because antibodies are biologic products that are made from living cells, which makes them difficult to copy. The successors, known as "biosimilars," do not become exact copies, but must be tested in relatively extensive comparative trials in order to gain approval. This complexity can be expected to result in fewer rival drugs than for traditional medications when copies ("generics") are permitted; moreover, price erosion is much less for antibody-based drugs, which may be subjected to competition from "biosimilars".

Preclinical research | Preclinical development | Phase I clinical trials | Phase II clinical trials

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 analyse absorption, distribution, metabolism and excretion of the drug candidate. Once safety studies have been carried out an application is submitted to regulatory authorities to begin clinical trials. In most cases the preclinical development phase takes about one year.

Phase I clinical trials
Phase I clinical trials are usually carried out on healthy individuals to investigate whether the medicinal product is safe and well-tolerated. In addition, drug pharmacokinetics are analysed, 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 effects of the drug are tested on small groups of patients. In addition to safety and tolerability, an attempt is made to assess dosing, and usually this phase provides an initial impression of the drug's effects. Phase II studies may be expected to take from one to three years.

"Sales of antibody-based drugs are growing at a much faster pace than the pharmaceutical industry in general. Antibodies – nature's own defense molecules – have many advantages, and the use of them as medications makes it possible to effectively treat several medical conditions that are otherwise difficult to treat."

Human antibody technology

Antibodies that are used as medications are usually monoclonal; in other words, all antibody molecules in a given medication are exact copies of each other. The reason is that this simplifies characterisation of the product and the production process, making the biologic effect of the drug more precise and predictable. One important reason that antibodies are so effective as pharmaceuticals is that they comprise a natural part of the organism's defense against diseases. Therefore they have naturally evolved to be specifically targeted and cause an appropriate biological reaction as they bind to their target structure. This activates the immune system's effector functions, a collective term for a host of various reactions with the purpose of neutralising the threat represented by the antibody binding reaction ("antibody complex"). Since this reaction is highly specific, it is important that the introduced antibody-based drug is as similar to the body's own antibodies as possible.

The first generation of antibody-based drugs was derived from animals, usually mice. Therefore these were mouse antibodies, with a foreign component for the human immune system, which triggered an immune response to the introduced antibodies. Later, in the mid 1990s, genetic engineering made it possible for these mouse antibodies to become more similar to those found in humans. Several such "chimeric" antibody-based drugs (e.g., rituximab, "MabThera") are currently approved and widely used. The "humanised" antibodies (e.g., bevacizumab, "Avastin"), represent an additional improvement; although still derived from mice, they appear more human-like to the immune system. The final link in this chain of development is to introduce fully human antibodies.

Currently there are two fundamental technologies for manufacturing human antibodies. One involves genetic manipulation of mice, in which the mouse genes for antibody production are replaced by the corresponding human genes, resulting in a genetically altered mouse capable of directly producing human antibodies. The second technology involves the creation of "antibody libraries" in test tubes containing human antibody genes, which are later used to produce fully human antibodies. BioInvent has chosen the latter technology by developing its own n-CoDeR antibody library.

There are different ways to design an antibody library. Important parameters that determine library quality include size, variability, stability and functionality of the produced molecules. These factors determine the likelihood of finding an antibody with the desired binding properties, against all types of target structures. BioInvent's n-CoDeR-technology is unique, and protected by approved patents in the EU and the US. Thanks to our library design, antibodies from n-CoDeR have proven to be highly stable, functional and capable of providing the Company with the ability to quickly produce antibodies with good binding properties.

Phase III clinical trials

Registration and launch

Phase III clinical trials

Phase III trials involve broad patient groups. In Phase III studies, the effects and adverse effects are compared with those of drugs currently on the market. Usually parallel studies are carried out on different patient populations. The primary purpose of phase III studies is to show that the drug is effective. 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.

BioInvent's antibodies

n-CoDeR® antibody library

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. As an important complement to the library, the Company has decided to develop its own processes and manufacturing capacity. This gives BioInvent maximum control and flexibility in the individual projects, and increases the Company's chances of effectively advancing projects in the value chain.

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, making 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, making 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.

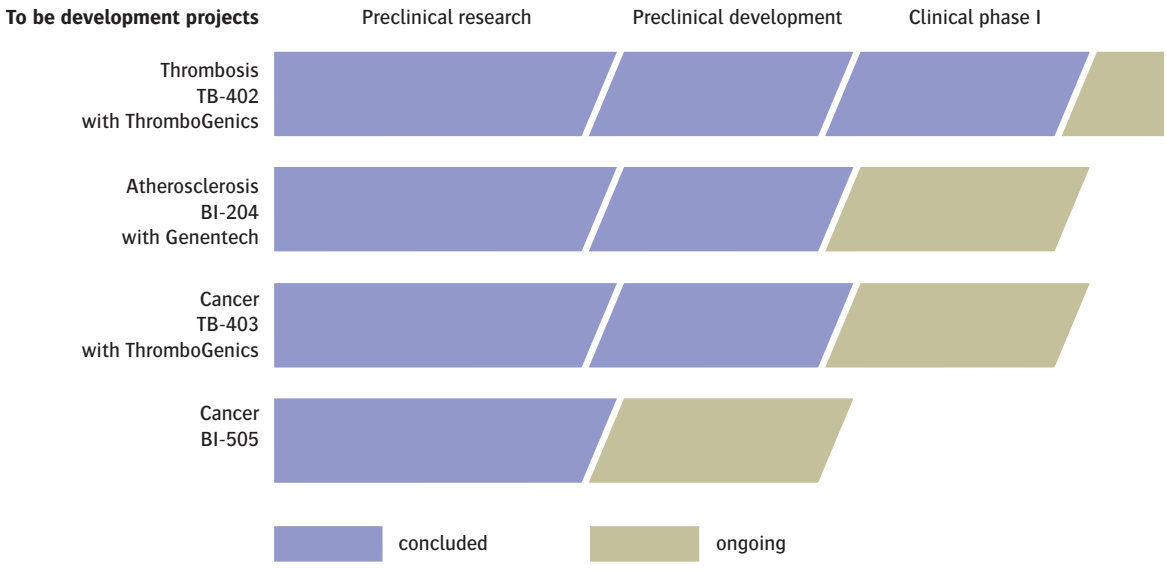
Preclinical research

The Company's project portfolio currently spans several medical disciplines.

One main purpose of BioInvent's research is to understand the mode of action of the antibodies in relation to the biology of the disease under study. Preclinical research

BioInvent's pipeline

BioInvent's pipeline consists of four development projects: TB-402 to prevent thrombosis in phase II, BI-204 for atherosclerosis and TB-403 for cancer, in clinical phase I, as well as BI-505 for cancer, which will soon enter into clinical trials. These antibody-based drugs focus on disease areas with significant medical need. 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, while limiting development risk.



"BioInvent has a broad platform for developing antibody-based drugs, from discovery of antibody candidates to biological characterisation, production on an industrial scale, and testing in humans. This breadth has enabled BioInvent to develop, in short order, an innovative portfolio of products that are currently being tested in humans."

is currently focused on oncology and inflammation. By taking advantage of key expertise within the Company and through selected alliances with internationally recognized academic groups and industrial partners, the Company has built up expertise in fields such as immunology, cancer biology, angiogenesis, tumour immunology, and acute and chronic inflammatory diseases.

Over the past decade BioInvent has built up substantial experience using the most relevant disease models in these fields. These models are used to identify the most effective and potent antibody candidates, while extensively investigating the expected safety and tolerability of the antibody based on the biology of the disease and the mode of action of the antibody.

Biopanning: Combined discovery of target structure and antibody

BioInvent has developed a method known as Biopanning, which makes it possible to directly detect new drug candidates without prior knowledge of the target structures of the antibodies. The method is based on isolating antibodies from the n-CoDeR antibody library that selectively bind to one cell population (or other complex collection of target structures) in preference to another. This is achieved by selecting antibodies, step by step, that bind to one cell population in preference to another population, through a process known as differential screening. Identified antibodies are then selected based on their functional properties.

The advantage of this method is that antibodies can be detected that bind to a target structure, which previously was not known to be linked to a specific effect, such as initiating the death of a tumour cell. Another advantage of the method is that antibodies are identified when they bind to target structures found in their natural environment (e.g., the cell surface), which increases the probability that the antibodies will mediate the desired effect when administered as a medication in vivo. The method also makes it possible to find antibodies that bind to target structures which are in a relative state of surplus or deficit, irrespective of whether this is due to differences in protein expression, or if disease-associated epitopes that arise in other ways are exposed on the target cell.

BioInvent has used this method to identify antibodies that bind specifically to cancer cells, and which when they bind to their target structure initiate cell death through various mechanisms. Consequently, antibodies with a direct therapeutic effect are developed in a single step.

This method was used to identify BI-505, the Company's product candidate for treatment of haematological cancer such as multiple myeloma. BioInvent currently uses Biopanning actively in its own research and together with partners.

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 the antibody library, as well as the individual antibody components within it.

BioInvent own the rights to about 180 approved patents and patent applications, including about 50 related to technologies and 180 to products.

Acquired technology licences

In addition to the groups of patents and patent applications described above, BioInvent has also acquired licences for technology that complements its own technology platform where this is deemed to provide a competitive advantage. BioInvent pays licence fees for some of these licences in the form of royalties following successful product development. Remuneration has been set at market rates.

Phase II trials initiated – to prevent thrombosis

TB-402

TB-402 is a new, long-acting, medication developed to prevent life-threatening blood clot formation (thrombosis) in the large groups of patients who every year undergo major knee and hip surgery.

The project is based on a unique concept – partial inhibition of coagulation factor VIII. TB-402 has the potential to become a safe and effective anticoagulant, which thanks to its long-acting effect is simple and convenient to dose.

During the year the project achieved major advances and clinical phase II trials were initiated in early 2009 to evaluate the advantages of partial inhibition of factor VIII in patients who have knee replacement surgery.

TB-402 is a human monoclonal anti-factor VIII antibody, a new anticoagulant therapy to prevent the incidence of deep vein thrombosis in patients undergoing hip or knee surgery, as well as to prevent stroke in patients with atrial fibrillation.

The project is being conducted in collaboration with ThromboGenics and the parties will continue to conduct this development programme together. The project is based on research into inhibiting the Factor VIII coagulation factor under the leadership of Professor Marc Jacquemin of Flanders Inter-university Institute of Biotechnology (VIB) and the University of Leuven, Belgium in cooperation with ThromboGenics.

Clinical need

Several patient groups, such as patients undergoing major orthopedic surgery, are in great need of safe and improved anticoagulant therapy. These patients are at risk of deep vein thrombosis.

Current treatment, such as various heparin drugs, requires daily injections and may cause serious hemorrhaging. The side-effect profile of new anticoagulants is therefore very important, especially with respect to the risk of bleeding. The mortality rate of patients affected by deep vein thrombosis is high and the costs for society relating to the acute healthcare needs of these patients and their subsequent long-term follow-up care is great.

Another group that requires effective antithrombotic treatment involves patients with atrial fibrillation, who can suffer from complications such as small blood clots in the lungs (pulmonary emboli), which could cause a stroke if the blood clot is transported to the brain.

In contrast to currently available treatment, TB-402 is expected to be administered as a single dose, in connection with the surgical procedure, or with up to a two- to four-week interval for chronic conditions. This approach entails advantages such as patient convenience and compliance. The treatment is also expected to be associated with a low risk of bleeding and other side effects, such as liver toxicity, and the need for patient monitoring is not expected to be large.

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 are carried out annually in the seven largest pharmaceutical markets.

FACTS TB-402

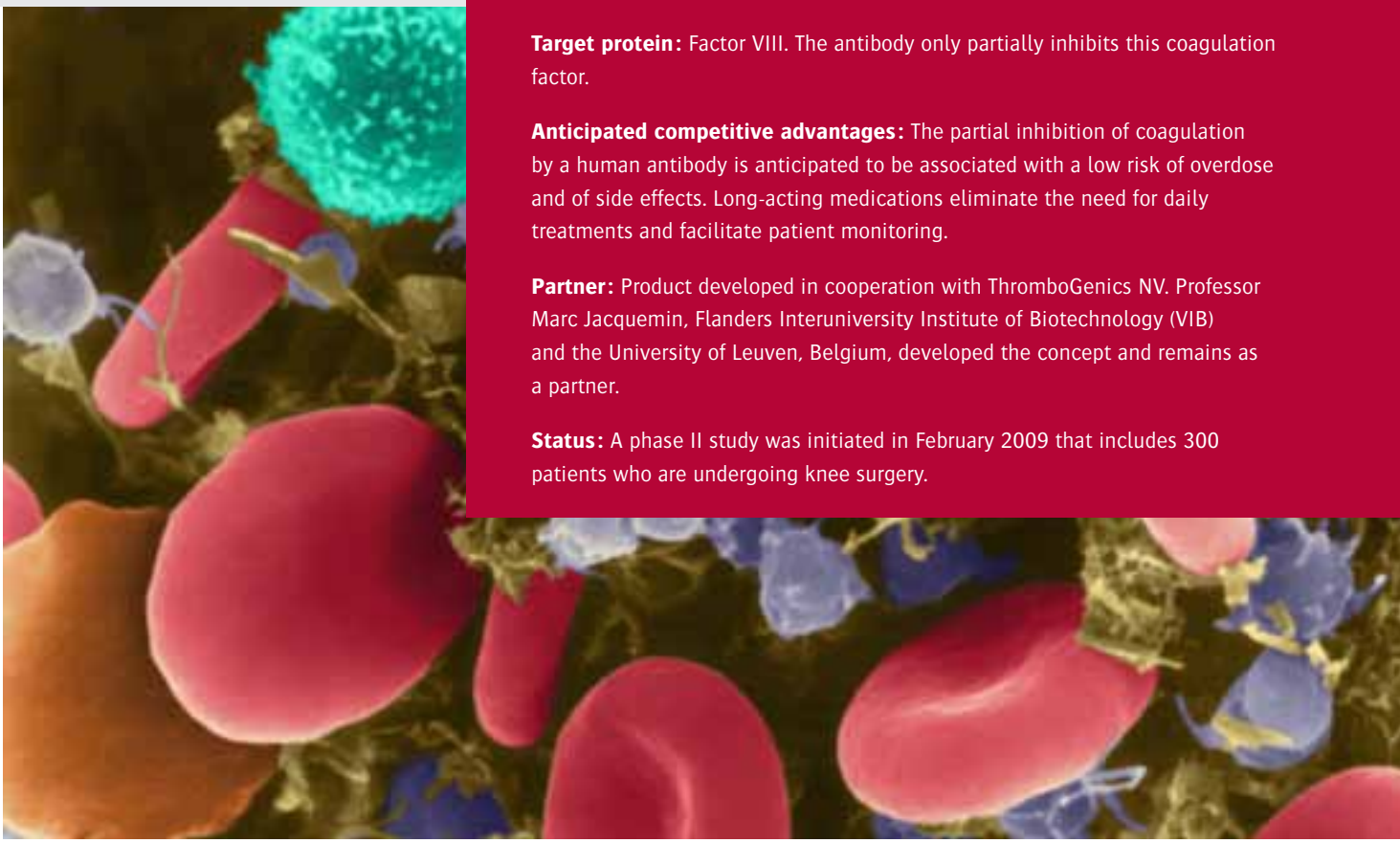
Indication: To prevent thrombosis in conjunction with orthopaedic surgery and to prevent the incidence of stroke in patients with atrial fibrillation.

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. Long-acting medications eliminate the need for daily treatments and facilitate patient monitoring.

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

Status: A phase II study was initiated in February 2009 that includes 300 patients who are undergoing knee surgery.



The number of cases is also rising at a relatively rapid pace due to risk factors such as obesity and an aging population.
The most important injectable anticoagulant is low molecular weight heparin, with annual sales of USD 3.5 billion (Data-monitor). Heparin treatment requires daily injections. Two newer injectable coagulation inhibitors are the factor Xa-inhibitors, fondaparinux and idraparinux.

Project status

A clinical phase II study of TB-402 began in February 2008 for patients who have undergone knee replacement surgery, to further evaluate the safety of the medication and its ability to prevent deep vein thrombosis. The study will include 300 patients at 36 medical centers, mainly in Central Europe.

The previously reported phase I 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.

Two interaction studies of TB-402 were successfully carried out in 2008. One of the studies showed that the effect of TB-402 is reversed by administering the target protein (factor VIII) that TB-402 blocks. Another study showed that TB-402 was safe and well-tolerated in patients who had received standard therapy (enoxaparin and warfarin) for deep vein thrombosis.

Patent protection

Antibodies that only partially inhibit factor VIII, pharmaceutical preparations containing such antibodies and their use in drug development are all patent pending in markets such as Europe, Japan, Canada, the United States and Australia. One patent has been granted in Europe.

Attacks the disease process behind atherosclerosis

BI-204

BI-204 is a human antibody that targets oxidised forms of LDL (bad cholesterol).

Several animal models have shown that BI-204 can substantially reduce both plaque formation and progression of pre-existing plaque. Treatment with BI-204 affects the inflammatory process associated with atherosclerotic plaque, which reduces plaque progression. Over the past year our 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.

The drug candidate is currently being evaluated in a phase I study in healthy individuals.

BI-204 is a collaborative project with US biotech company Genentech, which has the North American rights to the medication, while BioInvent has retained the rights for the rest of the world.

BI-204 targets oxidised 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 shown strong links between these oxidised 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 oxidised 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. There is therefore good reason to believe that antibodies aimed at oxidised LDL particles will have a protective effect against atherosclerosis.

Clinical need

BI-204 is expected to be able to be used in patients with acute coronary artery disease. 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 stabilise 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

Drugs for the treatment of cardiovascular diseases currently comprise the largest group of medications, representing total sales of USD 90 billion just in the seven largest markets (Datamonitor 2009). Statins, which account for the largest percentage of drugs used to treat atherosclerosis in terms of sales, are included in this class.

BI-204 is initially focusing on a new market segment, for which currently available therapy helps far from all patients. BI-204 is therefore expected to fill a significant medical need.

FACTS ABOUT BI-204

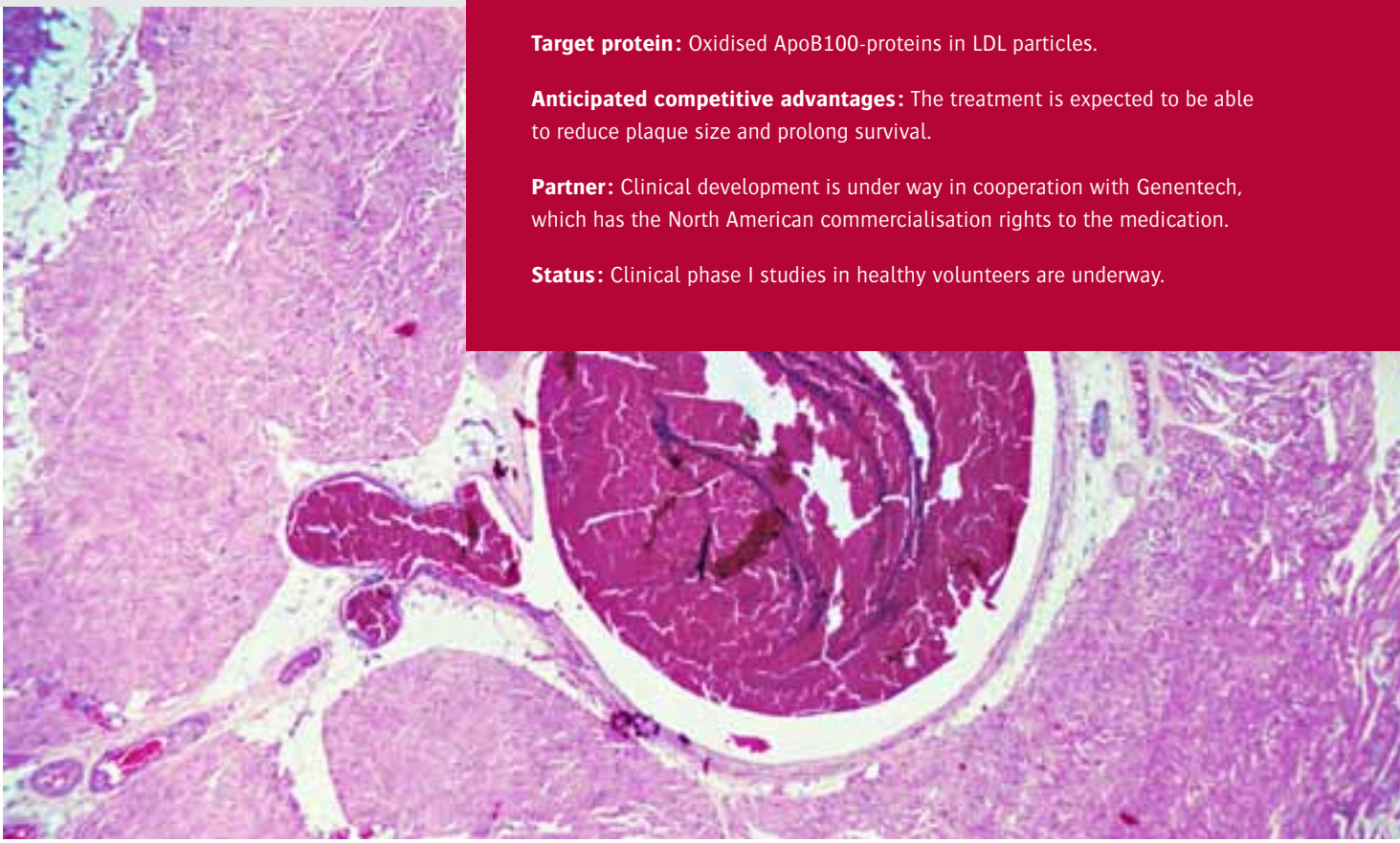
Indication: To prevent myocardial infarction or stroke in patients with prior manifestation of acute coronary artery disease.

Target protein: Oxidised 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 commercialisation rights to the medication.

Status: Clinical phase I studies in healthy volunteers are underway.



Medications under development for the treatment of atherosclerotic disease include phospholipase A2 inhibitors (e.g., darapladib), HDL-modified medications (e.g., ProApoA-I), CETP inhibitors (e.g., dalcetrapib, anacetrapib), and CCR2 inhibitors (MLN1202).

The expected competitive advantages of BI-204 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 stabilise unstable plaque.

Project status

Clinical studies of BI-204 in healthy individuals are underway. The study includes a total of 80 healthy men and women with elevated LDL cholesterol levels.

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.

Patent protection

The oxidised 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 United States, Europe, Canada, Japan, Australia, China and India.

Cooperation agreement signed with Roche

TB-403

In June 2008, BioInvent and its partner Thrombo-Genics reached a strategic agreement with Roche to develop and commercialise TB-403 for the treatment of cancer. Roche paid EUR 50 million in cash, plus future milestone payments of up to EUR 450 million, in addition to royalties on product sales. According to the agreement, BioInvent and Thrombo-Genics retained the right to market the medication in the Nordic and Baltic countries, as well as in the Benelux countries.

TB-403 is a humanised antibody directed against PlGF, a growth factor secreted by tumours which is specifically upregulated in diseases such as cancer and in chronic inflammatory conditions. TB-403 will initially be developed to treat oncological diseases. It could potentially be included in combination therapy that also encompasses other cancer drugs such as chemotherapy, hormone therapy or other biologics. The drug candidate (TB-403) has shown good inhibition of PIGF-associated angiogenesis and tumour formation in preclinical studies. Clinical studies in healthy individuals were reported in 2008, and another study with repeated doses in cancer patients is currently underway.

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 and therefore causes limited adverse effects, yet still provides the desired effect, even in certain patients who do not respond to anti-VEGF therapy.

Clinical need

Cancers constitute a heterogeneous group of diseases, which complicates the development of drugs directed at tumour cells with the intention of killing them. A new and attractive strategy is to attack the tumours 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. Tumours 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 the tumour 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 tumour 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 in recent years. Such medications have been shown

FACTS TB-403

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

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

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

Partner: The project, which was developed as a collaborative project with ThromboGenics, was licensed globally in June 2008 to Roche. BioInvent and ThromboGenics retain the right to market the medication in the Nordic and Baltic countries, as well as in the Benelux countries.

Status: a clinical phase IB study is in progress with repeated doses of TB-403 in patients with advanced cancer.

to be effective in the treatment of a variety of cancers, including pancreatic, prostate, renal, colorectal, breast and ovarian cancer, as well as glioma and lung cancer. Each of these diseases represents a sales potential of up to a few billion US dollars. One antibody, bevacizumab (Avastin), has been approved for several of these indications and has quickly achieved commercial success, with sales of almost USD 4.5 billion in 2008.

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

The first phase I study in 16 healthy males was successfully concluded in June 2008. The study showed that TB-403 was safe, well-tolerated and had the desired pharmacokinetic properties.

A follow-up study with repeated doses is currently underway to assess tolerability, pharmacokinetics and pharmacodynamics in patients with advanced cancer. Patient groups that did not respond to earlier treatments will be given escalating doses.

Patent protection

Patents that cover therapy with antibodies for PlGF with the purpose of reducing or preventing pathologic angiogenesis, vascular incontinence, pulmonary hypertension, cancer and inflammation, have been granted in Europe. Similar patent applications are in process in markets such as the United States and Canada. In one patent case the approved European patent has been opposed, but the opposition was rejected in the first court. In addition, patent applications for TB-403 and similar antibodies have been submitted in Europe, Japan, Canada, the United States, Australia and other countries.

Tumouricidal antibody approaches clinical trials

BI-505

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). The new drug candidate is the result of a research programme in apoptosis (programmed cell death) to fight tumour cells. In several models the antibody has demonstrated a capacity to fight tumours very effectively and more actively than currently available medications.

BI-505 received Orphan Drug Designation during the year in the US and the EU for the indication multiple myeloma, which provides the right to ten years of market exclusivity.

As a first step, BioInvent intends to develop BI-505 for the treatment of multiple myeloma, for which there is a significant need for effective new medications. The possibility of treating other types of cancer that express ICAM-1 will be explored in additional preclinical trials, and in clinical trials in the future.

BI-505 targets ICAM-1, a naturally occurring protein on the surface of certain cells. Expression of ICAM-1 is elevated in tumour 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 tumour 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 that express ICAM-1. The preferred current treatment for multiple myeloma is generally 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 tumour 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.

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 2 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 biologic drugs currently undergoing phase II clinical trials in myeloma patients.

FACTS ABOUT BI-505

Indication: Cancer types that express ICAM-1 myeloma.

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: Material for the application to initiate clinical trials in the US is currently being compiled.

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

Project status

BI-505 is a high-affinity specific antibody to ICAM-1.

It has been demonstrated to kill tumours very effectively in several preclinical models. Material for the application to initiate clinical trials in the US is currently being compiled.

Patent protection

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


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, 2008. 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 NASDAQ OMX Stockholm (BINV), is a research-based pharmaceutical company that focuses on developing antibody drugs. The Company is currently running innovative drug projects mainly within the areas of thrombosis, cancer and atherosclerosis.

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 undesirable bleedings. The objective is to initially develop a drug that prevents Deep Vein Thrombosis (DVT) following orthopaedic surgery. DVT is caused when a blood clot forms in a deep vein, most commonly in the deep veins of the lower leg. DVT is a major public health issue and it is estimated that in the US alone, more than 350,000 individuals are affected by DVT or pulmonary embolism (PE) each year. It is estimated that by 2015, 1.4 million patients will undergo knee replacement and 600,000 patients will undergo hip replacement in the U.S. if current trends persist. Patients undergoing hip replacement or knee surgery are particularly at risk of developing DVT and all patients are therefore treated with anticoagulants prophylactically in order to reduce the risks of blood clots. The project is carried out within the alliance with ThromboGenics.

Results from the Phase I 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.

Additional studies have shown that the effect of TB-402 can be reversed by giving the target protein (Factor VIII) that blocks TB-402 and also that TB-402 is safe and well tolerated in patients that are given standard treatment (enoxaparin and warfarin) for deep vein thrombosis. The results show that TB-402 has prospects to be able to be developed into a safe and well-controlled treatment for several medical conditions in which thrombosis prevention is of great importance.

In February 2009 a phase II trial was initiated to prevent deep vein thromboses (DVT) in patients who undergo knee replacement surgery. The Phase II trial is an active (enoxaparin)-controlled, dose-escalating, multicenter, prospective, randomised, open label trial evaluating TB-402 for the prophylaxis of DVT after knee surgery. The study will assess three different doses of TB-402 given as a single intravenous bolus injection post knee replacement surgery. The trial will enrol 300 patients across 36 centers mainly in Central Europe. The primary endpoint is the safety and efficacy of the three escalating doses of TB-402.

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 preclinical studies reduced inflammatory processes and reduced 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. BI-204 is developed in collaboration with Genentech, Inc.

All subjects in the Phase I programme have been enrolled and the monitoring is completed. The study is expected to be reported during the second quarter 2009. The Phase I study was 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 were included in the trial. In addition to monitoring the tolerability and safety of BI-204, the study evaluated pharmacokinetic and pharmacodynamic parameters in order to help set the dosage of BI-204 administered to patients in future Phase II trials.

Cancer (TB-403)

The product candidate TB-403, is a monoclonal antibody directed against placental growth factor, PlGF. TB-403 binds PlGF with high affinity and specificity and has been shown to inhibit tumour growth in animal models. TB-403 blocks tumour angiogenesis, the development of new blood vessels, which is required for tumour nutrient and oxygen supply supporting tumour growth. Angiogenesis is also required for disease progression and metastasis, the dissemination of the tumour to distal sites of the body.

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. PlGF is not required for survival of normal resting vasculature and blocking PlGF is expected to be relatively safe, because mice lacking PlGF are healthy and reproduce normally. Preclinical research has also shown that inhibition of PlGF does not induce resistance mechanisms because it does not induce "angiogenic rescue" mechanisms, whereby tumour expression of proangiogenic growth factors is upregulated that may enable escape from therapy. This angiogenic rescue phenomenon has been demonstrated with some angiogenesis inhibitors.

The first Phase l study in 16 healthy male subjects was successfully completed in June 2008 and showed that TB-403 is safe and well tolerated, with pharmacokinetic properties enabling it to be developed as a novel anti-cancer agent. The follow-up study, a second Phase I trial, is a study of tolerability, pharmacokinetics and pharmacodynamics in patients with advanced cancer, and was started in June 2008. Up to 30 patients will be enrolled in this multi-dose study.

Agreement with Roche

In June 2008 BioInvent and partner ThromboGenics entered into a strategic license agreement with Roche for development and commercialisation of TB-403. Roche paid BioInvent and ThromboGenics an upfront payment of EUR 50 million in July 2008. In total, BioInvent and ThromboGenics could potentially receive up to EUR 450 million over the term of the collaboration based on the successful completion of a series of development and commercial milestones, as well as double digit royalties on potential product sales, including any backup antibodies based on inhibition of PlGF. ThromboGenics, which discovered TB-403, will receive 60% and BioInvent 40% of the revenue from the deal.

In January 2009 transfer and implementation of technology and process development to Roche in relation to the ongoing clinical development of TB-403 was successfully finalized. This triggered a success fee of EUR 5 million to BioInvent and ThromboGenics.

Roche has a worldwide, exclusive license to develop and commercialise TB-403. BioInvent and ThromboGenics will retain co-promotion rights for the product in the Nordic, Baltic and Benelux regions. Roche will assume responsibility for all future development costs.

Cancer (BI-505)

The drug candidate 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 multiple myeloma. Other forms of hematologic cancer may also become relevant as indications. The possibility of treating ICAM-1 expressing solid tumours will also be examined further in additional preclinical trials. The number of newly diagnosed patients with multiple myeloma is more than 40,000 per year and the number of newly diagnosed patients with blood cancer is more than 200,000 per year.

BI-505 has been granted orphan drug designation in the United States and Europe for the indication of multiple myeloma. This status gives BI-505 possibility for market exclusivity for treatment of multiple myeloma with an antibody against ICAM-1 in these markets for 10 years after marketing approval is obtained.

Bioinvent intends to initiate clinical development of BI-505 in the United States. As part of preparations to submit an application to start clinical trials in the United States, in early February 2009 the company met with the US Food and Drug Administration. Based on received feedback, we expect to be able to start the clinical program at the turn of the half-year 2009.

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 mainly within the areas of cancer and inflammation. 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.

To strengthen the company's research activities in angiogenesis, BioInvent has in April 2008 acquired intellectual property from the research company AngioGenetics AB, located at Karolinska Institutet (KI).

A deal with Bayer HealthCare was signed in March 2008 related to the discovery and development of antibody products. The agreement allows for up to 14 antibody products to be developed. As well as undisclosed license fees and research funding, BioInvent will receive milestone payments and royalties on sales of any products commercialized.

In December 2008 an agreement was reached with a Japanese pharmaceutical group for the development of an antibody-based drug from the n-CoDeR antibody library. Bioinvent will receive research funding as well as milestone payments and royalties on sales if development and commercialization are successful.

Human resources and organization

As of 31 December 2008, BioInvent had 103 (94) employees. 89 (79) of these work in research and development. About 90% of the Company's employees are university graduates and 39% hold PhDs.

Total absence due to sickness decreased compared with 2007. Both long-term and short-term absence decreased somewhat. Sickness absence and other key figures can be seen in note 1.

Environment

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 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. 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.

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 252.1 million (143.4). BioInvent's share of the initial installment from Roche for TB-403, SEK 187.6 million is included in its entirety in reported net revenues. The first installment from Genentech of SEK 105.5 million for BI-204 is included in its entirety in net revenues for 2007.

The Company's total costs amounted to SEK 246.3 million (169.6). Operating costs are divided between external costs of SEK 155.6 million (83.1), personnel costs of SEK 79.2 million (74.2) and depreciation of SEK 11.5 million (12.3). External costs relate mainly to toxicology studies, clinical studies, commissioned research and milestone payments. During the fourth quarter of 2008 external costs rose by SEK 25 million compared with the corresponding quarter in 2007, with foreign currency effects accounting for about one quarter of the increase. The increase of external costs during 2008 is also attributable to milestone payments in the projects, acquisition of intangible rights and to increased development costs as projects advances in the value chain.

Research and development costs amounted to SEK 215.4 million (140.9). Depreciation according to plan reduced the operating result for the period by SEK 11.5 million (12.3), of which depreciation of intangible fixed assets amounts to SEK 6.1 million (6.3).

The profit after tax amounted to SEK 16.2 million (-16.1). The net financial items amounted to SEK 9.7 million (7.4). Earnings per share after tax amounted to SEK 0.29 (-0.31).

Financial position and cash flow

As of 31 December 2008, the Group's current investments together with cash and bank amounted to SEK 212.5 million (216.9). The cash flow from current operations and investment activities amounted to SEK -4.4 million (8.7). Capital tied up in short-term receivables (mainly accounts receivable) doubled as of the balance sheet date compared with the previous year, which had a negative impact on cash flow. These accounts receivable were settled in January 2009.

The shareholders' equity amounted to SEK 231.3 million (214.1) at the end of the period. The Company's share capital was SEK 27.8 million. The equity/assets ratio at the end of the period was 78.3 (79.0) per cent. Shareholders' equity per share amounted to SEK 4.15 (3.85). The Group had no interest-bearing liabilities.

The five-year review is described on page 56 and Financial risks on page 38.

Investments

Investments in tangible fixed assets amounted to SEK 7.6 million (3.9). Investments in intangible fixed assets amounted to SEK 6.0 million (-).

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. Net revenues amounted to SEK 252.1 million (143.4). The profit after tax amounted to SEK 16.9 million (-16.1). The cash flow from current operations and investment activities amounted to SEK -4.7 million (8.8). The Parent Company coincides in every material way with the Group.

The share

The BioInvent share has been listed on NASDAQ OMX Stockholm since 2001. As of 31 December 2008, share capital amounted to SEK 27.8 million, made up of 55,660,889 shares. Assuming that all options (1,920,090) issued due to the 2008/2012 employee stock option plan are exercised, the number of shares will be 57,580,979.

There is only one class of stock. Each share carries one vote at the Annual General Meeting and all shares carry equal right to a share in the assets and profits of the Company. The regulations in the Company's articles of association contain no restrictions on the transfer of shares. The Company is not aware of any agreements between shareholders that would restrict the right to transfer shares. According to the Articles of Association, members of the Board of Directors are elected annually by the Annual General Meeting. The Articles of Association do not contain any restrictions regarding appointment or dismissal of Board members or changes in the Articles of Association.

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.

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.

Clinical trials and product responsibility

BioInvent endeavours to advance its projects through the value chain, which will mean increased expenses for clinical trials. Before any product under development can be sold, the Company or its partners must demonstrate the safety and efficacy of each potential product for human use, for each stated indication.

There is no guarantee that clinical trials carried out by the Company or its partners can demonstrate sufficient safety and efficacy to obtain necessary government authority approvals or that the trials will lead to competitive products. If during development the Company or its partners cannot demonstrate with sufficient reliability that the intended products are safe and effective, authorisation for these products could be denied, which would mean that they cannot be launched on the market.

The use of the Company's products in clinical trials could lead to claims for damages being lodged against the Company in the event that such products cause illness, physical injury, death or damage to, loss of or destruction of property. BioInvent's activities are exposed to potential liability risks, which are a normal aspect of research, development and manufacture of biopharmaceutical products. The Company has a commercial insurance policy that provides coverage in the geographic markets in which BioInvent currently is active. Although the Company considers its insurance coverage to be adequate, the scope and amount of the policy are limited and there is no guarantee that coverage will be adequate in the event of a legal claim.

Cooperation agreements

Forming alliances with partners for several of the Company's clinical projects provides BioInvent with expertise and experience, while reducing the Company's own investment needs in the 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

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. There is no guarantee that the company's 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.

Changes in healthcare systems

In several countries proposals have been submitted to change the healthcare system in ways that could affect BioInvent's ability to profitably engage in its business.

BioInvent's success depends in part on the extent to which the Company's products qualify for various types of subsidies. Certain countries require that products must first undergo a lengthy review before public subsidies may be considered. Many of the countries in which the Company's future products could be commercialised have measures to curb rising healthcare costs. Such measures may be expected to continue and could result in stricter rules for both reimbursement levels and the medications covered.

Qualified personnel and key individuals

BioInvent is highly dependent on the Company's senior executives and other key individuals.

Losing any of these key employees could delay or disrupt research programmes or development, outlicensing or commercialisation of the Company's product candidates. The Company's ability to attract and retain qualified personnel is crucial for its future successes. Even if BioInvent believes that the Company will be able to both attract and retain qualified personnel, it cannot guarantee that this will be able to occur on satisfactory terms in relation to the competition from other pharmaceutical and biotech companies, universities and other institutions.

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.

Principles of remuneration to Directors, the CEO and other senior executives

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

The 2008 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 2009 Annual General Meeting, though with an increase of the maximum flexible remuneration from SEK 2.0 million to SEK 2.5 million.

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 2.5 million (excluding social security costs), calculated based on the number of persons currently included 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 2009 Annual General Meeting BioInvent does not have any remuneration undertakings due for payment.

Events after the end of the financial year

In January 2009 transfer and implementation of technology and process development to Roche in relation to the ongoing clinical development of TB-403 was successfully finalized.

In February 2009 BioInvent initiated clinical phase II studies of TB-402. No other significant events occurred since the end of the financial year.

Proposed appropriation of profit

At the disposal of the Annual General Meeting is the profit for the year of SEK 16,866,928. The Board of Directors and the CEO propose that profits at the disposal of the Annual General Meeting of SEK 16,866,928 be carried forward. 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

SEK thousands	Note	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Net revenues		252,138	143,437	252,138	143,437
Operating costs					
Research and development costs		-215,434	-140,861	-214,933	-140,861
Sales and administrative costs		-30,882	-28,715	-30,767	-28,715
Other operating revenues		1,523	3,540	1,523	3,536
Other operating costs		-774	-850	-774	-850
		-245,567	-166,886	-244,951	-166,890
Operating profit/loss	1-6	**6,571**	**-23,449**	**7,187**	**-23,453**
Profit/loss from financial investments					
Interest income and similar items	7	9,733	7,390	9,733	7,390
Interest costs and similar items	8	-53	-34	-53	-34
Profit/loss after financial items		**16,251**	**-16,093**	**16,867**	**-16,097**
Tax on profit for the year	9	-	-	-	-
Profit/loss for the year	**6**	**16,251**	**-16,093**	**16,867**	**-16,097**
Profit/loss pertaining to the parent company's shareholders		16,251	-16,093		
Earnings per share, average no. of shares, SEK	10				
Before dilution		0.29	-0.31		
After dilution		0.29	*		
Proposed dividend per share				-	

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

Balance sheets

SEK thousands	Note	Group 2008	Group 2007	Parent company 2008	Parent company 2007
ASSETS					
Fixed assets					
Intangible fixed assets					
Acquired intangible fixed assets	11	12,384	12,532	12,384	12,532
Tangible fixed assets	12				
Equipment		15,423	12,281	15,423	12,281
Investments in rented premises		1,004	1,901	1,004	1,901
		16,427	14,182	16,427	14,182
Financial fixed assets					
Shares in subsidiaries	13	-	-	100	100
Current assets					
Inventories etc					
Work on contract	14	142	1,739	142	1,739
Raw materials and consumables		2,162	2,086	2,162	2,086
		2,304	3,825	2,304	3,825
Current receivables					
Accounts receivables		37,616	9,120	37,897	9,120
Other receivables		8,878	10,315	8,597	10,306
Prepaid expenses and accrued income	15	5,358	4,176	5,358	4,176
		51,852	23,611	51,852	23,602
Current investments and cash and bank*					
Current investments		161,180	154,365	161,019	154,459
Current investments that constitute liquid funds		34,886	36,847	34,851	36,870
Cash and bank		16,394	25,639	16,394	25,639
		212,460	216,851	212,264	216,968
Total assets		**295,427**	**271,001**	**295,331**	**271,209**

*See also specification at the bottom of page 34, Cash flow statements.

SEK thousands	Note	Group 2008	Group 2007	Parent company 2008	Parent company 2007
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity				*Restricted Equity*	
Share capital		27,830	27,830	27,830	27,830
Other allocated capital		805,160	805,160		
Statutory reserve				186,418	202,515
Reserves		197	-116		
				214,248	230,345
				Non-restricted Equity	
Accumulated loss		-601,889	-618,756		
Profit/loss for the year				16,867	-16,097
Total shareholders' equity		**231,298**	**214,118**	**231,115**	**214,248**
Shareholder's equity pertaining to the parent company's shareholders		231,298	214,118		
Current liabilities					
Work on contract	14	972	6,515	972	6,515
Accounts payables		12,784	14,115	12,815	14,115
Liabilities to subsidiaries		-	-	101	101
Other liabilities		33,182	18,050	33,152	18,050
Accrued expenses and deferred income	16	17,191	18,203	17,176	18,180
		64,129	56,883	64,216	56,961
Total shareholders' equity and liabilities		**295,427**	**271,001**	**295,331**	**271,209**
Memorandum items					
Pledged assets		-	-	-	-
Contingent liabilities		-	-	-	-

Cash-flow statements

SEK thousands	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Current operations				
Operating profit/loss	6,571	-23,449	7,187	-23,453
Adjustments for non-cash items				
Depreciation	11,543	12,312	11,543	12,312
Interest received	9,414	6,046	9,414	6,046
Interest paid	-53	-34	-53	-34
Cash flow from current operations before changes in working capital	**27,475**	**-5,125**	**28,091**	**-5,129**
Changes in working capital				
Changes in inventories, etc.	1,521	3,964	1,521	3,964
Changes in current receivables	-26,994	-4,897	-27,932	-4,843
Changes in current liabilities	7,246	18,685	7,255	18,736
	-18,227	**17,752**	**-19,156**	**17,857**
Cash flow from current operations	**9,248**	**12,627**	**8,935**	**12,728**
Investment activities				
Acquisition of intangible fixed assets	-6,001	-	-6,001	-
Acquisition of tangible fixed assets	-7,638	-3,909	-7,638	-3,909
Cash flow from investment activities	**-13,639**	**-3,909**	**-13,639**	**-3,909**
Cash flow from current operations and investment activities	**-4,391**	**8,718**	**-4,704**	**8,819**
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**	**-6,815**	**-134,408**	**-6,560**	**-134,497**
Change in liquid funds	**-11,206**	**-5,568**	**-11,264**	**-5,556**
Opening liquid funds	62,486	68,054	62,509	68,065
Liquid funds at year-end	**51,280**	**62,486**	**51,245**	**62,509**
Liquid funds, specification:				
Current investments that constitute liquid funds*	34,886	36,847	34,851	36,870
Cash and bank	16,394	25,639	16,394	25,639
	51,280	**62,486**	**51,245**	**62,509**
Current investments**	161,180	154,365	161,019	154,459
	212,460	**216,851**	**212,264**	**216,968**

*duration less than 3 months

**duration more than 3 months

Change in shareholders' equity

GROUP

SEK thousands	Share-capital	Other allocated capital	Reserves	Accumulated loss	Total
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**
Reserve, actual value			313		313
Effect of employee incentive program				616	616
Profit/loss for the year				16,251	16,251
Shareholders' equity 31 December 2008	**27,830**	**805,160**	**197**	**-601,889**	**231,298**

Shareholders' equity is attributable in its entirety to shareholders of the parent company. Share capital as of 31 December 2008, 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

SEK thousands	Share-capital	Statutory reserve	Non-restricted equity	Total
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**
Appropriation of profit/loss		-16,097	16,097	0
Profit/loss for the year			16,867	16,867
Shareholders' equity 31 December 2008	**27,830**	**186,418**	**16,867**	**231,115**

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 1:1, 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 2:1, Reporting for Legal Entities.

Critical accounting issues and accounting estimates
Senior management and the Board of Directors make estimates and assumptions about the future. These estimates and assumptions affect reported assets and liabilities, as well as revenues and expenses and other disclosures. These assessments are based on historical experience and the various assumptions that are assessed to be reasonable under prevailing circumstances. Actual outcomes can differ from these assessments if other assumptions are made or other conditions arise.

Conditions of material importance for the report which were specifically reviewed during the year are revenues and expenses in collaboration agreements and assessment for impairment of intangible assets.

Accounting principles
Accounting principles and calculation methods are unchanged from those applied in the 2007 Annual Report.

The following new and revised IASB standards and IFRIC statements came into effect on 1 January 2008
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangement (EU approval expected in Q1 2009)
- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IAS 39 and IFRS 7 (revised) Reclassification of Financial Instruments

Application of these standards and interpretations has not had any effect on the Group's financial performance or position, nor did they have any effect on the content of the information disclosed.

The following new and revised IASB standards and IFRIC statements came into effect on 1 January 2009 or later
- IFRS 2 Share-based payment (revised) – effective 1 January 2009
- IFRS 8 Operating Segments – effective 1 January 2009
- IAS 23 Borrowing costs (revised) – effective 1 January 2009
- IFRIC 13 Customer loyalty programmes – effective 1 July 2008
- Amendments to existing standards and interpretations. (Approved by the EU in January 2009)
- Amendments to IFRS First-time adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (EU approval expected in Q1 2009)
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation (Approved by the EU in January 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (EU approval expected in Q2 2009)
- IFRIC 15 Agreement for the Construction of Real Estate (EU approval expected in Q2 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (EU approval expected in Q2 2009)
- IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements (EU approval expected in Q2 2009)

The revised standards (effective 1 July 2009) could influence the Group's future acquisition of businesses.

- IAS 1 Presentation of financial statements

The revised standard was issued in September 2007 and is effective for annual periods beginning on or after 1 January 2009.

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.

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 Company engages in integrated activities, in which 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, cashflow 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.

Revenue recognition
BioInvent's net revenues consist of:
- revenues from collaboration agreements associated with outlicensing of proprietary projects
- revenues from technology licenses and
- revenues from external development projects.

Revenue is reported at the actual value of what has been received or will be received. Revenues are recognised to the extent that it is likely that financial benefits will arise for the Company, and revenues can be calculated reliably.

Revenue from collaboration agreements associated with outlicensing of proprietary projects thus far consist of initial license fees, milestone payments and remuneration for development work as well as future royalties on sales of the medication. Initial license fees (upfront payments) are received at the time of signing of the agreement. Examples of initial license fees are BioInvent's share of the upfront payment from Roche for outlicensing of TB-403 in June 2008, SEK 187.6 million and the upfront payment, received in January 2007, for BI-204 from Genentech of SEK 105.5 million. These payments were recognised as revenue in their entirety in the quarter during which the collaboration agreement was signed when BioInvent met all obligations in accordance with the agreement. Milestone payments are received when the outlicensed drug project passes essential steps in the development process, such as the start of different clinical phases. Milestone payments are recognised when all terms and conditions of the agreement are met. The percentage of completion method does not apply for milestone payments because payment is not received until all terms of the agreement are met. Payment for development work in conjunction with collaboration agreements is recognised as the work is completed.

Revenues from technology licenses refers to access fees for a technology, maintenance fees for the license, milestone payments and future royalties on the sale of products developed under the license. Access fees for technology are recognised as revenue when all obligations of the agreement are met. Maintenance fees are treated on an accrual basis over the period of the license.

BioInvent also carries out external development projects such as developing antibody candidates, process development and production of products for customers' clinical trials. In such agreements BioInvent receives ongoing compensation for work carried out and in connection with agreements for developing antibody candidates from the n-CoDeR® Antibody library even milestone payments as well as future royalties on product sales. Ongoing compensation for work carried out is recognised as revenue as the project is completed in accordance with the principle for the percentage of completion method. Revenues and expenses as well as profit and loss are reported in the accounting period during which the work is carried out. If a risk of loss is deemed to exist, individual provisions are performed on an ongoing basis. In the balance sheet, receivables from customers and liabilities to customers are reported as "Work on contract" on both the asset and liabilities side of the balance sheet.

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.

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.

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.

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 mainly has defined benefit pension obligations. BioInvent's pension commitment is secured by an Alecta insurance policy. 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 2008 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. At the end of 2008 Alecta's surplus in the form of the collective funding ratio was 112 per cent (120). The collective consolidation level consists of the market value of Alecta's assets expressed as a percentage of insurance commitments calculated according to Alecta's actuarial assumptions. Note 2 provide information about the premiums for 2008 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
The Annual General Meeting on 14 April 2008 resolved to adopt an employee incentive programme. This programme is described in greater detail in note 2.

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 2008.

The Group's accumulated unutilised loss carry-forwards amounted to SEK 637 million as of 31 December 2008. 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.

Intangible fixed assets
Externally acquired technology licenses that can be used broadly in the operation have been capitalized. These technology licenses supplement the proprietary technology platform where they are expected to offer competitive advantages. 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. Intangible assets have a finite useful life and are stated at cost less accumulated amortisation and impairment losses, if any. Such intangible assets are amortised over their estimated useful lives. Changes in the estimated useful life are recognised by changing the amortisation period. 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. Such assets are therefore amortised over a period of up to 5 years.

Tangible fixed assets
Tangible fixed assets are valued at the acquisition value less accumulated depreciation. Tangible fixed assets are depreciated or amortised according to the straight-line method over the expected useful life of the assets.

Depreciation/amortisation according to plan is as follows:

Equipment	5 years
Investments in rented premises	5–10 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 of underlying receivables and liabilities is not possible, the currency exposure is eliminated through forward contracts.

In 2008 86 per cent (83) of revenues were invoiced in foreign currencies, mainly EUR. Around 39 per cent (36) of costs in 2008 were invoiced in foreign currencies, mainly in GBP, EUR and USD. Realised forward contracts for flows in 2008 had an effect on the operating income in the amount of SEK -0.8 (1.4) million.

A sensitivity analysis shows that the Company's operating profit/loss in 2008 before hedging transactions would have been affected in the amount of SEK -0.4 million if the Swedish krona had weakened by 1 per cent compared with USD. The operating profit/loss in 2008 before hedging transactions would have been affected in the amount of SEK +1.8 million if the Swedish krona had weakened by 1 per cent compared with EUR.

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 2008 was 4.8 per cent (4.0). A change in the interest rate of 1 per cent in 2008 would have affected the net interest income by SEK 2.0 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 2008 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

	2008	2007
Absence due to illness		
Total absence due to illness[1)]	2.2%	3.1%
Of which long-term absence >60 days	1.1%	1.5%
Absence due to illness, women[2)]	1.4%	2.1%
Absence due to illness, men[2)]	3.6%	4.5%
29 years or younger[2)]	1.6%	3.3%
30-49 years[2)]	1.3%	2.0%
Older than 50 years[2)]	4.7%	5.7%
Average number of employees, of which women	**99 (63%)**	**96 (64%)**
Age distribution		
-30 years	14%	14%
31-40 years	42%	40%
41-49 years	21%	19%
50- years	23%	27%
Staff turnover[3)]	**11.8%**	**7.0%**

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

	2008		2007	
SEK thousands	Salaries and other remuneration	Social security costs (of which pension costs)	Salaries and other remuneration	Social security costs (of which pension costs)
Parent company	50,989	25,022 (7,288)	48,647	24,023 (7,216)
Subsidiaries	-	-	-	-
Group total	**50,989**	**25,022 (7,288)**	**48,647**	**24,023 (7,216)**

Salaries and other remuneration distributed between the board of directors, the CEO and other employees.

	2008		2007	
SEK thousands	Board and CEO	Other employees	Board and CEO	Other employees
Parent company	4,144	46,845	3,687	44,960
Subsidiaries	-	-	-	-
Group total	**4,144**	**46,845**	**3,687**	**44,960**

NOTE 2 Salaries, other remuneration and social security, continued

Pensions costs distributed between the board of directors, the CEO and other employees.

	2008		2007	
SEK thousands	Board and CEO	Other employees	Board and CEO	Other employees
Parent company	786	6,502	496	6,720
Subsidiaries	-	-	-	-
Group total	**786**	**6,502**	**496**	**6,720**

BENEFITS FOR SENIOR EXECUTIVES

Principles

The Annual General Meeting resolves on remuneration for Board Members, including remuneration for committee work, based on the proposal from the Nominating Committee.

Benefits for CEO and other senior executives were determined in accordance with the 2008 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 programme for variable remuneration for the CEO and other senior executives consists of a variable remuneration model that was introduced in 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 2009, are based primarily on high expectations for technical and commercial milestones in proprietary drug projects. The Board of Directors resolved in February 2009 to pay variable remuneration to the CEO, SEK 270 thousands, and other senior executives, SEK 613 thousands, for the period 1 January – 31 December 2008. Variable remuneration is pensionable income.

In addition, the CEO and other senior executives are covered by an employee stock option incentive programme, described on page 41.

Remuneration and other benefits in 2008

	Fixed salary	Board and committee fees	Variable remuneration	Other benefits	Pension costs	Total
Board and CEO						
Karl Olof Borg, Chairman		360				360
Carl Borrebaeck, member	616			63	123	802
Lars Henriksson, member		170				170
Lars Ingelmark, member		190				190
Elisabeth Lindner, member		170				170
Björn Nilsson, member		190				190
Kenth Petersson, member		190				190
Svein Mathisen, CEO and member	1,867		270	58	663	2,858
	2,483	**1,270**	**270**	**121**	**786**	**4,930**
Other senior executives (5 individuals)	**5,938**	**-**	**613**	**298**	**1,652**	**8,501**
Total	**8,421**	**1,270**	**883**	**419**	**2,438**	**13,431**

Benefits for the Board and CEO

The Board's fees were set by the 2008 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 meeting resolved to set the Board's fee at SEK 160 thousands for committee work (not to the Chairman of the Board), including SEK 40 thousands to each of the members of the Audit Committee (3 people) and SEK 20 thousands to each of the members of the Remuneration Committee (2 people).

Carl Borrebaeck, a member of BioInvent's Board, is the Company's Senior Scientific Advisor. In 2008 he received SEK 616 thousands in cash gross salary and SEK 63 thousands in other benefits (primarily car benefits). He received no Board fees in 2008. 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 123 thousands in 2008. 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 2008 of SEK 1,867 thousands and SEK 270 thousands in variable remuneration, as well as SEK 58 thousands in other benefits (primarily car benefits). The CEO has a defined contribution retirement benefit that may not exceed 35% of the wage calculation base. Retirement age is 65. The total cost of the CEO's pension benefits amounted in 2008 to SEK 663 thousands. The CEO and the Company have a mutual period of notice of six months. If notice is given by the Company, the CEO is entitled to redundancy pay equivalent to 18 monthly salaries. Redundancy pay is not deducted from other income. If the CEO resigns, no redundancy pay is payable.

NOTE 2 Salaries, other remuneration and social security, continued

The CEO has received a basic allotment of 7,500 employee options in 2008 and an extra allotment of 7,500 employee options in February 2009.

Benefits for other senior executives

Other senior executives are the individuals who, in addition to the CEO, are part of senior management. The retirement age for these senior executives is 65 and they are covered by the prevailing ITP plan or defined contribution occupational pension that does not exceed 35 per cent of the wage calculation base. Employees residing outside Sweden, or who 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, provided that the solution is a defined contribution pension plan. The Company and the other senior executives have a mutual period of notice of six months. Other senior executives 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 2008 of SEK 5,938 thousands and SEK 613 thousands in variable salary, as well as SEK 298 thousands in other benefits (primarily car benefit). The total pension costs relating to other senior executives in 2008 amounted to SEK 1,652 thousands.

Other senior executives received a basic allotment of 75,000 employee options in 2008 and an extra allotment of 30,000 employee options in February 2009.

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

	2008		2007	
	Number*	Of which women	Number*	Of which women
Board and CEO	9	22%	9	22%
Other senior executives	4	25%	5	20%

*Number on 31 December

Employee stock option plan 2008/2012

The Annual General Meeting on 14 April 2008 resolved to adopt an incentive programme, *Employee Stock Option Plan 2008/2012,* comprising a maximum of 1,450,000 employee options, and to issue 1,920,090 warrants for the subsidiary BioInvent Finans AB, free of charge, to secure the Company's commitment under the incentive programme and to cover the Company's associated social security contributions. BioInvent Finans AB subscribed to all warrants. Each option entitles the holder to subscribe to a new share at a subscription price of SEK 26.84. Employees received the basic allotment of 498,750 employee options in 2008. Employees received an extra allotment of 69,750 employee options in February 2009.

The employee options are free of charge and are not transferable. Exercise of the employee options requires that the option holder is still employed by the Group. Basic allotment complies with the following guidelines: (i) 7,500 options to the CEO, members of senior management, the heads of a section and persons with other key positions (about 15 people), except for members of senior management without a substantial shareholding in the Company, who will receive 30,000 options, and (ii) 3,750 options to other employees (about 90 people). Further, extra allotment may be obtained based on performance according to the following guidelines: (i) maximum 15,000 employee options each year 2009-2011 to the CEO and other members of management, (ii) maximum 7,500 employee options each year 2009-2011 to Heads of sections and other key employees and (iii) maximum 3,750 employee options for 2010 to other employees.

Employees can receive the basic allotment up to and including the 2009 Annual General Meeting and the holders will be entitled to exercise 50 per cent of basic-allotted options as from the three-year anniversary from the allotment and the remaining 50 per cent as from the four-year anniversary from the allotment. The extra allotment is carried out in connection with the year-end report for 2008, 2009, and 2010 respectively, and the holders are entitled to exercise extra-allotted options as from the AGM of 2012. 1 December, 2012, is the last day on which employee options may be exercised.

Assuming that all issued options relating to the Employee stock option plan 2008/2012 are exercised for subscription of new shares, the Company's share capital will increase by SEK 960,045 from SEK 27,830,444.50 to SEK 28,790,489.50, equivalent to about 3.3 per cent of shares and votes in the Company after full exercise.

The fair value of the options was determined using the Black-Scholes model, at the time the first allotment was granted in June 2008. Fair value per option was SEK 8.14. The following input data were used in the calculation:

- subscription price SEK 26.84
- life of the option 4.42 years
- underlying share price SEK 24.60
- assumed volatility 35%
- no expected dividends
- risk-free interest rate during the life of the option 4.70%

In 2008 wage costs for the employee stock option programme had a negative impact on operating profit of SEK 658 thousands. The programme expenses refer to both the estimated cost of the value of the employees' service during the period, valued at market value at the time of the allocation, and the portion of the estimated social security fees earned during the period. BioInvent will pay social security fees on the gain that may result from the exercise of the employee options, estimated as the difference between the subscription price of the employee stock option and the market value of the shares.

NOTE 3 Information about auditors' fees

SEK thousands	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Ernst & Young				
Audit assignments	182	151	182	151
Other assignments	93	54	93	54
Total	**275**	**205**	**275**	**205**

NOTE 4 Depreciation according to plan of intangible and tangible fixed assets

SEK thousands	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Research and development costs	11,214	11,851	11,214	11,851
Sales and administrative costs	329	461	329	461
Total	**11,543**	**12,312**	**11,543**	**12,312**

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 6,149 thousands (6,345) 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 2008 and 2007 amounted to SEK 9,984 thousands (9,973) for the group and the parent company. The table below shows the minimum lease payments for non-cancellable operational leasing agreements.

SEK thousands	Group	Parent company
Payments due:		
Year 2009	9,450	9,450
Year 2010-2013	19,615	19,615
Year 2014 or later	-	-
Total	**29,065**	**29,065**

NOTE 6 Exchange rate differences that affected the net profit/loss for the period

SEK thousands	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Exchange rate differences that affected the operating profit/loss	278	-517	278	-517
Financial exchange rate differences	253	336	253	336
Total	**531**	**-181**	**531**	**-181**

NOTE 7 Interest income and similar items

SEK thousands	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Interest income	9,427	7,022	9,427	7,022
Exchange rate differences	306	368	306	368
Total	**9,733**	**7,390**	**9,733**	**7,390**

NOTE 8 Interest costs and similar items

	Group		Parent company	
SEK thousands	**2008**	**2007**	**2008**	**2007**
Interest costs	0	-2	0	-2
Exchange rate differences	-53	-32	-53	-32
Total	**-53**	**-34**	**-53**	**-34**

NOTE 9 Tax on profit for the year

	Group		Parent company	
Tax on profit for the year	**2008**	**2007**	**2008**	**2007**
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**

	Group		Parent company	
Reconciliation of effective tax				
SEK thousands	**2008**	**2007**	**2008**	**2007**
Reported profit/loss before tax	16 251	-16 093	16 867	-16 097
Tax according to the applicable tax rate, 28%	-4 550	4 506	-4 723	4 507
Tax effect of costs that are not deductible	-243	-65	-243	-65
Tax effect of loss carry forward for which the deferred tax claim has not been /shall be considered	4 793	-4 441	4 966	-4 442
Reported tax on profit/loss for the year	**0**	**0**	**0**	**0**

NOTE 10 Earnings per share

Earnings per share before dilution	**2008**	**2007**
Profit/loss for the period	16,251	-16,093
Average number of outstanding shares (thousands)	55,661	51,175
Earnings per share before dilution, SEK	**0.29**	**-0.31**

Earnings per share after dilution	**2008**	**2007**
Profit/loss for the period	16,251	-16,093
Average number of outstanding shares (thousands)	55,661	51,175
Earnings per share after dilution, SEK	**0.29**	*

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

Earnings per share before dilution is based on profit for the year attributable to Parent Company shareholders and a weighted average of the number of outstanding shares.

Diluted earnings per share is based on profit for the year attributable to Parent Company shareholders and a weighted average of the number of outstanding shares with plus the dilutive effects for potential shares. The subscription price of the 2008/2012 employee stock option programme is SEK 26.84 per share. No dilution is present since the subscription price exceeds the share price.

NOTE 11 Intangible fixed assets

Acquired intangible fixed assets	Group		Parent company	
SEK thousands	**2008**	**2007**	**2008**	**2007**
Opening acquisition value	51,567	51,567	51,567	51,567
Acquisitions	6,001	-	6,001	-
Disposals	-9,683	-	-9,683	-
Closing accumulated acquisition value	**47,885**	**51,567**	**47,885**	**51,567**
Opening depreciation	-39,035	-32,690	-39,035	-32,690
Disposals	9,683	-	9,683	-
Depreciation for the year	-6,149	-6,345	-6,149	-6,345
Closing accumulated depreciation	**-35,501**	**-39,035**	**-35,501**	**-39,035**
Closing residual value according to plan	**12,384**	**12,532**	**12,384**	**12,532**

NOTE 12 Tangible fixed assets

Equipment	Group		Parent company	
SEK thousands	**2008**	**2007**	**2008**	**2007**
Opening acquisition value	71,247	69,132	71,247	69,132
Acquisitions	7,638	3,909	7,638	3,909
Disposals	-1,530	-1,794	-1,530	-1,794
Closing accumulated acquisition value	**77,355**	**71,247**	**77,355**	**71,247**
Opening depreciation	-58,966	-55,688	-58,966	-55,688
Disposals	1,530	1,794	1,530	1,794
Depreciation for the year	-4,496	-5,072	-4,496	-5,072
Closing accumulated depreciation	**-61,932**	**-58,966**	**-61,932**	**-58,966**
Closing residual value according to plan	**15,423**	**12,281**	**15,423**	**12,281**

Investments in rented premises	Group		Parent company	
SEK thousands	**2008**	**2007**	**2008**	**2007**
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	-9,066	-8,170	-9,066	-8,170
Depreciation for the year	-897	-896	-897	-896
Closing accumulated depreciation	**-9,963**	**-9,066**	**-9,963**	**-9,066**
Closing residual value according to plan	**1,004**	**1,901**	**1,004**	**1,901**

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

NOTE 13 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 14 Work on contract

	Group		Parent company	
SEK thousands	2008	2007	2008	2007
Value of work completed	11,392	2,823	11,392	2,823
Invoiced amounts	-11,250	-1,084	-11,250	-1,084
Receivables from customers	**142**	**1,739**	**142**	**1,739**
Value of work completed	2,974	20,477	2,974	20,477
Invoiced amounts	-3,946	-26,992	-3,946	-26,992
Liabilities to customers	**-972**	**-6,515**	**-972**	**-6,515**

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 15 Prepaid expenses and accrued income

	Group		Parent company	
SEK thousands	2008	2007	2008	2007
Prepaid rent	2,571	1,613	2,571	1,613
Other items	2,787	2,563	2,787	2,563
Total	**5,358**	**4,176**	**5,358**	**4,176**

NOTE 16 Accrued expenses and deferred income

	Group		Parent company	
SEK thousands	2008	2007	2008	2007
Payroll liabilities	9,879	9,393	9,879	9,393
Social security fees	4,630	4,643	4,630	4,643
Other items	2,682	4,167	2,667	4,144
Total	**17,191**	**18,203**	**17,176**	**18,180**

NOTE 17 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	
SEK thousands	**2008**	**2007**	**2008**	**2007**
Financial assets				
Loan receivables and accounts receivables				
Accounts receivables	37,616	9,120	37,616	9,120
Available-for-sale financial assets				
Current investments	161,180	154,365	161,180	154,365
Current investments that constitute liquid funds	34,886	36,847	34,886	36,847
Cash and bank	16,394	25,639	16,394	25,639
	212,460	216,851	212,460	216,851
Financial assets carried at fair value via the income statement				
Derivatives	281	9	281	9
Total	**250,357**	**225,980**	**250,357**	**225,980**
Financial liabilities				
Other financial liabilities				
Accounts payables	-12,784	-14,115	-12,784	-14,115
Accrued expenses	-17,191	-18,203	-17,191	-18,203
Financial liabilities recognised at fair value in the income statement				
Derivatives	-31	-5	-31	-5
Total	**-30,006**	**-32,323**	**-30,006**	**-32,323**

MATURITIES

Maturities for financial instruments are presented below

Remaining term, 31 December 2008 SEK thousands	**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*)		37,616		37,616
		(5)		(5)
Available-for-sale financial assets				
Current investments			161,180	161,180
Current investments that constitute liquid funds		34,886		34,886
Cash and bank	16,394			16,394
Financial assets carried at fair value via the income statement				
Derivatives		281		281
Total	**16,394**	**72,783**	**161,180**	**250,357**

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

NOTE 17 Financial instruments, continued

Remaining term, 31 December 2008 SEK thousands	**On demand**	**< 3 months**	**3-12 months**	**Total**
Financial liabilities				
Other financial liabilities				
Accounts payables		-12,784		-12,784
Accrued expenses		-17,191		-17,191
Financial liabilities recognised at fair value in the income statement				
Derivatives		-31		-31
Total	**-**	**-30,006**	**-**	**-30,006**
Remaining term, 31 December 2007 SEK thousands				
Financial assets	**25,639**	**45,976**	**154,365**	**225,980**
Financial liabilities	**-**	**-32,323**	**-**	**-32,323**

NET GAINS/LOSSES

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

SEK thousands	**2008**	**2007**
Financial assets		
Loan receivables and accounts receivables	-109	-59
Available-for-sale financial assets	253	336
Financial assets carried at fair value via the income statement	-	-
Financial liabilities		
Other financial liabilities	387	-458
Financial liabilities recognised at fair value in the income statement	-	-
Total	**531**	**-181**

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, 6 March 2009

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 6 March 2009
ERNST & YOUNG AB

Johan Thuresson
Authorised Public Accountant

Audit report

To the annual meeting of the shareholders of BioInvent International AB (publ) Co. reg. no 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 2008. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 26–48. 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 profit 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, 6 March 2009
Ernst & Young AB

Johan Thuresson
Authorised Public Accountant

Corporate governance report

The revised Swedish Code of Corporate Governance that went into effect on 1 July 2008 ("the Code") applies as of that date to all companies admitted to trading on a Swedish regulated market, including BioInvent, which previously was not encompassed by the Code. In addition to the Code, BioInvent also complies with applicable rules in the Swedish Companies Act, rules and recommendations ensuing from the Company's listing on NASDAQ OMX Stockholm, and good practices on the stock market.

This corporate governance report was prepared in compliance with the rules of chapter 11 of the Code with the purpose of describing how BioInvent has applied the Code since 1 July 2008. The report does not constitute a part of the formal annual report documentation and has not been reviewed by the Company's auditor. In accordance with the transitional provisions of the Code, BioInvent does not report any deviations that are due to the fact that the Code was not applied before 1 July 2008. BioInvent has complied with the Code since 1 July 2008.

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 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 until the next Annual General Meeting. The auditor is appointed every four years, as is the remuneration for the auditor.

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, no later than 24 February 2009.

The 2008 Annual General Meeting was held on 14 April and the minutes are available on the BioInvent website.

The Annual General Meeting 2009 will be held on Tuesday 21 April 2009 at 4 p.m., at Ideon, Lund.

Nominating Committee

In accordance with the resolution of the Annual General Meeting, the Nominating Committee shall consist 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 Nominating Committee for the 2008 Annual General Meeting comprised Björn Ogenstam (Stiftelsen Industrifonden), Thomas Ehlin (Nordea Fonder), Ulrika Slåne, (Tredje AP-fonden) and the Chairman of the Board Karl Olof Borg. The Nominating Committee formulated proposals for the chairman of the general meeting, and the composition of the Board of Directors, as well as explanations for these choices, along with directors' fees, election of the auditor and the auditor's fee. The Nominating Committee had three meetings and a number of telephone calls. The Nominating Committee did not receive any remuneration.

The composition of the Nominating Committee was presented on the BioInvent website on 20 October 2008. The Nominating Committee for the 2009 Annual General Meeting consists of Björn Ogenstam (Stiftelsen Industrifonden), Ulrika Slåne (Tredje AP-fonden), Karin Lind-Mörnesten (Östersjöstiftelsen) and the Chairman of the Board Karl Olof Borg. Submit proposals for the Nominating Committee to Marie Serwe, by mail: BioInvent International AB (publ).), SE-223 70 Lund or tel: +46 (0)46-46 286 85 50. The Nominating Committee has prepared proposals for the 2009 Annual General Meeting for the chairman of the general meeting and composition of the Board of Directors, along with explanations for these choices, as well as directors' fees. The Nominating Committee had two meetings and a number of telephone conversations. The Nominating Committee did not receive any remuneration.

The Board of Directors and its work

The 2008 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. The AGM elected Karl Olof Borg to be Chairman of the Board.

The Board of Directors is presented on page 58 of the 2008 annual report. 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 directors are independent in relation to

major shareholders, as well as to the Company and senior management.

The Board´s fees were set at SEK 1,110,000, of which SEK 360,000 should be the fee for the Chairman of the Board and SEK 150,000 should be the fee for each other member of the board not employed by the Company. In addition hereto, it was decided that SEK 160,000 shall be the fee for committee work (not including the chairman of the board), of which SEK 40,000 shall be the fee for each of the members in the Audit Committee (3 persons) and SEK 20,000 shall be the fee for each of the members in the Remuneration Committee (2 persons).

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 2008 the Board of Directors held seven regular meetings and two extra meetings. Attendance was high, as can be seen in the table below. The Board of Directors met with the Company's auditor on two occasions, including one occasion without the presence of the CEO or other persons from senior management. 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.

Board member	Attendance
Karl Olof Borg (chairman)	9 of 9
Carl Borrebaeck	8 of 9
Lars Henriksson	9 of 9
Lars Ingelmark	8 of 9
Elisabeth Lindner	8 of 9
Svein Mathisen	9 of 9
Ulrika T Mattson	8 of 9
Björn Nilsson	8 of 9
Kenth Petersson	9 of 9

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. All directors are independent of the Company and its senior management.

The Board's Remuneration Committee, whose work is regulated in the instructions that comprise part of the rules of procedure for the Board of Directors, 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 five times in 2008.

Member of the Remuneration Committee	Attendance
Karl Olof Borg (chairman)	5 of 5
Lars Henriksson	5 of 5
Elisabeth Lindner	4 of 5

Audit Committee

The Board of Directors has appointed an Audit Committee consisting of Björn Nilsson (chairman), Karl Olof Borg, Lars Ingelmark and Kenth Petersson. All directors are independent of the Company, its senior management, and major shareholders. The Audit Committee, whose work is regulated in the instructions that serve as part of the rules of procedure for the Board of Directors, 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, preparation of the interim report for quarters 2 and 4, as well as the Company's annual report, 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 six meetings in 2008.

Member of the Audit Committee	Attendance
Björn Nilsson (chairman)	6 of 6
Karl Olof Borg	6 of 6
Lars Ingelmark	4 of 6
Kenth Petersson	6 of 6

Auditors

The 2008 Annual General Meeting elected Ernst & Young AB to serve as the Company's auditors for the period until the end of the Annual General Meeting held during the fourth financial year after the auditors were elected, which is 2012. Johan Thuresson, authorised public accountant, is principal auditor.

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. Senior management is presented on page 59 of the 2008 annual report.

Remuneration to senior executives

The 2008 Annual General Meeting adopted guidelines for remuneration to senior executives in compliance with the provisions of the Swedish Companies Act. According to the guidelines, salaries and other terms of employment for senior management are set at market rates. In addition to a stable base salary senior executives can also receive a variable salary, which will be limited and based mainly on technical and commercial milestones within proprietary drug projects. Senior executives may also receive remuneration in the form of options or other share-related incentive programmes, as decided by the Annual General Meeting of shareholders. The complete guidelines can be seen in the Board of Directors' Report on page 26.

The Board of Directors' description of Internal Control over Financial Reporting for the 2008 financial year

According to the Swedish Companies Act and the Swedish Code of Corporate Governance the Board is responsible for internal control. This description was prepared according to the Swedish Code of Corporate Governance, sections 10.5 and 10.6, and is accordingly limited to internal control for financial reporting. This description is not part of the formal financial statements.

Internal control over financial reporting is a process designed by the Board of Directors to provide the Board, senior management and others involved in the organisation with reasonable assurance regarding the reliability of external financial reporting and the extent to which the financial statements are formulated in compliance with generally accepted accounting principles, applicable laws and regulations as well as other requirements for listed firms.

Control Environment

The foundation of the internal control process consists of the overall control environment: the Company's ethical values, organisational structure and decision-making procedures, as well as the allocation of powers and responsibilities. The most essential components of the control environment at BioInvent are documented in its policies and other governing documents. BioInvent's rules of procedure describe the allocation of responsibilities between the Board of Directors and the Chief Executive Officer, as well as among the Board's committees. Other policies and governing documents include the Company's ethical guidelines, treasury policy and authorisation instructions.

Control activities

Control activities are necessary for senior management of the essential risks associated with the internal control process. To ensure the efficacy of its internal control procedures, BioInvent has both computerized controls in IT systems to handle authorisation and approval authority, as well as manual controls such as inventories and reconciliation procedures. Detailed financial analyses of the Company's performance, as well as follow-up of plans and forecasts, supplement the controls and provide an overall confirmation of the quality of financial reporting.

Information and communications

BioInvent's most essential policies and other governing documents are updated regularly and communicated to everyone involved through established information channels, in print and/or in electronic format.

Follow-up

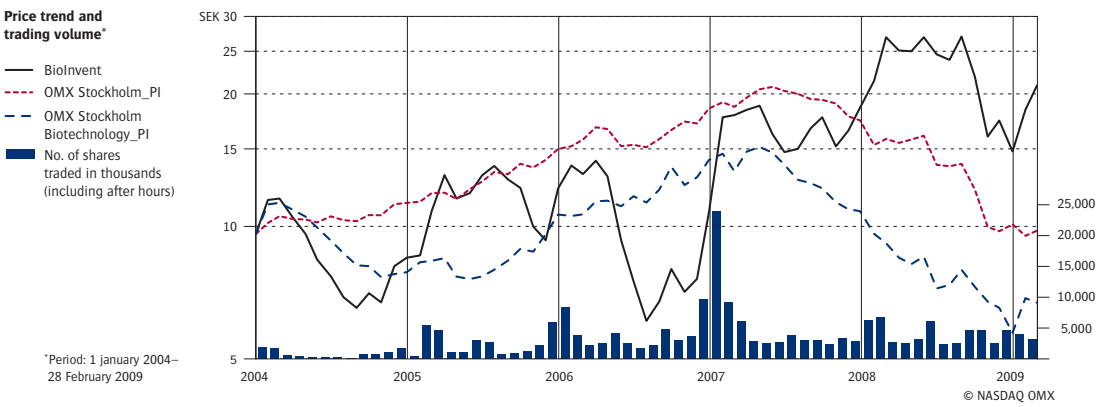
BioInvent follows up and assesses its compliance with internal policies and other policy documents on a regular and annual basis. Suitability and functionality are also evaluated on a regular and annual basis. Inadequacies are reported and remedied in accordance with specific established procedures.

Internal audit

BioInvent has formulated governance and internal control systems with regular follow-up of compliance at various levels within the Company. The Board of Directors therefore does not consider a separate audit function to be necessary in the current situation.


TB-403
ID 108
Day

The BioInvent share



BioInvent has been listed on NASDAQ OMX Stockholm (BINV) since 2001.

Share capital

As of 31 December 2008 the Company's share capital amounted to SEK 27.8 million distributed between 55,660,889 shares. Assuming that all options 1,920,090 issued due to the 2008/2012 employee stock option programme are exercised, the number of shares will be 57,580,979.

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.

Employee incentive program

The Annual General Meeting on 14 April 2008 resolved to adopt an incentive program comprising a maximum of 1,450,000 employee options (Sw. personaloptioner) and to issue 1,920,090 warrants for the subsidiary BioInvent Finans AB, free of charge, to secure the company's commitment under the incentive program and to cover the company's associated social security contributions. BioInvent Finans AB has subscribed all the warrants. Each employee option entitles the holder to subscribe to a new share at a subscription price of SEK 26.84. A basic allocation of 498,750 employee options took place during 2008. Extra allotment of 69,750 employee options took place during February 2009.

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 2008, the share price decreased 20%, from SEK 18.60 to SEK 14.80. During 2008 the OMX Stockholm_PI decreased 42 per cent and OMX Stockholm Biotechnology_PI decreased 47 per cent. The highest price paid in 2008 was SEK 29.80 and the lowest price was SEK 13.50. BioInvent's market capitalization totalled SEK 824 million at the end of 2008.

During the year 48.6 (65.2) million BioInvent shares were traded for a value of SEK 1,076 (1,075) million. This corresponds to a rate of turnover of 86% (129). Average trading volume per trading day was 192,830 (260,662) shares for a value of SEK 4.3 (4.3) million. Average number of trades per trading day were 104 (102).

Ownership structure

As of 31 December 2008 the number of shareholders amounted to 4,202 (3,567). Foreign owners held 38% (27) of the share capital and votes. The ten largest shareholders owned 40% (41) of the shares. About 66% (62) of the shareholders owned 1,000 or fewer shares each.

Analysts who followed BioInvent during 2008

Björn Fahlén – Redeye
Alexander Lindström – ABG Sundal Collier
Camilla Oxhamre – D. Carnegie
Gustaf Vahlne – Enskilda Securities

Distribution of financial reports

Annual reports will be sent to shareholders upon request and may be ordered at the address BioInvent international AB, 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: 16 April, 15 July, 15 October, 2009
Financial statement 2009: 17 February, 2010

Share statistics, 31 December 2008

Size of holdings	No. of shareholders	No. of shareholders, %	No. of shares in %
1–500	1,883	44.8	0.7
501– 1,000	890	21.2	1.5
1,001–2,000	517	12.3	1.7
2,001–5,000	443	10.5	2.9
5,001–10,000	201	4.8	2.9
10,001–20,000	100	2.4	2.8
20,001–50,000	72	1.7	3.9
50,001–100,000	38	0.9	4.9
100,001–500,000	31	0.7	13.0
500,001–1,000,000	12	0.3	15.6
1,000,001–5,000,000	14	0.3	40.8
5,000,001–10,000,000	1	0.0	9.3
Total	**4,202**	**100.0**	**100.0**

Largest shareholders, 31 December 2008

Shareholders	No. of shares	Percentage of capital and votes,%
JP Morgan Bank	5,200,763	9.3
Stiftelsen Industrifonden	4,461,342	8.0
Stena-koncernen	2,240,000	4.0
SEB Life Ltd	1,927,200	3.5
Tredje AP-fonden	1,881,000	3.4
Östersjöstiftelsen	1,405,476	2.5
Hans Ståhlgren	1,343,000	2.4
Carl Borrebaeck*	1,292,908	2.3
Sjätte AP-fonden	1,268,718	2.3
Bank Julius Baer	1,238,351	2.2
Other shareholders	33,402,131	60.0
Total	**55,660,889**	**100.0**

*Board member

Changes in the share capital

Year		Transaction capital, SEK	Increase in share no. of shares	Increase in SEK	Share capital, 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	2008	2007	2006	2005	2004
Net revenues	252.1	143.4	50.8	28.2	58.7
Research and development costs	-215.4	-140.9	-135.4	-142.4	-126.1
Sales and administrative costs	-30.9	-28.7	-29.8	-28.1	-30.7
Other operating revenues and costs	0.7	2.7	2.6	0.0	0.0
	-245.6	-166.9	-162.6	-170.5	-156.8
Operating profit/loss	**6.6**	**-23.4**	**-111.7**	**-142.3**	**-98.0**
Profit/loss from financial investments	9.7	7.4	2.9	2.5	5.5
Profit/loss after financial items	**16.3**	**-16.1**	**-108.8**	**-139.9**	**-92.5**
Tax on profit for the year	–	–	–	–	–
Profit/loss for the year	**16.3**	**-16.1**	**-108.8**	**-139.9**	**-92.5**

BALANCE SHEET, SEK MILLION	2008	2007	2006	2005	2004
Intangible fixed assets	12.4	12.5	18.9	26.5	16.1
Tangible fixed assets	16.4	14.2	16.2	15.1	22.4
Inventories etc.	2.3	3.8	7.8	3.0	5.8
Current receivables	51.9	23.6	17.4	26.5	19.1
Current investments and liquid funds	212.5	216.9	88.0	195.3	175.0
Total assets	**295.4**	**271.0**	**148.3**	**266.3**	**238.4**
Shareholders´ equity	231.3	214.1	110.2	219.0	212.7
Shareholders´ equity	64.1	56.9	38.2	47.3	25.7
Interest-bearing liabilities	–	–	–	–	–
Total shareholders´ equity and liabilities	**295.4**	**271.0**	**148.3**	**266.3**	**238.4**

CASH FLOW, SEK MILLION	2008	2007	2006	2005	2004
Operating profit/loss	6.6	-23.4	-111.7	-142.3	-98.0
Adjustments for depreciation and interest	20.9	18.3	18.3	23.2	27.2
Changes in working capital	-18.2	17.8	-4.9	16.6	-17.3
Cash flow from current operations	**9.2**	**12.6**	**-98.3**	**-102.5**	**-88.1**
Cash flow from investment activities	-13.6	-3.9	-9.0	-23.4	-5.6
Cash flow from current operations and investment activities	**-4.4**	**8.7**	**-107.3**	**-125.9**	**-93.7**
Cash flow from financing activities	-	120.1	-	146.2	0.2
Increase/decrease in current investments and liquid funds	**-4.4**	**128.8**	**-107.3**	**20.3**	**-93.5**

KEY FINANCIAL RATIOS	2008	2007	2006	2005	2004
Net revenue growth, %	75.8	182.2	80.3	-52.0	-12.0
Net working capital, SEK million	-10.0	-29.4	-13.0	-17.9	-0.2
Net working capital/net revenue, %	-4.0	-20.5	-25.5	-63.5	-0.4
Operating capital, SEK million	18.8	-2.7	22.1	23.7	38.3
Operating capital/net revenue, %	7.5	-1.9	43.6	84.0	65.2
Operating capital/net revenue, %	231.3	214.1	110.2	219.0	212.7
Capital employed/net revenue, %	91.7	149.3	216.7	776.7	362.4
Shareholders' equity, SEK million	231.3	214.1	110.2	219.0	212.7
Shareholders' equity, SEK million	7.3	-9.9	-66.1	-64.8	-35.7
Return on capital employed, %	7.3	-9.9	-66.1	-64.8	-35.7
Capital turnover, times	1.1	0.9	0.3	0.1	0.2
Equity/assets ratio, %	78.3	79.0	74.3	82.2	89.2
Intangible fixed assets investments, SEK million	6.0	-	-	19.5	5.4
Tangible fixed assets investments, SEK million	7.6	3.9	9.0	3.9	0.2
Average number of employees	99	96	96	95	101
Net revenue per employee, SEK million	2.5	1.5	0.5	0.3	0.6

DATA PER SHARE	2008	2007	2006	2005	2004
Earnings per share, SEK					
Before dilution	0.29	-0.31	-2.31	-4.41	-3.14
After full dilution	0.29[3]	[2]	[1]	[1]	[1]
Shareholders' equity per share, SEK					
Before dilution	4.15	3.85	2.34	4.64	7.22
After full dilution	4.15[3]	[2]	2.34	4.64	7.21
Cash flow per share, SEK	-0.08	0.17	-2.28	-3.97	-3.20
Average no. of shares					
Before dilution (thousands)	55,661	51,175	47,161	31,686	29,476
After full dilution (thousands))	55,661	[2]	47,161	31,691	29,481
Number of shares at end of period					
Before dilution (thousands)	55,661	55,661	47,161	47,161	29,476
After full dilution (thousands))	55,661	[2]	47,161	47,165	29,481
Share price, 31 December	14.80	18.60	10.80	12.20	8.49
Dividend	-	-	-	-	-

1) 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.
2) At the end of the period there were no outstanding warrants or employee options.
3) No dilution is present since the subscription price exceeds the share price.

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. Born 1941. Lives in Stockholm, Sweden. Previously Vice President of Research at Astra AB, Pharmacia AB and Active Biotech AB. Member of the Board since 2001. Chairman of the Board since 2007. Chairman of the Remuneration Committee and member of Audit Committe.

Other board appointments: Member of the boards of Galenica AB, Alligator Bioscience AB, Pharmexa A/S, Eurocine AB and Biocrine AB.

Shareholding: 8,000

Carl Borrebaeck

Doctor of Science. Born 1948. 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. Deputy Vice Chancellor LU, Sweden. Member of the Royal Swedish Academy of Engineering Sciences. Senior Scientific Advisor to the Company. Member of the Board since 1997.

Other board appointments: Member of the boards of Alligator Bioscience AB and Nordic Vaccine A/S.

Shareholding: 1,292,908

Lars Henriksson

Master of Science. Born 1961. Lives in Stockholm, Sweden. Investment Manager/Controller of Business Area Life Science of Stiftelsen Industrifonden. Member of the Board since 2005. Member of the Remuneration Committee.

Other board appointments: Member of the board of Sidec AB.

Shareholding: -

Lars Ingelmark

Bachelor of Medicine. Born 1949. 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 AB, SLS Invest AB and Svensk Våtmarksfond. Member of the boards of Niconovum AB, Innoventus AB, Innoventus Project AB, Karolinska Investment Fund and Svenska Jägareförbundet.

Shareholding: -

Elisabeth Lindner

Master of Science, MBA. Born 1956. 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 Remuneration Committee.

Other board appointments: Chairman of the board and CEO of Biosource Europe AB.

Shareholding: 6,400

Svein Mathisen

President and CEO
Master of Science, Engineering Physics. Born 1956. 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: Chairman of the board of Biotec Pharmacon ASA and member of the board of the Sweden-Bio organisation.

Shareholding: 1,050,000
Employee options: 15,000

Ulrika T Mattsson

Employee representative.
University degree in Biomedical Laboratory Science. Born 1968. Lives in Malmö, Sweden. Biomedical Scientist. Member of the Board since 2007.

Other board appointments: -

Shareholding: 400 (own and affiliated holdings).
Employee options: 3,750

Björn Nilsson

Doctor of Science. Born 1956. Lives in Sollentuna, Sweden. Professor, CEO and member of the Royal Swedish Academy of Engineering Sciences. Associate professor at the Royal Institute of Technology (KTH) in Stockholm. Member of the Board since 1999. Chairman of the Audit Committe.

Other board appointments: Member of the board of ÅForsk.

Shareholding: 10,000

Kenth Petersson

Bachelor of Arts. Born 1956. 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, Biocrine AB, Diabetes Tools AB and Spiber Technologies AB. Member of the board of Alligator Bioscience AB.

Shareholding: 80,000

Auditors
Ernst & Young AB
Auditor in charge: Johan Thuresson, Sweden, Authorised Public Accountant. Born 1964. Lives in Höllviken, Sweden. Auditor for BioInvent International AB since 2008.

Senior management

Svein Mathisen

President and CEO
Master of Science, Engineering Physics. Born 1956. 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: Chairman of the board of Biotec Pharmacon ASA and member of the board of the Sweden-Bio organisation.

Shareholding: 1,050,000
Employee options: 15,000

Cristina Glad

Executive Vice President
Doctor of Science, Biochemistry. MBA. Born 1952. Lives in Malmö, Sweden. Employed in 1987 by the former subsidiary Bioinvent Production AB. Member of the Royal Swedish Academy of Engineering Sciences.

Shareholding: 1,043,301
Employee options: 15,000

Steven Glazer

Senior Vice President, Development
Doctor of Medicine. Born 1948. 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: -
Employee options: 37,500

Per-Anders Johansson

Vice President, Quality Assurance and Regulatory Affairs
Master of Science, Chemistry. Born 1955. Lives in Lund, Sweden. Employed in 1984 by the former subsidiary Bioinvent Production AB.

Shareholding: 250,000
Employee options: 15,000

Martin Wiles

Senior Vice President, Business Development
Ph. D. Chemistry. MBA. Born 1963. 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: -
Employee options: 37,500

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 Tuesday 21 April 2009 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.

Shareholders wishing to attend the AGM must be registered in the shareholders' register kept by Euroclear Sweden AB ("Euroclear", former VPC AB) no later than Wednesday 15 April 2009 and must inform BioInvent of their intention to attend no later than 4 p.m. on 15 April 2009 by sending a letter to: BioInvent International AB, 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.

In order to participate in the AGM, shareholders with nominee-registered shares must request that their shares be temporarily owner-registered in the Euroclear shareholders' register. Such registration must be completed no later than 15 April 2009 and the nominee must be informed of this well in advance of this date.

Shareholders must include their name, personal/company registration number, shareholding, telephone number and the name of any assistants that will be attending. Proxy to act on behalf of a shareholder shall be sent together with the notice of attendance. Representative of a legal person shall hand in a copy of a registration certificate or similar papers of authorisation. The company will supply proxy forms upon request from a shareholder.

Financial calender

BioInvent will present the following financial reports:
Interim reports – 16 April, 15 July, 15 October 2009
Financial statement for 2009 – 17 February 2010

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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