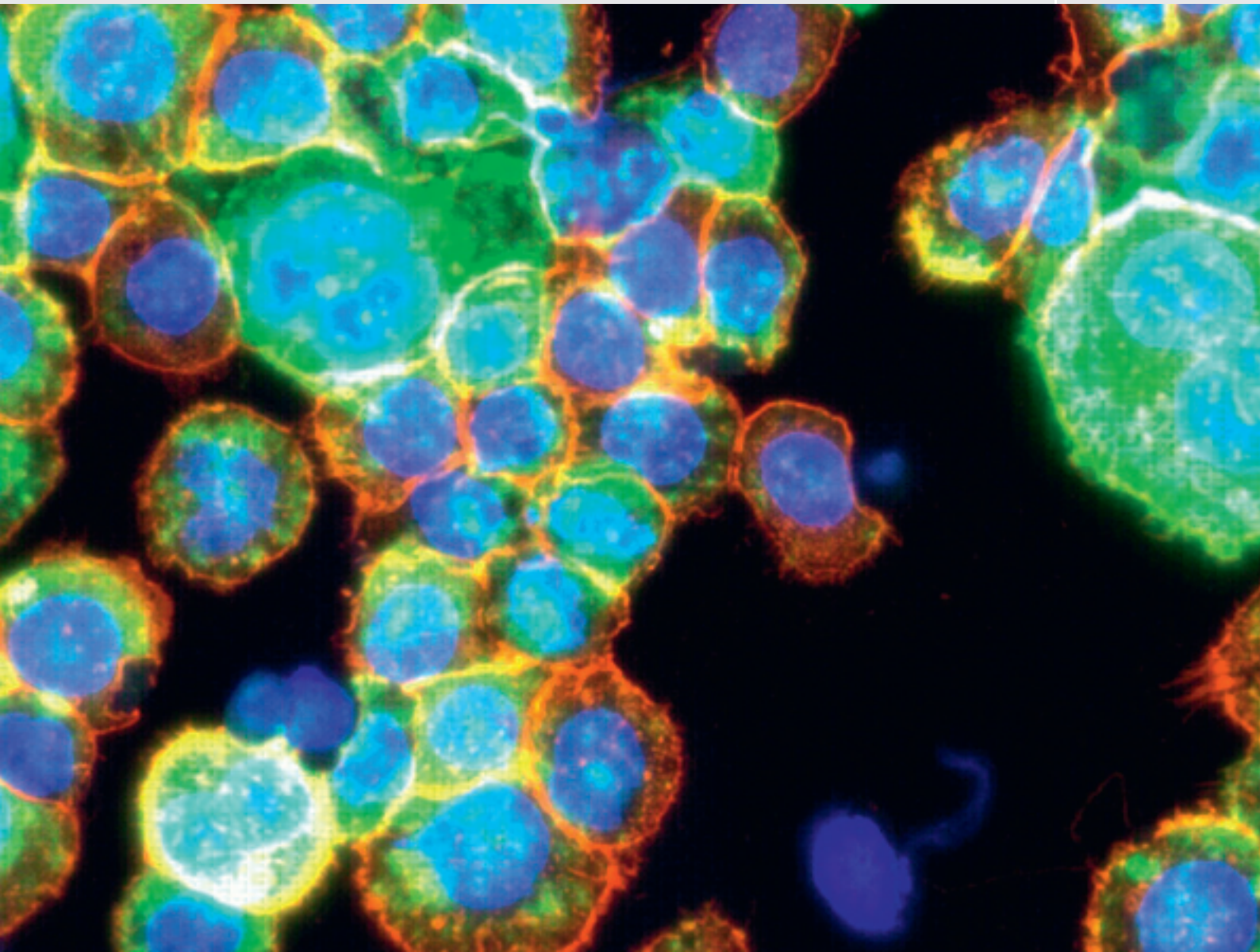
BioInvent

11

Annual Report 2011



Contents

Cover:
BI-505 (green signal) is binding to the cell surface of myeloma cells (red signal).

A year of intense activity in the clinical portfolio

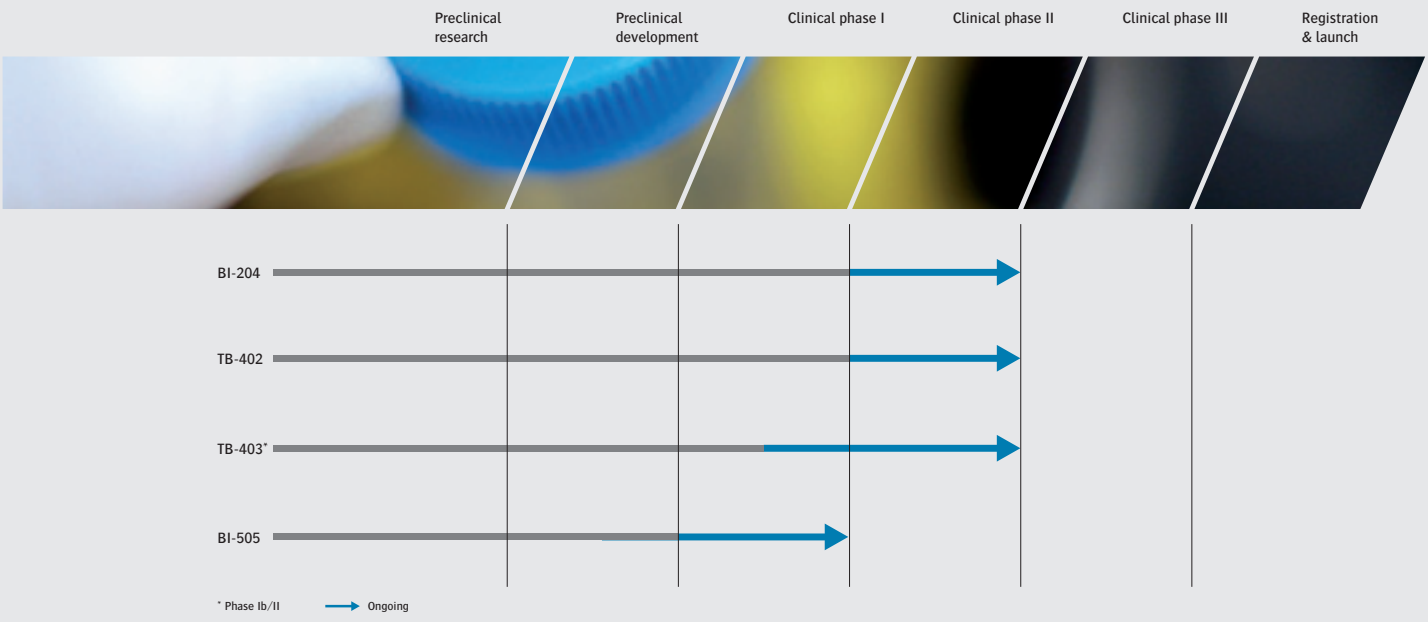
BioInvent focuses on developing antibody drugs and documenting their biological activity and effect in clinical research.

To be able to take product candidates further through late clinical development to full commercialisation, the Company works with larger pharmaceutical companies.

Today the Company is running innovative drug projects with a main focus on the areas of thrombosis, cancer and acute coronary artery disease. BioInvent's strategic position is supported by a strong technology platform for the development of antibody drugs.

- In March 2011 BioInvent and Genentech launched a phase IIa study (GLACIER) with BI-204. Genentech paid a milestone payment of USD 15 million at the start of the study. The study is documenting the anti-inflammatory effect of BI-204 in patients with stable coronary artery disease.
- In April 2011 a phase IIb study with TB-402 was started with patients who had undergone hip replacement surgery. All 632 patients had been recruited by December 2011.
- In May 2011 Roche launched a study with TB-403 administered in combination with bevacizumab in relapsed patients with glioblastoma multiforme, an aggressive form of brain tumour. A milestone payment of EUR 4 million was paid to ThromboGenics and BioInvent.
- Recruitment and expansion of the phase I study with BI-505 continued.
- A partnership with Servier focusing on antibody-based cancer therapy began in January 2012. The agreement is worth more than EUR 11 million plus royalties if a product is successfully launched.

SEK million	2011	2010
Operating revenues	125	83
Profit/loss for the year	-67	-128
Current investments and cash and bank	174	106



Comments by the CEO

Dear shareholders,

As I look back on 2011 I'm happy to conclude that our clinical studies have advanced in an effective and successful way. Based on this, we expect to report clinical data over the next six months from the development programmes that we are directly involved in.

In March 2011 a phase II study was launched with the BI-204 product candidate which is being developed to protect patients with acute coronary syndrome from repeated cardiovascular disease. The study is designed to focus on investigating if BI-204 can reduce the harmful inflammation in vessel walls which is an important cause of the development of atherosclerosis and acute coronary syndrome. If we are successful, BI-204 has every chance of being developed into a drug that will meet a great medical need in a huge market. We expect to be able to report results from this study in the third quarter this year.

In April 2011 we launched a phase II study with the thrombosis inhibitor TB-402 in patients who are undergoing hip replacement surgery. We have already presented convincing efficacy data from a phase II study for patients undergoing knee replacement surgery. The product candidate represents a possible paradigm shift in the prevention of deep vein thrombosis after orthopaedic surgery and eventually in other patients at risk for blood clotting as well, such as immobilized, acutely ill patients.

The profile of the product candidate allows a single dose to be administered in connection with surgery, compared to daily dosing for two to five weeks following surgery as is the case with the treatments available today. Similarly, for immobilized medical patients it may be sufficient with a single dose instead of daily dosing as with today's treatment options. We expect to be able to report results from the phase II study on hip replacement patients in the second quarter this year.

The BI-505 product candidate for the treatment of multiple myeloma is undergoing a phase I study which has been expanded, both in terms of the number of different dose levels and the number of participating clinics. The first results show that the product candidate is well tolerated. By having more clinics participating we hope to be able to report study results at the end of the second quarter this year. The need for new treatment options for multiple myeloma is substantial and represents a significant commercial opportunity for BioInvent. The ongoing clinical programme will also include a phase Ib/II study of the TB-403 product candidate for patients with an aggressive form of brain cancer (glioblastoma multiforme). Under the licensing agreement we entered into in 2008, our partner Roche is responsible for the future clinical development.

Soon after the end of last year we were able to report that another large pharmaceutical company, Servier, a French company, had decided to invest in our technology platform to develop antibody drugs. With the help of our n-CoDeR antibody library, we will find an antibody candidate against a cancer target protein from Servier's own research. Servier is financing all research and development and BioInvent will receive milestone payments and royalties on sales of the products if clinical development and commercialisation are successful.

The agreement with Servier is one of several agreements aimed at increasing the potential of our technology platform by more companies basing fundamental elements of their product development on our technology. This business model creates a potential for us to strengthen our earnings based on the product development and commercial successes of other companies. If the agreements we have entered into regarding n-CoDeR result in successful development of new drugs, the revenues generated will represent significant earnings potential for the Company, on top of the revenues we will generate from our proprietary drug development.

To create the necessary financial conditions for the continued successful development of our product portfolio, we launched a private placement of new shares in June last year worth around SEK 136 million before issue costs aimed at a number of foreign and Swedish institutions. The placement was also important in that it represented a first step towards broadening our foreign investor base. In February 2012 we announced a rights issue of SEK 105 million. The issue was subject to approval by an Extra General Meeting. It will strengthen the Company's financial position and allow us to make long-term plans so that we can, from a position of strength, exploit the commercial opportunities that positive results from the ongoing studies afford us.

Our primary task in 2012 is to efficiently advance the clinical studies and develop the commercial opportunities that we believe will bring the greatest shareholder value. We are forging ahead with our partner Genentech with the BI-204 project to design

"Progress in 2011 has created great potential for 2012 to be an exciting year."

Svein Mathisen, CEO

the structure of the future clinical development of the drug candidate.

The next stage of development is likely to be a phase IIb study to determine the optimal dose before a phase III programme is started. Our agreement with Genentech gives us the commercial rights outside the North American market. The Company's strategy is to look for a partner for these rights. Our partnership with Genentech provides the project with competence and resources in a way that allows BioInvent to retain some scope for action. The alternatives are to retain the rights for one more stage in the development process or to enter into a partnership agreement for this at an earlier stage.

We currently own all commercial rights for the BI-505 product candidate and we will be able to establish a partnership strategy when data from the ongoing phase I study is available later this year. Within the TB-402 project we and our partner ThromboGenics have a strategy of looking for a commercial partner when we have obtained results from the ongoing hip surgery study.

In conclusion, I would like to thank our employees for all of their hard work in 2011 – work that has created extraordinary opportunities to make 2012 an exciting year.

Lund, March 2012
Svein Mathisen

Market overview

Antibodies – An attractive drug category

The antibody drug segment is one of the fastest growing segments in the pharmaceutical industry. Since the beginning of the year 2000 sales have increased more than tenfold from USD 2 billion to over USD 40 billion in 2011. This strong growth is likely to continue over the next few years, and by 2014, the market is expected to be worth around USD 60 billion.[1] There are several reasons why antibody drugs have become successful and represent significant value for the companies that have developed them. Antibodies are nature's own defence molecules. As such they are highly selective and, in their natural form, are very well tolerated by the body. A precise effect is noted and the antibody integrates naturally with the rest of the immune system which can therefore modulate the antibody's therapeutic effect. Also, antibody drugs to some extent have other application areas than traditional medicines; they are useful when targeted, for example, at extracellular molecules or cell-surface proteins – two significant groups of target proteins that may be difficult for traditional, small molecular drugs to impact. This is the task of naturally occurring antibodies in the body – to recognise foreign substances and cells so that they can be rendered harmless. The time needed to develop antibody drugs is shorter than for traditional pharmaceuticals[2], and development costs are therefore lower. In addition, the risk of setbacks in clinical development appears to be lower for antibodies than for traditional drugs.

End markets for bioinvent's product candidates

BioInvent currently has four product candidates in clinical development in the areas of thrombosis, coronary artery diseasedisease and cancer; diseases where there is a significant medical need. Below are brief descriptions of the markets for BioInvent's product candidates.

Thrombosis

TB-402 is being developed as a treatment to prevent thrombosis. In clinical trials reported in February 2011, the product candidate showed a significantly better effect than the comparison drug enoxaparin (Lovenox, Sanofi) in patients undergoing knee replacement surgery. The study also confirmed that TB-402 has a favourable pharmacokinetic profile and a comparable safety profile. BioInvent will conduct a phase IIb study for the prevention of venous thromboembolism (VTE), a collective term for deep vein thrombosis (DVT) and pulmonary embolism (PE), following hip replacement surgery. An equally promising but significantly larger market segment consists of patients who need thrombosis prophylaxis because they are immobilised, which is common in hospitalised patients, but also in many patients receiving care in other environments. These patients run a big risk of VTE unless they are treated with an antithrombotic drug. Currently this treatment is usually in the form of low molecular heparin, which needs to be injected daily. For these patient groups, who may typically need treatment for up to 30 days, long-acting TB-402 is expected to be an attractive alternative since its antithrombotic effect is believed to last for the entire period after the patient is given the antibody on a single occasion. A third important patient category that may be able to be treated with TB-402 consists of patients with atrial fibrillation. These individuals run the risk of serious complications, such as stroke, unless they receive adequate treatment.

The mortality rate among patients with VTE is high if left untreated, and the cost for society as a result of the healthcare needs of these patients and their subsequent long-term follow-up care is high. In the US alone, the estimated number of individuals treated every year for DVT or pulmonary embolism is more than 600,000.[3] DVT and the even more deadly complication PE together may also cause more than 100,000 deaths in the US every year.[4]

1 Datamonitor 2009.
2 Tufts CSDD Impact Report November/December 2011.
3 Barclays Capital Equity Research, 2008.
4 The Surgeon General's Call to Action to Prevent Deep Vein Thrombosis and Pulmonary Embolism, 2008.

BioInvent is developing antibody drugs – the fastest growing segment of the pharmaceutical market with total annual sales of over 40 billion USD.

The market for antithrombotics includes drugs that affect the action of platelets and that are mainly used to prevent arterial thrombosis, e.g. the best-seller Plavix (clopidogrel, Sanofi/Bristol-Myers Squibb). Drugs that affect the coagulation factors of the blood, and thereby prevent the blood from clotting, are mainly used in venous thrombosis. The annual global sales of this latter group of anticoagulants amounted to just under USD 8 billion in 2010 in the largest markets.[5] Anticoagulants currently available (mainly heparin substances) are inconvenient to administer and associated with an elevated risk of bleeding. Better coagulants are therefore needed. In particular, drugs that are easier to administer (without the need for daily doses and frequent dose adjustment) would adressaddress a significant medical need. The side-effect profile, in particular the risk of bleeding, is also an important factor for new anticoagulant drugs. Various new anticoagulants that can be administered in tablet form instead of by injection are now in development. Some of these (dabigatran, rivaroxaban and apixaban) have recently been approved for the prevention of thrombosis in patients undergoing major orthopaedic surgery. Several of these drugs are expected to become blockbusters, particularly those used for patients with atrial fibrillation.

The medical need for antithrombotics for patients who are immobilised is considerable. Patients may be immobilised in a bed for many reasons, e.g. cancer, stroke, coma, MS, infection, and where patients are old and weak. The treatments vary today, but often low molecular heparin is given and this must be injected daily during the treatment period. Estimates show that antithrombotic treatment of immobilised patients probably makes up half of the sales of the leading low molecular heparin Lovenox (enoxaparin, Sanofi), which in 2009 had total sales of USD 4.2 billion USD.[6]

The number of hip and knee surgeries in the major drug markets was estimated at around 2.4 million in 2009 and is expected to grow to around 3.1 million by 2015.[7] The market is still dominated by low molecular heparin. Today heparin is injected daily for up to 15 and 30 days following knee or hip surgery. A prolonged treatment period can reduce the number of cases of deep vein thrombosis.

BioInvent expects TB-402 to be highly suitable for these patient populations because the antibody has a half-life that is believed to enable a single injection to be administered in connection with hospitalisation or surgery. Available clinical results

5 Datamonitor 2011.

6 Datamonitor 2010.
7 Datamonitor 2008.

have shown the product to be more effective in the prevention of thrombosis than the current standard of care, enoxaparin. Clinical results also show that the product's effect can be reversed with an antidote, Factor VIII, which is desirable in case another surgery is needed. Another important benefit is that the function and metabolism of TB-402 are not affected by a patient's impaired liver or kidney function. The risk that TB-402 will have undesired interactions with other drugs is also believed to be small. These product properties can be expected to be particularly important in the case of older patients who are immobilised or who undergo hip or knee surgery, and who may be being treated with a number of other drugs or who often have organs with impaired function.

The market for antithrombotics for patients with atrial fibrillation is large and is currently dominated by warfarin (waran). Recently developed oral anticoagulants are expected to take a significant portion of this market in terms of value when they start to be sold over the next few years. TB-402, on the other hand, is expected to be administered by injection with long, i.e. monthly, intervals. An important benefit is that patients will probably not need to be monitored as is the case with current treatments. These product properties are expected to be particularly valuable for patients with atrial fibrillation who are hospitalised, old or suffer from dementia.

Cardiovascular diseases

Cardiovascular diseases are the most common cause of death among both men and women. Drugs for the treatment of cardiovascular diseases (including coronary artery disease, high blood pressure, abnormal blood lipids and diabetes) currently constitute the largest group of drugs and accounted for total sales of USD 170 billion in 2010.[8] After blood pressure medicines, drugs to treat coronary artery disease and abnormal blood lipids are the single largest drug classes in this market. This includes statins which account for the largest portion. The leading statin, Lipitor (atorvastatin, Pfizer), has been the global best seller for a long time, reaching top sales of USD 12.9 billion in 2006.

Another large group of drugs to treat patients with an elevated risk of coronary artery diseases consists of various types of drugs that inhibit the aggregation of blood platelets to form blood clots. The leading drug in this class is Plavix (clopidogrel, Sanofi/Bristol-Myers Squibb).

Coronary artery disease, or ischemic heart disease, is normally divided into two sub-categories: stable and unstable (acute) coronary artery disease. The stable form mainly consists of stable angina pectoris. The unstable coronary artery disease, which is also called acute coronary syndrome (ACS), is divided into ST elevation myocardial infarction (STEMI), non-ST elevation myocardial infarction (NSTEMI), unstable angina and sudden death.

Inflammation in the vessel walls is described as the underlying cause of plaque formatting in the coronary artery and eventually the presence of unstable coronary artery disease. Inflammatory cells (macrophages) that are present in plaque also help to destabilise the plaque (vulnerable plaque) so that is ruptures more easily. Ruptures plaque causes blood clots to form in the blood vessel, which is the mechanism behind unstable coronary artery diseases (acute coronary syndromes) such as unstable angina, myocardial infarction or sudden death. Various approaches to inhibiting inflammation in the vessel walls are therefore seen as possible development paths for future drugs to treat coronary artery disease. BioInvent's BI-204 drug candidate is an example of such an approach. It is initially being developed for this market where there is a significant unmet medical need to prevent relapse, so-called secondary prevention, in patients manifesting unstable coronary artery disease. The patient population for secondary prevention, which generally is initiated shortly after the primary disease event, is estimated at around 3 million patients in North America and Europe.[9] Patients with unstable coronary artery disease are at a significantly higher risk of complications as 30 percent suffer another infarction within three years.

Current treatments such as statins, fibrates, niacin and cholesterol absorption inhibitors, have a limited effect on the fundamental course of the disease – the inflammatory atherosclerosis in the patient's coronary arteries. A large percentage of the patients who are diagnosed with unstable coronary artery

8 AstraZeneca – Annual Report with information from Form 20-F 2010.

9 Heart Disease and Stroke Statistics, 2007 Update.

BioInvent's product candidates are new innovative concepts to treat diseases where there is a great unmet medical need.

disease undergo a blood vessel widening procedure (angioplasty) using a balloon and stent to widen the atherosclerotic vessel. A smaller percentage of patients have surgery to replace old diseased coronary arteries with new grafts.

Drugs being developed for the treatment of unstable coronary artery disease include phosphilopase A2 inhibitors (e.g. darapladib and varespladib), HDL modifying drugs such as CETP inhibitors (e.g. dalcetrapib, anacetrapib). Phospholipase A2 inhibitors work by blocking different stages in the inflammatory cascade – also called the arachidonic acid synthesis. HDL modifying drugs, e.g. Roche's dalcetrapib, act by raising the good cholesterol, HDL (high-density lipoprotein).

Cancer

BioInvent has two product candidates in clinical development that are being developed to treat oncological diseases: TB-403 and BI-505. TB-403 is a so-called angiogenesis inhibitor and has the potential to be used to fight several types of tumours. Its mechanism of action is general and kills tumours indirectly by blocking the blood supply to the tumour. The formation of new blood vessels is a process called angiogenesis. These newly formed vessels supply growing tissue with nutrients and transport waste away from the tissue. Angiogenesis is essential for a tumour to grow, spread locally and metastasise. Tumours over a certain size are dependent on the formation of new blood vessels to survive. Angiogenesis inhibition as a principle for cancer treatment has several advantages, e.g. the mechanism of action is different from other cancer therapies and it can therefore be useful in combination therapies. Interest in angiogenesis inhibitors in cancer treatment has increased significantly in recent years. One antibody, Avastin (bevacizumab, Roche), is approved for the treatment of breast, kidney, brain, lung and colorectal cancer. Avastin is a commercial success with sales of more than USD 6.2 billion in 2010.

BI-505 is the other product candidate BioInvent is developing for the treatment of oncological diseases. Unlike TB-403, it fights tumours directly by binding specifically to cancer cells and killing them through programmed cell death (apoptosis) and other direct effector mechanisms.

The first form of cancer for which BI-505 is being developed is the bone marrow disease multiple myeloma, a disease where there is a great medical need for improved treatment. The average survival is 3 – 5 years and the progression of the disease is often painful because the tumour attacks bone tissue and the patients therefore often suffer from severe bone pain and bone destruction as well as neurological symptoms. These patients are also prone to infection and severe kidney damage. The number of new patients with multiple myeloma is estimated at 40,000 per year, while the number of new patients with leukaemia is estimated at more than 200,000 per year.

Multiple myeloma is mainly treated today with chemotherapy and bone marrow transplantation. Notable among newer treatments is the proteasome inhibitor Velcade (bortezomib, Takeda/Johnson & Johnson) and immunomodulating drugs such as Revlimid (lenalidomide, Celgene) and thalidomide. Sales of lenalidomide and bortezomib in 2010 were around USD 4.3 billion[10] and sales of these drugs are expected to continue to rise sharply in the years ahead,[11] because the medical need is still great. Drugs such as lenalidomide and bortezomib have improved survival somewhat in the hard to treat population of relapse patients, but the mortality rate remains high. At present there is a handful of new drug candidates in late clinical deve-

10 MedTRACK database 2011.
11 MedTRACK database 2011.

lopment phases that target myeloma. One or two of these may obtain approval for clinical use over the next few years. Elotuzumab (anti-CS1, Bristol-Myers Squibb/Abbott) is one example of biologics currently being tested in late clinical phases in myeloma patients.

BI-505 may have potential as a new option for relapse patients with multiple myeloma who are not responding to current treatments ("relapsed/refractory patients"). These patients have been clinically proven to have elevated levels of the target protein ICAM-1 in their tumours; a more serious disease with a lower chance of survival.[12] ICAM-1 is believed to be involved in the occurrence and development of multiple myeloma.[13] The mechanism behind BI-505 makes it also conceivable that it may have the potential to be used in combination therapies with other anti-myeloma drugs and could therefore prolong survival in these patients.

Competition

Traditionally, antibody drugs have mainly been developed by biotech companies. The company that sells the most antibody drugs is the US company Genentech, now wholly owned by Roche. Other biotech companies that have successfully launched antibody drugs include Biogen IDEC, Amgen and Alexion. In 2010 Amgen launched denosumab, an anti-RANKL antibody for the treatment of osteoporosis and bone metastasis in cancer patients, and this product is expected by analysts to be able to be sold for several billion US dollars per year. As antibody drugs demonstrate commercial success, interest from big pharma for these products increases. In addition to Roche, companies like Novartis, Johnson & Johnson, BMS, AstraZeneca, Eli Lilly, UCB and Abbott ("Big Pharma") currently have products on the market and in late clinical development.

Several companies that are focusing on developing antibody drugs and antibody technologies have in recent years been acquired by larger companies. Companies that have not been bought and that are developing antibody drugs include MorphoSys, Regeneron, Ablynx, Immunogen and Seattle Genetics. Like BioInvent these companies enter into strategic development partnerships with large pharmaceutical companies where they utilise their expertise and technology within antibody development.

There are also other more product-oriented companies such as Genmab and Human Genome Sciences that are successfully developing antibody drugs in late clinical phases.

12 Migkou et al. ASH poster 2009, SchmidmaierInt J Biol Markers 2006.
13 Hideshima Nat. Rev. Cancer 2007.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Description of operations

Overview

BioInvent is a research-based pharmaceutical company that focuses on producing and developing antibody drugs for the treatment of diseases where there is a significant medical need and current treatment options are inadequate. The objective is to create value by building a sustainable portfolio of clinical development projects and then commercialising innovative pharmaceuticals. BioInvent is currently running four projects in development phases and has product candidates to treat coronary artery disease, thrombosis and cancer.

BioInvent's business model

BioInvent focuses on developing antibody drugs and documenting their biological activity and efficacy in clinical trials.

To be able to move the product candidates forward through late clinical development to full commercialisation, the Company works with major pharmaceutical companies.

In the case of certain projects, partnership agreements may be signed early on in the development phase, while other projects may be developed by the Company for a longer period. The timing of entering into partnerships is determined by costs, risk, the need for expertise and the additional value to be gained from continuing to develop the project in-house. The strategic purpose of the agreements is to ensure that the projects have the necessary expertise and resources to take the project to full commercialisation. To maximise the Company's potential to benefit from the overall value creation and provide the greatest possible flexibility, the Company will, in certain cases, also retain the market rights in individual geographical markets where the Company considers it feasible to establish a competitive commercial organisation. This makes it possible to take maximum advantage of the growth in value of successful projects. The Company's ability to realise this strategy is supported by its ability to attract strong partners.

BioInvent has also entered into a number of development partnerships where the development partner gains access to parts of BioInvent's antibody platform and antibody drug development expertise. This normally means that BioInvent or the partner, with the help of the n-CoDeR® antibody library, identifies antibodies that bind to the target proteins that the partner has selected. The selected antibodies are then developed, either by the partner alone or within the framework of continuing cooperation with BioInvent. In this type of cooperation, the partner is responsible for all development costs and assumes all of the risk.

BioInvent's revenue model

According to BioInvent's business model, the Company receives revenue in the following ways:

- From a development partner when it buys into the Company's projects.
- From customers for which BioInvent carries out development assignments.
- From customers that themselves use BioInvent's technology (technology licences).

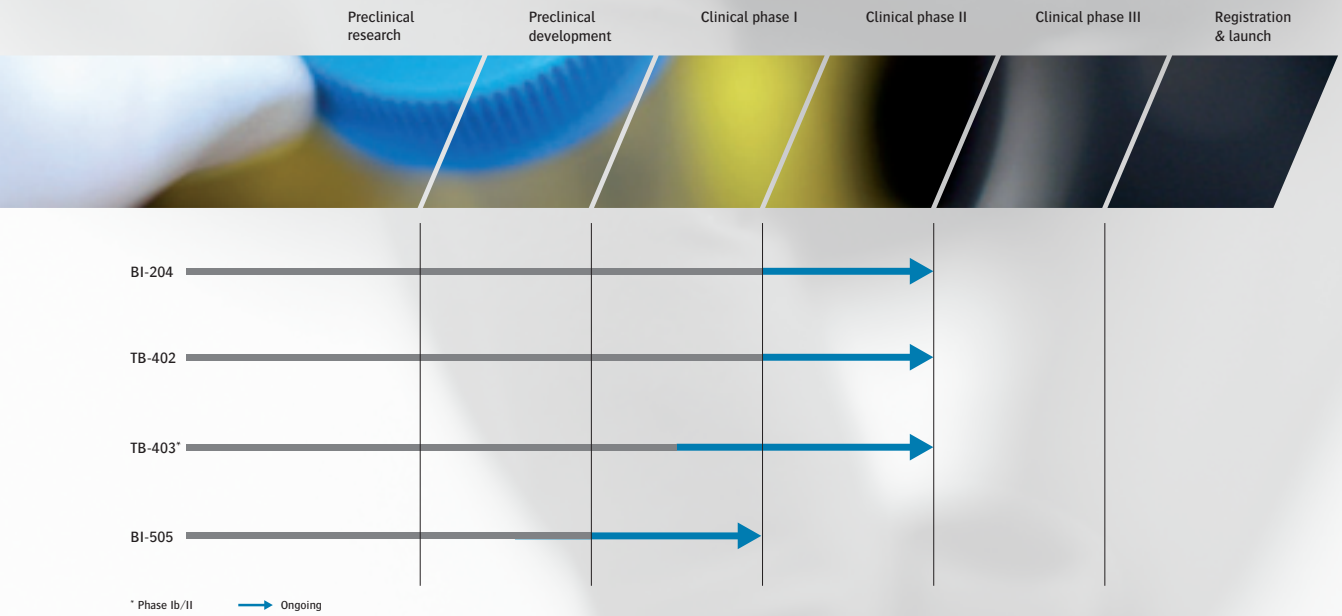
Revenue flows come from:

- Cash payments when an agreement is signed
- R&D milestone payments, i.e. payments when a project passes pre-defined milestones.
- Where applicable, research financing for research work carried out.
- Royalties, i.e. payments based on a percentage of the end product sales.
- Where applicable, revenues from the sale of projects on the markets where the Company has retained the market rights or shares the market rights with a partner.

Today revenues consist of cash payments when contracts are signed, licence fees, milestone payments and research financing. In the longer term the goal is to ensure sustainable profitability through royalties and revenues from the Company's own commercialisation in certain markets. Profits may be reported in individual years before this has taken place when significant breakthroughs are made in one of BioInvent's projects.

Development projects

BioInvent is currently running four projects in development phases in the areas of coronary artery disease (BI-204), thrombosis (TB-402) and cancer (BI-505 and TB-403).



Phases of pharmaceutical development
A pharmaceutical needs to go through a number of phases before it can be registered and commercialised. Each phase has a significant lead-time, and taking a drug from preclinical research to commercialisation therefore often takes more than ten years. The descriptions of the various phases of drug development below are specifically related to the development of antibody-based drugs.

Preclinical research
Antibody drugs bind specifically to a target protein. It is this binding process, and the effects the antibody produces, that determine the efficacy of the treatment. Accordingly, the choice of target protein is crucial when developing antibody drugs.

Preclinical development
The purpose of this stage is to document that it is possible to administer a drug candidate to humans with a limited risk. Side effect studies are therefore carried out in animals, but also in test tube and tissue section studies. The in vivo studies also allow the absorption, distribution, metabolism and excretion of the drug candidate to be studied. When the safety studies have been completed, an application is filed with the authorities for a license to start clinical studies. The preclinical development phase usually takes about a year.

Clinical phase I study
Clinical phase I studies are normally carried out on healthy individuals. This is where the safety of the substance and how well it is tolerated is examined. Analysis is then carried out to determine how the drug is metabolised by the body (pharmacokinetics), and if possible, its effect on the body (pharmacodynamics). A clinical phase I study normally takes up to a year to complete.

Clinical phase II study
During clinical Phase II studies the effect of the drug is analysed on small patient cohorts. In addition to safety and tolerability, these studies attempt to gain an understanding of therapeutically active doses. It is usually also possible to get an idea of the drug's effect during this phase. The phase II studies are expected to take one to three years.

Clinical phase III study
The phase III studies incorporate broader patient cohorts. In phase III studies the effects and side effects are compared with those of the drugs already on the market. Usually parallel studies are carried out with different patient populations. The primary purpose of phase III studies is to prove that the drug is effective. The studies often need to be large because the results must be able to prove sufficient statistical significance. These studies can take anything from two to six years depending on the indication and the effect the study is intended to prove.

Registration and launch
Following successfully completed clinical studies, an application is filed with the relevant authorities (FDA in the US and EMA in Europe) to get the drug approved and registered to be marketed and sold. The registration process normally takes 12 – 18 months.

BI-204 Acute Coronary syndrome

BI-204 is being developed as a drug to prevent the recurrence of acute coronary artery disease, so-called secondary prevention. The antibody targets oxidised forms of apoB100, a lipoprotein that is part of the LDL particle. Research in recent years has shown strong links between oxidised LDL and harmful inflammation of the vessel walls. This type of inflammation leads to the formation of atherosclerotic plaque which is particularly likely to rupture and cause blood clots.

BioInvent has entered into a strategic partnership with Genentech where the companies are jointly developing and commercialising BI-204. Under the agreement the companies have joint responsibility for clinical development. Genentech has licensed the North American commercialisation rights, while BioInvent has retained the rights for the rest of the world.

Product characteristics

The BI-204 drug candidate has the potential to stabilise vulnerable plaque at risk of rupture, and may also reduce its size. BI-204 therefore has the potential to attack the underlying cause of disease in the coronary arteries – the atherosclerosis that is common in these patients. An important component in this disease is believed to be harmful inflammation in the patients' coronary arteries. Links have been shown between the oxidised forms of LDL and the inflammatory processes that lead to plaque formation in the vessel walls. Preclinical trials support the fact that the mechanism behind BI-204 is a modulation of the inflammatory processes resulting in a reduction of proinflammatory cells (macrophages) in the plaques. Proinflammatory cells contribute to the formation and build-up of the atherosclerotic plaque.

Clinical need

The goal is for BI-204 to be able to prevent the recurrence of myocardial infarction in patients with acute coronary syndrome, so called secondary prevention. These patients have a substantially higher risk for complications; 30 percent have another myocardial infarction within three years. Currently no effective drugs are available that have a significant effect on the underlying cause of the disease – the normally extensive atherosclerosis in the vessels of these patients. There is a specific medical need during the first few months following an acute coronary artery event, when the risk of a relapse with repeated acute events is highest.

Clinical observations show that metabolic syndrome, like the syndrome components insulin resistance and hyperglycaemia, are more common in individuals with high concentrations of oxidised LDL. Thus BI-204 may be expected to be able to enhance the treatment of these high-risk patients.

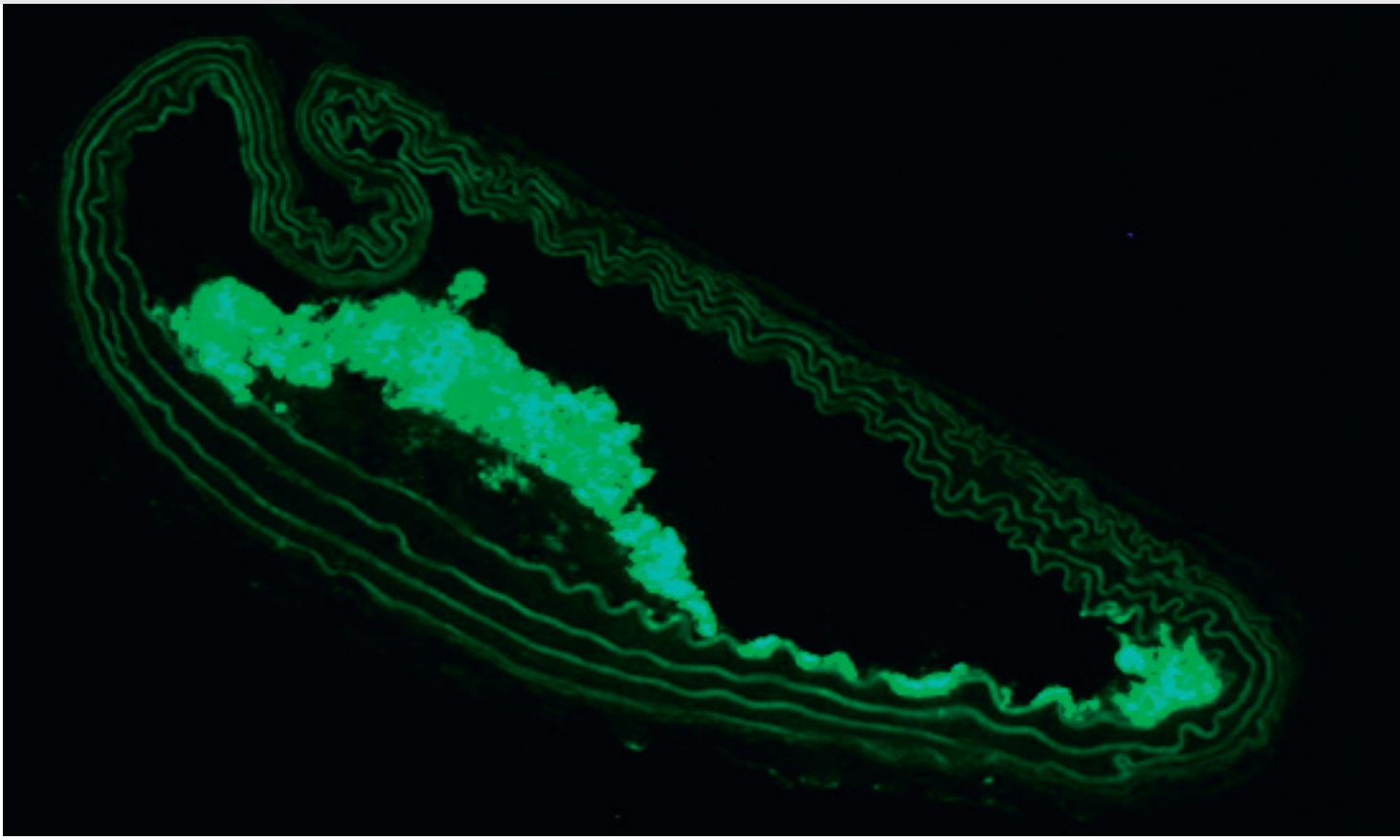
Alliance with Genentech

In January 2007 the Company entered into a strategic partnership with Genentech Inc. to develop and commercialise BI-204. Genentech made a cash payment to BioInvent of USD 15 million. An additional USD 15 million was paid to BioInvent at the start of the phase II study in March 2011. In the partnership with Genentech, BioInvent may receive up to USD 190 million in one-time payments as well as royalties on sales in North America. Under the agreement, Genentech and BioInvent are jointly responsible for clinical development. Genentech will be responsible for, and will have sole control of, all commercialisation of the drug in North America, while BioInvent will be responsible for, and will have sole control of, commercialisation in the rest of the world. In the development period, Genentech and BioInvent are sharing development costs according to an undisclosed split.

Project status

A phase IIa study with the Company's drug candidate BI-204 was initiated in March 2011. The study has been assigned the acronym GLACIER (Goal of oxidised Ldl and ACtivated macrophage Inhibition by Exposure to a Recombinant antibody). BI-204 is being developed to protect patients with acute coronary syndrome from repeated cardiovascular events, such as myocardial infarction, also called secondary prevention.

GLACIER is a randomised, placebo controlled, double-blind, multicentre study where the drug candidate BI-204 is delivered to patients with stable coronary artery disease on top of standard of care. The study, which has been expanded to 144 patients from originally around 120 patients, is being conducted at some 20 clinics in the US and Canada. The imaging technology used in the study (see below) is a fast-evolving modality for cardiovascular imaging and to have a better chance of reaching a conclusive outcome, the decision was taken to increase the study



An image of plaque in a mouse shows high macrophage infiltration (green signal).

from 120 to 144 patients. By the end of January 2012, 127 had started treatment. In view of the increased enrolment, the first results are expected to be reported in the third quarter this year.

The GLACIER study is designed to demonstrate a reduction in inflammation as quantified by FDG-PET imaging (^{18}Fluoro-2-deoxyglucose positron emission tomography) in the atherosclerotic blood vessels after four and twelve weeks of treatment. Inflammation in the coronary arteries is considered an important risk factor for the development of atherosclerosis and coronary artery disease.

In November 2011 the Company initiated a bioavailability study of a subcutaneous formulation of BI-204. Results from the study, which includes 22 healthy subjects, are expected in the second half of 2012. In the ongoing phase IIa study BI-204 is being administered intravenously.

A phase I study, which involved a total of 80 healthy volunteers and was concluded in 2009, demonstrated that the drug was well tolerated and had a biological half-life within the expected interval for human antibodies.

Patent production

Patent applications for the oxidised forms of the apolipoprotein apoB-100 which causes the harmful inflammation in the vessel walls, the use of them in drug development, products targeting these target proteins, mechanisms of action and the formulation of BI-204 have been filed in around 40 countries, including the large markets of the US, Europe, Canada, Japan, Australia, China and India. A total of five patents have been granted, four of which are in the US and one in the EU.

TB-402 Thrombosis

TB-402 is a human monoclonal antibody that has shown a beneficial partial inhibition of factor VIII, an important factor in the coagulation cascade. The product is primarily being developed to prevent the occurrence of venous thromboembolism (VTE) in connection with orthopaedic surgery. In this market, there is also the potential to document the preventative effect of TB-402 in patients with limited mobility, e.g. those who are immobilised in a bed, or other factors that increase the risk of a blood clot, e.g. cancer. The potential to develop TB-402 as a chronic treatment to prevent stroke in patients with atrial fibrillation will also be studied. TB-402 is being developed in cooperation with ThromboGenics.

Product characteristics

TB-402 is expected to be able to effectively and safely prevent VTE. The prolonged half-life of TB-402 is thought to make it possible to achieve this prophylactic effect with a single dose in an acute treatment situation or once a month in chronic treatment. This attractive method should be compared with daily dosing with current treatment options. There may be many benefits with a simplified form of administering a drug, such as better patient compliance during treatment and therefore better clinical outcomes, and less of a burden on healthcare producers and therefore lower costs.

Clinical need

Several patients groups, e.g. patients who are immobilised during medical treatments or patients who are undergoing major orthopaedic surgery, have a great need of improved and safe anticoagulant therapy. If they are not treated, these patients run the risk of venous thromboembolism. Current treatments, e.g. various heparin drugs, require daily injections and sometimes lead to severe bleeding. It is therefore particularly important for new anticoagulant drugs to have a good side-effect profile with respect to the risk of bleeding. The mortality rate of patients affected by VTE is high and the costs for society relating to patient care needs and subsequent long-term follow-up care is great. Another group requiring effective antithrombotic treatment consists of patients with atrial fibrillation who may suffer from complications such as stroke. In contrast to currently available treatment, TB-402 is expected to be administered as a single dose in connection with orthopaedic surgery or with intervals of up to four weeks for chronic conditions. The benefits of this approach are 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 or kidney toxicity, which should reduce the need for patient monitoring.

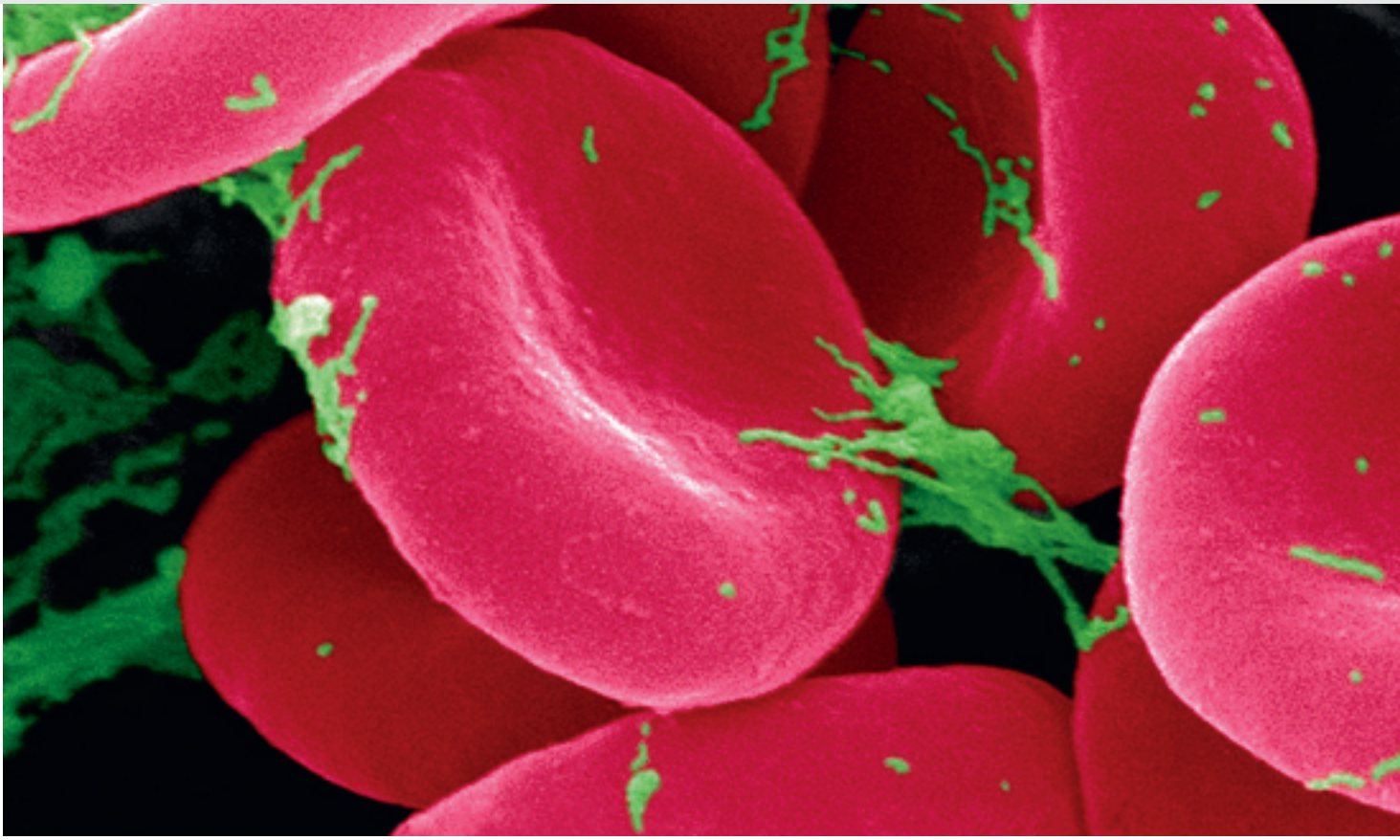
Alliance with ThromboGenics

BioInvent and ThromboGenics Ltd entered into an alliance in September 2004 for the joint development of antibody-based drugs to treat vascular diseases. Under the alliance the expertise of both companies is combined for the discovery, development and production of antibodies. BioInvent is contributing knowledge and experience in antibody development, production and immunology, and ThromboGenics is contributing expertise in research and clinical development in the area of vascular medicine. The partnership covers both TB-402 and TB-403.

Project status

A phase IIb study of the prevention of venous thromboembolism (VTE) after hip replacement surgery was initiated in April 2011. The study is a multicentre, double-blind, randomised study evaluating safety and efficacy of a single dose of TB-402, either 25 or 50 mg, compared to a five-week course of daily doses of the recently approved Factor Xa inhibitor rivaroxaban (Xarelto, Bayer/Johnson & Johnson).

The purpose of the study is to evaluate the two doses of TB-402, administered as a single intravenous infusion to prevent venous thromboembolism in patients following hip replacement surgery. The primary endpoint is evaluated on day 35 and is based on symptomatic cases of VTE and measurement of asymptomatic cases of DVT as detected by venography. The primary safety endpoint is the number of patients with a major or clinically relevant non-major bleed. The trial is fully enrolled with 632 patients at 36 clinics in Europe. The results will be announced in the second quarter.



Erythrocytes in fibrin network

Results from an earlier phase IIa study on patients who received an artificial knee were published in February 2011 in the Journal of Thrombosis and Haemostasis (JTH). The study showed that TB-402 has a significantly better effect than the leading low molecular heparin enoxaparin (Lovenox, Sanofi) and that the safety is comparable.[14] Enoxaparin is currently the standard of care for the prevention of DVT, both in surgical procedures and when there is an increased risk of throboembolic events in severely ill patients with limited mobility.

Additional studies have shown that the effect of TB-402 was reversed by administering the target protein (factor VIII) which TB-402 blocks and that TB-402 is safe and well tolerated in individuals who have received the standard of care (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 US and Australia. A total of five patents have been granted in the EU, the US and Japan.

14 A pooled analysis showed that the frequency of venous thrombosis was 22% for the patients who were treated with TB-402, compared to 39% for those treated with enoxaparin. This was a statistically significant different. The entire study was recently published (Verhamme et al., 2011, J ThrombHaemost).

TB-403 Cancer

TB-403 is a monoclonal antibody targeting PlGF (Placental Growth Factor), a protein that affects the development of new blood vessels (angiogenesis). The project is being developed primarily to treat types of cancer that are dependent on the growth of new blood vessels. TB-403 was originally developed within the framework of BioInvent's strategic partnership with ThromboGenics. In June 2008 the partnership entered into a strategic product alliance with Roche. This gives Roche exclusive, worldwide rights to develop and commercialise TB-403 at the same time as BioInvent and ThromboGenics retain the right to market the product in the Nordic, Baltic and Benelux countries.

Product characteristics

TB-403 is a new form of angiogenesis inhibitor that is specific to the PlGF target protein. PlGF is often upregulated in cancer and chronic inflammatory conditions, but is believed to play a limited role in healthy adults. It is therefore believed to be a suitable target protein in the treatment of cancer.

The PlGF expression has been shown to correlate with tumour stages and patient survival in several types of tumours. Preclinical data supports the idea that PlGF plays a role in tumour growth and angiogenesis, and shows that blocking PlGF by administering TB-403 can inhibit tumour growth in animal models. Healthy blood vessels are not dependent on PlGF. Mice that lack PlGF are healthy and reproduce normally. PlGF blockade can therefore be expected to be a relatively safe and well-tolerated cancer treatment used in combination with chemotherapy or other angiogenesis inhibitors.

Clinical need

Cancer constitutes a heterogeneous group of diseases, which complicates the development of drugs directed at tumour cells with the intention of killing them. An attractive strategy is to attack the tumours indirectly by inhibiting the growth of new blood vessels. These blood 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 tumour growth and increase the patient's chances of survival.

Current treatment for these types of cancer usually includes various combinations of chemotherapy or radiation and surgery. Certain types of cancer are also sensitive to hormone therapy. Angiogenesis inhibitors work better in combination with current treatments. This is supported by clinical trials that have been conducted with other angiogenesis inhibitors under development and on the market.

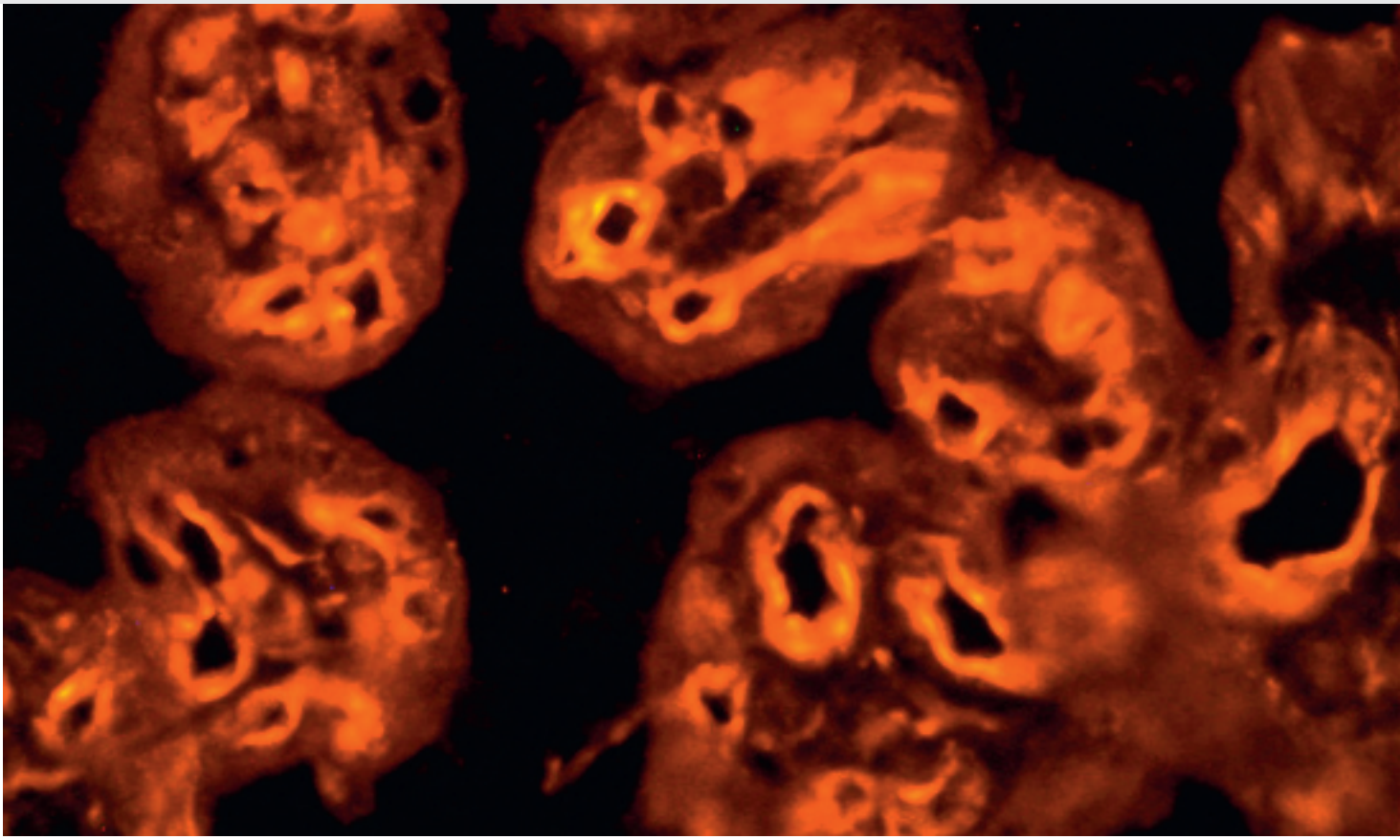
Alliance with Roche

In June 2008 BioInvent and its partner ThromboGenics entered into a strategic licence agreement with Roche for development and commercialisation of TB-403. Roche paid BioInvent and ThromboGenics a cash payment of EUR 50 million in July 2008. In January 2009 the transfer and implementation of technology and process development to Roche for ongoing clinical development of TB-403 were successfully concluded and an additional payment from Roche of EUR 5 million was received by BioInvent and ThromboGenics. In 2010 Roche initiated an imaging study on patients with metastasising, treatment-resistant colorectal and ovarian cancer. BioInvent and its development partner ThromboGenics accordingly received a milestone payment of EUR 10 million from Roche. The study was finished later during the year in line with the study protocol. When Roche started a phase Ib/II study in 2011, BioInvent and ThromboGenics received a EUR 4 million milestone payment from Roche.

If successful development and commercial milestones are reached, BioInvent and ThromboGenics stand to receive an additional EUR 431 million in milestone payments and double-digit royalties as a percentage of sales of TB-403 and any back-up programmes based on inhibition of PlGF.

Roche has received a global licence with sole rights to develop and commercialise TB-403. ThromboGenics, which discovered TB-403, will receive 60 percent and BioInvent 40 percent of the revenues from Roche.

BioInvent and ThromboGenics have retained a right to market the drug in the Nordic, Baltic and Benelux countries. Roche is responsible for all future development costs.



Antibodies against PlGF bind strongly to the vessel walls of capillaries in the human placenta.

Project status

BioInvent's development partner Roche initiated a clinical phase Ib/II study on patients with relapsed glioblastoma multiforme, an aggressive type of brain cancer. This study, which may involve a total of 80 – 100 patients, will examine the safety and clinical effect of TB-403 in combination with Avastin (bevacizumab, Roche). Secondary endpoints include tolerability and pharmacokinetics. The trial will include an evaluation of conceivable biomarkers.

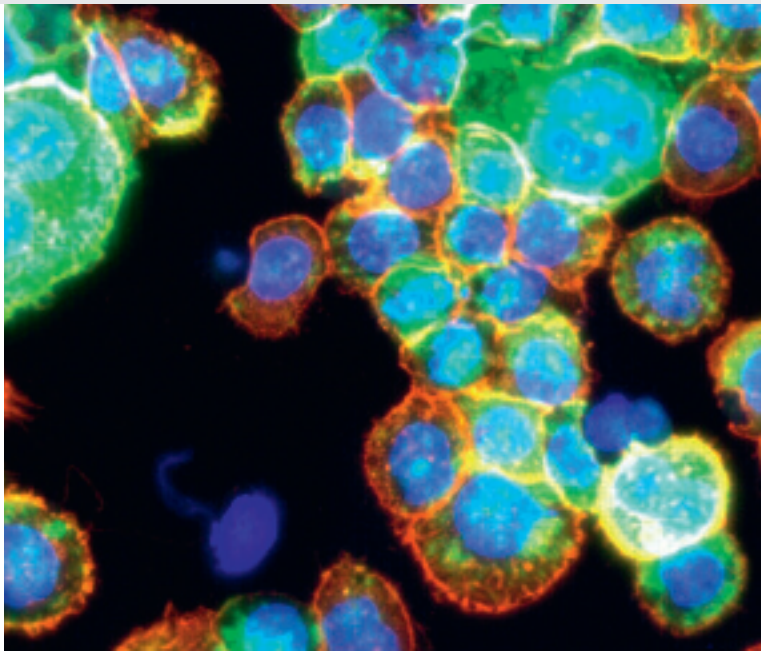
In February 2012 a decision was taken to end the phase Ib study with TB-403 in combination with sorafenib on patients with advanced primary liver cancer. The study was started in March 2011. Roche announced that the slow pace of patient enrolment for the first part of the study, which started in March, was deemed to be too big of an obstacle to move the study forward to the randomised second part.

Patent protection

Patents that cover treatment with antibodies against PlGF for the purpose of reducing or preventing pathological angiogenesis, vascular leakage, pulmonary hypertension, cancer and inflammation have been granted in Europe. In the US similar patents have been granted for the treatment of pathological angiogenesis and patent applications for other indications are being processed. An objection has been filed against the European patent. The objection was rejected in the court of first instance. In addition, patent applications for TB-403 and similar antibodies have been filed in Europe, Japan, Canada, the US, Australia and several other countries. A total of two patents have been granted, one in the US and one in the EU.

BI-505 Cancer

BI-505 is a fully human antibody against the adhesion protein ICAM-1 (CD54), a naturally occurring cell surface protein. Expression of ICAM-1 is elevated in a number of types of cancer, while it is low in most healthy tissue. In a first step, BI-505 is being developed for the treatment of multiple myeloma which expresses ICAM-1. BioInvent is developing BI-505 in-house.



BI-505 (green signal) is binding to the cell surface of myeloma cells (red signal).

Product characteristics

BI-505 is a specific antibody that binds to ICAM-1 with a high binding affinity. ICAM-1 is expressed by cancer cells in a number of types of cancer. The antibody induces programmed cell death (apoptosis) and mediates immune effector functions that also help fight and kill tumour cells.

Clinical need

In preclinical models, BioInvent has shown that BI-505 is especially effective against multiple myeloma which expresses ICAM-1. Multiple myeloma is currently mainly treated with chemotherapy and bone marrow transplantation. Notable among new treatments are the proteasome inhibitor Velcade (bortezomib, Takeda/Johnson & Johnson) and the immunomodulating drugs such as Revlimid (lenalidomide, Celgene) and thalidomide. These drugs have improved survival somewhat in the hard-to-treat population of relapse patients, but mortality remains high. The average survival is 3 – 5 years for myeloma patients, and the course of the disease is often painful since the tumour attacks bone tissue and patients suffer from severe bone pain and bone destruction as well as neurological symptoms. In addition, these patients are infection prone and may suffer from severe kidney damage.

Project status

A phase I study with escalating doses of BI-505 is ongoing in relapsed patients with multiple myeloma. The study is investigating safety, pharmacokinetics and pharmacodynamics, as well as relevant biomarkers for tumour response, with the aim of defining the optimal dose of the antibody for future clinical phase II development. The study involves approx. 35 patients who are treated with intravenous doses of BI-505 every other week for a four-week period with the possibility of extending treatment until the condition deteriorates again.

Treatment continues for the tenth dose cohort. The study protocol has been expanded to include more cohorts on higher doses. BI-505 has up to now been shown to have a good safety profile and by increasing the dose strength, the Company expects to reach the maximum tolerated dose (MTD), which is an important objective of the study.

More clinics have recently joined the study to speed up patient recruitment. Currently six centres are participating in the study in Sweden, Europe and the US. By taking these steps, and assuming that the study data permits, BioInvent expects to be able to exercise the option in the study protocol of including a higher proportion of patients at MTD or just below MTD. It is difficult to predict exactly when study results can be reported, but it is most likely to be at the end of the second quarter this year. At the annual meeting of the American Society of Hematology in December 2011, BioInvent announced that new data from tests carried out in mice show that BI-505 has an effect both on the cancer type multiple myeloma and bone destruction, which is a symptom of the disease.

BI-505 has been granted orphan drug designation in both Europe and the US for the treatment of multiple myeloma. This gives BI-505 the possibility of market exclusivity for the treatment of multiple myeloma with an antibody against ICAM-1, for up to 10 years after market approval has been obtained.

Patent protection

BioInvent has applied for patents for antibodies against ICAM-1 and their ability to induce apoptosis in various types of tumours such as multiple myeloma, lymphoma and carcinoma. One patent has been granted by the US Patent and Trademark Office.

Preclinical research

BioInvent's preclinical research is currently focused on oncology and inflammation. By using the Company's key competence and through select alliances with internationally recognised academic teams and industrial partners, such as ThromboGenics and Human Genome Sciences, the Company has built up expertise in fields such as cancer biology, angiogenesis, tumour immunology, acute and chronic inflammatory diseases and immunology.

Over the past decade BioInvent has accumulated a substantial amount of 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 mechanism of action of the antibody.

The Company's preclinical research is aimed at building a portfolio of drug candidates.

This research is supplemented by select research collaboration with large pharmaceutical companies, giving these companies access to BioInvent's technology for the production of product candidates. These alliance programmes involve little risk for BioInvent and provide an opportunity to earn revenues in the future in the form of milestone and royalty payments.

BioInvent's research

BioInvent's strategy for research and development is to produce antibody-based drugs and document their biological effect in clinical research.

In order for the product candidates to advance through late clinical development towards full commercialisation, BioInvent works with large pharmaceutical companies. In certain projects a partnership agreement is signed early on in the development process, while other projects may be developed for a longer period by the Company.

BioInvent is aiming to broaden and expand its portfolio of drugs to give the Company several opportunities to successfully develop new products and thereby increase the likelihood of commercial success.

So far the Company has mainly launched projects in alliances with external research teams, either in academic environments or in industry. These research teams not only contribute target proteins, but also significant biological and medical expertise.

The Company continues to place great emphasis on cooperation with external research teams as an important source of new medical concepts. As the Company matures and its expertise in individual areas increases, medical concepts from internal research programmes are launched. BI-505 for the treatment of multiple myeloma is the result of one such programme. The functional screening system (F.I.R.S.T.) developed by BioInvent which identified this candidate is a platform for further research programmes.

Cancer

In the area of cancer, the research is focused on programmed cell death inducing antibodies with a strong ability to kill tumour cells, as well as activation of the body's own immune defence cells. With BioInvent's F.I.R.S.T. platform, where antibodies are identified directly based on their powerful ability to kill primary cancer cells through differentially expressed, cancer cell associated surface receptors, the Company is looking for new drug candidates for the treatment of various haematological cancers. BioInvent is working with leading Swedish and international academic teams with the objective of developing antibodies for the treatment of serious haematological and solid cancers through new pharmaceutical concepts.

Inflammation

In the area of inflammation, BioInvent has been working since March 2010 with the US company Human Genome Sciences. The companies have the common goal of developing and commercialising antibody drugs based on various target proteins from Human Genome Sciences' research and BioInvent's antibody technology. The Company's initiatives in oncology and inflammation have in common the development of therapies that impede the functions and activity of myeloid cells.

F.I.R.S.T. – Combined discovery of target protein and antibody

BioInvent has developed a method known as F.I.R.S.T. which makes it possible to directly detect new drug candidates without prior knowledge of the target proteins 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 proteins) in preference to another. This is achieved by selecting antibodies, step-by-step, that bind to one cell population over the other population through so-called differential screening. The antibodies identified are then selected based on their functional properties.

The advantage with this method is that it is possible to

BioInvent has a strong technology platform for developing and manufacturing antibody-based drugs. The Company's research focus is inflammation and cancer.

detect antibodies that bind to a target protein that was not previously known to be linked to a specific effect, such as initiating the death of a tumour cell. Another advantage with this method is that antibodies are identified as they bind to target proteins 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 proteins 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 protein, initiate cell death through various mechanisms. This allows antibodies with a direct therapeutic effect to be identified in a single step. This method was used to identify BI-505, the Company's product candidate for the treatment of haematologic cancer such as multiple myeloma. With the help of the F.I.R.S.T. method, BioInvent is actively seeking new drug candidates to treat various haematologic cancers.

Product partnerships

BioInvent has entered into a series of partnerships to develop and manufacture antibodies. In these partnerships, BioInvent receives one-off payments and research support, as well as future rights to milestone payments and royalties on sales of products from the partnerships. A number of the current partnerships are described below:

- **Bayer HealthCare:** Identifying and developing antibody-based products with the help of the n-CoDeR library. The agreement covers the development of up to 14 antibody-based products.
- Daiichi Sankyo: Licence and research agreement for the development of therapeutic antibodies targeting several target proteins with the help of the n-CoDeR library. The agreement gives BioInvent certain rights to market products in Scandinavia and the Baltic region.
- **Mitsubishi Tanabe:** Identifying and developing antibody-based products with the help of the n-CoDeR library. The agreement covers development of up to five antibody-based therapeutic products.
- **Servier:** In January 2012 BioInvent entered into a partnership with the French pharmaceutical company Les Laboratoires Servier. Servier will provide a target protein within tumour cell metabolism which BioInvent will screen for hits in the Company's antibody library. BioInvent will also assist Servier during future optimisation of a drug candidate.

Human antibody library

BioInvent develops therapeutic, fully human, monoclonal antibodies using the Company's own n-CoDeR platform. Monoclonal means that all antibody molecules in a given drug are exact copies of each other. This simplifies characterisation of the product and the manufacturing process, and makes the biological effect of the drug more precise and predictable. One important reason why antibodies are so effective as pharmaceuticals is that they comprise a natural part of the organism's defence against diseases. Therefore they have naturally evolved to be specifically targeted and cause an appropriate biological reaction as they bind to their target protein. This activates the immune system's effector functions, a collective term for a host of different reactions with the purpose of neutralising the threat that the antibody binding ("the antibody complex") is a consequence of. Since this is a very precise reaction, it is important for the antibody drug that is introduced to be as similar to the body's own antibodies as possible.

The first generation of monoclonal antibody drugs came from animals, primarily mice. These mouse antibodies, with components that were foreign to the human immune system, 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 drugs (e.g. rituximab) are currently approved and widely used. The humanised antibodies (e.g. bevacizumab) represent a further 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.

There are currently 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 producing human antibodies directly. The second technology involves the creation of "antibody libraries" in test tubes containing human antibodies, which can then be used to produce fully human antibodies. There are different ways of designing an antibody library. Important parameters that determine library quality include size, variability, and the stability and functionality of the molecules produced. These factors determine the likelihood of finding an antibody with the desired binding properties against all types of target proteins.

The 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.

The antibody library is the cornerstone of BioInvent's technology platform. The library contains a collection of more than 20 billion human antibody genes stored within bacteria in test tubes. The bacteria act as production units for the antibodies making it possible to search through the library 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's own variability. BioInvent calls this "evolution beyond nature." The n-CoDeR library is protected by patents and patent applications in the largest markets.

Fully human antibodies can quickly be retrieved from the n-CoDeR antibody library to develop the Company's drug candidates.

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, 2011. 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, acute coronary syndrome and inflammation.

Acute coronary syndrome (BI-204/RG7418)
Project status
A phase IIa study was initiated in March 2011 with BioInvent's product candidate BI-204. BioInvent received USD 15 million milestone payment from Genentech at the start of the study. The study has been assigned the acronym GLACIER (Goal of oxidised Ldl and ACtivated macrophage Inhibition by Exposure to a Recombinant antibody). The antibody is being developed for secondary prevention of cardiovascular events, such as myocardial infarctions, in patients with acute coronary syndromes.

GLACIER is a randomized, placebo controlled, double-blind, multicentre phase II study, where BI-204 is delivered intravenously to patients with stable coronary artery disease on top of standard-of-care. The trial, which has been expanded to 144 patients from originally approx. 120, is being conducted at some 20 centres in the United States and Canada. The imaging technology adopted in the trial (see below) is an evolving modality for cardiovascular imaging and by expanding the sample size from 120 to 144 patients we will have a better chance of reaching a conclusive outcome.

In early March 2012 all patients had started treatment. As a consequence of the increased enrolment target, we expect to be able to report topline results in Q3, 2012.

The GLACIER study is designed to demonstrate a reduction in inflammation at the site of the inflamed atherosclerotic plaque as quantified by FDG-PET imaging (18Fluoro-2-deoxyglucose positron emission tomography) at weeks 4 and 12 following initiation of treatment with BI-204. Atherosclerotic inflammation is an important risk factor for the development of coronary artery disease.

In November 2011 we initiated a bioavailability study of a subcutaneous formulation of BI-204. Results from the study, which includes 22 healthy subjects, are expected in the second half of this year.

Background
The product candidate BI-204 is being developed in collaboration with Genentech, a member of the Roche Group. Genentech holds the rights to North America while BioInvent retains the rights to all other territories.

BI-204 targets oxidized forms of LDL, the "bad" form of cholesterol. There is a strong link between oxidized forms of certain lipoproteins and the inflammatory processes that lead to plaque formation in the vessel walls. Animal studies have shown a significant reduction of inflammatory processes and plaque formation after treatment with BI-204. The results also show a considerable reduction in the size of existing plaques in animals treated with BI-204 (Schiopu et al, JACC 2007). Results support the conclusion that the mode-of action of BI-204 is a modulation of the inflammatory processes in the vessel wall, triggering a reduction of pro-inflammatory cells, which otherwise drive plaque formation and progression.

BI-204 is being developed as a drug for secondary prevention of cardiovascular events, such as myocardial infarctions, in patients with acute coronary syndrome. Higher concentrations of oxLDL have been shown to correlate strongly with multiple risk factors for adverse cardiovascular events in population studies, including a correlation with insulin resistance and metabolic syndrome. These observations support the idea that oxidized LDL may also be an important target structure for developing new medications to treat patients at elevated risk for experiencing adverse cardiovascular events.

Results from a previous phase I study on 80 healthy volunteers showed that BI-204 was well tolerated and had an elimination half-life in the expected range for fully human antibodies.

Thrombosis (TB-402)
Project status
A phase IIb study of the prevention of venous thromboembolism (VTE) after total hip replacement surgery was initiated in April 2011. The study is a multicentre, double blind, randomized controlled study evaluating safety and efficacy of a single dose of TB-402, either 25 or 50 mg, compared to a five week course of daily doses of the recently approved Factor Xa inhibitor rivaroxaban (Xarelto, Bayer/Johnson & Johnson).

The primary endpoint, evaluated on day 35, is made up of a composite of symptomatic VTE and asymptomatic deep-vein thrombosis (DVT) as detected by venography. The primary safety endpoint is the number of patients with a major or clinically relevant non-major bleed. The trial is fully enrolled with 632 patients across 36 centres in Europe. The outcome will be reported in Q2 2012.

Background
The TB-402 project is part of our alliance with Thrombogenics. TB-402 is a human antibody which has shown a beneficial partial inhibition of Factor VIII, an important mediator in the blood coagulation cascade. The objective is to initially develop a drug that prevents deep vein thrombosis and pulmonary embolism, the two adverse events making up what is referred to as VTE. Deep vein thrombosis is caused by blood clots forming in a deep vein, most commonly in the veins of the lower leg.

Patients undergoing hip replacement or knee surgery are particularly at risk of developing deep vein thrombosis and all patients are therefore treated with anticoagulants prophylactically in order to reduce the risks of blood clots. TB-402 is a long-acting agent, which means it could be given as a single dose to prevent the development of deep vein thrombosis in patients undergoing surgery. This simple approach to prophylaxis would be an attractive option, as all current anticoagulant treatment options require daily treatment for up to several weeks.

Deep vein thrombosis is a major public health issue and it is estimated that in the US alone, more than 600,000 individuals are affected by deep vein thrombosis or pulmonary embolism each year. The annual incidence of total hip or knee replacement was around 2.4 million procedures in 2009 and is expected to grow to approximately 3.1 million 2015 in the seven major pharmaceutical markets.

Results from a phase II study including 316 patients after total knee replacement were published in February 2011 in the Journal of Thrombosis and Haemostasis (JTH). The study showed TB-402 to be associated with a significantly lower rate of VTE compared with the low-molecular weight heparin enoxaparin (Lovenox, Sanofi) with comparable safety data. Enoxaparin is the current standard therapy for prevention of VTE, both in surgical settings as well as in medical patients at risk for thromboembolic complications due to restricted mobility during acute illness.

Additional studies have shown that the effect of TB-402 can be reversed by giving the target protein (Factor VIII) as an antidote blocking TB-402 and also that TB-402 is safe and well tolerated in individuals already receiving standard treatment (enoxaparin and warfarin) for deep vein thrombosis.

Cancer (TB-403/RG7334)

Project status

During the period our development partner Roche initiated two clinical studies with TB-403. A phase Ib/II study in patients with recurrent glioblastoma multiforme, an aggressive type of primary brain tumour, began in May 2011, triggering a EUR 4 million milestone payment to BioInvent and ThromboGenics. This trial, when fully recruited, will include 80-100 patients and examine the safety and clinical effect of TB-403 in combination with Avastin® (bevacizumab) in patients with recurrent glioblastoma multiforme. An evaluation of candidate biomarkers will also be included. Other secondary endpoints include the tolerability and pharmacokinetics of the combination.

The second study with TB-403, a phase Ib study in patients with advanced hepatocellular carcinoma (HCC), was terminated by Roche in February 2012. Roche concluded that the slow recruitment of patients in the first part of the trial, which was initiated in March 2011, would make it difficult to complete the second, randomized part.

Background

The product candidate TB-403 is a monoclonal antibody directed against placental growth factor (PlGF). PlGF is usually found only at very low levels under normal physiological conditions. However, it is up regulated in malignant and inflammatory diseases. PlGF expression has been shown to correlate with tumour stages and patient survival in several tumour types. Preclinical data support a role for PlGF in tumour growth and angiogenesis, and demonstrate that blocking PlGF by administration of TB-403 can inhibit tumour growth in animal models. Normal vasculature is not dependent of PlGF. Mice lacking PlGF are healthy and reproduce normally. Blocking PlGF is therefore expected to be a relatively safe and well tolerated anti-tumour treatment.

Up to June 2008 the project was carried out within the alliance with ThromboGenics. In June 2008 BioInvent and its partner ThromboGenics entered into a strategic licence agreement with Roche for development and commercialisation of TB-403. Roche received a worldwide, exclusive license to develop and commercialise TB-403, while BioInvent and ThromboGenics retained co-promotion rights for the product in the Nordic, Baltic and Benelux regions.
The first phase I study in 16 healthy male subjects showed that TB-403 is safe and well tolerated (Clinical Therapeutics, 2011 vol. 33, p 1142-1149). A follow-up study in patients with advanced cancer (British Journal of Cancer, in press) showed TB-403 to be well tolerated and no dose limiting toxicity was observed with doses up to 10 mg/kg weekly and 30 mg/kg every three weeks. A DCE-MRI imaging study of TB-403 in cancer patients was concluded by Roche in September 2010.

Cancer (BI-505)

Project status

A dose-escalation phase I study in patients with relapsed or refractory multiple myeloma is on-going. The study explores safety, pharmacokinetics and pharmacodynamics, such as relevant biomarkers for tumour response, with the aim of defining the optimal dose of the antibody for future clinical development. Patients are treated with intravenous doses of BI-505 every second week for a 28-day period with the possibility of extending the treatment until the condition deteriorates.

As announced previously the study was expanded from the originally planned nine dose cohorts to include more cohorts on higher doses. Treatment is currently progressing in the tenth cohort. BI-505 has so far been shown to be well tolerated and by increasing the dose we expect to be able to reach the maximum tolerated dose (MTD), an important purpose of this study.

In addition to the increased number of dose cohorts, BioInvent has also announced that it has applied to engage more cancer clinics in order to speed up patient recruitment. At this point, another three clinics have been accepted for participation, making six clinics in total. By taking these steps, and assuming that the data permits, we expect to meet the criteria in the study protocol to include more patients at MTD or below. It is difficult to predict exactly when results can be reported, but it is most likely that results will be released by the end of the second quarter.

BioInvent presented more preclinical data on the anti-myeloma effect of the antibody at the annual meeting of the American Society of Hematology in San Diego, 10-13 December 2011.

Background

The drug candidate BI-505 is a human antibody targeting the adhesion protein ICAM-1 (also called CD54). Tumour cells show an elevated expression of ICAM-1, making it a suitable target in the development of a therapeutic antibody candidate. In addition to inducing apoptosis, the antibody provides important immunoeffector functions that help to kill off tumour cells. In different animal models, BI-505 has proved to be at least as effective at killing tumour cells as current cytotoxic drugs.

BioInvent's intention is, at an initial stage, to treat patients with refractory multiple myeloma. Other forms of hematologic cancer may also become relevant as indications. The possibility of treating ICAM-1 expressing solid tumours is also being explored. 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 multiple myeloma indication. This status gives BI-505 the possibility of market exclusivity for the treatment of multiple myeloma with an antibody against ICAM-1 for up to 10 years after marketing approval is obtained.

Research projects

BioInvent is running a number of projects in the research phase, i.e. the stage prior to selection of a candidate drug. At this time the Company's research portfolio mainly includes projects within the areas of cancer and inflammation. In the area of cancer the research is focused on programmed cell death-inducing antibodies that have

a powerful ability to kill tumour cells and on activation of the body's own immune defence cells.

BioInvent's F.I.R.S.T. platform identifies antibodies directly based on their ability to kill primary cancer cells through differentially expressed, cancer cell-associated surface receptors. The Company is using this platform to look for new drug candidates for the treatment of various haematological cancers. Cooperation with leading Swedish and international academic teams was initiated with the objective of developing antibodies to treat serious haematological and solid cancers using new pharmaceutical concepts.

The Company's inflammation research was accelerated by a partnership entered into in March 2010 with the US company Human Genome Sciences. Under this partnership the companies will work together to develop and commercialise antibody-based drugs based on target proteins from Human Genome Sciences' research and BioInvent's antibody technology. The Company's initiatives in oncology and inflammation have in common the development of therapies that impede the functions and activity of myeloid cells.

The Company is also conducting research and development on antibody-based drugs in cooperation with other external partners. Such partners include Bayer HealthCare, Daiichi Sankyo, Mitsubishi Tanabe and Servier. All in all BioInvent has entered into agreements of this kind that could lead to the development of 30 antibody-based products. In addition to undisclosed licence fees and research funding, BioInvent will receive milestone payments and royalties on sales of any products that are commercialised.

Personnel and organisation

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

The research department is mainly responsible for the pharmacological effects of antibody candidates *in vitro* and *in vivo*, up until the choice of product candidates.

The department of protein technology and pharmacy is responsible for selection of antibodies from n-CoDeR, developing the cell lines that will produce the products and for other process development, as well as for all production, characterization and quality control of the products in compliance with directives from 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. The organization's support functions include business development, HR, accounting and treasury, investor relations and IS/IT.

As of 31 December 2011 BioInvent had 87 (92) employees, 72 (77) of whom work in research and development. About 90 percent of the Company's employees have university degrees, including 43 percent with PhDs.

Total absence due to sickness decreased compared with 2010. Long-term absence decreased somewhat. Sickness absence and other key figures can be seen in note 1.

Environment

BioInvent places great importance on environmental work which is an integrated part of the daily routines. BioInvent works actively with environmental issues and the principles under the general rules of consideration in the Swedish Environmental Code are observed in the Company's ongoing operations. The Company consistently endeavours to reduce the use of substances that may be harmful to the environment and ensure that environmental impact is kept to a minimum. The aim is to assess the possibility early on in the value chain of replacing a substance that is harmful to the environment with a less harmful one. Another goal is to continuously improve the use of chemical substances and other resources so that the Company's environmental impact is minimised in this respect as well. Proactive environmental efforts reduce the risk of harming the environment and health and put the Company in a better position to handle future environmental legislation and societal requirements.

BioInvent's operations require permits according to the Swedish Environmental Code. The Group has a permit in accordance with the Swedish Environmental Code for manufacturing of biological pharmaceutical substances, and reports are required to be submitted to Lund municipality.

Selfmonitoring is carried out to monitor the Company's operations on an ongoing basis to counteract and prevent negative environmental impact. As part of this self-monitoring process, the Company has introduced a description of environmental consequences and a plan for the self-monitoring process.

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.

The processes of developing, manufacturing and distributing pharmaceutical substances are becoming more and more complex and require energy. Like most other companies, BioInvent's emissions are largely the result of energy consumption at plants as well as in transportation. BioInvent focuses on handling environmental impact in all parts of the Company's operations and introduces improvement initiatives on an ongoing basis.

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.

Quality and regulatory approval

The Company has a permit under the EU rules on producing investigational pharmaceutical products for clinical trials according to Good Manufacturing Practice (GMP). This permit was issued by the Swedish Medical Products Agency which conducts regular inspections to verify that production maintains the approved level of quality. BioInvent is also involved in auditing activity to ensure the quality of raw materials and that contracted services maintain a high standard.

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 125 million (83). Revenues for the period include a USD 15 million milestone payment from Genentech which was received when BioInvent and Genentech launched a new clinical study of BI-204 in March 2011 and include BioInvent's share, EUR 1.6 million, of the milestone payment received when the Company's partner Roche launched a new clinical study involving TB-403 in May 2011. Revenues are also derived from partners using the n-CoDeR™ antibody library.

The Company's total costs amounted to SEK 196 million (211). Operating costs are divided between external costs of SEK 110 million (114), personnel costs of SEK 80 million (88) and depreciation of SEK 6.3 million (9.4). Research and development costs amounted to SEK 164 million (179).

The loss amounted to SEK -67 million (-128). The net financial items amounted to SEK 4.6 million (-0.6). Loss per share amounted to SEK -1.04 (-2.12).

Financial position and cash flow
As of 31 December 2011, the Group's current investments together with cash and bank balances amounted to SEK 174 million (106). The cash flow from current operations and investment activities amounted to SEK -60 million (-122).

In June 2011 BioInvent implemented a directed new share issue totalling 6,109,568 shares that raised SEK 136 million for the company before transactions costs. The subscription price was set at SEK 22.30 per share. After the new share issue the share capital consists of 67,205,257 shares.

The shareholders' equity amounted to SEK 138 million (74) at the end of the period. The Company's share capital was SEK 34 million. The equity/assets ratio at the end of the period was 67.0 (53.7) per cent. Shareholders' equity per share amounted to SEK 2.05 (1.21). The Group had no interest-bearing liabilities.

The five-year review is described on page 62-63.

Investments
Investments in tangible fixed assets amounted to SEK 4.9 million (4.6). No investments were made in intangible assets during the period (-).

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 125 million (83). The loss amounted to SEK -67 million (-128). The cash flow from current operations and investment activities amounted to SEK -60 million (-122). 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 2011, share capital amounted to SEK 33.6 million, made up of 67,205,257 shares. Assuming that all issued options relating to the Employee stock option plan 2008/2012 and Employee stock option plan 2011/2015 are exercised for subscription of new shares, the Company's share capital will increase by SEK 1.2 million to SEK 34.8 equivalent to about 3.4 percent of shares and votes in the Company after full exercise.

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. Nor are there any agreements, in which the Company is a party, that may go into force, be amended or go out of force if control of the Company is changed as a result of a public purchase offer.

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.

The Annual General Meeting 2011 authorised the Board of Directors to take decisions, on multiple occasions and until the next Annual General Meeting, on the issuance of a maximum of 6,109,568 new shares, which is equivalent to 10 percent of the share capital. The Board decided in June 2011, based on this authorisation, to implement a rights issue consisting of 6,109,568 new shares. The Annual General Meeting has not authorised the Board of Directors to take decisions on acquisition of shares by the Company.

Corporate governance report
Based on the Annual Accounts Act, chapter 6, § 8, BioInvent has decided to produce a Corporate Governance Report that is separate from the Annual Report.

Future prospects
BioInvent's future revenue flows are expected to come from co-operation agreements linked to drug projects in the form of license fees, milestone payments 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 and introducing a new biotech drug onto the market up to and including its launch costs about USD around 1.3 billion (source: Tufts Center for the Study of Drug Development, Outlook 2011). At the same time, historically only 17 percent of antibody candidates in clinical phase I actually reach the market. The probability that a drug candidate will reach the market increases as the project is advanced through the development chain. The same applies to the costs which increase sharply in the later clinical phases. In summary: pharmaceutical development is generally associated with very high risk and this applies to BioInvent's pharmaceutical development as well.

BioInvent's operations are subject to the usual risks associated with pharmaceutical development, including the risk that BioInvent will not succeed in developing new product candidates, that development work will be delayed, that some or all of the Company's product candidates will prove ineffective, unsafe or in another way not meet the applicable requirements or receive the necessary

market approval, or prove to be difficult to license successfully or develop into commercially viable products.

As BioInvent and the Company's project portfolio are developed, the Company's knowledge and experience in important areas will grow. A larger project portfolio could over time make the Company less dependent on the success of an individual project. At this point, however, the project portfolio is relatively limited and contains early phase projects, which means that a setback in an individual project could 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 and relevant market approval. To receive approval from the authorities for commercial sales of the Company's product candidates, 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 will demonstrate sufficient safety and efficacy to obtain necessary government authority approvals or that the trials will lead to competitive products. If the Company or its partners cannot demonstrate with sufficient reliability that the intended products are safe and effective, authorization for these products could be denied, which would mean that they cannot be launched on the market.

The possibility cannot be excluded that 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 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.

Commercialisation and partners

None of BioInvent's product candidates have yet been commercialised and may never be commercialised. Nor is there any guarantee that the products that are launched on the market will be well received or become commercial successes.

BioInvent has entered into, and is dependent on, agreements with partners for the development and commercialisation of potential products. 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. Nor can there be any guarantee that BioInvent will succeed in entering into such agreements on satisfactory terms. In the absence of partnership agreements, BioInvent may not be able to realise the full value of a product candidate.

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 similar products or that entirely new product concepts will prove superior.

Biotechnology and patent risk

BioInvent's success depends in part on the Company's ability to obtain and retain patent protection for potential products and to keep its own and its partners' research confidential so that BioInvent can prevent others from using BioInvent's discoveries and protected information.

The patents relate both to 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. The patent rights status of pharmaceutical and biotech companies is in general uncertain and involves complex medical and legal assessments. There is no guarantee that the Company's products and processes will be able to be patented or that granted patents will provide sufficient protection, will not be attacked or contested by competitors or will not infringe upon competitors' rights. 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, and 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 healthcare compensation and payment systems 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 will qualify for subsidies from publicly or privately financed healthcare programmes. 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 commercialized 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 continued 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 is described in note 2.

The 2011 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 2012 Annual General Meeting.

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 3.0 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 2012 Annual General Meeting BioInvent does not have any remuneration undertakings due for payment.

Events after the end of the financial year
In January 2012 BioInvent and Servier entered into a collaboration within cancer. In February 2012 the Board of Directors of BioInvent resolved to conduct a rights issue of approx. SEK 105 million. No other significant events have occurred since the end of the financial year.

Proposed appropriation of profit
At the disposal of the Annual General Meeting: Share premium reserve of SEK 141,024,861, retained earnings of SEK 2,537,000 and loss for the year of SEK -67,052,501. The funds at AGMs disposal are thus SEK 76,509,360. The Board proposes that the profit at the disposal of the Annual General Meeting of SEK 76,509,360 be carried forward. No dividend is proposed.

Consolidated statement of comprehensive income for the Group

SEK thousand	Note	2011	2010
Net revenues		124,649	82,866
Operating costs			
Research and development costs		-163,904	-178,890
Sales and administrative costs		-32,557	-32,227
Other operating revenues		653	986
Other operating costs		-501	-575
		-196,309	-210,706
Operating profit/loss	1-7	**-71,660**	**-127,840**
Interest income and similar items	8	4,776	989
Interest costs and similar items	9	-169	-1,549
Profit/loss after financial items		**-67,053**	**-128,400**
Tax on profit for the year	10	-	-
Profit/loss for the year		**-67,053**	**-128,400**
Other comprehensive income			
Changes in actual value current investments		13	25
Comprehensive income		**-67,040**	**-128,375**
Profit/loss pertaining to the Parent company's shareholders		-67,040	-128,375
Earnings per share, SEK	11		
Before dilution		-1.04	-2.12
After dilution		-1.04	-2.12

Consolidated statement of financial position for the Group

SEK thousand	Note	2011	2010
ASSETS			
Fixed assets			
Intangible fixed assets			
Acquired intangible fixed assets	12	1,852	3,052
Tangible fixed assets			
Equipment	13	10,352	10,445
Investments in rented premises	13	653	750
		11,005	11,195
Current assets			
Inventories			
Raw materials and consumables		282	683
Current receivables			
Accounts receivables	17	8,889	4,377
Other receivables	17	3,474	7,739
Prepaid expenses and accrued income	15	6,290	4,914
		18,653	17,030
Current investments and cash and bank*			
Current investments	17	81,622	69,118
Current investments that constitute liquid funds	17	80,242	14,964
Cash and bank	17	12,101	21,988
		173,965	106,070
Total assets		**205,757**	**138,030**

SEK thousand	Note	2011	2010
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		33,603	30,548
Other allocated capital		1,072,029	946,820
Reserves		24	11
Accumulated loss		-967,704	-903,188
Total shareholders' equity		**137,952**	**74,191**
Shareholder's equity pertaining to the Parent company's shareholders		137,952	74,191
Current liabilities			
Accounts payables	17	19,457	17,282
Other liabilities	17	31,565	26,305
Accrued expenses and deferred income	16, 17	16,783	20,252
		67,805	63,839
Total shareholders' equity and liabilities		**205,757**	**138,030**
Pledged assets		-	-
Contingent liabilities		-	-

*See also specification at page 35.

Consolidated statement of cash flows for the Group

SEK thousand	2011	2010
Current operations		
Operating profit/loss	-71,660	-127,840
Adjustments for other non-cash items		
Depreciation	6,305	9,372
Other adjustments for non-cash items	2,537	2,555
Interest received	3,462	660
Interest paid	-	-2
Cash flow from current operations before changes in working capital	**-59,356**	**-115,255**
Changes in working capital		
Changes in inventories	401	870
Changes in current receivables	-1,623	3,459
Changes in current liabilities	5,124	-6,774
	3,902	**-2,445**
Cash flow from current operations	**-55,454**	**-117,700**
Investment activities		
Acquisition of tangible fixed assets	-4,915	-4,628
Cash flow from investment activities	**-4,915**	**-4,628**
Cash flow from current operations and investment activities	**-60,369**	**-122,328**
Financing activities		
Directed new share issue	128,264	144,378
Cash flow from financing activities	**128,264**	**144,378**
Changes in current investments**	**-12,504**	**-59,134**
Change in liquid funds	**55,391**	**-37,084**
Opening liquid funds	36,952	74,036
Liquid funds at year-end	**92,343**	**36,952**
Liquid funds, specification:		
Current investments that constitute liquid funds*	80,242	14,964
Cash and bank	12,101	21,988
	92,343	**36,952**
Current investments**	81,622	69,118
	173,965	**106,070**

*duration less than 3 months

**duration more than 3 months

Statement of changes in equity for the Group

SEK thousand	Share-capital	Other allocated capital	Reserves	Accumulated loss	Total
Shareholders' equity 31 December 2009	**27,830**	**805,160**	**-14**	**-777,343**	**55,633**
Profit/loss for the year				-128,400	-128,400
Changes in actual value current investments			25		25
Total, excluding transactions with equity holders of the Company	**27,830**	**805,160**	**11**	**-905,743**	**-72,742**
Effect of employee incentive programme				2,555	2,555
Directed new share issue	2,718	141,660			144,378
Shareholders' equity 31 December 2010	**30,548**	**946,820**	**11**	**-903,188**	**74,191**
Profit/loss for the year				-67,053	-67,053
Changes in actual value current investments			13		13
Total, excluding transactions with equity holders of the Company	**30,548**	**946,820**	**24**	**-970,241**	**7,151**
Effect of employee incentive programme				2,537	2,537
Directed new share issue	3,055	125,209			128,264
Shareholders' equity 31 December 2011	**33,603**	**1,072,029**	**24**	**-967,704**	**137,952**

The share capital as of 31 December 2011 consists of 67,205,257 shares and the share's ratio value is 0.5. The directed new share issue carried out in June 2011 raised SEK 128,264 thousand after issue expenses, which amounted to SEK 7,979 thousand. The directed new share issue carried out in February 2010 raised SEK 144,378 thousand after issue expenses, which amounted to SEK 5,622 thousand.

Consolidated income statement for the Parent Company

SEK thousand	Note	2011	2010
Net revenues		124,649	82,866
Operating costs			
Research and development costs		-163,904	-178,890
Sales and administrative costs		-32 557	-32,227
Other operating revenues		653	986
Other operating costs		-501	-575
		-196,309	-210,706
Operating profit/loss	1-7	**-71,660**	**-127,840**
Interest income and similar items	8	4,776	989
Interest costs and similar items	9	-169	-1,549
Profit/loss after financial items		**-67,053**	**-128,400**
Tax on profit for the year	10	-	-
Profit/loss for the year		**-67,053***	**-128,400***

*The Parent company's profit the year corresponds to the Parent company's comprehensive income.

Consolidated balance sheet for the Parent Company

SEK thousand	Note	2011	2010
ASSETS			
Fixed assets			
Intangible fixed assets			
Acquired intangible fixed assets	12	1,852	3,052
Tangible fixed assets			
Equipment	13	10,352	10,445
Investments in rented premises	13	653	750
		11,005	11,195
Financial fixed assets			
Shares in subsidiaries	14	100	100
Current assets			
Inventories			
Raw materials and consumables		282	683
Current receivables			
Accounts receivables		8,963	4,384
Other receivables		3,400	7,732
Prepaid expenses and accrued income	15	6,290	4,914
		18,653	17,030
Current investments and cash and bank*			
Current investments		81,610	69,109
Current investments that constitute liquid funds		80,231	14,963
Cash and bank		12,101	21,988
		173,942	106,060
Total assets		**205,834**	**138,120**

SEK thousand	Note	2011	2010
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		33,603	30,548
Statutory reserve		27,831	27,831
		61,434	58,379
Non-restricted equity			
Share premium reserve		141,024	141,660
Retained earnings		2,537	2,555
Profit/loss for the year		-67,053	-128,400
		76,508	15,815
Total shareholders' equity		**137,942**	**74,194**
Current liabilities			
Accounts payables		19,532	17,282
Liabilities to subsidiaries		101	101
Other liabilities		31,490	26,306
Accrued expenses and deferred income	16	16,769	20,237
		67,892	63,926
Total shareholders' equity and liabilities		**205,834**	**138,120**
Pledged assets		-	-
Contingent liabilities		-	-

*See also specification at page 39.

Consolidated statement of cash flows for the Parent Company

SEK thousand	2011	2010
Current operations		
Operating profit/loss	-71,660	-127,840
Adjustments for other non-cash items		
Depreciation	6,305	9,372
Other adjustments for non-cash items	2,537	2,555
Interest received	3,462	660
Interest paid	-	-2
Cash flow from current operations before changes in working capital	**-59,356**	**-115,255**
Changes in working capital		
Changes in inventories	401	870
Changes in current receivables	-1,623	3,434
Changes in current liabilities	5,111	-6,774
	3,889	**-2,470**
Cash flow from current operations	**-55,467**	**-117,725**
Investment activities		
Acquisition of tangible fixed assets	-4,915	-4,628
Cash flow from investment activities	**-4,915**	**-4,628**
Cash flow from current operations and investment activities	**-60,382**	**-122,353**
Financing activities		
Directed new share issue	128,264	144,378
Cash flow from financing activities	**128,264**	**144,378**
Changes in current investments**	**-12,501**	**-59,123**
Change in liquid funds	**55,381**	**-37,098**
Opening liquid funds	36,951	74,049
Liquid funds at year-end	**92,332**	**36,951**
Liquid funds, specification:		
Current investments that constitute liquid funds*	80,231	14,963
Cash and bank	12,101	21,988
	92,332	**36,951**
Current investments**	81,610	69,109
	173,942	**106,060**

*duration less than 3 months

**duration more than 3 months

Statement of changes in equity for the Parent Company

SEK thousand	Share-capital	Statutory reserve	Share premium reserve	Accumulated loss	Total
Shareholders' equity 31 December 2009	**27,830**	**203,285**	**0**	**-175,454**	**55,661**
Appropriation of profit/loss		-175,454		175,454	0
Profit/loss for the year				-128,400	-128,400
Total, excluding transactions with equity holders of the Company	**27,830**	**27,831**	**0**	**-128,400**	**-72,739**
Effect of employee incentive programme				2,555	2,555
Directed new share issue	2,718		141,660		144,378
Shareholders' equity 31 December 2010	**30,548**	**27,831**	**141,660**	**-125,845**	**74,194**
Appropriation of profit/loss			-125,845	125,845	0
Profit/loss for the year				-67,053	-67,053
Total, excluding transactions with equity holders of the Company	**30,548**	**27,831**	**15,815**	**-67,053**	**7,141**
Effect of employee incentive programme				2,537	2,537
Directed new share issue	3,055		125,209		128,264
Shareholders' equity 31 December 2011	**33,603**	**27,831**	**141,024**	**-64,516**	**137,942**

As from 2011 the parent company reports share-based compensation programs (employee options) according to RFR 2 (IFRS 2). Comparative figures for 2010 have been adjusted.

Accounting principles and information notes

Statement of compliance with the applicable rules
The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). Since the Parent Company is an enterprise within the EU, only EU-approved IFRS will be applied. Moreover, the consolidated accounts are prepared in compliance with the Annual Accounts Act through the application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Regulations for Groups. The Parent Company's annual accounts have been prepared in compliance with Annual Accounts Act and with application of the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities. As from 2011 the parent company reports share-based compensation programs (employee options) according to RFR 2 (IFRS 2). Comparative figures for 2010 have been adjusted.

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.

Accounting principles
The accounting principles are consistent with the previous year, with the exception of a number of new and amended IFRS standards and new IFRIC interpretations in effect from 1 January 2011. None of these have had any effect on the Group's financial position or results.

New accounting principles for the Group from 1 January 2011
- IAS 24 Related party Disclosures – Amendment
- IAS 32 Financial Instruments: Classification, Classification of rights issues – Amendment
- IFRIC 14 Prepayments of a Minimum Funding Requirement – Amendment
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

New accounting principles for the Group to be applied from 1 January 2012 or thereafter
The Group intends to apply the new standards, amendments and interpretations below when they enter into force. No early adoption has taken place.

New standards, additions and interpretations that are expected to have an effect on the Group's financial position or results:
- IFRS 9, Financial Instruments: Recognition and Measurement
  This standard is part of a complete revision of the current standard IAS 39. The standard involves a reduction in the number of measurement categories for financial assets whereby the main categories for reporting will be cost (amortized cost) and fair value through profit or loss. For certain investments in equity instruments, it is possible to recognise the fair value in the balance sheet and recognise value changes in other comprehensive income where there is no transfer to profit or loss for the period when the instrument is sold.

  This standard will be supplemented with requirements relating to write-downs, hedge accounting and derecognition from the balance sheet. IFRS 9 will probably be applied for the financial year starting on 1 January 2015 or later.

  As not all parts of the standard are finalised, the Group has not evaluated the effects of the new standard.
- IFRS 7 Financial Instruments: Disclosures – Amendment
  IFRS 7 is to be applied for the financial year starting on 1 July 2011 or later. The amendment will involve additional quantitative and qualitative disclosures when financial instruments are derecognised from the balance sheet. If a transfer of assets does not result in full derecognition, this must be disclosed. Similarly, if the entity has a continuing involvement in the derecognised asset, the entity must disclose this. The application of the new standard will affect the Company's disclosures regarding financial instruments.
- IFRS 13 Fair Value Measurement
  IFRS 13 is to be applied for the financial year starting on 1 January 2013 or later. IFRS 13 describes how fair value should be measured when this is required to be or permitted to be applied in accordance with individual IFRS standards. The new standard clarifies the definition of fair value. Information must be disclosed on which measurement models are used and which data is used in these models, as well as how the measurement has affected the income statement. IFRS 13 is currently not expected to have any significant impact on how the Group measures fair value, but may affect the Group's disclosures with respect to financial instruments.
- IAS 1 Presentation of Items of Other Comprehensive Income – Amendment
  The amended IAS 1 is to be applied for the financial year starting on 1 July 2012 or later.

  The amendment involves a change in the grouping of transactions that are recognised in other comprehensive income. Items that will be reclassified to profit or loss are to be presented separately. The proposal does not change the actual content of other comprehensive income, only the presentation format.

  When the amendment goes into force, the way in which the Group presents other comprehensive income will be affected.
- IAS 19 Employee Benefits – Amendment
  IAS 19 will be applied for the financial year starting on 1 January 2013 or later.

  The proposal involves significant changes in reporting of defined benefit pension plans. Among other things, the option to spread actuarial gains and losses as part of the "corridor" will disappear. They are instead to be recognised as they occur in other comprehensive income. A sensitivity analysis is to be prepared for reasonable changes in all assumptions made when measuring the pension liability.

  New standards, additions and interpretations which, at this time, are not expected to affect the Group's financial reporting:
- IAS 12 Income Taxes – Amendment
- IFRS 10 Consolidated Financial Statements and IAS 27 Consolidated and Separate Financial Statements
- IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures
- IFRS 12 Disclosures of Interests in Other Entities

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's executive officers, Board and management team monitor and manage the Company's operations based on the financial results and position at the consolidated level without dividing the business into segments. BioInvent develops antibodybased drugs. The Company's risks and opportunities are mainly affected by the progress of the projects. 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, cash flow statement and the notes associated with these.

The Company's revenues originate from different geographic areas; however, the Company's risks and opportunities in these geographic areas are similar. All sales take place through the Company's own sales organisation in Sweden.

Net revenues, fixed assets and investment activities	2011	2010
Net revenues		
Sweden	–	0.1
Europe	16.8	60.9
North America	94.3	–
Other countries	13.5	21.9
	124.6*	82.9**
Fixed Assets		
Sweden	12.9	14.2
Investment activities		
Sweden	4.9	4.6

* The revenues come mainly from six customers and include the SEK 94.3 million milestone payment from Genentech which was received when BioInvent and Genentech launched a new clinical study of BI-204 and BioInvent's share, SEK 14.4 million, of the milestone payment received when its partner Roche launched a new clinical study involving TB-403.

** The revenues come mainly from six customers and include BioInvent's portion, SEK 38.3 million, of milestone payment when Roche in May 2010 started a new clinical study of TB-403.

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 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. These payments are recognised as revenue in their entirety when the collaboration agreement is signed provided that BioInvent have 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. 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, annual 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.

BioInvent also carries out *external development projects* such as developing antibody candidates and process development. 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 also milestone payments as well as future royalties on product sales. 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.

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. Government grants are reported in the income item other operating revenue.

Interest income is recognised in the period to which it relates based on the effective interest method. Effective interest is the interest that results in the present value of all future payments during the fixed interest term being equivalent to the carrying amount of the asset. Interest income is reported as financial income, see note 8.

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 2011 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 2011 Alecta's surplus in the form of the collective funding ratio was 113 percent (146). 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. 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 the employee stock option programme 2008/2012. The Annual General Meeting on 21 April 2009 decided on a supplement to the programme. The Annual General meeting on 24 March 2011 resolved on a complement, employee stock option programme 2011/2015. See also 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 in the income statement over the period of the lease based on usage.

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 substantial deferred taxes that relate to temporary differences as of 31 December 2011.

Deferred tax assets relating to unutilised loss carry-forwards and deductible temporary differences are only reported if it is likely that they will be utilised against future taxable earnings. The Group's accumulated unutilised loss carry-forwards amounted to SEK 1,001 million as of 31 December 2011. It is unclear when these loss carry-forwards will be utilized 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. The useful life assigned to an asset is evaluated on an ongoing basis and changed if necessary. 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 straightline method over the expected useful life of the assets. The useful life assigned to an asset is evaluated on an ongoing basis and changed if necessary.

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 tested for impairment if there is indication of impairment.

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 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). Taking into account the specific nature of the business, BioInvent regards the entire business as one cash generating unit. A significant portion of the reported assets is used to generate the Company's total cash flow. Accordingly, if an asset cannot be assessed separately, it will be assessed with all assets included in the 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.

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. 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 receivables, other receivables, accounts payables, other liabilities, accrued expenses 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, but no longer than 12 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 through profit or loss for the year
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. Example of assets classified in this category is derivatives with positive values. Assets in this category are measured on an ongoing basis at fair value and changes in value are recognised through profit or loss for the year.

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.

Loan receivables and accounts receivables
Loan receivables and accounts receivables 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 receivables 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.

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. An example of assets that are classified in this category is interest-bearing securities. Assets in this category are continuously valued at fair value and are included in other comprehensive income.

Financial liabilities recognised at fair value through profit or loss for the year
This category consists of financial liabilities held for trading, such as derivatives with negative values. Liabilities in this category are continuously valued at fair value with changes in value recognised through profit or loss for the year.

Other financial liabilities
This category includes loans and other financial liabilities, such as accounts payables. 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 2011 100 percent (95) of revenues were invoiced in foreign currencies, mainly USD and EUR. Around 37 percent (36) of costs in 2011 were invoiced in foreign currencies, mainly in USD, EUR and GBP. Realised forward contracts for flows in 2011 had an effect on the operating income in the amount of SEK 0.3 (0.6) million. A sensitivity analysis shows that the Company's operating profit/loss in 2011 before hedging transactions would have been affected in the amount of SEK +0.7 million if the Swedish krona had weakened by 1 percent compared with USD and in the amount of SEK -0.1 million if the Swedish krona had weakened by 1 percent 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 2011 was 2.3 percent (0.7). A change in the interest rate of 1 percent in 2011 would have affected the net interest income by SEK 1.6 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 excess liquidity is 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

	2011	2010
Absence due to illness		
Total absence due to illness[1)]	1.7%	1.9%
Of which long-term absence >60 days	0.5%	0.7%
Absence due to illness, women[2)]	2.1%	2.2%
Absence due to illness, men[2)]	1.0%	1.5%
29 years or younger[2)]	1.4%	0.9%
30–49 years[2)]	2.0%	1.7%
Older than 50 years[2)]	1.1%	2.6%
Average number of employees, of which women	**89 (62%)**	**96 (62%)**
Age distribution		
-30 years	8%	8%
31-40 years	39%	42%
41-49 years	26%	25%
50- years	27%	25%
Staff turnover[3)]	**5.3%**	**3.1%**

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. The reorganisation implemented in April 2010 is not included in the staff turnover figures for 2010.

NOTE 2 Salaries, other remuneration and social security

SEK thousand	2011 Salaries and other remuneration	2011 Social security costs (of which pension costs)	2010 Salaries and other remuneration	2010 Social security costs (of which pension costs)
Parent company	50,449	24,922 (8,366)	54,332	29,387 (9,613)
Subsidiaries	-	-	-	-
Group total	**50,449**	**24,922 (8,366)**	**54,332**	**29,387 (9,613)**

Salaries and other remuneration distributed between the Board of Directors, the CEO and other employees.

SEK thousand	2011 Board and CEO	2011 Other employees	2010 Board and CEO	2010 Other employees
Parent company	3,886	46,563	4,093	50,239
Subsidiaries	-	-	-	-
Group total	**3,886**	**46,563**	**4,093**	**50,239**

Pension costs distributed between the Board of Directors, the CEO and other employees.

SEK thousand	2011 Board and CEO	2011 Other employees	2010 Board and CEO	2010 Other employees
Parent company	1,435	6,931	852	8,761
Subsidiaries	-	-	-	-
Group total	**1,435**	**6,931**	**852**	**8,761**

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 2011 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 percent of fixed annual cash salaries may be paid out on an annual basis to senior executives. The performancerelated components in the current programme, for the period 1 January – 31 December 2012, are based primarily on high expectations for technical and commercial milestones in proprietary drug projects. The Board of Directors resolved in February 2012 to pay variable remuneration to the CEO, SEK 210 thousand, and other senior executives, SEK 595 thousand, for the period 1 January – 31 December 2011. 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 46-47.

Remuneration and other benefits in 2011

	Fixed salary	Board and committee fees	Variable remuneration	Other benefits	Pension costs	Total
Board and CEO						
Björn O. Nilsson, Chairman		400				400
Lars Backsell, member		200				200
Carl Borrebaeck, member	618			60	127	805
Lars Ingelmark, member		220				220
Elisabeth Lindner, member		180				180
Kenth Petersson, member		210				210
Svein Mathisen, CEO and member	1,787		210	1	1,308	3,306
	2,405	**1,210**	**210**	**61**	**1,435**	**5,321**
Other senior executives (6 individuals)	**6,672**	**-**	**595**	**254**	**1,987**	**9,508**
Total	**9,077**	**1,210**	**805**	**315**	**3,422**	**14,829**

NOTE 2 Salaries, other remuneration and social security

Benefits for the Board and CEO

The Board's fees were set by the 2011 Annual General Meeting at SEK 400 thousand for the Chairman of the Board and SEK 160 thousand for each of the other members of the Board not employed by the Company. In addition hereto, but not to the Chairman of the Board, it was decided that SEK 50 thousand shall be the fee for the Chairman of the Audit Committee and SEK 40 thousand shall be the fee for each of the other members in the Audit Committee and SEK 20 thousand shall be the fee for each of the members in the Remuneration Committee.

Carl Borrebaeck, a member of BioInvent's Board, is the Company's Senior Scientific Advisor. In 2011 he received SEK 618 thousand in cash gross salary and SEK 60 thousand in other benefits (primarily car benefits). He received no Board fees in 2011. 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 127 thousand in 2011. 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 2011 of SEK 1,787 thousand and SEK 210 thousand in variable remuneration, as well as SEK 1 thousand in other benefits. The CEO has a defined contribution retirement benefit that may not exceed 35 percent of the wage calculation base. Retirement age is 65. The total cost of the CEO's pension benefits amounted in 2011 to SEK 1,308 thousand, of which SEK 491 thousand has been transferred from gross cash salary to pension cost. 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. 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, an extra allotment of 6,000 employee options in January 2010 and an extra allotment of 3,000 employee options in February 2011.

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 percent 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 2011 of SEK 6,672 thousand and SEK 595 thousand in variable salary, as well as SEK 254 thousand in other benefits (primarily car benefit). The total pension costs relating to other senior executives in 2011 amounted to SEK 1,987 thousand. Other senior executives received a basic allotment of 105,000 employee options in 2008 and 2009 and also an extra allotment of 30,000 employee options in February 2009, an extra allotment of 30,000 employee options in January 2010 and an extra allotment of 15,000 employee options in February 2011.

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 on the Board and in senior positions

	2011		2010	
	Number*	Of which women	Number*	Of which women
Board and CEO	8	25%	9	22%
Other senior executives	6	17%	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 513,750 employee options in 2008 and 2009. Extra allotment of 69,750 employee options took place in February 2009, in January 2010 with 429,750 employee options and in February 2011 with 37,875 employee options. 218,166 of these employee options can be exercised from 12 June, 2011 at a subscription price of SEK 26.84. Last day for exercising is 1 December 2012.

The Annual General Meeting on 21 April 2009 resolved to adopt an amendment to the existing employee options programme 2008/2012, resolved by the Annual General Meeting 2008. The amendment programme comprises a maximum of 240,250 employee options. Each employee option entitles the holder to subscribe to a new share at a subscription price of SEK 26.84. A basic allocation of 33,750 employee options took place during 2009 and 2010. Extra allotment of 8,127 employee options took place in January 2010.

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. The maximum basic allotment may be adjusted proportionate to the length of employment with the Company for each individual. Extra allotment will be adjusted proportionate to the length of employment with the Company.

Basic allotment may take place until the 2010 Annual General Meeting. Employee stock options received through basic allotment within the framework of Employee Stock Option Programme 2008/2012 entitle the holder to exercise 50 percent of the options from the three-year anniversary of the allotment and 50 percent from the four-year anniversary of the allotment. Employee options received within the framework of the amendment programme can be exercised from

NOTE 2 Salaries, other remuneration and social security

1 November 2012. The extra allotment is carried out in connection with the year-end report for 2008, 2009, and 2010 respectively. Employee stock options received through extra allotment within the framework of Employee Stock Option Programme 2008/2012 may be exercised from the 2012 Annual General Meeting and options received through extra allotment within the framework of the amendment programme may be exercised from 1 November 2012. 1 December, 2012, is the last day on which employee options may be exercised.

Employee stock option plan 2011/2015

The annual general meeting on 24 March 2011 resolved on a complement to the previous employee incentive programme. The new Employee Incentive Programme 2011/2015 shall comprise newly employed members of management and key-employees who do not participate in the previous programme. The programme shall comprise maximum 350,000 employee options and to issue 459,970 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 has subscribed all the warrants. Each employee option entitles the holder to subscribe to a new share at a subscription price of SEK 30.36. A basic allocation of 37,500 employee options took place in June 2011. Extra allotment of 6,667 employee options took place in February 2012.

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. All employees will receive a maximum of 7,500 options, except for members of management without a substantial shareholding in the company, who will receive a maximum of 30,000 employee options. The maximum basic allotment may be adjusted proportionate to the length of employment with the Company for each individual. Extra allotment may be obtained, based on performance, for the financial years 2011, 2012 and 2013, respectively, amounting to maximum 15,000 employee options each year to members of management and maximum 7,500 employee options each year to key-employees. Extra allotment will, in the case of members of executive management, involve the same criteria as payment of salary bonuses. These criteria consist of technical milestone criteria relating to the Company's project and research portfolio, and the outcome of strategic partnering and financing. 50 percent of the extra allotment for individuals holding key positions is to be based on technical milestone criteria relating to the Company's project and research portfolio which provides a bonus and results in extra allotment to executive management, and 50 percent is to be based on personal performance. Extra allotment will be adjusted proportionate to the length of employment with the Company.

Basic allotment shall primarily take place until the Annual General Meeting 2012. The holders shall be able to exercise 50% of the basic allotment of the employee options as from the third anniversary of the allotment and the remaining 50% as from the fourth anniversary of the allotment. Extra allotment shall take place in connection with the interim statement for the financial year 2011, 2012 and 2013, respectively, and may be exercised as from the date of the Annual General Meeting 2015. The last day for exercising the options shall be 1 December, 2015.

Assuming that all issued options relating to the Employee stock option plan 2008/2012 and Employee stock option plan 2011/2015 are exercised for subscription of new shares, the Company's share capital will increase by SEK 1,190,030 to SEK 34,792,658,50 equivalent to about 3.4 percent of shares and votes in the Company after full exercise. Under the previous employee incentive programs, 356,998 employee options have, however, not been allotted why program 2011/2015 in practice falls within the scope of the previous programs.

The fair value of the options was determined using the Black-Scholes model for each allotment made during 2008-2011. This measurement model is considered to provide a fair representation of the value for the options. The data below has been used for the calculation. The data is presented in intervals taking into account the fact that allotment took place on several occasions during a calendar year.

Employee stock option plan 2008/2012	2011	2010	2009	2008
Allotted options	37,875	449,127	107,250	498,750
Fair value per option (SEK)	6.16	7.23	3.99-5.41	1.67-8.14
Share price for underlying shares (SEK)	28.00	27.60	20.50-23.60	14.80-24.60
Subscription price (SEK)	26.84	26.84	26.84	26.84
Estimated life of the option	1.81 years	2.85 years	3.42-3.67 years	3.92-4.42 years
Risk-free interest rate during the life of the option	2.10%	1.66%	1.80-1.99%	1.83-4.70%
Assumed volatility	35%	35%	35%	35%
Expected dividends	-	-	-	-
Wage costs in 2011 for employee stock option programme (SEK thousand)	166	1,031	20	24
Wage costs in 2010 for employee stock option programme (SEK thousand)		1,758	258	1,612
Wage costs in 2009 for employee stock option programme (SEK thousand)			165	1,379

Employee stock option plan 2011/2015	2011
Allotted options	37,500
Fair value per option (SEK)	4.14
Share price for underlying shares (SEK)	20.80
Subscription price (SEK)	30.36
Estimated life of the option	4.44 years
Risk-free interest rate during the life of the option	2.50%
Assumed volatility	35%
Expected dividends	-
Wage costs in 2011 for employee stock option programme (SEK thousand)	26

In 2011 wage costs for the employee stock option programme had a negative impact on operating profit of SEK 1,267 thousand (3,628). 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 thousand	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Ernst & Young				
Audit	232	198	232	198
Other auditing activities besides the audit	187	236	187	236
Tax consultations	-	-	-	-
Other services	27	17	27	17
Total	**446**	**451**	**446**	**451**

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

SEK thousand	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Research and development costs	5,701	8,740	5,701	8,740
Sales and administrative costs	604	632	604	632
Total	**6,305**	**9,372**	**6,305**	**9,372**

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 1,200 thousand (3,970) 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. Leasing costs in 2011 and 2010 amounted to SEK 9,703 thousand (10,829) for the Group and the Parent company. The table below shows the minimum lease payments for non-cancellable operational leasing agreements.

SEK thousand	Group	Parent company
Payments due:		
Year 2012	9,735	9,735
Year 2013-2016	13,912	13,912
Year 2017 or later	-	-
Total	**23,347**	**23,347**

NOTE 6 Income statement classified according to type of cost

SEK thousand	Group 2011	Group 2010	Parent company 2011	Parent company 2010
External costs	110,154	113,801	110,154	113,801
Personnel costs	80,002	87,944	80,002	87,944
Depreciation	6,305	9,372	6,305	9,372
Total	**196,461**	**211,117**	**196,461**	**211,117**

NOTE 7 Exchange rate differences that affected profit/loss for the period

	Group		Parent company	
SEK thousand	**2011**	**2010**	**2011**	**2010**
Exchange rate differences that affected the operating profit/loss	157	-23	157	-23
Financial exchange rate differences	820	-1,498	820	-1,498
Total	**977**	**-1,521**	**977**	**-1,521**

NOTE 8 Interest income and similar items

	Group		Parent company	
SEK thousand	**2011**	**2010**	**2011**	**2010**
Interest income	3,787	941	3,787	941
Exchange rate differences	989	48	989	48
Total	**4,776**	**989**	**4,776**	**989**

NOTE 9 Interest costs and similar items

	Group		Parent company	
SEK thousand	**2011**	**2010**	**2011**	**2010**
Interest costs	-	-3	-	-3
Exchange rate differences	-169	-1,546	-169	-1,546
Total	**-169**	**-1,549**	**-169**	**-1,549**

NOTE 10 Tax on profit for the year

	Group		Parent company	
Tax on profit for the year	**2011**	**2010**	**2011**	**2010**
Current tax on profit for the year	0	0	0	0
Deferred taxes relating to temporary differences	0	0	0	0
Reported tax on profit for the year	**0**	**0**	**0**	**0**

	Group		Parent company	
Reconciliation of effective tax	**2011**	**2010**	**2011**	**2010**
Reported profit/loss before tax	-67,053	-128,400	-67,053	-128,400
Tax according to the applicable tax rate, 26.3%	17,635	33,769	17,635	33,769
Tax effect of costs that are not deductible	-884	-837	-884	-837
Tax effect of loss carry forward for which the deferred tax claim has not been/shall be considered	-16,751	-32,932	-16,751	-32,932
Reported tax on profit/loss for the year	**0**	**0**	**0**	**0**

NOTE 11 Earnings per share

Earnings per share before dilution	2011	2010
Profit/loss for the period	-67,053	-128,400
Average number of outstanding shares (thousand)	64,660	60,522
Earnings per share before dilution, SEK	**-1.04**	**-2.12**

Earnings per share after dilution	2011	2010
Profit/loss for the period	-67,053	-128,400
Average number of outstanding shares (thousand)	64,660	61,542
Earnings per share after dilution, SEK	**-1.04**	**-2.12**

Earnings per share before dilution is based on profit/loss 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/loss for the year attributable to Parent company shareholders and a weighted average of the number of outstanding shares plus the dilutive effects for potential shares. The subscription price of the 2008/2012 employee stock option programme is SEK 26.84 per share. The subscription price of the 2011/2015 employee stock option programme is SEK 30.36 per share. An average share price of SEK 21.90 per share was used to determine whether a dilution effect exists for 2011. There is, however, no dilution of earnings per share because the earnings per share before dilution was negative.

NOTE 12 Intangible fixed assets

Acquired intangible fixed assets	Group		Parent company	
SEK thousand	2011	2010	2011	2010
Opening acquisition value	47,885	47,885	47,885	47,885
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Closing accumulated acquisition value	**47,885**	**47,885**	**47,885**	**47,885**
Opening depreciation	-44,833	-40,863	-44,833	-40,863
Disposals	-	-	-	-
Depreciation for the year	-1,200	-3,970	-1,200	-3,970
Closing accumulated depreciation	**-46,033**	**-44,833**	**-46,033**	**-44,833**
Closing residual value according to plan	**1,852**	**3,052**	**1,852**	**3,052**

NOTE 13 Tangible fixed assets

Equipment	Group		Parent company	
SEK thousand	2011	2010	2011	2010
Opening acquisition value	77,357	76,008	77,357	76,008
Acquisitions	4,732	4,007	4,732	4,007
Disposals	-5,417	-2,658	-5,417	-2,658
Closing accumulated acquisition value	**76,672**	**77,357**	**76,672**	**77,357**
Opening depreciation	-66,912	-64,326	-66,912	-64,326
Disposals	5,417	2,658	5,417	2,658
Depreciation for the year	-4,825	-5,244	-4,825	-5,244
Closing accumulated depreciation	**-66,320**	**-66,912**	**-66,320**	**-66,912**
Closing residual value according to plan	**10,352**	**10,445**	**10,352**	**10,445**

Investments in rented premises	Group		Parent company	
SEK thousand	2011	2010	2011	2010
Opening acquisition value	11,588	10,967	11,588	10,967
Acquisitions	183	621	183	621
Closing accumulated acquisition value	**11,771**	**11,588**	**11,771**	**11,588**
Opening depreciation	-10,838	-10,680	-10,838	-10,680
Depreciation for the year	-280	-158	-280	-158
Closing accumulated depreciation	**-11,118**	**-10,838**	**-11,118**	**-10,838**
Closing residual value according to plan	**653**	**750**	**653**	**750**

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

NOTE 14 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 15 Prepaid expenses and accrued income

	Group		Parent company	
SEK thousand	2011	2010	2011	2010
Prepaid rent	2,473	1,801	2,473	1,801
Other items	3,817	3,113	3,817	3,113
Total	**6,290**	**4,914**	**6,290**	**4,914**

NOTE 16 Accrued expenses and deferred income

	Group		Parent company	
SEK thousand	2011	2010	2011	2010
Payroll liabilities	9,689	11,485	9,689	11,485
Social security fees	4,662	6,222	4,662	6,222
Other items	2,432	2,545	2,418	2,530
Total	**16,783**	**20,252**	**16,769**	**20,237**

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 thousand	2011	2010	2011	2010
Financial assets				
Loan receivables and accounts receivables				
Accounts receivables	8,889	4,377	8,889	4,377
Other receivables	3,400	7,706	3,400	7,706
	12,289	12,083	12,289	12,083
Available-for-sale financial assets				
Current investments*	81,622	69,118	81,622	69,118
Current investments that constitute liquid funds	80,242	14,964	80,242	14,964
Cash and bank	12,101	21,988	12,101	21,988
	173,965	106,070	173,965	106,070
Financial assets carried at fair value through profit or loss for the year				
Derivatives**	74	33	74	33
Total	**186,328**	**118,186**	**186,328**	**118,186**
Financial liabilities				
Other financial liabilities				
Accounts payables	-19,457	-17,282	-19,457	-17,282
Other liabilities	-31,490	-26,305	-31,490	-26,305
Accrued expenses	-16,783	-20,252	-16,783	-20,252
	-67,730	-63,839	-67,730	-63,839
Financial liabilities recognised at fair value through profit or loss for the year				
Derivatives**	-75	0	-75	o
Total	**-67,805**	**-63,839**	**-67,805**	**-63,839**

* Level 1: Fair value is determined based on prices listed on an active market for the same instrument.

** Level 2: Fair value is determined based on either direct (such as price) or indirect (derived from price) observable market data that is not included in level 1.

NOTE 17 Financial instruments

MATURITIES

Maturities for financial instruments are presented below

Remaining term, 31 Dec. 2011 SEK thousand	**On demand**	**< 3 months**	**3-12 months**	**Total**
Financial assets				
Loan receivables and accounts receivables				
Accounts receivables		8,889		8,889
(where of past due but not recognised as impairment losses)		(13)		(13)
Other receivables		3,400		3,400
Available-for-sale financial assets				
Current investments			81,622	81,622
Current investments that constitute liquid funds		80,242		80,242
Cash and bank	12,101			12,101
Financial assets carried at fair value through profit or loss for the year				
Derivatives		74		74
Total	**12,101**	**92,605**	**81,622**	**186,328**
Financial liabilities				
Other financial liabilities				
Accounts payables		-19,457		-19,457
Other liabilities		-31,490		-31,490
Accrued expenses		-16,783		-16,783
Financial liabilities recognised at fair value through profit or loss for the year				
Derivatives		-75		-75
Total	**-**	**-67,805**	**-**	**-67,805**
Remaining term, 31 Dec. 2010				
Financial assets	**21,988**	**27,080**	**69,118**	**118,186**
Financial liabilities	**-**	**-63,839**	**-**	**-63,839**

NET GAINS/LOSSES

Below are the net gains/losses for financial instruments recognised through profit or loss for the year.

SEK thousand	**2011**	**2010**
Financial assets		
*Loan receivables and accounts receivables**	2	-428
*Available-for-sale financial assets***	820	-1,498
Financial assets carried at fair value through profit or loss for the year	-	-
Financial liabilities		
*Other financial liabilities**	155	405
Financial liabilities recognised at fair value through profit or loss for the year	**-**	**-**
Total	**977**	**-1,521**

*Reported under "Other operating revenues and costs." **Reported under "Profit/loss from financial investments."

NOTE 18 Events after the end of the financial year

In January 2012 BioInvent and Servier entered into a collaboration within cancer. In February 2012 the Board of Directors of BioInvent resolved to conduct a rights issue of approx. SEK 105 million. No other significant events have occurred since the end of the financial year.

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 Directors' 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, 5 March 2012

Björn O. Nilsson Chairman of the Board	Lars Backsell	Carl Borrebaeck	Lars Ingelmark
Elisabeth Lindner	Ulrika T Mattson	Kenth Petersson	Svein Mathisen President and CEO

Our audit report was submitted on 5 March 2012
ERNST & YOUNG AB

Johan Thuresson
Authorised Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of BioInvent International AB (publ) for the financial year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 27-54.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation, of the annual accounts in accordance with the Annual Accounts Act and, of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of BioInvent International AB (publ) for the financial year 2011.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Lund, 5 March 2012
Ernst & Young AB

Johan Thuresson
Authorised Public Accountant

Corporate governance report

BioInvent applies the Swedish Code of Corporate Governance ("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 stipulations in the Annual Accounts Act and the Code. The corporate governance report has been prepared as a separate document from the annual report and as such is not part of the formal annual report documentation. The corporate governance report has been reviewed by the Company's auditor in accordance with the stipulations in the Annual Accounts Act. The auditor's statement is attached to the report.

Annual General Meeting

The Annual General Meeting (AGM), or where appropriate an extraordinary general meeting, is the decision-making body for BioInvent at which all shareholders can participate. The Articles of Association do not stipulate any restriction with respect to how many votes each shareholder may exercise at shareholders' meetings and contain no specific provisions on amendments to the Articles of Association. 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, discharge of the Board of Directors from liability, and the election of a new Board of Directors until the next Annual General Meeting. Currently, an auditor for the Company is elected every four years and a decision is made on compensation for the auditor.

The Annual General Meeting 2011 authorised the Board of Directors to take decisions, on multiple occasions and until the next Annual General Meeting, on the issuance of a maximum of 6,109,568 new shares, which is equivalent to 10 percent of the share capital. The Board decided in June 2011, based on this authorisation, to implement a rights issue consisting of 6,109,568 new shares.

The 2011 Annual General Meeting was held on 24 March 2011 and the minutes are available on the BioInvent website.

The Annual General Meeting 2012 will be held on Monday 26 March at 4 p.m.

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 to attend the meeting is issued, no later than seven weeks before the meeting.

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 2011 Annual General Meeting comprised Tony Sandell (B&E Participation AB), Ulrica Slåne (Tredje AP-fonden), Jonas Lidholm (Sjätte 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. 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 for the 2012 Annual General Meeting was presented on the BioInvent website on 17 November 2011. According to the Code, the Company must post the names of the Nominating Committee's members on the Company's website six months prior to the Annual General Meeting and, where applicable, information on which shareholders the Committee members represent. Due to the fact that it has taken longer than anticipated to appoint the Nominating Committee, BioInvent has deviated from the abovenamed requirement. The Nominating Committee for the 2012 Annual General Meeting consists of Tony Sandell (B&E Participation AB), Ulrica Slåne (Tredje AP-fonden), Håkan Bohlin (Sjätte AP-fonden) and the Chairman of the Board Björn O. Nilsson. Proposals to the Nominating Committee should be addressed 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 2012 Annual General Meeting for the chairman of the general meeting, composition of the Board of Directors and election of auditors, along with explanations for these choices, as well as directors' fees and auditor's fees. The Nominating Committee had three meetings and a number of telephone conversations. The Nominating Committee did not receive any remuneration.

The Board of Directors and its work

BioInvent's Board of Directors is elected annually at the AGM for the period until the next AGM and, according to the Articles of Association, is to consist of no fewer than five and no more than nine members. The Articles of Association do not contain specific stipulations on the appointment or dismissal of Board. The Board currently consists of seven AGM-elected directors and one employee representative. The 2011 AGM discharged the Board members and the President and CEO from liability and re-elected the Board members: Lars Backsell, Carl Borrebaeck, Lars Ingelmark, Elisabeth Lindner, Svein Mathisen, Björn O. Nilsson and Kenth Petersson. The Chairman of the Board Karl Olof Borg had declined re-election. The AGM elected Björn O. Nilsson to be Chairman of the Board.

The Board of Directors is presented on page 64 of the 2011 annual report. CEO Svein Mathisen is on the Board of Directors.

Carl Borrebaeck, member of BioInvent's Board of Directors, is 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, both in relation to the major shareholders and in relation to the Company and senior management. Since no Company shareholders control 10 percent or more of the shares and are not therefore categorized as major shareholders, there is no relationship of dependence between the AGM-elected directors and major shareholders.

The 2011 AGM set the Board's fees at SEK 400,000 for the Chairman of the Board and SEK 160,000 for each of the other members of the Board not employed by the Company. In addition hereto, but not to the Chairman of the Board, it was decided that SEK 50,000 shall be the fee for the Chairman of the Audit Committee and SEK 40,000 shall be the fee for each of the other members in the Audit Committee and SEK 20,000 shall be the fee for each of the members in the Remuneration Committee.

The Board has two preparatory committees, the Remuneration Committee and the Audit Committee. 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 2011 the Board of Directors held eight regular meetings and five extra meetings. 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, Mannheimer Swartling Advokatbyrå, 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. Once a year the Board conducts an evaluation of its work and the work of the CEO and this evaluation is provided to the Nominating Committee.

Board member	Attendance
Karl Olof Borg (Chairman) [1)]	3 (3)
Björn O. Nilsson (Chairman)	13 (13)
Lars Backsell	13 (13)
Carl Borrebaeck	11 (13)
Lars Ingelmark	12 (13)
Elisabeth Lindner	11 (13)
Svein Mathisen	13 (13)
Ulrika T Mattson	10 (13)
Kenth Petersson	13 (13)

[1)] Resigned on 24 March 2011 in connection with the AGM

Remuneration Committee

The Board has appointed a remuneration committee consisting of Chairman of the Board, Björn O. Nilsson, as well as two other Directors, Elisabeth Lindner and Lars Ingelmark. 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 programmes. Furthermore, the Remuneration Committee is tasked with monitoring and evaluating variable remuneration for senior executives paid out or discontinued during the year, and monitoring and evaluating the application of the guidelines for remuneration for senior executives which the AGM is required by law to vote on, as well as applicable remuneration structures and levels within the Company. The Remuneration Committee reports to the Board of Directors. The Committee met three times in 2011.

Member of the Remuneration Committee	Attendance
Karl Olof Borg (Chairman)[1)]	1 (1)
Björn O. Nilsson (Chairman)[2)]	2 (2)
Lars Backsell[1)]	0 (1)
Lars Ingelmark[2)]	2 (2)
Elisabeth Lindner	3 (3)

[1)] Resigned on 24 March 2011 in connection with the AGM
[2)] Elected on 24 March 2011 in connection with the statutory Board meeting.

Audit Committee

The Board of Directors has also appointed an Audit Committee consisting of Kenth Petersson (Chairman), Lars Backsell, Lars Ingelmark and Björn O. Nilsson. All directors are independent of the Company, its senior management, and major shareholders. The Audit Committee's members have the requisite accounting expertise.

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 five meetings in 2011.

Member of the Audit Committee	Attendance
Kenth Petersson (Chairman)	5 (5)
Lars Backsell[1)]	3 (4)
Karl Olof Borg[2)]	1 (1)
Lars Ingelmark	3 (5)
Björn O. Nilsson	5 (5)

[1)] Elected on 24 March 2011 in connection with the statutory Board meeting.
[2)] Resigned on 24 March 2011 in connection with the 2011 AGM

Auditors
According to the Articles of Association, BioInvent is to appoint at least one and no more than three auditors for a term as prescribed by law. The auditor attends at least one Board meeting a year not attended by the CEO and other members of the Company's senior management. 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. At one Board meeting a year the Board evaluates the work of the CEO. No member of senior management is present at this meeting. The CEO and senior management are presented on page 65 of the 2011 annual report.

Remuneration to senior executives
The 2011 Annual General Meeting adopted guidelines for remuneration to senior executives. 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 31–32.

The Company´s systems for internal control and risk management with respect to financial reporting for the 2011 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 Annual Accounts Act, chapter 6 § 6, and describes the Company's systems for internal control in connection with financial reporting.

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, organizational 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 CEO, 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 authorization 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. This is re-considered annually by the Board of Directors.

Lund, 5 March 2012
The Board of Directors

Auditor's report on the corporate governance statement

To the annual meeting of the shareholders of BioInvent International AB (publ) Co. reg. no 556537-7263

Engagement and responsibility
We have audited the corporate governance statement for the year 2011 on pages 56 – 58. It is the Board of Directors who is responsible for the corporate governance statement and that it has been prepared in accordance with the Annual Accounts Act. Our responsibility is to express an opinion on the corporate governance statement based on our audit.

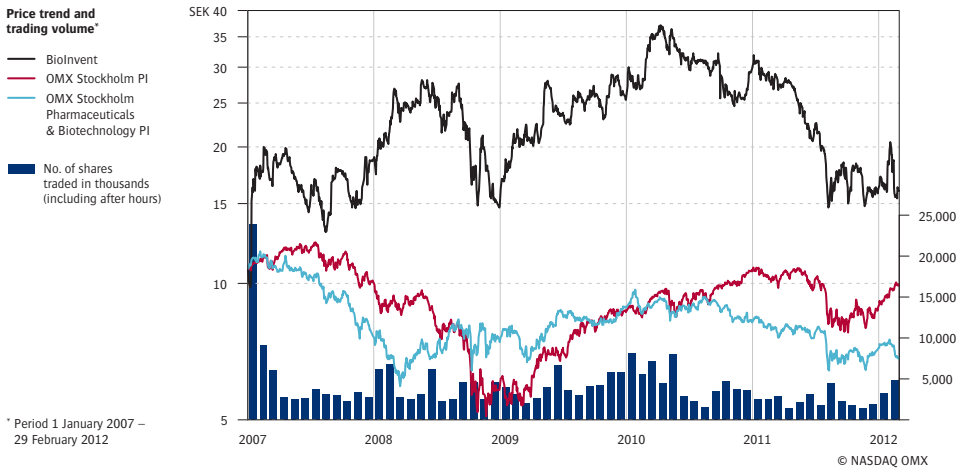
Focus and scope of the audit
We conducted our audit in accordance with RevU 16 The auditor's examination of the corporate governance statement. That standard requires that we have planned and performed the audit to obtain reasonable assurance that the corporate governance statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance statement. We believe that our audit procedures provide a reasonable basis for our opinion set out below.

Opinion
In our opinion, the corporate governance statement has been prepared and is consistent with the annual accounts and the consolidated accounts.

Lund, 5 March 2012
Ernst & Young AB

Johan Thuresson
Authorised Public Accountant

The BioInvent share



* Period 1 January 2007 – 29 February 2012

BioInvent has been listed on NASDAQ OMX Stockholm since 2001.

Price trend and trading volume

In 2011, the share price decreased 46 %, from SEK 29.70 to SEK 16.10. During 2011 the OMX Stockholm_PI decreased 17 % and OMX Stockholm Pharmaceuticals & Biotechnology_PI decreased 12 %. The highest price paid in 2011 was SEK 32.00 and the lowest price was SEK 13.70. BioInvent's market capitalization totalled SEK 1,082 million at the end of 2011.

During the year 28.0 million (55.3) BioInvent shares were traded for a value of SEK 613 million (1,691). This corresponds to a rate of turnover of 43 % (91). Average trading volume per trading day was 110,804 (218,607) shares for a value of SEK 2.4 million (6.7). Average number of trades per trading day were 156 (253).

Ownership structure

In 2011, the number of shareholders decreased 13 %, from 7,004 to 6,099. Foreign owners held 38 % (30) of the share capital and votes. The ten largest shareholders owned 42 % (42) of the shares. About 71 % (71) of the shareholders owned 1,000 or fewer shares each.

Largest shareholders, 31 December 2011

Shareholders	No. of shares	Percentage of capital and votes
JP Morgan Bank nominee accounts	4,813,807	7.2
DnB NOR fonder	4,488,311	6.7
B&E Participation AB*	3,913,000	5.8
Staffan Rasjö	2,981,621	4.4
Avanza Pension Insurance	2,940,314	4.4
Nordnet Pension Insurance	2,630,676	3.9
Länsförsäkringar fonder	1,780,343	2.6
Friends Provident International	1,751,546	2.6
Tredje AP-fonden	1,615,740	2.4
SEB Life Ireland	1,405,400	2.1
Tangent fond	1,370,516	2.0
Mikael Lönn	1,300,000	1.9
Sjätte AP-fonden	1,268,718	1.9
Carl Borrebaeck*	1,142,908	1.7
Stena Finans AB	1,120,000	1.7
Svein Mathisen*	1,050,000	1.6
Cristina Glad*	1,043,301	1.6
Other shareholders	30,589,056	45.5
Total	**67,205,257**	**100.0**

* Board member or part of Senior management

Analysts covering BioInvent

Erik Hultgård – ABG Sundal Collier, Stockholm
Camilla Oxhamre – Carnegie Investment Bank, Stockholm
Hans Jeppsson - Danske Bank, Stockholm
John Savin - Edison Investment Research, London
Olav Zilian – Helvea, Geneva
Mark Pospisilik – Kempen & Co, Amsterdam
Olle Sjölin – Nordea Markets, Stockholm
Peter Östling, Klas Palin – Redeye, Stockholm
Johan Biehl – Remium, Stockholm
Yilmaz Mahshid – Öhman Fondkommission, Stockholm

Share capital

As of 31 December 2011 the Company's share capital amounted to SEK 33.6 million distributed between 67,205,257 shares. Assuming that all options 2,380,060 issued due to the 2008/2012 employee stock option programme and the 2011/2015 employee stock option programme are exercised, the number of shares will be 69,585,317.

In June 2011 BioInvent implemented a directed share issue setting aside the shareholders' preferential rights with a total of 6,109,568 shares. SEK 128.3 thousand was raised after issue expenses.

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 programme

The Annual General Meeting on 14 April 2008 resolved to adopt an incentive programme 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 programme 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 513,750 employee options took place during 2008 and 2009. Extra allotment of 69,750 employee options took place in February 2009, in January 2010 with 429,750 employee options and in February 2011 with 37,875 employee options. 218,166 of these employee options can be exercised from 12 June, 2011 at a subscription price of SEK 26.84. Last day for exercising is 1 December 2012.

The Annual General Meeting on 21 April 2009 resolved to adopt an amendment to the existing employee options programme 2008/2012, resolved by the AGM 2008. The amendment programme comprises a maximum of 240,250 employee options, directed to the employees of the Company, entitling the holder to subscribe for new shares. Each employee option entitles the holder to subscribe to a new share at a subscription price of SEK 26.84. A basic allocation of 33,750 employee options took place during 2009 and 2010. Extra allotment of 8,127 employee options took place in January 2010.

The annual general meeting on 24 March 2011 resolved on a complement to the previous employee incentive programme. The new Employee Incentive Programme 2011/2015 shall comprise newly employed members of management and key-employees who do not participate in the previous programme. The programme shall comprise maximum 350,000 employee options and to issue 459,970 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 has subscribed all the warrants. Each employee option entitles the holder to subscribe to a new share at a subscription price of SEK 30.36. A basic allocation of 37,500 employee options took place in June 2011. Extra allotment of 6 667 employee options took place in February 2012.

Fully exercised the programs listed above represent a dilution of about 3.4 per cent of the shares.

Dividend and dividend policy

The Board of Directors do not recommend payment of any dividend for the 2011 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 therefore do not recommend that any dividend be paid for the next few years.

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: 2 May, 19 July, 18 October 2012

Share statistics, 31 December 2011

Size of holdings	No. of shareholders	No. of shareholders, %	No. of shares in %
1–500	3,221	52.8%	1.1%
501– 1,000	1,125	18.4%	1.8%
1,001–2,000	663	10.9%	2.1%
2,001–5,000	530	8.7%	3.2%
5,001–10,000	230	3.8%	3.2%
10,001–20,000	126	2.1%	3.1%
20,001–50,000	92	1.5%	4.7%
50,001–100,000	35	0.6%	4.8%
100,001–500,000	51	0.8%	18.0%
500,001–1,000,000	6	0.1%	8.6%
1,000,001–5,000,000	20	0.3%	49.4%
Total	**6,099**	**100.0%**	**100.0%**

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
2010	New share issue[9)]	2,717,400	5,434,800	30,547,844.5	61,095,689	0.50
2011	New share issue[10)]	3,054,784	6,109,568	33,602,628,5	67,205,257	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.
[9)] In February 2010 the Company carried out a directed issue. The issue price was SEK 27.60 and SEK 144.4 million was raised for BioInvent International AB after deductions of issue costs.
[10)] In June 2011 the Company carried out a directed issue. The issue price was SEK 22.30 and SEK 128.3 million was raised for BioInvent International AB after deductions of issue costs.

Five-year review

INCOME STATEMENT, SEK MILLION	2011	2010	2009	2008	2007
Net revenues	124.6	82.9	80.7	252.1	143.4
Research and development costs	-163.9	-178.9	-229.2	-215.4	-140.9
Sales and administrative costs	-32.6	-32.2	-35.5	-30.9	-28.7
Other operating revenues and costs	0.2	0.4	4.5	0.7	2.7
	-196.3	-210.7	-260.2	-245.6	-166.9
Operating profit/loss	**-71.7**	**-127.8**	**-179.5**	**6.6**	**-23.4**
Profit/loss from financial investments	4.6	-0.6	2.8	9.7	7.4
Profit/loss after financial items	**-67.1**	**-128.4**	**-176.7**	**16.3**	**-16.1**
Tax on profit for the year	–	–	–	–	–
Profit/loss for the year	**-67.1**	**-128.4**	**-176.7**	**16.3**	**-16.1**

BALANCE SHEET, SEK MILLION	2011	2010	2009	2008	2007
Intangible fixed assets	1.9	3.1	7.0	12.4	12.5
Tangible fixed assets	11.0	11.2	12.0	16.4	14.2
Inventories	0.3	0.7	2.0	2.3	3.8
Current receivables	18.7	17.0	21.2	51.9	23.6
Current investments and liquid funds	174.0	106.1	84.0	212.5	216.9
Total assets	**205.8**	**138.0**	**126.2**	**295.4**	**271.0**
Shareholders' equity	138.0	74.2	55.6	231.3	214.1
Non-interest-bearing liabilities	67.8	63.8	70.6	64.1	56.9
Interest-bearing liabilities	–	–	–	–	–
Total shareholders' equity and liabilities	**205.8**	**138.0**	**126.2**	**295.4**	**271.0**

CASH FLOW, SEK MILLION	2011	2010	2009	2008	2007
Operating profit/loss	-71.7	-127.8	-179.5	6.6	-23.4
Adjustments for depreciation, interest and other items	12.3	12.6	17.0	21.5	18.3
Changes in working capital	3.9	-2.4	35.3	-18.8	17.8
Cash flow from current operations	**-55.5**	**-117.7**	**-127.1**	**9.2**	**12.6**
Cash flow from investment activities	-4.9	-4.6	-1.3	-13.6	-3.9
Cash flow from current operations and investment activities	**-60.4**	**-122.3**	**-128.4**	**-4.4**	**8.7**
Cash flow from financing activities	128.3	144.4	-	-	120.1
Increase/decrease in current investments and liquid funds	**67.9**	**22.1**	**-128.4**	**-4.4**	**128.8**

KEY FINANCIAL RATIOS	2011	2010	2009	2008	2007
Net revenue growth, %	50.4	2.7	-68.0	75.8	182.2
Net working capital, SEK million	-48.9	-46.1	-47.4	-10.0	-29.4
Net working capital/net revenue, %	-39.2	-55.7	-58.7	-4.0	-20.5
Operating capital, SEK million	-36.0	-31.9	-28.4	18.8	-2.7
Operating capital/net revenue, %	-28.9	-38.5	-35.2	7.5	-1.9
Capital employed, SEK million	138.0	74.2	55.6	231.3	214.1
Capital employed/net revenue, %	110.7	89.5	69.0	91.7	149.3
Shareholders' equity, SEK million	138.0	74.2	55.6	231.3	214.1
Return on shareholders' equity, %	-63.2	-197.8	-123.1	7.3	-9.9
Return on capital employed, %	-63.2	-197.8	-123.1	7.3	-9.9
Capital turnover, times	1.2	1.3	0.6	1.1	0.9
Equity/assets ratio, %	67.0	53.7	44.1	78.3	79.0
Intangible fixed assets investments, SEK million	–	–	–	6.0	–
Tangible fixed assets investments, SEK million	4.9	4.6	1.3	7.6	3.9
Average number of employees	89	96	105	99	96
Net revenue per employee, SEK million	1.4	0.9	0.8	2.5	1.5

DATA PER SHARE	2011	2010	2009	2008	2007
Earnings per share, SEK					
Before dilution	-1.04	-2.12	-3.17	0.29	-0.31
After full dilution	-1.04[1)]	-2.12[1)]	-3.17[1)]	0.29[3)]	[2)]
Shareholders' equity per share, SEK					
Before dilution	2.05	1.21	1.00	4.15	3.85
After full dilution	2.05[3)]	1.19	1.00[3)]	4.15[3)]	[2)]
Cash flow per share, SEK	-0.93	-2.02	-2.31	-0.08	0.17
Average no. of shares					
Before dilution (thousands)	64,660	60,522	55,661	55,661	51,175
After full dilution (thousands)	64,660[3)]	61,542	55,661[3)]	55,661[3)]	[2)]
Number of shares at end of period					
Before dilution (thousands)	67,205	61,096	55,661	55,661	55,661
After full dilution (thousands)	67,205[3)]	62,151	55,661[3)]	55,661[3)]	[2)]
Share price, 31 December, SEK	16.10	29.70	25.40	14.80	18.60

[1)] There is no dilution of earnings per share because the earnings per share before dilution was negative.
[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 average 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

Björn O. Nilsson

Chairman of the Board
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 Board since 2011. Chairman of the Remuneration Committee and member of the Audit Committe.

Other board appointments: Vice Chairman of the Board of Ångpanneföreningen's Foundation for Research and Development. Member of the Boards of ÅF AB and SwedNanoTech AB.

Shareholding: 15,000

Lars Backsell

B Sc Economics at SSE and has completed AMP at Insead. Born 1952. Lives in Stockholm, Sweden. Previous roles include CEO of Recip AB and senior positions within Pharmacia AB and Coloplast A/S. Member of the Royal Swedish Academy of Engineering Sciences. Member of the Board since 2010. Member of the Audit Committe.

Other board appointments: Chairman of the Boards of Recipharm AB and Backsell Eldered Holding AB. Member of the Boards of Aros Growth Capital AB, Lund University Bioscience AB, Rohirrim AB and Skärmare Drifts AB.

Shareholding: 3,913,000 (through companies)

Carl Borrebaeck

Doctor of Science. Born 1948. Lives in Lund, Sweden. Deputy Vice-Chancellor at Lund University, Professor at the Department of Immunotechnology and Centre Director for the translational cancer centre – CREATE Health, Lund. 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, Atlas Therapeutics AB, SenzaGen AB and WntResearch AB.

Shareholding: 1,142,908

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 Remuneration Committee and the Audit Committe.

Other board appointments: Chairman of the Boards of Gyttorp AB, Industrial Equity (I.E.) AB, SLS Invest AB and Svensk Våtmarksfond. Member of the Boards of Healthcare Göteborg AB, Innoventus AB, KA Intressenter AB, Skedala Säteri AB and Svenska Jägareförbundet.

Shareholding: 1,000

Elisabeth Lindner

Master of Science, MBA. Born 1956. Lives in Stockholm, Sweden. Member of the Royal Swedish Academy of Engineering Sciences. Member of the Board since 2005. Member of the Remuneration Committee.

Other board appointments: CEO of OxThera AB. Chairman of the Board and CEO of Biosource Europe AB. Member of the Boards of Karo Bio AB and Pharmalink 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 Boards of Camurus AB and SwedenBIO.

Shareholding: 1,050,000
Employee options: 24,000

Ulrika T Mattson

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: 7,500

Kenth Petersson

Bachelor of Arts. Born 1956. Lives in Stockholm, Sweden. Member of the Board since 1997. Chairman of the Audit Committe.

Other board appointments: Chairman of the Boards of AlphaBeta AB, Biocrine AB, Science Pacific AB and Spiber Technologies AB. Member of the Boards of Alligator Bioscience AB an Genovis AB.

Shareholding: 80,000

Auditors
Ernst & Young AB
Auditor in charge: Johan Thuresson, 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 Boards of Camurus AB and SwedenBIO.

Shareholding: 1,050,000
Employee options: 24,000

Björn Frendéus

Vice President, Preclinical Research
Doctor of Immunology. Born 1973. Lives in Landskrona, Sweden. Employed since 2001. Graduated as the nation's first student from the Swedish Foundation for Strategic Research funded Biomedicine programmes within the Infection & Vaccinology programme in 2001.

Shareholding: 740 (own and affiliated holdings)
Employee options: 44,250

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. Member of the Boards of Ideonfonden AB and Lund University Faculty of Medicine.

Shareholding: 1,043,301
Employee options: 24,000

Steven Glazer

Senior Vice President, Development
Doctor of Medicine. Born 1948. Lives in Copenhagen, Denmark. Employed since 2004. Previously employed as Medical Director and Director of Development at Maxygen A/S, Denmark. Previously employed at NovoNordisk A/S etc.

Shareholding: -
Employee options: 46,500

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: 24,000

Sten Westerberg

Vice President, Investor Relations
Born 1960. Lives in Bjärred, Sweden. Employed since 2011. Previously employed as sell-side analyst at Öhman Fondkomission and Swedbank Markets and financial journalist at Veckans Affärer.

Shareholding: -
Employee options: 32,917

Martin Wiles

Senior Vice President, Business Development
Ph. D. Chemistry, MBA. Born 1963. Lives in London, Great Britain. Employed since 2003. Previously employed as head of Business Development at KS Biomedix Holdings Plc, listed on the London Stock Exchange.

Shareholding: -
Employee options: 46,500

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 Monday 26 March 2012 at 4 p.m., Elmdalavägen 16, Lund. Notice to attend will be announced in the Swedish press in Post- och Inrikes Tidningar and on the Company's website.

Shareholders wishing to attend the AGM must be registered in the shareholders' register kept by the Swedish Securities Register Centre (Euroclear) no later than Tuesday 20 March 2012 and must inform BioInvent of their intention to attend no later than 4 p.m. on Tuesday 20 March 2012 by sending a letter to: Sölvegatan 41, SE-223 70 Lund, attn: Marie Serwe, or by fax to +46 (0)46 211 08 06, or by phone +46 (0)46 286 85 50, or by e-mail to marie.serwe@bioinvent.com.

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 Tuesday 20 March 2012 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.

Upcoming financial reports

BioInvent will present the following financial reports:
Interim reports: 2 May, 19 July, 18 October 2012

Investor Relations

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Sten Westerberg, Vice President, Investor Relations, +46 (0)46-286 85 52, mobile +46 (0)768-68 50 09
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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