BioInvent

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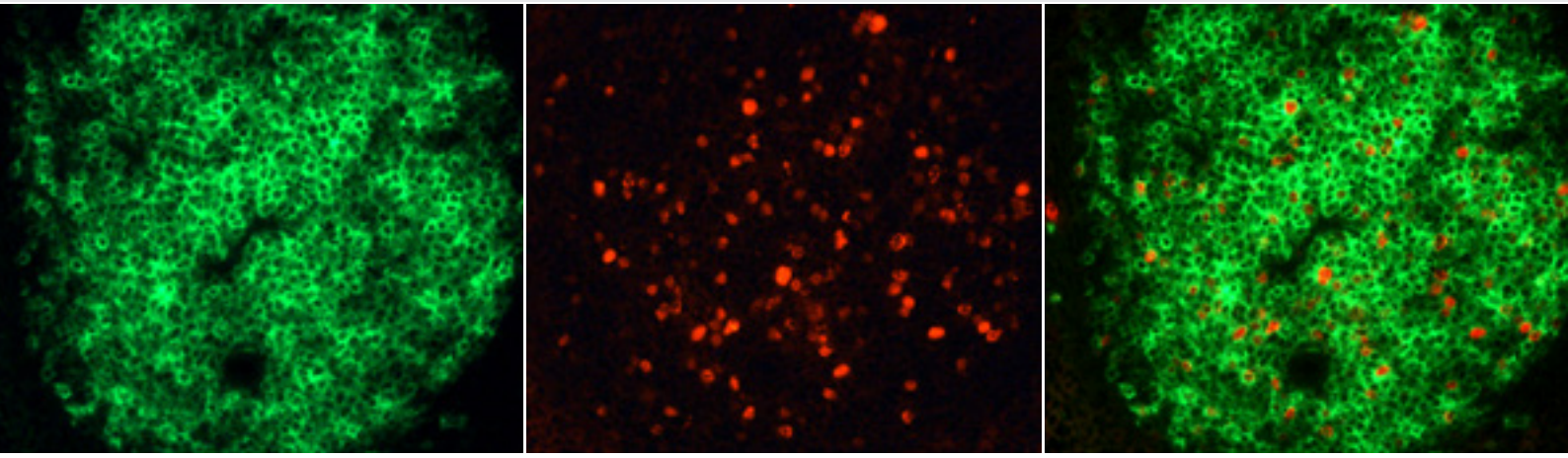
Annual Report **2012**



BioInvent is focused on formulating innovative antibody-based drugs against cancer. Research is integrated with the Company's proprietary technology, which also serves as the basis of external drug programs with large pharmaceutical companies.

Currently the Company is running three drug projects in the field of oncology, primarily haematological cancers, where the medical need is considered to be great. The focus on cancer is a result of the strategic overview conducted during the year.

The industrial position is supported by a unique technology platform for developing antibody-based drugs.

The objective is to engage in operations in such a way that the costs of the basic operation are financed by revenues from the various collaborations into which the company has entered.

The cover picture shows a unique disease model where cancer cells (green) from patients form structures *ex vivo* very similar to that seen in the patient. Dividing cancer cells are red.

The year in brief

- BioInvent has completed a phase I study of BI-505 on patients with advanced multiple myeloma. The preliminary results were presented in January 2013. They showed a good safety profile and that the drug has an effect on the disease.
- A small follow-up study of BI-505 on untreated patients with a precursor of multiple myeloma is planned to begin in 2013.
- An agreement was signed in January with the French pharmaceutical company Les Laboratoires Servier to develop an antibody against a new target protein in cancer therapy. The agreement can provide revenues of more than EUR 11 million before royalties on future sales.
- An agreement was signed in June with British Cancer Research Technology in the currently important cancer research field of tumour-associated macrophages.
- In consequence of terminating three clinical studies during the year strong measures were taken to significantly slash operating expenses for 2013.

SEK million	2012	2011
Net revenues	43	125
Profit/loss for the year	-188	-67
Liquid funds	100	174

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Comments by the CEO

Dear shareholders,

BioInvent's change management initiative, which focuses on a more self-financing business model, has started. Our goal is to reduce the cost level to less than half of the previous level, which we expect to achieve in 2013, and to increase our focus on new business. It is also gratifying to conclude that interest in our technology platform continues to be strong. Through a unique function-based use of BioInvent's n-CoDeR® antibody library, we are now opening new horizons both for our customers and for ourselves.

As part of this new strategy, we decided to focus our resources on oncology, a field in which our platform is particularly well-suited to generate novel drug candidates. From this library of more than 20 billion antibody genes, we can select our candidates, which are then quickly converted to antibodies. Since we use completely human antibodies, they are well-tolerated in humans. The new function-based platform, which we call F.I.R.S.T™, provides a unique method to identify the target structures associated with diseased tissues as opposed to healthy tissues, while simultaneously identifying the antibodies that are biologically most effective against the target structure. F.I.R.S.T™ technology enables both discovery of new, previously unknown target structures, and new functions in known target structures. The latter is important since it can lead to a unique understanding of how antibodies to known target structures can be used to treat new diseases. One example of this is BioInvent's development of anti-ICAM-1 antibody BI-505 against multiple myeloma.

Pharmaceutical research is a matter of precision and it was precisely this insight that drove us to find new functions in our technology platform. We are active at the forefront of this research and the competition is palpable. But I am confident that BioInvent will make great strides by applying in-house developed cutting edge technologies such as F.I.R.S.T™ for discovery and development of novel antibody-based drugs. We also expect that by applying this approach, over time we will continue to attract collaboration partners that will help to develop BioInvent.

Pharmaceutical research also involves endurance. Our first clinical study with BI-505 took more time than we had originally intended. It is therefore extremely gratifying that we can now conclude that BI-505, which has a unique approach to the cancer multiple myeloma, lived up to our expectations of biological activity with good tolerability. Among those patients offered extended therapy with BI-505, seven of 29 patients demonstrated stable disease for at least two months and we are now proceeding with a smaller follow-up study on patients with a precursor of multiple myeloma.

Multiple myeloma is a severe form of cancer, the incidence of which will increase as the developed world's population lives longer. Current treatments have improved survival in severely ill patients, though at the cost of considerable side effects and reduced quality of life. Interest in developing new, more patient-friendly treatments is strong and we are now in a growing field of research. The purpose of the study we are starting this year is to gather more data on the biological activity of BI-505 in order to further prepare for studies supporting registration.

> "The combination of internal and external drug programs with a technology opening new horizons in antibody development provides us with the best prospects for developing BioInvent."

For a company like BioInvent, it is important to find appropriate venues for collaboration with both industry and academia. I want to emphasize two major collaborations entered into during the year, one with the French pharmaceutical company Servier and another with the leading British cancer research institute, CRT. At the same time, we completed other collaborations and projects since the clinical data clearly answered the questions we had asked. Indeed, our organisation has a long history of collaboration and adapting to new conditions, which form the foundation for success in this industry.

As we now look ahead to 2013, it is with hopes of a strong performance. In addition to BI-505, I would also like to underscore that we have identified two new product candidates, ADC-1013 and BI-1206 for which the next developmental phase involves toxicological studies. Furthermore, we look forward to having some of our external drug programs in clinical phase in 2013. The combination of internal and external drug programs with a technology opening new horizons in antibody development provides us with the best prospects for developing BioInvent. Antibody-based drugs, a growing market of USD 50 billion, is a strong segment in the pharmaceutical industry. We intend to be part of it and ensure that this positive trend will continue.

In closing, I would like to thank my predecessor Svein Mathisen for his many years of outstanding efforts as the CEO of the company. Svein led BioInvent from a platform company to a product-focused enterprise. I would also like to thank all of our employees for their important contributions in 2012. Despite the challenges of 2012, BioInvent is well equipped to take advantage of new opportunities.

Lund, March 2013
Cristina Glad, acting CEO

Marketing and project overview

The market for antibody-based drugs continued to show strong growth in 2012 and is now about USD 50 billion. Antibody-based drugs are expected to continue to be the strongest segment of the research-based pharmaceutical industry, with an annual average growth of 8 per cent from 2010 to 2016[1]. Other major pharmaceutical segments, such as small molecules, protein-based drugs and vaccines, are expected to have a lower growth rate. BioInvent focuses its research on cancer therapies, the single largest application for antibodies. The world's most sold medication, Humira (adalimumab, Abbott Laboratories), is a monoclonal antibody and in 2012 sales were equivalent to USD 9.3 billion. The world's three best-selling cancer drugs – Herceptin® (trastuzumab, Roche), Avastin® (bevacizumab, Roche) and Rituxan® (rituximab, Roche) – are all antibodies, with 2012 sales of USD 6.2-6.5 billion each.

There are several reasons why antibody-based 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. They exert a precise effect and integrate naturally with the rest of the immune system, which can therefore modulate the antibody's therapeutic effect. Also, antibody-based drugs to some extent have other application areas than traditional medicines; for example, they are useful for targeting extracellular molecules or cell-surface proteins – two significant groups of target proteins that may be difficult to impact using traditional, small molecule drugs. 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-based drugs has also been shown to be shorter than for traditional pharmaceuticals, and development costs are therefore lower[2].

The strong underlying market over the past decade for antibody-based drugs has led to growing interest in the development of these drugs. Traditionally, antibody-based drugs have been developed by research-intensive biotech companies, but many of these have now been acquired by much larger pharmaceutical companies that have their own sales organisations. One of the larger acquisitions in 2012 was Amgen's purchase in January of Micromet, which was worth USD 1.2 billion. Stand-alone companies that still develop antibody-based drugs (in competition with BioInvent) include Morphosys, Regeneron, Ablynx, Immunogen, Genmab and Seattle Genetics.

BI-505 – Multiple myeloma

BI-505 is being developed to treat multiple myeloma, a haematological cancer that begins in the patient's bone marrow. BI-505 is a completely human antibody targeting the naturally occurring cell-surface protein Intracellular Adhesion Molecule 1 (ICAM-1). The results from a phase I study of BI-505 on 35 patients with advanced multiple myeloma were presented in January 2013. Preliminary analysis showed a good safety profile for BI-505. In those dosage groups to which extended therapy was offered, 24% of these severely ill patients demonstrated stable disease for at least two months, indicating a beneficial effect of BI-505. In 2013 an additional clinical study of BI-505 will begin, this time on untreated patients with a precursor of multiple myeloma.

Multiple myeloma accounts for about 1 per cent of all cancer cases and 13 per cent of the number of cases of haematological cancer, which makes it the second most common haematological cancer after non-Hodgkin's lymphoma. In the developed world, an average of 5.6 new cases of multiple myeloma are registered per 100,000 inhabitants each year, corresponding to about 60,000 new cases per year[3]. The disease usually occurs among older people; the average patient is age 70 at diagnosis.

The pharmaceutical market for multiple myeloma in 2012 amounted to about USD 9 billion (Revlimid®, Velcade®, Zometa® and Thalidomide®) and is expected to amount to about USD 13 billion in 2017[4]. The market is dominated by Revlimid® (lenalidomid, Celgene) and Velcade® (bortezomib, Takeda/Johnson& Johnson), with sales of USD 3.8 billion and USD 2.3 billion, respectively, in 2012, a growth rate of 13 per cent compared with 2011. This robust growth rate is expected to continue over the next few years, in part because of a trend toward initiating treatment of the disease at earlier stages, and in part because the remaining older and inexpensive drugs are being replaced by the more effective, but more expensive, new drugs. Growth in the market is also expected to be driven by two recently approved follow-up treatments for multiple myeloma, Kyprolis® (carfilzomib, Onyx Pharmaceuticals) and Pomalyst® (pomalidomide, Celgene). The closest competing products to BI-505 are the antibodies in clinical phase, e.g., elotuzumab (Bristol-Myers Squibb) and daratumumab (Genmab/Johnson&Johnson).

ADC-1013 – Haematological cancer

Through an option agreement with Alligator Bioscience, in 2012 BioInvent obtained the right to develop the product candidate ADC-1013 together with Alligator Bioscience. The antibody was developed from BioInvent's n-CoDeR® antibody library. The parties will equally share future expenses and revenues from the project. ACD-1013 is a so-called agonistic (activating) antibody with

1 Datamonitor 2009.
2 Tufts CSDD Impact Report November/December 2011.
3 National Cancer Institute, statistics review 1975–2007.
4 Cowen&Company 2012.

BioInvent is developing antibody drugs – the fastest growing segment of the pharmaceutical market with total annual sales of over 50 billion USD.

stimulating effect on the body's own immune response. The target protein for ADC-1013 is expressed on immune response cells that are critical to the ability of the cancer patient to activate the body's own defence mechanisms against tumour cells. The target protein is also expressed on several different types of tumour cells, including various haematological cancers. In preclinical studies ADC-1013 has demonstrated strong immune-stimulating properties and strong anti-tumour effects.

Development of the process for production of ADC-1013 has begun. After up-scaling and production of the antibody, the next step in development will be toxicological studies, which are expected to be conducted in 2013.

BI-1206 – non-Hodgkin's lymphoma

BI-1206 is an in-house developed, so-called antagonistic (blocking) antibody aimed at the immunosuppressive target protein Fc gamma receptor IIb, CD32b. By shutting off the immunosuppressive effect of CD32b and creating a more immunostimulatory environment, BI-1206 has the potential to enhance the therapeutic effect of several, previously approved antibody-based drugs. Rituximab (Rituxan®, Roche) is an approved antibody-based drug used for treatment of conditions such as non-Hodgkin's lymphoma and data show that CD32b is directly involved in the development of tumour cell resistance to Rituximab. In addition, the target protein CD32b is overexpressed in tumour cells in patients with the most severe types of non-Hodgkin's lymphoma, which may make these patients more receptive to therapy with BI-1206.

Combined therapy with BI-1206 and Rituximab therefore has the potential to significantly improve treatment of patients with non-Hodgkin's lymphoma, the most common type of haematological cancer, as well as treatment of patients with other types of haematological cancer for which Rituximab is standard treatment. Initially, development of BI-1206 focused on the indication of non-Hodgkin's lymphoma, but preclinical studies are also planned for assessment of the potential of this antibody to be effective for other types of haematological cancer, for solid tumours and in combination with antibodies other than Rituximab. The product will be developed in cooperation with a leading research group in Southampton, UK.

Development of the process for production of BI-1206 has begun. After up-scaling and production of the antibody, the next step in development will be toxicological studies, which are expected to begin in 2014.

BioInvent believes that the market for treatment with BI-1206 combined with other antibodies is significant. In 2012,

Rituxan alone had sales of USD 7.1 billion, the majority for haematological cancer, which makes it the second most sold antibody-based drug worldwide. In various studies, up to half of all cancer patients who responded to an initial course of Rituxan proved to be resistant to the drug on recurrence of the disease.

CRT collaboration on tumour-associated macrophages (TAM)
In 2012 BioInvent entered into a collaboration with Cancer Research Technology (CRT), a commercially focused unit of Cancer Research UK, and Queen Mary's University Hospital, regarding identification of novel antibody-based drugs in oncology. The collaboration focuses on developing function-modulating antibodies against tumour-associated macrophages (TAM), a type of macrophage with oncogenic, or cancer-stimulating, effect. The agreement provides BioInvent with the right, in exchange for milestone payments and royalties to CRT, to develop and market pharmaceutical products originating from the collaboration. BioInvent, together with researchers headed by Dr Thorsten Hagemann, senior research fellow at Cancer Research UK, will identify new target proteins for drug development. BioInvent's F.I.R.S.T™ technology will be used in the collaboration, while Dr. Hagemann and his group will contribute cutting edge expertise and unique disease models.

Macrophages are dynamic cells that, depending on the signals from the environment, can assume both tumour-driving (TAM) and tumour suppressor (classical macrophages) properties and functions. In certain types of cancer, macrophages account for a larger part of tumour mass than the actual tumour cells. Antibody-mediated "training" of macrophages with tumour suppressor function is therefore a very attractive therapeutic concept and represents an area of research in which BioInvent and its partners are on the cutting edge.

Overview of preclinical research and external collaborations

For over a decade, BioInvent has been engaged in various research collaborations with the pharmaceutical industry aimed at discovering novel antibody-based drugs. During the year important advances were made in several of these collaborations. These collaborations mean a reduced risk for BioInvent and give options of future revenues in the form of milestone and royalty payments. The basis of these collaborations is BioInvent's technology platform for discovering, developing and producing antibody-based drugs and its biological expertise in a couple of key cancer research areas. As a key component of the strategy to find new partners and models, during the year BioInvent attended various conferences where it presented its F.I.R.S.T™ technology, a further development of the Company's well-established n-CoDeR® antibody library.

In 2012, the management decided to completely dedicate the Company's research resources to cancer. Over the past decade the Company has accumulated a significant body of experience of relevant disease models within cancer biology and tumour immunology. The 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 conducted in parallel with the above-mentioned research collaborations with major pharmaceutical companies. 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.

In order to take product candidates further through late clinical development to full commercialisation, the Company intends again to work with large 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 for a longer period by the Company. As a rule, the commercial value of a project increases the longer a company waits before selling the rights. BioInvent continues to place great emphasis on cooperation with external research teams as an important source of new medical concepts. Its in-house research will also remain an important source of new ideas. BI-505 for the treatment of multiple myeloma is the result of one such in-house research programme.

Cancer

Research in the area of cancer 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. Using the F.I.R.S.T™ platform, which is particularly appropriate for identification of antibodies against cancer (see below), the Company is actively searching for novel 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 based on new therapeutic concepts for the treatment of serious haematological and solid cancers. Within the collaboration with Cancer Research Technology and Queen Mary's University Hospital to identify new drugs within the field of oncology, the research is focused on developing function-modulating antibodies against tumour-associated macrophages (TAM), a type of macrophage with oncogenic, or cancer-stimulating, effect.

F.I.R.S.T™ - new horizons for "targeted" antibody development

BioInvent has developed a function-based discovery-platform, called F.I.R.S.T™ that enables smarter development of novel antibody-based drugs in which new candidates can be discovered without previous knowledge about the antibodies' target protein. Through differential selection, in which antibodies that bind to patient cells are selected and characterised, specific target structures that provide clinically relevant functionality can be identified. The advantage of this function-based method is that we can identify new disease-associated target structures and antibody-based drugs at the same time. In addition, we can discover antibodies that bind to known target structures, but for which the clinically relevant function for this target structure is not previously known. Yet another advantage is that FIRST™ resembles the natural conditions in the patient, increasing the likelihood that the antibodies will mediate the desired effect. One example of the effectiveness of the platform is BI-505, the Company's product candidate for treatment of multiple myeloma. BI-505 was discovered using an F.I.R.S.T™-like prototype. BioInvent uses F.I.R.S.T™ to identify novel drug candidates for treatment of haematological cancers. Antibodies are selected that bind specifically to cancer cells and mediate a functionality that is important for treatment of cancer in the form of programmed cell death or activation of the body's own immune defence cells. New data on the method were presented during the year at scientific conferences around the world, most recently at conferences in San Diego in December and Vancouver in January this year.

External drug programs

BioInvent has entered into a series of partnerships with big pharmaceutical companies to develop and produce 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. Several of the collaborative projects have progressed during the year and the Company expects that some of them will initiate clinical studies in 2013. 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 and BioInvent will screen for hits in the Company's antibody library. BioInvent will also assist Servier during future optimisation of a drug candidate.

n-CoDeR® antibody library

BioInvent has developed a powerful technology platform for discovery, development and production of human antibodies based on the n-CoDeR® antibody library. 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.

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, 2012. 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 is a research-based pharmaceutical company focused on discovery and development of innovative antibody-based drugs against cancer. The Company also develops antibody-based drugs in collaboration with partners who finance the development of the new drug, and provide BioInvent the right to milestone payments and royalties on sales.

Review of the project portfolio

Multiple myeloma (BI-505)
Project status
The initial results from the phase I study of BI-505 on patients in advanced stages of the malignant disease multiple myeloma were reported after the end of the period. The preliminary analysis showed a good safety profile for BI-505. In those dosage groups to which extended therapy was offered, 24% of these severely ill patients demonstrated stable disease for at least two months, indicating a beneficial effect of BI-505. Optimal dose was determined according to the study protocol and will be used in the next clinical trial, which has already been approved by the Medical Products Agency.

The dose-escalating phase I study included a total of 35 patients with recurrent or refractory disease following at least two prior treatments with other drugs. The primary purpose of the study was to evaluate safety and tolerability among patients with advanced disease. The study also assessed pharmacokinetics and pharmacodynamics, such as relevant biomarkers for tumour response, to determine the appropriate dose of the antibody to pave the way for further clinical development. Groups of patients were treated with increasing intravenous doses of BI-505 (0.0004 - 20 mg/kg for a total of eleven dose levels) every other week for a four-week period. Treatment was subsequently extended among patients belonging to dose level six or higher for as long as the disease was stable. The study was conducted at seven clinics in Europe and the US.

At the annual International Myeloma Workshop, April 3-7 in Kyoto, Japan, the results will be presented from both the phase I study and from the preclinical studies on BI-505 combined with bortezomib (Velcade®) or with lenalidomide (Revlimid®).

A small follow-up study of BI-505 in patients with asymptomatic multiple myeloma (called "smoldering multiple myeloma") will be initiated this year. In asymptomatic myeloma patients have no symptoms and the disease is detected only in laboratory tests. Currently no drug is approved to treat this patient group, but clinical studies with other drug candidates are underway.

Background
Candidate drug BI-505 is a human antibody that specifically binds to the ICAM-1 adhesion protein (also known as CD54). Expression of ICAM-1 is elevated in tumour cells, which makes it a suitable target for a candidate drug. BI-505 has a new mechanism contributing to the effective killing of myeloma cells. In several animal models, BI-505 proved to be very effective at killing tumours and more effective than existing drugs. The number of newly diagnosed patients with multiple myeloma worldwide is estimated at more than 60,000 per year.

BI-505 has received Orphan Drug Designation in both Europe and the US for the indication multiple myeloma. This provides BI-505 with market exclusivity for treatment of multiple myeloma with an antibody against ICAM-1 for up to 10 years after marketing approval is granted.

BI-505 has the potential to be developed both as monotherapy for early stages of the disease and as combination therapy for recurrent disease or when the patient no longer responds to first-line therapy for multiple myeloma. BioInvent intends to find a development partner for BI-505 and to take a final strategic decision on continued product development in cooperation with that partner.

Hematologic cancer (ADC-1013)
Background
ACD-1013 is a so-called agonistic (activating) immunostimulating antibody. The target protein for ADC-1013 is expressed on immune cells that are critical for the ability of cancer patients to activate the body's own defence mechanisms against cancer. The target protein is also expressed on several types of tumour cells, especially blood cell cancers. In preclinical studies ADC-1013 has demonstrated strong immunostimulating properties and strong anti-tumour effects. The product is selected from BioInvent's n-CoDeR® antibody library and developed in preclinical studies by Alligator Bioscience, a Swedish biotech company based in Lund.

Project status
BioInvent obtained the right to co-develop the product candidate ADC-1013 with Alligator Bioscience through an option agreement. The parties will share future costs and revenues from the project equally. Development of the production process for ADC-1013 has begun. The next stage of development after up-scaling and production involves toxicological studies, which are expected to be carried out in 2013.

Hematologic cancer (BI-1206)
Background
BI-1206 is a so-called antagonistic (blocking) antibody aimed at the immunosuppressive target protein Fc gamma receptor IIB, CD32b. By shutting off the immunosuppressive effect of CD32b and creating a more immunostimulatory environment, BI-1206 has the potential to enhance the therapeutic effect of several, previously approved antibody-based drugs. Rituximab (Rituxan®, Roche) is an approved antibody-based drug used for treatment of conditions such as non-Hodgkins lymphoma and data show that CD32b is directly involved in the development of tumour cell resistance to rituximab. In addition, the target protein CD32b is overexpressed on tumour cells in patients with the most severe types of non-Hodgkin's lymphoma, which may make these patients especially receptive to therapy with BI-1206. Combined therapy with BI-1206 and rituximab therefore has the potential to significantly improve treatment of patients with non-Hodgkin's lymphoma, as well as treatment of patients with other types of hematologic cancer for which rituximab is standard treatment.

BI-1206 will initially be developed for non-Hodgkin's lymphoma, the most common type of hematologic cancer. Preclinical studies are also planned for assessment of the potential of this antibody to be effective for other types of hematologic cancer, for solid tumours and in combination with antibodies other than rituximab. The product will be developed in cooperation with a leading research group in Southampton, UK.

BioInvent believes that market for treatment with BI-1206 combined with other antibodies is significant. In 2012, Rituxan alone had sales of USD 7.1 billion, the majority for hematologic cancer, which makes it the second most sold antibody-based drug worldwide. In various studies, up to half of all cancer patients who responded to an initial course of Rituxan proved to be resistant to the drug on recurrence of the disease.

Project status
Development of the production process for BI-1206 has begun. The next stage of development after up-scaling and production involves toxicological studies, which are expected to begin in early 2014.

Review of technology platform and external collaborations
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 various advantages of the platform over other technology platforms in antibody development were recently presented at scientific conferences in San Diego and Vancouver. F.I.R.S.T™ represents a further development of, and an important complement to, the company's n-CoDeR® platform. Its application coincides well with the Company's focus on developing cancer therapies in the field of hematologic oncology.

During the period, the Company focused on finding partners for its technology platforms and know-how. During the first quarter 2012 BioInvent and Les Laboratoires Servier entered into an antibody collaboration on an oncology target involved in tumour cell metabolism provided by Servier. BioInvent will receive a licensing fee, research support and potential milestone payments of more than EUR 11 million, as well as royalty on future sales of the product. Under the terms of the agreement Servier will engage BioInvent to screen the n-CoDeR® library for antibodies specific to the undisclosed target. Servier will also have access to BioInvent's in-house pre-clinical capacities in selecting antibody candidates for development.

During the second quarter BioInvent initiated collaboration with Cancer Research Technology (CRT), a commercially targeted section of Cancer Research UK, and Queen Mary's University Hospital, for identification of novel antibody therapeutics within oncology. The collaboration focuses on development of function-modulating antibodies against so-called tumour-associated macrophages (TAM), a type of macrophage with oncogenic, tumour driving properties. The agreement gives BioInvent the option to enter into licenses to bring forward drug candidates beyond lead candidate identification in exchange for milestones and royalties to CRT.

BioInvent will work with researchers led by Dr. Thorsten Hagemann, senior research fellow at Cancer Research UK, to identify new target proteins for drug development. BioInvent's F.I.R.S.T™ technology will be used in this collaboration, while Dr. Hagemann and his group, which is financed by Cancer Research UK, will contribute with biological mechanisms of action for developing new cancer drugs.

The Company is already conducting research and development of antibody-based drugs in cooperation with other external partners, such as Bayer HealthCare, Daiichi Sankyo and Mitsubishi Pharma. The structure of the various collaborations may vary, but common to them all is that BioInvent receives license fees and research financing, as well as milestone payments and royalties on sales of commercial products. Several of the collaborative projects have progressed during the year and the Company expects that at least one of them will initiate clinical studies this year.

Completed studies
In July BioInvent announced that a phase IIa-study with BI-204 to treat patients with acute coronary syndrome (ACS) did not meet the primary endpoint. A full evaluation of secondary endpoints in the study confirms the discontinuation of development of BI-204 in ACS.

In June BioInvent and ThromboGenics announced that the companies regained the rights to TB-403 for treatment of cancer from the previous licensee, Roche.

In June BioInvent and ThromboGenics announced that a phase IIb-study showed that TB-402 for prevention of thrombosis had an anti-thrombotic effect equivalent to that of rivaroxaban (Bayer/Jansen Pharmaceuticals), but significantly more bleedings occurred in the TB-402 group. As a consequence of these results, BioInvent and ThromboGenics decided to discontinue all further development of TB-402.

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

The research department is responsible for selection of antibodies from n-CoDeR® and also for the pharmacological effects of antibody candidates in vitro and in vivo, up until the choice of product candidates.

The department of pharmacy is responsible for developing cell lines and process development and also for 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 and IT.

As of 31 December 2012 BioInvent had 50 (87) employees, 42 (72) of whom work in research and development. 92 percent of the Company's employees have university degrees, including 48 percent with PhDs.

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 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 43 million (125). Revenues are derived from partners developing therapeutic antibodies from the n-CoDeR® antibody library. Revenues in 2011 included a USD 15 million milestone payment from Genentech which was received when BioInvent and Genentech launched a new clinical study of BI-204 and a EUR 1.6 million milestone payment received from Roche in the TB-403 programme.

The Company's total costs amounted to SEK 247 million (196). Operating costs are divided between external costs of SEK 149 million (110), personnel costs of SEK 92 million (80) and depreciation of SEK 6.1 million (6.3). The increase in external costs is due to a more extensive clinical programme carried out during 2012 than during the preceding year, as well as a provision of SEK 31 million made as per 30 June, 2012 for the termination of development of anticoagulant TB-402. This provision was adjusted during the fourth quarter to SEK 19 million after reduction of remaining costs for the project. Provisions were made for restructuring costs (personnel expenses) as per 30 June, 2012 and 30 September, 2012 of in total SEK 17 million in connection with cutbacks in the work force. A provision of SEK 7.6 million was also made as per 30 September, 2012 to cover other direct costs related to the restructuring. Personnel costs include a provision of SEK 6.2 million as per 31 December 2012 for dismissal and severance payments to the former CEO.

Research and development costs amounted to SEK 207 million (164). During the period financial support from the EU's framework programme was reported for early research projects. The subsidy amounted to SEK 12 million and has been reported in the income statement under "Other operating revenues and costs".

The loss amounted to SEK -188 million (-67). The net financial items amounted to SEK 3.2 million (4.6). Loss per share amounted to SEK -2.61 (-1.04).

Financial position and cash flow
As of 31 December 2012, the Group's liquid funds amounted to SEK 100 million (174). The cash flow from current operations and investment activities amounted to SEK -170 million (-60). Provisions for the remaining costs of the TB-402 project and for restructuring costs affected working capital during the second and third quarters 2012. These payments were settled in part during the fourth quarter of 2012 and will also be settled during the first and second quarters of 2013.

BioInvent has implemented a rights issue totalling 6,720,525 shares that in April 2012 raised SEK 97 million after issue expenses, SEK 8.3 thousands. The subscription price was set at SEK 15.60 per share. The rights issue was oversubscribed. After the new share issue the share capital consists of 73,925,782 shares.

The shareholders' equity amounted to SEK 48 million (138) at the end of the period. The Company's share capital at the end of the period was SEK 37 million. The equity/assets ratio at the end of the period was 41 (67) per cent. Shareholders' equity per share amounted to SEK 0.64 (2.05). The Group had no interest-bearing liabilities.

The five-year review is described on page 46–47.

Investments
Investments in tangible fixed assets amounted to SEK 0.1 million (4.9). 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 43 million (125). The loss amounted to SEK -188 million (-67). The cash flow from current operations and investment activities amounted to SEK -170 million (-60). 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 2012, share capital amounted to SEK 36,962,891, made up of 73,925,782 shares. Assuming that all issued options relating to the Employee stock option plan 2011/2015 are exercised for subscription of new shares, the Company's share capital will increase by SEK 229,985 to SEK 37,192,876 equivalent to about 0.6 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 2012 authorised the Board of Directors to resolve on the issue of not more than the number of new shares equivalent to 10 percent of the registered share capital (as per the date of the resolution on the issue of new shares), on one or several occasions during the period up to the next annual general meeting. 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

The company has focused operations and reduced expenses with the goal of achieving increased self-financing through revenues from external pharmaceutical programmes with product candidates from the n-CoDeR® antibody library. These revenues are expected to balance a large portion of the operation's expenses before external expenses for future, new clinical studies.

In-house development of novel antibody therapeutics concentrates on the field of oncology, thereby providing a clear focus on a specific indication.

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. However, BioInvent's 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.

From time to time BioInvent enters agreements with partners for the development and commercialisation of potential products. 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.

See also financial risks at page 27.

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

Remuneration of Directors, the CEO and other senior executives is described in note 1.

The 2012 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 2013 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 2.2 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 2013 annual general meeting, BioInvent has a compensation obligation of SEK 5.0 million to the company's former CEO, Svein Mathisen.

Events after the end of the financial year

The 9th of January, 2013 BioInvent announced that Svein Mathisen had resigned from his positions as chief executive officer of the Company and as member of the Board of Directors. Until a new chief executive officer is in place, Cristina Glad, previously executive vice president, will assume the role as chief executive officer.

The 24th of January, 2013 BioInvent announced the first results from the BI-505 phase I study in patients with multiple myeloma. The results showed a good safety profile and that the drug has an effect on the disease.

Proposed appropriation of loss

At the disposal of the AGM is the following funds: Share premium reserve of SEK 169,722,530, retained earnings of SEK 982,000 and loss for the year of SEK -187,845,249. Thus, the accumulated loss amounts to SEK -17,140,719. The Board of Directors proposes that the accumulated loss is carried forward. Thus, it is proposed that no dividend be given for the financial year 2012. At the same time, the Board of Directors proposes that the AGM resolves on reductions of the share capital by SEK 17,002,930 and reductions of the statutory reserve by SEK 137,789 to cover loss.

Consolidated statement of comprehensive income for the Group

SEK thousand	Note	2012	2011
Net sales		42,946	124,649
Operating costs	1–6		
Research and development costs		-207,278	-163,904
Sales and administrative costs		-39,241	-32,557
Other operating revenues	7	13,460	653
Other operating costs	7	-980	-501
		-234,039	-196,309
Operating profit/loss		**-191,093**	**-71,660**
Financial income	8	4,386	4,776
Financial expenses	9	-1,138	-169
Net financial items		**3,248**	**4,607**
Profit/loss before tax		**-187,845**	**-67,053**
Tax	10	-	-
Profit/loss for the year		**-187,845**	**-67,053**
Other comprehensive income			
Changes in actual value current investments		-13	13
Comprehensive income for the year		**-187,858**	**-67,040**
Other comprehensive income for the year attributable to parent company's shareholders		-187,858	-67,040
Earnings per share, SEK	11		
Before dilution		-2.61	-1.04
After dilution		-2.61	-1.04

Consolidated statement of financial position for the Group

SEK thousand	Note	2012	2011
ASSETS			
Acquired intangible fixed assets	12	0	1,852
Equipment	13	6,362	10,352
Investments in rented premises	13	414	653
Total fixed assets		**6,776**	**12,857**
Inventories		249	282
Accounts receivables	18	71	8,889
Other receivables	18	3,659	3,474
Prepaid expenses and accrued income	15	5,727	6,290
Liquid funds	18	100,061	173,965
Total current assets		**109,767**	**192,900**
Total assets		**116,543**	**205,757**

SEK thousand	Note	2012	2011
SHAREHOLDERS' EQUITY	16		
Share capital		36,963	33,603
Other allocated capital		1,165,204	1,072,029
Reserves		11	24
Accumulated loss		-1,154,554	-967,704
Total shareholders' equity		**47,624**	**137,952**
Shareholder's equity pertaining to the Parent company's shareholders		47,624	137,952
LIABILITIES			
Accounts payables	18	13,349	19,457
Other liabilities	18	14,694	31,565
Accrued expenses and deferred income	17, 18	40,876	16,783
Total short term liabilities		**68,919**	**67,805**
Total shareholders' equity and liabilities		**116,543**	**205,757**
Pledged assets		-	-
Contingent liabilities		-	-

Consolidated statement of cash flows for the Group

SEK thousand	2012	2011
Current operations		
Operating profit/loss	-191,093	-71,660
Depreciation	6,138	6,305
Adjustments for other non-cash items	995	2,537
Interest received	3,921	3,462
Interest paid	-3	-
Cash flow from current operations before changes in working capital	**-180,042**	**-59,356**
Changes in working capital		
Changes in inventories	33	401
Changes in current receivables	9,196	-1,623
Changes in short term liabilities	432	5,124
	9,661	**3,902**
Cash flow from current operations	**-170,381**	**-55,454**
Investment activities		
Acquisition of tangible fixed assets	-58	-4,915
Cash flow from investment activities	**-58**	**-4,915**
Cash flow from current operations and investment activities	**-170,439**	**-60,369**
Financing activities		
Rights issue	96,535	-
Directed new share issue	-	128,264
Cash flow from financing activities	**96,535**	**128,264**
Change in liquid funds	**-73,904**	**67,895**
Opening liquid funds	173,965	106,070
Liquid funds at year-end	**100,061**	**173,965**
Liquid funds, specification:		
Current investments	79,336	161,864
Cash and bank	20,725	12,101
	100,061	**173,965**

Statement of changes in equity for the Group

SEK thousand	Share-capital	Other allocated capital	Reserves	Accumulated loss	Total
Shareholders' equity 31 December 2010	**30,548**	**946,820**	**11**	**-903,188**	**74,191**
Comprehensive income for the year					
Profit/loss for the year				-67,053	-67,053
Comprehensive other income for the year			13		13
Total comprehensive income for the year			**13**	**-67,053**	**-67,040**
Total, excluding transactions with equity holders of the Company	**30,548**	**946,820**	**24**	**-970,241**	**7,151**
Transactions with equity holders of the Company					
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**
Comprehensive income for the year					
Profit/loss for the year				-187,845	-187,845
Comprehensive other income for the year			-13		-13
Total comprehensive income for the year			**-13**	**-187,845**	**-187,858**
Total, excluding transactions with equity holders of the Company	**33,603**	**1,072,029**	**11**	**-1,155,549**	**-49,906**
Transactions with equity holders of the Company					
Effect of employee incentive programme				995	995
Rights issue	3,360	93,175			96,535
Shareholders' equity 31 December 2012	**36,963**	**1,165,204**	**11**	**-1,154,554**	**47,624**

The share capital as of 31 December 2012 consists of 73,925,782 shares and the share's ratio value is 0.5. The rights issue carried out in April 2012 raised SEK 96,535 thousand after issue expenses, which amounted to SEK 8,305 thousand. 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.

Consolidated income statement for the Parent Company

SEK thousand	Note	2012	2011
Net sales		42,946	124,649
Operating costs	1–6		
Research and development costs		-207,278	-163,904
Sales and administrative costs		-39,241	-32,557
Other operating revenues	7	13,460	653
Other operating costs	7	-980	-501
		-234,039	-196,309
Operating profit/loss		**-191,093**	**-71,660**
Interest income and similar items	8	4,386	4,776
Interest costs and similar items	9	-1,138	-169
Profit/loss after financial items		**-187,845**	**-67,053**
Tax	10	-	-
Profit/loss for the year		**-187,845**	**-67,053**
Other comprehensive income			
Changes in actual value current investments		-13	13
Comprehensive income for the year		**-187,858**	**-67,040**

Consolidated balance sheet for the Parent Company

SEK thousand	Note	2012	2011
ASSETS			
Fixed assets			
Intangible fixed assets			
Acquired intangible fixed assets	12	0	1,852
Tangible fixed assets			
Equipment	13	6,362	10,352
Investments in rented premises	13	414	653
		6,776	11,005
Financial fixed assets			
Shares in subsidiaries	14	100	100
Total fixed assets		**6,876**	**12,957**
Current assets			
Inventories		249	282
Current receivables			
Accounts receivables		71	8,963
Other receivables		3,659	3,400
Prepaid expenses and accrued income	15	5,727	6,290
		9,457	18,653
Liquid funds			
Current investments		79,326	161,841
Cash and bank		20,725	12,101
		100,051	173,942
Total current assets		**109,757**	**192,877**
Total assets		**116,633**	**205,834**

SEK thousand	Note	2012	2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		36,963	33,603
Statutory reserve		27,831	27,831
		64,794	61,434
Non-restricted equity			
Share premium reserve		169,721	141,024
Retained earnings		982	2,575
Profit/loss for the year		-187,845	-67,053
		-17,142	76,546
Total shareholders' equity		**47,652**	**137,980**
Short term liabilities			
Accounts payables		13,349	19,532
Liabilities to subsidiaries		101	101
Other liabilities		14,694	31,490
Accrued expenses and deferred income	17	40,837	16,731
Total short term liabilities		**68,981**	**67,854**
Total shareholders' equity and liabilities		**116,633**	**205,834**
Pledged assets		-	-
Contingent liabilities		-	-

Consolidated statement of cash flows for the Parent Company

SEK thousand	2012	2011
Current operations		
Operating profit/loss	-191,093	-71,660
Depreciation	6,138	6,305
Other adjustments for non-cash items	995	2,537
Interest received	3,921	3,462
Interest paid	-3	-
Cash flow from current operations before changes in working capital	**-180,042**	**-59,356**
Changes in working capital		
Changes in inventories	33	401
Changes in current receivables	9,196	-1,623
Changes in short term liabilities	445	5,111
	9,674	**3,889**
Cash flow from current operations	**-170,368**	**-55,467**
Investment activities		
Acquisition of tangible fixed assets	-58	-4,915
Cash flow from investment activities	**-58**	**-4,915**
Cash flow from current operations and investment activities	**-170,426**	**-60,382**
Financing activities		
Rights issue	96,535	-
Directed new share issue	-	128,264
Cash flow from financing activities	**96,535**	**128,264**
Change in liquid funds	**-73,891**	**67,882**
Opening liquid funds	173,942	106,060
Liquid funds at year-end	**100,051**	**173,942**
Liquid funds, specification:		
Current investments	79,326	161,841
Cash and bank	20,725	12,101
	100,051	**173,942**

Statement of changes in equity for the Parent Company

	Restricted equity		Non-restricted equitys		
SEK thousand	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Accumulated loss**	**Total**
Shareholders' equity 31 December 2010	**30,548**	**27,831**	**141,660**	**-125,845**	**74,194**
Adjustment of opening balances				**25**	**25**
Appropriation of profit/loss			-125,845	125,845	0
Comprehensive income for the year					
Profit/loss for the year				-67,053	-67,053
Comprehensive other income for the year				13	13
Total comprehensive income for the year				**-67,040**	**-67,040**
Total, excluding transactions with equity holders of the Company	**30,548**	**27,831**	**15,815**	**-67,015**	**7,179**
Transactions with equity holders of the Company					
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**	**-64,478**	**137,980**
Appropriation of profit/loss			-64,478	64,478	0
Comprehensive income for the year					
Profit/loss for the year				-187,845	-187,845
Comprehensive other income for the year				-13	-13
Total comprehensive income for the year				**-13**	**-187,858**
Total, excluding transactions with equity holders of the Company	**33,603**	**27,831**	**76,546**	**-187,858**	**-49,878**
Transactions with equity holders of the Company					
Effect of employee incentive programme				995	995
Rights issue	3,360		93,175		96,535
Shareholders' equity 31 December 2012	**36,963**	**27,831**	**169,721**	**-186,863**	**47,652**

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.

Parent Company´s accounting principles
The Parent Company's annual accounts have been prepared in compliance with the Annual Accounts Act and applying the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities. The Parent Company's accounting principles are consistent with the Group's accounting principles. The Parent Company's accounting principles for 2012 are unchanged from the previous year. The Parent Company's income statement and balance sheet are, however, prepared in accordance with the Annual Accounts Act's schedules.

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 applied are unchanged from the previous year with the exception of the application of the amended IFRS 7 Financial Instruments: Disclosures, and the amended IAS 12 Income Taxes. The amendments have not had any effect on the consolidated accounts.

New IFRSs which the Company has not yet started to apply
A number of new or amended IFRSs will go into effect during the upcoming financial year and no early adoption of these standards had taken place when these financial statements were prepared. The Company does not plan to early adopt any new or amended standards with future effective dates. It is considered conceivable that the following amended IFRSs may have an effect on the consolidated accounts:

- Amended IAS 1 *Presentation of Financial Statements*
- Amendments to IAS 32 *Financial Instruments: Presentation*
- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- IFRS 9 *Financial instruments*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- Amended IAS 27 *Separate Financial Statements*
- IFRS 13 *Fair Value Measurement*
- Annual Improvements to IFRSs (2009–2011)

Basis for preparation of the accounts
The consolidated accounts are based on historical acquisition values, with the exception of some financial assets which are carried at fair value (available-for-sale financial assets and financial assets and liabilities carried at fair value through profit or loss for the year).

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	2012	2011
Net revenues		
Sweden	-	-
Europe	15.3	16.8
Other countries	27.6	107.8
	42.9*	**124.6****
Fixed Assets		
Sweden	6.8	12.9
Investment activities		
Sweden	0.1	4.9

* The revenues come mainly from five customers.
** 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.

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 as revenue when all terms and conditions of the agreement are met. Payment for development work in conjunction with collaboration agreements is recognised as revenue as the work is completed. Future royalty revenues are recognised based on the economic substance of the agreements.

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 recognised as accrued income when it is reasonable to assume that the grant will be received and that the criteria associated with the grant will be met. Grants are recognised as revenue through profit for the year under "Other operating revenues" against the incurred project costs for which the grant was received.

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 2012 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 2012 Alecta's surplus in the form of the collective funding ratio was 129 percent (113). 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 1 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 1.

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 2012.

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 1,181 million as of 31 December 2012. 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 receivables, 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.

Impairment losses on available-for-sale financial assets are recognised though profit or loss for the year in "Net financial items".

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 receivables 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 receivables 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 payables 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 recognized 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.

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 receivables 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 classified as noncurrent. Those with shorter maturities are classified 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 payables 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
Currency forward contracts are used to hedge receivables or liabilities against exchange rate risk. Both the underlying receivable or liability and the currency forward contract are reported at the exchange rate on the balance sheet date and exchange rate differences are recognised through profit or loss for the year. There is therefore no need for any special hedge accounting in the financial statements to reflect the financing hedging.

Exchange rate differences on receivables and liabilities relating to operations are recognised in "Operating profit/loss," while exchange rate differences on financial receivables and liabilities are recognised in "Net financial items".

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 2012 100 percent (100) of revenues were invoiced in foreign currencies, mainly EUR. Around 42 percent (37) of costs in 2012 were invoiced in foreign currencies, mainly in USD and EUR. Realised forward contracts for flows in 2012 had an effect on the operating income in the amount of SEK 0.3 (0.3) million. A sensitivity analysis shows that the Company's operating profit/loss in 2012 before hedging transactions would have been affected in the amount of SEK -0.4 million if the Swedish krona had weakened by 1 percent compared with USD and in the amount of SEK -0.0 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 2012 was 2.3 percent (2.3). A change in the interest rate of 1 percent in 2012 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 has historically been very low.

NOTE 1 Salaries, other remuneration and social security etc

SEK thousand	2012 Salaries and other remuneration	2012 Social security costs (of which pension costs)	2011 Salaries and other remuneration	2011 Social security costs (of which pension costs)
Parent company	60,803	30,233 (9,621)	50,449	24,922 (8,366)
Subsidiaries	-	-	-	-
Group total	**60,803**	**30,233 (9,621)**	**50,449**	**24,922 (8,366)**

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

SEK thousand	2012 Board and CEO	2012 Other employees	2011 Board and CEO	2011 Other employees
Parent company	8,072	52,731	3,886	46,563
Subsidiaries	-	-	-	-
Group total	**8,072**	**52,731**	**3,886**	**46,563**

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

SEK thousand	2012 Board and CEO	2012 Other employees	2011 Board and CEO	2011 Other employees
Parent company	1,672	7,949	1,435	6,931
Subsidiaries	-	-	-	-
Group total	**1,672**	**7,949**	**1,435**	**6,931**

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 2012 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 performancerelated remuneration of 0–30 percent of fixed annual cash salaries may be paid out on an annual basis to senior executives. The performance-related components in the current programme, for the period 1 January – 31 December 2013, are based primarily on high expectations for technical and commercial milestones in proprietary drug projects. The Board of Directors resolved in February 2013 to pay variable remuneration to the CEO, SEK 32 thousand, and other senior executives, SEK 57 thousand, for the period 1 January – 31 December 2012. 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 29–30.

Remuneration and other benefits in 2012

	Fixed salary/ fees	Board and committee fees	Variable remuneration	Other benefits	Salary exchange	Pension costs	**Total**
Board and CEO							
Björn O. Nilsson, Chairman		400					**400**
Lars Backsell, member		200					**200**
Carl Borrebaeck, member	320	158		40		54	**572**
Lars Ingelmark, member		220					**220**
Elisabeth Lindner, member		180					**180**
Kenth Petersson, member		210					**210**
Svein Mathisen, CEO and member	6,311		32	1	481	1,137	**7,962**
	6,631	**1,368**	**32**	**41**	**481**	**1,191**	**9,744**
Other senior executives (6 individuals*)	**8,615**		**57**	**201**		**2,348**	**11,221**
Total	**15,246**	**1,368**	**89**	**242**	**481**	**3,539**	**20,965**

* Average number during the period.

Benefits for the Board and CEO

The Board's fees were set by the 2012 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 and he transitioned in 2012 from being employed by the Company to having a consulting agreement with the Company. In 2012 he received SEK 320 thousand in cash gross salary and consultancy fee and SEK 40 thousand in other benefits (primarily car benefits). He received a Board fee of SEK 158 thousand. The total cost of Carl Borrebaeck's pension benefits amounted to SEK 54 thousand in 2012. Carl Borrebaeck and the Company have a mutual period of notice of three months. He is not entitled to any redundancy pay over and above his consultancy fee during the period of notice.

The President and CEO, Svein Mathisen, received a fixed gross cash salary in 2012 of SEK 6,311 thousand (of which SEK 4,342 thousand relating to dismissal and severance pay) and SEK 32 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 2012 to SEK 1,618 thousand (of which SEK 481 thousand has been transferred from gross cash salary to pension cost and SEK 368 thousand relate dismissal pay). 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.

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 2012 of SEK 8,615 thousand (of which SEK 1,085 thousand after employment ends) and SEK 57 thousand in variable salary, as well as SEK 201 thousand in other benefits (primarily car benefit). The total pension costs relating to other senior executives in 2012 amounted to SEK 2,348 thousand (of which SEK 246 thousand after employment ends). Other senior executives received a basic allotment of 7,500 employee options in 2011 and also an extra allotment of 3,750 employee options in February 2012 and an extra allotment of 3,938 employee options in February 2013.

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.

Average number of employees

	2012		2011	
	Number of employees	Of which women	Number of employees	Of which women
Parent company	76	63%	89	62%
Subsidiaries	-	-	-	-
Group total	**76**	**63%**	**89**	**62%**

Percentage of women/men on the Board and in senior positions

	2012		2011	
	Number*	Of which women	Number*	Of which women
Board and CEO	9	33%	8	25%
Other senior executives	6	17%	6	17%

* Number on 31 December

Employee stock option plan 2008/2012

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). The Annual General Meeting on 21 April 2009 resolved to adopt an amendment to the existing Employee stock option plan 2008/2012, resolved by the AGM 2008. The amendment programme comprises a maximum of 240,250 employee options. The last day for exercising was 1 December 2012. No employee stock options were called for redemption.

NOTE 1 Salaries, other remuneration and social security etc

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 options programme 2011/2015 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 after conversion due to the rights issue in the spring of 2012 the holder to subscribe to 1.004 new shares at a subscription price of SEK 30.24. 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 and in February 2013 with 3,938 employee options.

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 % 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 % 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 2011/2015 are exercised for subscription of new shares, the Company's share capital will increase by SEK 229,985 to SEK 37,192,876 equivalent to about 0.6 % of shares and votes in the Company after full exercise.

The fair value of the options was determined using the Black-Scholes model for each allotment made during 2011-2012. 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 2011/2015	**2012**	**2011**
Allotted options	6,667	37,500
Fair value per option (SEK)	2.58	4.14
Share price for underlying shares (SEK)	19.11	20.80
Subscription price (SEK)	30.24	30.24
Estimated life of the option	3.81 år	4.44 år
Risk-free interest rate during the life of the option	1.18%	2.50%
Assumed volatility	35%	35%
Expected dividends	-	-
Wage costs in 2012 for employee stock option programme (SEK thousand)	5	42
Wage costs in 2011 for employee stock option programme (SEK thousand)		26

In 2012 wage costs for the employee stock option plan 2008/2012 and employee stock option plan 2011/2015 had a negative impact on operating profit of SEK 931 thousand (1,267). 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 2 Information about auditors' fees

	Group		**Parent company**	
SEK thousand	**2012**	**2011**	**2012**	**2011**
Ernst & Young				
Audit	99	335	99	335
Other auditing activities besides the audit	65	84	65	84
Tax consultations	-	-	-	-
Other services	2	27	2	27
Total	**166**	**446**	**166**	**446**
KPMG				
Audit	174	-	174	-
Other auditing activities besides the audit	15	-	15	-
Tax consultations	-	-	-	-
Other services	-	-	-	-
Total	**189**	**-**	**189**	**-**

NOTE 3 Depreciation and impairment losses according to plan of intangible and tangible fixed assets

	Group		Parent company	
SEK thousand	**2012**	**2011**	**2012**	**2011**
Research and development costs	5,521	5,701	5,521	5,701
Sales and administrative costs	617	604	617	604
Total	**6,138**	**6,305**	**6,138**	**6,305**

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 (1,200) and impairment losses amounted to SEK 652 thousand (-) and is included in the income statement item "Research and development costs".

NOTE 4 Operational leasing

Leasing charges are for laboratory, production and office premises. Leasing costs in 2012 and 2011 amounted to SEK 10,514 thousand (9,703) 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 2013	6,261	6,261
Year 2014-2017	14,088	14,088
Year 2018 or later	-	-
Total	**20,349**	**20,349**

NOTE 5 Income statement classified according to type of cost

	Group		Parent company	
SEK thousand	**2012**	**2011**	**2012**	**2011**
External costs	148,187	110,154	148,187	110,154
Personnel costs	92,194	80,002	92,194	80,002
Depreciation	6,138	6,305	6,138	6,305
Total	**246,519**	**196,461**	**246,519**	**196,461**

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

	Group		Parent company	
SEK thousand	**2012**	**2011**	**2012**	**2011**
Exchange rate differences that affected the operating profit/loss	286	157	286	157
Financial exchange rate differences	-366	820	-366	820
Total	**-80**	**977**	**-80**	**977**

NOTE 7 Other operating revenues and costs

SEK thousand	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Other operating revenues				
Financial support from the EU's framework programme	12,201	-	12,201	-
Exchange rate gains	1,259	653	1,259	653
	13,460	653	13,460	653
Other operating costs				
Interest costs	-6	-5	-6	-5
Exchange rate losses	-974	-496	-974	-496
	-980	-501	-980	-501
Total	**12,480**	**152**	**12,480**	**152**

In 2012 financial support from the EU's framework programme was reported for early research projects.

NOTE 8 Financial revenues

SEK thousand	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Interest income	3,617	3,787	3,617	3,787
Exchange rate differences	769	989	769	989
Total	**4,386**	**4,776**	**4,386**	**4,776**

NOTE 9 Financial costs

SEK thousand	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Interest costs	-3	-	-3	-
Exchange rate differences	-1,135	-169	-1,135	-169
Total	**-1,138**	**-169**	**-1,138**	**-169**

NOTE 10 Tax on profit for the year

Tax on profit for the year	Group 2012	Group 2011	Parent company 2012	Parent company 2011
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**

Reconciliation of effective tax	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Reported profit/loss before tax	-187,845	-67,053	-187,845	-67,053
Tax according to the applicable tax rate, 26.3%	49,403	17,635	49,403	17,635
Tax effect of costs that are not deductible	-426	-884	-426	-884
Tax effect of loss carry forward for which the deferred tax claim has not been/shall be considered	-48,977	-16,751	-48,977	-16,751
Reported tax on profit/loss for the year	**0**	**0**	**0**	**0**

NOTE 11 Earnings per share

Earnings per share before dilution	2012	2011
Profit/loss for the period	-187,845	-67,053
Average number of outstanding shares (thousand)	72,022	64,660
Earnings per share before dilution, SEK	**-2.61**	**-1.04**

Earnings per share after dilution	2012	2011
Profit/loss for the period	-187,845	-67,053
Average number of outstanding shares (thousand)	72,022	64,660
Earnings per share after dilution, SEK	**-2.61**	**-1.04**

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 for the Employee Stock Option Plan 2011/2015 is SEK 30.24 per share. An average share price of SEK 8.78 per share was used to determine whether a dilution effect exists for 2012.

Options issued under Employee Stock Option Plan 2011/2015 have no dilution effect and are therefore excluded from the earnings per share after dilution calculation. The Company reported a loss for the period and accordingly there is no dilution effect. If in the future the share price exceeds the subscription price and the Company reports a profit, these options may lead to dilution.

NOTE 12 Intangible fixed assets

Acquired intangible fixed assets	Group		Parent company	
SEK thousand	2012	2011	2012	2011
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	-46,033	-44,833	-46,033	-44,833
Disposals	-	-	-	-
Depreciation for the year	-1,200	-1,200	-1,200	-1,200
Impairment losses for the year	-652	-	-652	-
Closing accumulated depreciation and impairment losses	**-47,885**	**-46,033**	**-47,885**	**-46,033**
Closing residual value according to plan	**0**	**1,852**	**0**	**1,852**

NOTE 13 Tangible fixed assets

Equipment	Group		Parent company	
SEK thousand	2012	2011	2012	2011
Opening acquisition value	76,672	77,357	76,672	77,357
Acquisitions	58	4,732	58	4,732
Disposals	-9,781	-5,417	-9,781	-5,417
Closing accumulated acquisition value	**66,949**	**76,672**	**66,949**	**76,672**
Opening depreciation	-66,320	-66,912	-66,320	-66,912
Disposals	9,781	5,417	9,781	5,417
Depreciation for the year	-4,048	-4,825	-4,048	-4,825
Closing accumulated depreciation	**-60,587**	**-66,320**	**-60,587**	**-66,320**
Closing residual value according to plan	**6,362**	**10,352**	**6,362**	**10,352**

Investments in rented premises	Group		Parent company	
SEK thousand	2012	2011	2012	2011
Opening acquisition value	11,771	11,588	11,771	11,588
Acquisitions	-	183	-	183
Closing accumulated acquisition value	**11,771**	**11,771**	**11,771**	**11,771**
Opening depreciation	-11,118	-10,838	-11,118	-10,838
Depreciation for the year	-239	-280	-239	-280
Closing accumulated depreciation	**-11,357**	**-11,118**	**-11,357**	**-11,118**
Closing residual value according to plan	**414**	**653**	**414**	**653**

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 warrants issued by BioInvent International AB.

NOTE 15 Prepaid expenses and accrued income

	Group		Parent company	
SEK thousand	2012	2011	2012	2011
Prepaid rent	2,500	2,473	2,500	2,473
Other items	3,227	3,817	3,227	3,817
Total	**5,727**	**6,290**	**5,727**	**6,290**

NOTE 16 Shareholders' equity

Share capital

Thousands of shares	Ordinary shares 2012	2011
Issued as of 1 January	67,205	61,095
Rights issue	6,721	6,110
Directed new share issue		
Issued as of 31 December	**73,926**	**67,205**

The share capital as of 31 December 2012 consists of 73,925,782 shares and the share's ratio value is 0.5. Shareholders holding ordinary shares are entitled to dividends. 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.

Other allocated capital
Refers to shareholders' equity contributed by the shareholders over and above share capital.

Fair value reserve
The fair value reserve includes the accumulated net change in fair value of available-for-sale financial assets until such time as the assets are derecognised from the statement of financial position.

Retained earnings including profit/loss for the year
Retained earnings including profit/loss for the year includes the accumulated profit/loss of the Parent Company and subsidiary.

Dividend
The Board of Directors proposes that no dividend be paid out for the 2012 financial year.

Capital management
According to the Board's policy, the Group's financial goal is to have a strong capital structure and financial stability enabling the Company to retain the trust of investors and credit issuers in the market, and to have a foundation for continued business growth. Capital is defined as total shareholders' equity. Bearing in mind the Company's focus, no specific debt/equity ratio target is defined.

NOTE 17 Accrued expenses and deferred income

SEK thousand	Group 2012	2011	Parent company 2012	2011
Payroll liabilities	20,517	9,689	20,517	9,689
Social security fees	7,719	4,662	7,719	4,662
Other items	12,640	2,432	12,601	2,380
Total	**40,876**	**16,783**	**40,837**	**16,731**

NOTE 18 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	**2012**	**2011**	**2012**	**2011**
Financial assets				
Loan receivables and accounts receivables				
Accounts receivables	71	8,889	71	8,889
Other receivables	3,560	3,400	3,560	3,400
	3,631	12,289	3,631	12,289
Available-for-sale financial assets				
Current investments	79,336	161,864	79,336	161,864
Cash and bank	20,725	12,101	20,725	12,101
	100,061	173,965	100,061	173,965
Financial assets carried at fair value through profit or loss for the year				
Derivatives	99	74	99	74
Total	**103,791**	**186,328**	**103,791**	**186,328**
Financial liabilities				
Other financial liabilities				
Accounts payables	-13,349	-19,457	-13,349	-19,457
Other liabilities	-14,693	-31,490	-14,693	-31,490
Accrued expenses	-40,876	-16,783	-40,876	-16,783
	-68,918	-67,730	-68,918	-67,730
Financial liabilities recognised at fair value through profit or loss for the year				
Derivatives	-1	-75	-1	-75
Total	**-68,919**	**-67,805**	**-68,919**	**-67,805**

MATURITIES

Maturities for financial instruments are presented below

Remaining term, 31 Dec. 2012, SEK thousand	**On demand**	**< 3 months**	**3-12 months**	**Total**
Financial assets				
Loan receivables and accounts receivables				
Accounts receivables		71		71
(where of past due but not recognised as impairment losses)		(-)		(-)
Other receivables		3,560		3,560
Available-for-sale financial assets				
Current investments		60,348	18,988	79,336
Cash and bank	20,725			20,725
Financial assets carried at fair value through profit or loss for the year				
Derivatives		99		99
Total	**20,725**	**64,078**	**18,988**	**103,791**

Remaining term, 31 Dec. 2012, SEK thousand	**On demand**	**< 3 months**	**3-12 months**	**Total**
Financial liabilities				
Other financial liabilities				
Accounts payables		-13,349		-13,349
Other liabilities		-14,693		-14,693
Accrued expenses		-40,876		-40,876
Financial liabilities recognised at fair value through profit or loss for the year				
Derivatives		-1		-1
Total	**-**	**-68,919**	**-**	**-68,919**
Remaining term, 31 Dec. 2011				
Financial assets	**12,101**	**92,605**	**81,622**	**186,328**
Financial liabilities	**-**	**-67,805**	**-**	**-67,805**

NET GAINS/LOSSES

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

SEK thousand	**2012**	**2011**
Financial assets		
*Loan receivables and accounts receivables**	-182	2
*Available-for-sale financial assets***	-366	820
Financial assets carried at fair value through profit or loss for the year	-	-
Financial liabilities		
*Other financial liabilities**	468	155
Financial liabilities recognised at fair value through profit or loss for the year	**-**	**-**
Total	**-80**	**977**

*Reported in "Other operating revenues and costs". ** Reported in "Financial revenues/financial costs".

NOTE 19 Important events after the end of the reporting period

The 9th of January, 2013 BioInvent announced that Svein Mathisen had resigned from his positions as chief executive officer of the Company and as member of the Board of Directors. Until a new chief executive officer is in place, Cristina Glad, previously executive vice president, will assume the role as chief executive officer.

The 24th of January, 2013 BioInvent announced the first results from the BI-505 phase I study in patients with multiple myeloma. The results showed a good safety profile and that the drug has an effect on the disease.

NOTE 20 Information about the Parent Company

BioInvent International AB (publ) is a limited liability company registered in Sweden. The registered office is in the Lund municipality. The visiting address is Sölvegatan 41, Lund and the postal address is SE-223 70 Lund.

The consolidated accounts cover of the Parent Company BioInvent International AB and the wholly-owned subsidiary BioInvent Finans AB, together referred to as the Group.

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with Internationa l 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, 22 March 2013

Björn O. Nilsson Chairman of the Board	Lars Backsell Board member	Carl Borrebaeck Board member	Lars Ingelmark Board member
Sidonie Karlsson Board member	Elisabeth Lindner Board member	Ulrika T. Mattson Board member	Kenth Petersson Board member
Cristina Glad President and CEO			

Our audit report was submitted on 22 March 2013
KPMG AB

Alf Svensson
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of BioInvent International AB (publ), corp. id. 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 year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 11–38.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts
The Board of Directors and the CEO are responsible for the preparation and fair presentation of these 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 the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO 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 judgment, 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 CEO, 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 opinions.

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 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. 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 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are 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 statement of comprehensive income and statement of financial position for the group.

Other matters
The audit of the annual accounts for year 2011 was performed by another auditor who submitted an auditor´s report dated 5 March 2012, with unmodified opinions in the Report on the annual accounts.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of BioInvent International AB (publ) for the year 2012.

Responsibilities of the Board of Directors and the CEO
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 CEO 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 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 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 CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

Lund, 22 March 2013
KPMG AB

Alf Svensson
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 adoption of the income statement and balance sheet, allocation of result, discharge of the Board of Directors from liability, and the election of a new Board of Directors until the next Annual General Meeting. An auditor for the Company is appointed for a term of two years and a decision is made on compensation for the auditor.

The Annual General Meeting 2012 authorised the Board of Directors to resolve on the issue of not more than the number of new shares equivalent to 10 percent of the registered share capital (as per the date of the resolution on the issue of new shares), on one or several occasions during the period up to the next annual general meeting.

The 2012 Annual General Meeting was held on 26 March 2012 and the minutes are available on the BioInvent website.

The Annual General Meeting 2013 will be held on Thursday 25 April at 10 a.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 2012 Annual General Meeting comprised 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. 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 as well as the election of and fee to the auditor. 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 2013 Annual General Meeting was presented on the BioInvent website on 20 December 2012. 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 2013 Annual General Meeting consists of Dharminder S. Chahal (Van Herk Groep), Mikael Lönn (representing own holdings), Tony Sandell (B&E Participation AB) and the Chairman of the Board Björn O. Nilsson. Other than the Van Herk Groep, which holds 11.2 percent of the shares and voting rights in the company, no shareholder holds a stake equal to or greater than 10 percent. 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 2013 Annual General Meeting for the chairman of the general meeting, composition of the Board of Directors, 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 2012 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. Björn O. Nilsson was reelected Chairman of the Board. After Svein Mathisen resigned as CEO and Board member on 9 January 2013, the Board of Directors consists of six elected directors as well as employee representatives Sidonie Karlsson and Ulrika T. Mattson. After Stephan Björk resigned in July

2012, Anna Lönn has been co-opted as employee representative on the Board for three meetings.

The Board of Directors is presented on page 48. BioInvent's chief executive officer, Svein Mathisen, was a member of the Board of Directors through 9 January 2013. Carl Borrebaeck, a member of BioInvent's Board, is the Company's senior scientific advisor. He does not work with BioInvent's operations in his capacity as scientific advisor. All other AGM-elected directors are independent of the Company and its senior management. All directors are independent in relation to the major shareholders.

The 2012 AGM set the Board's fees 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.

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 2012 the Board of Directors held eight regular meetings and seven 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
Björn O. Nilsson (Chairman)	15 (15)
Lars Backsell	15 (15)
Stephan Björk[1)]	5 (5)
Carl Borrebaeck	13 (15)
Lars Ingelmark	13 (15)
Sidonie Karlsson[2)]	1 (1)
Elisabeth Lindner	14 (15)
Svein Mathisen	15 (15)
Ulrika T. Mattson	12 (15)
Kenth Petersson	15 (15)

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, monitoring and evaluating implementation of the guidelines for remuneration to senior executives applicable for the year, 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 2012.

Member of the Remuneration Committee	Attendance
Björn O. Nilsson (Chairman)	3 (3)
Lars Ingelmark	3 (3)
Elisabeth Lindner	3 (3)

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 2012.

Member of the Audit Committee	Attendance
Kenth Petersson (Chairman)	5 (5)
Lars Backsell	3 (5)
Lars Ingelmark	4 (5)
Björn O. Nilsson	4 (5)

[1)] Appointed employee representative in February 2012 and resigned in July 2012 in conjunction with downsizing of the company's staff.
[2)] Appointed employee representative commencing in December 2012.

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 2012 Annual General Meeting elected KPMG AB to serve as the Company's auditors, for a two-year mandate. Alf Svensson, 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 the CEO. 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 49.

Remuneration to senior executives
The 2012 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 15–16.

The Company´s systems for internal control and risk management with respect to financial reporting for the 2012 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 analysis 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, 22 March 2013
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 2012 on pages 40–42. 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.

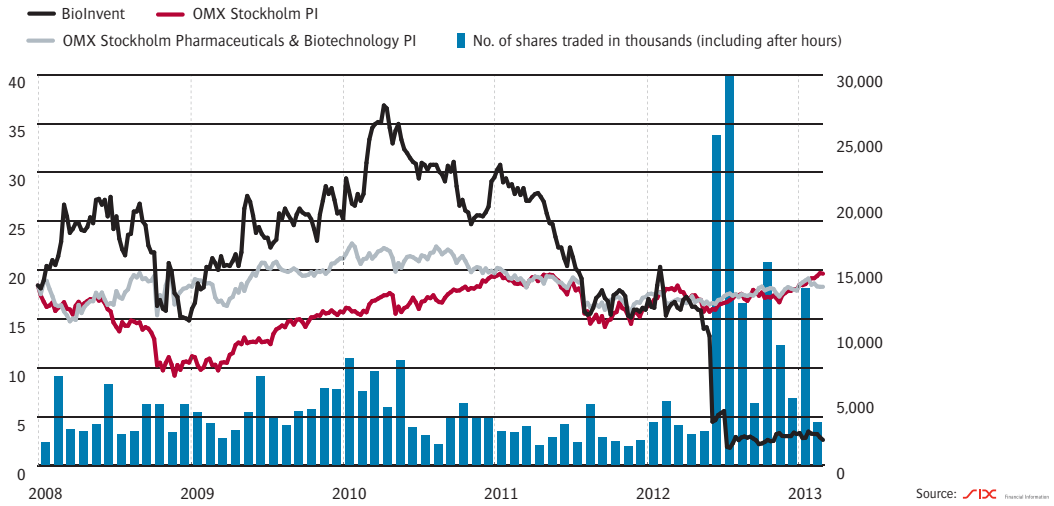
Focus and scope of the audit
We conducted our audit in accordance with RevU 16 The auditor's examination of the corporate governance statement. That standard requires that we have planned and performed the audit to obtain reasonable assurance that the corporate governance statement is free of material 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, 22 March 2013
KPMG AB

Alf Svensson
Authorised Public Accountant

The BioInvent share



BioInvent has been listed on NASDAQ OMX Stockholm since 2001.

Price trend and trading volume
In 2012, the share price decreased 80 %, from SEK 16.10 to SEK 3.30. During 2012 the OMX Stockholm_PI increased 12 % and OMX Stockholm Pharmaceuticals & Biotechnology_PI increased 4 %. The highest price paid in 2012 was SEK 20.59 and the lowest price was SEK 1.64. BioInvent's market capitalization totalled SEK 244 million at the end of 2012.

During the year 117.9 million (28.0) BioInvent shares were traded for a value of SEK 608 million (613). This corresponds to a rate of turnover of 97 % (43). Average trading volume per trading day was 471,632 (110,804) shares for a value of SEK 2.4 million (2.4). Average number of trades per trading day were 182 (156).

Largest shareholders, 31 December 2012

Shareholders	No. of shares	Percentage of capital and votes
Van Herk Groep	8,268,446	11.2
B&E Participation AB*	5,817,015	7.9
JP Morgan Bank (nominees)	4,331,268	5.9
Ridgeback Capital Management	4,069,126	5.5
Staffan Rasjö	3,629,782	4.9
Avanza Pension Försäkring	3,204,601	4.3
Nordnet Pensionsförsäkring	1,958,669	2.6
SEB Life Int. Assurance	1,545,940	2.1
Sjätte AP-fonden	1,395,589	1.9
Stena-koncernen	1,232,000	1.7
Mikael Lönn	1,201,366	1.6
Carl Borrebaeck*	1,142,908	1.5
Svein Mathisen	1,055,000	1.4
Peter Hoglin	1,044,393	1.4
Cristina Glad*	1,044,221	1.4
Other shareholders	32,985,458	44.6
Total	**73,925,782**	**100.0**

*Board member or part of Senior management

Ownership structure
In 2012, the number of shareholders increased 10 %, from 6,099 to 6,697. Foreign owners held 37 % (38) of the share capital and votes. The ten largest shareholders owned 48 % (42) of the shares. About 60 % (71) of the shareholders owned 1,000 or fewer shares each.

Analysts covering BioInvent
John Savin – Edison Investment Research, London
Mark Pospisilik – Kempen & Co, Amsterdam
Peter Östling, Klas Palin – Redeye, Stockholm
Yilmaz Mahshid – Öhman Fondkommission, Stockholm

Share capital
As of 31 December 2012 the Company's share capital amounted to SEK 37.0 million distributed between 73,925,782 shares. Assuming that all options 459,970 issued due to the 2011/2015 employee stock option programme are exercised, the number of shares will be 74,385,752.

In April 2012 BioInvent implemented a rights issue of 6,720,525 shares. SEK 96.5 million 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 stock option plan
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). The Annual General Meeting on 21 April 2009 resolved to adopt an amendment to the existing Employee stock option plan 2008/2012, resolved by the AGM 2008. The amendment programme comprises a maximum of 240,250 employee options. Last day for exercising is 1 December 2012. No employee stock options were called for redemption.

The annual general meeting on 24 March 2011 resolved on a complement to the previous employee incentive programme. The options programme 2011/2015 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 after conversion due to the rights issue in the spring of 2012 the holder to subscribe to 1.004 new shares at a subscription price of SEK 30.24. 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 and in February 2013 with 3,938 employee options.

Fully exercised the employee incentive programme 2011/2015 represent a dilution of about 0.6 per cent of the shares.

Dividend and dividend policy
The Board of Directors do not recommend payment of any dividend for the 2012 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: 25 April, 25 July, 24 October 2013

Share statistics, 31 December 2012

Size of holdings	No. of shareholders	No. of shareholders, %	No. of shares in %
1–500	2,938	43.9	0.8
501– 1,000	1,051	15.7	1.2
1,001–2,000	1,023	15.3	2.1
2,001–5,000	865	12.9	4.0
5,001–10,000	384	5.7	4.0
10,001–20,000	191	2.9	3.8
20,001–50,000	139	2.1	6.0
50,001–100,000	41	0.6	4.1
100,001–500,000	42	0.6	12.0
500,001–1,000,000	9	0.1	8.1
1,000,001–5,000,000	12	0.2	34.9
5,000,000–10,000,000	2	0.0	19.1
Total	**6,697**	**100.0**	**100.0**

Changes in the share capital

Year		Transaction capital, SEK	Increase in 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
2012	New share issue[11)]	3,360,263	6,720,525	36,962,891	73,925,782	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.
[11)] In April 2012 the Company carried out a rights issue. The issue price was SEK 15.60 and SEK 96.5 million was raised for BioInvent International AB after deductions of issue costs.

Five-year review

INCOME STATEMENT, SEK MILLION	2012	2011	2010	2009	2008
Net sales	42.9	124.6	82.9	80.7	252.1
Research and development costs	-207.3	-163.9	-178.9	-229.2	-215.4
Sales and administrative costs	-39.2	-32.6	-32.2	-35.5	-30.9
Other operating revenues and costs	12.5	0.2	0.4	4.5	0.7
	-234.0	-196.3	-210.7	-260.2	-245.6
Operating profit/loss	**-191.1**	**-71.7**	**-127.8**	**-179.5**	**6.6**
Profit/loss from financial investments	3.2	4.6	-0.6	2.8	9.7
Profit/loss after financial items	**-187.8**	**-67.1**	**-128.4**	**-176.7**	**16.3**
Tax on profit for the year	–	–	–	–	–
Profit/loss for the year	**-187.8**	**-67.1**	**-128.4**	**-176.7**	**16.3**

BALANCE SHEET, SEK MILLION	2012	2011	2010	2009	2008
Intangible fixed assets	0.0	1.9	3.1	7.0	12.4
Tangible fixed assets	6.8	11.0	11.2	12.0	16.4
Inventories	0.2	0.3	0.7	2.0	2.3
Current receivables	9.5	18.7	17.0	21.2	51.9
Liquid funds	100.1	174.0	106.1	84.0	212.5
Total assets	**116.5**	**205.8**	**138.0**	**126.2**	**295.4**
Shareholders' equity	47.6	138.0	74.2	55.6	231.3
Non-interest-bearing liabilities	68.9	67.8	63.8	70.6	64.1
Interest-bearing liabilities	–	–	–	–	–
Total shareholders' equity and liabilities	**116.5**	**205.8**	**138.0**	**126.2**	**295.4**

CASH FLOW, SEK MILLION	2012	2011	2010	2009	2008
Operating profit/loss	-191.1	-71.7	-127.8	-179.5	6.6
Adjustments for depreciation, interest and other items	11.1	12.3	12.6	17.0	21.5
Changes in working capital	9.7	3.9	-2.4	35.3	-18.8
Cash flow from current operations	**-170.4**	**-55.5**	**-117.7**	**-127.1**	**9.2**
Cash flow from investment activities	-0.1	-4.9	-4.6	-1.3	-13.6
Cash flow from current operations and investment activities	**-170.4**	**-60.4**	**-122.3**	**-128.4**	**-4.4**
Cash flow from financing activities	96.5	128.3	144.4	-	-
Increase/decrease in liquid funds	**-73.9**	**67.9**	**22.1**	**-128.4**	**-4.4**

KEY FINANCIAL RATIOS	2012	2011	2010	2009	2008
Net revenue growth, %	-65.5	50.4	2.7	-68.0	75.8
Net working capital, SEK million	-59.2	-48.9	-46.1	-47.4	-10.0
Net working capital/net sales, %	-137.9	-39.2	-55.7	-58.7	-4.0
Operating capital, SEK million	-52.4	-36.0	-31.9	-28.4	18.8
Operating capital/net sales, %	-122.1	-28.9	-38.5	-35.2	7.5
Capital employed, SEK million	47.6	138.0	74.2	55.6	231.3
Capital employedl/net sales, %	110.9	110.7	89.5	69.0	91.7
Shareholders' equity, SEK million	47.6	138.0	74.2	55.6	231.3
Return on shareholders' equity, %	-202.4	-63.2	-197.8	-123.1	7.3
Return on capital employed, %	-202.4	-63.2	-197.8	-123,1	7.3
Capital turnover, times	0.5	1.2	1.3	0.6	1.1
Equity/assets ratio, %	40.9	67.0	53.7	44.1	78.3
Intangible fixed assets investments, SEK million	-	-	-	-	6.0
Tangible fixed assets investments, SEK million	0.1	4.9	4.6	1.3	7.6
Average number of employees	76	89	96	105	99
Net sales per employee, SEK million	0.6	1.4	0.9	0.8	2.5

DATA PER SHARE	2012	2011	2010	2009	2008
Earnings per share, SEK					
Before dilution	-2.61	-1.04	-2.12	-3.17	0.29
After full dilution	-2.61[1)]	-1.04[1)]	-2.12[1)]	-3.17[1)]	0.29[2)]
Shareholders' equity per share, SEK					
Before dilution	0.64	2.05	1.21	1.00	4.15
After full dilution	0.64[2)]	2.05[2)]	1.19	1.00[2)]	4.15[2)]
Cash flow per share, SEK	-2.37	-0.93	-2.02	-2.31	-0.08
Average no. of shares					
Before dilution (thousands)	72,022	64,660	60,522	55,661	55,661
After full dilution (thousands)	72,022[2)]	64,660[2)]	61,542	55,661[2)]	55,661[2)]
Number of shares at end of period					
Before dilution (thousands)	73,926	67,205	61,096	55,661	55,661
After full dilution (thousands)	73,926[2)]	67,205[2)]	62,151	55,661[2)]	55,661[2)]
Share price, 31 December, SEK	3.30	16.10	29.70	25.40	14.80

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

[2)] 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 Rohirrim AB and Skärmare Drifts AB.

Shareholding: 5,817,015 (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, Immunovia AB and WntResearch AB.

Shareholding: 1,142,908

Lars Ingelmark

Bachelor of Medicine. Born 1949. Lives in Halmstad, Sweden. Consul of Luxembourg. Member of the Board since 2006. Member of the Remuneration Committee and the Audit Committe.

Other board appointments: Chairman of the Boards of Svensk Våtmarksfond and Skedala Säteri AB. Member of the Boards of Gyttorp AB and Svenska Jägareförbundet.

Shareholding: 1,100

Sidonie Karlsson

Employee representative
Master of Science, Chemistry. Born 1975. Lives in Landskrona, Sweden. Research Engineer Analytical. Member of the Board since 2012.

Other board appointments: Member of the Board of Villavind AB.

Shareholding: 800

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 Cobra Biologics AB and Pharmalink AB.

Shareholding: 6,400

Ulrika T. Mattsson

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

Other board appointments: -

Shareholding: 400 (own and affiliated holdings)

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, Genovis AB and Oligomer Sciences AB.

Shareholding: 88,000

Auditors
KPMG AB
Auditor in charge: Alf Svensson, Authorised Public Accountant. Born 1949. Lives in Bjärred, Sweden. Auditor for BioInvent International AB since 2012.

Senior management

Cristina Glad

Acting CEO
Doctor of Science, Biochemistry, MBA. Born 1952. Lives in Malmö, Sweden. CEO since 2012. 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, A1M Pharma and Lund University Faculty of Medicine.

Shareholding: 1,044,221
Employee options: -

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: 804 (own and affiliated holdings)
Employee options: -

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: 250,300
Employee options: -

Magnus Korsgren

Medical Director
M.D., Ph.D., Associate Professor at Lund University. Born 1969. Lives in Södra Sandby, Sweden. Employed since 2010. During 2006-2010 he held various positions at AstraZeneca including Clinical Pharmacology Physician and Disease Area Medical Leader.

Shareholding: -
Employee options: 15,188

Fredrik Nilsson

Director Biopharmacy
Ph.D. Biochemistry. Born 1960. Lives in Malmö, Sweden. Employed since 2002. 1999-2002 Associated Director and Head of Protein and Peptide Analysis Group at AstraZeneca.

Shareholding: -
Employee options: -

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: -

Annual General Meeting

The Annual General Meeting will be held on Thursday 25 April 2013 at 10 a.m., Edison Park, Emdalavägen 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 Friday 19 April 2013 and must inform BioInvent of their intention to attend no later than 4 p.m. on Friday 19 April 2013 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 Friday 19 April 2013 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

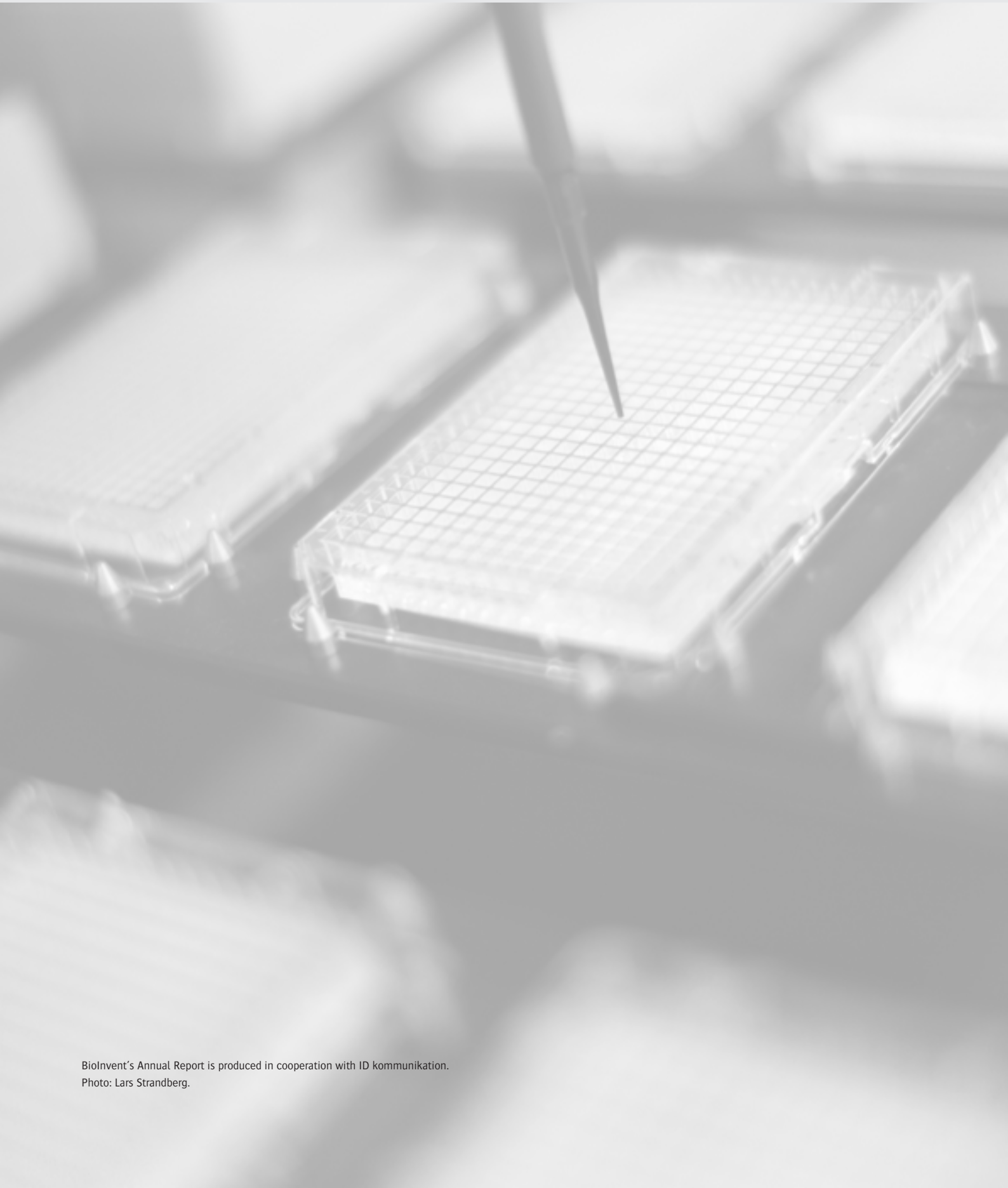
BioInvent will present the following financial reports:
Interim reports 25 April, 25 July, 24 October 2013

Investor Relations

Cristina Glad, CEO, +46 (0)46 286 85 51,
mobile +46 (0)708 16 85 70
BioInvent's financial reports are also aviable at
www.bioinvent.com

Forward looking information

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



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