Biovitrum Full Year Report 2006

January – December

- Net revenues for the year increased by 28 percent to SEK 1,201.1 M (936.6)
- Operating profit excluding capital gain from divestment of property, restructuring costs and non recurring costs related to the stock exchange listing amounted to SEK 128.6 (-20.6)
- Net profit for the year amounted to SEK 92.7 M (176.2) and earnings per share before dilution to SEK 2.0 (3.4)
- Cash and cash equivalents and short-term investments amounted to SEK 903.9 M (1,621.3) on December 31
- Biovitrum was listed on the Stockholm Stock Exchange on September 15
- Phase I study initiated within the 5-HT_6 project for the treatment of obesity
- Phase IIa study initiated within the 5-HT_{2A} project for the treatment of glaucoma
- Partnership agreements signed with biotech companies Symphogen, Syntonix and Synphora to develop new drug projects
- Aloxi® launched in the Nordic market

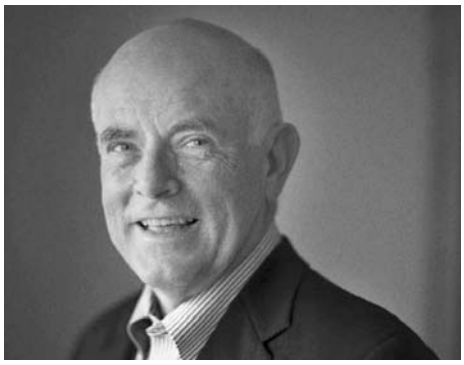
October – December

- Net revenues for the fourth quarter fell by 34 percent to SEK 244.8 M (369.3)
- The loss for the quarter amounted to SEK -6.3 M (230.2) and the earnings per share before dilution to SEK -0.1 (4.4)

CEO comments

"Biovitrum's stock exchange listing in September was, of course, the most important event in 2006," says Mats Pettersson, CEO of Biovitrum.

"During the year the strong trend was sustained as our revenues and project portfolio continued to grow. We made great strides in all areas of our business and have a strong platform to continue developing Biovitrum successfully in 2007"



	Oct 1 – Dec 31		Full year	
Amounts in SEK million	**2006**	**2005**	**2006**	**2005**
Total revenues	**244.8**	**369.3**	**1,201.1**	**936.6**
Operating profit/loss	-27.7	217.6	54.6	129.9
Profit/loss after financial items	-4.8	230.8	94.2	177.8
Profit/loss for the period	**-6.3**	**230.2**	**92.7**	**176.2**
Earnings/loss per share (SEK)	-0.1	4.4	2.0	3.4
Research & development expenses	-181.0	-176.3	-650.4	-576.0
Cash and cash equivalents & short term investments	903.9	1,621.3	903.9	1,621.3

Overview 2006

In 2006 Biovitrum continued its positive development as an integrated biopharma company with increasing revenues, a strong financial position and a growing project portfolio. The net revenues for the year were SEK 1,201.1 M (936.6), which is 28 percent higher than in 2005. Several projects have advanced and the project portfolio now includes five projects in the clinical development phase for both niche indications and common diseases, as well as an option to acquire one more project. On September 15 Biovitrum reached a very important milestone when the company was listed on the Stockholm Stock Exchange.

ReFacto®

Biovitrum manufactures, on a global basis, the drug substance for the hemophilia product ReFacto® for Wyeth. In addition, Biovitrum generates global royalty revenues as well as co-promotion revenues for the sale of ReFacto® in the Nordic region. Revenues from ReFacto® increased from SEK 405.6 M in 2005 to SEK 768.0 M in 2006.

ReFacto revenues and gross profit

	Oct 1– Dec 31		Full year	
Amounts in SEK million	**2006**	**2005**	**2006**	**2005**
Manufacturing revenues	120,0	114,4	536,0	191,7
Contract development revenues	–	–	–	2,6
Product Sales revenues	18,5	15,6	71,4	55,3
Royalty revenues	38,5	41,8	160,6	156,0
Total revenues	**177,0**	**171,8**	**768,0**	**405,6**
Gross profit	**150,1**	**117,7**	**605,1**	**319,4**

The considerable improvement is mainly explained by a sharp increase in revenues from the manufacturing of ReFacto® from SEK 191.7 M to SEK 536.0 M. This is explained by the fact that, for the whole of 2006, Biovitrum produced and delivered quantities in line with market demand, while Wyeth sold from its inventory in 2005. Full-scale commercial production of ReFacto® did not start until March 2005, and the first deliveries took place at the end of the third quarter same year. In addition, global sales of ReFacto® increased by 14 percent to USD 306 M in 2006, which led to increased royalty revenues for Biovitrum. Co-promotion revenues from the sale of ReFacto® in the Nordic region by Biovitrum have also increased due to an increased market share on the Nordic market.

During the fourth quarter of 2006, total revenues from ReFacto® increased to SEK 177.0 M, compared to SEK 171.8 M for the same period in 2005.

Product sales

Biovitrum markets drugs with a dedicated sales force in the Nordic region and has currently Nordic rights for ReFacto® and five other approved specialist drugs. The company also has the European rights for one of these products (Kineret®).

Product	Indication Area	Partner
ReFacto®	Hemophilia	Wyeth
Novastan®	Anticoagulation	Mitsubishi
Mimpara®	Parathyroid hormone disorders	Amgen
Kineret®	Rheumatology	Amgen
Kepivance®	Cancer, supportive care	Amgen
Aloxi®	Cancer, supportive care	Helsinn

In February Biovitrum acquired the exclusive rights to Aloxi® in the Nordic region from the Swiss company Helsinn. Aloxi® is a long-acting drug for the treatment of nausea and vomiting that often occur in connection with cancer chemotherapy. The product was launched in Norway in December and in the other Nordic countries in January 2007. In 2006 the launch also began for Kepivance® and Novastan®, to which Biovitrum already had the rights. Revenues in 2006 from drug sales, including co-promotion revenues from Nordic sales of ReFacto®, increased by 24 percent to SEK 129.2 M, compared to 2005.

In the fourth quarter of 2006 revenues from drug sales rose to SEK 31.9 M, an increase of 10 percent compared to the same period in 2005.

Contract manufacturing and process development

Biovitrum has considerable expertise in manufacturing and advanced process development of recombinant protein drugs. This capacity is utilized for the company's internal projects and offered as a service to external customers. During the year a growing portion of the capacity was utilized for the internal projects Exinalda™, Anti-RhD, FIXFc and Kiobrina™. Internal projects will continue to utilize a portion of the company's capacity.

In August and November respectively, Biovitrum's process development contracts with Pfizer and Amgen expired. Biovitrum signed a new framework agreement with Pfizer in October and will continue to deliver services to this company, albeit to a lesser extent than in the past. Biovitrum is working actively with marketing initiatives aimed at existing and potential new customers, mainly small and medium-sized biotech companies. This resulted in a number of new assignments in 2006, such as a three-year contract signed in October with the Swedish company Resistentia. Contract development revenues for the full year 2006 amounted to SEK 153.9 M, which was 32 percent lower than in 2005.

The external contract development revenues amounted to SEK 9.6 M in the fourth quarter, which is 86 percent lower than the same period in 2005. This is due to the fact that most of the capacity was used for internal projects during the period.

Research and development

Biovitrum has a broad and balanced project portfolio and develops projects to treat common diseases (such as obesity, diabetes and pain) as well as niche indications, such as hemophilia. The company's strategy is to develop niche projects internally all the way to the market, and for projects in broader indication areas, the intention is to form partnerships with larger pharmaceutical

companies before phase III. In addition to ReFacto® and the next generation of ReFacto® (ReFacto® AF), that are owned by Wyeth but manufactured by Biovitrum, the company currently has five projects in clinical development and an option to acquire another clinical project that is developed by a partner. The portfolio also includes ten projects in pre-clinical development or late Lead Optimization, and around 15 discovery projects. The most advanced projects are described in the table below.

Of Biovitrum's niche projects, Exinalda™, for the treatment of lipid malabsorption in cystic fibrosis patients, is the project that is the farthest developed. The project, which is in phase II, is currently focused on improving the drug formulation and production processes. At the same time, two smaller supplementary phase IIa studies are expected to be initiated in the first half of 2007. The same substance is being developed to increase lipid absorption for premature babies under the Kiobrina™ brand. This project is in preparation for a phase I/II study that is expected to start in the second half of 2007.

In January 2006 Biovitrum entered an agreement with the Danish company Symphogen A/S for joint development and commercialization of Symphogen's anti-Rhesus D factor (anti-Rh(D)), which is polyclonal antibodies for the treatment of a platelet disorder (ITP) and for prevention of Rh immunization (Anti-D prophylaxis) which can lead to HDN. ITP is a blood disorder whereby the number of platelets is decreased to a level where bleeding aberrations occur. In Anti-D prophylaxis the mother is prevented from forming antibodies directes at the fetus's red blood cells. If left untreated this antibody development may lead to the deteriorations of blood cells and anaemia in the child. Under the agreement, Symphogen is responsible for marketing in North, Central and South America and Biovitrum for Europe, Russia and the Middle East. The companies share development costs for anti-Rh(D) equally and will also divide future profits equally. In 2006 the project progressed well and is expected to enter a clinical phase I study, covering both indications, in the first half of 2007.

In January 2006 Biovitrum entered into an agreement with the US biotech company Syntonix Pharmaceuticals Inc. for joint development and commercialization of Syntonix' long-acting recombinant Factor IX (FIXFc) for the treatment of hemophilia B, a blood disorder caused by a deficiency of the coagulation factor IX. Under the agreement, Syntonix is responsible for marketing in North America and Biovitrum for Europe, Russia and the Middle East. The companies will share costs and profits equally in connection with the development and commercialization of FIXFc. The project made great progress in 2006. A drug candidate was selected and is now being prepared for a phase I/II study, which is expected to be initiated around mid-2007.

Among the projects targeting metabolic diseases, Biovitrum's 11β-HSD_1 inhibitors for the treatment of diabetes is the project that has progressed the farthest. This program is out-licensed to Amgen who owns the exclusive global rights to develop and commercialize these compounds. The project is in phase I and development is carried out by Amgen overseen by a joint development committee.

In August the clinical portfolio within the area of metabolic diseases was expanded when a phase I study was initiated in the 5-HT_6 antagonist project for the treatment of obesity. The ongoing clinical study, which has the objective of testing safety and tolerance in both single and repeated dose administration, encompasses a total of 75 to 100 healthy volunteers. Results from the study are expected during the first half of 2007.

Inflammation is another core area for Biovitrum. Within this indica-

Biovitrum's portfolio of development projects and manufactured products

	Product/project	Indication area	Partner	Lead optimization	Pre-clinical development	Phase I	Phase II	Phase III	Approved	Market
Hematology & other niche indications	ReFacto® [1]	Hemophilia	Wyeth							
	ReFacto® AF [1]	Hemophilia	Wyeth							
	Exinalda™	Cystic fibrosis								
	Kiobrina™	Preterm nutrition								
	Anti-Rh(D)	Rh Immunization	Symphogen							
	Anti-Rh(D)	Thrombocytopenia	Symphogen							
	FIXFc	Hemophilia	Syntonix							
Metabolic diseases	11β-HSD_1	Diabetes	Amgen							
	5-HT_6	Obesity								
	Leptin	Obesity								
	DPP-IV	Diabetes	Santhera							
	5-HT_{2C}	Obesity	GSK							
Inflammation & other	5-HT_{2A}	Glaucoma								
	JB991 [2]	*Psoriasis*	*Synphora*							
	A_{2A}	Neuropathic pain								

1) ReFacto® and ReFacto® AF are developed by, and are the property, of Biovitrum's partner Wyeth. Biovitrum manufactures the drug substance, earns royalties on global sales and has co-promotion rights in the Nordic countries.
2) The project is developed by, and is the property of, Biovitrum's partner Synphora. Biovitrum has an option to acquire the project, under certain provisions, after phase IIa.

tion area, the A_{2A} receptor agonist project for the treatment of neuropathic pain successfully concluded its phase I program in 2006. The project is being prepared for a phase IIa study, which is expected to be initiated during the first half of 2007.

Furthermore, in October Biovitrum entered into a development agreement with the Swedish biotech company Synphora AB. The agreement concerns Synphora's drug candidate JB991 for the treatment of the inflammatory skin disease psoriasis and other conditions. Under the agreement, Biovitrum will co-finance Synphora's phase I and subsequent phase IIa studies with a maximum of SEK 5 M in total. In exchange for this investment, Biovitrum will after phase IIa; under certain provisions, be entitled to acquire the project according to predetermined terms. Synphora remains fully responsible for conducting the studies of JB991 up to and including phase IIa. In 2006 the phase I study was successfully concluded and in February 2007 the phase IIa study involving 25 – 30 patients was initiated. The study is expected to be completed during the second half of 2007.

The company is also selectively developing projects in indication areas outside the core areas. One example is the 5-HT_{2A} project for the treatment of glaucoma. In 2006 the phase I program for this project was successfully concluded and in October, a clinical phase IIa study began with 150 patients with elevated intra-ocular pressure (characteristic for glaucoma). The study is being conducted at a number of clinics in both Sweden and Ukraine and the results are expected around mid-2007.

Other

On September 15 Biovitrum reached an important milestone in its history when the company was listed on the Stockholm Stock Exchange. In connection with the listing, the existing owners executed an initial public offering. The offering comprised a public offering of shares in Sweden and an international institutional offering in Europe and the United States comprising an aggregate of 7.7 million existing shares (including an over-allotment option of 1 million shares) in the range SEK 90-105 per share. The offering was oversubscribed more than ten times and the offering price was set at SEK 100. The closing price at the end of the year was SEK 114, which is 14 percent higher than the offering price.

In connection with the stock exchange listing, Biovitrum implemented a warrant repurchase offering aimed at current and former employees who held warrants in the original warrant program offered to the employees when the company was formed in 2001. Each warrant in this program (expiring on November 30, 2006) gave the right to purchase two shares for an exercise price of SEK 59. Briefly, the warrant holders were given the opportunity to sell their warrants to Biovitrum in connection with the stock exchange listing for the real value at the time of the listing (the offering price less the call price multiplied by two). Biovitrum repurchased a total of 1,840,100 warrants through this offering and 28,000 warrants were exercised to purchase shares, resulting in a net outflow of SEK 147.6 M.

Before the listing, 1,651,250 warrants in the same program were also repurchased and certain members of Biovitrum's senior management instead subscribed for a total of 2,326,136 warrants in a new program. This new program, divided into four tranches with different expiry dates, will run until May 31, 2009, and each warrant carries the right to purchase one share for an exercise price of SEK 59 instead of two shares per warrant as was the case in the previous program. The purpose of this program is to keep an effective incentive scheme in place for Biovitrum's senior management. After the listing and up to December 12, the remaining 1,132,050 warrants from the original program from 2001 were exercised to purchase 2,264,100 new shares. Accordingly, all of the warrants in the original program have been repurchased or exercised and the program is now concluded.

In May 150,000 warrants were issued, each giving the right to acquire two shares for an exercise price of SEK 110 per share with an exercise period ending on May 31, 2011. These warrants are intended for a new employee option program for certain key employees of Biovitrum. The employee options will be allocated following due preparation in Biovitrum's Compensation Committee, and give the employees the right to obtain warrants during a three-year period, with allocation of one third per year. If employment is terminated within this three-year period, the employee forfeits the right to the remaining warrants. In 2006 Biovitrum decided to allocate 85,000 employee options within the program, 40,000 of which have been forfeited. Accordingly, at the end of the year, there were 45,000 outstanding employee options that have not yet resulted in the allocation of any warrants.

In April iNovacia, a contract research company with 35 employees that is involved in discovery research, was spun off through a management buy-out. Biovitrum still holds a 10-percent share of the company and purchases services on a regular basis for discovery research from iNovacia. In September Biovitrum entered into an agreement with Akademiska Hus to lease new premises within the Karolinska Science Park. This will give Biovitrum access to newly constructed, cost-effective premises that will house the entire Research & Development unit starting from the summer of 2009.

Significant events following the period

In January 2007 Biogen-Idec announced that it had entered into an agreement to acquire Biovitrum's partner Syntonix Pharmaceuticals Inc. The total price for the acquisition is USD 120 M, of which USD 40 M is an initial installment and the remaining USD 80 M will be paid when certain milestones are reached. Through the acquisition, Biogen-Idec becomes Biovitrum's partner within the FIXFc project, thereby strengthening the long term funding of this collaboration.

To further improve cost efficiency, Biovitrum decided in January 2007 to concentrate the Swedish R&D operation in the Stockholm area by closing the company's research site in Gothenburg which has around 20 employees. The closure will not impact the development projects.

The phase IIa study of JB991 for psoriasis described above under "Research and development" was initiated in February 2007.

Financial Statements

Revenues

Net revenues for 2006 amounted to SEK 1,201.1 M compared to SEK 936.6 M for 2005, and the corresponding figure for the fourth quarter was SEK 244.8 M (369.3).

The significant improvement for the full year is mainly explained by a sharp increase in ReFacto manufacturing revenues to SEK 536.0 M compared to SEK 191.7 M in 2005, which is described on page 2.

At the same time as full-scale commercial manufacturing restarted, the global demand for ReFacto® increased, and as a result, royalty revenues rose to SEK 161.1 M (156.0). In the fourth quarter royalty revenues fell to SEK 38.8 M (41.8), which is mainly explained by exchange rate effects. The market share of ReFacto® in the Nordic region also increased in 2006 and this led to higher co-promotion revenues from product sales. The revenues from product sales totaled SEK 129.2 M (103.8) and in the fourth quarter, the revenues increased to SEK 31.9 M (28.9).

Contract development revenues amounted to SEK 153.9 M (224.7) and for the fourth quarter to SEK 9.6 M (69.1). As described on page 2, the decrease is related to the fact that agreements with Amgen and Pfizer have expired and that a growing percentage of the capacity is being used for internal projects. See also the "Outlook" section on page 8.

Licensing and milestone revenues fell in 2006 to SEK 176.6 M (205.6) and in the fourth quarter to SEK 44.1 M (99.0). This is related to a milestone payment of SEK 63.5 M in December 2005 made by Amgen. Excluding this one-off payment, revenues increased due to the deferral of the additional licensing fee that was paid when the agreement with Amgen was expanded in 2005.

Research revenues in 2006 amounted to SEK 44.1 M (54.5) and in the fourth quarter to SEK 0.3 M (15.7). These originate mainly from a research agreement with Amgen that expired in November 2006.

Consolidated income statement

	Oct 1 – Dec 31		Full year	
Amounts in SEK million	**2006**	**2005**	**2006**	**2005**
Total revenues	244.8	369.3	1,201.1	936.6
Cost of goods and services sold	-51.9	-104.1	-293.8	-270.7
Gross profit	**192.9**	**265.2**	**907.3**	**665.9**
Sales and Marketing expenses	-17.1	-17.7	-41.6	-38.6
Administration expenses	-21.8	-81.9	-121.9	-151.2
Research and Development expenses	-181.0	-176.3	-650.4	-576.0
Other operating revenues	0.9	246.1	8.9	272.6
Other operating expenses	-1.6	-17.8	-47.7	-42.8
Operating profit/loss	**-27.7**	**217.6**	**54.6**	**129.9**
Financial income	23.0	14.5	40.1	49.4
Financial expenses	-0.1	-1.3	-0.5	-1.5
Profit/loss after financial items	**-4.8**	**230.8**	**94.2**	**177.8**
Tax on profit/loss for the period	-1.5	-0.6	-1.5	-1.6
Profit/loss for the period	**-6.3**	**230.2**	**92.7**	**176.2**
Earnings/loss per share after tax (SEK)	-0.1	4.4	2.0	3.4
Earnings/loss per share after tax after dilution (SEK) [1)]	-0.1	4.0	1.8	3.1

[1)] *The average market price of the share for the period September 15 – December 29, 2006 has been used to calculate the dilution.*

Revenue specification

	Oct 1 – Dec 31		Full year	
Amounts in SEK million	**2006**	**2005**	**2006**	**2005**
Licensing and milestone revenues	44.1	99.0	176.6	205.6
Research revenues	0.3	15.7	44.1	54.5
ReFacto manufacturing revenues	120.0	114.4	536.0	191.7
Contract development revenues	9.6	69.2	153.9	224.7
Product sales revenues	31.9	28.9	129.2	103.8
Royalty revenues	38.8	41.8	161.1	156.0
Other	0.1	0.3	0.2	0.3
Total revenues	**244.8**	**369.3**	**1,201.1**	**936.6**

Expenses

In 2006 administrative costs fell to SEK 121.9 M (151.2) and in the fourth quarter to SEK 21.8 M (81.9). The decline in 2006 is mainly explained by the fact that administrative costs included restructuring costs of SEK 68.8 M in 2005. This was partially offset by the SEK 32 M expensed in 2006 for activities in connection with the stock exchange listing.

Research & development costs increased in 2006 to SEK 650.4 M (576.0) and in the fourth quarter to SEK 181.0 M (176.3). The increase is related to Biovitrum's growing clinical portfolio with greater CRO costs for clinical studies and production costs for clinical materials for the protein projects.

Profit/loss

The operating profit for 2006 amounted to SEK 54.6 M (129.9) and for the fourth quarter SEK -27.7 M (217.6). The reduction is mainly explained by the fact that the 2005 profit included a capital gain for a property sale of SEK 244.9 M and restructuring costs amounting to SEK 94.5 M, both occurring during the fourth quarter. Excluding these items, operating profit for 2005 amounted to SEK -20.6 M. In addition to costs associated with the stock exchange listing, the 2006 profit was also negatively affected by SEK 42 M relating to the spin-off of iNovacia in April. Excluding the costs associated with the listing and iNovacia, the operating profit amounted to SEK 128.6 M. The net financial income for 2006 was 39.6 M (47.9). The reduction is mainly due to rising interest rates. The profit for the year amounted to SEK 92.7 M (176.2) and SEK -6.3 M (230.2) for the fourth quarter.

Financial position

Cash and cash equivalents and short-term investments on December 31, 2006 amounted to SEK 903.9 M (1,621.3). Of this amount, SEK 127.2 M was cash balances (236.7), and SEK 249.5 M (821.9) investments in securities with a term of less than three months from the date of acquisition. These short-term investments are classified as cash and cash equivalents. Besides these cash and cash equivalents, the company had other short-term investments as of December 31 with a term of more than three months 2006 amounting to SEK 527.2 M (562.7).

Changes in shareholders' equity

Shareholders' equity in the Group on December 31, 2006 was SEK 1,381.8 M compared to SEK 1,707.7 M on December 31, 2005.

In April 4,514,400 shares held by Pfizer were redeemed. The amount paid was SEK 378.9 M.

In August 1,651,250 warrants from Biovitrum's original program were repurchased. The amount paid was SEK 131.4 M. In connection with this buy-back, a new program consisting of 2,326,136 warrants was issued to senior executives who paid a total of SEK 105.6 M for this new program.

In connection with the stock exchange listing in September, Biovitrum repurchased 1,840,100 warrants for an additional SEK 150.9 M. Altogether, including the buy-back from certain senior executives and other minor transactions with former employees, Biovitrum repurchased 3,503,050 warrants during 2006 for SEK 282.3 M.

In connection with and after the listing, 1,160,050 warrants were exercised to subscribe for 2,320,100 new shares, and this raised a total of SEK 136.9 M.

Condensed consolidated balance sheet

	December 31	
Amounts in SEK million	**2006**	**2005**
ASSETS		
Fixed assets		
Intangible fixed assets	472.9[1)]	362.7
Tangible fixed assets	262.5	300.6
Financial fixed assets	42.3	13.9
	777.7	**677.2**
Current assets		
Inventories	161.2	126.3
Current receivables, non-interest bearing	235.0	303.4
Short-term investments	527.2	562.7
Cash and cash equivalents	376.7	1,058.6
	1,300.1	**2,051.0**
Total assets	**2,077.8**	**2,728.1**
EQUITY AND LIABILITIES		
Shareholders' equity		
	1,381.8	**1,707.7**
Long term liabilities		
Long term liabilities, non-interest bearing	224.1	409.4
	224.1	**409.4**
Current liabilities		
Current liabilities, non-interest bearing	471.9	611.1
	471.9	**611.1**
Total equity and liabilities	**2,077.8**	**2,728.1**

[1)] *Including goodwill SEK 41.1 M*

Change of consolidated shareholders' equity

	Full year	
Amounts in SEK million	**2006**	**2005**
Opening balance	**1,707.7**	**1,528.0**
Warrants issue (+)	105.6	1.4
Repurchase warrants (-)	-282.3	–
Issue of share	136.9	–
Redemption of shares	-378.9[1)]	–
Exchange rate difference	0.1	2.1
Net profit/loss for the year	92.7	176.2
Equity, end of period	**1,381.8**	**1,707.7**

[1)] *Referring to redemption and payment of Pfizer's shares*

Cash flow

Cash flow from operations for the full year amounted to SEK -88.0 M (-65.5).

Cash flow from investment activities amounted to SEK -175.9 M in 2006 compared to SEK 69.5 M in 2005. This is explained by the fact that 2005 was an exceptional year with a property sale that made a positive contribution of SEK 492.0 and the acquisition of the companies Arexis and Cambridge Biotechnology (CBT), which reduced the cash flow by SEK 223.3 M. In 2006 Biovitrum made a supplementary payment to CBT's previous owners of SEK 41.1 M. The acquisition of intangible assets of SEK -84.3 M mainly consists of investments in R&D projects and milestone payments relating to partnership agreements with Symphogen, Syntonix and Synphora, entered into in 2006.

In April 2006 Pfizer's shares in Biovitrum were redeemed, which reduced the cash flow by SEK 378.9 M. In 2006 Biovitrum issued shares when warrants were exercised, and warrants were both repurchased and issued (see "Changes in shareholders' equity" on page 6). The cash flow from financing activities totaled SEK -418.7 M (0.7).

Cash and cash equivalents and short-term investments amounted to SEK 903.9 M (1,621.3) at the end of 2006.

Investments

The Group's investments in fixed assets in 2006 amounted to SEK 175.3 M (199.2). Depreciation in 2006 amounted to SEK 74.5 M (84.9).

Tax

The company has an accumulated loss carry-forward that has not been booked as an asset, which means that the company's tax rate deviates from the general Swedish tax rate. Biovitrum's tax cost for 2006 was SEK -1.5 M (-1.6).

Personnel

As of December 31, 2006 Biovitrum had 537 employees, 57 percent of which were women.

Condensed consolidated cash flow statement

	Oct 1 – Dec 31		Full year	
Amounts in SEK million	**2006**	**2005**	**2006**	**2005**
Net result	-6.3	230.2	92.7	176.2
Adjustment for items not affecting cash flow:				
Depreciations and Write down	18.4	52.0	74.5	117.1
Deferral of fees from Amgen	-44.1	24.9	-176.6	-81.7
Capital gain/loss from divestment of fixed assets	–	-245.0	45.4	-245.0
Restructuring costs	-9.7	59.6	-83.1	59.6
Revaluation of financial fixed assets	-12.7	–	-12.7	–
Other items	–	–	-3.4	–
Cash flow from operations before Change in working capital	**-54.4**	**121.7**	**-63.2**	**26.2**
Change in working capital	11.0	2.6	-24.8	-91.7
Cash flow from operations	**-43.4**	**124.3**	**-88.0**	**-65.5**
Investment in subsidiary	–	-0.8	-41.1	-223.3
Investment in intangible fixed assets	-30.6	–	-84.3	-50.9
Investment in tangible fixed assets	-29.9	-15.5	-70.2	-122.3
Divestment of tangible fixed assets	–	-491.9	–	492.0
Investment/Divestment of financial assets	49.6	-5.5	19.7	-26.0
Cash flow from investing activities	**-10.9**	**470.1**	**-175.9**	**69.5**
Issue of shares	73.8	–	136.9	–
Redemption of shares	–	–	-378.9	–
Issue of warrants	–	-0.6	105.6	0.8
Re-purchase of warrants	-0.7	–	-282.3	-0.1
Cash flow from financing activities	**73.1**	**-0.6**	**-418.7**	**0.7**
Net change in cash	**18.8**	**593.9**	**-682.6**	**4.8**
Cash and cash equivalents at the beginning of the period	357.6	464.2	1,058.6	1 048.4
One-time effect implementing IAS39	–	–	–	4.5
Exchange rate differences in cash flow and cash and cash equivalents	0.3	0.5	0.7	0.8
Cash and cash equivalents at the end of the period	**376.7**	**1,058.6**	**376.7**	**1,058.6**
Short-term investments	527.2	562.7	527.2	562.7
Cash and cash equivalents and short-term investments at the end of the period	**903.9**	**1,621.3**	**903.9**	**1,621.3**

Key ratios and other information

	Oct 1 – Dec 31		Full year	
	2006	**2005**	**2006**	**2005**
Return on				
Shareholders' equity	-0.5 %	14.5 %	6.0 %	10.9 %
Total capital	-0.3 %	9.1 %	3.9 %	6.9 %
Margins				
Gross margin	78.8 %	71.8 %	75.5 %	71.1 %
Operating margin	-11.3 %	58.9 %	4.5 %	13.9 %
Net margin	-2.6 %	62.3 %	7.7 %	18.8 %
EBITDA margin	-3.8 %	73.0 %	10.7 %	26.4 %
Per share data (SEK)				
Shareholders' equity per share	30.3	32.6	30.3	32.6
Shareholders' equity per share after dilution[1)]	29.6	30.1	29.6	30.1
Cash flow per share	0.4	11.4	-14.7	0.1
Cash flow per share after dilution[1)]	0.4	10.5	-14.7	0.1
Other information				
Equity ratio	66.5 %	62.6 %	66.5 %	62.6 %
Number of shares	45,622,700	52,331,400	45,622,700	52,331,400
Average number of shares	45,255,909	52,331,400	46,323,738	52,331,400
Outstanding warrants	2,371,136[2)]	4,663,100	2,371,136[2)]	4,663,100
Number of shares after dilution[1)]	46,745,433	56,820,849	46,745,433	56,820,849
Average number of shares after dilution[1)]	46,555,208	56,825,663	50,163,619	56,783,349

[1)] The average market price of the share for the period September 15 – December 29, 2006 has been used to calculate the dilution.
[2)] There are two different warrant programs outstanding, exercisable for a maximum of 2,416,136 new shares in total.

Return on shareholders' equity
Profit after tax as a percentage of average shareholders' equity.

Return on total capital
Profit after financial items plus financial expenses as a percentage of average total assets.

Gross margin
Gross profit as a percentage of net sales.

Operating margin
Operating profit as a percentage of net sales.

Net margin
Profit for the period as a percentage of net sales.

EBITDA margin
Operating profit plus depreciation and amortization as a percentage of net sales.

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

Shareholders' equity per share after dilution
Shareholders' equity divided by the number of shares after dilution.

Cash flow per share
Changes in cash and cash equivalents divided by the weighted average number of shares.

Cash flow per share after dilution
Changes in cash and cash equivalents divided by the weighted average number of shares after dilution.

Equity ratio
Shareholders' equity as a proportion of total assets.

Outlook

2007

The total revenues, excluding new potential outlicensing, are expected to be in line with the revenues in 2006. This is explained by the fact that ReFacto revenues are expected to be slightly higher than in 2006, while a reduction in process development revenues is expected as a result of increased capacity utilization for internal projects and a fall in research revenues resulting from research funding from Amgen coming to an end in October 2006.

Research and development costs are expected to increase slightly, mainly due to increased external costs for clinical studies, for the production of materials for clinical studies and for process development within the internal protein projects.

Outlook for 2007 has not been discussed in earlier interim reports.

Accounting and valuation principles and other information

Accounting and valuation principles
This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, which is in accordance with the requirements in the recommendation of the Swedish Financial Accounting Standards Council, RR31 Interim reporting for Groups.

As of January 1, 2005 Biovitrum AB (publ) is practicing International Financial Reporting Standards (IFRS), in accordance with EU regulations. The accounting principles applied are those described in Biovitrum's 2005 Annual Report. The Parent Company applies RR 32 on the accounting principles for legal entities.

In this interim report the following new standards, amendments to standards and interpretations effective January 1, 2006 have been included. These new standards, amendments and interpretations have been approved by the EU, with the exception of amendments in IAS 21.

IAS 19 Employee Benefits
This amendment went into effect on January 1, 2006. Actuarial gains and losses are reported in the income statement. The expanded disclosure requirements will have an effect on reporting in the annual report for 2006.

Updated financial calendar
The Jan-Mar 2007 interim report will be published on April 23 instead of May 3 which had been communicated earlier.

Annual General Meeting 2007
The Annual General Meeting will be held 16.00 on Thursday May 3, 2007 in Stockholm.

The Annual Report including full financial and accounting data will be published on www.biovitrum.com at the latest 14 days before the AGM. It will also be made available at the company's headquarter in Solna, Berzelius väg 8 on the Karolinska Institutet campus. A printed business review with condensed accounting data will be distributed to all shareholders by mail in mid April.
.

This interim report includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programs and intellectual property rights may affect future results. There are also external conditions, for example, the economic climate, political changes and competing research programs that may affect Biovitrum's results.
This interim report has not been reviewed by the company's auditors.

Solna, February 23, 2007

Mats Pettersson
Chief Executive Officer

Biovitrum AB (publ)

Corp. reg. no. 556038-9321
SE-112 76 Stockholm
Visitors: Berzelius väg 8
Telephone: +46 8 697 20 00

For further information, please contact:

Mats Pettersson, CEO, tel. +46 8 697 23 27
Göran Arvidson, CFO, tel. +46 8 697 23 68
Anna Karin Källén, VP Communications, tel. +46 8 697 20 85
Anders Martin-Löf, Director Investor Relations, tel. +46 8 697 37 07

Financial calendar:

Interim Report Jan – Mar 2007	April 23, 2007
Annual General Meeting	May 3, 2007
Interim Report Jan – Jun 2007	August 23, 2007
Interim Report Jan – Sep 2007	November 8, 2007
Full Year Report 2007	February 21, 2008

Biovitrum is one of the largest biopharma companies in Europe. With operations in Sweden and in the UK, Biovitrum conducts research and develops pharmaceuticals for unmet medical needs both common diseases and conditions that affect smaller patient populations. Biovitrum focuses on drugs for the treatment of obesity, diabetes, inflammation and blood diseases, as well as a number of well-defined niche indications. Biovitrum develops and produces protein-based drugs on a contractual basis and markets a range of specialist pharmaceuticals primarily in the Nordic countries.

For more information, see **www.biovitrum.com**.