

# BioPhausia

## Year end report 2001

- | Sales amounted to SEK 2.071.000 (SEK 975.000 )
- | Rights for RescueFlow® acquired in the Nordic countries
- | New approvals for RescueFlow® in Europe
- | Distribution agreement for RescueFlow® in Asia
- | Positive results from pre-clinical studies within BP 04 project
- | Patents for BP 04 in the USA and Australia
- | Saving plans are implemented
- | The net result for the fiscal year amounted to a loss of SEK 23.818.000 (loss SEK 24.765.000); SEK 12.744.000 (SEK 12.034.000) of which were research and development costs.

### Important events after the close of the period

- | Patents in 17 European countries for BP 04
- | Distribution agreement for RescueFlow® in the Netherlands
- | 85% subscription in the new share issue which provides the company with approximately MSEK 30

### Acquisition of rights for RescueFlow® in the Nordic countries

BioPhausia has signed an agreement with Pharmalink AB regarding acquisition of RescueFlow® in the Nordic countries. Pharmalink acquired in 1999 exclusive license rights for RescueFlow® in the Nordic countries, rights which are now reverted to BioPhausia. Through this acquisition BioPhausia now

BioPhausia AB (publ)  
AR 4, S-741 74 Uppsala, Sweden  
Phone: +46 18 34 99 00  
Fax: +46 18 34 94 95  
E-mail: [info@biophausia.se](mailto:info@biophausia.se)  
Org.nr. 556485-0153

controls RescueFlow® on the home market, an advantage for the company when marketing RescueFlow® internationally.

#### **New approvals for RescueFlow®**

Subsequent to the mutual recognition procedure in Europe, and according to decision made on November 28 2001, RescueFlow® will be granted approval for marketing and sales in Italy, Spain, Portugal, Luxemburg and Iceland. The company adheres to its previously stated plan for registrations.

#### **Distribution agreement for RescueFlow® in Asia**

BioPhausia has signed a distribution agreement for RescueFlow® with Yungjin Pharmaceuticals Co., Ltd. in South Korea. The company has long experience from the South Korean pharmaceutical industry, and is well connected with the target group, hospital specialists.

The compilation of the registration documentation for South Korea has started, and an application will be submitted by Yungjin subsequent to adaptation to local demands. Marketing will commence in 2002.

#### **Positive results from pre-clinical studies within project BP 04**

Previously reported studies show that treatment with BP 04 decreases the pressure in tumours, and increases the uptake of marker substance in the tumours. Further studies have consequently shown that treatment with BP 04 induces increased uptake of cytostatics in the tumour tissue and suppressed tumour growth in comparison with a control-group.

#### **Patents in the USA and Australia for BP 04**

Patents named “Enhanced anti-cancer agent delivery to solid tumours by primer compounds”, have been approved in the USA and Australia. The patented principle for BP 04 implies that the internal bindings which create high pressure in solid tumours, i.e. colon cancer and breast cancer, are broken, and the uptake of cytostatics is increased. The patents amount to a breakthrough for the BP 04 project.

#### **Savings implemented**

From the third quarter 2001 the company implemented a savings program which on a yearly basis will lower the costs considerably.

### **Important events after the close of the period**

#### **BP 04 patents in 17 countries**

Patents for the cancer project BP 04 have been approved in 17 European countries. This implies that the patent now covers 19 countries in total.

#### **Distribution agreement**

BioPhausia has signed a distribution agreement for RescueFlow® with DeVriMed in the Netherlands. DeVriMed mainly operates within the spheres of trauma and cardiovascular diseases. The company has good connections within the military sector, which is considered a great advantage for BioPhausia. Start of sales of RescueFlow® in the Netherlands is planned for the second half of 2002. RescueFlow® will, with this agreement, be marketed in 8 countries.

### Share issue

The completed share issue has resulted in approximately 30 MSEK, before emission costs. The share issue, which was subscribed for 85%, provides BioPhausia with financial stability and the possibility to develop and diversify the project portfolio.

### Group results

Operating loss for the group amounted to SEK 20.641.000 (loss SEK 23.202.000). Net sales include royalties on sales and sales of RescueFlow. Total depreciation, SEK 2.573.000 (SEK 2.499.000) has been distributed among the various functions. Research and development expenses amounted to SEK 12.744.000 (SEK 12.034.000), SEK 2.434.000 (SEK 2.191.000) of which consisted of depreciation. The result during the year was also charged by financial cost of SEK 1.707.000 (0), corresponding to the planned dissolution of the capital rebate which occurred at the issue of a convertible debenture loan in 1999.

### Financial position and investments

The Group's liquid funds at the close of the period amounted to SEK 5.539.000 (SEK 24.542.000). The equity/assets ratio was 43% (61%).

### Accounting policy

The consolidated financial statements include BioPhausia AB, Medisan Pharmaceuticals AB, BioPhausia Support AB, Reduton AB, Glycovisc AB, Medisan Pharmaceuticals Inc. and Trauma Products Inc. The consolidated financial statements have been established according to acquisition accounting and the Swedish Financial Accounting Standards Council's recommendation RR20.

### Summary of Consolidated Income Statement (SEK 000's)

	Oct-Dec 2001	Oct-Dec 2000	Jan-Dec 2001	Jan-Dec 2000
Net sales	899	399	2 071	975
Cost of goods sold	-89	-167	-432	-167
<b>Gross profit</b>	<b>810</b>	<b>232</b>	<b>1 639</b>	<b>808</b>
Selling expenses	-531	-1 184	-4 606	-3 526
Administrative expenses	-648	-2 494	-4 708	-8 454
Research and development expenses	-2 987	-3 213	-12 988	-12 034
Exchange profit/loss	-282	3	22	4
<b>Operating loss</b>	<b>-3 638</b>	<b>-6 656</b>	<b>-20 641</b>	<b>-23 202</b>
Interest income and similar revenues	48	122	427	531
Interest expenditure and similar costs	-2 162	-538	-3 560	-2 090
<b>Loss after financial items</b>	<b>-5 752</b>	<b>-7 072</b>	<b>-23 774</b>	<b>-24 761</b>
Taxes	-44	-	-44	-4
<b>Net loss for the year</b>	<b>-5 796</b>	<b>-7 072</b>	<b>-23 818</b>	<b>-24 765</b>
of which is depreciations	780	1 078	2 573	2 499

**Summary of Consolidated Balance Sheet (SEK 000's)**

	<b>2001-12-31</b>	<b>2000-12-31</b>
Intangible assets	17 913	16 495
Tangible assets	305	489
Financial assets	11 352	11 595
Other current assets	1 491	3 132
Inventories	98	144
Accounts receivable	689	843
Liquid assets	5 539	24 542
<b>Total assets</b>	<b>37 387</b>	<b>57 240</b>
Equity	16 051	34 704
Interest-bearing liability, convertible loan	16 642	16 343
Operating liability	4 694	6 193
<b>Total equity</b>	<b>37 387</b>	<b>57 240</b>

**Change in Equity**

	<b>2001-12-31</b>	<b>2000-12-31</b>
Equity at the start of the period	34 704	25 300
Share issue	3 750	30 178
Conversion	1 407	4 000
Translation difference	8	-9
Net loss for the period	-23 818	-24 765
<b>Net loss at the close of the period</b>	<b>16 051</b>	<b>34 704</b>

**Key ratios**

	<b>2001-12-31</b>	<b>2000-12-31</b>
Number of shares at the close of the period	14 234 080	13 412 311
Average number of shares during the period	13 963 580	10 421 646
Equity per share, SEK	1.1	2.6
Equity/assets ratio, %	43	61
Earnings per share SEK	-1.7	-2.3
Number of shares after dilution	18 698 379	

**Summary of Cash Flow Analysis, Group (SEK 000's)**

	<b>Jan-Dec 2001</b>	<b>Jan-Dec 2000</b>
Cash used in operating activities before change in working capital items	-19 468	-22 266
Change in working capital	342	-10 513
<b>Cash used in operating activities</b>	<b>-19 126</b>	<b>-32 779</b>
<b>Cash provided by investing activities</b>	<b>-3 884</b>	<b>-167</b>
<b>Cash used in financing activities</b>	<b>4 007</b>	<b>55 355</b>
<b>Total cash flow</b>	<b>-19 003</b>	<b>22 409</b>
Liquid assets at the start of the period	24 542	2 133

Liquid assets at the close of the period

5 539

24 542

**Summary of operating profit/loss, Group (KSEK)**

	Full year 2001	Q 4 2001	Q 3 2001	Q 2 2001	Q 1 2001	Full year 2000	Q 4 2000	Q 3 2000	Q 2 2000	Q 1 2000
Gross profit/loss	1 639	810	-86	9	906	808	232	259	317	-
Selling expenses	-4 606	-531	-882	-1 544	-1 649	-3 526	-1 184	-1 591	-751	-
Admin. cost	-4 708	-649	-846	-1 446	-1 768	-8 454	-2 494	-627	-2 002	-3 333
Research cost	-12 988	-2 987	-4 232	-3 065	-2 594	-12 034	-3 213	-3 087	-3 235	-2 499
Exchange loss/ profit	22	-282	11	235	58	4	3	-275	-83	359
<b>Operating loss</b>	<b>-20 641</b>	<b>-3 638</b>	<b>-6 145</b>	<b>-5 811</b>	<b>-5 047</b>	<b>-23 202</b>	<b>-6 655</b>	<b>-5 321</b>	<b>-5 754</b>	<b>-5 473</b>

The annual shareholders meeting will take place on Monday May 6<sup>th</sup> 2002 at 2 p.m.

Uppsala February, 2002

Claes Thulin  
Managing Director