PRESS RELEASE
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BIOINVENT FINANCIAL STATEMENT
1 JANUARY–31 DECEMBER 2002

- **BioInvent is developing drugs against arteriosclerosis and HIV**. Acquires rights from prominent research groups in Sweden and the US.

- **New customers.** Three-year agreement with Oxford GlycoSciences (OGS) for development of antibody-based drugs. Other new customers in 2002 include CellControl Laboratories AG and Pharmacia Diagnostics AB.

- **New agreements for increased cooperation with existing customers**. Significant increase in cooperation with GlaxoSmithKline Biologicals, ImmunoGen and Igeneon.

- **Net revenue for January – December 2002** increased to SEK 87.1 million (58.3).

- **Cash flow from current operations and investment activity for January – December 2002:** SEK -47.1 million (-74.8). Liquid funds at year end: SEK 343.6 million (338.7).

- **Loss after net financial items for January – December 2002:** SEK -46.2 million (-43.5).

Operations BioInvent develops and manufactures antibody-based drugs and research tools. BioInvent's operations cover the entire development chain, from library technology for fast and efficient selection of human antibodies to production in a facility that is approved for manufacturing biological drugs.

This platform is the starting point for development partnerships with international pharmaceutical and biotech companies. Agreements are in place with, among others, Antisoma, GlaxoSmithKline, Igeneon, ImmunoGen, Pharmacia and Oxford GlycoSciences.

Three types of projects BioInvent works with three different types of development projects: internal drug projects, projects with external partners in the form of development partnerships and development services. The purpose is to secure short-term revenue while creating prospects for long-term profitability through proprietary drug candidates.

Internal drug projects BioInvent has been focusing strongly during the year on gaining access to unique target structures and developing antibody-based drugs against these. The overall strategy is to find target structures from academic or other external innovative environments. BioInvent is concentrating on indication areas that have significant medical needs. The Company is looking to find a development and commercialisation partner, in the early clinical phase, who will have primary responsibility for continued clinical development, marketing and distribution. An active partnership strategy provides individual projects with the technical and financial resources that are needed without tying up excessive amounts of BioInvent's resources in individual projects. This enables BioInvent to build a portfolio of drug candidates without being too dependent on an individual project's success.

The Company's processing and production capacity make it possible to generate greater value in the projects, because the product, apart from pre-clinical and clinical documentation, will include manufactured materials and the necessary process and manufacturing documentation to guarantee efficient clinical development and commercialisation.

The Company continually evaluates target structures within a number of different areas of medicine. Among the most important events during the year, which guarantee access to target structures, are two agreements linked to projects within the HIV and arteriosclerosis fields.

New type of drugs against HIV In 2002 BioInvent acquired the rights to develop and commercialise antibody-based drugs against HIV. The company is focusing on special target structures on the so-called Tat protein.

The Tat protein is vital for the HIV virus's ability to replicate itself. Antibody-based drugs against these target structures are expected to be able to block Tat activity so that the number of HIV virus particles in the blood of the patient can be reduced to such an extent that the patient will not develop AIDS.

A number of potential product candidates have been selected from the Company's antibody library. In the first pre-clinical phase, the ability to reduce Tat activity *in vitro* is being tested.

New type of drugs against arteriosclerosis BioInvent has also acquired the rights to develop antibody-based drugs against target structures associated with arteriosclerosis. Cardiovascular diseases are a major medical problem and cause over 50 per cent of all deaths in the Western world. Modern research in this field is focusing to a great extent on understanding inflammatory processes and the role of the immune system in the development of arteriosclerosis.

BioInvent's project is in line with this approach. The research group behind the target structures has shown that there are strong links between these and inflammatory processes that lead to plaque formation in the vessel walls.

Antibodies aimed at the relevant target structures are believed to be able to stabilize the plaque formation and possibly also reduce it. Preliminary tests on animals support this hypothesis. A number of product candidates will be tested in further *in vivo* tests in a first pre-clinical phase.

External development projects During the year BioInvent started to work with several new partners at the same time as the Company extended existing collaboration. BioInvent currently works with the following important partners:

Oxford GlycoSciences In 2002 a development partnership with Oxford GlycoSciences (OGS) was initiated in the form of a three-year agreement for the joint development and commercialisation of antibody-based drugs. Under the agreement, OGS will deliver at least five antigens per year and BioInvent will produce antibodies against these. BioInvent can select one product candidate per year for joint development. OGS will be responsible for the clinical development and commercialisation of the remaining product candidates. The partnership is focusing on the cancer field.

GlaxoSmithKline Biological (GSK) BioInvent and GSK extended their development services agreement considerably in February 2002. Under the new agreement, which will last for three years, BioInvent will deliver antibodies from n-CoDeR for GSK's research and development work.

ImmunoGen BioInvent's collaboration with the US-based ImmunoGen was extended in December 2002 to include a new agreement for cGMP manufacturing of an antibody. During the year, BioInvent successfully manufactured another antibody for ImmunoGen. Both of the antibodies are included in product candidates in the cancer field.

Igeneon In December 2002 BioInvent extended its collaboration with the Austrian company Igeneon. The agreement is for cGMP manufacturing of antibody-based drug candidates in the cancer field. BioInvent is currently working with two of Igeneon's product candidates.

Antisoma Another collaboration that developed well in 2002 was an agreement with the UK company Antisoma. Antisoma entered into an agreement in the autumn with the pharmaceutical company Roche which attracted much attention. This agreement includes licensing of a number of product candidates produced by BioInvent.

New customers in 2002 include CellControl Laboratories AG and Pharmacia Diagnostics AB.

Progress in the field of protein arrays Protein arrays make it possible to study many proteins simultaneously and thereby quickly and efficiently map which proteins are involved in the disease process. Protein arrays can be used in research and development, for example, to identify new target structures or in diagnostics where several parameters need to be studied simultaneously.

BioInvent has an important competitive advantage in the form of its antibody library, n-CoDeR. The antibodies from BioInvent's library are constructed in such a way that they have good potential to tolerate the strains of being used on a protein array.

In 2002 BioInvent focused on developing important technology components in cooperation with the Company's academic network. Progress has been made that strengthens the project's commercial potential and discussions on cooperation have been initiated with commercial partners.

Other information The dispute with Resistentia Pharmaceuticals AB that arose in 2001 was resolved in mediation at the end of 2002.

Markets and the external environment Sales of antibody-based drugs increased to an estimated USD 4 billion in 2002, compared to USD 3 billion in 2001, and new products were launched onto the market. Furthermore, numerous products are under clinical development. In the fourth quarter of 2002, Humira, the first antibody-based drug developed with the help of library technology, was launched.

The negative economic development inhibited commercial activity in the industry. However, the pharmaceutical industry will continue to require new product candidates in order to meet growth goals. This trend increases BioInvent's prospects of implementing its business model.

Sales and revenue
The net revenue for the October – December period increased to SEK 21.8 million, compared to SEK 13.6 million for the corresponding period the previous year. The net revenue for January – December increased to SEK 87.1 million (58.3). Revenue is generated from development services and development partnerships.

The loss after net financial items for the October – December period amounted to SEK -16.4 million compared to SEK -17.8 million for the corresponding period the previous year. The loss after net financial items for January – December amounted to SEK -46.2 million (-43.5). The Company's result was affected by an increase of the Company's research and development capacity as well as intensified marketing activity. The Group's research and development costs for January – December amounted to SEK 61.5 million (45.3). Depreciation according to plan of SEK 13.5 (7.9) million was deducted from the operating result for the period.

Financial position and cash flow
The cash flow in 2002 – including payments received for new shares – was positive, despite considerable investments to gain access to interesting target structures and in other parts of the business. The goal over time is to achieve a balanced cash flow in the form of revenue and financing from partners. The cash flow must, however, be allowed to vary during certain years depending on the composition of our own project portfolio.

The cash flow for January – December from current operations and investment activity amounted to SEK -47.1 million (-74.8). The improvement, which comes in spite of increased investments, is primarily the result of one-off payments from customers. The accumulated cash flow for January – December was SEK 4.9 million (197.4) after payment was received from Oxford GlycoSciences for new shares in the amount of SEK 52.0 million in 2002 and SEK 261.6 million was received from new shares in conjunction with the listing in 2001. As of 31 December, 2002, the Group's liquid funds amounted to SEK 343.6 million (338.7).

The shareholders' equity amounted to SEK 394.2 million at the end of the period. The Company's share capital was SEK 14.7 million and the equity/assets ratio at year end was 90.5 (94.6) per cent. The Group has no interest-bearing liabilities.

As of 31 December, BioInvent had issued warrants for 1,259,500 shares, of which warrants for 652,650 shares are held by the Company for sale to the employees at market terms. All warrants held by the Company will be returned to the parent company in February 2003 and are expected to be cancelled by the end of March 2003.

The Group's accumulated unutilised loss carried forward as of 31 December 2002 amounted to SEK 208 million. BioInvent has not yet reported a taxable profit nor does it intend to do so in the near future. No tax claim at any value relating to the loss carried forward has been entered into the accounts.

Investments
The Group's investments in tangible fixed assets amounted to SEK 14.0 million (25.6). Investments in intangible fixed assets amounted to SEK 22.5 million (-) and are related to acquisitions of target structures and new technology.

Merger
The subsidiaries BioInvent Production AB and BioInvent Therapeutic AB merged with the parent company effective 31 October 2002. The merger was reported in accordance with BFNAR 1999:1 – Merger of wholly-owned subsidiaries. The consolidated value method was applied, whereby the parent company recorded the merged subsidiaries' assets and liabilities at the values they had in the consolidated accounts. The merger loss amounts to SEK -120.0 million, being the difference between the values of assets and liabilities in the subsidiaries and the parent company's book value of the shares in the subsidiaries.

The merger is the result of an organizational change to create one unit to focus on projects where all of the Company's expertise in the field of antibody drugs can be integrated.

The Parent Company
Following the merger described above, the BioInvent Group consists of the parent company BioInvent International AB and the subsidiary BioInvent Finans AB which administers the warrants issued by BioInvent International AB. The merger is effective in the accounts from 1 January 2002 and thereafter the parent company's revenue and final position will be essentially the same as the Group's. The net revenue for the January – December period amounted to SEK 87.1 million (-). The loss after net financial items for January – December amounted to SEK -46.2 million (-0.2).

Accounting principles
This interim report has been prepared in accordance with the recommendations issued by the Swedish Financial Accounting Standards Council. The accounting principles are the same as those used in the preparation of the last annual report.

Annual General Meeting, proposed dividend and upcoming financial reports
The Annual General Meeting will be held at 4 p.m. on 10 April 2003. The meeting will be announced in the usual manner. The Board and the President and CEO propose that no dividend be paid for the 2002 financial year.

BioInvent will present the following financial reports in 2003:

Annual report	27 March 2003
Interim reports	10 April, 17 July, 16 October 2003
Year-end statement 2003	12 February 2004

Consolidated income statement in brief (SEK thousands)

	3 MONTHS 2002 Oct.-Dec.	3 MONTHS 2001 Oct.-Dec.	12 MONTHS 2002 Jan.-Dec.	12 MONTHS 2001 Jan.-Dec.
Net revenue	21,760	13,558	87,053	58,270
Operating costs				
Cost of goods and services sold	-13,288	-10,864	-50,195	-39,863
Sales and administrative costs	-10,818	-9,029	-37,983	-27,472
Research and development costs	-17,859	-15,325	-61,487	-45,255
Other operating revenue and costs	-464	-22	196	63
Operating profit/loss	**-20,669**	**-21,682**	**-62,416**	**-54,257**
Profit/loss from financial investments:	4,308	3,875	16,250	10,787
Profit/loss	**-16,361**	**-17,807**	**-46,166**	**-43,470**
Earnings per share, average no. of shares, SEK*				
Before dilution	-0.56	-0.63	-1.60	-1.69
Average no. of shares				
Before dilution (thousands)	29,476	28,144	28,939	25,697
After full dilution (thousands)	29,476	28,168	28,940	25,753

*The outstanding warrants lead to no dilution of earnings per shares, as a conversion to shares would lead to an improvement of earnings per share.

Consolidated balance sheet in brief (SEK thousands)

	2002 31 Dec.	2001 31 Dec.
Assets		
Fixed assets		
Intangible fixed assets	19,726	-
Tangible fixed assets	43,816	40,508
Current assets		
Inventories etc,	2,827	1,564
Short-term receivables	25,584	29,817
Cash and bank	343,584	338,662
Total assets	**435,537**	**410,551**
Shareholders' equity and liabilities		
Shareholders' equity	394,250	388,416
Short-term liabilities	41,287	22,135
Total shareholders' equity and liabilities	**435,537**	**410,551**

Consolidated cash-flow statement in brief (SEK thousands)

	2002 Oct.-Dec.	2001 Oct. Dec.	2002 Jan.-Dec.	2001 Jan.-Dec.
Current operations				
Operating profit/loss	-20,669	-21,682	-62,416	-54,257
Depreciation	3,927	2,401	13,475	7,854
Interest received and paid	4,308	3,875	16,250	10,787
Cash flow from current operations before changes in working capital	**-12,434**	**-15,406**	**-32,691**	**-35,616**
Changes in working capital	-9,611	-1,788	22,122	-13,576
Cash flow from current operations	**-22,045**	**-17,194**	**-10,569**	**-49,192**
Investment activity				
Acquisition of intangible fixed assets	-4,000	-	-22,501	-
Acquisition of tangible fixed assets	-6,377	-4,182	-14,008	-25,619
Cash flow from investment activity	**-10,377**	**-4,182**	**-36,509**	**-25,619**
Cash flow from operations	**-32,422**	**-21,376**	**-47,078**	**-74,811**
Financing activity				
New share issues	-	-	52,000	272,252
Cash flow from financing activity	**-**	**-**	**52,000**	**272,252**
Change in liquid funds	**-32,422**	**-21,376**	**4,922**	**197,441**
Liquid funds at end of period	**343,584**	**338,662**	**343,584**	**338,662**

Changes in shareholders' equity for the Group (SEK thousands)

	Share capital	Share premium reserve	Other restricted reserves	Accumulated loss	Total
Shareholders' equity on 31 December 2000	**1,515**	**186,909**	**100**	**-28,890**	**159,634**
Bonus issue	9,846	-9,846			0
New share issue due to utilisation of warrants	461	10,171			10,632
New share issue	2,250	259,370			261,620
Transfer between restricted and unrestricted reserves		-1,434		1,434	0
Profit/loss for the period				-43,470	-43,470
Shareholders' equity on 31 December 2001	**14,072**	**445,170**	**100**	**-70,926**	**388,416**
Directed new share issue	666	51,334			52,000
Transfer between restricted and unrestricted reserves		49,181	-100	-49,081	0
Profit/loss for the period				-46,166	-46,166
Shareholders' equity on 31 December 2002	**14,738**	**545,685**	**0**	**-166,173**	**394,250**

The share capital as of 31 December 2002 following the directed new share issue consisted of 29,475,556 shares with a nominal value of SEK 0.50.

Key financial ratios

	2002 31 Dec,	2001 31 Dec,
Shareholders' equity per share at end of period, SEK		
Before dilution	13.38	13.80
After full dilution	13.38	13.77
Number of shares at end of period		
Before dilution (thousands)	29,476	28,144
After full dilution (thousands)	29,476	28,200
Equity/assets ratio, %	90.5	94.6
Number of employees at end of period	130	110

Lund, 12 February 2003

Svein Mathisen, President and CEO

We have briefly examined this year-end statement and report for the fourth quarter 2002 in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR) on the auditing of interim reports. A brief examination is very limited compared to a full audit. We have found nothing to indicate that this year-end statement and report for the fourth quarter 2002 do not meet the requirements of the stock exchange and annual accounts laws.

Lund, 12 February 2003

ERNST & YOUNG AB

Åke Stenmo
Authorised Public Accountant

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The report is also available at www.bioinvent.com

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