

Press release February 9, 2010

YEAR-END REPORT JANUARY–DECEMBER 2009

STRENGTHENED FINANCES AND CONTINUED GOOD DEVELOPMENT OF THE R&D PORTFOLIO

2009 in brief

- Net sales amounted to MSEK 5.9 (10.7), whereof the fourth quarter MSEK - (1.8)
- Net loss decreased to MSEK 154.6 (174.8), whereof the fourth quarter MSEK 37.6 (31.2)
- Loss per share decreased to SEK 1.31 (1.37), whereof the fourth quarter SEK 0.31 (0.25)
- Cash flow from operating activities amounted to MSEK -146.9 (-186.4), whereof the fourth quarter MSEK -30.1(-48.1)
- Cash and cash equivalents and other short-term investments totaled MSEK 237.2 (242.7) at the end of the year
- In the fourth quarter, Karo Bio carried out a rights issue of MSEK 166. The issue was oversubscribed with 73%, and 98% of the shares offered were subscribed with the exercise of subscription rights. The proceeds net of transaction cost was MSEK 150
- Two smaller human pharmacological studies of eprotirome were performed to supplement the clinical documentation. Preliminary analyses of the data support the continued drug development. In parallel, an effort is ongoing to clarify the regulatory authorities' demands for the continued development of eprotirome
- Within the ER-beta program, the compound KB9520 was nominated as candidate drug in October, and pre-clinical development was initiated
- In December, Karo Bio's collaboration partner Merck initiated clinical phase II studies with the lead investigational drug candidate within the collaboration
- From September, Karo Bio's partner Wyeth has taken on all research and development activities under the drug discovery collaboration

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Selected financial information in summary

(MSEK)	October-December		January-December	
	2009	2008	2009	2008
Net sales	-	1.8	5.9	10.7
Operating expenses	-37.7	-37.9	-163.0	-201.4
- whereof of R&D expenses	-30.9	-31.4	-132.4	-169.4
Profit/loss for the period	-37.6	-31.2	-154.6	-174.8
Profit/loss per share (SEK)	-0.31	-0.25	-1.31	-1.37
Cash flow from operating activities	-30.1	-48.1	-146.9	-186.4
Cash and cash equivalents and other short term investments	237.2	242.7	237.2	242.7

About Karo Bio

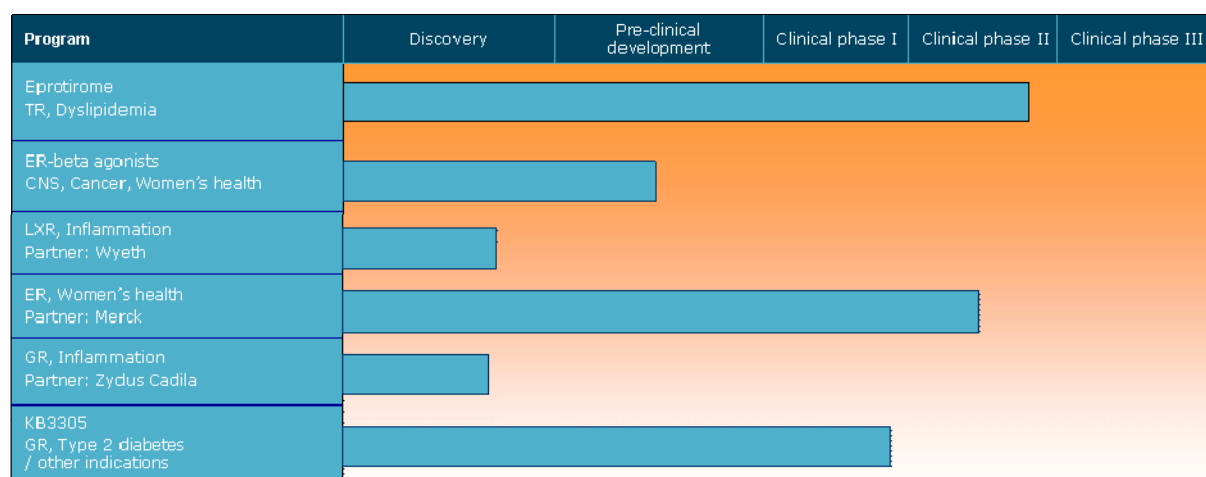
Karo Bio is a drug discovery and development company specializing in endocrinology and nuclear receptors as target proteins for the development of novel pharmaceuticals.

The company has a project portfolio with innovative pharmaceutical compounds that primarily target dyslipidemia, CNS disorders, inflammation, and women's health. In these areas, there are significant market opportunities and a clear need for pharmaceuticals with new mechanisms of action. Karo Bio develops compounds aimed at treating broad patient populations up to clinical proof of concept before out-licensing. In therapeutic niche areas, Karo Bio has the capacity to bring selected compounds into late stage clinical development and, potentially, to the market.

In addition to the proprietary projects, Karo Bio has three strategic collaborations with international pharmaceutical companies for development of innovative therapies for the treatment of common diseases.

Karo Bio is listed on NASDAQ OMX Stockholm since 1998 (Reuters: KARO.ST).

Project portfolio



CEO'S COMMENTS ON 2009

In 2009, the focused development of our project portfolio progressed according to plan, and we received quite a lot of attention in the market for our projects. Despite the difficult economic climate, we secured a stable financial platform for the coming 18 months through a rights issue of MSEK 166 in the fourth quarter. There was a strong interest in this issue. It was oversubscribed with 73%, and 98% of the shares offered were subscribed with the exercise of subscription rights, which shows that the market has faith in Karo Bio and our research. The proceeds from the issue create the flexibility and sustainability needed for us to best defend the interests of the company and its shareholders in the continued development of eprotirome, the ER-beta program and the collaboration with Zydus Cadila.

We worked hard during the year to set up eprotirome for clinical phase III studies. In the fall, more data was generated that supplement the pre-clinical and human pharmacological documentation. The mass balance study performed in the UK was concluded with expected results. We also carried out a bioavailability study with the purpose to bridge the result from the tablet used in the phase II studies and the improved tablet formulation planned for use in the clinical phase III trials.

During the past year, Karo Bio has been in discussions with a number of major pharmaceutical companies about a partnership around eprotirome. An important matter in these negotiations is what the regulatory authorities, notably the American Food and Drug Administration (FDA), are expected to demand in order to give the drug a market approval. By submitting an IND (Investigational New Drug) application to the FDA at the end of 2009, in order to be allowed to run clinical studies in the US, a more detailed dialogue with the authorities has been initiated. We have, in close cooperation with contract research organizations and key opinion leaders, designed and estimated the costs of a full clinical development program of eprotirome all the way to registration. This program is based on the expected demands from the authorities, and is being used both in the dialogue with the FDA and in the partner discussions as a basis for the estimation of timeframes and the financial undertakings needed for the continued development of this drug. We are also investigating other alternative, more niche-oriented ways to take eprotirome to the market. A distinct and realistic development plan, which has the authorities' approval, is a prerequisite for a successful partnership deal. We drive this process with great determination. At this moment, it is difficult to assess the time aspect of this work and the design of the final plan, since we have not yet received all the regulatory answers.

During 2009, we also continued the successful work around our ER-beta program. In October we nominated the leading ER-beta compound KB9520 as candidate drug. We have thereafter initiated pre-clinical development where the compound is documented for safety; a process that is expected to take 12 to 14 months. In parallel, the documentation of other follow-up compounds within the ER-beta program continues. There are many potential clinical treatment areas for ER-beta selective compounds, but CNS-related diseases, including depression, as well as cancer, pain and inflammation, seem to be the most interesting ones. We are already in collaboration discussions with a number of potential partners for our ER-beta program, which has received a lot of attention in the industry. In August, the healthcare business analyst Windhover together with independent expertise voted Karo Bio's ER-beta program one of the top 10 most interesting neuroscience projects available for partnering. This reinforces our opinion of the ER-beta program as one of our most exciting development platforms with great commercial potential.

In October, we announced the decision not to do further in-house development of KB3305 for the treatment of type 2 diabetes. We did obtain very positive proof-of-principle data from the phase I program, but the combination of a more challenging competitor and regulatory situation in the type 2 diabetes field, and internal needs to prioritize the resource allocation, made us come to this decision.

The partner projects with Merck, Wyeth and Zydus Cadila continue to develop according to plan and to be of long-term importance to Karo Bio. In December, Merck initiated clinical phase II studies of the lead compound within the collaboration around estrogen receptors in the field of women's health. In September, the collaboration with Wyeth entered a new phase, where our partner takes on all research and development activities within the framework of the collaboration. Together with Zydus Cadila, we have generated a number of dissociated anti-inflammatory GR agonists. Promising *in vitro* profiles indicate that these compounds are as potent as traditional steroids, but with a significantly lower risk for creating side effects.

We now have both the financial basis and the R&D capabilities for a continued successful development of our projects. This taken together, we are looking forward to a new year with new challenges and successes.

Per Olof Wallström
President and CEO

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events after the end of the period to report.

RESEARCH AND DEVELOPMENT

Eprotriome (KB2115) – dyslipidemia

The thyroid hormone is one of the body's own ways of regulating lipids in the blood. Most of this effect is exercised in the liver. Eprotriome is a novel, liver selective thyroid hormone receptor agonist for the treatment of dyslipidemia. Eprotriome's profile is unique. In one single compound, powerful reductions of several independent risk factors for the development of atherosclerotic cardiovascular diseases are combined.

In the clinical phase II studies, eprotriome has shown statistically significant and clinically relevant reductions of LDL-cholesterol, non-HDL cholesterol, apoB, triglycerides and lipoprotein(a). The effects are of the same magnitude whether eprotriome is given as monotherapy or as add-on to statins or ezetimibe. Karo Bio has also generated pre-clinical data that indicate that eprotriome has positive effects on blood glucose. This would be of additional value when treating type 2 diabetics suffering from elevated blood lipids. Eprotriome has been well tolerated in the clinical studies of up to three months duration.

The treatment of dyslipidemia is initiated in order to reduce the risk for heart attack and death. The efficacy profile of eprotriome suggest that the compound is suitable as an add-on treatment for the large number of patients that do not reach their treatment targets with existing therapies. The statins have become the largest pharmaceutical category in the world and will continue to form the basic treatment of dyslipidemia. Eprotriome is expected to be used primarily as add-on to statins and to compete with ezetimibe, nicotinic acid, fibrates, and omega-3 fatty acids. The market is projected to be driven primarily by the specialist physicians treating patient groups with high or very high risk. It is Karo Bio's belief that the effect profile of eprotriome is very attractive compared to its competitors, and the potential for commercial success is good.

In the fourth quarter of 2009, in accordance with the plans described in the annual report for 2008, Karo Bio continued to carry out limited pre-clinical and clinical studies to supplement the documentation of eprotirome. The mass balance study performed in the UK, aimed at carefully documenting how the body handles eprotirome and its metabolites, was concluded in 2009, and a preliminary analysis of data from this study supports eprotirome's continued development towards becoming a drug. In addition, a human pharmacological study documenting the bioavailability of eprotirome in the improved tablet formulation developed for the clinical phase III trials was performed.

During the last year, Karo Bio has been in discussions with several major pharmaceutical companies about a partnership around eprotirome. In parallel, Karo Bio has, in cooperation with contract research organizations and key opinion leaders, designed and estimated the costs of a full clinical development program of eprotirome all the way to registration. The company is also investigating alternative, more niche-oriented ways to take eprotirome to the market. A clarification of the authorities' position is needed in order to better estimate the development costs of eprotirome to market registration, and is therefore an important parameter for potential partners. Since the company at the end of 2009 submitted an IND application to the FDA, a more detailed dialogue with the authorities has been initiated, and an intense process is ongoing to obtain the answers to the outstanding regulatory questions.

During 2009, Karo Bio expanded and further strengthened the intellectual property portfolio for its thyroid hormone receptor (TR) platform by entering into an agreement with Pfizer Inc that provides Karo Bio with an exclusive license to a US patent.

ER-beta selective compounds – depression, inflammation, women's health, cancer, pain

The estrogen receptor beta subtype ER-beta offers many clinical possibilities. Karo Bio has chosen to focus initially on depression, but is also evaluating other potential therapeutic areas. In Karo Bio's ER-beta program, the project objectives have been reached, including selectivity and bioavailability of lead compounds. In October, as a result of the pre-clinical evaluation, Karo Bio nominated a candidate drug, KB9520, for further pre-clinical development. The effort to find a suitable partner for the development of ER-beta selective compounds within the field of CNS-related diseases, including depression, has begun. In addition, Karo Bio is evaluating ER-beta selective compounds for other therapeutic areas, for example inflammation, pain, women's health and certain types of cancer.

In August 2009, Karo Bio's ER-beta program was voted one of the ten most interesting neuroscience projects available for partnering by the healthcare business analyst Windhover Information Inc. together with independent expertise. The project was presented at Windhover's Therapeutic Area Partnerships meeting in Boston, USA, on November 17-19, 2009.

KB3305 – glucocorticoid antagonist

KB3305 is a first in class liver selective glucocorticoid antagonist for treatment of type 2 diabetes, and the first compound of its kind to be tested in man. In pre-clinical studies, KB3305 has been shown to be both efficacious and safe. Although Karo Bio has generated very positive proof-of-principle data from the clinical phase I program, in 2009, the company took the decision not to do further in-house development of KB3305 for the treatment of type 2 diabetes. The competitive situation within this field, the added requirements imposed by the FDA and internal resource prioritizations made the company come to this decision. Other potential therapy areas of use for the compound are being evaluated.

Collaboration with Wyeth Pharmaceuticals - Inflammation (LXR)

The collaboration with Wyeth Pharmaceuticals, initiated in 2001, targets the liver X receptor (LXR) for the treatment of inflammatory disorders. From September 2009 and onwards, Wyeth takes on full responsibility for all research and development activities under the drug discovery collaboration.

Collaboration with Merck & Co., Inc. - Women's Health (ER)

Estrogen receptors (ER) are important targets for several diseases in the field of women's health. The collaboration with Merck in this area was initiated in 1997, and the joint drug discovery phase in the collaboration was concluded in 2002. In December 2009, Merck initiated a clinical phase IIa study with MK-6913, the leading candidate drug in development within the collaboration. The study will assess the safety, tolerability, and efficacy of MK-6913 for the treatment of moderate-to-very-severe vasomotor symptoms (hot flashes/hot flushes) in postmenopausal women. Under the terms of the collaboration agreement, Karo Bio has the rights to milestone payments from Merck based upon the further successful clinical development and final drug approval as well as royalties on future drug sales. The initiation of clinical phase II development in December 2009 did not trigger a milestone payment to Karo Bio.

Collaboration with Zydus Cadila - Inflammatory diseases (GR)

In early 2008, Karo Bio and the Indian pharmaceutical company Zydus Cadila initiated a three-year research collaboration to discover and develop novel compounds for the treatment of inflammatory diseases. The compounds are designed for the activation of glucocorticoid receptors (GR) in a selective manner. While conventional steroids are powerful anti-inflammatory agents, they are also associated with a number of side effects that limit their use. The aim is to design novel compounds that maintain the anti-inflammatory effects of conventional steroids but with significantly reduced side effects.

The collaboration has generated a series of novel anti-inflammatory GR agonist lead compounds with high affinity to the glucocorticoid receptor. Promising *in vitro* data suggest that these compounds are as potent in models of inflammation as conventional steroids, but with a significantly lower probability to cause side effects. Pre-clinical evaluation is ongoing for the identification of a candidate drug. Both parties share risks and rewards and cover their own costs within the collaboration program.

PROFIT/LOSS AND FINANCIAL POSITION

The operations of the Group are mainly conducted in the parent company. The parent company holds only one subsidiary with assets of MSEK 0.1 (0.1), liabilities of MSEK 0.0 (0.0) and shareholders' equity of 0.1 (0.1). The assets held by the subsidiary comprise intra-group receivables. The subsidiary has had no revenue or expenses. The accounting principles applied for the parent company differ from those applied for the Group only regarding accounting of leasing agreements. The Group's accounts correspond, in all material respects, to that of the parent company why the latter is not separately disclosed.

Revenue

Net sales for 2009 decreased to MSEK 5.9 as compared to MSEK 10.7 in 2008. The corresponding figure for the fourth quarter was MSEK - (1.8). The reported net sales for the full year consist of research payment from collaborations. The corresponding figures for the same period 2008 include a license fee of MSEK 3.7 from a non-exclusive license to specific intellectual property rights granted by Karo Bio to an undisclosed company.

Expenses

Operating expenses for 2009 decreased with MSEK 38.4 to MSEK 163.0 (201.4). This decrease is mainly due to reduced research and development expenses of MSEK 37.0 compared to the previous year. This, in turn, is due to lower external costs regarding clinical studies. For the full year 2009, reported research and development expenses totaled MSEK 132.4 (169.4), whereof the fourth quarter MSEK 30.9 (31.4). Administrative expenses for the full year amounted to MSEK 30.9 (28.6), whereof the fourth quarter MSEK 6.6 (6.8). The increase comprises costs for investor relations and business development activities.

Profit/loss

Operating loss for 2009 amounted to MSEK 157.1 (190.7), an improvement of MSEK 33.6. The operating loss for the fourth quarter was MSEK 37.7 (36.0). Financial net for the full year amounted to MSEK 2.6 (15.9). The reported loss decreased with MSEK 20.2 to MSEK 154.6 (174.8). The reported loss for the fourth quarter was MSEK 37.6 (31.2). The increased loss for the fourth is mainly due to a substantially lower financial net and the lack of revenues.

Capital investments

Capital investments in equipment for 2009 decreased compared to the previous year to MSEK 0.3 (6.1).

Cash flow

Cash flow from operating activities for the full year amounted to MSEK -146.9 (-186.4), whereof the fourth quarter MSEK -30.1 (-48.1).

Financial position

Cash and cash equivalents amounted to MSEK 79.2 (96.9) at the end of the year. Including other short-term investments with duration exceeding 90 days, these assets amounted to MSEK 237.2 (242.7), which corresponds to a change in total cash position of MSEK -5.5 during 2009. The rights issue of MSEK 166.4 that the company carried out in the fourth quarter yielded MSEK 150.2 to the company net of transaction fees. The company's currently available financial assets are estimated to

sustain operations, in accordance with present plan, to the second half of 2011. As stipulated in the company's finance policy, Karo Bio's funds are invested solely in low-risk, interest-bearing assets.

Shareholders' equity and per share data

The share capital at the end of the year amounted to MSEK 77.4. The total number of shares amounted to 154,825,589 shares with a ratio value of SEK 0.50. Total consolidated shareholders' equity amounted to MSEK 215.2 after taking into account the loss for the year.

Loss per share for 2009, based on the weighted average number of outstanding shares, amounted to SEK 1.31 (1.37), whereof the fourth quarter SEK 0.31 (0.25). The Group's equity ratio at the end of the year was 84.1 (83.4) percent, and equity per share, based on fully diluted number of shares at the end of the year, was SEK 1.39 (1.72).

Organization

At the end of 2009, Karo Bio had 67 (66) permanent employees, of which 58 (57) engaged in research and development, 4 (3) in business development and intellectual property rights and 5 (6) in administrative roles.

Risk factors

There is no guarantee that Karo Bio's research and development will result in commercial success. There can be no guarantee that Karo Bio will develop products that can be patented, that granted patents can be retained, that future inventions will lead to patents, or that granted patents will be sufficient to protect Karo Bio's rights.

There is no guarantee that the clinical trials conducted by Karo Bio, whether independently or in collaboration with its partners, can demonstrate sufficient safety and efficacy to obtain the necessary approvals from regulatory authorities, or that they will result in marketable products. It can not be excluded that the approval process at regulatory level will involve requirements for increased documentation and thereby increased costs and delays in the projects. Increased total development costs and development time of a project could result in an increased project risk and reduce the product's potential to successfully reach the commercial stage and/or reduce the time from product launch to patent expiry.

There may be a need to turn to the capital market for additional funding in the future. Both the size and the timing of the company's potential future capital requirements are dependent on a number of factors, including opportunities to enter into collaboration or licensing agreements and the possibility of achieving success in research and development projects undertaken. There is a risk that the required funding of the operations will not be available when needed or at a reasonable cost.

CONDENSED CONSOLIDATED INCOME STATEMENTS (KSEK)

	October-December		January-December	
	2009	2008	2009	2008
Net sales	-	1,825	5,891	10,689
Operating expenses				
Administrative expenses	-6,631	-6,790	-30,954	-28,600
Research and development expenses	-30,951	-31,420	-132,403	-169,428
Other operating income and expenses	-126	358	343	-3,372
	-37,708	-37,852	-163,014	-201,400
Operating profit/loss	-37,708	-36,027	-157,123	-190,711
Financial net	83	4,839	2,567	15,914
Profit/loss after financial items	-37,625	-31,188	-154,556	-174,797
Tax	-	-	-	-
PROFIT/LOSS FOR THE PERIOD	-37,625	-31,188	-154,556	-174,797
Profit/loss for the period attributable to:				
Shareholders of the parent company	-37,625	-31,188	-154,556	-174,797
Depreciation included in operating expenses	-855	-1,080	-3,655	-5,025
Profit/loss per share (SEK) ¹⁾				
- based on weighted average number of shares outstanding, basic and diluted	-0.31	-0.25	-1.31	-1.37
Number of shares outstanding (000)				
- weighted average during the period	122,570	127,197	117,932	127,197
- at end of period, basic	154,826	127,197	154,826	127,197
- at end of period, fully diluted	155,339	127,717	155,339	127,717

¹⁾ The outstanding warrants lead to no dilution of loss per share, as a conversion to shares would lead to a reduced reported loss per share

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (KSEK)

	October-December		January-December	
	2009	2008	2009	2008
PROFIT / LOSS FOR THE PERIOD	-37,625	-31,188	-154,556	-174,797
Other comprehensive income for the year, net of tax	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-37,625	-31,188	-154,556	-174,797
Total comprehensive income attributable to:				
Shareholders of the parent company	-37,625	-31,188	-154,556	-174,797

STATEMENT OF FINANCIAL POSITION (KSEK)

	December 31	
	2009	2008
Assets		
Licenses and similar rights	545	1,698
Equipment	5,788	8,079
Other current assets	12,320	10,691
Other short-term investments	158,013	145,773
Cash and cash equivalents	79,171	96,948
TOTAL ASSETS	255,837	263,189
Shareholders' equity and liabilities		
Shareholders' equity	215,159	219,474
Non-current liabilities	1,273	2,022
Current liabilities	39,405	41,693
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	255,837	263,189

STATEMENT OF CASH FLOWS (KSEK)

	October-December		January-December	
	2009	2008	2009	2008
Operating activities				
Operating profit/loss before financial items	-37,708	-36,027	-157,123	-190,711
Depreciation	855	1,080	3,655	5,025
Other items not affecting cash flows	4	56	82	175
	-36,849	-34,891	-153,386	-185,511
Financial items received and paid	1,782	2,099	10,182	15,597
Cash flow from operating activities before changes in working capital	-35,067	-32,792	-143,204	-169,914
Changes in working capital	4,934	-15,287	-3,720	-16,473
Cash flow from operating activities	-30,133	-48,079	-146,924	-186,387
Investing activities				
Net investment in equipment	-306	-1,759	-1,238	-3,798
Net investment in other short-term investments	-51,537	36,000	-19,856	87,969
Cash flow from investing activities	-51,843	34,241	-21,094	84,171
Financing activities				
Share issue	150,241	-	150,241	-
Cash flow from financing activities	150,241	-	150,241	-
Cash flow for the period	68,265	-13,838	-17,777	-102,216
Cash and cash equivalents at the end of the period	79,171	96,948	79,171	96,948

STATEMENT OF CHANGES IN EQUITY (KSEK)

Attributable to shareholders of the parent company	Share capital	Other contributed capital	Accumulated losses	Total
Amount at January 1, 2008	58,059	675,045	-338,841	394,263
Total comprehensive income for the period	-	-	-174,797	-174,797
Employee stock option program - value of employee services	-	8	-	8
Amount at December 31, 2008	58,059	675,053	-513,638	219,474
Amount at January 1, 2009	58,059	675,053	-513,638	219,474
Total comprehensive income for the period	-	-	-154,556	-154,556
Share issue ¹⁾	19,353	130,888	-	150,241
Amount at December 31, 2009	77,412	805,941	-668,194	215,159

1) The amounts are stated net of transaction costs of in total KSEK 16,169

EQUITY DATA

	December 31	
	2009	2008
Equity ratio	84.1%	83.4%
Equity per share at the end of period - basic, SEK	1.39	1.73
Equity per share at the end of period - diluted, SEK	1.39	1.72

Accounting and valuation principles

This interim report has been prepared in accordance with International Accounting Standards (IAS) 34 for interim reports and International Financial Reporting Standards IFRS as adopted by the EU. The accounting and valuation principles applied are unchanged compared to those applied in the Annual Report for 2008, except for the amended IAS 1 *Presentation of financial statements*. The revised IAS 1 has been applied by the Group as from January 1, 2009, with additional information regarding comprehensive income specified as a separate statement in conjunction with the consolidated income statement, and the statement of changes in equity containing solely transactions with the equity holders. A number of new or updated accounting standards and interpretations are applicable for financial years beginning January 1, 2009 or later. These accounting standards and interpretations are deemed not to have a significant impact on the consolidated financial statements other than presentational or disclosures presented in the reports. In addition, there are certain accounting standards and interpretations that are not relevant to Karo Bio.

Amounts are expressed in KSEK (thousands of Swedish Kronor) unless otherwise indicated. MSEK is an abbreviation for millions of Swedish Kronor. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year.

Scheduled releases of financial information

- Annual Report 2009 April 2010
- Interim report January-March 2010 April 22, 2010
- Annual General Meeting April 23, 2010
- Interim report April-June 2010 July 13, 2010
- Interim report July-September 2010 October 21, 2010

Financial reports, press releases and other information are available on Karo Bio's website www.karobio.com. It is also possible to download and subscribe to Karo Bio's financial reports and press releases on the website at www.karobio.com/finance. Financial reports are available on the website upon release.

Legal disclaimer

This financial report includes statements that are forward looking and actual results may differ materially from those stated. In addition to the factors discussed, among other factors that may affect results are development within research programs, including development in pre-clinical and clinical trials, the impact of competing research programs, the effect of economic conditions, the effectiveness of the Company's intellectual property rights and preclusions of potential third party's intellectual property rights, technological development, exchange rate and interest rate fluctuations, and political risks.

Huddinge, February 9, 2010

The Board of Directors

This report has not been subject to review by the Company's auditors.

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The information is of a nature that Karo Bio shall need to disclose according to the Securities Market Act. The information was disclosed on February 9, 2010, at 08.30 am