

Hope

BioMS Medical Corp. Annual Review 2007

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has a plan.

UNMET NEED

Of approximately 2.5 million Multiple Sclerosis (MS) patients worldwide, it is estimated that 40 – 45% have Secondary Progressive MS (SPMS). Currently, few treatments are available for SPMS.

BLOCKBUSTER OPPORTUNITY

MBP8298 is a synthetic peptide designed for MS patients, which is intravenously injected every six months. Past trials have demonstrated potential for MBP8298 to delay disease progression in MS patients.

Our objective since day one has been to improve the quality of life for MS patients around the globe. 2007 brought us several critical steps closer to fulfilling our commitment.

BioMS Medical is a biotechnology company engaged in the development and commercialization of novel therapeutic technologies with emphasis on the treatment of MS.

MBP8298 CLINICAL TRIALS

Internationally renowned neurologists are currently participating in MBP8298 trials at more than 135 clinical sites worldwide. Clinical programs involved to date:

MAESTRO-01:

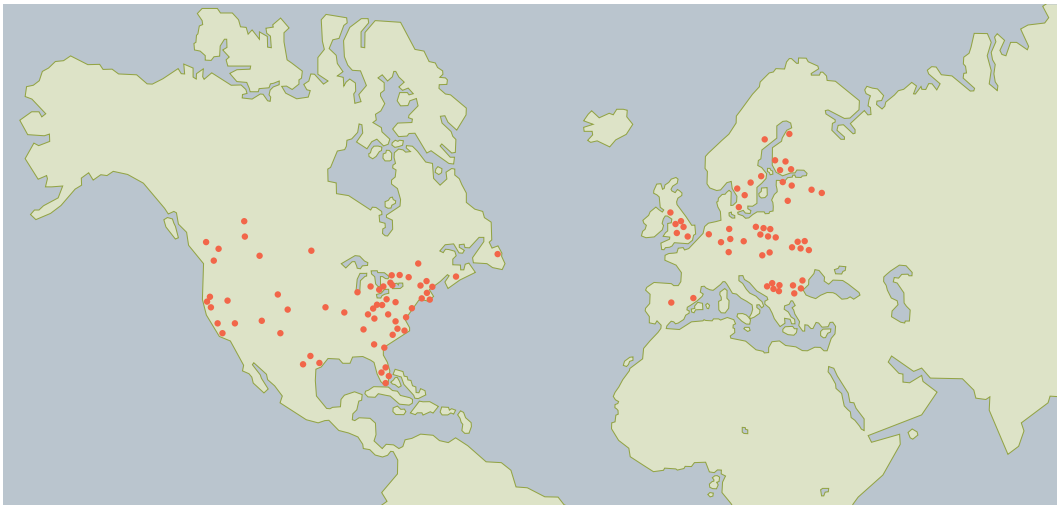
- > Phase III SPMS trial
- > Geographic Locations: Canada and Europe
- > Fully enrolled with 611 patients
- > 47 sites in 10 countries

MAESTRO-03:

- > Phase III SPMS trial
- > Geographic Location: United States
- > More than 65 sites will be participating with 510 patients

MINDSET-01:

- > Phase II Relapsing-remitting MS (RRMS) trial
- > Geographic location: Europe
- > Fully enrolled with 218 patients
- > 24 sites in 6 countries



UNPRECEDENTED LICENSING DEAL

December 17, 2007, BioMS Medical announced a licensing and development agreement with Eli Lilly and Company:

- > Lilly is granted exclusive worldwide rights to MBP8298
- > BioMS and Lilly will collaborate on the development of MBP8298
- > Lilly will be responsible for future research and development, manufacturing and marketing activities
- > BioMS receives
 - up front payment of US\$87 million
 - sales and development milestones of up to US\$410 million
 - escalating royalties on sales if MBP8298 is successfully commercialized

The global alliance with Lilly was one of the largest licensing deals in Canadian biotech history.

*BioMS Medical is a publicly traded company on the Toronto Stock Exchange
(Symbol: MS) www.biomsmedical.com*

KEY CLINICAL DEVELOPMENTS IN 2007

MAESTRO-01

- > Completed patient recruitment in Canada and Europe
- > Received two positive Data Safety Monitoring Board (DSMB) reviews in 2007 (plus six other positive reviews in prior years)
- > Interim analysis is expected in mid 2008 from the first 200 patients enrolled (having completed the 24 months of treatment)

MAESTRO-02

- > Initiated follow-on, open-label trial: eligible patients who have successfully completed the blinded, placebo controlled MAESTRO-01 trial, may choose to receive MBP8298 on an un-blinded basis

MAESTRO-03

- > Received clearance by the FDA to initiate US pivotal phase III trial in January 2007
- > Announced lead investigator
- > Initiated enrolment in June 2007
- > Achieved enrolment milestone in November 2007 (more than 133 patients enrolled – an interim safety and efficacy analysis on these patients can be performed when they have completed 24 months of the clinical trial)
- > Positive DSMB review in December 2007
- > Full enrolment target mid-2008

MINDSET-01

- > Completed patient recruitment
- > Two positive DSMB reviews in 2007
- > Completion of trial end of 2008
- > Expected results in early 2009

Colin Minor

DIAGNOSED WITH MS IN 1995

“I worked at a rehab hospital during university so when I was diagnosed with MS I knew what to expect... I had seen my future. Our five daughters were between 6 and 15 at the time, but I remained optimistic. You can't let the disease control your life. I used to work long hours, now I've adjusted my lifestyle to accommodate my energy level. Some days I take a power nap to re-energize. Mobility is independence – short distances I walk, otherwise I take my scooter. You have to stay healthy, you can't get colds, so I dress warmly, look after myself, watch my diet. I have a wonderful wife, great children and good friendships... we travel, go out to dinner and theatre. You don't have to look far to find someone worse off than me.”

BioMS remains on track to receive Interim Analysis in 2008 when the first 200 patients enrolled in the MAESTRO-01 clinical trial have completed 24 months of treatment.

Hope has a plan.



MS is a progressive disease of the nervous system for which there is no cure.

MS is the result of damage to myelin, a protective sheath surrounding the nerve fibres. Inflammation, damage and ultimate loss of myelin interferes with messages to and from the brain, which affects many functions of the body.

THERE ARE SEVERAL TYPES OF MS

Relapsing Remitting (RRMS): Patients experience clearly defined flare-ups (or attacks) which are followed by partial or complete recovery periods.

Secondary Progressive (SPMS): Patients experience an initial period of RRMS, followed by a steadily worsening disease course.

Primary Progressive (PPMS): Patients experience a slow but nearly continuous worsening of their disease from the onset of diagnosis.

Glenna Horn

DIAGNOSED WITH MS IN 1982

“I was diagnosed while pregnant with our first child. It was unfortunate having MS so young, but God’s faithfulness and unfailing love has seen me through and He continues to give me strength during difficult times. Also, through the years, I have had amazing support from my husband, family, friends and my medical team. I’ve learned that you don’t worry about what you can’t do, you concentrate on what you can do. I’m able to take care of our home and children, do the farm books and help out at school and the church. You have to be proactive – I do physical therapy, eat well, use a wheelchair if necessary, and have hand controls on my van. I have had to delegate chores to the kids, but I think my MS has given them a better work ethic, made them more independent. Although I used to be a perfectionist, now I’ve learned to let some things go and spend more time with my husband and family instead.”



POSITIVE RESULTS of phase II and long-term follow-up treatment of MS patients with MBP8298, published in 2006 in the *European Journal of Neurology*, showed that MBP8298 safely delayed median time to disease progression for five years in progressive MS patients with HLA-DR2 and/or HLA-DR4 immune response genes. Thus, MBP8298 has the potential to be used as a tailored therapy for patients genetically determined to express the appropriate HLA gene.

THE MARKET POTENTIAL for treating MS is estimated to be upwards of \$10 billion. The lack of effective treatments for SPMS creates an epic market opportunity for BioMS Medical.

“Lilly’s well established leadership in the neurology arena and considerable resources, expertise and proven ability to launch first-in-class drugs will help MBP8298 to realize its full development and commercial potential.” *Kevin Giese, President and CEO BioMS Medical Corp.*

Hazel Bowness

DIAGNOSED WITH MS IN 1982

“I was lucky, I was diagnosed when I was 48, and our kids were adults. That took a lot of the worry away from me. And here I am 26 years later watching my grandchildren growing up so you won’t catch me complaining! Everyone has to overcome adversity... this was mine. The toughest thing was that I used to love to walk – I’d walk for miles and miles. As the disease gradually worsened I lost a lot of my mobility. If my husband and my family hadn’t been so supportive, it would have been devastating. I keep busy. I do most of my own housework, but it can take a lot of effort just to walk to the kitchen. What you really lack is energy. You have to rest and take care of yourself, that’s important. I hope that down the road something will come along to turn this disease around.”

MBP8298 has been administered to MS patients through earlier clinical trials for more than 12 years and has more than 650 combined patient years of treatment experience. No clinically relevant side effects have been observed.

There has never been a more optimistic time for patients with secondary progressive MS.

Hope has a plan.



Chairman's and President's Message

Dear Shareholders,

The underlying research that led to the discovery of our MS drug MBP8298 began almost thirty years ago with inventors Dr. Ken Warren and Ingrid Catz at the University of Alberta. We personally first became aware of MBP8298 in the mid 1990's, when we saw the potential and dramatic benefit it could have on patients with multiple sclerosis. Our objective since that day has been to improve the quality of life for MS patients around the globe, and the exciting developments of 2007 have brought us several critical steps closer to fulfilling that goal.

At the start of 2007, we completed patient recruitment for MAESTRO-01, our pivotal phase II/III clinical trial of MBP8298, enrolling 611 patients with secondary progressive MS in Canada and Europe. An interim analysis on the first 200 patients in this trial is expected in mid-2008, with final results expected in 2009. Around this same time, we received clearance from the U.S. Food and Drug Administration to conduct MAESTRO-03, a pivotal phase III clinical trial with MBP8298 for U.S. patients with secondary progressive MS, an accomplishment that considerably enhanced the profile of our drug.

This trial started enrolling patients in June 2007 with overwhelming enthusiasm and support from the MS community. By November, 2007, 133 patients had been enrolled in the trial and an interim safety and efficacy analysis on these patients is being targeted for the first part of 2010. To date, more than 50 percent of the required 510 patients have been enrolled in MAESTRO-03 and we expect to complete enrollment later in 2008.

During 2007, we also completed enrollment in under six months of 218 patients in MINDSET-01, a phase II trial in Europe for relapsing-remitting MS patients. Our drug has shown the potential to delay disease progression in secondary

progressive MS patients; however, we believe the equally large relapsing-remitting MS population could also benefit from the effects of our drug, compelling us to evaluate this potential.

While our team was executing this program of clinical activity, we also dedicated energy and efforts in 2007 to partnering discussions, culminating in our December announcement of one of the largest drug licensing deals in Canadian history. Our agreement with Eli Lilly and Company provided BioMS with the considerable resources, expertise and Lilly's proven ability to launch first-in-class drugs that we believe will help MBP8298 realize its full development and commercial potential. We feel very fortunate to have attracted a partner of this caliber and look forward to working with Lilly to bring MBP8298 to market.

Despite the tremendous accomplishments we have achieved to date, we must temper our enthusiasm. Our most pivotal milestones are just in front of us over the next 24 months. BioMS Medical was founded with the mission to deliver an effective and safe treatment to people with multiple sclerosis. With this vision to drive us, we can only look with confident optimism at the events that lie ahead. We thank you all – BioMS employees, partners, shareholders – for sharing this vision with us. Hope has a plan.

Sincerely,



Clifford Giese
Chairman of the Board



Kevin Giese
President and Chief Executive Officer

Corporate Information

BOARD OF DIRECTORS

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Chairman

Kevin Giese
President & Chief Executive Officer

Dr. Kjell Stenberg
Chief Operating Officer

Laine Woollard
Lead Director

Dr. John Wetherell
Director

W.D. Grace
Director

Gordon Politeski
Director

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Chairman

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President & Chief Executive Officer

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Chief Operating Officer

Don Kimak
Chief Financial Officer

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*Executive Vice President
Corporate Affairs*

Dr. Leopold Arfors
Vice President Clinical Affairs

Richard Brown
Vice President Commercial Development

Dr. Tony Verco
Vice President Drug Development

Mark Krantz, Ph.D.
Vice President Scientific Affairs

Randy Stroud
Vice President Regulatory Affairs

L.Z. Ferenczi
Vice President Biostatistics

Ryan Giese
Vice President Corporate Communications

Michael Kennedy
Secretary

LEGAL COUNSEL

Anfield Sujir Kennedy & Durno

AUDITORS

PricewaterhouseCoopers LLP

REGISTRAR AND TRANSFER AGENT

Pacific Corporate Trust Company

EXCHANGE AND SYMBOL

BioMS is listed on the Toronto Stock Exchange (TSX) under the symbol “MS”

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ANNUAL GENERAL MEETING

Date: May 9, 2008

Time: 2:00 p.m.

Location: Delta Edmonton South
Hotel and Conference Centre
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This Annual Report may contain certain forward-looking statements that reflect the current views and/or expectations of BioMS Medical Corp. with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual results and events may vary significantly.

We are driven b
every human be
filled with prom

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by pain and fear,
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