BIOENVISION INC
Form 10KSB/A
June 29, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-KSB/A
(Amendment No.1)

(Mark One)
X Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934. For the fiscal year ended June 30, 2004.

OR

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number: 0-18299

BIOENVISION, INC.

(Name of Small Business Issuer in Its Charter)

Delaware	13-4025857
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
345 Park Avenue, 41st Floor New York, New York	10154
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 750-6700

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act: Common Stock, $0.001 par value

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes --- No X ---

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

The issuer's revenues for its most recent fiscal year were $3,102,214.

The aggregate market value of the voting stock held by non-affiliates computed by reference to the last price at which the stock was sold, as of June 1, 2005, was $243,457,109. The number of shares of common stock outstanding as of June 1, 2005 was 40,558,948.

Part III incorporates information by reference from the issuer's definitive proxy statement to be filed with the Commission within 120 days after the close of the registrant's fiscal year.

Transitional Small Business Disclosure Format (check one): Yes___ No X

EXPLANATORY NOTE

Bioenvision, Inc. is filing this amendment on Form 10-KSB/A to amend Part II Item 7, as more fully described in Note 9 to the Financial Statements contained herein, and the Exhibit Index of our Annual Report on Form 10-KSB for the year ended June 30, 2004, which was originally filed on September 24, 2004 (the "Form 10-KSB"). Unaffected items have not been repeated in this Amendment. This report still speaks as of the filing date of the Form 10-KSB and, except as expressly stated herein, no attempt has been made to update this report to reflect events occurring subsequent to the date of the initial filing date of the Form 10-KSB. All information contained in this Amendment is subject to updating and supplementing, as provided in our periodic reports filed with the Securities and Exchange Commission subsequent to the date of the filing of the Form 10-KSB.

PART II

Item 7. Financial Statements

The consolidated financial statements of Bioenvision, Inc. and its subsidiaries including the notes thereto and the report thereon, is presented beginning at page F-1.

Item 8a. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this annual report on Form 10-KSB. Based on this evaluation, except as set forth below, our principal executive officer and principal financial officer concluded that these disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the requisite time periods.

In connection with its review of the Company's consolidated financial statements for and as of the three month period ended March 31, 2004, Grant Thornton LLP ("Grant Thornton"), the Company's independent registered public accounting firm at that time, advised the Audit Committee and management of certain significant internal control deficiencies that they considered to be, in the aggregate, a material weakness, including, inadequate staffing and supervision leading to the

untimely identification and resolution of certain accounting matters; failure to perform timely reviews, substantiation and evaluation of certain general ledger account balances; lack of procedures or expertise needed to prepare all required disclosures; and evidence that employees lack the qualifications and training to fulfill their assigned functions. Grant Thornton indicated that they considered these deficiencies to be a material weakness as that term is defined under standards established by the American Institute of Certified Public Accountants. A material weakness is a significant deficiency in one or more of the internal control components that alone or in the aggregate precludes our internal control from reducing to an appropriately low level the risk that material misstatements in our financial statements will not be prevented or detected on a timely basis. The Company considered these matters in connection with the quarter end closing of accounts and preparation of related quarterly financial statements at and as of March 31, 2004 and determined that no prior period financial statements were materially affected by such matters.

In response to the observations made by Grant Thornton, the Company proceeded more expeditiously with its existing plan to enhance the Company's internal controls and procedures, which it believes addressed each of the matters raised by Grant Thornton.

Changes in Internal Controls

In May 2005, the Company appointed a Director of Financial Reporting who is involved with assisting the Controller with the administration of all accounting functions including Sarbanes-Oxley compliance, preparation of all monthly, quarterly and annual financial statements and further enhancements of the Company's internal controls. Our Director of Financial Reporting most recently served as a Supervising Senior Associate in the audit department of KPMG (New York office), an internationally recognized public accounting firm. In addition, in May 2005 the Company also added an Assistant Accountant to its UK office to assist with certain basic accounting and

bookkeeping responsibilities. Our Assistant Accountant most recently served as an Intercompany Accountant with Quintiles, an international pharmaceutical company.

Unless otherwise disclosed, we made no other change in our internal control over financial reporting during the quarter that materially affected or is reasonably likely to materially affect our internal control over financial reporting.

(a) Restatement.

In connection with the preparation and filing of our quarterly report on form 10-QSB for the three-month period ended March 31, 2005, our internal corporate staff identified errors with respect to our tax accounting treatment associated with the acquisition of Pathagon, Inc. which was consummated in February 2002. Our initial accounting concluded that the realization of our deferred tax assets related to the net operating losses and other deductible temporary differences existing at the acquisition date, and generated after the acquisition date, did not meet the "more likely than not" criteria and, as a result, a valuation allowance was established on the deferred tax assets of the Company. The Company subsequently determined that the deferred tax liability recorded in connection with the Pathagon acquisition creates taxable income as the taxable temporary differences reverse and, therefore, a portion of the valuation allowance previously established on our deferred tax assets was not required.

Management reported its findings to the Audit Committee of the Board of

Directors. After initial discussions with the Audit Committee, management reviewed these matters in further detail, and after completing its analysis on May 15, 2005, recommended to the Audit Committee that previously reported financial results be restated to reflect correction of these errors. The Audit Committee agreed with this recommendation. Pursuant to the recommendation of the Audit Committee, the Board of Directors determined at its meeting on May 15, 2005, that previously reported results be restated to correct the income tax treatment associated with the Pathagon acquisition.

(b) Evaluation of Disclosure Controls and Procedures

In connection with the restatement, under the direction of our Chief Executive Officer and Chief Financial Officer, we reevaluated our disclosure controls and procedures. We identified the following material weakness in our internal control over financial reporting with respect to accounting for income taxes associated with a purchase business combination:

- a failure to ensure the correct application of SFAS 109 in respect to purchase business combinations and failure to correct that error subsequently resulting from the lack of personnel knowledgeable in the accounting for income taxes.

Solely as a result of this material weakness, we concluded that our disclosure controls and procedures were not effective as of March 31, 2005.

(c) Remediation of Material Weakness in Internal Control

As of the date of this filing (June 29, 2005), we have taken the following measures to remediate the material weakness in our internal control over financial reporting with respect to accounting for income taxes that existed as of March 31, 2005. The remedial actions include:

- improving training, education and accounting reviews designed to ensure that all relevant personnel involved in income tax transactions understand and apply accounting in compliance with SFAS 109;

- hiring additional internal resources, including a Director of Financial Reporting, to perform internal control activities previously completed by outside consultants; and

- engaging an outside tax consultant to supplement our internal tax staff and enhance our internal controls over income tax accounting.

Additionally, we have tested our internal financial controls with respect to the corrected processes for evaluating and accounting for the deferred tax assets and liabilities in the preparation of its financial statements affected by the restatement to ensure compliance with SFAS 109.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of Bioenvision, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Bioenvision, Inc. and Subsidiaries as of June 30, 2004 and 2003 and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bioenvision, Inc. and Subsidiaries as of June 30, 2004 and 2003, and the consolidated results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 9, the June 30, 2004 and 2003 financial statements have been restated.

/s/ Grant Thornton LLP

GRANT THORNTON LLP
New York, New York
September 16, 2004 (except for paragraphs 13 and 14 of Note 1, and Note 9, as to which the date is May 27, 2005)

Bioenvision, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

ASSETS	June 30, 2004 Restated- See N
Current assets	
Cash and cash equivalents	$ 18,875,675
Restricted cash	290,000
Deferred costs	241,824
Accounts receivable	2,627,773
Other assets	253,311
Total current assets	22,288,583
Property and equipment, net	47,857
Deferred costs	3,651,471
Intangible assets, net	14,563,660
Goodwill	1,540,162
Security deposits	79,111
Other long term assets	-
Total assets	$ 42,170,844
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Accounts payable	$ 1,495,866
Accrued expenses	1,322,584
Accrued dividends payable	90,141
Deferred revenue	551,828
Total current liabilities	3,460,419
Deferred revenue	7,909,598
Deferred tax liability	-
Total liabilities	11,370,017
Stockholders' equity	
Convertible Preferred stock - $0.001 par value; 20,000,000 and 5,920,000 shares authorized and 3,341,666 and 5,916,666 shares issued and outstanding at June 30, 2004 and June 30, 2003, respectively (liquidation preference $10,024,998 and $17,749,998 at June 30, 2004 and June 30, 2003, respectively)	3,342
Common stock - $0.001 par value; 70,000,000 and 50,000,000 shares authorized and 28,316,163 and 17,122,739 shares issued and outstanding at June 30, 2004 and June 30, 2003, respectively	28,316
Additional paid-in capital	68,517,702
Deferred compensation	(223,990)
Accumulated deficit	(37,664,141)
Accumulated other comprehensive income	139,598

Stockholders' equity	30,800,827
Total liabilities and stockholders' equity	$ 42,170,844

The accompanying notes are an integral part of these financial statements.

Bioenvision, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

	Y
	2004 Restated- See N
License and royalty revenue	$ 1,187,212
Research and development contract revenue	1,915,002
Total revenue	3,102,214
Costs and expenses	
Research and development	4,882,574
Selling, general and administrative (includes stock based compensation expense of $3,491,252 and $1,812,894 for the twelve months ended June 30, 2004 and 2003, respectively.)	9,082,420
Depreciation and amortization	1,348,064
Total costs and expenses	15,313,058
Loss from operations	(12,210,844
Interest income (expense)	
Interest and finance charges	-
Interest income	99,763
Net loss before income tax benefit	(12,111,081
Income tax benefit	1,459,814
Net loss	(10,651,267

Cumulative preferred stock dividend	(856,776
Net loss available to common stockholders	$(11,508,043
Basic and diluted net loss per share of common stock	$ (0.57
Weighted-average shares used in computing basic and diluted net loss per share	20,257,482

The accompanying notes are an integral part of these financial statements.

Bioenvision, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred Stock		Common Stock		Additional Paid In	Deferred	Acc
	Shares	$	Shares	$	Capital	Compensation	D
Balance at June 30, 2002 - as reported	5,916,666	$5,917	16,887,786	$16,888	$45,491,554		$(2
Correction of an error (see Note 9)							
Balance at June 30, 2002 - as restated	5,916,666	5,917	16,887,786	16,888	45,491,554		(2
Net loss for the year-restated							(
Cumulative preferred stock dividend							
Shares issued to consultants for services			234,953	235	1,258,080		
Warrants issued in							

connection with services					182,350		
Repricing of options					372,465		
Balance at June 30, 2003 - restated	5,916,666	5,917	17,122,739	17,123	47,304,449		$(2
Net loss for the year - restated							(1
Cumulative preferred stock dividend							
Currency translation adjustment							
Deferred compensation						$ (223,990)	
Shares issued in connection with private placement			2,602,898	2,603	16,265,495		
Costs related to private placement					(1,301,035)		
Preferred stock converted to common stock	(2,575,000)	(2,575)	5,150,000	5,150	(2,575)		
Expense related to repricing of options					2,381,066		
Cashless exercises of options to shares			2,122,682	2,122	(2,122)		
Warrants issued in connection with services					671,601		
Shares issued to consultants for services			14,510	15	305,972		
Shares issued to employee			20,000	20	28,380		
Options issued in connection with services					93,987		
Options issued to employees					262,601		
Shares issued from warrant conversions			1,283,334	1,283	2,509,883		
Balance at June 30, 2004 - restated	3,341,666	$3,342	28,316,163	$28,316	$68,517,702	$ (223,990)	$(3

The accompanying notes are an integral part of this financial statement.

Bioenvision, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Ye J
	2004
	Restated- See Note 9
Cash flows from operating activities	
Net loss	$ (10,651,267)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation and amortization	1,348,064
Deferred tax benefit	(1,459,814)
Compensation costs-shares and warrants issued to non-employees	1,071,575
Compensation costs-re-pricing of options	2,381,066
Compensation costs-options issued to employees	38,611
Changes in assets and liabilities	
Deferred costs	(3,645,631)
Deferred revenue	7,223,105
Accounts payable	1,084,474
Other current assets	(147,335)
Other long term assets	126,870
Accounts receivable	(2,602,773)
Security deposits	
Other accrued expenses and liabilities	591,862
Net cash used in operating activities	(4,641,193)
Cash flows from investing activities	
Purchase of intangible assets	(112,580)
Capital expenditures	(18,337)
Restricted cash	-
Net cash used in investing activities	(130,917)
Cash flows from financing activities	
Proceeds from issuance of common stock	14,967,064
Proceeds from exercise of options, warrants and other convertible securities	2,539,565
Cash dividend paid	(1,775,782)

Net cash provided by financing activities	15,730,847
Effect of exchange rate on cash	(12,748)
Net increase (decrease) in cash and cash equivalents	10,945,989
Cash and cash equivalents, beginning of year	7,929,686
Cash and cash equivalents, end of year	$ 18,875,675

The accompanying notes are an integral part of these financial statements.

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

Note 1 - Organization and significant accounting policies

Description of business

Bioenvision, Inc. ("Bioenvision" or the "Company") is an emerging biopharmaceutical company whose primary business focus is the acquisition, development and distribution of drugs to treat cancer. The Company has a broad range of products and technologies under development, but its two lead drugs are clofarabine and Modrenal(R). Modrenal(R) is approved for marketing in the U.K. for advanced breast cancer. The Company's plan is to bring Modrenal(R) into the U.S. to perform further clinical trials and to access the U.S. market. Most of the Company's other drugs are now in clinical trials in various stages of development.

The Company was incorporated as Express Finance, Inc. under the laws of the State of Delaware on August 16, 1996, and changed its name to Ascot Group, Inc. in August 1998 and further to Bioenvision, Inc. in December 1998.

On February 1, 2002, the Company completed the acquisition of Pathagon Inc. ("Pathagon"), a privately held company focused on the development of novel anti-infective products and technologies. Pathagon's principal products are OLIGON(R) and methylene blue. Affiliates of SCO Capital Partners LLC, the Company's financial advisor and consultant, owned 82% of Pathagon prior to the acquisition. The Company acquired 100% of the outstanding shares of Pathagon in exchange for 7,000,000 shares of the Company's common stock. The acquisition has been accounted for as a purchase business combination in accordance with SFAS 141.

Basis of presentation

Prior to the acquisition of Pathagon and the May 2002 private placement in which the Company raised gross proceeds of $17.7 million (see Note 6), the Company devoted most of its efforts to establishing a new business (raising capital, research and development, etc.) and had been a development stage enterprise. Management believes they now have the financial resources to market some of the

Company's late-stage products which can lead to significant revenues from royalty payments and drug sales. Accordingly, effective June 30, 2002, the financial statements do not reflect the required disclosure for a Development Stage Enterprise.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Inter-company accounts and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences may be material to the financial statements.

Note 1 - Organization and significant accounting policies - continued

Revenue Recognition

In accordance with SEC Staff Accounting Bulletin No. 104, upfront nonrefundable fees associated with research and development collaboration agreements where the Company has continuing involvement in the agreement, are recorded as deferred revenue and recognized over the estimated research and development period using the straight-line method. If the estimated period is subsequently modified, the period over which the up-front fee is recognized is modified accordingly on a prospective basis using the straight-line method. Revenues from the achievement of research and development milestones, which represent the achievement of a significant step in the research and development process, are recognized when and if the milestones are achieved. Continuation of certain contracts and grants are dependent upon the Company and/or its co-development partners' achieving specific contractual milestones; however, none of the payments received to date are refundable regardless of the outcome of the project.

Upfront nonrefundable fees associated with licensing arrangements are recorded as deferred revenue and recognized over the licensing arrangement using the straight line method, which approximates the life of the patent.

In May 2003, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). EITF 00-21 provides guidance on how to determine when an arrangement that involves multiple revenue-generating activities or deliverables should be divided into separate units of accounting for revenue recognition purposes, and if this division is required, how the arrangement consideration should be allocated among the separate units of accounting. The guidance in the consensus is effective for revenue arrangements entered into in quarters beginning after June 15, 2003. The adoption of EITF 00-21 did not impact the Company's consolidated financial position or results of operations, but could affect the

timing or pattern of revenue recognition for future collaborative research and/or license agreements.

Research and development

Research and development costs are charged to expense as incurred.

Stock based compensation

At June 30, 2004, the Company has stock based compensation plans which are described more fully in Note 6. As permitted by SFAS No. 123, "Accounting for Stock Based Compensation", the Company accounts for stock based compensation arrangements with employees in accordance with provisions of Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees". Compensation expense for stock options issued to employees is based on the difference on the date of grant, between the fair value of the Company's stock and the exercise price of the option. For year ended June 30, 2004, the Company recognized stock based employee compensation cost of $2,381,066 as a result of the re-pricing of 380,000 options granted to an employee pursuant to the terms of his Employment Agreement (see Note 9). The Company also recognized a compensation expense of $38,611 for the year ended June 30, 2004 as a result of 505,000 options granted to certain employees on January 20, 2004.

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of SFAS 123 and Emerging Issues Task Force no. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services," as amended by EITF 00-27. Under EITF No. 96-18, where the fair value of the equity instrument is more reliably measurable than the fair value of services received, such services will be valued based on the fair value of the equity instrument. The Company expects to continue applying the provisions of APB 25 for equity issuances to employees.

Note 1 - Organization and significant accounting policies - continued

The following table illustrates the effect on net loss and loss per share as if the fair value based method had been applied to all outstanding and unvested awards in each period.

	Year Ende
	2004
Net loss available to common stockholders, as reported - as restated	$(11,508,043)
Add: Stock based employee compensation expense included in reported net loss, net of tax effects	2,419,677
Deduct: Total stock based employee compensation expense determined under fair value based method	

for all awards, net of related tax effects - as restated	(861,297)
Pro forma net loss available to common stockholders - as restated	$ (9,949,663)
Loss per share	
Basic and diluted - as reported - as restated	$ (0.57)
Basic and diluted - pro forma - as restated	$ (0.49)

During 2005, the Company corrected an error on the pro-forma stock based compensation disclosures required under SFAS 123 determined under fair value based method in the table above. The Company originally did not calculate the incremental stock based compensation relating to the re-pricing of an officer's options in accordance with SFAS 123. This has decreased such amounts previously reported in the proforma net loss for the years ended June 30, 2004 and June 30, 2003 by $412,000 and $0, respectively.

The fair value of options at the date of grant was established using the Black-Scholes model with the following weighted average assumptions:

	2004	2003
Expected average life (years)	3.5	4.00
Risk free interest rate	2.35%	3.00%
Expected volatility	80%	80%
Expected dividend yield	0.00	0.00

Income taxes

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109). Under FAS 109, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. The Company records a valuation allowance for certain temporary differences for which it is more likely than not that it will not receive future tax benefits.

Note 1 - Organization and significant accounting policies - continued

Net loss per share

Basic net loss per share is computed using the weighted average number of common shares outstanding during the periods. Diluted net loss per share is computed using the weighted average number of common shares and potentially dilutive

common shares outstanding during the periods. Options and warrants to purchase 13,674,242 and 15,749,543 shares of common stock have not been included in the calculation of net loss per share for the years ended June 30, 2004 and 2003, respectively, as their effect would have been anti-dilutive.

Foreign currency translation

Through June 30, 2001, the functional currency of the Company was the Pound Sterling and its reporting currency was the United States dollar. Translation adjustments arising from differences in exchange rates from these transactions were reported as accumulated other comprehensive income in stockholders' equity (deficit). Effective July 1, 2001, the functional and reporting currency is the United States dollar. The functional currency of Bioenvision Limited, the Company's wholly-owned subsidiary with offices in Edinburgh, Scotland, is the Pound Sterling.

Cash and cash equivalents

The Company considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. The Company invests all its funds with a single financial institution which provides for FDIC insurance of $100,000. The Company has invested $13 million in certificates of deposit which bear interest at a rate of 1.34% per annum, all of which will come due in December 2004. All funds invested in the Certificate of Deposit may be withdrawn at any time without penalty and therefore are classified as cash equivalents.

Accounts Receivable

Accounts receivable are concentrated in that of the approximately $2,628,000 of accounts receivable, $2,244,000 (85%) are due from ILEX and an additional $334,000 (13%) are due from Stegram Pharmaceuticals. To limit credit risk, the Company periodically evaluates the financial condition and payment history of each of these parties.

Advertising costs

Costs related to advertising and other promotional expenditures are expensed as incurred.

Deferred costs

Deferred costs represent royalty payments that became due and payable to SRI and to Stegram Pharmaceutical Ltd, which relate to milestone payments received in connection with the Ilex Co-Development Agreement and the Dechra Sub-License Agreement, respectively. These costs have been presented together with research and development costs on the statement of operations for the years ended June 30, 2004 and 2003.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Property and equipment are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 7 years.

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

Note 1 - Organization and significant accounting policies - continued

Fair Value of Financial Instruments

The Company has estimated the fair value of financial instruments using available market information and other valuation methodologies in accordance with Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments." Management of the Company believes that the fair value of financial instruments, consisting of cash, accounts receivable, accounts payable and accrued liabilities, approximates carrying value due to the immediate or short-term maturity associated with these instruments.

Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over the fair value of identifiable net assets of Pathagon. Intangible assets include patents and licensing rights acquired in connection with the acquisition of Pathagon. The Company accounts for these assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, Accounting for Impairment or Disposal of Long-Lived Assets ("SFAS No. 144"). The Company does not have any intangible assets with an indefinite useful life.

Long-Lived Assets

The Company adopted the provisions of SFAS No. 144 on July 1, 2003. In accordance with SFAS No. 144, long-lived assets, such as property and equipment and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Prior to the adoption of SFAS No. 144, the Company accounted for long-lived assets in accordance with SFAS No. 121, Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of.

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 2 - Acquisition of Pathagon

On February 1, 2002, the Company completed the acquisition of Pathagon. The acquisition was accounted for as a purchase business combination in accordance with SFAS 141. The Company issued 7,000,000 shares of common stock to complete the acquisition, which was valued at $12,600,000 based on the 5-day average trading price of the stock ($1.80) surrounding November 22, 2001, the day of the Company's announcement of the agreed upon acquisition. The acquired patents and licensing rights of OLIGON(R) and methylene blue (collectively referred to as "Purchased Technologies"), were recorded at their fair market value which was approximately $17,576,000. The patent and licensing rights acquired are being amortized over 13 years, which is the estimated remaining contractual life of these assets. Since the estimated fair value of the Purchased Technologies was at least equal to the amount paid, the purchase price, net of assumed liabilities, was allocated to Purchased Technologies. The transaction qualified as a tax-free merger which resulted in a difference between the tax basis value of the assets acquired and the fair market value of the patents and licensing rights. As a result, a deferred tax liability was recorded for approximately $7,909,000. The purchase price exceeded the fair market value of the net assets acquired resulting in the recording of Goodwill of $2,341,000. The Company recorded a charge to goodwill of $801,395 for fiscal year ended June 30, 2003 as a result of a change in tax rates used to compute the deferred tax liability arising as a result of this acquisition. Pathagon had no operations other than holding the patents and licenses acquired. As Pathagon had no operations, its pro-forma financials would not be meaningful and thus are not presented.

The Company now has the worldwide rights to the use of thiazine dyes, including methylene blue, for in vitro and in vivo inactivation of pathogens in biological fluids. Methylene blue is one of only two compounds used commercially to inactivate pathogens in blood products, and is currently used in many European countries to inactivate pathogens in fresh frozen plasma. The Company believes that, as a result of the mechanism of action of its proprietary technology, its systems also have the potential to inactivate many new pathogens before they are identified and before tests have been developed to detect their presence in the blood supply. Because the Company's systems are being designed to inactivate rather than merely test for pathogens, the Company's systems also have the potential to reduce the risk of transmission of pathogens that would remain undetected by testing.

The OLIGON(R) technology is a patented anti-microbial technology that can be incorporated into the manufacturing process of many implantable devices. The patented process, involving two dissimilar metals (silver and platinum) creates an electrochemical reaction that releases silver ions that destroy bacteria, fungi and other pathogens. The Company intends to commercialize the technology in partnership with leading medical devices manufacturers.

On May 6, 1997, Baxter Healthcare Corporation acting through its Edwards Clinical-Care Division ("Edwards") entered into an Exclusive License Agreement with Implemed, Inc. ("Implemed"), a predecessor in interest to the Pathagon and, by virtue of the acquisition of Pathagon, a predecessor in interest to the Company. Pursuant to the terms of the License Agreement, among other things, Edwards licensed certain intellectual property technology relating to the manufacture of anti-microbial polymers from Implemed.

On May 7, 2002, the Company executed an amendment to the original license agreement between Oklahoma Medical Research Foundation ("OMRF") and Bridge Therapeutic Products, Inc. ("BTP"), a predecessor of Pathagon, relating to the licensing of methylene blue. Under the terms of the amendment, OMRF agreed to the assignment of the original license agreement by BTP to Pathagon. Pursuant to the amendment, the Company paid OMRF $100,000 and issued 200,000 shares of the Company's common stock and a five-year warrant to purchase an additional 200,000 shares of common stock. The exercise price of the warrant is $2.33 per share, subject to adjustment. The Company capitalized the costs of approximately $1,145,600 related to this amendment as an intangible asset and will amortize

this asset over the remaining life of the methylene blue license agreement.

NOTE 3 - Intangible Assets

Intangible assets consist of the following:	June 30, 2004	June 30, 2003
Patents and licensing rights	$ 17,757,101	$ 17,644,521
Less: accumulated amortization	(3,193,441)	(1,865,122)
	$ 14,563,660	$ 15,779,399

Amortization of patents and licensing rights amounted to $1,328,318 and $1,334,241 for the years ended June 30, 2004 and June 30, 2003, respectively. Other intangible assets are recorded at cost and amortized over periods generally ranging from 10-20 years. Amortization for each of the next five fiscal years will amount to approximately $1,355,000 annually.

NOTE 4 - License and Co-Development Agreements

Clofarabine

We have a license from Southern Research Institute ("SRI"), Birmingham, Alabama, to develop and market purine nucleoside analogs which, based on third-party studies conducted to date, may be effective in the treatment of leukemia and lymphoma. The lead compound of these purine-based nucleosides is known as clofarabine. Under the terms of the agreement with SRI, we were granted the exclusive worldwide license, excluding Japan and Southeast Asia, to make, use and sell products derived from the technology for a term expiring on the date of expiration of the last patent covered by the license (subject to earlier termination under certain circumstances), and to utilize technical information related to the technology to obtain patent and other proprietary rights to products developed by us and by SRI from the technology. We plan to develop clofarabine initially for the treatment of leukemia and lymphoma and to study its potential role in treatment of solid tumors.

In August 2003, SRI granted us an irrevocable, exclusive option to make, use and sell products derived from the technology in Japan and Southeast Asia. We intend to convert the option to a license upon sourcing an appropriate co-marketing partner to develop these rights in such territory.

To facilitate the development of clofarabine, we entered into a co-development agreement with ILEX Oncology, Inc. ("ILEX") in March 2001. Under the terms of the co-development agreement, ILEX is required to pay all development costs in the United States and Canada, and 50% of approved development costs worldwide outside the U.S. and Canada (excluding Japan and Southeast Asia). ILEX is responsible for conducting all clinical trials and the filing and prosecution of applications with applicable regulatory authorities in the United States and Canada. The Company retains the right to handle those matters in all territories outside the United States and Canada (excluding Japan and Southeast Asia). The Company retained the exclusive manufacturing and distribution rights in Europe and elsewhere worldwide, except for the United States, Canada, Japan and

Southeast Asia. Under the co-development agreement, ILEX will have certain rights if it performs its development obligations in accordance with that agreement. The Company would be required to pay ILEX a royalty on sales outside the U.S., Canada, Japan and Southeast Asia. In turn, ILEX, which would have U.S. and Canadian distribution rights, would pay the Company a royalty on sales in the U.S. and Canada. In addition, the Company is entitled to certain milestone payments. Under the terms of the co-development agreement, ILEX also pays royalties to Southern Research Institute based on certain milestones. The Company also is obligated to milestones and royalties to Southern Research Institute in respect to clofarabine.

Note 4 - License and Co-Development Agreements - continued

The Company received a nonrefundable upfront payment of $1.35 million when it entered into the co-development agreement with ILEX and received an additional $3.5 million in December 2003 when it converted ILEX's option to market clofarabine in the U.S. into a sublicense. The Company received an additional $2 million in April 2004 upon ILEX's filing the New Drug Application for clofarabine with FDA and the Company expects to receive an additional $2 million from ILEX in October 2004 in connection with the achievement of the NDA filing. The Company deferred the upfront payment and recognized revenues ratably, on a straight-line basis over the related service period, through December 2002. The Company has deferred the milestone payments received to date and recognizes revenues ratably, on a straight line basis over the related service period, through March 2021. For the years ended June 30, 2004 and 2003, respectively, the Company recognized revenues of approximately $161,000 and $370,000 in connection with the upfront and milestone payments received to date.

Deferred costs include royalty payments that became due and payable to SRI upon the Company's execution of the co-development agreement with Ilex Oncology. The Company defers all royalty payments made to SRI and recognizes these costs ratably, on a straight-line basis concurrent with revenue that is recognized in connection with research and development costs including approximately $81,000 and $207,000 for the years ended June 30, 2004 and 2003, respectively, related to such charges.

Modrenal(R)

The Company holds an exclusive license, until the expiration of existing and new patents related to Modrenal(R), to market Modrenal(R) in major international territories, and an agreement with a United Kingdom company to co-develop Modrenal(R) for other therapeutic indications. Management believes that Modrenal(R) currently is manufactured by third-party contractors in accordance with good manufacturing practices. The Company has no plans to establish its own manufacturing facility for Modrenal(R), but will continue to use third-party contractors.

The Company received a nonrefundable upfront payment of $1.25 million when it entered into the License and Sublicense Agreement with Dechra Pharmaceuticals in May 2003. The Company deferred the upfront payment and recognizes revenues ratably, on a straight-line basis over the related service period, through May 2014. The Company recognized revenues of approximately $114,000 and $12,000 in connection with the upfront payment from Dechra for the years ended June 30,

2004 and 2003, respectively.

Deferred costs include royalty payments that became due and payable to Stegram Pharmaceuticals Ltd. upon the Company's execution of the License and Sub-License Agreement with Stegram in May 2003. The Company defers all royalty payments made to Stegram and recognizes these costs ratably, on a straight-line basis concurrent with revenue that is recognized in connection with the Dechra agreement. Research and Development costs include approximately $23,000 and $2,000 for the years ended June 30, 2004 and 2003, respectively.

Anti-Estrogen Prostate. We received Institutional Review Board approval from the Dana Faber Cancer Institute for a Phase II study of trilostane for the treatment of androgen independent prostate cancer. The study is being conducted by The Dana Faber Cancer Institute and commenced in July 2004.

Operational Developments

In June 2003, we entered into a supply agreement with Ferro-Pfanstiehl Laboratories ("Ferro"), pursuant to which Ferro has agreed to manufacture and supply 100% of Bioenvision's global requirements for clofarabine-API. Subject to certain circumstances, this agreement will expire on the fifth anniversary date of the first regulatory approval of clofarabine drug product.

In June 2003, the Company entered into a development agreement with Ferro, pursuant to which Ferro agreed to perform certain development activities to scale up, develop, finalize, and supply CTM and GMP supplier qualifications of the API- clofarabine. Subject to certain circumstances, this agreement expires upon the completion of the development program. The development agreement is milestone based and payments are to be paid upon completion of each milestone. If Ferro has not completed the development agreement by December 2007, the development agreement will automatically terminate without further action by either party.

Note 4 - License and Co-Development Agreements - continued

In May 2003, we entered into a sub-license agreement with Dechra, pursuant to which Dechra has been granted a sub-license for all of Bioenvision's rights and entitlements to market and distribute Modrenal(R) in the United States and Canada solely in connection with animal health applications. Subject to certain circumstances, this agreement expires upon expiration of the last patent related to Modrenal(R) or the completion of the last royalty set forth in the agreement. Through June 30, 2003, we have recognized deferred revenue and deferred costs related to this agreement as described below in this Note 4. The Company received an upfront non-refundable payment of $1.25 million upon execution of this agreement and may receive up to an additional $3.75 million upon the achievement by Dechra of certain milestones set forth in the agreement.

In May 2003, we entered into a master services agreement with Penn-Pharmaceutical Services Limited ("Penn"), pursuant to which Penn has agreed to label, package and distribute clofarabine on behalf of and at our request. The services to be performed by Penn also include regulatory support and the manufacture, quality control, packaging and distribution of proprietary medicinal products including clinical trials supplies and samples Subject to

certain circumstances, the term of this agreement is twelve months and renews for subsequent twelve month periods unless either party tenders notice of termination upon no less than three month prior written notice.

In April 2003, we entered into an exclusive license agreement with CLL-Pharma ("CLL"), pursuant to which CLL has agreed to perform certain development works and studies to create a new formulation of Modrenal(R). CLL intends to use its proprietary MIDDS.-patented technology to perform this service on behalf of the Company. This new formulation, once in hand, will allow the Company to apply for necessary authorization, as required by applicable European health authorities, to sell Modrenal(R) throughout Europe. Through June 30, 2003, the Company paid an advance of $175,000 related to development services to be provided by CLL over an eighteen month period, which advance was initially recorded as a prepaid development cost by the Company.

Note 5 - Income taxes

The components of the income tax benefit, as restated - refer to Note 9, are as follows:

	June 30,	
	2004	2003
Current:		
Federal	$ --	$ --
State	--	--
Deferred:		
Federal	$(1,099,000)	(1,593,000)
State	(361,000)	(524,000)
	(1,460,000)	(2,117,000)
Total benefit	$(1,460,000)	$(2,117,000)

The domestic and foreign components of loss before income taxes are as follows:

	June 30,	
	2004	2003
Domestic	$10,781,000	$ 6,351,000
Foreign	1,330,000	932,000
Loss before taxes	$12,111,000	$ 7,283,000

BIOENVISION, INC. AND SUBSIDIARIES
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Note 5 - Income taxes - continued

The following is a reconciliation of benefit for income taxes from continuing operations computed at the federal statutory rates to the effective rates for the years ended June 30, 2004 and June 30, 2003

	June 30,	
	2004	2003
Consolidated tax benefit at federal statutory rate	(34.00%)	(34.00%)
Non-deductible expenses	6.77%	3.99%
State income tax benefit, net of federal provision	(4.49%)	(4.91%)
Valuation allowance	19.25%	5.43%
Foreign rate differential	0.44%	0.51%
Other, net	(0.02%)	(0.09%)
Effective tax rate	(12.05%)	(29.07%)

Significant components of the company's deferred tax assets and liability at June 30, as restated - refer to Note 9, are as follows:

	June 30,	
	2004	2003
Deferred tax liability		
Acquired intangibles	$ (5,781,000)	$ (6,318,000)
Deferred costs	(1,577,000)	(100,000)
Amortization	(43,000)	(41,000)
Depreciation	(30,000)	-
Total deferred tax liability	(7,431,000)	(6,459,000)
Deferred tax assets		
Net operating loss	6,384,000	4,729,000
Options, warrants and shares issued to non-employees	345,000	74,000
Options issued to employees	104,000	50,000
Deferred revenue	3,427,000	501,000
Depreciation	-	20,000
Other	65,000	21,000
Total deferred tax assets	10,325,000	5,395,000
Valuation allowance for deferred tax assets	(2,894,000)	(396,000)

Net deferred tax asset	7,431,000	4,999,000
Net deferred tax liability	$ -	$ (1,460,000)

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

Note 5 - Income taxes - continued

At June 30, 2004 and June 30, 2003, the Company had approximately $14,087,000 and $10,985,000 of net operating loss carryforwards for U.S. Federal and state income tax purposes, respectively that begin to expire in fiscal year ending 2020, with a tax value of $5,705,000 and $4,449,000, respectively. At June 30, 2004 and June 30, 2003, the Company also had approximately $2,263,000 and $932,000 of net operating loss carryforwards relating to foreign operations, respectively, with no expiration date, with a tax value of $679,000 and $280,000, respectively.

At June 30, 2004, the Company has recorded a valuation allowance of $2,894,000 relating to the net deferred tax asset due the uncertainty of both the foreign and domestic companies being more likely than not to utilize these deferred tax assets. At June 30, 2003, the Company has recorded a valuation allowance of $396,000. Of this amount, $116,000 relates to certain US deferred tax assets which will be recognized after the period in which the Pathagon deferred tax liability reverses. The remaining allowance relates to the net operating loss of the foreign operations due to the uncertainty that the Company will realize taxable income in the foreign jurisdiction to utilize the net operating loss carryforward.

Included in the June 30, 2004 net operating loss is $415,000 related to exercise of non-qualified stock options or disqualifying dispositions of stock acquired with incentive stock options. A valuation allowance has been established against this loss. When the valuation allowance is removed, the tax affected benefit of $168,000 related to this loss will be credited to equity.

The Tax Reform Act of 1986 enacted a complex set of rules (Internal Revenue Code Section 382) limiting the utilization of net operating losses to offset future taxable income following a corporate "ownership change." Generally, this occurs when there is a greater than 50 percentage point change in ownership. Accordingly, such change could limit the amount of net operating losses available in a given year, which could ultimately cause net operating losses to expire prior to utilization.

NOTE 6 - Stockholders' transactions

Common Stock and Securities Convertible into Common Stock

The Board of Directors adopted, and the stockholders approved the 2003 Stock Incentive Plan at the Annual Meeting held in January of 2004. The plan was adopted to recognize the contributions made by the Company's employees, officers, consultants, and directors, to provide those individuals with additional incentive to devote themselves to our future success and to improve the Company's ability to attract, retain and motivate individuals upon whom the Company's growth and financial success depends. Under the plan, stock options

may be granted as approved by the Board of Directors or the Compensation Committee. There are 3,000,000 shares reserved for grants of options under the plan and at June 30, 2004, options to purchase 2,105,000 shares of common stock had been issued. Stock options vest pursuant to individual stock option agreements. No options granted under the plan are exercisable after the expiration of ten years (or less in the discretion of the Board of Directors or the Compensation Committee) from the date of the grant. The plan will continue in effect until terminated or amended by the Board of Directors or until expiration of the plan on November 17, 2013.

In June 2002, the Company granted options to an officer of the Company to purchase 380,000 shares of common stock at an exercise price of $1.95 per share, which equaled the stock price on the date of the grant. Of this amount, 50,000 options vested on June 28, 2002 and the remaining 330,000 options vest ratably over a three-year period on each anniversary date. On March 31, 2003 the Company entered into an Employment Agreement with such officer of the Company, pursuant to which, among other things, the exercise price for all 380,000 options were changed to $0.735 per share, which equaled the stock price on that date. In addition, the Company issued an additional 120,000 options at an exercise price of $0.735 per share which vested immediately. As a result of the re-pricing of 380,000 options, the Company will re-measure the intrinsic value of these options at the end of each reporting period and will adjust compensation expense based on changes in the stock price. Compensation expense recognized as a result of this re-pricing amounted to $2,381,066 and $372,465 for the year ended June 30, 2004 and 2003, respectively.

On October 23, 2002, the Company granted options to purchase 300,000 shares of common stock at an exercise price of $1.45 per share to the Commercial Director (Europe) of the Company. Of these options, options to purchase 100,000 shares of common stock vest and become exercisable on each of the first, second and third anniversary of October 23, 2002, the grant date.

Note 6 - Stockholders' transactions - continued

On October 23, 2002, the Company granted options to purchase 50,000 shares of common stock at an exercise price of $1.45 per share to another employee of the Company. Of these options, options to purchase 50,000 shares of common stock vest and become exercisable on each of the first and second anniversary of October 23, 2002, the grant date.

On December 31, 2002 the Company issued options to purchase 500,000 shares of common stock at an exercise price equal to $1.45 per share (average of the high and low bid price on the grant date), to its Chairman and Chief Executive Officer, Dr. Christopher B. Wood. Of these options, subject to certain circumstances, options to purchase 166,666 shares of common stock vest on each of the first, second and third anniversary of the grant date.

On January 9, 2003 the Company issued to an employee of the Company, options to purchase 20,000 shares of common stock at an exercise price of $1.42 per share, which equaled the stock price on the date of grant. Of these options, subject to certain circumstances, options to purchase 10,000 shares of common stock vest and become exercisable on the first anniversary of the grant date and the remaining options to purchase 10,000 shares of common stock vest and become

exercisable on the second anniversary of the grant date.

In January 2003, we entered into an agreement with RRD International LLC ("RRD"), pursuant to which RRD serves as the global product development consultant to the Company in connection with the development of clofarabine, Modrenal(R) and OLIGON and assists with designing and managing our clinical development program for our products. On April 2, 2003, the Company and RRD further memorialized their agreement pursuant to a formal Master Services Agreement and Registration Rights Agreement and, in connection therewith, the Company issued a Warrant to RRD pursuant to which RRD has the right to acquire 175,000 shares of our common stock at an exercise price of $2.00 per share, which warrant includes registration rights under certain circumstances. Compensation expense of $672,000 and $182,000 was recorded as consulting fees for the years ended June 30, 2004 and June 2003, respectively.

During the three months ended December 31, 2003, the Company issued options to another employee to purchase 25,000 shares of common stock at an exercise price of $3.53 per share. Of this amount, 12,500 options vest on November 11, 2004 and the remaining 12,500 will vest on November 11, 2005.

During the year ended June 30, 2004, certain holders of 2,575,900 shares of the Company's preferred stock converted such shares into 5,150,000 shares of the Company's common stock. In addition, during the year ended June 30, 2004, certain warrant holders of the Company exercised their warrants to acquire 1,283,334 shares of the Company's common stock. The Company received proceeds of approximately $2,509,882 during the year ended June 30, 2004, respectively from the exercise of these warrants.

During the year ended June 30, 2004, certain non-employee holders of options exercised pursuant to the cashless exercise feature available to such option holders and the Company issued approximately 2,122,682 shares of its common stock in connection therewith.

On January 3, 2004, the Company issued 14,510 restricted shares of its common stock to a consultant to the Company for certain executive placement services rendered to the Company. The Company recorded compensation expense of approximately $60,637 for the year ended June 30, 2004 in connection with such issuance.

On January 14, 2004, a majority of the Company's stockholders authorized an amendment to the Company's certificate of incorporation, approved by the Company's Board of Directors, to increase the number of authorized shares of common stock from 50,000,000 to 70,000,000 and to increase the number of authorized shares of the Company's preferred stock from 10,000,000 to 20,000,000. The shareholder action became effective, and the amendment was filed and became effective, on January 14, 2004.

On January 20, 2004, the Company granted 25,000 options to Dr. Michael Kauffman, for serving as a member of the Board of Directors, at an exercise price of $4.55 per share which vest ratably on the first and second anniversaries of the grant date. The Company recognized $20,988 as consulting expenses for the year ended June 30, 2004.

The Company recorded a compensation expense of $38,611 for the year ended June 30, 2004 as a result of 505,000 options granted to certain employees on January 20, 2004.

BIOENVISION, INC. AND SUBSIDIARIES
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JUNE 30, 2004 AND 2003

NOTE 6 - Stockholders' transactions - continued

On February 4, 2004, the Company issued 20,000 shares of its common stock to an employee of the Company in connection with the exercise of options issued prior to that date which had an exercise price of $1.42.

On March 11, 2004, the Company issued options to another employee to purchase 50,000 shares of common stock at an exercise price of $6.50 per share. Of this amount, 16,666.66 options vest on March 11, 2005 and the remaining 33,332.33 will vest on March 11, 2006.

On March 22, 2004, the Company consummated a private placement transaction, pursuant to which it raised $12.8 million and issued 2,044,514 shares of its common stock and warrants to purchase an additional 408,903 shares of its common stock at an exercise price of $7.50 per share. The Company recorded proceeds of $12,151,240 net of all legal, professional and financing fees incurred in connection with the offering. The Company consummated a second closing for this financing on May 13, 2004 in order to comply with certain contractual obligations of the Company to its holders of Series A Convertible Preferred Stock which hold preemptive rights for equity offerings of the Company. The Company raised an additional $3.2 million (net of all legal, professional and financial services incurred) from the second closing and issued an additional 558,384 shares of its common stock and warrants to purchase 111,677 shares of its common stock at an exercise price of $7.50 per share.

On June 22, 2004, the Company issued options to a new employee to purchase 140,000 shares of common stock at an exercise price of $8.25 per share. Of this amount, 30,000 options vested on June 22, 2004 and the remaining 110,000 will vest ratably on June 22, 2005 and 2006 respectively.

On June 22, 2004 the Company entered into a consulting agreement pursuant to which consultant will provide certain investor relation services on behalf of the Company. In connection therewith, the Company issued a warrant to said consultant pursuant to which said consultant has the right to purchase 50,000 shares of Company's common stock at a price of $8.25 per share upon the completion of certain milestones, as set forth in such agreement. No compensation expense of was recorded for the fiscal year ended June 30, 2004 as no such milestones had been met yet at that time.

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 6 - Stockholders' transactions - continued

A summary of the Company's stock option activity for options issued to employees and related information follows:

	No. of Shares	Weighted Avg. Exercise Price
Balance - June 30, 2002	2,200,000	$ 1.25

Granted during 2003	1,370,000	1.19
Exercised during 2003	-	-
Forfeiture during 2003	-	-
Balance - June 30, 2003	3,570,000	1.23
Granted during 2004	720,000	5.02
Exercised during 2004	20,000	1.42
Forfeiture during 2004	-	-
Balance - June 30, 2004	$ 4,270,000	1.87

	Stock Options Outstanding		
Exercise Price Range	Weighted Average Exercise price	Number of Options	Weighted Average Remaining Contractual Life
$0.74	$ 0.74	500,000	8.12
$1.25 - $2.75	$ 1.29	3,050,000	6.58
$2.76 - $6.00	$ 4.03	530,000	9.55
$6.01 - $8.25	$ 8.12	190,000	9.90
		4,270,000	

Preferred Stock

On May 7, 2002 the Company authorized the issuance and sale of up to 5,920,000 shares of Series A Convertible Preferred Stock, par value $0.001 per share ("Series A Preferred Stock"). Series A Preferred Stock may be converted into two shares of common stock at an initial conversion price of $1.50 per share of common stock, subject to adjustment for stock splits, stock dividends, mergers, issuances of cheap stock and other similar transactions. In May 2002, the Company consummated a Private Placement of Series A Preferred Stock and received gross proceeds of $17.7 million. Holders of Series A Preferred Stock also received, in respect of each share of Series A Preferred Stock purchased in the May 2002 Private Placement by the Company, one warrant to purchase one share of the Company's common stock at an initial exercise price of $2.00, subject to adjustment. The purchasers of Series A Preferred Stock also received certain registration rights. The preferred stock generally carries rights to vote with the holders of common stock as one class on a two-for-one basis. The preferred stock is convertible into the Company's common stock on a two-for-one basis subject to certain adjustments at the earlier to occur of (i) at the election of each holder from and after the issuance date, or (ii) the date at any time after the one year anniversary of the issuance date upon which both (x) the average of the market price for a share of common stock for thirty consecutive trading days exceeds $10.00 per share, subject to certain adjustments, and (y) the average of the trading volume for the Company's common stock during such period exceeds 150,000, subject to certain adjustments.

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 6 - Stockholders' transactions - continued

The Company is required to accrue for and pay a dividend of 5%, subject to certain adjustments, on its cumulative Series A Convertible Preferred Stock. The Company has paid the dividend in cash to holders of Series A Convertible Preferred Stock through July 30, 2004.

In the event of a voluntary or involuntary liquidation or dissolution of the Company, before any distribution of assets shall be made to the holders of the Company's securities which are junior to the preferred stock (such as the common stock), holders of the preferred stock shall be paid out of the assets of the Company legally available for distribution to the Company's stockholders an amount per share equal to the initial original issue price ($3.00) subject to certain adjustments plus all accrued but unpaid dividends on such preferred stock.

NOTE 7 - Related party transactions

On November 16, 2001, we entered into an engagement letter with SCO Financial Group, pursuant to which SCO would act as our financial advisor. In connection with the engagement letter, we issued a warrant to purchase 100,000 shares of common stock at an exercise price of $1.25 per share, subject to certain anti-dilution adjustments. The warrants expire five years from the date of issuance. The issuance of these shares was capitalized as deferred financing costs and was amortized over a twelve-month period.

In connection with securing a credit facility with SCO Capital, we issued warrants to purchase 1,500,000 shares of our common stock at a strike price of $1.25 per share, subject to certain anti-dilution adjustments. The warrants expire five years from the date of issuance. The credit facility with SCO Capital was terminated in May 2002 at which time the Company received a payoff letter evidencing such termination.

On February 5, 2002, we completed the acquisition of Pathagon Inc. Affiliates of SCO Capital owned 82% of Pathagon prior to the acquisition. In connection therewith, on February 1, 2002 we issued 7,000,000 shares of common stock to the former stockholders of Pathagon Inc.

In May 2002, the Company completed a private placement pursuant to which we issued an aggregate of 5,916,666 shares of Series A Convertible Preferred Stock for $3.00 per share and warrants to purchase an aggregate of 5,916,666 shares of common stock and in March of 2004 the Company consummated a private placement pursuant to which we raised $12.8 million with a second closing in May 2004 in which it raised an additional $3.5 million (See "Note 6-Stockholder Transactions" above). SCO Financial Group served as financial advisor to the Company in connection with these financings and earned a placement fee of approximately $1.2 million in connection with May 2002 private placement and a placement fee of $1.1 million and warrants to purchase 260,291 shares of common stock for $6.25 per share for the March and May 2004 financings.

Mr. Jeffrey B. Davis, President of SCO Financial Group LLC, has served on the Company's board of directors since February of 2002. Mr. Davis resigned from the Board of Directors of the Company effective June 14, 2004.

NOTE 8 - Commitments and Contingencies

Leases

The Company leases 3,229 square feet of office space for its New York headquarters under a non-cancelable operating lease expiring on September 30, 2005 and approximately 1,000 square feet in Edinburgh, Scotland under a lease agreement for its subsidiary Bioenvision Ltd. which expires August 31, 2004. Rent expense for both facilities in the aggregate in 2004, was approximately $241,000. Further , the Company leases two vehicles under leases which expire November 29, 2005 and February 28, 2007. Lease expense in 2004 and 2003, in the aggregate, was approximately $37,000 and $30,000, respectively. At June 30, 2004, total minimum rentals under operating leases with initial or remaining non-cancelable lease terms of more than one year were approximately:

Note 8 - Commitments and Contingencies - continued

Year ended June 30,

2005	$206,000
2006	63,000
2007	10,000
2008	_____
	$ 279,000
	=========

Employment Agreements

On September 1, 1999, we entered into an employment agreement with Christopher B. Wood, M.D. under which he serves as our Chairman and Chief Executive Officer. The initial term of Dr. Wood's employment agreement is two years with automatic one-year extensions thereafter unless either party gives written notice to the contrary. On December 31, 2002, we entered into a new employment agreement with Dr. Wood, under which he continues to serve as our Chairman and Chief Executive Officer. Under this contract, the term is one year, with automatic one-year extensions thereafter unless either party provides written notice to the contrary. Dr. Wood's new employment agreement provides for an initial base salary of $225,000, a bonus as determined by the Board of Directors, health insurance and other benefits currently or in the future provided to key employees of the Company. If Dr. Wood's employment is terminated other than for cause or if he resigns for good reason or if a change of control occurs, he will receive a lump sum payment in an amount equal to his then current annual base salary and any and all unvested options will vest and immediately become exercisable.

On October 23, 2002, we entered into an employment agreement with Hugh S. Griffith, pursuant to which he agrees to serve as our Commercial Director (Europe). The initial term of Mr. Griffith's employment agreement is one-year,

with automatic six month extensions thereafter unless either party provides written notice to the contrary. If Mr. Griffith's employment is terminated other than for cause or if he resigns for good reason or if a change of control occurs, he will receive a lump sum payment in an amount equal to 0.5 multiplied by the sum of his then current annual base salary plus a payment equal to six (6) months of his then current base salary in complete satisfaction of the Company's obligation to provide no less than six (6) months prior written notice as set forth in the employment agreement.

On January 6, 2003, we entered into an employment agreement with Ian Abercrombie, pursuant to which he agrees to serve as our Sales Manager (Europe). The initial term of Mr. Abercrombie's employment agreement is one-year, with automatic six month extensions thereafter unless either party provides written notice to the contrary. If Mr. Abercrombie's employment is terminated other than for cause or if he resigns for good reason or if a change of control occurs, he will receive a payment equal to six (6) months of his then current base salary in complete satisfaction of the Company's obligation to provide no less than six (6) months prior written notice as set forth in the employment agreement.

On March 31, 2003, we entered into an employment agreement with David P. Luci, pursuant to which he serves as our Director of Finance, General Counsel and Corporate Secretary. The initial term of Mr. Luci's employment agreement is one-year, with automatic one-year extensions thereafter unless either party provides written notice to the contrary. If Mr. Luci's employment is terminated other than for cause or if he resigns for good reason or if a change of control occurs, he will receive a lump sum payment in an amount equal to 1.5 multiplied by the sum of (i) his then current annual base salary plus (ii) his then average annual bonus for the preceding two years and any and all unvested options will vest and immediately become exercisable.

Note 8 - Commitments and Contingencies - continued

Litigation

On April 1, 2003, RLB Capital, Inc. filed a complaint against the Company in the Supreme Court of the State of New York (Index No. 601058/03). The Complaint alleged a breach of contract by the Company and demanded judgment against the Company for $112,500 and warrants to acquire 75,000 shares of the Company's common stock. The Company submitted its Verified Answer on June 25, 2003 and, in pertinent part, denied RLB's allegations and asserted counterclaims based on negligence. In September 2003, the Company filed a motion for summary judgment and RLB filed its response on October 27, 2003. On November 12, 2003, the Supreme Court granted the motion for summary judgment and the complaint was dismissed. In March 2004, the complaint and two counterclaims asserted by the Company were dismissed with prejudice.

On December 19, 2003, the Company filed a complaint against Dr. Deidre Tessman and Tessman Technology Ltd. (the "Tessman Defendants") in the Supreme Court of the State of New York, County of New York (Index No. 03-603984). An amended complaint alleges, among other things, breach of contract and negligence by Tessman and Tessman Technology and demands judgment against Tessman and Tessman

Technology in an amount to be determined by the Court. The Tessman Defendants removed the case to federal court, then remanded it to state court and served an answer with several purported counterclaims. The Company denies the allegations in the counterclaims and intends to pursue its claims against the Tessman Defendants vigorously.

Note 9 - Restatements

In May of 2005, the Company corrected its accounting for income taxes and recognized deferred tax assets which offset the deferred tax liability resulting from the Pathagon acquisition completed on February 1, 2002. The Company had originally concluded that the realization of the deferred tax asset related to the net operating losses and other deductible temporary differences existing at the acquisition date, and generated after the acquisition date, did not meet the "more likely than not" criteria and, as a result, a valuation allowance was established on the deferred tax assets of the Company. The Company subsequently determined that the deferred tax liability of $7,107,605 recorded in connection with the Pathagon acquisition creates taxable income as the taxable temporary differences reverse. Consequently, the ability to realize the deferred tax assets is "more likely than not" and a valuation allowance is not required against the deferred tax assets, to the extent the deferred tax assets offset the deferred tax liability. The deferred tax asset, in excess of the deferred tax liability, is not "more likely than not" to be realized, and is therefore offset by a valuation allowance.

As the deferred tax liability was amortized each year, the Company recorded the reduction to the liability as an income tax benefit. The Company restated its previously reported financial statements and all interim periods as of and for the years ended June 30, 2004 and 2003, to record additional benefit relating to the recognition of deferred tax assets as indicated in the first paragraph of this note. In years ended June 30, 2004, June 30, 2003, and June 30, 2002, the Company previously recorded the reduction to the deferred tax liability and a corresponding tax benefit of $536,903, $536,903 and $253,000, respectively. In the restated financial statements for years ended June 30, 2004 and June 30, 2003, the Company recorded deferred tax assets, with a corresponding additional deferred tax benefit of $922,911 and $1,580,200, respectively, offsetting the deferred tax liability resulting from the Pathagon acquisition. Additionally, as of the acquisition date on February 1, 2002, a deferred tax asset was recorded for $2,362,543 with a corresponding reduction to goodwill. This represented the deferred tax assets that existed at the date of acquisition and for which the previously recorded valuation allowance was eliminated.

Note 9 - Restatements - continued

June 30	2004		2003	
	As Reported	As Restated	As Reported	As Restate
Consolidated Balance Sheets:				

Goodwill	$ 3,902,705	$ 1,540,162	$ 3,902,705	$ 1,540,16
Total assets	44,533,387	42,170,844	28,535,675	26,173,13
Deferred tax liability	5,780,799	-	6,317,702	1,459,81
Total liabilities	17,150,816	11,370,017	9,707,283	4,849,39
Accumulated deficit	(41,082,397)	(37,664,141)	(28,651,443)	(26,156,09
Total shareholders' equity	27,382,571	30,800,827	18,828,392	21,323,73

Year Ended June 30	2004		2003	
	As Reported	As Restated	As Reported	As Restate
Consolidated Statements of Operations:				
Income tax benefit	$ 536,903	$ 1,459,814	$ 536,903	$ 2,117,10
Net loss	(11,574,178)	(10,651,267)	(6,746,326)	(5,166,12
Net loss available to common stockholders	(12,430,954)	(11,508,043)	(7,624,144)	(6,043,94
Basic and diluted net loss per share of common stock	$ (0.61)	$ (0.57)	$ (0.45)	$ (0.3

The restatement has no effect on total cash flows from operating, investing, or financing activities as shown in the Consolidated Statement of Cash Flows. However, the restatement did affect the individual components of net loss and deferred tax benefit within the net cash from operating activities.

Additionally, the Company restated the pro-forma stock based compensation disclosures required under SFAS 123 determined under fair value based method due to the correction of an error noted during February 2005. Refer to Note 1 for further discussion.

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

Note 10 - Quarterly Financial Data (Unaudited):

2004	First Quarter (as reported)	First Quarter (as restated)	Second Second (as reported)	Second Second (as restated)	Third Quarter (as reported)	Third Quarte (as re
Goodwill	3,902,705	1,540,162	3,902,705	1,540,162	3,902,705	1,5
Total assets	27,412,726	25,050,183	28,690,183	26,327,640	42,481,937	40,1

Deferred tax liability	6,183,476	1,130,327	6,049,125	900,326	5,914,774	3
Total liabilities	9,860,203	4,807,054	13,286,085	8,137,288	15,738,593	10,2
Accumulated deficit	(31,474,458)	(28,783,852)	(33,436,828)	(30,650,572)	(37,676,811)	(34,5
Shareholder's equity	17,552,523	20,243,130	15,404,099	18,190,352	26,743,344	29,9
Revenue	829,041	829,041	82,495	82,495	846,494	8
Loss before income tax benefit	(2,733,531)	(2,733,531)	(1,908,162)	(1,908,164)	(4,198,628)	(4,1
Income tax benefit	134,226	329,487	134,351	230,001	134,351	5
Net loss	(2,599,305)	(2,404,044)	(1,773,811)	(1,678,163)	(4,064,277)	(3,6
Net loss available to common shareholders	(2,823,015)	(2,627,754)	(1,962,368)	(1,866,720)	(4,239,982)	(3,8
Net loss available to common shareholders per basic and dilutive share	$ (0.16)	$ (0.15)	$ (0.11)	$ (0.10)	$ (0.21)	$

BIOENVISION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 10 - Quarterly Financial Data (Unaudited) - continued

2003	First Quarter (as reported)	First Quarter (as restated)	Second Second (as reported)	Second Second (as restated)	Third Quarter (as reported)	Third Quarte (as re

Goodwill	4,704,100	2,341,557	4,704,100	2,341,557	4,704,100	2,3
Total assets	32,890,319	30,527,776	31,171,135	28,808,592	29,516,022	27,1
Deferred tax liability	7,503,900	3,778,211	7,351,800	3,500,454	7,199,700	3,0
Total liabilities	9,962,050	6,236,362	9,267,577	5,416,235	9,055,715	4,8
Accumulated deficit	(23,160,935)	(21,797,790)	(24,185,647)	(22,696,848)	(25,884,959)	(24,0
Shareholder's equity	22,928,269	24,291,414	21,903,558	23,392,357	20,460,307	22,2
Revenue	209,091	209,091	209,091	209,091	45,753	
Loss before income tax benefit	(2,064,459)	(2,064,459)	(955,536)	(955,536)	(1,634,992)	(1,6
Income tax benefit	152,100	600,101	152,100	277,757	152,100	4
Net loss	(1,912,359)	(1,464,358)	(803,436)	(677,779)	(1,482,892)	(1,1
Net loss available to common shareholders	(2,133,637)	(1,685,636)	(1,024,715)	(899,058)	(1,699,307)	(1,3
Net loss available to common shareholders per basic and dilutive share	$ (0.12)	$ (0.10)	$ (0.06)	$ (0.05)	$ (0.10)	$

The quarterly net loss per common share amounts are rounded to the nearest cent. Annual net loss per common share may vary depending on the effect of such rounding.

PART III

Item 13. Exhibits

Exhibit Number	Description

2.1	Acquisition Agreement between Registrant and Bioenvision, Inc. dated December 21, 1998 for the acquisition of 7,013,897 shares of Registrant's Common Stock by the stockholders of Bioenvision, Inc. (1)
2.2	Amended and Restated Agreement and Plan of Merger, dated as of February 1, 2002, by and among Bioenvision, Inc., Bioenvision Acquisition Corp. and Pathagon, Inc. (5)
3.1	Certificate of Incorporation of Registrant. (2)
3.1(a)	Amendment to Certificate of Incorporation filed January 29, 1999. (3)
3.1(b)	Certificate of Correction to the Certificate of Incorporation, filed March 15, 2002 (6)
3.1(c)	Certificate of Amendment to the Certificate of Incorporation, filed April 30, 2002 (6)
3.1(d)	Certificate of Designations, Preferences and Rights of series A Preferred Stock (6)
3.1(e)	Certificate of Amendment to the Certificate of Incorporation, filed January 14, 2004 (15)
3.2	Amended and Restated By-Laws of the Registrant. (13)
4.1	Registration Rights Agreement, dated as of February 1, 2002, by and among Bioenvision, Inc., the former shareholders of Pathagon, Inc. party thereto, Christopher Wood, Bioaccelerate Limited, Jano Holdings Limited and Lifescience Ventures Limited. (8)
4.2	Stockholders Lock-Up Agreement, dated as of February 1, 2002, by and among Bioenvision, Inc., the former shareholders of Pathagon, Inc. party thereto, Christopher Wood, Bioaccelerate Limited, Jano Holdings Limited and Lifescience Ventures Limited. (8)
4.3	Form of Securities Purchase Agreement by and among Bioenvision, Inc. and certain purchasers, dated as of May 7, 2002. (6)
4.4	Form of Registration Rights Agreement by and among Bioenvision, Inc. and certain purchasers, dated as of May 7, 2002. (6)
4.5	Form of Warrant (6)
4.6	Registration Rights Agreement, dated April 2, 2003, by and between Bioenvision, Inc. and RRD International, LLC (14)
4.7	Warrant, dated April 2, 2003, made by Bioenvision, Inc. in favor of RRD International, LLC (14)
4.8	Common Stock and Warrant Purchase Agreement, dated as of March 22, 2004, by and among Bioenvision, Inc. and the

	Investors set forth on Schedule I thereto (16)
4.9	Registration Rights Agreement, dated March 22, 2004, by and between Bioenvision, Inc. and the Investors set forth on Schedule I thereto (16)
4.10	Form of Warrant (16)
4.11	Bioenvision, Inc. 2003 Stock Incentive Plan (17)
10.1	Pharmaceutical Development Agreement, dated as of June 10, 2003, by and between Bioenvision, Inc. and Ferro Pfanstiehl Laboratories, Inc.
10.2	Co-Development Agreement between Bioheal, Ltd. and Christopher Wood dated May 19, 1998. (3)
10.3	Master Services Agreement, dated May 14, 2003, by and between PennDevelopment Pharmaceutical Services Limited and Bioenvision, Inc.
10.4	Co-Development Agreement between Stegram Pharmaceuticals, Ltd. and Bioenvision, Inc. dated July 15, 1998. (3)
10.5	Co-Development Agreement between Southern Research Institute and Eurobiotech Group, Inc. dated August 31, 1998. (3)
10.5(a)	Agreement to Grant License from Southern Research Institute to Eurobiotech Group, Inc. dated September 1, 1998. (3)
10.6	License and Sub-License Agreement, dated as of May 13, 2003, by and between Bioenvision, Inc. and Dechra Pharmaceuticals, plc
10.7	Employment Agreement between Bioenvision, Inc. and Christopher B. Wood, M.D., dated December 31, 2002 (3)
10.8	Employment Agreement between Bioenvision, Inc. and David P. Luci, dated March 31, 2003 (14)
10.9	Securities Purchase Agreement with Bioaccelerate Inc dated March 24, 2000. (4)
10.10	Engagement Letter Agreement, dated as of November 16, 2001, by and between Bioenvision, Inc. and SCO Securities LLC. (7)
10.11	Security Agreement, dated as of November 16, 2001, by Bioenvision, Inc. in favor of SCO Capital Partners LLC. (7)
10.12	Commitment Letter, dated November 16, 2001, by and between SCO Capital Partners LLC and Bioenvision, Inc. (7)
10.13	Senior Secured Grid Note, dated November 16, 2001, by Bioenvision, Inc. in favor of SCO Capital Partners LLC. (7)
10.14	Exclusive License Agreement by and between Baxter

	Healthcare Corporation, acting through its Edwards Critical-Care division, and Implemed, dated as of May 6, 1997. (12)
10.15	License Agreement by and between Oklahoma Medical Research Foundation and bridge Therapeutic Products, Inc., dated as of January 1, 1998. (12)
10.16	Amendment No. 1 to License Agreement by and among Oklahoma Medical Research Foundation, Bioenvision, Inc. and Pathagon, Inc., dated May 7, 2002. (12)
10.17	Inter-Institutional Agreement between Sloan-Kettering Institute for Cancer Research and Southern Research Institute, dated as of August 31, 1998. (12)
10.18	License Agreement between University College London and Bioenvision, Inc., dated March 1, 1999. (12)
10.19	Research Agreement between Stegram Pharmaceuticals Ltd., Queen Mary and Westfield College and Bioenvision, Inc., dated June 8, 1999 (12)
10.20	Research and License Agreement between Bioenvision, Inc., Velindre NHS Trust and University College Cardiff Consultants, dated as of January 9, 2001. (12)
10.21	Co-Development Agreement, between Bioenvision, Inc. and ILEX Oncology, Inc., dated March 9, 2001. (12)
10.22	Amended and Restated Agreement and Plan of Merger, dated as of February 1, 2002, among Bioenvision, Inc., Bioenvision Acquisition Corp. and Pathagon Inc. (5)
10.23	Master Services Agreement, dated as of April 2, 2003, by and between Bioenvision, Inc. and RRD International, LLC(14)
10.24	Employment Agreement between Bioenvision Limited and Hugh Griffith, made effective as of October 23, 2002 (18)
10.25	Employment Agreement between Bioenvision Limited and Ian Abercrombie, made effective as of January 6, 2003 (18)
14.1	Bioenvision Inc.'s Code of Business Conduct and Ethics
16.1	Letter from Graf Repetti & Co., LLP to the Securities and Exchange Commission, dated September 30, 1999. (9)
16.2	Letter from Ernst & Young LLP to the Securities and Exchange Commission, dated July 6, 2001. (10)
16.3	Letter from Ernst & Young LLP to the Securities and Exchange Commission, dated August 16, 2001. (11)
21.1	Subsidiaries of the registrant (4)
23.1	Consent Of Independent Registered Public Accounting Firm

31.1	Certification of Christopher B. Wood, Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of David P. Luci, Chief Accounting Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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(1) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K filed with the SEC on January 12, 1999.

(2) Incorporated by reference and filed as an Exhibit to Registrant's Registration Statement on Form 10-12g filed with the SEC on September 3, 1998.

(3) Incorporated by reference and filed as an Exhibit to Registrant's Form 10-KSB/A filed with the SEC on October 18, 1999.

(4) Incorporated by reference and filed as an Exhibit to Registrant's Form 10-KSB filed with the SEC on November 13, 2000.

(5) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K filed with the SEC on April 16, 2002.

(6) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K, filed with the SEC on May 28, 2002.

(7) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K, filed with the SEC on January 8, 2002.

(8) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K, filed with the SEC on February 21, 2002.

(9) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K, filed with the SEC on October 1, 1999.

(10) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K/A, filed with the SEC on July 26, 2001.

(11) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K, filed with the SEC on December 6, 2001.

(12) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K, filed with the SEC on June 24, 2002.

(13) Incorporated by reference and filed as an Exhibit to Registrant's Quarterly Report on Form 10-QSB for the three-month period ended December 31, 2002.

(14) Incorporated by reference and filed as an Exhibit to Registrant's Quarterly Report on Form 10-QSB for the three-month period ended March 31, 2003.

(15) Incorporated by reference and filed as an Exhibit to Registrant's Quarterly Report on Form 10-QSB for the three- month period ended December 31, 2004.

(16) Incorporated by reference and filed as an Exhibit to Registrant's Current Report on Form 8-K, filed with the SEC on March 24, 2004.

(17) Registrant's definitive proxy statement on Schedule 14-A, filed in connection with the annual meeting held on January 14, 2004.

(18) Incorporated by reference and filed as an Exhibit to Registrant's Quarterly Report on Form 10-QSB for the three- month period ended September 30, 2003.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned on June 29, 2005, thereunto duly authorized.

BIOENVISION, INC.

By /s/ Christopher B. Wood, M.D.

Christopher B. Wood, M.D.
Chairman and Chief Executive Officer
(Principal Executive Officer)

By /s/ David P. Luci

David P. Luci
Chief Financial Officer, General Counsel and Corporate Secretary
(Principal Financial and Accounting Officer)

In accordance with the requirements of the Exchange Act, this report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	
/s/ Christopher B. Wood, M.D. --- Christopher B. Wood, M.D.	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	June

/s/ David P. Luci --- David P. Luci	Chief Financial Officer, General Counsel and Corporate Secretary (Principal Financial and Accounting Officer)	June
_____*_____ Thomas S. Nelson, C.A.	Director	June
_____*_____ Michael Kauffman	Director	June
_____*_____ Andrew N. Schiff	Director	June
_____*_____ Steven A. Elms	Director	June

* By: /s/ Christopher B. Wood, M.D.

Christopher B. Wood
Attorney-in-Fact