

BioPhausia streamlines in order to focus on Nordic market

The Board of BioPhausia has decided to start the process of streamlining the Company's operations and products with the aim of strengthening profitability and adapting the Company to changing market conditions and other external factors. By phasing out the less profitable operations and products, the Company is better able to take advantage of the new business opportunities offered by events such as de-regulation of the Swedish pharmacy market. The new streamlining process also gives the Company a clear Nordic focus.

The following operations and activities are affected by the changes:

* An ongoing review of the Company's generic portfolio has revealed a number of products with poor profitability potential or excessive carrying amounts. This has resulted in impairment losses of approx. SEK 24 million on intangible assets (not affecting EBITDA) in the second quarter of 2010. These impairment losses do not affected the Company's covenants. A further adaptation to the current price pressure on the market has resulted in impairment losses of approx. SEK 7 million on generic inventories (affecting EBITDA) in the second quarter of 2010.

* The generic product operations in Poland is being wound up and all activities not related to repacking operations are being discontinued during 2010. At the end of the second quarter of 2010, the Polish generic operations had five employees and inventories of approx. SEK 5 million. Sales for the first half year of 2010 were approx. SEK 1.5 million, with an EBITDA of approx. SEK -2 million. However, there will remain a focus on the Polish repacking operations, both for external customers and the wholly-owned subsidiary Cross Pharma AB.

* BioPhausia has signed an agreement to sell its Dutch generics company to the original owner. Sales for the first half year of 2010 were approx. SEK 4.5 million, with an EBITDA of approx. SEK -1 million. The transaction has to be approved by an extraordinary general meeting of the shareholders of BioPhausia. The notice convening the EGM is available as a separate press release.

* A decision has been made to discontinue generic operations in the Baltic region and sell the remaining stock in 2010. At present, the Lithuanian generic operations consist of one employee and inventories of approx. SEK 0.5 million. Sales for the first half year of 2010 were approx. SEK 0.5 million, with a break-even EBITDA.

* A sales process has been initiated with regard to the veterinary company Omnidea, and this company will be disposed of at the earliest opportunity. Sales for the first half year of 2010 were approx. SEK 2.5 million, with a break-even EBITDA.

A strategic review of the Company's different business areas is continuing, and is aimed at improving profitability by focusing on the areas where the Company is best placed for success.

"BioPhausia is becoming a more focused company as a number of our less profitable activities are disposed of or closed down," says CEO Maris Hartmanis. "We can now concentrate on the business areas we consider best able to strengthen our long-term operating profit and margins over a long period. The Company has good underlying operations in the Nordic region and this is where we are placing a clear focus."

For more information, please contact Maris Hartmanis, CEO, tel: +46 (0)8-407 64 30.

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The information has been made public according to the securities market act and the financial instruments trading act, and is a translation of the Swedish pressrelease of the 13:th of August.