

Interim report

January - September 2010



October 26, 2010

Third quarter 2010

- Net sales increased by 21 % to 109.5 MSEK (90.6). At comparable exchange rates sales increased by 24 %.
- The operating result amounted to 4.8 MSEK (2.0).
- The result after tax amounted to 4.7 MSEK (1.2).
- Earnings per share amounted to 0.06 SEK (0.01).
- The cash flow from operating activities amounted to 7.0 MSEK (5.0).
- Net cash at September 30, 2010 amounted to 174.9 MSEK (327.2).
- During the quarter 4,299,625 own shares were purchased. At the balance sheet date September 30 Biotage owned a total of 8,741, 612 shares, acquired for 63.6 MSEK, i.e. an average share price of 7.27 SEK.

January - September 2010

- Net sales increased by 6 % to 312.8 MSEK (294.6). At comparable exchange rates net sales increased by 14 %.
- The operating result amounted to 17.1 MSEK (-13.2).
- The result after tax amounted to 14.5 MSEK (-14.6).
- Earnings per share amounted to 0.17 SEK (-0.16).
- The cash flow from operating activities amounted to 45.5 MSEK (17.8).
- MIP Technologies AB was acquired on April 30, 2010.
- The product lines RapidTrace® and TurboVap® and associated assets were acquired on May 25 from Caliper Life Sciences, Inc.
- Dividends to shareholders were paid to the amount of 17.3 MSEK.

Group result development in brief

Amounts in SEK millions	3 rd quarter 2010	3 rd quarter 2009	Jan-Sep 2010	Jan-Sep 2009	Full year 2009
Net sales	109,5	90,6	312,8	294,6	394,1
Cost of sales	-44,5	-39,4	-128,2	-123,4	-169,0
Gross profit	64,9	51,2	184,6	171,2	225,1
Operating expenses	-60,1	-49,2	-167,5	-184,9	-235,2
Operating profit/loss	4,8	2,0	17,1	-13,7	-10,1
Financial items	0,3	-0,3	0,1	0,4	1,1
Profit/loss before tax	5,2	1,8	17,2	-13,2	-9,0
Tax expenses	-0,5	-0,4	-2,6	-1,3	-0,8
Profit/loss after tax for continuing operations	4,7	1,4	14,5	-14,5	-9,8
Profit/loss after tax for discontinued operations	-	-0,2	-	-0,1	23,3
Total profit/loss for the period	4,7	1,2	14,5	-14,6	13,5

Comments by CEO Torben Jörgensen

In line with our strategy to widen and strengthen our product offering in Sample Prep and radically increase our work with new customer groups, we carried out two acquisitions in the second quarter, the RapidTrace® och TurboVap® product lines and MIP Technologies AB. The acquisitions give us access to new markets such as food, agriculture, forensic and environmental areas. We thus gradually decrease our dependence on the pharma sector, which has shown no or low growth in recent years. The work to integrate the two acquisitions was basically completed by the end of the third quarter.

The acquired business has developed positively and more than met our expectations, especially the RapidTrace® och TurboVap® product lines.

The marketing work with MIP Technologies' product offering in the analysis area is being intensified. We are strengthening the business development work concerning the research projects run by MIP Technologies, which are aimed at large-scale removal of unwanted impurities in pharmaceuticals and food raw materials. Before the end of the year the production ad pilot plant in Lund will be ready, increasing our resources for own manufacturing of Sample Prep products, among others.

We continue to develop our direct sales. During the period we brought more sales operations into our own organization, this time in France.

Our clearly stated ambition to grow in the Sample Prep area does not just mean growth by acquisitions. We continue to develop our own product offering by investments in new products, but also by investments in new sales channels and improved sales support. A dedicated laboratory for applications

development in analytical chemistry has just been completed in the US. A corresponding initiative is made in Europe, with an increase of dedicated resources at the company's unit in Cardiff, Wales.

Biotage's marketing work in the peptide synthesis area continues to generate great market interest.

At comparable exchange rates sales increased by 24 % in the third quarter, although with low growth for the traditional product offering in medicinal chemistry, an area that is still suffering from strong price competition. Despite the unfavorable currency development, with translation differences regarding receivables and liabilities affecting the operating result negatively by 4.4 MSEK, the operating result improved compared to the same quarter last year and amounted to 4.8 MSEK (2.0 MSEK).

Since the third quarter 2009 the company has continued to repurchase own shares and at the reporting date owns almost 10 % of the number of outstanding shares.

The work to find suitable candidates for cooperation agreements or acquisitions continues.

Biotage has a strong financial position with net cash amounting to 175 MSEK at September 30.

Group result, financial position and cash flow

Third quarter 2010

Group net sales amounted to 109.5 MSEK, compared to 90.6 MSEK the third quarter 2009. At comparable exchange rates net sales increased by 24 %, the acquired business accounting for the major part of the growth.

The US was the biggest single market with 42 % (40) of the net sales. The EU area contributed 37 % (38), Japan 14 % (13) and the rest of the world 7 % (9).

The Group's gross margin was 59.3 % (56.5). An improved product mix and the products acquired from Caliper have influenced the gross margin positively.

The operating expenses have increased as a result of the acquisitions and exchange rate changes and amounted to 60.1 MSEK (49.2). Negative translation differences concerning receivables and liabilities amounted to 4.4 MSEK in the quarter.

The operating profit amounted to 4.8 MSEK (2.0) with an operating margin of 4.4 % (2.2).

Net financial income amounted to 0.3 MSEK (-0.3).

The result after tax amounted to 4.7 MSEK (1.2).

The investments amounted to 7.6 MSEK (11.5). Of this sum 5.0 MSEK (4.8) were capitalized development costs.

The amortizations amounted to 9.6 MSEK (7.5). Of this sum 5.3 MSEK (4.1) were capitalized development costs.

The cash flow from operating activities amounted to 7.0 MSEK (5.0).

January – September 2010

Group net sales amounted to 312.8 MSEK compared to 294.6 MSEK the same period 2009. At comparable exchange rates net sales increased by 14 %.

The US was the single biggest market, with 38 % (41) of the net sales. The EU area contributed 36 % (39), Japan 15 % (12) and the rest of the world 11 % (8).

The Group's gross margin was 59.0 % (58.1). An improved product mix and the products acquired from Caliper have influenced the gross margin positively.

The operating expenses amounted to 167.5 MSEK (184.9). The operating expenses include acquisition costs to the amount of 2.0 MSEK. The corresponding period 2009 included restructuring costs to the amount of 21.2 MSEK, relating to the closing of the production in the US and the consolidation of the operations in the UK.

The operating profit amounted to 17.1 MSEK (-13.7), with an operating margin of 5.5 % (-4.6).

Net financial income amounted to 0.1 MSEK (0.4).

The result after tax amounted to 14.5 MSEK (-14.6).

The investments amounted to 163.4 MSEK (31.1). Of this sum 13.3 MSEK (17.9) were capitalized development costs. Investments in acquired companies and product lines totaled 144.1 MSEK (0).

MIP Technologies AB was acquired on April 30. The initial purchase sum corresponds to an enterprise value of 16 MSEK. The acquisition of MIP also means that additional payments based on the division of gross profit in certain areas may be made until the end of 2015. The agreement with the sellers does not stipulate a maximum amount and the uncertainty concerning the future result is considerable but has been estimated by the company to 29 MSEK.

The product lines RapidTrace® och TurboVap® and associated assets were acquired on May 25 from Caliper Life Sciences, Inc for 16.5 MUSD (128.2 MSEK).

During the period tangible fixed assets were sold for 40.0 MSEK (0), primarily the company's real estate in the US.

Amortizations were made to the amount of 24.6 MSEK (24.5). Of this sum 13.7 MSEK (12.3) were amortizations of capitalized development costs.

The cash flow from operating activities amounted 45.5 MSEK (17.8), of this sum 23.4 MSEK (-3.5) were derived from divested operations.

Balance sheet items

At September 30, 2010 the Group's cash, securities and short term investments totaled 182.3 MSEK, compared to 364.9 MSEK at December 31, 2009. The Group's interest-bearing liabilities amounted to 7.5 MSEK, compared to 37.7 MSEK at December 31, 2009.

Own shares in the parent company were repurchased for 31.8 MSEK during the third quarter, and for a total of 63.6 MSEK since the repurchasing program was started in the third quarter 2009. No shares have been resold and at September 30, 2010 the company owed 8,741,612 own shares. The average price for the acquired shares is 7.27 SEK.

The Group reports a total goodwill of 548.3 (473.7) MSEK at September 30. This is attributable to the acquisitions of Personal Chemistry and Biotage LLC in 2003 and the acquisitions of Argonaut and Separtis in 2005. This year's change is due to the acquisitions of MIP Technologies AB and two product lines from Caliper Life Sciences, Inc., and to currency effects.

Other intangible fixed assets amounted to 51.7 MSEK (12.0) and capitalized development costs to 56.4 MSEK (49.9). The increase in 2010 is mainly attributable to the acquisitions of MIP Technologies and two product lines from Caliper Life Sciences, Inc.

At September 30, 2010 the equity capital amounted to 990.6 MSEK, compared to 1,089.0 MSEK at December 31, 2009.

Patent dispute in the US

Biotage has, as previously reported, been sued for patent infringement in the US. Biotage has convinced the US Patent and Trademark Office to re-examine the validity of all patents concerned. Biotage continues to believe that the other party lacks support for the alleged patent infringement.

Human resources

At September 30, 2010 the Group had 272 employees, compared to 245 at the start of the year.

Parent company

The Group's parent company, Biotage AB, has wholly owned subsidiaries in Sweden, the United States, United Kingdom, Germany, France, Italy and Japan. The parent company is responsible for Group management, strategic business development and administrative functions at Group level towards subsidiaries.

In the third quarter the parent company's net income amounted to 1.5 MSEK (1.5). For the whole nine-month period net income amounted to 4.7 MSEK (4.6).

The result after financial items in the third quarter amounted to -5.4 MSEK (13.5). For the first nine months of the year the result after financial items was -8.3 MSEK (18.7).

The parent company's investments in intangible fixed assets during the third quarter amounted to 0.2 MSEK (0.3). In the whole nine-month period the investments in intangible fixed assets amounted to 0.5 MSEK (0.7).

In the second quarter the parent company acquired all shares in MIP Technologies AB at a price corresponding to an enterprise value of 16 MSEK. The parent company also supplied its US subsidiary 108.8 MSEK for the acquisition of two product lines from Caliper Life Sciences, Inc.

At September 30, 2010 the parent company's cash and bank balance and short-term investments amounted to 124.2 MSEK, compared to 330.0 MSEK at December 31, 2009. The reduction of cash and bank balance is mainly attributable to the acquisitions and the repurchasing of the company's own shares.

Risks and uncertainties

As an international Group, Biotage is exposed to various risks that affect the possibilities to achieve the established targets. There are operational risks, such as the risk that competitive situations affect price levels and sales volumes, and the risk that the economic development in the markets and segments where the Group operates is not stable. There are also financial risks, such as currency risks, interest risks and credit risks.

No major changes in significant risks or uncertainty factors have occurred during the period. A detailed account of Biotage's risks, uncertainty factors and the handling of these can be found in the company's Annual Report for 2009.

Readers wishing to study the risks and uncertainties reported in the 2009 Annual Report can download this report from Biotage AB's website www.biotage.com or order it from Biotage AB, Kungsgatan 76, SE-753 18 Uppsala or info@biotage.com.

Financial reports in 2010

The year-end report for 2010 will be issued on February 10, 2011.

The interim report for the first quarter 2011 will be issued on April 27, 2011.

The Annual General Meeting will be held on April 27, 2011.

Uppsala October 26, 2010

Torben Jörgensen
President and CEO

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The information in this press release is of the kind that Biotage AB (publ) is required to make public according to the Securities Business Act and/or the Financial Instruments Trading Act. The information was released for publication at 12.00 on October 26, 2010.

About Biotage

Biotage offers solutions, knowledge and experience in the areas of analytical chemistry and medicinal chemistry. The customers include the world's largest pharmaceutical and biotech companies, and leading academic institutes. The company is headquartered in Uppsala and has subsidiaries in the US, UK and Japan. Biotage has 269 employees and had sales of 394.1 MSEK in 2009. Biotage is listed on the NASDAQ OMX Nordic Stockholm stock exchange. Website: www.biotage.com

Review Report

Introduction

We have reviewed the interim report for Biotage AB for the period January 1 - September 30, 2010. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 26, 2010

Deloitte AB

Marcus Sörlander

Authorized Public Accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010-07-01	2009-07-01	2010-01-01	2009-01-01	2009-01-01
Amounts in SEK thousands	2010-09-30	2009-09-30	2010-09-30	2009-09-30	2009-12-31
Net sales	109 467	90 602	312 833	294 605	394 123
Cost of sales	-44 531	-39 426	-128 216	-123 378	-169 025
Gross profit	64 937	51 176	184 617	171 227	225 098
Distribution costs	-35 835	-30 100	-105 838	-100 627	-132 297
Administrative expenses	-10 358	-14 939	-33 559	-45 392	-61 020
Research and development costs	-9 972	-7 844	-29 192	-24 519	-34 130
Other operating income	0	3 844	7 019	7 366	10 951
Other operating expenses	-3 929	-116	-5 938	-21 746	-18 725
Operating expenses	-60 094	-49 154	-167 508	-184 917	-235 222
Operating profit/loss	4 843	2 022	17 109	-13 691	-10 123
Financial net income	347	-253	50	444	1 124
Profit/loss before income tax	5 190	1 769	17 159	-13 247	-8 999
Tax expenses	-508	-385	-2 636	-1 272	-818
Profit/loss after tax for continuing operations	4 682	1 384	14 523	-14 519	-9 818
Profit/loss after tax for discontinued operations	-	-152	-	-66	23 295
Total profit/loss for the period	4 682	1 232	14 523	-14 586	13 477
Other comprehensive income					
Translation differences related to non Swedish subsidiaries	-58 162	-38 435	-42 131	-32 024	-22 467
Change in hedging reserve	-	-267	-	2 783	1 042
Total other comprehensive income	-58 162	-38 703	-42 131	-29 241	-21 425
Total comprehensive income for the period	-53 481	-37 471	-27 608	-43 827	-7 948

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continuing)

	2010-07-01 2010-09-30	2009-07-01 2009-09-30	2010-01-01 2010-09-30	2009-01-01 2009-09-30	2009-01-01 2009-12-31
Attributable to parent company's shareholders:					
Total profit/loss for the period	4 682	1 232	14 523	-14 586	13 477
Total comprehensive income for the period	-53 481	-37 471	-27 608	-43 827	-7 948
Average shares outstanding	82 130 982	88 469 886	84 817 108	88 480 842	88 262 934
Average shares outstanding after dilution	82 130 982	88 469 886	84 817 108	88 480 842	88 262 934
Shares outstanding at end of reporting period (*)	88 486 320	88 486 320	88 486 320	88 486 320	88 486 320
Total profit/loss for the period per share SEK	0,06 kr	0,01 kr	0,17 kr	-0,16 kr	0,15 kr
Total profit/loss for the period per share SEK after dilution	0,06 kr	0,01 kr	0,17 kr	-0,16 kr	0,15 kr
Total comprehensive income for the period per share SEK	-0,65 kr	-0,42 kr	-0,33 kr	-0,50 kr	-0,09 kr
Total comprehensive income for the period per share after dilution SEK	-0,65 kr	-0,42 kr	-0,33 kr	-0,50 kr	-0,09 kr
(*) Of the numbers of shares outstanding are repurchased as per end of reporting period	8 741 612	158 779	8 741 612	158 779	1 578 109

Quarterly summary 2010 and 2009 Amounts in KSEK	2010 Q 3	2010 Q 2	2010 Q 1	2009 Q 4	2009 Q 3	2009 Q 2	2009 Q 1
Net Sales	109 467	103 502	99 863	99 519	90 602	104 411	99 591
Cost of sales	-44 531	-42 704	-40 982	-45 647	-39 426	-41 002	-42 951
Gross profit	64 937	60 799	58 881	53 872	51 176	63 410	56 641
Gross margin	59,3%	58,7%	59,0%	54,1%	56,5%	60,7%	56,9%
Operating expenses	-60 094	-53 166	-54 248	-50 304	-49 154	-57 435	-78 328
Operating profit/loss	4 843	7 633	4 633	3 568	2 022	5 975	-21 687
Financial net income	347	102	-399	680	-253	379	317
Profit/loss before income tax	5 190	7 734	4 235	4 248	1 769	6 354	-21 370
Tax expenses	-508	-1 104	-1 023	454	-385	-610	-277
Profit/loss after tax for continuing operations	4 682	6 630	3 211	4 702	1 384	5 744	-21 647
Profit/loss after tax for discontinued operations	-	-	-	23 361	-152	-263	349
Total profit/loss for the period	4 682	6 630	3 211	28 063	1 232	5 480	-21 298

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	2010-09-30	2009-12-31
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	32 803	41 915
Goodwill (note 1)	548 320	473 661
Other intangible assets	108 061	61 970
Financial assets	2 657	2 293
Deferred tax asset	42 570	42 570
Total non-current assets	734 411	622 409
Current assets		
Inventories	101 366	80 288
Trade and other receivables	99 158	121 228
Cash cash equivalents and short time deposits	182 348	364 902
Total current assets	382 871	566 417
Total assets for continuing operations	1 117 283	1 188 827
Non-current assets held for sale	-	38 563
TOTAL ASSETS	1 117 283	1 227 390
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company		
Share capital	88 486	88 486
Other paid-in capital	4 993	4 993
Reserves	-107 477	-65 345
Retained earnings	1 004 645	1 060 893
Total equity	990 647	1 089 027
Non-current liabilities		
Liabilities to credit institutions	6 684	7 615
Non-current provisions	31 389	2 913
Total non-current liabilities	38 073	10 528
Current liabilities		
Trade and others liabilities	83 431	92 615
Tax liabilities	1 202	1 746
Liabilities to credit institutions	778	915
Current provisions	3 151	3 356
Total current liabilities	88 562	98 632
Total equity and liabilities for continuing operations	1 117 283	1 198 187
Liabilities attributable to non-current assets held for sale	-	29 203
TOTAL EQUITY AND LIABILITIES	1 117 283	1 227 390

CONSOLIDATED STATEMENT OF CASH FLOWS

	2010-07-01	2009-07-01	2010-01-01	2009-01-01	2009-01-01
Amounts in SEK thousands	2010-09-30	2009-09-30	2010-09-30	2009-09-30	2009-12-31
Operating activities					
Profit/loss after financial items	5 190	1 769	17 159	-13 247	-8 999
Adjustments for non-cash items	15 297	3 649	26 957	37 796	34 470
	20 487	5 418	44 116	24 549	25 471
Income tax paid	-508	-385	-2 636	-1 272	-818
Cash flow from operating activities before changes in working capital					
	19 979	5 033	41 481	23 277	24 653
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in inventories	-2 654	4 393	-14 564	4 044	18 623
Increase (-)/ decrease (+) in trade receivables	-1 464	-3 989	5 924	1 677	-1 863
Increase (-)/ decrease (+) in other current receivables	4 444	-8 553	4 105	-1 568	-1 791
Increase (+)/ decrease (-) in other liabilities	-13 342	7 637	-14 771	-6 155	269
Cash flow from operating activities - continuing operations	6 964	4 521	22 175	21 274	39 892
Cash flow from operating activities - discontinued operations	-	436	23 361	-3 455	-3 644
Cash flow from operating activities	6 964	4 957	45 536	17 818	36 248
Investing activities					
Acquisition of intangible assets	-4 782	-4 977	-14 005	-18 697	-23 042
Acquisition of property, plant and equipment	-2 237	-6 444	-4 635	-12 278	-16 257
Acquisition of financial assets	-602	-108	-640	-166	-659
Acquisitions of companies and product lines (note 2)	-	-	-144 116	-	-
Sale of property and other non current assets	-	-	39 884	-	-
Sale of financial assets	46	-	144	-	-
Cash flow from investing activities - continuing operations	-7 575	-11 529	-123 368	-31 141	-39 958
Cash flow from investing activities - discontinued operations	-	-	-	-	-
Cash flow from investing activities	-7 575	-11 529	-123 368	-31 141	-39 958
Financing activities					
Dividend to shareholders	-	-	-17 303	-17 697	-17 697
Buy-back of shares	-33 013	-1 100	-53 469	-1 100	-10 120
New borrowing	-	-	-	5 123	-
Repayment of loans	266	-3 846	-30 867	-454	-6 669
Cash flow from financing activities - continuing operations	-32 747	-4 945	-101 639	-14 128	-34 486
Cash flow from financing activities - discontinued operations	-	-	-	-	-
Cash flow from financing activities	-32 747	-4 945	-101 639	-14 128	-34 486
Cash flow for the period	-33 359	-11 518	-179 471	-27 451	-38 197
Cash and liquid assets at beginning of period	220 066	390 461	364 902	404 991	404 991
Exchange differences in liquid assets	-4 360	-4 484	-3 083	-3 081	-1 892
Cash and liquid assets at end of period	182 348	374 459	182 348	374 459	364 902
Additional information:					
<i>Adjustments for non-cash items</i>					
Depreciations and impairments	9 627	7 498	24 619	24 456	35 332
Other items	5 671	-3 848	2 338	13 340	-862
Total	15 297	3 649	26 957	37 796	34 470
Interest received	421	321	788	2 323	3 367
Interest paid	-74	-574	-737	-1 879	-2 243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Other payed-in capital	Accumulated translation reserve	Hedging-reserve	Retained earnings	Total equity
Opening balance January 1, 2009	88 486	847 173	-42 878	-1 042	233 053	1 124 792
Changes in equity in the period of January 1 - September 30, 2009						
Total comprehensive income	-	-	-32 024	2 783	-14 586	-43 827
Total non-owners changes	0	0	-32 024	2 783	-14 586	-43 827
Transactions with equity holders of the company						
Dividend to shareholders of the parent company					-17 697	-17 697
Share buy-back by parent company (*)					-1 100	-1 100
Distribution as adopted by EGM registered with the Swedish Companies Registration Office on february 11, 2009	-	-842 180			842 180	0
Closing balance September 30, 2009	88 486	4 993	-74 902	1 741	1 041 850	1 062 169
Changes in equity in the period of October 1 - December 31, 2009						
Total comprehensive income	-	-	9 557	-1 741	28 064	35 879
Total non-owners changes	0	0	9 557	-1 741	28 064	35 879
Transactions with equity holders of the company						
Share buy-back by parent company (*)					-9 021	-9 021
Closing balance December 31, 2009	88 486	4 993	-65 345	0	1 060 893	1 089 027
Changes in equity in the period of January 1 - September 30, 2010						
Total comprehensive income	-	-	-42 131	-	14 523	-27 608
Total non-owners changes	0	0	-42 131	0	14 523	-27 608
Transactions with equity holders of the company						
Dividend to shareholders of the parent company					-17 303	-17 303
Share buy-back by parent company (*)					-53 469	-53 469
Closing balance September 30, 2010	88 486	4 993	-107 477	0	1 004 645	990 647

(*): Share buy-back

At the annual general meeting held on April 27, 2009 the Board was granted a mandate to purchase and transfer the Company's own shares before the next annual meeting, provided Biotages's total holding of its own shares does not exceed ten percent of the total number of shares. At the Annual General Meeting held on April 29, 2010 this authorization became renewed until the next Annual General Meeting in 2011. The company used this mandate to purchase a total of 8 741 612 shares between September 2009 and September 30, 2010 at an average purchase price of SEK 7.27. The number of repurchased shares corresponds to 9,88 percent of the number of issued shares. None repurchased shares have been sold.

INCOME STATEMENT, PARENT

	2010-07-01	2009-07-01	2010-01-01	2009-01-01	2009-01-01
Amounts in SEK thousands	2010-09-30	2009-09-30	2010-09-30	2009-09-30	2009-12-31
Net sales	1 513	1 548	4 670	4 591	6 126
Administrative expenses	-3 811	-5 411	-12 812	-13 748	-19 652
Research and development costs	-801	-430	-1 943	-1 903	-2 709
Other operating income	-	194	390	2 045	28 363
Other operating expenses	-4 239	0	-5 333	-261	-261
<i>Operating expenses</i>	-8 851	-5 647	-19 699	-13 867	5 742
Operating profit/loss	-7 338	-4 098	-15 028	-9 276	11 867
Profit/loss from financial investments:					
Interest income from receivables from group companies	2 708	2 722	8 553	12 292	15 226
Interest expense from liabilities to group companies	-460	-454	-1 406	-1 424	-1 910
Result from participations in group companies	-659	15 000	-659	15 000	15 000
Other interest and similar income	338	304	702	2 296	3 009
Interest and similar expense	-2	-11	-456	-19	-138
Financial net income	1 927	17 561	6 734	28 144	31 187
Profit/loss before income tax	-5 411	13 463	-8 294	18 868	43 054
Tax expenses	-	-	-	-	-
Total profit/loss for the period	-5 411	13 463	-8 294	18 868	43 054

STATEMENT OF COMPREHENSIVE INCOME, PARENT

Total profit/loss for the period	-5 411	13 463	-8 294	18 868	43 054
Translation differences related to non Swedish subsidiaries	-43 723	-24 773	-25 771	-26 609	-21 644
Total comprehensive income, parent	-49 135	-11 310	-34 065	-7 741	21 410

BALANCE SHEET, PARENT

Amounts in SEK thousands	2010-09-30	2009-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Patents and licenses	5 410	6 196
<i>Financial assets</i>		
Investments in group companies	561 274	557 090
Receivables from group companies	254 047	179 583
Deferred tax asset	42 570	42 570
	857 891	779 243
Total non-current assets	863 302	785 439
Current assets		
<i>Current receivables</i>		
Trade receivables	-	-
Receivables from group companies	74 320	62 565
Other receivables	493	2 054
Prepaid expenses and accrued income	1 038	25 463
	75 851	90 082
Cash, cash equivalents and short time deposits	124 144	330 038
Total current assets	199 995	420 120
TOTAL ASSETS	1 063 297	1 205 559
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	88 486	88 486
	88 486	88 486
<i>Unrestricted equity</i>		
Fair value reserve	-49 675	-23 904
Retained earnings	819 809	847 526
Profit/loss for the period reported	-8 294	43 054
	761 840	866 676
Total equity	850 327	955 164
Current liabilities		
Trade payables	861	1 067
Liabilities to group companies	208 498	245 827
Other current liabilities	75	390
Accrued expenses and prepaid income	3 536	3 111
	212 970	250 395
TOTAL EQUITY, PROVISIONS AND LIABILITIES	1 063 297	1 205 559
Pledged assets	22 500	22 500
Contingent liabilities	-	-

STATEMENT OF CASH FLOWS, PARENT

	2010-07-01	2009-07-01	2010-01-01	2009-01-01	2009-01-01
Amounts in SEK thousands	2010-09-30	2009-09-30	2010-09-30	2009-09-30	2009-12-31
Operating activities					
Profit/loss after financial items	-5 411	13 463	-8 294	18 868	43 054
Adjustments for non-cash items	19 728	1 409	23 452	-5 877	-7 308
	14 316	14 871	15 158	12 991	35 746
Income tax paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	14 316	14 871	15 158	12 991	35 746
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in other current receivables	120	14	25 986	3 869	-20 230
Increase (+)/ decrease (-) in other liabilities	-34 091	-28 345	-50 915	-7 604	-13 684
Cash flow from operating activities	-19 655	-13 460	-9 771	9 256	1 832
Investing activities					
Acquisition of intangible assets	-167	-95	-537	-823	-905
Acquisition of financial assets (note 2)	0	-42	-124 815	-42	-42
Cash flow from investing activities	-167	-138	-125 352	-865	-947
Financing activities					
Dividend to shareholders	-	-	-17 303	-17 697	-17 697
Buy-back of shares	-33 013	-1 100	-53 468	-1 100	-10 120
Cash flow from financing activities	-33 013	-1 100	-70 771	-18 797	-27 818
Cash flow for the period	-52 835	-14 698	-205 895	-10 407	-26 933
Cash and liquid assets at beginning of period	176 979	361 263	330 038	356 972	356 972
Cash and liquid assets at end of period	124 144	346 565	124 144	346 565	330 038
Additional information:					
<i>Adjustments for non-cash items</i>					
Depreciation and impairment	17 112	337	18 024	1 146	1 483
Other items	2 616	1 071	5 428	-7 023	-8 792
Total	19 728	1 409	23 452	-5 877	-7 308
Interest received	3 047	3 026	9 255	14 587	18 234
Interest paid	-462	-465	-1 863	-1 443	-2 048

STATEMENT OF CHANGES IN EQUITY, PARENT

Amounts in SEK thousands	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total equity
Opening balance January 1, 2009	88 486	842 180	-2 260	33 150	961 556
Changes in equity in the period of January 1 - September 30, 2009					
Distribution as adopted by EGM registered with the Swedish Companies Registration Office on february 11, 2009	-	-842 180	-	842 180	0
Disposition enligt årsstämman	-	-	-	-17 697	-17 697
Distribution as adopted by AGM:	-	-	-	-1 100	-1 100
Dividend to shareholders of the parent	-	-	-	-1 100	-1 100
Total comprehensive income	-	-	-26 609	18 868	-7 741
Closing balance September 30, 2009	88 486	0	-28 869	875 401	935 018
Changes in equity in the period of October 1 - December 31, 2009					
Återköpta egna aktier (*)	-	-	-	-9 020	-9 020
Erhållet koncernbidrag	-	-	-	15	15
Summa totalresultat för perioden	-	-	4 965	24 185	29 151
Utgående balans 31 december 2009	88 486	0	-23 904	890 580	955 164
Changes in equity in the period of January 1 - September 30, 2010					
Share buy-back by parent company (*)	-	-	-	-53 468	-53 468
Group contribution received	-	-	-	-17 303	-17 303
Total comprehensive income	-	-	-25 771	-8 294	-34 065
Closing balance September 30, 2010	88 486 0	0	-49 675	811 515	850 327

(*): Share buy-back

At the annual general meeting held on April 27, 2009 the Board was granted a mandate to purchase and transfer the Company's own shares before the next annual meeting, provided Biotages's total holding of its own shares does not exceed ten percent of the total number of shares. At the Annual General Meeting held on April 29, 2010 this authorization became renewed until the next Annual General Meeting in 2011.

The company used this mandateto purchase a total of 8 741 612 shares between September 2009 and September 30, 2010 at an average purchase price of SEK 7.27. The number of repurchased shares corresponds to 9,88 percent of the number of issued shares. None repurchased shares have been sold.

Accounting principles

Biotage's Group reporting is based on International Financial Reporting Standards as adopted by the EU. The Group's interim report is prepared in accordance with IAS 34 Interim Reporting, and the Swedish Accounting Act. The parent company's interim report is prepared in accordance with the Swedish Accounting Act and The Swedish Financial Reporting Board's recommendation RFR 2.3 Reporting for legal entities.

The revised IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* are applied for acquisitions and transactions carried out January 1, 2010 or later. The changes in these standards among other things mean that transactions with minority holders, where the controlling interest remains, shall be reported as transactions between the owners (as equity). Furthermore, the rules for reporting of conditional purchase sums have been changed, so that the acquisition value of a business acquisition is reported at one point in time. Subsequent adjustments of the acquisition value are reflected in the income statement. Costs related to acquisitions must not be included in the acquisition value of a business acquisition, but are reported as a cost item in the income statement. The approach in the reporting of gradual acquisitions has been changed, which means that at the time of the transaction (when controlling interest is obtained) the actual value is calculated according to the previously owned share. The acquisition cost thus consists of the actual value of the previously owned share plus the purchase sum for the newly acquired share. Any change in the value of the previously owned share is reported as a profit or loss in the income statement.

In all other respects the same accounting principles and calculation methods were applied in the preparation of the Group's and the parent company's interim report as in the preparation of Biotage's Annual Report for 2009. These are described on pp. 38-49 in the Annual Report.

Readers wishing to study the accounting principles presented in the 2009 Annual Report can download this report from Biotage AB's website www.biotage.com or order it from Biotage AB, Kungsgatan 76, SE-753 18 Uppsala, Sweden, or info@biotage.com.

NOTES AND SUPPLEMENTARY DISCLOSURES

Note 1:

Goodwill in group balance sheet		KSEK
Opening balance at January 1, 2010		473 661
Change in value due to exchange rate changes January - March 2010		<u>-3 804</u>
Closing balance as per March 31, 2010		469 857
Change in balance due to acquisition as follows:		
MIP Technologies AB (shares)	21 876	
Caliper Life Sciences (product lines)	<u>67 974</u>	89 850
Change in value due to exchange rate changes April - June 2010		<u>15 781</u>
Closing balance as per June 30, 2010		575 488
Change in balance due to acquisition and reviewed open balances in the acquired entities:		
MIP Technologies AB	13 799	
Caliper Life Sciences	<u>-441</u>	13 358
Change in value due to exchange rate changes July - September 2010		<u>-40 526</u>
Closing balance as per September 30, 2010		548 320

Note 2:**Supplementary disclosures according to IFRS 3 concerning business acquisition during the reported period.**

In second quarter 2010 the Group acquired all shares in the Swedish company MIP Technologies AB and two product lines from the American company Caliper Life Sciences Inc.

In the CEO:s comments to this report on page 2 the scope, background and aim of the acquisition are described.

Below the reported information is complemented by financial information that acquiring companies are required to submit according to IFRS 3 "Business Combinations".

The financial information is more easy to put into context if the written information referred to above is read first.

The figures stated below are preliminary concerning the value of assets, liabilities and contingent liability taken over.

1. Comprehensive information.

	MIP Technologies AB	Caliper Life sciences product lines	Total
	KSEK	KSEK	KSEK
Parent company's cash payments	16 000	108 815	124 815
Cash payments by subsidiaries	-130	19 431	19 301
Group cash payments	15 870	128 246	144 116
Expected additional payments	28 799	-	28 799
The Group acquisition expenditure	44 669	128 246	172 915
Assets taken over excl liquid assets	13 626	22 845	36 472
Liabilities and contingent liability	-4 633	-3 581	-8 213
Net assets taken over	8 994	19 265	28 258
Surplus on consolidation	35 675	108 981	144 657
distributed as follows:			
Goodwill on consolidation	35 675	67 533	103 208
Intangible fixed assets	-	41 426	41 426
Tangible fixed assets	-	155	155
Inventory	-	-132	-132
Total surplus on consolidation	35 675	108 981	144 657

Costs directly attributable to the acquisitions have been charged to the group operating result:

July-September 2010	0
April - June 2010	2 009
January - March 2010	0

2. MIP Technologies AB.

Date of acquisition: 2010-04-30
 Type of acquisition: Company Shares
 acquired share: 100 percent

Total acquisition cost KSEK 44 799
 Whereof expected additional payments KSEK 28 799

Acquisition analysis	According to the company's balance sheet April 30, 2010	Biotage's fund contribution	Expected additional payments	Total acquisition cost	Adjustments according to IFRS 3	Opening balance on the Groups balance sheet April 30, 2010
	KSEK	KSEK	KSEK	KSEK	KSEK	KSEK
Parent company's cash payments	2 885	13 115		16 000		16 000
Liquid assets in the company		-130		-130		-130
Sub-total in the Groups cash-flow report September 30, 2010	2 885	12 985	0	15 870	0	15 870
Additional payments			28 799	28 799		28 799
The Group acquisition expenditure	2 885	12 985	28 799	44 669	0	44 669
<u>Assets</u>						
Intangible fixed assets	8 870			8 870		8 870
Goodwill on consolidation				0	35 675	35 675
Tangible fixed assets	1 231			1 231		1 231
Inventory	1 573			1 573		1 573
Current receivables	1 922	31		1 953		1 953
Liquid assets		130		130		130
Total assets	13 595	161	0	13 756	35 675	49 432
<u>Equity and liabilities</u>						
Long-term liabilities	11 201	-10 035		1 166		1 166
Provisions				0	28 799	28 799
Current liabilities	5 845	-2 378		3 466		3 466
Equity	-3 451	12 574	0	9 124	6 876	16 000
Total equity and liabilities	13 595	161	0	13 756	35 675	49 432

3. Caliper Life Sciences Inc.

Date of acquisition: 2010-05-25
 Type of acquisition: Two product lines and their net assets
 acquired share: 100 percent

Total acquisition cost KSEK 128 246 (KUSD 16 500)
 Whereof expected additional payments KSEK 0

	Balance sheet items taken over May 25, 2010	Adjustments according to IFRS 3	Opening balance on the Groups balance sheet May 25, 2010
Acquisition analysis	KSEK	KSEK	KSEK
Parent company's cash payments	108 815		108 815
Subsidiary Biotage LLC:s cash payments	19 431		19 431
The Group acquisition expenditure	128 246	0	128 246

Assets

Intangible fixed assets		41 426	41 426
Goodwill on consolidation		67 533	67 533
Tangible fixed assets		155	155
Inventory	10 263	-132	10 131
Current receivables	12 582		12 582
Total assets	22 845	108 981	131 827

Equity and liabilities

Provisions	1 861		1 861
Current liabilities	1 719		1 719
Net assets	19 265	108 981	128 246
Total equity and liabilities	22 845	108 981	131 827

4. The acquired units effect on the reported result in the interim reports

The following operating results have not been charged with common costs as sales/marketing and administration.

From the day of acquisition to June 30, 2010:

	MIP	Caliper	
	Technologies AB	Life sciences	Total
	KSEK	product lines	KSEK
Net sales	2 211	6 296	8 507
Operating expenses	-3 915	-5 016	-8 931
Operating result	-1 704	1 280	-424

The period July 1 - September 30, 2010

	MIP	Caliper	
	Technologies AB	Life sciences	Total
	KSEK	product lines	KSEK
Net sales	1 821	17 358	19 179
Operating expenses	-4 000	-8 360	-12 360
Operating result	-2 179	8 998	6 819

From the day of acquisition to September 30, 2010:

	MIP	Caliper	
	Technologies AB	Life sciences	Summa
	KSEK	product lines	KSEK
Net sales	4 032	23 654	27 686
Operating expenses	-7 915	-13 376	-21 291
Operating result	-3 883	10 278	6 395