

# Interim report

## January - September 2012



October 26, 2012

### Interim report for the period January - September 2012

#### Third quarter July - September 2012

- Group net sales in the third quarter 2012 increased by 1 percent to 107.1 MSEK (106.6). At comparable exchange rates the sales were at the same level as the corresponding quarter 2011.
- Operating profit in the quarter amounted to 8.9 MSEK (10.9).
- The result after tax amounted to 3.7 MSEK (11.4).
- Earnings per share amounted to 0.05 SEK (0.15).
- The cash flow from operating activities amounted to 12.2 MSEK (13.7).
- Net cash at September 30 amounted to 157.0 MSEK, compared to 158.3 MSEK at June 30.

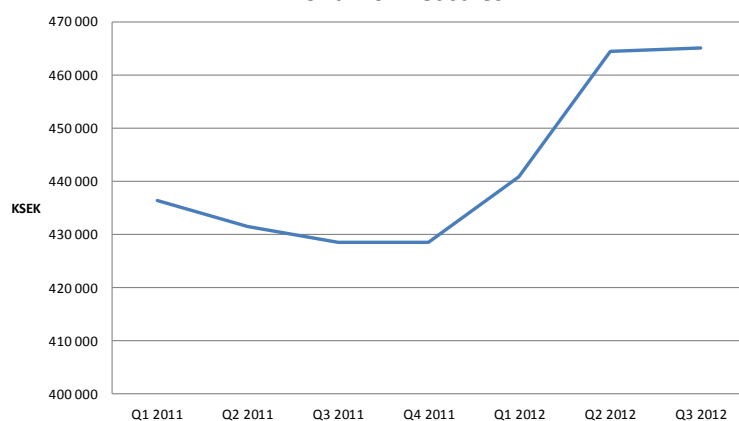
#### Nine-month period January - September 2012

- Group net sales in the first nine months 2012 increased by 12 percent to 349.0 MSEK (312.4). At comparable exchange rates sales increased by 7 percent.
- Operating profit in the nine-month period amounted to 30.3 MSEK (15.3).
- The result after tax amounted to 24.7 MSEK (15.3).
- Earnings per share amounted to 0.34 SEK (0.20).
- The cash flow from operating activities amounted to 44.5 MSEK (75.7).
- Net cash at September 30 amounted to 157.0 MSEK, compared to 198.4 MSEK at December 31 2011.
- In May dividends to the shareholders were paid to the amount of 29.3 MSEK (19.9).
- At the end of the reported period Biotage owned a total of 411,731 own shares, which the company had bought within the framework of the repurchasing program decided at the Annual General Meeting on April 26, 2012.

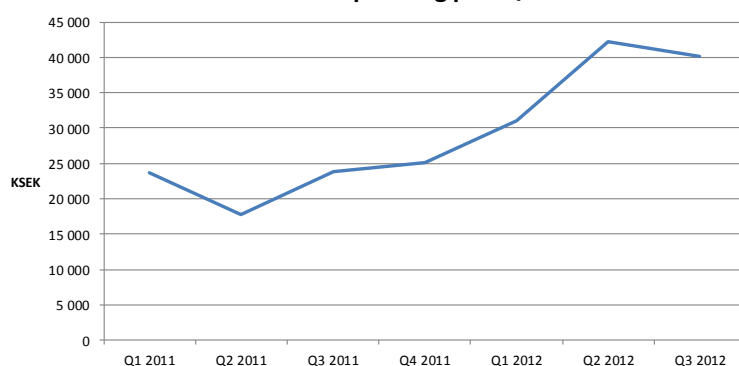
## Group result development in brief

Amounts in SEK millions	3 rd quarter 2012	3 rd quarter 2011	Jan-Sep 2012	Jan-Sep 2011	Full year 2011
Net sales	107,1	106,6	349,0	312,4	428,4
Cost of sales	-42,5	-45,0	-145,7	-130,0	-182,1
Gross profit	64,6	61,6	203,3	182,4	246,3
Operating expenses	-55,7	-50,6	-173,0	-167,1	-221,2
Operating profit/loss	8,9	10,9	30,3	15,3	25,1
Financial items	-3,9	0,8	-2,4	2,0	2,9
Profit/loss before tax	5,0	11,7	27,9	17,3	28,0
Tax expenses	-1,3	-0,3	-2,9	-1,2	-2,0
Profit/loss after tax for continuing operations	3,7	11,4	25,0	16,1	25,9
Profit/loss after tax for discontinued operations	-	-	-0,3	-0,8	6,5
<b>Total profit/loss for the period</b>	<b>3,7</b>	<b>11,4</b>	<b>24,7</b>	<b>15,3</b>	<b>32,5</b>

12 month roll net sales



12 month roll operating profit/loss



## Comments by CEO Torben Jörgensen

Even though sales in the third quarter did not meet our expectations we have seen a good development in several of our product areas. It is primarily the sales of certain instruments that have not developed satisfactorily during the quarter. However, we expect a better last quarter due to the seasonal variation traditionally occurring in our line of business.

For a longer period of time we have worked to increase the share of aftermarket products (consumables and service). In the third quarter almost 60 percent of the sales came from these products, which is in line with our long-term ambition.

An advantageous product mix and continued cost control has meant that we can report a sound 60 percent gross margin. The result in the quarter was severely affected by currency effects amounting to a total of no less than -5.7 MSEK, however. The corresponding currency effect in the third quarter 2011 was +3.8 MSEK.

Biotage continues to show strong growth in consumables for analytical chemistry. In the US we have for example managed to convert a number of contract laboratories working with pain management to Biotage's products. We are also seeing a continued positive development in purification, where we have launched a number of new consumables during the last six months. Also the product offering in organic chemistry has been strengthened during the year. We have launched both new instruments and consumables products that have shown good sales results and met with appreciation from our customers. As recently as in early September we presented a new peptide synthesis instrument, Biotage® Initiator+ Alstra™, which has been well received in the market. Biotage will make new product introductions also in 2013 in organic as well as analytical chemistry, which can be expected to further strengthen our market position.

Our operations in China and Japan continue to develop well. We have good momentum in both these countries. Historically we have been less successful in our sales of consumables there. To address the Japanese market and its local preferences we have launched a product line of consumables in purification especially adapted to the Japanese market.

In South America we maintain a relatively high level of activity. We are working for a stronger presence there through a further developed network of distributors. The South European market has been showing signs of weakness for some time. The academic sector in particular is affected by withdrawn funding. In India sales are slow and we are analyzing future opportunities for a better penetration of this significant market.

In summary I am glad, despite lower sales than expected, that we have met two important strategic goals in the past quarter, as we reached a gross margin of 60 percent and the share of so-called aftermarket products constituted almost 60 percent of our sales.

## Group result, financial position and cash flow

### Third quarter July - September 2012

Group net sales increased by 1 percent and amounted to 107.1 MSEK compared to 106.6 MSEK the corresponding period 2011. At comparable exchange rates the sales remained at the same level as the corresponding period last year. The US was the single biggest market with 40 percent of the net sales. The EU area contributed 34 percent, Japan 16 percent, China 6 percent and the rest of the world 4 percent of the net sales.

The Group's gross margin was 60.3 percent (57.8). The gross margin is influenced by variations in the product mix, sales channels and the geographic distribution of the sales.

The operating expenses amounted to 55.7 MSEK (50.6). Other operating items, mainly consisting of the effects of exchange rate fluctuations on operations-related liabilities and receivables, decreased by 5.5 MSEK and amounted to -1.5 MSEK (4.0). Exchange rate effects are thus the main reason why the operating expenses in total increased by 5.1 MSEK compared to the corresponding period last year. The administrative operating expenses have decreased, while the costs for research and development are increasing. The sales costs were roughly the same compared to last year.

The operating profit amounted to 8.9 MSEK (10.9) with an operating margin of 8.3 percent (10.2). Net financial income amounted to -3.9 MSEK (0.8). Net financial income for the third quarter includes a net effect of -4.2 MSEK concerning currency effects from financial items that were previously considered to be related to the operations. As a result of the changed assessment the net financial income for the period, compared to the previous assessment, was negatively affected by currency effects to the amount of - 4.2 MSEK, while the operating result was influenced positively to the same amount. The reported result after tax thus remains unaffected by this reclassification. The result after tax amounted to 3.7 MSEK (11.4).

The investments amounted to 8.3 MSEK (9.8) and the amortizations to 7.3 MSEK (8.4). 6.6 MSEK (5.5) of the investments were capitalized development costs and 4.2 MSEK (4.5) of the amortizations were amortizations of capitalized development costs. The period's amortizations of capitalized development costs have been reduced by 3.2 MSEK compared to previous assessments as a result of changed accounting assessments of product life cycles. Write-downs of capitalized development costs have been made to the amount of 1.7 MSEK.

The cash flow from operating activities amounted to 12.2 MSEK (13.7). During the period decreased amounts receivable have resulted in a cash flow effect to the amount of 4.1 MSEK (-8.7), while increased current receivables, decreased accounts payable and other current liabilities, and increased inventories together have affected cash flow with -10.4 MSEK (6.6).

#### The nine-month period January – September 2012

Group net sales increased by 12 percent and amounted to 349.0 MSEK (312.4) in the first nine months of the year. At comparable exchange rates net sales increased by 7 percent. The US was the biggest single market with 38 percent of the net sales. The EU area contributed 31 percent, Japan 19 percent, China 6 percent and the rest of the world 6 percent of the net sales.

The Group's gross margin was 58.3 percent (58.4). Variations in product mix, sales channels and the geographic distribution of sales influence this profitability figure.

The operating expenses amounted to 173.0 MSEK (167.1). The operating result amounted to 30.3 MSEK (15.3) with an 8.7 percent (4.9) operating margin.

Net financial income amounted to -2.4 MSEK (2.0). The result after tax amounted to 24.7 MSEK (15.3).

The investments amounted to 29.8 MSEK (31.7) and the amortizations to 21.9 MSEK (27.1). 19.7 MSEK (18.7) of the investments were capitalized development costs and 12.0 MSEK (15.6) of the amortizations were amortizations of capitalized development costs.

The cash flow from operating activities was 44.5 MSEK (75.7). During the period increased accounts receivable resulted in a cash flow effect to the amount of -1.4 MSEK (1.7). The changes in inventories and other current receivables affected cash flow to the amounts of -0.6 MSEK (11.2) and -6.9 MSEK (5.5), respectively. Changes in accounts payable and other current liabilities affected cash flow with the amount of -9.5 MSEK (2.8).

#### Balance sheet items

At September 30, 2012 the Group's cash and securities amounted to 162.8 MSEK, compared to 204.7 MSEK at December 31, 2011. The Group's interest-bearing liabilities amounted to 5.8 MSEK at the end of the reported period, compared to 6.3 MSEK at December 31, 2011. Net cash at September 30, 2012 thus amounted to 157.0 MSEK, compared to 198.4 at December 31, 2011.

The Group reports a total goodwill of 102.2 MSEK at September 30, 2012, compared to 106.1 MSEK at December 31, 2011. The reported goodwill relates to the acquisitions of MIP Technologies AB and two product lines from Caliper Life Sciences Inc. in 2010. This year's change in reported value is due to currency effects.

Other intangible fixed assets amounted to 112.2 MSEK (111.1). Of this sum patents and license rights and other intangible assets from acquisitions totaled 42.3 MSEK (47.4) and capitalized development costs 69.9 MSEK (63.7).

At September 30, 2012 the equity capital amounted to 528.7 MSEK, compared to 563.9 MSEK at December 31, 2011. The change in equity capital in the nine-month period is attributable to the net result, 24.7 MSEK, dividends to the shareholders, -29.3 MSEK, repurchasing of own shares, -23.9 MSEK, and cash flow hedges and currency effects at the translation of foreign subsidiaries, -6.7 MSEK.

#### **Divested operations**

The result after tax for divested operations in the nine-month period amounted to -0.3 MSEK (-0.8) and refers to currency effects on additional purchase payments from Qiagen for the Biosystems business area divested in 2008. There will be no further items affecting the result relating to this divestment after this report.

#### **Major events**

##### Patent dispute in the US

Biotage has, as previously reported, been sued for patent infringement in the US. These complaints are declared resting by the court awaiting the results of reexamination cases of the validity of the patents by the United States Patent and Trademark Office. The reexamination cases are in progress and there is nothing additional to report in relation to these law suits. Biotage's analysis indicates that the company has a strong position and that the other party lacks good cause for the alleged patent infringement.

##### Major events after the end of the report period

There are no other major events after the end of the reported period to report.

### **Human resources**

At September 30, 2012 the Group had 282 employees, compared to 270 at the start of the year and 276 at June 30, 2012.

### **Parent company**

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

In the third quarter 2012 the parent company's net income amounted to 0.5 MSEK (0.5). In the nine-month period January – September net income amounted to 1.6 MSEK (1.6).

The result after financial items in the third quarter was -2.0 MSEK (-2.1). The first nine months 2012 the result after financial items was -8.4 MSEK (-6.7).

The parent company's investments in intangible fixed assets amounted to 0.3 MSEK (0.1) in the third quarter and to 1.0 MSEK (0.8) the first nine months.

Of the parent company's long-term receivables from group companies at September 30, 2012 receivables to a gross amount of 174 MSEK (183 MSEK at December 31, 2011) are receivables classified as part of the investments in the foreign operations, which means that changes in the value of the items due to changed currency exchange rates are reported as Other comprehensive income.

The parent company's cash and bank balance and short-term investments amounted to 51.1 MSEK at September 30, 2012, compared to 104.7 MSEK at December 31, 2011. The decrease of the parent company's cash and bank balance is mainly attributable to the payment of dividends to shareholders to the amount of 29.3 MSEK and repurchasing of own shares to the amount of 23.9 MSEK.

### **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 2011. Readers wishing to study the risks and uncertainties reported in the 2011 Annual Report can download this from Biotage AB's website [www.biotage.com](http://www.biotage.com) or order it from Biotage AB, Box 8, SE-753 18 Uppsala or [info@biotage.com](mailto:info@biotage.com).

### **Nomination committee**

In a press release issued on October 16 it was announced that a nomination committee, consisting of shareholder representatives and the Chairman of the Board of Directors, has been formed for Biotage AB. The nomination committee shall, before the Annual General Meeting 2013, prepare proposals for the election of the Chairman and other members of the Board of Directors, the election of the

Chairman of the Annual General Meeting, the election of auditors, the determination of fees and matters pertaining thereto. The members of the nomination committee are:

Staffan Josephson, Investor Growth Capital, chairman

Anders Walldov, Brohuvudet AB and direct holding

Jesper Bonnevier, Länsförsäkringar Fonder

Ove Mattsson, Chairman of the Board, holding by endowment insurances

Shareholders wishing to submit a proposal for members of the Board of Directors may do so by sending an e-mail to the Chairman of the Board of Directors of Biotage AB at: [info@biotage.com](mailto:info@biotage.com)

### **Reports relating to 2012 and 2013**

The year-end report for 2012 will be issued on February 12, 2013.

The interim report for the first quarter 2013 will be issued on April 25, 2013.

The Annual General Meeting will be held on April 25, 2013.

The interim report for the second quarter 2013 will be issued on August 15, 2013.

The interim report for the third quarter 2013 will be issued on October 25, 2013.

The year-end report for 2013 will be issued on February 13, 2014.

The annual report for 2012 is planned to be made public in week 14 2013.

*This report has been reviewed by the company's auditor.*

Uppsala October 26, 2012

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 Financial Instruments Trading Act. The information was released for publication at 08.00 on October 26, 2012.*

#### *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 offices in the US, UK, China and Japan. Biotage has approx. 270 employees and had sales of 428.1 MSEK in 2011. Biotage is listed on the NASDAQ OMX Nordic Stockholm stock exchange. Website: [www.biotage.com](http://www.biotage.com)*

**Biotage AB (publ)****Interim report****2012-01-01 -- 2012-09-30****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>Amounts in SEK thousands</b>	<b>2012-07-01</b>	<b>2011-07-01</b>	<b>2012-01-01</b>	<b>2011-01-01</b>	<b>2011-01-01</b>
	<b>2012-09-30</b>	<b>2011-09-30</b>	<b>2012-09-30</b>	<b>2011-09-30</b>	<b>2011-12-31</b>
Net sales	107 134	106 551	349 000	312 376	428 408
Cost of sales	-42 532	-44 999	-145 683	-129 959	-182 127
<b>Gross profit</b>	<b>64 602</b>	<b>61 552</b>	<b>203 317</b>	<b>182 417</b>	<b>246 281</b>
Distribution costs	-35 325	-34 733	-107 572	-105 351	-140 824
Administrative expenses	-9 315	-12 059	-34 994	-35 569	-46 198
Research and development costs	-9 547	-7 819	-29 119	-26 844	-34 900
Other operating income	-1 540	3 974	-1 303	617	718
Total operating expenses	-55 727	-50 638	-172 988	-167 148	-221 205
<b>Operating profit/loss</b>	<b>8 875</b>	<b>10 915</b>	<b>30 329</b>	<b>15 270</b>	<b>25 076</b>
Financial net income	-3 862	813	-2 424	2 001	2 911
<b>Profit/loss before income tax</b>	<b>5 013</b>	<b>11 727</b>	<b>27 906</b>	<b>17 270</b>	<b>27 987</b>
Tax expenses	-1 345	-284	-2 899	-1 192	-2 046
Profit/loss after tax for continuing operations	3 669	11 443	25 007	16 078	25 941
Profit/loss after tax for discontinued operations	-	-	-288	-767	6 533
<b>Total profit/loss for the period</b>	<b>3 669</b>	<b>11 443</b>	<b>24 719</b>	<b>15 311</b>	<b>32 475</b>
<b>Other comprehensive income</b>					
Translation differences related to non Swedish subsidiaries	-9 306	16 701	-7 945	3 186	4 099
Cash flow hedges	1 276	-1 574	1 282	-1 574	-404
Total other comprehensive income	-8 030	15 127	-6 663	1 613	3 695
<b>Total comprehensive income for the period</b>	<b>-4 361</b>	<b>26 570</b>	<b>18 055</b>	<b>16 924</b>	<b>36 169</b>



**Biotage AB (publ)**  
**Interim report**  
**2012-01-01 -- 2012-09-30**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continuing)**

	<b>2012-07-01</b>	<b>2011-07-01</b>	<b>2012-01-01</b>	<b>2011-01-01</b>	<b>2011-01-01</b>
	<b>2012-09-30</b>	<b>2011-09-30</b>	<b>2012-09-30</b>	<b>2011-09-30</b>	<b>2011-12-31</b>
Attributable to parent company's shareholders:					
Total profit/loss for the period	3 669	11 443	24 719	15 311	32 475
Attributable to parent company's shareholders:					
Total comprehensive income for the period	-4 361	26 570	18 055	16 924	36 169
Average shares outstanding (*)	73 105 028	76 454 388	73 601 569	78 243 655	78 094 450
Average shares outstanding after dilution (*)	73 105 028	76 454 388	73 601 569	78 243 655	78 094 450
Shares outstanding at end of reporting period (*)	73 255 705	79 637 688	73 255 705	79 637 688	79 637 688
Total profit/loss for the period per share SEK	0,05 kr	0,15 kr	0,34 kr	0,20 kr	0,42 kr
Total profit/loss for the period per share SEK after dilution	0,05 kr	0,15 kr	0,34 kr	0,20 kr	0,42 kr
Earnings per share relates to:					
Continuing operations	0,05 kr	0,15 kr	0,34 kr	0,21 kr	0,33 kr
Discontinued operations	0,00 kr	0,00 kr	0,00 kr	-0,01 kr	0,09 kr
Total comprehensive income for the period per share SEK	-0,06 kr	0,35 kr	0,25 kr	0,22 kr	0,46 kr
Total comprehensive income for the period per share after dilution SEK	-0,06 kr	0,35 kr	0,25 kr	0,22 kr	0,46 kr
(*) Of the numbers of shares outstanding are repurchased as per end of reporting period	411 731	2 618 500	411 731	2 618 500	3 266 956
Average numbers of shares outstanding are reported excluding numbers shares repurchased.					

**Quarterly summary 2012 and 2011**

<b>Amounts in KSEK</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
Net Sales	107 134	122 287	119 579	116 031	106 551	98 628	107 198
Cost of sales	-42 532	-51 889	-51 262	-52 168	-44 999	-40 735	-44 226
Gross profit	<b>64 602</b>	<b>70 398</b>	<b>68 317</b>	<b>63 863</b>	<b>61 552</b>	<b>57 893</b>	<b>62 972</b>
Gross margin	60,3%	57,6%	57,1%	55,0%	57,8%	58,7%	58,7%
Operating expenses	-55 727	-57 532	-59 729	-54 057	-50 638	-56 138	-60 372
Operating profit/loss	<b>8 875</b>	<b>12 866</b>	<b>8 588</b>	<b>9 806</b>	<b>10 915</b>	<b>1 755</b>	<b>2 600</b>
Finansnetto	-3 862	625	813	911	813	803	385
Profit/loss before income tax	<b>5 013</b>	<b>13 491</b>	<b>9 401</b>	<b>10 717</b>	<b>11 727</b>	<b>2 558</b>	<b>2 985</b>
Tax expenses	-1 345	-304	-1 250	-854	-284	-178	-729
Profit/loss after tax for continuing operations	3 669	13 187	8 151	9 863	11 443	2 380	2 256
Profit/loss after tax for discontinued operations	-	-	-288	7 300	-	-	-767
<b>Total profit/loss for the period</b>	<b>3 669</b>	<b>13 187</b>	<b>7 863</b>	<b>17 163</b>	<b>11 443</b>	<b>2 380</b>	<b>1 489</b>

**Biotage AB (publ)**  
**Interim report**  
**2012-01-01 -- 2012-09-30**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in SEK thousands	2012-09-30	2011-12-31
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	41 239	39 468
Goodwill	102 182	106 108
Other intangible assets	112 163	111 100
Financial assets	1 324	2 286
Deferred tax asset	39 436	39 436
<b>Total non-current assets</b>	<b>296 343</b>	<b>298 399</b>
<b>Current assets</b>		
Inventories	87 036	89 694
Trade and other receivables	105 659	106 251
Cash, cash equivalents and short time deposits	162 817	204 711
<b>Total current assets</b>	<b>355 512</b>	<b>400 656</b>
<b>TOTAL ASSETS</b>	<b>651 855</b>	<b>699 054</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the parent company</b>		
Share capital	89 372	89 194
Other paid-in capital	4 993	4 993
Reserves	-107 612	-100 949
Retained earnings	541 952	570 659
<b>Total equity</b>	<b>528 705</b>	<b>563 897</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	5 339	5 850
Non-current provisions	23 657	25 184
<b>Total non-current liabilities</b>	<b>28 996</b>	<b>31 034</b>
<b>Current liabilities</b>		
Trade and others liabilities	87 097	96 037
Tax liabilities	1 631	774
Liabilities to credit institutions	439	442
Current provisions	4 988	6 870
<b>Total current liabilities</b>	<b>94 154</b>	<b>104 122</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>651 855</b>	<b>699 054</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Other paid-in capital	Accumulated translation reserve	Hedging reserve	Retained earnings	Total equity
<b>Opening balance January 1, 2011</b>	<b>88 486</b>	<b>4 993</b>	<b>-104 643</b>	<b>0</b>	<b>579 112</b>	<b>567 948</b>
<b>Changes in equity in the period of January 1 - September 30, 2011</b>						
Total comprehensive income	-	-	3 186	-1 574	15 311	16 924
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>3 186</b>	<b>-1 574</b>	<b>15 311</b>	<b>16 924</b>
<b>Transactions with equity holders of the company</b>						
Cancellation of treasury shares (*)	-8 849	-	-	-	8 849	0
Increase of share capital without the issue of new shares, bonus issue (*)	9 557	-	-	-	-9 557	0
Dividend to shareholders of the parent company	-	-	-	-	-19 909	-19 909
Share buy-back by parent company (*)	-	-	-	-	-16 926	-16 926
<b>Closing balance September 30, 2011</b>	<b>89 194</b>	<b>4 993</b>	<b>-101 457</b>	<b>-1 574</b>	<b>556 881</b>	<b>548 037</b>
<b>Changes in equity in the period of October 1, - December 31, 2011</b>						
Total comprehensive income	-	-	913	1 170	17 164	19 246
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>913</b>	<b>1 170</b>	<b>17 164</b>	<b>19 246</b>
<b>Transactions with equity holders of the company</b>						
Share buy-back by parent company (*)	-	-	-	-	-3 386	-3 386
<b>Closing balance December 31, 2011</b>	<b>89 194</b>	<b>4 993</b>	<b>-100 544</b>	<b>-404</b>	<b>570 659</b>	<b>563 897</b>
<b>Changes in equity in the period of January 1 - September 30, 2012</b>						
Total comprehensive income	-	-	-7 945	1 282	24 719	18 055
<b>Total non-owners changes</b>	<b>0</b>	<b>0</b>	<b>-7 945</b>	<b>1 282</b>	<b>24 719</b>	<b>18 055</b>
<b>Transactions with equity holders of the company</b>						
Cancellation of treasury shares (*)	-7 148	-	-	-	7 148	0
Increase of share capital without the issue of new shares, bonus issue (*)	7 326	-	-	-	-7 326	0
Dividend to shareholders of the parent company	-	-	-	-	-29 302	-29 302
Share buy-back by parent company (*)	-	-	-	-	-23 946	-23 946
<b>Closing balance September 30, 2012</b>	<b>89 372</b>	<b>4 993</b>	<b>-108 490</b>	<b>878</b>	<b>541 952</b>	<b>528 705</b>

**Repurchased shares, cancellation of repurchased shares and bonus issue.**

At the Annual General Meeting held on April 27, 2009 and the Annual General Meeting held on April 29, 2010 the Board was authorized to repurchase the company's shares to the extent that the holding of own shares amounted to a maximum of 10 percent of the total number of shares issued. From September 2009 to December 2010 the company therefore repurchased a total of 8,848,632 shares, corresponding to 10.0 percent of the company's total issued shares. At the Annual General Meeting of April 27, 2011 it was decided that the repurchased shares should be cancelled. As a result of the cancellation, the company's share capital decreased by 8,849 KSEK to 79,638 KSEK. The number of shares was reduced from 88,486,320 to 79,673,688. At the Annual General Meeting of April 27, 2011 it was also decided that the company should carry out a bonus issue and thereby increase the company's share capital by 9,557 KSEK to 89,194 without issuing any new shares.

After the cancellation of repurchased shares and the bonus issue the number of shares was 79,637,688 with a quota value of 1.12 SEK. The Annual General Meeting of April 27, 2011 further resolved to authorize the Board to carry out a new repurchasing program comprising a maximum of 10 percent of the company's outstanding shares, i.e. a total of 7,963,769 shares. At the time of the Annual General Meeting of April 26, 2012 the company had in accordance with the authorization repurchased 6,381,983 shares at an average share price of 6.40 SEK.

In accordance with the proposal of the Board, the Annual General Meeting 2012 resolved that the 6,381,983 repurchase shares should be cancelled. The company's share capital therefore decreased by 7,148 KSEK. At the same time it was decided that the company's share capital should be increased by 7,326 KSEK through a bonus issue where the issue sum was transferred from the parent company's non-restricted reserves. After realization of the AGM's decisions the registered share capital is 89,371,960 SEK and the number of outstanding shares 73,255,705 with a quota value of 1.22 SEK.

The Annual General Meeting also resolved to authorize the Board to continue to let the company repurchase shares up until the Annual General Meeting 2013, so that the company's holding of own shares amounts to a maximum of 10 percent of the number of registered shares. At the balance sheet date September 30, 2012 the company has, in accordance with this authorization, repurchased 411 731 shares at an average price of 8:34 SEK.

Readers wishing to take part of the complete resolutions of the Annual General Meeting held on April 26, 2012 can download the minutes at the company's website [www.biotage.com](http://www.biotage.com) or order the documents from the company, Biotage AB, Box 8, SE-751 03 Uppsala, Sweden. The website also contains older resolutions regarding the company's shares.

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	2012-07-01	2011-07-01	2012-01-01	2011-01-01	2011-01-01
Amounts in SEK thousands	2012-09-30	2011-09-30	2012-09-30	2011-09-30	2011-12-31
<b>Operating activities</b>					
Profit/loss before income tax	5 013	11 727	27 906	17 270	27 987
Adjustments for non-cash items	10 706	4 562	29 957	25 957	35 560
	<b>15 719</b>	<b>16 289</b>	<b>57 863</b>	<b>43 227</b>	<b>63 547</b>
Income tax paid	2 740	-564	-1 962	-2 927	-3 979
<b>Cash flow from operating activities before changes in working capital</b>	<b>18 458</b>	<b>15 725</b>	<b>55 900</b>	<b>40 300</b>	<b>59 568</b>
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in inventories	-210	3 574	-564	11 155	9 992
Increase (-)/ decrease (+) in trade receivables	4 100	-8 677	-1 376	1 664	8 191
Increase (-)/ decrease (+) in other current receivables	-8 607	2 721	-6 928	5 541	3 951
Increase (+)/ decrease (-) in other liabilities	-1 575	348	-9 505	2 806	13 104
Cash flow from operating activities - continuing operations	<b>12 166</b>	<b>13 691</b>	<b>37 527</b>	<b>61 467</b>	<b>94 806</b>
Cash flow from operating activities - discontinued operations	-	-	7 012	14 243	14 243
<b>Cash flow from operating activities</b>	<b>12 166</b>	<b>13 691</b>	<b>44 539</b>	<b>75 711</b>	<b>109 050</b>
<b>Investing activities</b>					
Acquisition of intangible assets	-6 915	-5 608	-21 067	-20 565	-30 347
Acquisition of property, plant and equipment	-1 290	-4 147	-8 476	-9 119	-11 910
Acquisition of financial assets	-56	-2	-261	-17	-269
Acquisitions of companies and product lines	-	-	-	-2 027	-2 027
Sale of property, plant and equipment	-	-	-	0	-
Sale of financial assets	112	83	195	422	753
Cash flow from investing activities - continuing operations	<b>-8 149</b>	<b>-9 674</b>	<b>-29 609</b>	<b>-31 305</b>	<b>-43 801</b>
Cash flow from investing activities - discontinued operations	-	-	-	-	-
<b>Cash flow from investing activities</b>	<b>-8 149</b>	<b>-9 674</b>	<b>-29 609</b>	<b>-31 305</b>	<b>-43 801</b>
<b>Financing activities</b>					
Dividend to shareholders	-	-	-29 302	-19 909	-19 909
Buy-back of shares	-3 435	-6 031	-23 946	-16 926	-20 311
Repayment of loans	-150	-173	-472	-471	-629
Cash flow from financing activities - continuing operations	<b>-3 585</b>	<b>-6 204</b>	<b>-53 720</b>	<b>-37 306</b>	<b>-40 849</b>
Cash flow from financing activities - discontinued operations	-	-	-	-	-
<b>Cash flow from financial activities</b>	<b>-3 585</b>	<b>-6 204</b>	<b>-53 720</b>	<b>-37 306</b>	<b>-40 849</b>
<b>Cash flow for the period</b>	<b>432</b>	<b>-2 187</b>	<b>-38 790</b>	<b>7 099</b>	<b>24 399</b>
Cash and liquid assets opening balance	164 364	186 027	204 711	179 573	179 573
Exchange differences in liquid assets	-1 979	4 235	-3 104	1 403	739
<b>Cash and liquid assets closing balance</b>	<b>162 817</b>	<b>188 074</b>	<b>162 817</b>	<b>188 074</b>	<b>204 711</b>
<b>Additional information:</b>					
<i>Adjustments for non-cash items</i>					
Depreciations and impairments	7 273	8 368	21 855	27 146	35 983
Other items	3 432	-3 806	8 102	-1 190	-423
Total	10 706	4 562	29 957	25 957	35 560
Interest received	498	821	2 055	2 148	3 111
Interest paid	-46	-8	-165	-147	-200

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**INCOMESTATEMENT, PARENT**

	<b>2012-07-01</b>	<b>2011-07-01</b>	<b>2012-01-01</b>	<b>2011-01-01</b>	<b>2011-01-01</b>
<b>Amounts in SEK thousands</b>	<b>2012-09-30</b>	<b>2011-09-30</b>	<b>2012-09-30</b>	<b>2011-09-30</b>	<b>2011-12-31</b>
Net sales	<b>527</b>	<b>527</b>	<b>1 593</b>	<b>1 566</b>	<b>2 098</b>
Administrative expenses	-5 009	-7 083	-16 964	-18 231	-23 384
Research and development costs	-517	-287	-1 078	-957	-1 283
Other operating items	-218	-512	-458	-1 492	6 319
<i>Operating expenses</i>	<i>-5 745</i>	<i>-7 882</i>	<i>-18 500</i>	<i>-20 681</i>	<i>-18 348</i>
<b>Operating profit/loss</b>	<b>-5 218</b>	<b>-7 355</b>	<b>-16 907</b>	<b>-19 115</b>	<b>-16 251</b>
<b>Profit/loss from financial investments:</b>					
Interest income from receivables from group companies	2 174	2 659	7 133	9 502	12 276
Interest expense from liabilities to group companies	-479	-473	-1 468	-1 390	-1 882
Result from participations in group companies	2 722	2 336	2 722	2 336	-9 284
Other interest and similar income	348	759	1 638	1 967	2 768
Other interest and similar income	-1 525	-	-1 527	-	-
Group contribution received	-	-	-	-	19 245
Financial net income	3 240	5 281	8 499	12 415	23 122
<b>Profit/loss before income tax</b>	<b>-1 978</b>	<b>-2 074</b>	<b>-8 408</b>	<b>-6 700</b>	<b>6 871</b>
Tax expenses	0	-	75	-	-
<b>Total profit/loss for the period</b>	<b>-1 977</b>	<b>-2 074</b>	<b>-8 333</b>	<b>-6 700</b>	<b>6 871</b>

**STATEMENT OF COMPREHENSIVE INCOME, PARENT**

Total profit/loss for the period	-1 977	-2 074	-8 333	-6 700	6 871
<b>Other comprehensive income:</b>					
Translation differences related to non Swedish subsidiaries	-10 972	19 636	-10 671	-6 821	-6 305
<b>Total comprehensive income, parent</b>	<b>-12 949</b>	<b>17 562</b>	<b>-19 004</b>	<b>-13 521</b>	<b>566</b>

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**BALANCE SHEET, PARENT**

Amounts in SEK thousands	2012-09-30	2011-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Patents and licenses	7 537	6 909
<i>Financial assets</i>		
Investments in group companies	485 019	494 181
Receivables from group companies	13 033	60 992
Deferred tax asset	39 436	39 436
	<b>537 487</b>	<b>594 609</b>
<b>Total non-current assets</b>	<b>545 024</b>	<b>601 519</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Receivables from group companies	24 545	10 441
Other receivables	3 826	1 035
Prepaid expenses and accrued income	460	8 089
	<b>28 830</b>	<b>19 565</b>
Cash, cash equivalents and short time deposits	<b>51 066</b>	<b>104 684</b>
<b>Total current assets</b>	<b>79 895</b>	<b>124 249</b>
<b>TOTAL ASSETS</b>	<b>624 919</b>	<b>725 767</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	89 372	89 194
	<b>89 372</b>	<b>89 194</b>
<i>Unrestricted equity</i>		
Fair value reserve	-63 904	-53 233
Retained earnings	445 299	491 854
Profit/loss for the year	-8 333	6 871
	<b>373 062</b>	<b>445 492</b>
<b>Total equity</b>	<b>462 434</b>	<b>534 686</b>
<b>Provisions</b>		
	<b>24 024</b>	<b>26 391</b>
<b>Current liabilities</b>		
Trade payables	1 091	1 073
Liabilities to group companies	133 658	158 671
Other current liabilities	125	286
Accrued expenses and prepaid income	3 587	4 661
	<b>138 461</b>	<b>164 690</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>624 919</b>	<b>725 767</b>
Pledged assets	22 500	22 500
Contingent liabilities	-	-

## 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 *Reporting for legal entities*.

Revised or new standards, interpretations or statements from standard-setting bodies for IFRS within the EU that have come into effect on January 1, 2012 have not had any effect on the Group's financial reporting, as these have not been relevant to Biotage AB in the current situation.

From April 1, 2012, Biotage has changed the assessment of periods of utilization at the amortization of capitalized development costs. The period of utilization has been assessed to be 7 years for the development of instruments and consumables, which have previously been amortized over periods of 3 and 5 years, respectively. These adaptations of the periods of utilization in the reporting are made in order to better reflect the management's assessment of the economic life of the company's products, based on information gained through analyses and increased experience. The revision of the periods of utilization constitutes a change assessment that is reported future-oriented and does thus not concern previous periods.

In the preparation of the Group's and the parent company's interim reports, the same accounting principles and calculation methods were in all other respects applied as in the preparation of Biotage's Annual Report for 2011. These are described on pp. 32-41 in the Annual Report.

Readers wishing to study the accounting principles presented in the 2011 Annual Report can download this report from Biotage AB's website [www.biotage.com](http://www.biotage.com) or order it from Biotage AB, Box 8, SE-753 18 Uppsala, Sweden, or [info@biotage.com](mailto:info@biotage.com).

## **Review Report**

### *Introduction*

We have reviewed the interim report for Biotage AB for the period January 1 - September 30, 2012. 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 smaller 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, 2012

Deloitte AB

Marcus Sörländer

Authorized Public Accountant