

August 14, 2007

## Interim report January – June 2007

- Net sales in the second quarter amounted to 131.1 MSEK (128.3) and to 250.0 MSEK (249.0) in the period January – June. At comparable exchange rates and excluding the Chem Dev product area which is being closed down sales increased by 8% in both periods.
- The operating result for the second quarter amounted to 11.1 MSEK (-2.2). The operating result for the first six months 2007 amounted to 18.3 MSEK (-14.3).
- Profit after tax for the second quarter amounted to 38.1 MSEK (4.0) and earnings per share to 0.43 SEK (0.04).
- In the second quarter capitalization of deferred income taxes recoverable was made to the amount of 27.6 MSEK.
- For the period January – June 2007 net profit amounted to 45.3 MSEK (-16.8) and earnings per share to 0.51 SEK (-0.19).
- Biotage has signed an agreement with one of China's leading contract research companies, Shanghai Chempartner Co., Ltd. concerning the delivery of instruments. The order has a value of approx. 10 million SEK, making this Biotage's single largest order from China to date.
- A new market segment, Molecular Imaging, was introduced.

Belopp i MSEK	<b>2nd quarter 2007</b>	2nd quarter 2006	<b>Jan-Jun 2007</b>	Jan-Jun 2006	Full year 2006	July 1, 2006 June 30, 2007
Net sales	<b>131.1</b>	128.3	<b>250.0</b>	249.0	519.5	520.6
Cost of goods sold	<b>-51.1</b>	-51.7	<b>-96.1</b>	-99.2	-199.8	-196.7
Gross profit	<b>80.0</b>	76.6	<b>153.9</b>	149.8	319.7	323.8
Operating expenses	<b>-68.9</b>	-78.8	<b>-135.6</b>	-164.1	-313.3	-284.7
Operating profit/loss	<b>11.1</b>	-2.2	<b>18.3</b>	-14.3	6.5	39.1
Financial items	<b>-0.7</b>	7.7	<b>0.7</b>	1.2	-0.4	-0.9
Profit/loss after financial items	<b>10.3</b>	5.5	<b>19.0</b>	-13.1	6.2	38.3
Tax expenses	<b>27.7</b>	-1.5	<b>26.3</b>	-3.7	-3.2	26.8
Profit/loss after tax	<b>38.1</b>	4.0	<b>45.3</b>	-16.8	2.8	65.0

## **Group result and financial position**

### Second quarter 2007

In the second quarter Group net sales increased by 2% compared to the second quarter 2006, from 128.3 to 131.1 MSEK. At constant exchange rates and excluding the Chem Dev product area which is being closed down sales increased by 8%.

The Group's gross margin increased from 59.7% in the second quarter 2006 to 61.0%. The gross margin was positively influenced by improved production efficiency and by a change in the product mix towards an increased share of consumables, but negatively by a weakening of the US dollar.

The operating expenses have continued to decrease strongly and amounted to 68.9 MSEK (78.8).

Investments during the second quarter 2007 amounted to 12.7 MSEK (8.8). Of this sum 10.5 MSEK (6.1) were capitalized development costs. In the second quarter 2007 amortizations were made to the amount of 8.1 MSEK (8.4). Of this sum 2.8 MSEK (2.2) were amortizations of capitalized development costs.

The operating result improved from -2.2 MSEK in 2006 to 11.1 MSEK.

Net financial income amounted to -0,7 MSEK (7.7).

In the second quarter capitalization of deferred income taxes recoverable was made to the amount of 27.6 MSEK, which led to the Group's tax expense being positive by 27.7 MSEK (-1.5). The Biotage Group has unutilized loss carry-forward in the order of 1,082 MSEK. According to international accounting principles a company should assess at the end of each accounting period if deferred income taxes recoverable shall be reported. This assessment according to IAS12 has resulted in the balancing at June 30, 2007 of 27.6 MSEK by the Group and the parent company. This sum has been credited to the period's result.

The result after taxes amounted to 38.1 MSEK, corresponding to 0.43 SEK per share, compared to 4.0 MSEK in 2006, corresponding to 0.04 SEK per share.

The cash flow from operating activities amounted to -14.8 MSEK (6.1), mainly attributable to changes of a temporary nature in the working capital.

### January - June 2007

Group net sales in the period January – June 2007 increased by 0.4% compared to the first six months 2006, from 249.0 to 250.0 MSEK. At comparable exchange rates and excluding the Chem Dev product area which is being closed down sales increased by 8%.

The Group's gross margin increased from 60.2% the first six months of 2006 to 61.5%. The gross margin was negatively affected by a considerable weakening of the US dollar, but positively influenced by improved production efficiency and by a change in the product mix towards an increased share of consumables.

The strong reduction of the operating expenses continued. They amounted to 135.6 MSEK (164.1).

Investments during the first six months 2007 amounted to 27.8 MSEK (21.8). Of this sum 22.5 MSEK (10.6) were capitalized development costs. Amortizations were made to the amount of 18.0 MSEK (18.1). Of this sum 5.9 MSEK (4.4) were amortizations of capitalized development costs.

The operating result improved from -14.3 MSEK the first six months 2006 to 18.3 MSEK.

Net financial income amounted to 0.7 MSEK (1.2).

In the period January – June 2007 the Group's tax expense was positive, amounting to 26.3 MSEK (-3.7).

The result after taxes amounted to 45.3 MSEK, corresponding to 0.51 SEK per share, compared to -16.8 MSEK in 2006, corresponding to -0.19 SEK per share.

The cash flow from operating activities amounted to -0.7 MSEK (-5.5).

#### Balance sheet items

At June 30, 2007 the Group's cash and securities totaled 21.9 MSEK, compared to 50.1 MSEK at December 31, 2006. Granted unutilized credits amounted to 39.2 MSEK, compared to 38.2 MSEK at December 31, 2006. The Group's interest-bearing liabilities amounted to 77.3 MSEK, compared to 76.7 MSEK at December 31, 2006.

The Group reports a total goodwill of 474.0 MSEK at June 30, 2007 (471.8). 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 currency effects.

Other intangible assets in the form of patents and license rights amounted to 29.8 MSEK (31.7) and capitalized development costs to 56.7 MSEK (40.0).

At June 30, 2007 the equity capital amounted to 759.8 MSEK, compared to 712.5 MSEK at December 31, 2006. The Group's equity capital has increased with 45.3 MSEK due to the net result for the period, with 0.8 MSEK due to stock related remunerations, and with 1.2 MSEK due to exchange rate changes.

### **Discovery Chemistry (Medicinal chemistry)**

Amounts in MSEK	<b>2nd quarter 2007</b>	2nd quarter 2006	<b>Jan-Jun 2007</b>	Jan-Jun 2006	Full year 2006	July 1, 2006 June 30, 2007
Net sales	106.3	107.4	201.1	207.7	430.0	423.4
Operating profit/loss	9.5	7.1	12.4	5.3	29.2	36.3

#### *Sales per geographic market*

USA	36%	48%	40%	44%	43%	41%
Europe	47%	41%	45%	42%	42%	44%
Rest of the world	17%	11%	15%	14%	15%	15%
<b>Sum</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In the second quarter the Discovery Chemistry business area decreased its net sales by 1% from 107.4 to 106.3 MSEK. At comparable exchange rates and excluding the Chem Dev product area which is being closed down sales increased by 5%.

The EU was Discovery Chemistry's biggest market, accounting for 47% of the net sales. The US contributed 36% and the rest of the world 17% of the business area's net sales.

During the quarter the market for the business area's products was strong in Europe and Asia. Biotage signed an agreement with one of China's leading contract research

companies, Shanghai Chempartner Co., Ltd. concerning the delivery of instruments. This is Biotage's single largest order from China with a value of approx. 10 million SEK. A part of this order was delivered already in the second quarter.

The recently introduced products have had a good start. SNAP, a newly developed series of consumables, has been very positively received and sales are growing strongly. The modified system for evaporation, V10, has developed well.

In the second quarter the gross margin was 60.4% (57.5%).

The production costs have decreased which together with higher productivity and a larger share of consumables has resulted in improved gross margins.

The operating result for the second quarter amounted to 9.5 MSEK, compared to 7.1 MSEK the same period last year. The operating margin was 8.9% (6.6).

### **Biosystems (Genetic analysis)**

Amounts in MSEK	<b>2nd quarter 2007</b>	2nd quarter 2006	<b>Jan-Jun 2007</b>	Jan-Jun 2006	Full year 2006	July 1, 2006 June 30, 2007
Net sales	24.8	20.9	48.9	41.2	89.5	97.2
Operating profit/loss	5.5	0.4	12.0	-0.8	11.0	23.7

#### *Sales per geographic market*

USA	49%	42%	48%	46%	51%	50%
Europe	44%	40%	44%	40%	39%	41%
Rest of the world	7%	18%	8%	14%	10%	9%
<b>Sum</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In the second quarter the Biosystems business area increased its sales by 19% to 24.8 MSEK (20.9). At comparable exchange rates net sales increased by 23%.

Systems sales totaled 23 units. The demand for an interest in the Pyrosequencing<sup>®</sup> technology and products continues to be strong and sales continue to grow strongly. The sales increase is primarily related to a positive development of direct sales in Europe and the US. Both instruments and consumables contributed to the positive development.

The US was Biosystems' biggest market with 49% of the net sales. The EU contributed 44% and the rest of the world 7% of the business area's net sales.

The gross margin was 63.6% (71.0%). The gross margin was negatively affected by the significant weakening of the US dollar, which is the main currency for the business area's sales, while all production takes place in Sweden. The product mix, with an increased share of distributor sales, has also affected the gross margin negatively.

The business area's good profitability continues and the operating result for the second quarter amounted to 5.5 MSEK (0.4).

The operating margin for the second quarter amounted to 22.0% (1.8%).

In April and May Biotage participated at a number of bigger and smaller trade shows, meetings and seminars, e.g. the AACR in Los Angeles and the ASM in Toronto. The interest in the Pyrosequencing<sup>®</sup> technology and the company's products continues to be high, especially in the areas of mutation and methylation analysis.

Biotage has the ambition to establish itself as a leading player in molecular diagnostics. The company is strengthening this market position by developing new instruments and tests. The launch of a new instrument, which is believed to strongly expand the installed base of instruments, is planned around the turn of the year 2007/2008. In parallel new molecular diagnostics tests are being developed in order to take a further part of this strongly growing market.

### **Major second quarter events**

#### Biotage AB and Chempartner Co., Ltd. have signed an agreement concerning the delivery of instruments for approx. 10 million SEK.

Biotage instruments and consumables for drug development are used by chemists at the world's leading pharmaceutical companies and academic research laboratories. Many multinational pharma companies, with a long history of using equipment from Biotage, have built new research facilities in China or are outsourcing projects to Chinese CROs.

Shanghai Chempartner Co., Ltd., one of China's leading contract research companies, have invested in Biotage's SP automated purification system and Initiator microwave synthesis instrument for delivery during the coming 12 months. This is Biotage's single largest order in China.

Chempartner offers contract research services to leading multinational pharma companies and cost-effective production of substance libraries, drug candidates, and optimization of lead times. Chempartner is located in Shanghai Zhangjiang Hi-tech Park, where the company operates in four 21,300 square meters large state-of-the-art laboratories with more than 650 workstations for synthesis.

#### Biotage opens up a new market segment – Molecular Imaging

Molecular imaging is a growing market contributing to the ongoing world-wide initiative to improve health care and contribute to cost savings in the pharmaceutical industry. In February 2007 Biotage entered into a molecular imaging cooperation with McMaster University and since then it has become increasingly clear that Biotage is well positioned to play an important future role in this field. Biotage has therefore decided to establish itself in molecular imaging and take full advantage of its product offering in this new challenging market segment.

SPECT/CT and PET/CT are two areas in imaging that are showing considerable growth. The processes used in the area are well in line with Biotage's core competences synthesis, purification and evaporation.

The base for imaging is the injection into live objects of small amounts of radioactively labeled substances with very short half-life (markers or imaging agents). Many of these markers must therefore be synthesized close to the end-user. The faster they can be produced and injected, the greater the value of the end result. Some of these markers can only be synthesized by using microwave technology, an area where Biotage has a long and successful history.

SPECT/CT markers are often used in rather impure form. By utilizing the already existing SPE purification platform Biotage can offer a method to purify and thereby optimize the performance of these markers.

The recently launched evaporation system V-10 will be subject to further development and is expected to be able to play an important role in the production of markers.

### **Human resources**

At June 30, 2007 the Group had 333 employees, compared to 332 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, Switzerland, Germany, France, Italy and Japan. The parent company is responsible for group management, strategic business development and administrative functions at Group level and towards subsidiaries.

In the second quarter 2007 the parent company's net income amounted to 2.1 MSEK (2.2). In the period January – June 2007 the net income amounted to 4.3 MSEK (4.3).

A profit after financial items amounting to 2.2 MSEK is reported for the second quarter 2007 (6.2). For the first six months profit after financial items amounted to 8.0 MSEK (-1.2). In the second quarter capitalization of deferred income taxes recoverable was made to the amount of 27.6 MSEK.

The parent company's investments in intangible fixed assets in the second quarter 2007 amounted to 0.6 MSEK (0.8). During the first six months the investments in intangible fixed assets amounted to 2.2 MSEK (6.5).

On June 30, 2007 the parent company's cash and bank balance amounted to 1.1 MSEK, compared to 8.6 MSEK at December 31, 2006.

### **Risks and uncertainties**

The risks associated with the Group's operations can generally be divided into operational risks related to the business and risks related to the financial activities. No major changes in significant risks or uncertainty factors 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 2006.

### **Next report**

The interim report for the third quarter 2007 will be published on October 25, 2007.

### **Assurance**

The Board and the President assure that the interim report for the period gives a true and fair overview of the parent company's and the Group's business, financial position and result, and describes significant risks and uncertainty factors that the parent company and the companies of the Group are facing.

Uppsala August 14, 2007

Ove Mattsson  
Chairman of the Board

Axel Broms  
Board member

Thomas Eklund  
Board member

Per-Olof Eriksson  
Board member

Annika Espander  
Board member

Staffan Lindstrand  
Board member

Anders Rydin  
Board member

Bengt Samuelsson  
Board member

Mathias Uhlén  
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Torben Jörgensen  
President and CEO

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*About Biotage*

*Biotage is a global company active in life science research with strong technologies, a broad range of operations and a long-term view of the market. The company offers solutions, knowledge and experience in the areas of genetic analysis and medicinal chemistry. In 2005 business and products from the company Argonaut were acquired, further strengthening the product range in medicinal chemistry. The customers include the world's top 30 pharma companies, the world's top 20 biotech companies, and leading academic institutes. The company is headquartered in Uppsala and has subsidiaries in the U.S., Japan, UK, Germany and several other European countries. Biotage has 332 employees and had sales of 520 MSEK in 2006. Biotage is listed on the Stockholm stock exchange. Website: [www.biotage.com](http://www.biotage.com)*

## **Accounting principles**

This interim report has been prepared in accordance with IAS 34 Interim Reporting and RR 31 Group Interim Reporting. The information in this report concerning the parent company complies with the Swedish Accounting Act.

The accounting principles applied agree with those applied in the preparation of the Group's latest Annual Report, described on pp. 33-39 in the 2006 Annual Report.

Readers wishing to study the accounting principles presented in the 2006 Annual Report can download this report from Biotage AB's website [www.biotage.se](http://www.biotage.se) or order it from Biotage AB, Kungsgatan 76, SE-753 18 Uppsala, or at [info@biotage.com](mailto:info@biotage.com).

## **Review report**

### *Introduction*

We have performed a review of Biotage AB's interim report for the period January 1, 2007 – June 30, 2007. The responsibility for truly and fairly preparing and presenting this interim financial information in accordance with IAS 34 and the Annual Accounts Act rests with the board of directors and the president. Our responsibility is to state an opinion regarding this interim financial information based on our review.

### *The purpose and scope of the review*

We have performed our review in accordance with Standard for Reviewing (SÖG) 2410, *Reviewing of interim financial information by the company's elected accountants*. Performing a review consists of asking questions, primarily from persons responsible for financial and reporting issues, conducting analytical auditing and performing other general audit steps.

A review has another purpose and is considerably smaller in scope compared to the purpose and scope of an audit according to the Auditing Standard in Sweden (RS) and generally accepted accounting principles. The audit steps performed in connection with a review do not enable us to gain such a degree of certainty that we can become aware of all important circumstances that might have been identified if an audit had been performed. A stated opinion based on a review has thus not the degree of certainty that a stated opinion based on an audit has.

### *Opinion*

Based on our review, no circumstances have been disclosed that would give us reason to think that this interim report is not in all essentials prepared according to IAS 34 and the Annual Accounts Act for the Group and according to the Annual Accounts Act for the parent company.

Stockholm August 14, 2007

Deloitte AB  
Lars-Gunnar Nilsson  
Authorized public accountant



**Biotage AB (publ)**  
**Interim report**  
**2007-01-01 -- 2007-06-30**

**CONSOLIDATED INCOME STATEMENTS**

<b>Amounts in KSEK</b>	<b>4/1/2007</b>	<b>4/1/2006</b>	<b>1/1/2007</b>	<b>1/1/2006</b>	<b>1/1/2006</b>	<b>7/1/2006</b>
	<b>6/30/2007</b>	<b>6/30/2006</b>	<b>6/30/2007</b>	<b>6/30/2006</b>	<b>12/31/2006</b>	<b>6/30/2007</b>
Net sales	131,138	128,344	250,010	248,955	519,497	520,551
Cost of goods sold	<u>-51,149</u>	<u>-51,711</u>	<u>-96,137</u>	<u>-99,178</u>	<u>-199,782</u>	<u>-196,740</u>
<b>Gross profit</b>	<b>79,989</b>	<b>76,633</b>	<b>153,873</b>	<b>149,777</b>	<b>319,715</b>	<b>323,811</b>
Other operating income	8	992	1,015	2,812	1,715	-82
Selling expenses	-45,120	-46,003	-87,052	-96,103	-183,467	-174,416
Administrative expenses	-12,117	-16,378	-25,969	-34,308	-65,571	-57,233
Research and development costs	-10,638	-12,810	-22,151	-28,818	-58,755	-52,088
Other operating expenses	-1,046	-4,593	-1,409	-7,701	-7,175	-884
<i>Operating expenses</i>	<u>-68,913</u>	<u>-78,792</u>	<u>-135,566</u>	<u>-164,117</u>	<u>-313,253</u>	<u>-284,702</u>
<b>Operating profit/loss</b>	<b>11,076</b>	<b>-2,159</b>	<b>18,307</b>	<b>-14,340</b>	<b>6,463</b>	<b>39,109</b>
Financial income	555	9,421	3,982	8,008	13,070	9,044
Financial expenses	<u>-1,291</u>	<u>-1,766</u>	<u>-3,318</u>	<u>-6,827</u>	<u>-13,479</u>	<u>-9,970</u>
<b>Profit/loss before income tax</b>	<b>10,339</b>	<b>5,496</b>	<b>18,971</b>	<b>-13,159</b>	<b>6,054</b>	<b>38,183</b>
Tax expenses	<u>27,736</u>	<u>-1,516</u>	<u>26,340</u>	<u>-3,672</u>	<u>-3,238</u>	<u>26,774</u>
<b>Profit/loss after tax</b>	<b>38,075</b>	<b>3,980</b>	<b>45,311</b>	<b>-16,831</b>	<b>2,816</b>	<b>64,957</b>
Part related to the parent company's shareholders	38,075	3,980	45,311	-16,831	2,816	64,957
Average shares outstanding	88,486,320	88,486,320	88,486,320	88,486,320	88,486,320	88,486,320
Average shares outstanding after dilution	89,094,327	88,930,206	89,153,026	88,968,660	88,883,110	89,008,794
Shares outstanding at closing day	88,486,320	88,486,320	88,486,320	88,486,320	88,486,320	88,486,320
Profit/loss per share SEK	0.43 kr	0.04 kr	0.51 kr	-0.19 kr	0.03 kr	0.73 kr
Profit/loss per share after dilution SEK	0.43 kr	0.04 kr	0.51 kr	-0.19 kr	0.03 kr	0.73 kr

<b>Quarterly summary 2006 and 2007</b>	<b>2007</b>		<b>2006</b>			
	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
<b>Amounts in KSEK</b>						
Net sales	131,138	118,872	136,607	133,935	128,344	120,611
Cost of goods sold	<u>-51,149</u>	<u>-44,987</u>	<u>-51,726</u>	<u>-48,878</u>	<u>-51,712</u>	<u>-47,466</u>
Gross profit	79,989	73,884	84,881	85,057	76,633	73,144
Gross margin	61.0%	62.2%	62.1%	63.5%	59.7%	60.6%
Operating expenses	<u>-68,913</u>	<u>-66,653</u>	<u>-75,513</u>	<u>-73,623</u>	<u>-78,792</u>	<u>-85,325</u>
Operating profit/loss	11,076	7,232	9,368	11,434	-2,159	-12,180
Financial income net	-737	1,400	144	-1,734	7,655	-6,474
Profit/loss before income tax	10,339	8,631	9,512	9,701	5,496	-18,655
Tax expenses	<u>27,736</u>	<u>-1,396</u>	<u>1,504</u>	<u>-1,069</u>	<u>-1,516</u>	<u>-2,156</u>
<b>Profit/loss after tax</b>	<b>38,075</b>	<b>7,236</b>	<b>11,015</b>	<b>8,631</b>	<b>3,980</b>	<b>-20,811</b>

CONSOLIDATED BALANCE SHEETS

Amounts in KSEK	6/30/2007	12/31/2006
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible assets	90,868	95,333
Goodwill	474,001	471,839
Other intangible assets	86,451	71,695
Financial assets	74,465	48,273
<b>Total fixed assets</b>	<b>725,785</b>	<b>687,141</b>
<b>Current assets</b>		
Inventory	95,363	85,627
Account receivable and other receivables	110,443	94,361
Liquid funds	21,942	50,136
<b>Total current assets</b>	<b>227,748</b>	<b>230,124</b>
<b>TOTAL ASSETS</b>	<b>953,533</b>	<b>917,265</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to shareholders in parent company</b>		
Share capital	88,486	88,486
Other contributed capital	1,513,234	1,512,383
Accumulated translation difference	-54,224	-55,386
Profit/loss carried forward	-787,699	-833,009
<b>Total equity</b>	<b>759,797</b>	<b>712,474</b>
<b>Long term liabilities</b>		
Loans	45,794	46,809
Provisions of a long-term nature	4,129	3,877
<b>Total long term liabilities</b>	<b>49,922</b>	<b>50,686</b>
<b>Current liabilities</b>		
Accounts payable and other liabilities	99,989	108,789
Tax liabilities	884	3,214
Loans	36,623	34,884
Provisions of a short-term nature	6,318	7,218
<b>Total current liabilities</b>	<b>143,814</b>	<b>154,105</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>953,533</b>	<b>917,265</b>

CONSOLIDATED CASH FLOW STATEMENTS

	4/1/2007 6/30/2007	4/1/2006 6/30/2006	1/1/2007 6/30/2007	1/1/2006 6/30/2006	1/1/2006 12/31/2006	7/1/2006 6/30/2007
<b>Amounts in KSEK</b>						
<b>Operating activities</b>						
Profit/loss after financial items	10,339	5,496	18,970	-13,159	6,054	38,183
Adjustments for items not included in the cash flow	9,003	7,556	17,902	26,533	45,432	36,801
	<u>19,342</u>	<u>13,052</u>	<u>36,872</u>	<u>13,375</u>	<u>51,486</u>	<u>74,984</u>
Tax paid	87	-1,516	-1,309	-3,672	-3,238	-875
<b>Cash flow from operating activities before changes in working capital</b>	<b>19,428</b>	<b>11,536</b>	<b>35,563</b>	<b>9,702</b>	<b>48,248</b>	<b>74,109</b>
Cash flow from change in working capital:						
Increase (-)/ decrease (+) of inventories	-181	-1,014	-9,444	-7,785	-3,946	-5,605
Increase (-)/ decrease (+) of account receivables	-16,352	-10,338	-15,613	4,510	5,559	-14,563
Increase (-)/ decrease (+) of other current receivables	1,600	3,302	939	-3,124	-2,580	1,483
Increase (+)/ decrease (-) of other liabilities	-19,323	2,663	-12,118	-8,779	-7,373	-10,712
	<u>-14,827</u>	<u>6,149</u>	<u>-673</u>	<u>-5,476</u>	<u>39,908</u>	<u>44,711</u>
<b>Cash flow from operating activities</b>	<b>-14,827</b>	<b>6,149</b>	<b>-673</b>	<b>-5,476</b>	<b>39,908</b>	<b>44,711</b>
<b>Investing activities</b>						
Acquisition of intangible fixed assets	-11,090	-6,755	-24,733	-17,198	-32,431	-39,966
Acquisition of tangible fixed assets	-1,552	-2,237	-3,069	-4,635	-10,661	-9,095
Acquisition of financial assets	-18			-49	-169	-120
Sales of financial assets		185	3	133	163	33
	<u>-12,660</u>	<u>-8,807</u>	<u>-27,798</u>	<u>-21,750</u>	<u>-43,099</u>	<u>-49,148</u>
<b>Cash flow from investment activities</b>	<b>-12,660</b>	<b>-8,807</b>	<b>-27,798</b>	<b>-21,750</b>	<b>-43,099</b>	<b>-49,148</b>
<b>Financial activities</b>						
Refund of VAT on costs of new share issue					4,633	4,633
Loans taken		4,894	1,662	4,894		1,662
Amortization of loan liabilities	-2,037	-814	-1,355	-1,700	-2,986	-7,534
	<u>-2,037</u>	<u>4,081</u>	<u>307</u>	<u>3,194</u>	<u>1,647</u>	<u>-1,239</u>
<b>Cash flow from financial activities</b>	<b>-2,037</b>	<b>4,081</b>	<b>307</b>	<b>3,194</b>	<b>1,647</b>	<b>-1,239</b>
<b>Cash flow during period</b>	<b>-29,525</b>	<b>1,422</b>	<b>-28,164</b>	<b>-24,032</b>	<b>-1,543</b>	<b>-5,676</b>
Cash and liquid assets beginning of period	51,600	26,819	50,136	52,795	52,795	27,704
Exchange differences in liquid assets	-133	-537	-30	-1,059	-1,115	-86
	<u>21,942</u>	<u>27,704</u>	<u>21,942</u>	<u>27,704</u>	<u>50,136</u>	<u>21,942</u>
<b>Cash and liquid assets at end of period</b>	<b>21,942</b>	<b>27,704</b>	<b>21,942</b>	<b>27,704</b>	<b>50,136</b>	<b>21,942</b>
<b>Additional information:</b>						
<i>Adjustments for items not included in the cash flow</i>						
Depreciations and write-downs	8,070	8,690	17,953	20,631	40,670	37,992
Other items	932	-1,134	-51	5,903	4,762	-1,192
Total	<u>9,003</u>	<u>7,556</u>	<u>17,902</u>	<u>26,533</u>	<u>45,432</u>	<u>36,801</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK	Share capital	Other paid-in capital	Accumulated translation differences	Profit/loss carried forward	Total equity
<b>Opening balance January 1, 2006</b>	<b>88,486</b>	<b>1,506,656</b>	<b>-21,065</b>	<b>-835,826</b>	<b>738,252</b>
<b>Changes in 2006:</b>					
Refund of VAT on costs of new share issue	-	4,633	-	-	4,633
Exchange rate differences	-	-	-34,321	-	-34,321
Profit/loss for 2006	-	-	-	2,816	2,816
Change due to outstanding option programs directed to employees of the Group	-	1,094	-	-	1,094
<b>Total changes during 2006</b>		<b>5,727</b>	<b>-34,321</b>	<b>2,816</b>	<b>-25,778</b>
<b>Closing balance December 31, 2006</b>	<b><u>88,486</u></b>	<b><u>1,512,383</u></b>	<b><u>-55,386</u></b>	<b><u>-833,009</u></b>	<b><u>712,474</u></b>
<b>Changes in 2007:</b>					
Exchange rate differences	-	-	1,162	-	1,162
Profit/loss January - June 2007	-	-	-	45,311	45,311
Change due to outstanding option programs directed to employees of the Group	-	851	-	-	851
<b>Total changes during 2007</b>		<b>851</b>	<b>1,162</b>	<b>45,311</b>	<b>47,323</b>
<b>Closing balance June 30, 2007</b>	<b><u>88,486</u></b>	<b><u>1,513,234</u></b>	<b><u>-54,224</u></b>	<b><u>-787,699</u></b>	<b><u>759,797</u></b>

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INCOME STATEMENTS FOR THE PARENT  
COMPANY

Amounts in KSEK	4/1/2007	4/1/2006	1/1/2007	1/1/2006	1/1/2006	7/1/2006
	6/30/2007	6/30/2006	6/30/2007	6/30/2006	12/31/2006	6/30/2007
Net sales	2,129	2,161	4,305	4,341	8,669	8,633
Cost of goods sold					-	
<b>Gross profit</b>	<b>2,129</b>	<b>2,161</b>	<b>4,305</b>	<b>4,341</b>	<b>8,669</b>	<b>8,633</b>
Selling expenses	-237	-19	-237	110	164	-143
Administrative expenses	-3,947	-6,205	-8,227	-14,153	-29,911	-23,986
Research and development costs	-795	-634	-1,894	-1,289	-4,643	-5,248
Other operating income	1,496	2,074	4,788	4,184	9,767	10,371
Other operating expenses	-779	-2,392	-1,656	-4,413	-4,151	-1,393
			0			
<i>Operating expenses</i>	<i>-4,262</i>	<i>-7,175</i>	<i>-7,226</i>	<i>-15,561</i>	<i>-28,775</i>	<i>-20,399</i>
<b>Operating profit/loss</b>	<b>-2,133</b>	<b>-5,014</b>	<b>-2,921</b>	<b>-11,220</b>	<b>-20,105</b>	<b>-11,766</b>
<b>Profit/loss from financial investments:</b>						
Interest income from receivables from group companies	4,976	3,643	8,502	7,521	14,588	15,569
Interest expenses from liabilities to group companies	-317	-462	-671	-849	-1,681	-1,503
Profit and loss from other securities and receivables that are long term financial assets	-	4,424	2,863	4,424	6,318	4,757
Other interest income and similar income items	-	68	1	73	946	874
Interest expenses and similar expense items	-1	-7	-4	-14	-54	-44
Translation differences on intra-group receivables	-292	3,527	197	-1,178	-4,573	-3,198
<i>Net financial income/expense</i>	<i>4,366</i>	<i>11,193</i>	<i>10,888</i>	<i>9,977</i>	<i>15,545</i>	<i>16,456</i>
<b>Profit/loss after financial items</b>	<b>2,233</b>	<b>6,179</b>	<b>7,967</b>	<b>-1,243</b>	<b>-4,561</b>	<b>4,689</b>
Tax expenses	27,649	-	27,649	-	-	-
<b>Profit/loss after tax</b>	<b>29,882</b>	<b>6,179</b>	<b>35,617</b>	<b>-1,243</b>	<b>-4,561</b>	<b>4,689</b>

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**BALANCE SHEETS FOR THE PARENT COMPANY**

Amounts in KSEK	6/30/2007	12/31/2006
<b>Fixed assets</b>		
<i>Intangible fixed assets</i>		
Patent and license rights	13,600	12,480
	<u>13,600</u>	<u>12,480</u>
<i>Financial assets</i>		
Participation in group companies	717,396	717,396
Receivables from group companies	122,427	121,236
Deferred tax asset	27,649	-
Other long-term securities	45,783	45,783
	<u>913,255</u>	<u>884,415</u>
<b>Total fixed assets</b>	<b>926,855</b>	<b>896,896</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Receivables from group companies	47,088	41,373
Other receivables	1,479	1,540
Prepaid expenses and accrued income	1,228	1,230
	<u>49,794</u>	<u>44,144</u>
<b>Cash and bank balances</b>	<b>1,136</b>	<b>8,578</b>
<b>Total current assets</b>	<b>50,930</b>	<b>52,722</b>
<b>TOTALT ASSETS</b>	<b>977,785</b>	<b>949,617</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	88,486	88,486
Statutory reserves	1,509,816	1,509,816
	<u>1,598,303</u>	<u>1,598,303</u>
<i>Unrestricted equity</i>		
Fair value fond	-27,044	-27,115
Profit/loss carried forward	-716,535	-711,975
Profit/loss for the period reported	35,617	-4,561
	<u>-707,962</u>	<u>-743,650</u>
<b>Total equity</b>	<b>890,340</b>	<b>854,652</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>
<b>Long term liabilities</b>		
Other long term liabilities	5,095	4,988
	<u>5,095</u>	<u>4,988</u>
<b>Current liabilities</b>		
Account payable	1,195	2,022
Liabilities to group companies	73,758	73,662
Other short term liabilities	872	1,052
Accrued expenses and prepaid income	6,525	13,240
	<u>82,350</u>	<u>89,976</u>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>977,785</b>	<b>949,617</b>

CASH FLOW STATEMENTS FOR THE PARENT COMPANY

Amounts in KSEK	4/1/2007 6/30/2007	4/1/2006 6/30/2006	1/1/2007 6/30/2007	1/1/2006 6/30/2006	1/1/2006 12/31/2006	7/1/2006 6/30/2007
<b>Operating activities</b>						
Profit/loss after financial items	2,233	6,179	7,967	-1,283	-4,561	4,689
Adjustments for items not included in the cash flow	568	735	1,265	1,119	3,662	3,808
	<u>2,801</u>	<u>6,914</u>	<u>9,232</u>	<u>-163</u>	<u>-898</u>	<u>8,497</u>
Tax paid	-	-	-	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,801</b>	<b>6,914</b>	<b>9,232</b>	<b>-163</b>	<b>-898</b>	<b>8,497</b>
Cash flow from change in working capital:						
Increase (-)/ decrease (+) of account receivables		-7,178		-6,652	334	6,986
Increase (-)/ decrease (+) of other current receivables	-5,808	-1,529	-6,242	-2,075	22,152	17,986
Increase (+)/ decrease (-) of other liabilities	-9,080	2,001	-7,035	14,254	24,330	3,041
	<u>-9,080</u>	<u>2,001</u>	<u>-7,035</u>	<u>14,254</u>	<u>24,330</u>	<u>3,041</u>
<b>Cash flow from operating activities</b>	<b>-12,087</b>	<b>207</b>	<b>-4,044</b>	<b>5,363</b>	<b>45,918</b>	<b>36,510</b>
<b>Investing activities</b>						
Acquisition of intangible fixed assets	-602	-824	-2,208	-6,458	-6,891	-2,641
Acquisition of subsidiaries	-	-14,536	-	-14,536	-14,536	-
Increase (-)/ decrease (+) of other long-term receivables	3,685	2,314	-1,191	2,314	-36,719	-40,224
	<u>3,685</u>	<u>2,314</u>	<u>-1,191</u>	<u>2,314</u>	<u>-36,719</u>	<u>-40,224</u>
<b>Cash flow from investment activities</b>	<b>3,083</b>	<b>-13,047</b>	<b>-3,399</b>	<b>-18,681</b>	<b>-58,147</b>	<b>-42,865</b>
<b>Financing activities</b>						
New loan taken	-	-	-	-	4,633	4,633
Amortization of loan liabilities	-	-114	-	-114	-209	-95
	<u>-</u>	<u>-114</u>	<u>-</u>	<u>-114</u>	<u>-209</u>	<u>-95</u>
<b>Cash flow from financial activities</b>	<b>0</b>	<b>-114</b>	<b>0</b>	<b>-114</b>	<b>4,424</b>	<b>4,538</b>
<b>Cash flow during period</b>	<b>-9,004</b>	<b>-12,953</b>	<b>-7,443</b>	<b>-13,431</b>	<b>-7,805</b>	<b>-1,817</b>
<b>Cash and liquid assets beginning of period</b>	<b>10,139</b>	<b>15,905</b>	<b>8,578</b>	<b>16,383</b>	<b>16,383</b>	<b>2,953</b>
<b>Cash and liquid assets at end of period</b>	<b>1,136</b>	<b>2,952</b>	<b>1,136</b>	<b>2,952</b>	<b>8,578</b>	<b>1,136</b>
<b>Additional information:</b>						
<i>Adjustments for items not included in the cash flow</i>						
Depreciations and write-downs	544	735	1,088	1,119	3,662	3,631
Other items	24	-	177	-	-	177
	<u>568</u>	<u>735</u>	<u>1,265</u>	<u>1,119</u>	<u>3,662</u>	<u>3,808</u>

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

Amounts in KSEK	Share capital	Statutory reserve	Fair value fond	Profit/loss carried forward	Total equity
Opening balance January 1, 2006	88,486	1,505,183	-	-711,974	881,695
<b>Changes in 2006:</b>					
Refund of VAT on costs of new share issue	-	4,633	-	-	4,633
Exchange rate differences	-	-	-27,115	-	-27,115
Profit/loss for 2006	-	-	-	-4,561	-4,561
<b>Closing balance December 31, 2006</b>	<b>88,486</b>	<b>1,509,816</b>	<b>-27,115</b>	<b>-716,535</b>	<b>854,653</b>
<b>Changes in 2007:</b>					
Exchange rate differences	-	-	71	-	71
Profit/loss January - June 2007	-	-	-	35,617	35,617
<b>Total changes during 2007</b>	<b>0</b>	<b>0</b>	<b>71</b>	<b>35,617</b>	<b>35,687</b>
<b>Closing balance June 30, 2007</b>	<b>88,486</b>	<b>1,509,816</b>	<b>-27,044</b>	<b>-680,918</b>	<b>890,340</b>



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**INCOME STATEMENT BY SEGMENT**

Amounts in KSEK	Biosystem	Discovery Chemistry	Other operations	Total
Net sales	48,920	201,089	-	250,010
Cost of goods sold	-17,614	-78,523	-	-96,137
<b>Gross profit</b>	<b>31,307</b>	<b>122,566</b>	<b>0</b>	<b>153,873</b>
Gross margin	64.0%	61.0%		61.5%
Selling expenses	-14,077	-72,974	-	-87,052
Administrative expenses	-2,734	-17,529	-5,707	-25,969
Research and development costs	-2,482	-19,669	-	-22,151
Other operating income	0	254	761	1,015
Other operating expenses	0	-259	-1,150	-1,409
<b>Operating expenses</b>	<b>-19,293</b>	<b>-110,178</b>	<b>-6,096</b>	<b>-135,566</b>
<b>Operating profit/loss</b>	<b>12,014</b>	<b>12,389</b>	<b>-6,096</b>	<b>18,307</b>
Financial income net	-	-	663	663
<b>Profit/loss after financial items</b>	<b>12,014</b>	<b>12,389</b>	<b>-5,432</b>	<b>18,970</b>
Tax expenses	-	-	26,340	26,340
<b>Profit/loss after tax</b>	<b>12,014</b>	<b>12,389</b>	<b>20,908</b>	<b>45,311</b>

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**INCOME STATEMENT BY SEGMENT**

	Biosystem	Discovery Chemistry	Övrig verksamhet	Total
Net sales	41,216	207,740	-	248,955
Cost of goods sold	-12,652	-86,527	-	-99,178
<b>Gross profit</b>	<b>28,564</b>	<b>121,213</b>	<b>0</b>	<b>149,777</b>
Gross margin	69.3%	58.3%		60.2%
Selling expenses	-19,633	-76,470	-	-96,103
Administrative expenses	-3,516	-16,428	-14,364	-34,308
Research and development costs	-5,946	-22,871	-	-28,818
Other operating income	0	244	2,568	2,812
Other operating expenses	-220	-422	-7,059	-7,701
<b>Operating expenses</b>	<b>-29,315</b>	<b>-115,947</b>	<b>-18,854</b>	<b>-164,117</b>
<b>Operating profit/loss</b>	<b>-752</b>	<b>5,266</b>	<b>-18,854</b>	<b>-14,340</b>
Financial income net			1,181	1,181
<b>Profit/loss after financial items</b>	<b>-752</b>	<b>5,266</b>	<b>-17,674</b>	<b>-13,159</b>
Tax expenses			-3,672	-3,672
<b>Profit/loss after tax</b>	<b>-752</b>	<b>5,266</b>	<b>-21,346</b>	<b>-16,831</b>

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**INCOME STATEMENT BY SEGMENT**

	Biosystem	Discovery Chemistry	Övrig verksamhet	Total
Net sales	24,825	106,312	-	131,138
Cost of goods sold	-9,026	-42,123	-	-51,149
<b>Gross profit</b>	<b>15,800</b>	<b>64,189</b>	<b>0</b>	<b>79,989</b>
Gross margin	63.6%	60.4%		61.0%
Selling expenses	-7,381	-37,739	-	-45,120
Administrative expenses	-1,371	-7,925	-2,821	-12,117
Research and development costs	-1,426	-9,212		-10,638
Other operating income	-169	109	-669	-729
Other operating expenses	0	45	-354	-310
<b>Operating expenses</b>	<b>-10,346</b>	<b>-54,723</b>	<b>-3,844</b>	<b>-68,913</b>
<b>Operating profit/loss</b>	<b>5,454</b>	<b>9,466</b>	<b>-3,844</b>	<b>11,076</b>
Financial income net	-	-	-737	-737
<b>Profit/loss after financial items</b>	<b>5,454</b>	<b>9,466</b>	<b>-4,581</b>	<b>10,339</b>
Tax expenses	-	-	27,736	27,736
<b>Profit/loss after tax</b>	<b>5,454</b>	<b>9,466</b>	<b>23,155</b>	<b>38,075</b>

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**INCOME STATEMENT BY SEGMENT**

	Biosystem	Discovery Chemistry	Övrig verksamhet	Total
Net sales	20,919	107,425	-	128,344
Cost of goods sold	-6,062	-45,649	-	-51,711
<b>Gross profit</b>	<b>14,857</b>	<b>61,776</b>	<b>0</b>	<b>76,633</b>
Gross margin	71.0%	57.5%		59.7%
Selling expenses	-9,120	-36,884	-	-46,003
Administrative expenses	-1,903	-7,923	-6,552	-16,378
Research and development costs	-3,231	-9,579		-12,810
Other operating income	0	32	960	992
Other operating expenses	-220	-323	-4,049	-4,593
<b>Operating expenses</b>	<b>-14,473</b>	<b>-54,677</b>	<b>-9,642</b>	<b>-78,792</b>
<b>Operating profit/loss</b>	<b>384</b>	<b>7,099</b>	<b>-9,642</b>	<b>-2,159</b>
Financial income net			7,655	7,655
<b>Profit/loss after financial items</b>	<b>384</b>	<b>7,099</b>	<b>-1,987</b>	<b>5,496</b>
Tax expenses			-1,516	-1,516
<b>Profit/loss after tax</b>	<b>384</b>	<b>7,099</b>	<b>-3,503</b>	<b>3,980</b>

