

# Year-end report 2009

January - December 2009



February 11, 2010

## Fourth quarter 2009

- Net sales decreased by 9 percent to 99.5 MSEK (109.0). At comparable exchange rates sales decreased by 5 percent.
- The operating result amounted to 3.6 MSEK (15.0). Before reversal of restructuring reserve, the operating result amounted to 0.4 MSEK (15.0).
- Additional purchase payment from Qiagen for the Biosystems business area divested in 2008 was obtained to the amount of 23.4 MSEK.
- The result after tax amounted to 28.1 MSEK (265.1).
- Earnings per share amounted to 0.32 SEK (3.00).
- Net cash at December 31, 2009 amounted to 327.2 MSEK.
- Biotage repurchased 1,419,330 own shares at a total value of 9.1 MSEK, i.e. an average share price of 6.40 SEK.
- The cash flow from operating activities amounted to 18.4 MSEK (50.7).

## Full year 2009

- Net sales increased by 2 percent to 394.1 MSEK (385.3). At comparable exchange rates sales decreased by 9 percent.
- The sales development for consumables has been good during 2009 with increases for the product lines SNA and SPE. The year has been weak for capital goods with declining sales of instruments.
- The operating result amounted to -10.1 MSEK (27.2). Before restructuring costs the operating result amounted to 7.9 MSEK (27.2).
- Additional purchase payment from Qiagen for the Biosystems business area divested in 2008 was obtained to the amount of 23.4 MSEK.
- The result after tax amounted to 13.5 MSEK (299.1).
- Earnings per share amounted to 0.15 SEK (3.38).
- Dividends to shareholders were paid to the amount of 17.7 MSEK.
- As a part of Biotage's buy-back program 1,578,109 own shares were repurchased at a total value of 10.2 MSEK, i.e. an average share price of 6.45 SEK.
- The cash flow from operating activities amounted to 36.2 MSEK (88.7).
- Proposed dividends 0.20 SEK (0.20)

## Group result development in brief

Amounts in MSEK	4 th quarter 2009	4 th quarter 2008	Full year 2009	Full year 2008
Net sales	99,5	109,0	394,1	385,3
Cost of goods sold	<u>-45,6</u>	<u>-46,4</u>	<u>-169,0</u>	<u>-160,8</u>
Gross profit	53,9	62,5	225,1	224,5
Operating expenses	<u>-50,3</u>	<u>-47,5</u>	<u>-235,2</u>	<u>-197,2</u>
Operating profit/loss	3,6	15,0	-10,1	27,2
Financial items	<u>0,7</u>	<u>3,2</u>	<u>1,1</u>	<u>0,4</u>
Profit/loss before tax	4,2	18,1	-9,0	27,7
Tax expenses	<u>0,5</u>	<u>4,2</u>	<u>-0,8</u>	<u>3,5</u>
Profit/loss after tax for continuing operations	4,7	22,3	-9,8	31,2
Profit/loss after tax for discontinued operatio	<u>23,4</u>	<u>242,7</u>	<u>23,3</u>	<u>267,9</u>
Total profit/loss for the period	28,1	265,1	13,5	299,1

## Comments by CEO Torben Jörgensen

In the fourth quarter we saw a recovery among our customers concerning the buying pattern for instruments, which means that the year ended a bit more positive and we entered 2010 with a healthy order book. Despite the weak economy we have achieved profitability also in the fourth quarter. Our organization is motivated and confident, as we expect a more favorable climate for investments in our instruments in 2010.

Our increased efforts in consumables have started to yield results and we look forward to new initiatives in marketing as well as in the development of new products in this area. The development for the product lines SNAP and SPE has been good. In UK, we started direct sales activities of SPE-products to areas outside the pharmaceutical segment in the early part of 2010 and we actively promote a widening of our customer base.

Demand for products in the peptide synthesis area is growing strongly. In the first quarter of 2009 Biotage started a cooperation with the German company MultiSynTech GmbH. The cooperation concerns the distribution of MultiSynTech's existing system for peptide synthesis as well as a collaboration project concerning microwave initiated peptide synthesis. Sales as well as the project has developed positively and Biotage will during the first quarter of 2010 be able to launch an instrument for parallel synthesis and microwave synthesis. By this we will be uniquely positioned.

We have during 2009 received an additional purchase payment from Qiagen for the Biosystems business area divested in 2008 to the amount of 23.4 MSEK. The sales of Biosystems' products have developed favorably as a result of Qiagen's increased marketing and sales efforts. This also increases the possibility that Biotage may obtain additional purchase payment in coming years.

The implementation of the structural changes that were decided at the beginning of the year were completed in the fourth quarter. The operations at the company's plant in Charlottesville, Virginia, USA

have thus been terminated. The production has been relocated to contract manufacturers and to Biotage's own plant in Cardiff, Wales. The sales and marketing company for the North American market has now been established in Charlotte, North Carolina. Now that these changes have been carried out the company has a significantly more favorable cost structure and less capital bound. The real estate in Charlottesville was divested in early January 2010. The net proceeds will contribute 9.5 MSEK to the Group's cash.

Biotage has a strong financial position per December 31, 2009 with a net cash of 327 MSEK. The net cash position will also during the first quarter of 2010 be strengthened with an additional plus 60 MSEK as a consequence of the divestment of the facility in Charlottesville and from the additional purchase payment for 2009 from Qiagen.

2009 was in general short of transactions and the business climate has not favored divestments. We intensify now the work aimed at finding suitable candidates for cooperation agreements or acquisitions.

## **Group result, financial position and cash flow**

### Fourth quarter 2009

Group net sales amounted to 99.5 MSEK, compared to 109.0 MSEK the fourth quarter 2008, a decrease by 9 percent. At comparable exchange rates sales decreased by 5 percent.

The EU area was the biggest single market with 40 percent of the net sales. The US contributed 39 percent and the rest of the world 21 percent.

The Group's gross margin was 54.1 percent (57.4). The gross margin has in part decreased as a result of currency changes. The high margin instruments have had a negative sales development and increased price competition has affected the price situation negatively.

The operating expenses, which were positively influenced by currency changes to the amount of 3 percent, amounted to 50.3 MSEK (47.5). The increased administration costs are explained by changed allocation of overhead costs. At March 31 provisions for restructuring costs amounting to a total of 21.2 MSEK were made. The restructuring work was completed by the end of the fourth quarter and these provisions are dissolved by 3.2 MSEK.

The operating result amounted to 3.6 MSEK (15.0).

Net financial income amounted to 0.7 MSEK (3.2).

The result after tax amounted to 28.1 MSEK (265.1).

The investments amounted to 8.8 MSEK (4.1) and amortizations to 10.9 MSEK (12.7). Of these sums, 4.3 MSEK (2.5) were capitalized development costs and 4.3 MSEK (2.7) were amortizations of capitalized development costs.

The cash flow from operating activities amounted to 18.4 MSEK (50.7).

### Full year 2009

Group net sales amounted to 394.1 MSEK, compared to 385.3 MSEK the same period 2008, an increase by 2 percent. At comparable exchange rates sales decreased by 9 percent.

The US was the single biggest market, with 40 percent of the net sales. The EU area also contributed 40 percent and the rest of the world 20 percent.

The Group's gross margin was 57.1 % (58.3). Changes in the Group's product mix, with a decrease in high margin instruments, and increased price competition have contributed to a lower gross margin.

The operating expenses, which were negatively affected by exchange rate changes by 7 percent, amounted to 235.2 MSEK (197.2). Here provisions for restructuring costs in connection with the closing of the production plant in the US and consolidation of the operations in the UK with a total net of 18.0 MSEK is included. The increased administration costs are explained by changed allocation of overhead costs and legal costs for a patent dispute (3.2 MSEK).

The operating profit before restructuring costs amounted to 7.9 MSEK (27.2). Including restructuring costs the operating result was -10.1 MSEK (27.2).

Net financial income amounted to 1.1 MSEK (0.4).

Profit after tax amounted to 13.5 MSEK (299.1).

The investments amounted to 40.0 MSEK (24.7) and amortizations to 35.3 MSEK (32.3). Of these sums 22.1 MSEK (16.4) were capitalized development costs and 16.7 MSEK (10.0) were amortizations of capitalized development costs.

The cash flow from operating activities amounted to 36.2 MSEK (88.7).

### Balance sheet items

At December 31, 2009 the Group's cash and securities totaled 364.9 MSEK, compared to 405.0 MSEK at December 31, 2008. Granted, unutilized credits amounted to 75.5 MSEK, compared to 73.6 MSEK at December 31, 2008. The Group's interest-bearing liabilities amounted to 37.7 MSEK, compared to 46.9 MSEK at December 31, 2008. Dividends to shareholders to the amount of 17.7 MSEK were paid in the second quarter. Own shares in the parent company have been repurchased for 10.2 MSEK.

The Group reports a total goodwill of 473.7 MSEK (487.2) at December 31. 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 12.0 MSEK (16.3) and capitalized development costs to 49.9 MSEK (44.4).

At December 31 the equity capital amounted to 1,089.0 MSEK, compared to 1,124.8 MSEK at December 31, 2008.

### **Divested business**

In the fourth quarter profit after tax for divested business amounted to 23.4 MSEK (242.7) and in the full year 2009 to 23.3 MSEK (267.9). For 2009 the amount relates to additional purchase payments from

Qiagen and for 2008 the profit relates to the Biosystems business area, which was divested in the fourth quarter 2008.

In January 2010 Biotage sold its real estate in Charlottesville. In the report of the financial position at December 31, 2009, this asset is classified as a fixed asset held for sale. Liabilities relating to the fixed asset held for sale have been reported in similar manner.

## Major events

### Additional purchase payment for the Biosystems business area

In the fourth quarter 2008 Qiagen acquired the assets and some liabilities in the Biosystems business area, and Biotage's shares in Corbett (17.5 %) for an initial purchase price of 53 MUSD. Provided that certain sales targets are met, additional purchase payments totaling a maximum of 7 MUSD will be paid to Biotage during the period from Qiagen's taking possession of the operations up to December 31, 2012. During the fourth quarter 2008 Biotage achieved the target for the first additional purchase payment of 500 KUSD.

For the financial year 2009 Biotage received an additional 3,239 KUSD as additional purchase payment from Qiagen.

In total, Biotage has received 3,739 KUSD as additional purchase payments. Provided that certain sales targets are met an additional sum totaling a maximum of 3,261 KUSD may be received up to and including 2012.

### Biotage starts 100 percent direct sales of SPE products in the UK.

On January 18, 2010 Biotage started direct sales in the UK of the company's SPE products to areas outside the pharmaceutical industry. These sales were previously handled by a distributor.

Biotage ISOLUTE® and EVOLUTE® products for sample preparation are available in several different types of media and formats for bioanalytical, forensic, environmental, food and agricultural applications. The company continues to widen its product range and the area of application for these products as a part of a focused growth strategy. Biotage recently introduced the innovative ISOLUTE SLE+ plate for supported liquid extraction as a faster and more cost effective alternative to traditional extraction techniques.

Historically Biotage has had a product focus on the pharmaceutical industry, but many of the company's products have applications outside this area. Biotage is now actively working to widen this customer base.

### Decision to repurchase own shares

At the Annual General Meeting held on April 27, 2009 the board was authorized, up until the next AGM at the longest, to decide on the acquisition and sale of the company's shares, so that Biotage's total holding of own shares amounts to a maximum of 10 percent of the total number of the company's

shares. The purpose of the buy-back program was to enable the board to adjust and improve the capital structure and thereby create increased shareholder value. Repurchases of shares have been made at the Nasdaq OMX Stockholm exchange at a price within the price interval at the time recorded. In the fourth quarter 1,419,330 shares were repurchased for a total value of 9.1 MSEK. The average share price at repurchase was 6.40 SEK.

No shares have been resold and at December 31 the company thus owned 1,578,109 own shares, acquired for a total sum of 10.2 MSEK. The average share price was 6.45 SEK.

#### Patent dispute in US

Biotage has, together with the wholly owned subsidiaries Biotage GB Ltd och Biotage LLC, been sued for patent infringement in the U.S. District court for the Southern District of California. The lawsuit has been filed by Scientific Plastic Products, Inc. and concerns the US patents numbers 7,138,061 7,381,327 and 7,410,571, each entitled "Flash Chromatography Cartridge". The lawsuit primarily concerns Biotage's sales of the SNAP product line in the US.

The legal process is ongoing and there is currently no reason to reappraise the initial analysis of Biotage's actual position. We believe that the company has a strong position and that the other party lacks support for the alleged patent infringement.

#### **Events after the reported period**

##### Divestment of Biotage's real estate in Charlottesville, Virginia

On January 22, 2009 Biotage announced that the company, as a step in the ongoing efficiency enhancement work, had decided to relocate the production of the company's products taking place in Charlottesville, Virginia, to contract manufacturers and to the company's plant in Cardiff, Wales. The transfer of these operations was completed in early January 2010. In parallel with the transfer of these operations, activities have been conducted to sell the company-owned real estate in Charlottesville.

The real estate has during January 2010 been sold for a purchase price of 5.5 MUSD, which entails a minor loss amounting to approx. 0.1 MUSD. The company's cash is increased by a net 1.3 MUSD after repayment of loan and transaction costs.

#### **Human resources**

At December 31, 2009 the Group had 245 employees, compared to 292 at the start of the year. The decrease is mainly attributable to the restructuring of the US operations.

#### **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 towards subsidiaries.

In the fourth quarter 2009, the parent company's net income amounted to 1.5 MSEK (1.7). In the full year 2009 the net income amounted to 6.1 MSEK (13.6).

Profit after financial items in the fourth quarter amounted to 24.2 MSEK (-22.2). In the full year 2009 profit after financial items amounted to 43.1 MSEK (-8.6).

The parent company's investments in intangible fixed assets during the fourth quarter amounted to 0.1 MSEK (0.7). In the full year 2009 the investments in intangible fixed assets totaled 0.9 MSEK (2.0).

At December 31, 2009 the parent company's cash and bank balance and short-term investments amounted to 330.0 MSEK, compared to 357.0 MSEK at December 31, 2008.

### **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 2008.

Readers wishing to study the risks and uncertainties reported in the 2008 Annual Report can download this report from Biotage AB's website [www.biotage.com](http://www.biotage.com) or order it from Biotage AB, Kungsgatan 76, SE-753 18 Uppsala or [info@biotage.com](mailto:info@biotage.com).

### **Reports in 2010**

The interim report for the first quarter 2010 will be issued in connection with the Annual General Meeting on April 29, 2010.

The annual report for 2009 will be distributed in week 14 and will be available on the company home page [www.biotage.com](http://www.biotage.com).

The interim report for the second quarter 2010 will be issued on August 13, 2010

The interim report for the third quarter 2010 will be issued on October 26, 2010

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

This report has not been subject to special review by the company's auditor.

Uppsala February 11, 2010

Torben Jørgensen  
President and CEO

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*This is information that Biotage AB (publ) is required to disclose pursuant to the Swedish Securities Markets Act. The information was provided for public release on 11 February 2010 at 8.15am CET.*

#### *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 245 employees and had sales of 394,1 MSEK in 2008. Biotage is listed on the NASDAQ OMX Nordic Stockholm stock exchange. Website: [www.biotage.com](http://www.biotage.com)*



Biotage AB (publ)

Year end report

2009-01-01 -- 2009-12-31

STATEMENTS OF COMPREHENSIVE INCOME

Amounts in KSEK	4 th quarter 2009	4 th quarter 2008	Full year 2009	Full year 2008
Net sales	99 519	108 950	394 123	385 295
Cost of goods sold	-45 647	-46 426	-169 025	-160 838
<b>Gross profit</b>	<b>53 872</b>	<b>62 524</b>	<b>225 098</b>	<b>224 457</b>
Selling costs	-31 670	-40 265	-132 297	-142 266
Administrative expenses	-15 629	-11 257	-61 020	-40 753
Research and development costs	-9 611	-11 288	-34 130	-34 646
Other operating income	3 585	19 916	10 951	25 550
Other operating expenses	-140	-4 616	-732	-5 121
Restructuring costs	3 162	-	-17 993	-
Operating expenses	-50 304	-47 510	-235 221	-197 235
<b>Operating profit/loss</b>	<b>3 568</b>	<b>15 014</b>	<b>-10 123</b>	<b>27 222</b>
Financial net income	680	3 176	1 124	450
<b>Profit/loss before income tax</b>	<b>4 248</b>	<b>18 190</b>	<b>-8 999</b>	<b>27 672</b>
Tax expenses	454	4 201	-818	3 498
Profit/loss after tax for continuing operations	4 702	22 392	-9 817	31 170
Profit/loss after tax for discontinued operations	23 361	242 719	23 295	267 884
<b>Total profit/loss for the period</b>	<b>28 063</b>	<b>265 111</b>	<b>13 478</b>	<b>299 054</b>
<b>Other comprehensive income</b>				
Translation differences related to non Swedish subsidiaries	9 557	22 588	-22 467	29 239
Change in hedging reserve	-1 741	-1 042	1 042	-582
Other comprehensive income	-	-155	-	817
Total other comprehensive income	7 816	21 391	-21 425	29 474
<b>Total comprehensive income for the period</b>	<b>35 879</b>	<b>286 502</b>	<b>-7 948</b>	<b>328 528</b>

**Biotage AB (publ)**

**Year end report**

**2009-01-01 -- 2009-12-31**

**STATEMENTS OF COMPREHENSIVE INCOME (continuing)**

	<b>4 th quarter 2009</b>	<b>4 th quarter 2008</b>	<b>Full year 2009</b>	<b>Full year 2008</b>
Attributable to parent company's shareholders:				
Total profit/loss for the period	28 063	265 111	13 478	299 054
Total comprehensive income for the period	35 879	286 502	-7 948	328 528
Average shares outstanding	87 649 029	88 486 320	88 262 934	88 486 320
Average shares outstanding after dilution	87 649 029	88 486 320	88 262 934	88 541 030
Shares outstanding at closing day	88 486 320 (*)	88 486 320	88 486 320 (*)	88 486 320
Total profit/loss for the period per share SEK	0,32 kr	3,00 kr	0,15 kr	3,38 kr
Total profit/loss for the period per share SEK after dilution	0,32 kr	3,00 kr	0,15 kr	3,38 kr
Total comprehensive income for the period per share SEK	0,41 kr	3,24 kr	-0,09 kr	3,71 kr
Total comprehensive income for the period per share after dilution SEK	0,41 kr	3,24 kr	-0,09 kr	3,71 kr

(\*) Of the numbers of shares outstanding 1 578 109 are repurchased as per December end.

<b>Quarterly summary 2009 and 2008</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
<b>Amounts in KSEK</b>	<b>Q4</b>	<b>Q 3</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>
Net Sales	99 519	90 602	104 411	99 591	108 950	92 308	95 092	88 945
Cost of goods sold	-45 647	-39 426	-41 002	-42 951	-46 426	-38 597	-40 998	-34 817
Gross profit	<b>53 872</b>	<b>51 176</b>	<b>63 410</b>	<b>56 641</b>	<b>62 524</b>	<b>53 711</b>	<b>54 094</b>	<b>54 128</b>
Gross margin	54,1%	56,5%	60,7%	57,4%	57,4%	58,2%	56,9%	60,9%
Operating expenses	-50 304	-49 154	-59 739	-76 024	-47 510	-46 756	-51 411	-52 944
Operating profit/loss	<b>3 568</b>	<b>2 022</b>	<b>3 671</b>	<b>-19 384</b>	<b>15 014</b>	<b>6 955</b>	<b>2 683</b>	<b>1 184</b>
Financial net income	680	-253	2 683	-1 986	3 176	152	-738	-754
Profit/loss before income tax	<b>4 248</b>	<b>1 769</b>	<b>6 354</b>	<b>-21 370</b>	<b>18 190</b>	<b>7 107</b>	<b>1 944</b>	<b>430</b>
Tax expenses	454	-385	-610	-277	4 201	-522	-157	-24
Profit/loss after tax for continuing operations	4 702	1 384	5 744	-21 647	22 392	6 584	1 787	407
Profit/loss after tax for discontinued operations	23 361	-152	-263	349	242 719	6 172	6 220	12 773
<b>Total profit/loss for the period</b>	<b>28 063</b>	<b>1 232</b>	<b>5 480</b>	<b>-21 298</b>	<b>265 111</b>	<b>12 756</b>	<b>8 007</b>	<b>13 180</b>

**Biotage AB (publ)**  
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**2009-01-01 -- 2009-12-31**

**STATEMENTS OF FINANCIAL POSITION**

<b>Amounts in KSEK</b>	<b>2009-12-31</b>	<b>2008-12-31</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible assets	41 915	80 978
Goodwill	473 661	487 227
Other intangible assets	61 970	60 731
Financial assets	2 293	1 754
Deferred tax recoverable	42 570	42 570
<b>Total fixed assets</b>	<b>622 409</b>	<b>673 260</b>
<b>Current assets</b>		
Inventory	80 288	104 224
Account receivable and other receivables	121 228	100 498
Liquid funds	364 902	404 991
<b>Total current assets</b>	<b>566 417</b>	<b>609 713</b>
<b>Total assets for continuing operations</b>	<b>1 188 827</b>	<b>1 282 973</b>
<b>Assets held for sale</b>	<b>38 564</b>	<b>16 039</b>
<b>TOTAL ASSETS</b>	<b>1 227 390</b>	<b>1 299 012</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	4 993	847 173
Reserves	-65 345	-43 920
Profit/loss carried forward	1 060 893	233 054
<b>Total equity</b>	<b>1 089 027</b>	<b>1 124 793</b>
<b>Long term liabilities</b>		
Liabilities to credit institutions	7 615	8 065
Provisions of a long-term nature	2 913	3 351
<b>Total long term liabilities</b>	<b>10 528</b>	<b>11 416</b>
<b>Current liabilities</b>		
Accounts payable and other liabilities	92 615	95 360
Tax liabilities	1 746	1 869
Liabilities to credit institutions	915	38 829
Provisions of a short-term nature	3 356	5 977
<b>Total current liabilities</b>	<b>98 632</b>	<b>142 036</b>
<b>Total equity and liabilities for continuing operations</b>	<b>1 198 186</b>	<b>1 278 245</b>
<b>Liabilities for assets held for sale</b>	<b>29 204</b>	<b>20 767</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 227 390</b>	<b>1 299 012</b>

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**Year end report**  
**2009-01-01 -- 2009-12-31**  
**STATEMENTS OF CASH FLOW**

<b>Amounts in KSEK</b>	<b>4 th quarter 2009</b>	<b>4 th quarter 2008</b>	<b>Full year year 2009</b>	<b>Full year 2008</b>
<b>Operating activities</b>				
Profit/loss after financial items	4 248	18 191	-8 999	27 672
Adjustments for items not included in the cash flow	-3 326	930	34 470	21 291
	<b>922</b>	<b>19 122</b>	<b>25 471</b>	<b>48 963</b>
Tax paid	454	-790	-818	-1 494
<b>Cash flow from operating activities before changes in working capital</b>	<b>1 376</b>	<b>18 332</b>	<b>24 653</b>	<b>47 469</b>
Cash flow from change in working capital:				
Increase (-)/ decrease (+) of inventories	14 580	158	18 623	-5 900
Increase (-)/ decrease (+) of account receivables	-3 540	4 420	-1 863	9 833
Increase (-)/ decrease (+) of other current receivables	-19 277	-2 785	-1 791	-6 996
Increase (+)/ decrease (-) of other liabilities	25 480	24 165	269	10 088
Cash flow from operating activities for continuing operations	<b>18 618</b>	<b>44 290</b>	<b>39 892</b>	<b>54 493</b>
Cash flow from operating activities for discontinued operations	<b>-189</b>	<b>6 377</b>	<b>-3 644</b>	<b>34 244</b>
<b>Cash flow from operating activities</b>	<b>18 430</b>	<b>50 667</b>	<b>36 248</b>	<b>88 737</b>
<b>Investing activities</b>				
Acquisition of intangible fixed assets	-4 345	-2 959	-23 042	-17 849
Acquisition of tangible fixed assets	-3 979	-1 038	-16 257	-6 611
Acquisition of financial assets	-493	-107	-659	-300
Sale of financial assets	-	-	-	17
Cash flow from investing activities for continuing operations	<b>-8 817</b>	<b>-4 104</b>	<b>-39 958</b>	<b>-24 743</b>
Cash flow from investing activities for discontinued operations	<b>-</b>	<b>353 186</b>	<b>-</b>	<b>344 012</b>
<b>Cash flow from investing activities</b>	<b>-8 817</b>	<b>349 081</b>	<b>-39 958</b>	<b>319 269</b>
<b>Financial activities</b>				
Dividend to shareholders	-	-	-17 697	-
Acquired own shares	-9 021	-	-10 120	-
Borrowing	-	4 006	-	4 006
Amortization of loan liabilities	-11 337	-22 610	-6 669	-39 897
Cash flow from financial activities for continuing operations	<b>-20 358</b>	<b>-18 603</b>	<b>-34 486</b>	<b>-35 891</b>
Cash flow from financial activities for discontinued operations	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financial activities</b>	<b>-20 358</b>	<b>-18 603</b>	<b>-34 486</b>	<b>-35 891</b>
<b>Cash flow during period</b>	<b>-10 745</b>	<b>381 145</b>	<b>-38 197</b>	<b>372 116</b>
Cash and liquid assets at beginning of period	374 459	22 387	404 991	31 017
Exchange differences in liquid assets	1 189	1 459	-1 892	1 857
<b>Cash and liquid assets at end of period</b>	<b>364 902</b>	<b>404 991</b>	<b>364 902</b>	<b>404 991</b>
<b>Additional information:</b>				
<i>Adjustments for items not included in the cash flow</i>				
Depreciations and write-downs	10 877	12 717	35 332	32 332
Other items	-14 202	-11 787	-862	-11 041
Sum	<b>-3 326</b>	<b>930</b>	<b>34 470</b>	<b>21 291</b>
<b>Interest received</b>	<b>1 045</b>	<b>4 145</b>	<b>3 367</b>	<b>4 278</b>
<b>Interest paid</b>	<b>-365</b>	<b>-968</b>	<b>-2 243</b>	<b>-3 828</b>

STATEMENTS OF CHANGES IN EQUITY

Amounts in KSEK	Share capital	Other payed-in capital	Accumulated translation differences	Hedging-reserve	Profit/loss carried forward	Total equity
Opening balance January 1, 2008	88 486	1 513 992	-72 117	-460	-733 636	796 265
<b>Changes in 2008:</b>						
Net income for the year 2008	-	817	29 239	-582	299 054	328 528
<b>Sum of changes in 2008, exclusive of transactions with company owners</b>	<b>0</b>	<b>817</b>	<b>29 239</b>	<b>-582</b>	<b>299 054</b>	<b>328 528</b>
Transactions with company owners						
Appropriation according to decision of the annual meeting	-	-667 636	-	-	667 636	0
<b>Closing balance at December 31, 2008</b>	<b>88 486</b>	<b>847 173</b>	<b>-42 878</b>	<b>-1 042</b>	<b>233 053</b>	<b>1 124 793</b>
<b>Changes in 2009:</b>						
Total comprehensive income for full year 2009	-	-	-22 467	1 042	13 478	-7 948
<b>Sum of changes in 2009, exclusive of transactions with company owners</b>	<b>0</b>	<b>0</b>	<b>-22 467</b>	<b>1 042</b>	<b>13 478</b>	<b>-7 948</b>
Transactions with company owners						
Dividend to shareholders					-17 697	-17 697
Acquired own shares (note 1)					-10 120	-10 120
Amount carried over from reserve fund as per the decision of extraordinary general meeting registered by the Swedish Companies Registration Office on February 10, 2009	-	-842 180	-	-	842 180	0
<b>Closing balance at December 31, 2009</b>	<b>88 486</b>	<b>4 993</b>	<b>-65 345</b>	<b>0</b>	<b>1 060 893</b>	<b>1 089 027</b>

note 1: Acquired own shares

At the Annual General Meeting held on April 27, 2009 the board was authorized to decide on the acquisition and sale of the company's own shares. The shares acquired may not exceed 10 percent of the total number of the company's shares.

In accordance with this authorization, the company in August to December 2009 has acquired a total of 1578 109 shares at an average purchase price of SEK 6:45 including brokerage commissions.

The number of shares repurchased are corresponding to 1,8 % of the number of outstanding shares.

INCOMESTATEMENTS FOR THE PARENT COMPANY

Amounts in KSEK	4 th quarter 2009	4 th quarter 2008	Full year 2009	Full year 2008
Net sales	1 535	1 684	6 126	13 609
Administrative expenses	-4 499	-3 934	-19 652	-18 597
Research and development costs	-806	-1 078	-2 709	-3 928
Other operating net income	24 913	35 509	28 363	39 688
Other operating expenses	-	-103	-261	-11
<i>Operating expenses</i>	19 609	30 394	5 742	17 152
<b>Operating profit/loss</b>	<b>21 144</b>	<b>32 079</b>	<b>11 867</b>	<b>30 761</b>
<b>Profit/loss from financial investments:</b>				
Interest income from receivables from group comp	2 934	4 692	15 226	16 058
Interest expenses from liabilities to group compani	-486	-471	-1 910	-2 021
Result from participations in group companies	-	-96 781	15 000	-96 781
Profit and loss from other securities and receivalbes that are long term financial assets	-	35 587	-	40 679
Interest income and similar income items	713	2 726	3 009	2 711
Räntekostnader och liknande resultatposter	-118	-	-138	-20
Finance net	3 042	-54 248	31 187	-39 375
<b>Profit/loss before income tax</b>	<b>24 186</b>	<b>-22 169</b>	<b>43 054</b>	<b>-8 614</b>
Tax expenses	-	3 209	-	3 209
<b>Total profit/loss for the period</b>	<b>24 186</b>	<b>-18 960</b>	<b>43 054</b>	<b>-5 405</b>

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**Year end report**  
**2009-01-01 -- 2009-12-31**

**BALANCESHEETS FOR THE PARENT COMPANY**

<b>Amounts in KSEK</b>	<b><u>2009-12-31</u></b>	<b><u>2008-12-31</u></b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
<b>Intangible fixed assets</b>		
Patent and license rights	6 196	6 774
<b>Financial assets</b>		
Participation in group companies	557 090	557 047
Receivables from group companies	179 583	108 269
Deferred tax asset	42 570	42 570
Other long-term securities	<u>779 243</u>	<u>707 886</u>
<b>Total fixed assets</b>	<b>785 439</b>	<b>714 660</b>
<b>Omsättningstillgångar</b>		
<b>Current receivables</b>		
Account receivables	-	71
Receivables from group companies	62 565	82 161
Other receivables	2 054	511
Prepaid expenses and accrued income	25 463	6 705
	<u>90 082</u>	<u>89 448</u>
<b>Cash and bank balances and investments</b>	<b>330 038</b>	<b>356 972</b>
<b>Total current assets</b>	<b><u>420 120</u></b>	<b><u>446 420</u></b>
<b>TOTALT ASSETS</b>	<b><u>1 205 559</u></b>	<b><u>1 161 080</u></b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	88 486	88 486
Statutory reserves	-	842 180
	<u>88 486</u>	<u>930 666</u>
<b>Unrestricted equity</b>		
Fair value fond	-23 904	-2 260
Profit/loss carried forward	847 526	38 554
Profit/loss for the year reported	43 054	-5 405
	<u>866 676</u>	<u>30 890</u>
<b>Total equity</b>	<b>955 163</b>	<b>961 556</b>
<b>Current liabilities</b>		
Account payable	1 067	3 647
Liabilities to group companies	245 827	189 910
Other short term liabilities	390	789
Accrued expenses and prepaid income	3 111	5 178
	<u>250 395</u>	<u>199 523</u>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b><u>1 205 558</u></b>	<b><u>1 161 080</u></b>

**CASH FLOW STATEMENTS FOR THE PARENT COMPANY**

<b>Amounts in KSEK</b>	<b>4 th quarter 2009</b>	<b>4 th quarter 2008</b>	<b>Full year 2009</b>	<b>Full year 2008</b>
<b>Operating activities</b>				
Profit/loss after financial items	24 186	-22 169	43 054	-8 614
Adjustments for items not included in the cash flow	-1 432	29 298	-7 308	29 896
	<b>22 754</b>	<b>7 129</b>	<b>35 746</b>	<b>21 282</b>
Taxpaid	-	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>22 754</b>	<b>7 129</b>	<b>35 746</b>	<b>21 282</b>
Cash flow from change in working capital:				
Increase (-)/ decrease (+) of other current receivables	-24 099	52 972	-20 230	33 587
Increase (+)/ decrease (-) of other liabilities	-6 080	116 872	-13 684	123 800
<b>Cash flow from operating activities</b>	<b>-7 424</b>	<b>176 974</b>	<b>1 832</b>	<b>178 669</b>
<b>Investing activities</b>				
Acquisition of intangible fixed assets	-82	-669	-905	-2 037
Acquisition financial fixed assets	-	-	-42	-
Divest of business area	-	174 437	-	174 437
Increase (-)/ decrease (+) of other long-term receivables	-	5 099	-	5 041
<b>Cash flow from investing activities</b>	<b>-82</b>	<b>178 867</b>	<b>-947</b>	<b>177 441</b>
<b>Cash flow from financial activities</b>				
Dividend to shareholders	-	-	-17 697	-
Acquired own shares	-9 020	-	-10 120	-
<b>Cash flow from financial activities</b>	<b>-9 020</b>	<b>0</b>	<b>-27 818</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>-16 527</b>	<b>355 840</b>	<b>-26 933</b>	<b>356 110</b>
<b>Cash and liquid assets beginning of period</b>	<b>346 565</b>	<b>1 132</b>	<b>356 972</b>	<b>862</b>
<b>Cash and liquid assets at end of period</b>	<b>330 038</b>	<b>356 972</b>	<b>330 038</b>	<b>356 972</b>
<b>Additional information:</b>				
<i>Adjustments for items not included in the cash flow</i>				
Depreciations and write-downs	337	161 956	1 483	164 390
Disvestment profit Biosystems reported in investing activities	-	-123 791	-	-123 791
Translation differences	-1 769	-8 866	-8 792	-10 702
Sum	-1 432	29 298	-7 308	29 896



STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

Beloppi KSEK	Share capital	Statutory reserv	Fund for fair value	Profit/loss carried forward	Total equity
<b>Opening balance Januari 1, 2008</b>	<b>88 486</b>	<b>1 509 816</b>	<b>-38 554</b>	<b>-629 082</b>	<b>930 667</b>
<b>Changes in 2008:</b>					
Appropriation according to decision of the annual meeting	-	-667 636		667 636	0
Exchange rate differences	-	-	36 294	-	36 294
Profit/loss 2008	-	-		-5 405	-5 405
<b>Total changes during 2008</b>	<b>0</b>	<b>-667 636</b>	<b>36 294</b>	<b>662 231</b>	<b>30 890</b>
<b>Closing balance December 31, 2008</b>	<b>88 486</b>	<b>842 180</b>	<b>-2 260</b>	<b>33 150</b>	<b>961 556</b>
<b>Changes in 2009:</b>					
Amount carried over from reserve fund as per the decision of extraordinary general meeting registered by the Swedish Companies Registration Office on February 10, 2009	-	-842 180	-	842 180	0
Dividend to shareholders				-17 697	-17 697
Acquired own shares (note 1)				-10 120	-10 120
Group contributions received				15	15
Exchange rate differences	-	-	-21 644		-21 644
Profit/loss 2009	-	-	-	43 054	43 054
<b>Closing balance December 31, 2009</b>	<b>88 486</b>	<b>0</b>	<b>-23 904</b>	<b>890 580</b>	<b>955 163</b>

note 1: Acquired own shares

At the Annual General Meeting held on April 27, 2009 the board was authorized to decide on the acquisition and sale of the company's own shares. The shares acquired may not exceed 10 percent of the total number of the company's shares.

In accordance with this authorization, the company in August to December 2009 has acquired a total of 1578 109 shares at an average purchase price of SEK 6:45 including brokerage commissions.

The number of shares repurchased are corresponding to 1,8 % of the number of outstanding shares.

## Accounting principles and additional information

The Group interim report has been prepared in accordance with IAS 34 Interim Reporting and the Swedish Accounting Act. The interim report for the parent company has been prepared in accordance with the regulations of the Swedish Accounting Act.

### *New accounting standards:*

A number of changes in existing standards, new interpretation statements and a new standard (IFRS 8) came into effect on January 1, 2009. As far as Biotage is concerned, the following issued standards and interpretation statements which have come into effect on January 1, 2009 have been considered relevant for the preparation of this interim report and its accounting principles:

- o IAS 1: Presentation of Financial Statements

The change in this standard means that the income statement shall now also contain items that were previously reported directly against equity. Excepted are transactions with the company's owners, which also in the future normally shall be reported against equity. But items such as gains and losses arising from translating the statements of foreign operations and cash flow hedges shall be reported in the total result for the period. Biotage has chosen to present the Group's total result in a statement containing the period's result (after tax) and other total result. Furthermore, the equity statement shows transactions with the company's owner disclosed.

The changes in IAS 1 also mean that the statements in the financial reports have new designations. Income statement is now called "Statement of comprehensive income", Balance sheet is called "Statement of financial position", Equity statement is called "Statement of changes in equity", and Cash flow statement is called "Statement of cash flows". Even though IAS 1 permits companies to continue using the previous designations, Biotage has chosen to introduce the new designations starting in this interim report.

- o IFRS 8: Operating segments

This standard is based on the premise that segment information shall be presented from the perspective of company management. Biotage's segment information in the financial reports was already before based on the information supplied to the chief executive officer (the president). In the financial reports issued in 2008 the Group's business was presented in three segments: "Biosystems", "Discovery Chemistry" and "Other Operations". In the fourth quarter 2008 the Biosystems segment was divested. After the buyer took possession on October 2, 2008, the Group's remaining operations comprise only Discovery Chemistry. The joint functions for the business areas, in the previous segment reporting designated "Other operations", thus no longer exist. No operating segments can now be defined according to the criteria in IAS 1 and the internal reporting to the CEO is done in unified form for the Group's companies.

### *Other changes in the Group's financial reporting:*

- o Reclassification of receivables from Group companies

The regulations in international accounting standard in Sweden IFRS/IAS state according to IAS 21:15, Effects of changed exchange rates, that receivables from or liabilities to a foreign operation for which settlement is not planned or is not likely to occur in the foreseeable future in practice constitute a part of the company's net investment in the independent foreign operation. According to this standard 21:32-33, exchange rate differences occurring at the recalculation of these items should be reported as other total result.

During the build-up of the Group's foreign businesses in 2000-2005 the foreign subsidiaries were provided with both equity capital and credits. Some of these credits have still not been settled, as they have in practice become part of the equity capital of the subsidiaries. Consequently, Biotage in 2006 reclassified the majority of its receivables from the US subsidiary. This means that 28.2 MUSD is reported as a part of the net investment in the US, and that value changes in the receivables resulting from changed exchange rates are reported as other total result and not as operating profit/loss.

At July 1, 2009, the corresponding reclassification of receivables and liabilities relating to the subsidiaries in the UK, Germany and Japan was performed. In net balances 3.1 MGBP, 3.7 MEUR and 180.0 MJPY have therefore been reclassified to constitute a part of the investment in foreign operations. Recalculated into SEK the reclassified balances amounted to 88.0 SEK on December 31, 2009. At the recalculation of liabilities to SEK on the balance sheet date December 31, 2009 other total result has been charged with 6.4 MSEK resulting from exchange rate changes from July 1 to December 31, 2009.

The sum total of value changes relating to exchange rate changes in the full year 2009 amounts to -2.8 MSEK.

Divided per quarter the amounts are:

First quarter:	+ 1.6 MSEK reported as operating profit
Second quarter:	+ 2.0 MSEK reported as operating profit
Third quarter :	- 7.6 MSEK reported as other total result
Fourth quarter:	+1.2 MSEK reported as other total result

- o Reclassification of exchange rate differences reported as net financial income.

Up to and including June 30, 2009 Biotage has distributed exchange rate differences concerning receivables and liabilities in foreign currency between operating income and costs and financial income and costs. As a consequence of the reclassification of inter-Group balances described above, the Group regards all balances that have not been reclassified as part of the net investments in the Group's business. For this reason exchange rate differences relating to these balances are reported as operating items.

In the interim report for the first quarter 2009 a cost of 2.3 MSEK is reported in the Group's net financial income. This item has been reclassified to the operations in the report issued on June 30, 2009 and is therefore included in the operating profit for the full year 2009. In the reports presented for the second and third quarters and in this report for the fourth quarter exchange rate differences are thus reported in the operations, with the exception of those reported as other total result as described above.

The comparative figures for 2008 have been recalculated.

In all other respects the accounting principles applied in this interim report agree with the accounting and valuation principles applied in the preparation of the Group's latest Annual Report, described on pp. 30-41 and 46-47 in the 2008 Annual Report.

Readers wishing to study the accounting principles presented in the 2008 Annual Report can download this report from Biotage AB's website [www.biotage.com](http://www.biotage.com) or order it from Biotage AB, Kungsgatan 76, SE-753 18 Uppsala, or at [info@biotage.com](mailto:info@biotage.com).