

This information was submitted for publication on November 20, 2009 at 08.30

## Interim report January – September 2009

- The Group's sales for the period amounted to SEK 481 (412) million
- EBITDA amounted to SEK 75 (49) million
- EBIT amounted to SEK 58 (39) million
- The net profit after tax for the period amounted to SEK 16 (34) million\*
- Earnings per share after tax for the period were SEK 0.05 (0.17 ) before and after dilution\*

### Significant events during the period

- The capital acquisition implemented in Q2 is fully subscribed, bringing BioPhausia proceeds of SEK 64 million before expenses.
- Generic product sales are launched in Poland in Q3.
- Novalucol is among the limited number of non-prescription drugs cleared for sale in the large supermarket chains.
- Employees acquired 2,334,000 warrants in Q3 under the new incentive programme.

### Period July-September

- The Group's sales for the quarter amounted to SEK 148 (159) million
- EBITDA amounted to SEK 21 (26) million
- Operating profit was SEK 15 (21) million
- Profit after tax amounted to SEK 1 (2) million
- Earnings per share after tax was SEK 0.00 (0.01) before and after dilution

### Consolidated income statement in brief

MSEK	Q 3 2009	Q 3 2008	Change	Acc 2009	Acc 2008	Change	Full year 2008
Revenue	148	159	-7 %	481	412	17 %	580
EBITDA	21	26	-20 %	75	49	52 %	72
EBIT	15	21	-27 %	58	39	49 %	57
Profit before tax	3	5	-38 %	23	13	79 %	16
Profit after tax	1	2	-68 %	16	34	-54 %	32
Earnings per share before tax before and after dilution	0.01	0.02		0.07	0.06		0.06
Earnings per share after tax before and after dilution	0.00	0.01		0.05	0.17		0.13

\* Profit after tax in 2008 year was affected by the capitalisation of tax loss carryforwards, which produced an accounting tax income of SEK 26 million.

## MD's report

### A mixed quarter from an operational perspective, although the financial position continues to improve

The Own products segment continued to perform according to plan in the third quarter. Sales increased by 10 percent to SEK 47 (43) million, while EBITDA amounted to SEK 17 (15) million, which means the operating margin has improved by two percentage points to 36 percent. The third quarter is normally seasonally weak as the segment has a large number of hospital pharmaceuticals, allergy drugs and medicines prescribed for colds.

After a strong second quarter, the third quarter was a disappointment for the Licensed products segment. Organic growth ended on 12 percent, which is much lower than in earlier quarters this year. Sales were adversely affected by abnormally high returns and price pressure on the Danish market. Earnings were also negatively affected by costs associated with delivery problems (SEK 2 million) and scrapping (SEK 1 million). The third quarter is normally also a weak quarter for Licensed products. The number of products on the market rose to 30 (17). The EBITDA margin for the quarter was a modest 5 percent (16).

Parallel-imported products also experienced a weak third quarter. As the Euro remained strong, there was little scope for business opportunities. Sales fell by 20 percent to SEK 71 (89) million, while EBITDA was SEK 5 (9) million, which gives a margin of 7 percent (10). However, it should be mentioned that the Swedish market for parallel-imported products fell by a massive 31 percent during the quarter. BioPhausia's parallel imports business, which operates under the trademark Cross Pharma, continues to gain market share and is currently one of the three largest players on the scene.

Sales for the Group as a whole rose by 17 percent to SEK 481 (412) million in the first nine months. Organic growth ended the period on minus two percent, largely due to lower sales in the Parallel-imported products segment. Despite difficult exchange rate conditions, EBITDA amounted to SEK 75 (49) million, which corresponds to an EBITDA margin of 16 (12) percent.

Year-to-date cash flow from operations before changes in working capital was SEK 52 million and includes interest payments of SEK 20 million. Bank loan repayments amounted to 77 million during the first nine months of the year and the overdraft was reduced by SEK 50 million. At the same time, new debentures totalling SEK 64 million were issued to the Company's shareholders in the second quarter.

The company has a repayment plan which allows a relatively fast bank loan reduction. Planned repayments for the next 12 months amount to SEK 67 million and these are easily accommodated in the projected cash flow for the period. As repayments (financed from the Company's cash flow) are made, the Company's bank loans go down and its financial position is strengthened. The equity/assets ratio and net debt/equity ratio have both improved, ending the third quarter on 49 (45) percent and 0.83 (0.99), respectively. At 30 September 2009, bank loans amounted to SEK 262 (373) million, while issued debentures totalled SEK 154 (90) million. The Company's credit facilities (inventory financing and bank overdraft) amounted to SEK 125 million. SEK 75 million of this amount was utilised.

#### Poland launch underway

The establishment in Poland took a major step forward during the quarter. A sales force has been recruited and they visited doctors and pharmacies during the quarter. The end of the quarter also saw the first sale in Poland. The launch on the Polish market brings both opportunities and risks. BioPhausia is not taking the challenge lightly, and is only too aware that establishing a well functioning operation on the Polish market can take time and require considerable resources. However, BioPhausia is convinced that this is one of the most interesting European markets and that it will be well worth the effort.

#### Deregulation of the Swedish pharmacy market

With effect from 1 November, certain non-prescription drugs can be sold in non-Apoteket outlets in Sweden. BioPhausia is proud to announce that Novalucol is among the limited number of drugs the Swedish Medical Products Agency has approved for sale in other retail outlets. Novalucol can now be bought from the large supermarket and food retail chains and at petrol stations.

After the end of the period, the names of the owners of the pharmacy outlets sold in connection with the deregulation of the Swedish pharmacy monopoly were revealed. BioPhausia has had close working relationships with many of the new pharmacy companies. BioPhausia confidently relishes the chance of establishing even closer cooperation with the new players and offering them its wide range of pharmaceuticals.

BioPhausia is entering an interesting period, with the launch in Poland and new exciting opportunities arising from the pharmacy deregulation. With its wide range of pharmaceuticals, the Company is well equipped to become an interesting partner on the new pharmacy market.

## Group

### Consolidated income statement in brief

SEK '000	Q 3 2009	Q 3 2008	Change	Acc 2009	Acc 2008	Change	Full year 2008
Revenue	147 900	159 032	-7 %	480 894	412 022	17 %	580 348
Cost of goods sold	-106 767	-114 395	-7 %	-342 354	-308 208	11 %	-432 659
<b>Gross profit</b>	<b>41 133</b>	<b>44 637</b>	<b>-8 %</b>	<b>138 540</b>	<b>103 814</b>	<b>33 %</b>	<b>147 689</b>
Selling expenses	-20 238	-19 346	5 %	-63 650	-51 562	23 %	-72 609
Administrative expenses	-4 525	-3 950	15 %	-14 083	-11 023	28 %	-16 265
Research and development expenses	-436	-492	-11 %	-1 405	-1 688	-17 %	-1 912
Other operating revenue/expenses	-637	-10	63 %	-1 017	-328	210 %	347
<b>Operating profit</b>	<b>15 297</b>	<b>20 839</b>	<b>-27 %</b>	<b>58 385</b>	<b>39 213</b>	<b>49 %</b>	<b>57 250</b>
Net financial items	-12 517	-16 359	-23 %	-35 666	-26 508	35 %	-41 424
Tax	-2 205	-2 692	-18 %	-6 870	21 723	-132 %	16 219
<b>Profit for the period</b>	<b>575</b>	<b>1 788</b>	<b>-68 %</b>	<b>15 849</b>	<b>34 428</b>	<b>-54 %</b>	<b>32 045</b>

### Group turnover and profit

#### Revenue

##### January – September

During the period, revenues rose to SEK 481 (412) million, an increase of 17 % on the same period the previous year. Organic growth was -2% during the period. Sales were distributed as follows: Own products, SEK 151 (81) million, Licensed products, SEK 85 (57) million, Parallel-imported products, SEK 231 (264) million and BioPhausia General SEK 14 (9) million.

##### July – September

Sales for the period July-September amounted to SEK 148 (159) million. Organic growth for the period was -5%.

#### Earnings

##### January – September

EBITDA for the period amounted to SEK 75 (49) million. The increase is mainly due to the acquisition of products in June 2008.

Depreciation/amortisation amounted to SEK 16 (10) million. R & D expenses of SEK 1 (1) million related to amortisation.

##### July – September

EBITDA for the period July-September amounted to SEK 21 (26) million. Depreciation/amortisation amounted to SEK 6 (5) million.

##### Net financial items

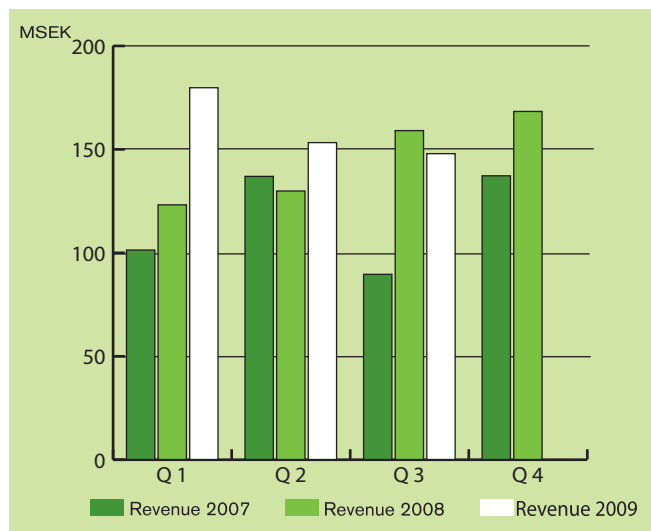
Net financial items for the period January-September amounted to SEK -36 (-27) million. The increase is due to the cost of capital increasing as new loans have been taken out. It is also due to the acquisition in June 2008 and the issuance of debentures in June 2009.

##### Tax

No current tax is to be paid as there are tax loss carryforwards which can be utilised. The Group's tax consists of tax on temporary differences (the difference between accounting profit and tax base). In the previous year, tax loss carryforwards were capitalised, bringing a tax income of SEK 26 million.

## Group

### Revenue



### Financial position

#### Cash flow

At the end of the period, cash and cash equivalents were SEK 17 (3) million. Total operating loan facilities amounted to SEK 125 million. At the balance sheet date, utilised borrowing for operating loans (inventory loan) amounted to SEK 75 million. Part of the inventory has been pledged as security.

#### Operating activities

Cash flow from operating activities before changes in working capital for the period January-September was SEK 52 million. During the period, inventories were reduced by SEK 30 million, while the overdraft was reduced by SEK 50 million. Cash flow from changes in working capital was SEK -19 million. Cash flow from operating activities for the period was SEK 33 million.

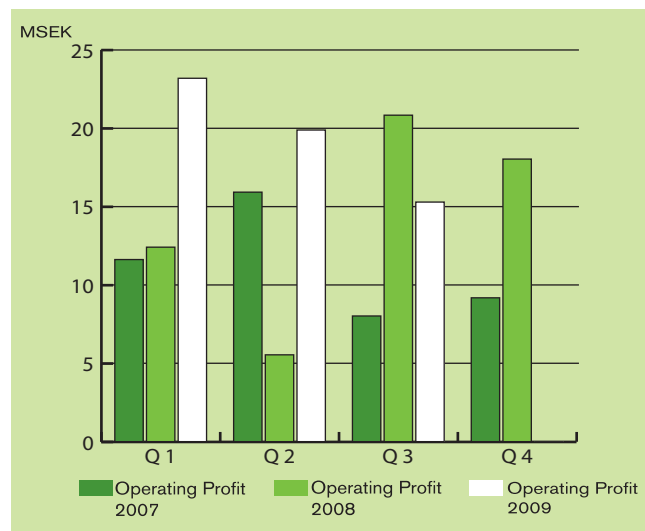
#### Investing activities

Cash flow from investing activities amounted to SEK -10 (-562) million and related mainly to investments in licences.

#### Financing activities

At the balance sheet date, total interest-bearing liabilities amounted to SEK 475 million. This amount includes repayments of SEK 67 million which are due in the next 12 months and are reported under current liabilities in the balance sheet.

### Operating Profit



Repayments totalling SEK 77 million were made in the period January-September, while capital acquisition in the form of debentures and warrants had a positive effect of SEK 57 million on financing activities. Cash flow from financing activities was SEK -21 million.

At the end of September, the Group's cash & cash equivalents stood at SEK 17 million, having started the year on SEK 15 million.

The net debt/equity ratio was 0.83 (0.99) times.

#### Equity

Equity amounted to SEK 554 (546) million at the balance sheet date. SEK 86 million of this amount was made up of share capital.

The number of shares increased by 4,775 during the period, after conversion of issued warrants. At the balance sheet date, the number of shares was 342,480,707.

The equity/assets ratio at the balance sheet date was 49% (45%).

## Segments

Own products* (SEK '000)	Q 3 2009	Q 3 2008	Change	Acc 2009	Acc 2008	Change	Full year 2008
Revenue	47 127	43 023	10 %	151 170	80 898	87 %	133 827
EBITDA	16 918	14 768	15 %	55 885	23 517	138 %	43 423
EBITDA margin	36 %	34 %		37 %	29 %		33 %

\*Change to segment reporting in accordance with IFRS 8; see also note 1.

### Own products

#### Revenue

##### January-September

Sales for the period amounted to SEK 151 (81) million. The majority of the 87% increase is attributable to the acquisition from AstraZeneca. Organic growth for the period was 6%.

##### July-September

Sales for the period July-September amounted to SEK 47 (43) million. Organic growth of 10% comes mainly from implemented price increases. Prescription pharmaceuticals accounted for 68% of total sales, while the remaining 32% came from non-prescription pharmaceuticals. Both prescription and non-prescription drugs contributed to the growth. As was the case last year, the third quarter was affected by lower sales of seasonal and hospital pharmaceutical preparations in the summer.

### Earnings

##### January-September

EBITDA for the year-to-date amounted to SEK 56 (24) million. The increase is largely attributable to the acquisition from AstraZeneca.

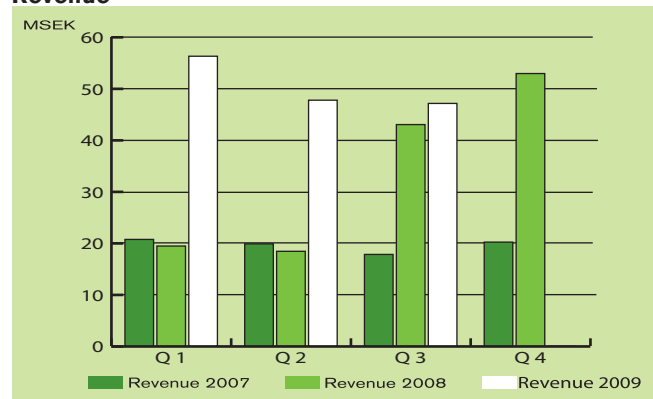
##### July-September

EBITDA for the period July-September amounted to SEK 17 (15) million. The improvement on previous years is largely due to increased sales. Implemented price adjustments more than compensated for more expensive purchasing, particularly in the Euro.

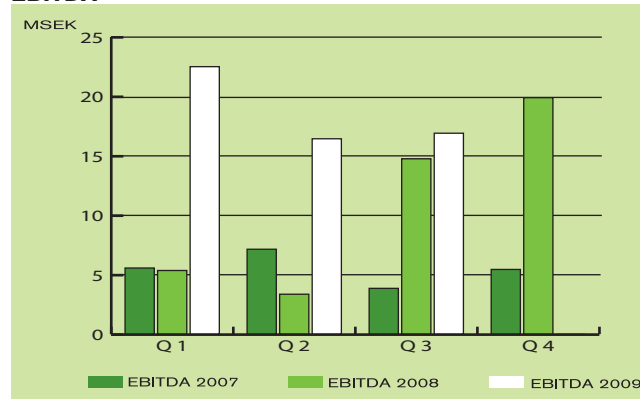
With effect from 1 November, certain non-prescription drugs can be sold in non-Apoteket outlets. Novalucol is among the limited number of drugs selected by the Swedish Medical Products Agency. The supermarkets have shown keen interest, and after the end of the period, BioPhausia made its first deliveries of Novalucol to the large supermarket chains.

	Q 3 2009	Q 3 2008
Products - Self-care	6	6
Products - Prescription	19	19
<b>Products on market</b>	<b>25</b>	<b>25</b>
Products in registration	1	2

#### Revenue



#### EBITDA



#### Definition – segment Own products

Own products are products owned without restriction by BioPhausia. Examples are that the company owns a dossier (documentation about a product), a brand, other intangible rights, but not necessarily a patent.

Own products can be divided up into original products and generic products.

Examples of products in this segment are Citodon, Mollopect, Novalucol, Novaluzid and GlycoVisc.

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Licensed products* (SEK '000)	Q 3 2009	Q 3 2008	Change	Acc 2009	Acc 2008	Change	Full year 2008
Revenue	23 109	23 886	-3 %	84 614	57 342	48 %	80 714
EBITDA	1 066	3 938	-73 %	7 762	4 448	75 %	4 391
EBITDA margin	5 %	16 %		9 %	8 %		5 %

\*Change to segment reporting in accordance with IFRS 8; see also note 1.

### Licensed products

#### Revenue

##### January-September

Sales for the year-to-date amounted to SEK 85 (57) million. Organic growth for the period was 30%.

##### July-September

Sales for the period July-September amounted to SEK 23 (24) million. Organic growth for the quarter was 12%. To calculate organic growth, just over SEK 3 million was removed from the 2008 sales figure. This figure covers the effects of the two products returned to AstraZeneca in the fourth quarter of 2008. Sales for the quarter were adversely affected by an abnormally high return level, corresponding to just under SEK 2 million. In addition, price pressure on the Danish market had a negative effect of SEK 1 million on sales.

### Earnings

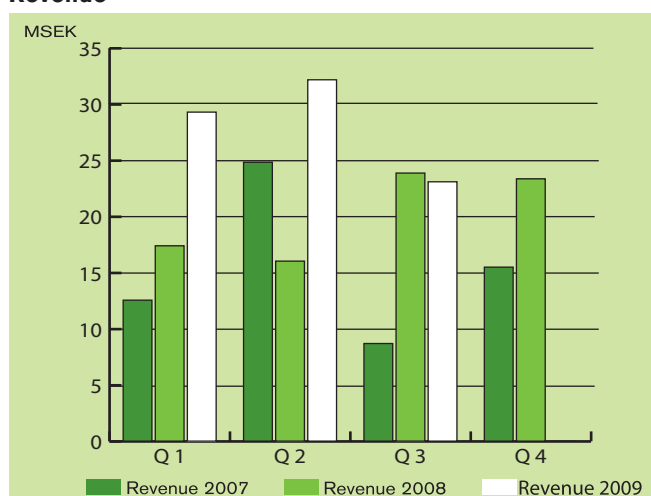
##### January-September

EBITDA for the period amounted to SEK 8 (4) million. In total, EBITDA for the period was negatively affected by costs of SEK 5 million associated with delivery problems relating to certain hospital products.

##### July-September

EBITDA for the period July-September amounted to SEK 1 (4) million. The figure for the same period the previous year includes royalties of over SEK 3 million attributable to the two products returned to AstraZeneca in 2008.

#### Revenue

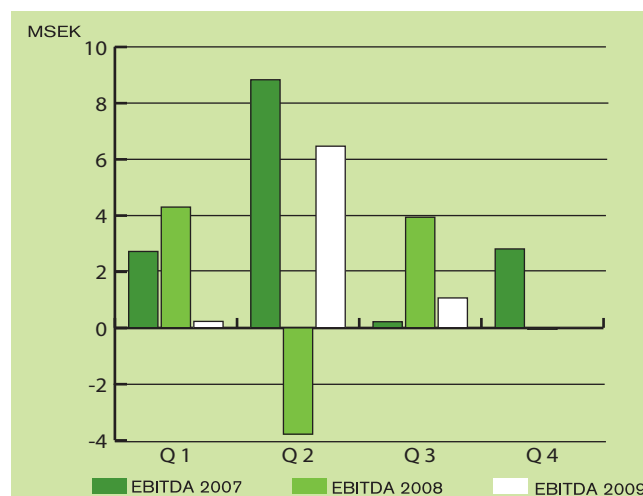


The disappointing results for the quarter were the result of a number of negative events. Some of these have been described above. The quarter was also adversely affected by costs of SEK 2 million as a result of delivery problems with certain hospital products. The costs relate to prior periods and have arisen due to a backlog in reporting from the individual hospitals. Finally, the quarter was also burdened by high scrapping costs, totalling just under SEK 1 million. The Company is constantly introducing measures to improve procedures and processes and reduce the risk of similar events occurring.

Sales of one of the nine approved products were launched in Poland at the end of the quarter. The sales organisation is now in place and there are 13 people in the team. Start-up costs associated with the establishment in Poland were just over SEK 1 million for the third quarter. Preparations for establishment in the Baltic region are on schedule. Sales in Lithuania have been underway since the second quarter. Negotiations were concluded with a number of distributors in Lithuania during the quarter.

	Q 3 2009	Q 3 2008
Products on market	30	17
Approved products not on market	6	13
Products in registration	24	32
<b>Total licenses</b>	<b>60</b>	<b>62</b>
New licenses during period	0	2

#### EBITDA



#### Definition – segment Licensed products

Licensed products are products where BioPhausia has limited ownership of a dossier, or alternatively only has a distribution right without holding a marketing permit (agent).

Restrictions may be territorial or the license may not give the opportunity for sub-licensing or sale of a dossier. Licensed products can be divided up into original products and generic products.

Examples of products in this segment are Omeprazol, Ceterizine and Amlodipin.

Parallel-imported* (SEK '000)	Q 3 2009	Q 3 2008	Change	Acc 2009	Acc 2008	Change	Full year 2008
Revenue	71 362	89 278	-20 %	230 619	264 306	-13 %	352 376
EBITDA	4 919	9 247	-47 %	18 341	26 090	-30 %	31 238
EBITDA margin	7 %	10 %		8 %	10 %		9 %

\*Change to segment reporting in accordance with IFRS 8; see also note 1.

## Parallel-imported products

### Revenue

#### January-September

Sales for the year-to-date amounted to SEK 231 (264) million. Despite a decline of 13%, the Company has increased its market share of parallel-imported products in Sweden. The parallel-imports market in Sweden fell by 29% during the period. The shrinking market is largely due to negative effects of the weak krona.

#### July-September

Sales for the period July-September amounted to SEK 71 (89) million, which is a decline of 20%. The parallel-imports market in Sweden fell by 31% in the third quarter compared with the same period the previous year, which means the Company continues to increase its market share in a declining market.

### Earnings

#### January-September

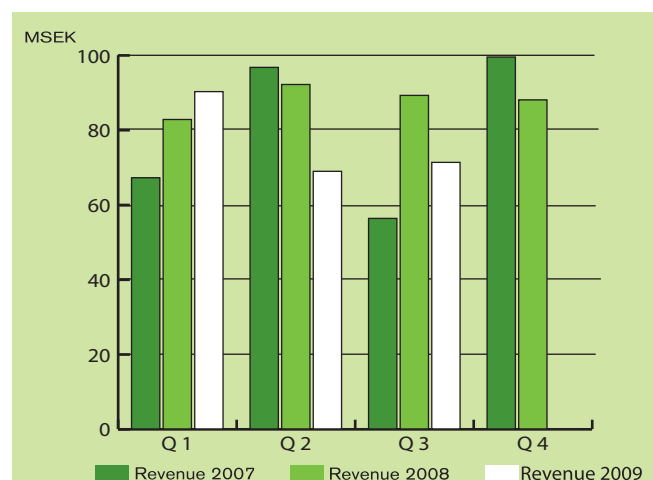
EBITDA for the period January-September amounted to SEK 18 (26) million.

#### July-September

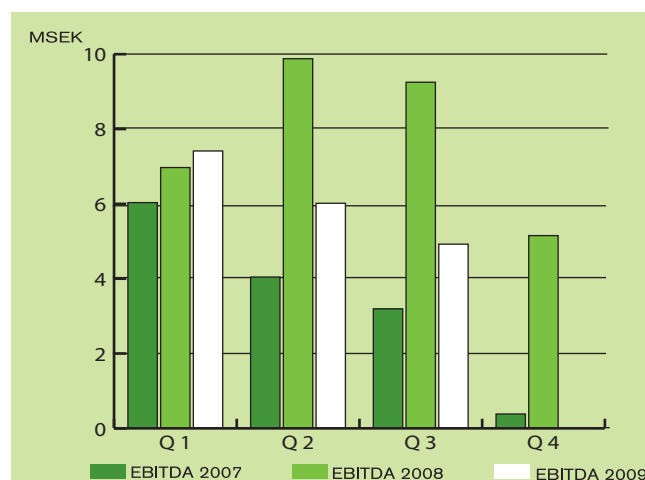
EBITDA for the period July-September amounted to SEK 5 (9) million. Earnings were adversely affected by the weak krona, which led to lower sales and more expensive product purchasing, resulting in lower margins.

	Q 3 2009	Q 3 2008
Products on market	84	87
Products in registration	12	31

### Revenue



### EBITDA



#### Definition – segment Parallel-imported products

Parallel-imported products are products where BioPhausia lacks ownership of a dossier. The company merely has the right to import and sell the product, and the Medical Products Agency is the counterpart. Examples of parallel-imported products are all the products sold by Cross, and parallel-imported veterinary products sold by Omnia.

## Financial targets

In August 2008, the Board defined the following long-term financial targets.

Based on its existing structure, BioPhausia will achieve annual organic growth of 15-20 percent and an EBITDA margin of 25-30 percent.

The growth target implies a turnover of 1 billion within 3 years through organic growth. BioPhausia intends to continue its acquisitive growth in addition to organic growth.

## Parent Company

### Parent company revenue and earnings

#### Revenue

##### January - September

The parent company's sales for the period amounted to SEK 152 (91) million. This figure relates mainly to sales of Own products. The increase on the previous year's figure is due to the acquisition of products at the end of June the previous year.

#### Earnings

##### January - September

Operating profit for the period amounted to SEK 26 (4) million.

#### Net financial items

Net financial items for the period amounted to SEK -21 (-19) million

#### Financial position

##### Cash and cash equivalents

At the balance sheet date, cash and cash equivalents were SEK 5 (1) million.

##### Investments

Investments for the period amounted to SEK 40 (539) million.

##### Financing

At the balance sheet date, 30 September, interest-bearing liabilities amounted to SEK 428 million. This amount includes repayments of SEK 67 million which are due in the next 12 months, and are reported under current liabilities in the balance sheet. Repayments totalling SEK 77 million were made in the period.

Capital of SEK 64 million was raised during the period by issuing debentures and 43 million warrants. Costs arising from the raising of capital amounted to approx. SEK 7 million. On full exercise of the warrants, BioPhausia's share capital may increase by a maximum of SEK 10,702,372.75. The warrants and debentures have a term of three years. Each warrant entitles the holder to subscribe for one new share for SEK 1.50. The debentures carry an interest rate of 7%. Both the debentures and warrants are admitted to trading on NASDAQ OMX Stockholm.

#### Tax

The parent company's tax consists of tax income arising from the reversal of a tax liability connected with the raising of capital.

In the previous year, tax loss carryforwards were capitalised, bringing a tax income of SEK 26 million.

#### Shares

The number of shares increased by 4,775 during the period, after conversion of issued warrants. At the balance sheet date, the number of shares was 342,480,707.

#### Incentive programme

The Annual Genrak Meeting in 2009 approved an incentive programme of warrants for BioPhausia Group employees. The programme comprises a maximum of 5,160,000 warrants with a subscription price of SEK 2.04 per share. In September, 2,334,000 warrants were acquired by BioPhausia employees at a price of SEK 0.36 per warrant. For more information, please see Note 6.

## Financial calendar 2009

### Interim reports

- Full year report 2009; February 12, 2010
- Interim report January-March 2010; 7 May 2010
- The annual general meeting will be held at 2 p.m. on Tuesday 11 May 2010 at the Radisson SAS Strand Hotel in Stockholm. Shareholders wishing to have business considered at the meeting are required to send the Board a written request in sufficiently good time as to allow this to be included in the notice convening the meeting. Requests should be sent to BioPhausia AB/Årsstämma, Blasieholmsgatan 2, 111 48 Stockholm or by email to [arsstamma@biophausia.se](mailto:arsstamma@biophausia.se) and be received by 26 March 2010.

### The Nomination Group

The nomination group for the election of the Board at the 2010 AGM will comprise:

Jan Rynning (Chairman of the Board)

Caroline af Ugglas (Skandia Liv)

Sören Berggren (shareholder)

Tedde Jeansson jr (shareholder)

Stockholm 20 of November 2009

CLAES THULIN  
CHIEF EXECUTIVE OFFICER

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The information in this Interim report is such information as BioPhausia AB (publ) is liable to publish in accordance with the Swedish Stock Market Act and/or Trade in Financial Instruments Act. The information in Swedish was released for publication on 20 November 2009 at 8.30 am.

BIOPHAUSIA is a Swedish specialty pharma company, which operates in original drugs, generic products and the parallel-imported medicines. The portfolio of drugs spans indication areas such as stomach/intestines, CNS (central nervous system) and emergency medical care, and includes products such as Novalucol and Millipect. BioPhausia currently employs around 106 people in five countries, and operates in the Nordic countries, Poland and The Netherlands.

BioPhausia AB (publ) has its registered office in Stockholm, and is listed on the Nasdaq OMX Nordic Exchange in Stockholm, Small cap.

## Review Report

To the Board of Directors of BioPhausia AB

### Introduction

We have reviewed the interim report for BioPhausia AB for the period from January 1, 2009 to September 30, 2009. It is the Board of Directors and the Managing Director who are responsible for the presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### The Scope of the Review

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, Review of the Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Federation of Authorized Public Accountants. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review substantially smaller less in scope compared to an audit conducted according to Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. 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. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as an conclusion based on an audit.

### Conclusion

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

Stockholm den 20 november 2009

Björn Ohlsson  
Certified Public Accountant

## Group income statement

(SEK '000)	2009 July-Sept	2008 July-Sept	2009 Jan-Sept	2008 Jan-Sept	2008 Jan-Dec
Revenue	147 900	159 032	480 894	412 022	580 348
Cost of goods sold	-106 767	-114 395	-342 354	-308 208	-432 659
<b>Gross profit</b>	<b>41 133</b>	<b>44 637</b>	<b>138 540</b>	<b>103 814</b>	<b>147 689</b>
Selling expenses	-20 238	-19 346	-63 650	-51 562	-72 609
Administrative expenses	-4 525	-3 950	-14 083	-11 023	-16 265
Research and development expenses	-436	-492	-1 405	-1 688	-1 912
Other operating revenue	696	125	2 123	150	792
Other operating expenses	-1 333	-135	-3 140	-478	-445
<b>Operating profit</b>	<b>15 297</b>	<b>20 839</b>	<b>58 385</b>	<b>39 213</b>	<b>57 250</b>
Net financial items	-12 517	-16 359	-35 666	-26 508	-41 424
<b>Profit before tax</b>	<b>2 780</b>	<b>4 480</b>	<b>22 719</b>	<b>12 705</b>	<b>15 826</b>
Tax on this year's profit/deferred tax	-2 205	-2 692	-6 870	21 723	16 219
<b>Profit for the period</b>	<b>575</b>	<b>1 788</b>	<b>15 849</b>	<b>34 428</b>	<b>32 045</b>
<i>Attributable to:</i>					
Equity holders of the parent	575	1 788	15 849	34 428	32 045
<b>Profit for the period</b>	<b>575</b>	<b>1 788</b>	<b>15 849</b>	<b>34 428</b>	<b>32 045</b>
Profit per share before and after dilution (SEK)	0,00	0,01	0,05	0,17	0,13
Depreciation included in the operating profit	5 557	5 144	16 465	9 839	15 007

## Statement of comprehensive income

Profit for the period	575	1 788	15 849	34 428	32 045
<i>Other comprehensive income for the period:</i>					
Translation differences	399		451	-30	-606
Gain/loss on cash flow hedges	1 875		1 877	-5 990	-14 295
<i>Other comprehensive income for the period</i>	<i>2 849</i>		<i>2 328</i>	<i>-6 020</i>	<i>-14 901</i>
<b>Total comprehensive income for the period</b>	<b>2 849</b>	<b>1 788</b>	<b>18 177</b>	<b>28 408</b>	<b>17 144</b>
<i>Attributable to:</i>					
Equity holders of the parent	2 849	1 788	18 177	28 408	17 144
<b>Total comprehensive income for the period</b>	<b>2 849</b>	<b>1 788</b>	<b>18 177</b>	<b>28 408</b>	<b>17 144</b>

## Key figures Group

	2009-09-30	2008-09-30	2008-12-31
Number of shares in issue at end of period ('000)	342 481	342 476	342 476
Average number of shares before dilution ('000)	342 476	205 255	249 073
Average number of shares after dilution ('000)	361 501	205 255	249 073
Equity per share (SEK)	1,62	1,59	1,56
Equity/assets ratio (%)	49	45	46
Return on equity (%) *	2,5	18,7	8,9
Return on operating capital (%) *	7,6	8,4	8,3
Return on total capital (%) *	6,9	7,4	7,4
Profit per share before tax (SEK) before and after dilution	0,07	0,06	0,06
Profit per share after tax (SEK) before and after dilution	0,05	0,17	0,13
Net debt/equity ratio (times)	0,83	0,99	0,98

\* Calculated on rolling 12-monthly profit

**Definitions**

**Equity per share.** Reported equity divided by total number of shares at end of period adjusted for issues and conversions.

**Equity/assets ratio.** Equity as a percentage of total assets.

**Profit per share.** Profit/loss for the period divided by the weighted average number of shares outstanding during the period, with an adjustment for the calculated bonus element.

**Return on average equity.** Net profit/loss as a percentage of average equity based on net profit/loss and equity for the last 12 months.

**Return on average capital employed.** Profit/loss after net financial items plus finance costs for the last 12 months as a percentage of average capital employed.

**Capital employed.** Total assets less non-interest-bearing liabilities, including deferred tax liability.

**Return on average total assets.** Profit/loss after net financial items plus finance costs for the last 12 months as a percentage of average total assets.

**Net debt/equity ratio.** Interest-bearing liabilities less financial assets (including cash & cash equivalents) divided by equity.

**EBITDA.** Earnings before interest, taxes, depreciation and amortisation.

**EBITDA margin.** EBITDA as a percentage of revenue.

## Consolidated balance sheet

(SEK'000)	2009-09-30	2008-09-30	2008-12-31
<b>Fixed assets</b>			
Intangible assets	849 993	899 483	860 016
Property, plant and equipment	4 160	2 177	2 223
Deferred tax asset	43 032	53 826	53 505
<b>Total fixed assets</b>	<b>897 185</b>	<b>955 486</b>	<b>915 744</b>
<b>Current assets</b>			
Inventories	119 664	151 349	149 052
Trade receivables	73 162	86 703	83 875
Other current receivables	14 355	9 833	9 179
Cash and cash equivalents	17 242	3 395	15 503
<b>Total current assets</b>	<b>224 423</b>	<b>251 280</b>	<b>257 609</b>
<b>Total assets</b>	<b>1 121 608</b>	<b>1 206 766</b>	<b>1 173 353</b>
<b>Equity</b>	<b>554 104</b>	<b>546 108</b>	<b>534 437</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	941	1 002	1 076
Longterm liabilities	349 728	384 475	332 857
<b>Total long-term liabilities</b>	<b>350 669</b>	<b>385 477</b>	<b>333 933</b>
<b>Current liabilities</b>	<b>216 835</b>	<b>275 181</b>	<b>304 983</b>
<b>Total liabilities</b>	<b>567 504</b>	<b>660 658</b>	<b>638 916</b>
<b>Total equity and liabilities</b>	<b>1 121 608</b>	<b>1 206 766</b>	<b>1 173 353</b>
Pledged assets	193 774	110 175	220 336
Contingent liabilities	None	None	None

## Consolidated statement of changes in equity

(SEK'000)	2009-09-30	(recalculated) 2008-09-30	(recalculated) 2008-12-31
<b>Opening equity</b>	<b>534 437</b>	<b>221 962</b>	<b>221 962</b>
The raising of capital	4 604	308 228	308 228
Cost attributable to raising capital	-506	-12 490	-12 897
Deferred tax liability attributable to raising capital	-2 936		
Incentive programme	328		
Total comprehensive income for the period	18 177	28 408	17 144
<b>Closing equity at end of period</b>	<b>554 104</b>	<b>546 108</b>	<b>534 437</b>

## Consolidated cash flow statement in brief

(SEK' 000)	2009 July–Sept	2008 July–Sept	2009 Jan–Sept	2008 Jan–Sept	2008 Jan–Dec
Cash flow from operating activities					
before change in working capital	16 487	8 180	52 101	22 549	31 284
Change in working capital	4 109	-4 541	-18 645	-17 862	-15 985
Cash flow from operating activities	20 596	3 639	33 456	4 687	15 299
Cash flow from investing activities	-2 953	-12 047	-10 299	-562 118	-525 901
Cash flow from financing activities	-18 865	8 649	-21 418	541 386	506 665
<b>Change in cash and cash equivalents</b>	<b>-1 222</b>	<b>241</b>	<b>1 739</b>	<b>-16 045</b>	<b>-3 937</b>
Cash and cash equivalents at start of period	18 464	3 154	15 503	19 440	19 440
Cash and cash equivalents at end of period	17 242	3 395	17 242	3 395	15 503
<i>Interest received</i>	6	33	47	261	638
<i>Interest paid</i>	-4 628	-10 050	-20 084	-16 430	-33 246

## Group operating profit in summary

2008	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full year
Net sales	123 151	129 839	159 032	168 326	580 348
Gross profit	30 282	28 895	44 637	43 875	147 689
Selling expenses	-13 745	-18 471	-19 346	-21 047	-72 609
Administration expenses	-3 388	-3 685	-3 950	-5 242	-16 265
R&D expenses	-476	-720	-492	-224	-1 912
Other operating items	-256	-62	-10	675	347
<b>Operating profit</b>	<b>12 417</b>	<b>5 957</b>	<b>20 839</b>	<b>18 037</b>	<b>57 250</b>
2009	Quarter 1	Quarter 2	Quarter 3		
Net sales	179 757	153 237	147 900		
Gross profit	50 127	47 280	41 133		
Selling expenses	-21 367	-22 045	-20 238		
Administration expenses	-4 921	-4 637	-4 525		
R&D expenses	-475	-494	-436		
Other operating items	-169	-211	-637		
<b>Operating profit</b>	<b>23 195</b>	<b>19 893</b>	<b>15 297</b>		

## Parent company income statement

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(SEK '000)	2009 July–Sept	2009 July–Sept	2009 Jan–Sept	2008 Jan–Sept	2008 Jan–Dec
Revenue	47 146	53 458	151 627	91 273	144 204
Cost of goods sold	-25 772	-31 986	-80 856	-51 579	-79 382
<b>Gross profit</b>	<b>21 374</b>	<b>21 472</b>	<b>70 771</b>	<b>39 694</b>	<b>64 822</b>
Selling expenses	-14 175	-16 610	-45 915	-31 839	-47 496
Administrative expenses	-4 800	-3 233	-13 204	-8 500	-12 266
Research and development expenses	-468	-468	-1 405	-1 405	-1 874
Other operating income and operating expenses	842	2 089	16 091	5 680	9 339
<b>Operating profit</b>	<b>2 773</b>	<b>3 250</b>	<b>26 338</b>	<b>3 630</b>	<b>12 525</b>
Net financial items	-7 148	-13 327	-21 465	-18 526	-26 944
<b>Profit after financial items</b>	<b>-4 375</b>	<b>-10 077</b>	<b>4 873</b>	<b>-14 896</b>	<b>-14 419</b>
Tax on this year's profit/deferred tax	244	-	326	26 181	27 303
<b>Profit for the period</b>	<b>-4 131</b>	<b>-10 077</b>	<b>5 199</b>	<b>11 285</b>	<b>12 884</b>

## Parent company balance sheet

(SEK '000)	2009-09-30	2008-09-30	2008-12-31
<b>Fixed assets</b>			
Intangible assets	563 278	599 275	554 645
Tangible assets	365	267	352
Participations in Group companies	76 031	71 162	68 742
Deferred tax receivable	72 330	73 181	75 610
Long-term receivables from Group companies	140 926	178 490	53 545
<b>Total fixed assets</b>	<b>852 930</b>	<b>922 375</b>	<b>878 345</b>
<b>Current assets</b>			
Inventory	24 450	33 741	33 576
Trade accounts receivable	22 249	22 013	25 476
Current receivables from Group companies	104 102	79 236	107 471
Other current assets	2 575	2 645	4 074
Liquid funds	4 691	801	11 950
<b>Total current assets</b>	<b>158 067</b>	<b>138 436</b>	<b>182 547</b>
<b>Total assets</b>	<b>1 010 997</b>	<b>1 060 811</b>	<b>1 060 892</b>
<b>Equity</b>	<b>524 573</b>	<b>513 361</b>	<b>516 006</b>
Long-term liabilities	348 168	382 890	331 127
Long-term liabilities to Group companies	-	3 180	-
<b>Total long-term liabilities</b>	<b>348 168</b>	<b>386 070</b>	<b>331 127</b>
Current liabilities to Group companies		1 077	1 713
Other current liabilities	138 256	160 303	212 046
<b>Total current liabilities</b>	<b>138 256</b>	<b>161 380</b>	<b>213 759</b>
<b>Total equity and liabilities</b>	<b>1 010 997</b>	<b>1 060 811</b>	<b>1 060 892</b>
Pledged assets	131 413	140 049	140 307
Contingent liabilities	61 849	60 000	60 000

## Notes

### Note 1 Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Like the year-end report for 2008, the consolidated accounts for 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The parent company's accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation R 2.2 Accounting for Legal Entities.

The accounting policies are the same as those applied in the 2008 annual report, with the exception of the changes below.

#### New accounting policies in 2009

##### Presentation of financial statements

IAS 1 Presentation of Financial Statements (amended) is effective for accounting periods commencing on or after 1 January 2009. The amendment affects BioPhausia's financial reporting in that income and expense previously recognised directly in equity is now reported separately in a statement of comprehensive income which follows the income statement. Another change allows the use of new headings for the financial reports. However, these are not compulsory and BioPhausia has decided to retain the old headings.

##### Operating segments

The new standard on segment reporting, IFRS 8 Operating Segments, is effective for accounting periods commencing on or after 1 January 2009. The main requirement of the new standard is that segment information is presented from a management perspective, which means its presentation is the same as that used in internal reporting. In BioPhausia's case, the new standard has resulted in segment information having a different measure of performance from the one previously used in order to reflect internal reporting. Segment reporting will show net sales and EBITDA. There will then be a reconciliation of depreciation, net financial items and profit for the period at group level. In BioPhausia's case, the introduction of IFRS 8 has not involved any new operating segments being identified, although some small operations have been reclassified from Own Products/Licensed Products/Parallel-imported Products to BioPhausia General. A final change to segment reporting involves changed cost allocation for administrative expenses in each segment. The 2008 figures have been restated in accordance with the new cost formulas.

### Note 2 Segment reporting\*

#### Accounting for primary segment

SEK '000	Own products	Licensed products	Parallel-imported products	BioPhausia General	Total
<b>January–September 2009</b>					
Revenue	151 170	84 614	230 619	14 491	480 894
EBITDA	55 885	7 762	18 341	-7 138	74 850
Depreciation					-16 465
Net financial items					-35 666
Tax					-6 870
<b>Profit for the period</b>					<b>15 849</b>
<b>January–September 2008</b>					
Revenue	80 898	57 342	264 306	9 476	412 022
EBITDA	23 517	4 448	26 090	-5 003	49 052
Depreciation					-9 839
Net financial items					-26 508
Tax					21 723
<b>Profit for the period</b>					<b>34 428</b>

\*Change to segment reporting in accordance with IFRS 8; see also note 1.

BioPhausia General includes general unallocated administrative expenses and minor operations which do not come under the other three segments.

### Note 3 Tax on profit for the year/deferred tax

Tax in the income statement consists of deferred tax on temporary differences and deferred tax on capitalised loss carry-forwards. Profit for the period has only been affected by tax on temporary differences and a positive tax effect from the capital acquisition during the period.

### Note 4 Risks and uncertainty factors

The group and parent company's significant risks and uncertainties consist of business risks in the form of uncertainty in market assessments (future prospects, eg size of market) and competition in the form of price pressure, which may lead to falling margins. Other significant risks include financial risks in the form of exchange rate movements, changes in interest rates, fulfilment of covenants and liquidity risks. These are covered by the company's policy for financial management. Apart from these risks and the risks described in note 3 of BioPhausia's 2008 annual report, no other significant risks are considered to have arisen.

### Note 5 Related-party transactions

A guarantee payment of SEK 350 thousand in connection with the raising of capital in 2009 was paid to Board Member Johan Unger. There were no other related-party transactions.

### Note 6 Incentive programme

The AGM held in May 2009 approved an incentive programme of warrants for BioPhausia Group employees. The programme comprises a maximum of 5,160,000 warrants, which will be transferred at a market price, as calculated by an independent rating agency in accordance with the Black & Scholes valuation model. The subscription price was set at SEK 2.04. In September 2009, 2,334,000 warrants were acquired by BioPhausia employees at a price of SEK 0.36 per warrant. The remaining 2,826,000 warrants are owned by Astor Pharma, a wholly-owned subsidiary of BioPhausia. It is the intention to offer these warrants to employees and future employees. The warrants expire on 30 September 2012.