BioPhausia

2009

This information was submitted for publication on February 12, 2010 at 08.01

Year-end report January–December 2009

- The Group's sales for the period amounted to SEK 634 (580) million
- EBITDA amounted to SEK 98 (72) million
- EBIT amounted to SEK 71[1] (57) million
- The net profit after tax for the period amounted to SEK 18[1] (32) million[2]
- Earnings per share after tax for the period were SEK 0.05 (0.13)[2] before and after dilution

Significant events during the period

- The capital acquisition implemented in Q2 was fully subscribed, bringing BioPhausia proceeds of SEK 64 million before expenses.
- Generic product sales were launched in Poland towards the end of Q3.
- Novalucol was named as one of the limited number of non-prescription drugs cleared for sale in the large supermarket chains.
- In the 3rd quarter, 58% of the available warrants under the incentive programme were acquired by personnel.

Period October-December

- The Group's sales for the quarter amounted to SEK 153 (168) million
- EBITDA amounted to SEK 23 (23) million
- Operating profit was SEK 13[1] (18) million
- Profit after tax amounted to SEK 2[1] (-2) million
- Earnings per share after tax was SEK 0.01 (neg) before and after dilution

Significant events after the period

- Claes Thulin is to leave BioPhausia. Recruitment of a new CEO is underway.
- The Board has decided to initiate a process to review the communicated financial targets.

Consolidated income statement in brief

MSEK	Q 4 2009	Q 4 2008	Change	Full year 2009	Full year 2008	Change
Revenue	153	168	-9 %	634	580	9 %
EBITDA	23	23	-2 %	98	72	35 %
EBIT	13	18	-30 %	71	57	24 %
Profit before tax	3	3	-4 %	26	16	63 %
Profit after tax	2	-2		18	32	-45 %
Earnings per share before tax before and after dilution	0.01	neg		0.08	0.13	
Earnings per share after tax before and after dilution	0.01	neg		0.05	0.13	

1) Including impairment of intangible assets amounting to SEK 5 million.
2) 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.

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MD´s report

The year was dominated by the global recession and financial crisis, although the economic slowdown only affected the pharmaceutical sector to a minor extent. Demand for medicines is more or less constant and is not particularly affected by economic fluctuations. However, the strong euro had an adverse effect on the company's margins and sales.

During 2009, sales increased by 9 percent to SEK 634 (580) million, while operating profit before depreciation and amortisation (EBITDA) rose by 35 percent to SEK 98 (72) million. The increase in sales and EBITDA is largely attributable to the portfolio of pharmaceuticals acquired from AstraZeneca, which has had a positive effect on both sales and earnings since the 3rd quarter of 2008.

2009 was a good year for Own Products, which achieved organic growth of 6 percent. There is good potential for successful development of the pharmaceuticals in the segment and for introducing them into new markets. This gives BioPhausia a strong base on which to build the future.

There continued to be fierce competition on the licensed pharmaceuticals market in 2009 - both in Sweden and Denmark. The combination of price pressure, penalty charges, scrapping and a strong euro resulted in the segment failing to meet its defined targets. The company regularly reviews its portfolio, including products awaiting registration. The purpose of the reviews is to allow the portfolio to be adapted to a changing market at any given time. This may result in the licensing process for some products being halted if they are considered to be of little commercial interest. The licensing process for six such products was aborted in 2009.

Although BioPhausia's total sales increased in 2009, organic growth was negative as sales in the parallel trade fell by 16 percent as a result of a stronger euro. However, the overall parallel trade market suffered a more serious decline, allowing BioPhausia's subsidiary Cross Pharma to increase its market share, and the company is now the third largest player in Sweden.

October-December

In the period October to December, net sales fell by 9 percent to SEK 153 (168) million, while operating profit before depreciation and amortisation (EBITDA) fell by 2 percent to SEK 23 (23) million. The decline in sales is a reflection of the 25-percent fall in sales in the parallel trade sector during the period. However, at margin level it was possible to compensate for the decline in sales by means of an adapted product mix, which gave an EBITDA margin of 9 percent for the segment, compared with 6 percent the previous year.

Despite previous signals, there has been no easing of the price pressure in the segment. There was a marginal decline in sales, while the EBITDA margin fell to -5%, compared with 0% the previous year. This is largely a result of the segment being negatively affected by compensation of prices in Denmark and scrapping. These aberrations adversely affected the results by approx. SEK -6 million. As previously stated, intensive efforts aimed at managing these aberrations are in progress.

Towards the end of 2009, the first steps towards establishment in the Polish licensed products segment were taken. The company has had large-scale repackaging operations in Poland for some time through its subsidiary Prodlekpol, which services the company's parallel trade business. A sales force has been recruited and doctors and pharmacies are being actively canvassed by the company's own personnel. The Polish generics market is large, but is subject to keen competition. Consequently, BioPhausia faces both opportunities and risks in this venture. It is important to adopt a humble approach, bearing in mind that it will require time and resources to establish a functioning and successful operation on the Polish market.

Other events in 2009

The most important single event in the context of BioPhausia's operations was the re-regulation of the Swedish pharmacy market. It is pleasing to be able to affirm that the company has established close relationships with several of the new pharmacy players. Developments on the changed Swedish pharmacy market will be exciting over the coming quarters and there will be interesting new opportunities for BioPhausia's broad range of well-known medicinal products. In the financial area, the company's fast repayment plan, with SEK 93 million repaid during 2009, resulted in an improved financial position.

It is also heartening to note that HQ Bank and Nordea have decided to initiate analysis monitoring of BioPhausia. This will provide better information about the company, giving investors an additional independent picture of the company. Work on licensing GlycoVisc in the USA is continuing. Although negotiations were not initiated in 2009, discussions are in progress with several parties.

As communicated in a separate press release, I will be leaving BioPhausia in 2010 to concentrate on entrepreneurial activities. The process of recruiting a new CEO has begun, and I shall stay on as CEO until my successor is in place. The time is right for me to do something new. After eight years as CEO, I feel strongly drawn towards starting new entrepreneurial activities of my own.

It is heartening to note that BioPhausia is achieving profitable growth and that the company has found a structure and direction to carry it into the future.

Group

Consolidated income statement in brief

SEK '000	Q 4 2009	Q 4 2008	Change	Full year 2009	Full year 2008	Change
Revenue	152 690	168 326	-9 %	633 584	580 348	9 %
Cost of goods sold	-105 202	-124 451	-15 %	-447 556	-432 659	3 %
Gross profit	**47 488**	**43 875**	**8 %**	**186 028**	**147 689**	**26 %**
Selling expenses	-29 995	-21 047	43 %	-93 645	-72 609	29 %
Administrative expenses	-4 889	-5 242	-7 %	-18 972	-16 265	17 %
Research and development expenses	-469	-224	109 %	-1 874	-1 912	-2 %
Other operating revenue/expenses	525	675	-22 %	-492	347	-242 %
Operating profit	**12 660**	**18 037**	**-30 %**	**71 045**	**57 250**	**24 %**
Net financial items	-9 654	-14 916	-35 %	-45 320	-41 424	9 %
Tax	-1 345	-5 504	-76 %	-8 215	16 219	
Profit for the period	**1 661**	**-2 383**	**170 %**	**17 510**	**32 045**	**-45 %**

Group turnover and profit

Revenue

January – December

During the period, revenues rose to SEK 634 (580) million, an increase of 9% on the same period the previous year. Organic growth for the period, discounting the acquisition from AstraZeneca in June 2008, was -4%. Sales were distributed as follows: Own Products, SEK 207 (134) million, Licensed Products, SEK 107 (81) million, Parallel-Imported Products, SEK 297 (352) million and BioPhausia General SEK 23 (13) million.

October – December

Sales for the period October-December amounted to SEK 153 (168) million. Organic growth for the period was -8%.

Earnings

January-December

Operating profit before depreciation and amortisation (EBITDA) for the period amounted to SEK 98 (72) million. The increase is mainly due to the acquisition of products in June 2008. The EBITDA margin increased to 15% (12%).

Depreciation, amortisation and impairment amounted to SEK 27 (15) million. SEK 5 million of this figure related to impairment of intangible assets. R & D expenses amounted to SEK 2 (2) million, and related to amortisation.

October – December

EBITDA for the period October-December amounted to SEK 23 (23) million. The EBITDA margin increased to 15% (14%). Depreciation, amortisation and impairment amounted to SEK 10 (5) million. SEK 5 million of this figure related to impairment of intangible assets.

Net financial items

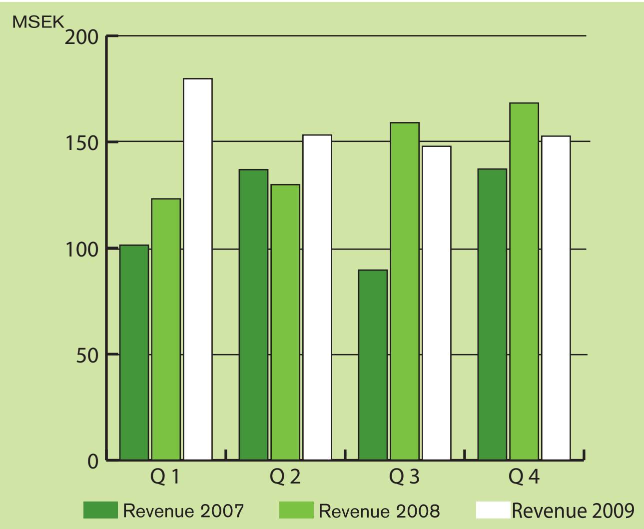
Net financial items for the period January-December amounted to SEK -45 (-41) million. The increase is due to the rising cost of capital in connection with new loans, the acquisition in June 2008 and the issuance of debentures in June 2009.

Tax

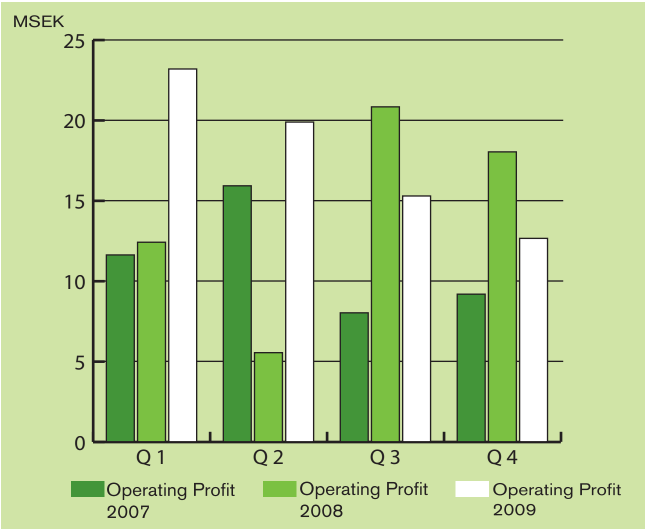
No current tax is to be paid as there are tax loss carryforwards which can be utilised. The Group's tax consists of tax on temporary differences (difference between accounting profit and tax base). The temporary differences gave tax income arising from the new debenture loan in June 2009 and tax income arising from the reversal of a previous transfer to the tax allocation reserve. In the previous year, tax loss carryforwards were capitalised, bringing tax income of SEK 26 million.

Group

Revenue



Operating Profit



Financial position

Cash flow

At the end of the period, cash & cash equivalents were SEK 16 (16) million. Total operating loan facilities amounted to SEK 125 million. At the balance sheet date, utilised borrowing for operating loans amounted to SEK 88 (122) 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-December was SEK 60 million. During the period, inventories were reduced by SEK 26 million, while the overdraft was reduced by SEK 33 million. Cash flow from changes in working capital was SEK -11 million. Cash flow from operating activities for the period was SEK 49 (15) million.

Investing activities

Cash flow from investing activities amounted to SEK -13 (-526) million and related mainly to investments in licences.

Financing activities

Interest-bearing liabilities at the balance sheet date amounted to SEK 472 (539) million. This figure comprises bank loans SEK 238 (326) million, operating loans SEK 88 (122) million and debentures SEK 145 (90) million. Repayments over the next 12 months will be SEK 67 (93) million. These are reported in the balance sheet under current liabilities.

Repayments totalling SEK 93 million were made in the period January-December, 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 -36 (507) million.

At the end of September, the Group's cash & cash equivalents stood at SEK 16 million, having also started the year on SEK 16 million.

The net debt/equity ratio was 0.82 (0.98) times.

Equity

Equity amounted to SEK 558 (534) million at the balance sheet date. SEK 86 million of this amount was share capital.

The number of shares increased by 71,825 during the period, after the exercise of warrants. The number of shares was 342,547,757 at the balance sheet date.

The equity/assets ratio at the balance sheet date was 50% (46%).

Segments

Own products* (SEK '000)	Q 4 2009	Q 4 2008	Change	Full year 2009	Full year 2008	Change
Revenue	55 541	52 929	5 %	206 711	133 827	54 %
EBITDA	22 954	19 906	15 %	78 839	43 423	82 %
EBITDA margin	41 %	38 %		38 %	32 %	

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

Own products

Revenue

January-December

Sales for the period amounted to SEK 207 (134) million. The majority of the increase is attributable to the acquisition from AstraZeneca. Organic growth for the period was 6%. Prescription pharmaceuticals accounted for 69% of total sales, while non-prescription pharmaceuticals accounted for the remaining 31%.

October–December

Sales for the period October-December amounted to SEK 56 (53) million. Organic growth was 5% and came mainly from implemented price increases. Prescription pharmaceuticals accounted for 68% of total sales, while non-prescription pharmaceuticals accounted for the remaining 32%. Growth during the quarter comes mainly from prescription pharmaceuticals.

Earnings

January-December

Operating profit before depreciation and amortisation (EBITDA) for the period amounted to SEK 79 (43) million. The increase is largely attributable to the acquisition from AstraZeneca. The EBITDA margin increased to 38% (32%).

October–December

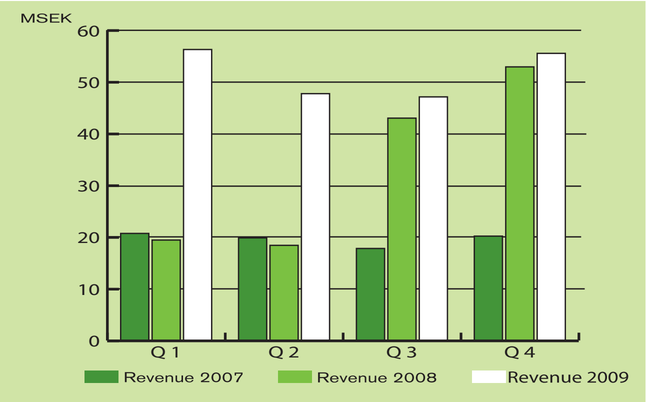
EBITDA for the period October-December amounted to SEK 23 (20) million. The improvement on the previous year is largely due to implemented price adjustments. These have more than compensated for more expensive purchasing, particularly in the euro. The EBITDA margin increased to 41% (38%).

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. Novalucol has attracted keen interest, and the product can now be bought at the large supermarket chains and from petrol stations.

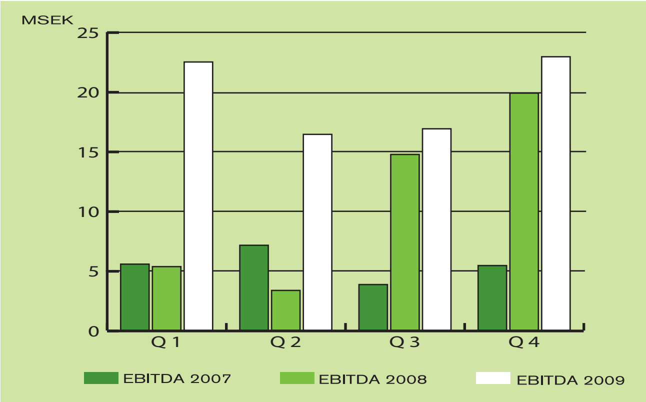
During the quarter, the company held initial meetings with the new pharmacy players regarding non-prescription medicinal products in 2010.

	Q 4 2009	Q 4 2008
Products - Self-care	6	6
Products - Prescription	19	19
Products on market	**25**	**25**
Products in registration	1	1

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, Mollipect, Novalucol, Novaluzid and GlycoVisc.

Licensed products* (SEK '000)	**Q 4 2009**	**Q 4 2008**	**Change**	**Full year 2009**	**Full year 2008**	**Change**
Revenue	22 312	23 372	-5 %	106 926	80 714	32 %
EBITDA	-1 023	-57		6 739	4 391	53 %
EBITDA margin	-5 %	0 %		6 %	5 %	

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

Licensed products

Revenue

January-December

Sales for the period amounted to SEK 107 (81) million. Organic growth for the period was 23%. The number of licensed products on the market increased substantially in 2009, rising from 22 at the beginning of the year to 32 at the end. As new products arrive on the market, the company constantly reviews the commercial conditions for products under licence. This process has resulted in the total number of licences falling from 63 to 57 products.

October–December

Sales for the period October-December amounted to SEK 22 (23) million. Organic growth for the quarter was 6%. To calculate organic growth, just over SEK 2 million was removed from the 2008 sales figure. This figure covers the effects of the two products returned to AstraZeneca in the 4th quarter of 2008. In addition, price pressure on the Danish market had a negative effect of SEK 4 million on sales.

Earnings

January-December

Operating profit before depreciation and amortisation (EBITDA) for the period amounted to SEK 7 (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. The EBITDA margin increased to 6% (5%).

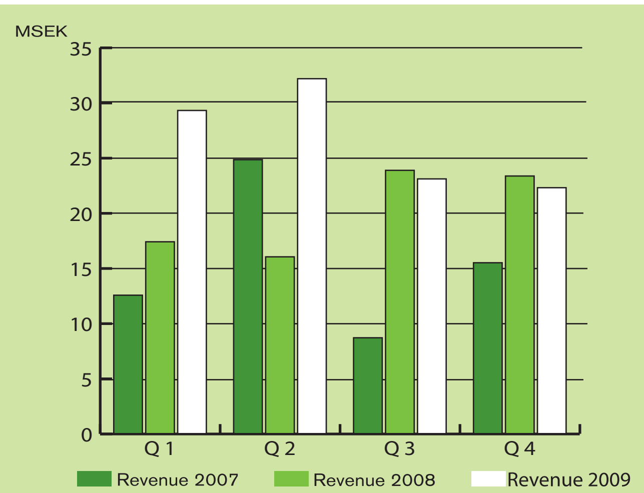
October–December

EBITDA for the period October-December amounted to SEK -1 (0) million. The quarterly figure for the previous year included royalties of just over SEK 2 million attributable to the two products returned to AstraZeneca in the 4th quarter of 2008. As in the previous quarter, the results in the 4th quarter were highly disappointing. This quarter was affected by two negative events. Price pressure in Denmark pulled down earnings by over SEK 4 million, while the quarter was also adversely affected by the continuing high scrapping costs, which amounted to over SEK 2 million. The Company is constantly introducing measures to improve procedures and processes and reduce the risk of similar events occurring. One measure during the quarter involved replacing the country manager in Denmark with a senior country manager with long experience in the Danish pharmaceutical sector.

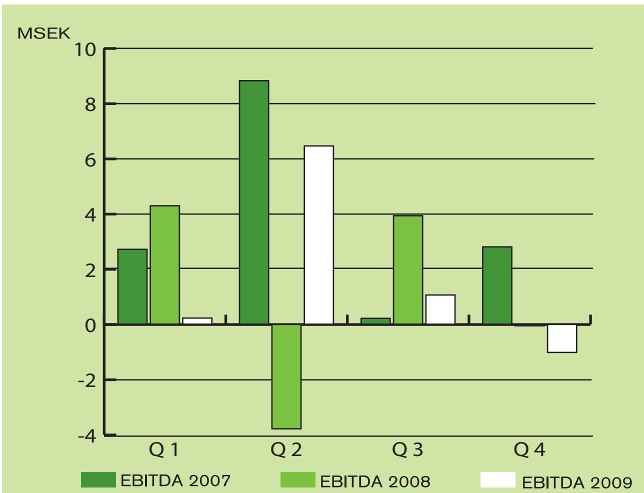
Establishments in Poland and the Baltic region continue. Sales of two of the nine approved products got underway in Poland during the quarter.

	Q 4 2009	Q 4 2008
Products on market	32	22
Approved products not on market	14	12
Products in registration	11	29
Total licenses	**57**	**63**
New licenses during period	0	0

Revenue



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 4 2009**	**Q 4 2008**	**Change**	**Full year 2009**	**Full year 2008**	**Change**
Revenue	66 355	88 070	-25 %	296 974	352 376	-16 %
EBITDA	5 681	5 148	10 %	24 022	31 238	-23 %
EBITDA margin	9 %	6 %		8 %	9 %	

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

Parallel-imported products

Revenue

January-December
Sales for the period amounted to SEK 297 (352) million. Despite a decline of 20% in Sweden (-16% for the entire segment), the Company increased its market share of parallel-imported products in Sweden. The parallel-imports market in Sweden fell by 28% during the period. The shrinking market is largely due to the strong euro.

October–December
Sales for the period October-December amounted to SEK 66 (88) million, which is a decline of 25%. The parallel-imports market in Sweden fell by 24% in the 4th quarter compared with the same period the previous year.

Earnings

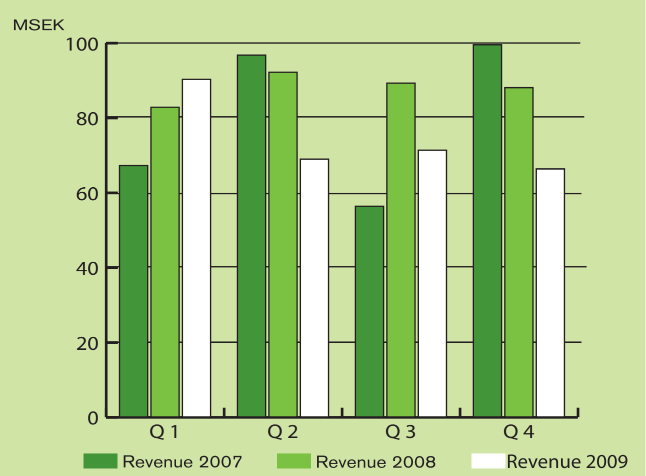
January-December
Operating profit before depreciation and amortisation (EBITDA) for the period amounted to SEK 24 (31) million. The EBITDA margin fell to 8% (9%).

October–December
EBITDA for the period October-December amounted to SEK 6 (5) million. The improvement was due to a more profitable product mix, which meant higher gross profit margins. This more than compensated for a 25% decline in sales. The EBITDA margin increased to 9% (6%).

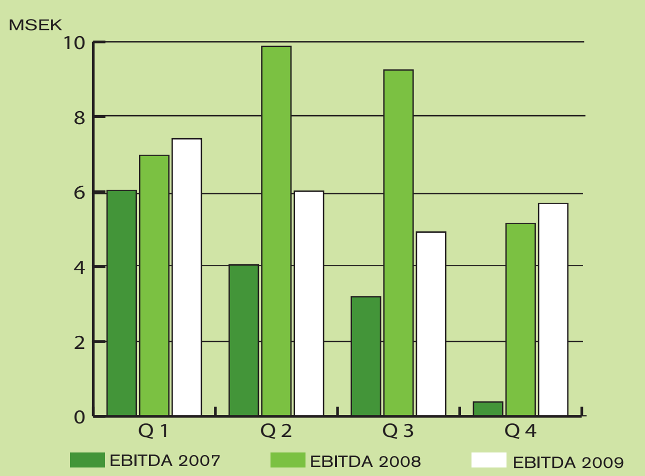
There was active canvassing of the new pharmacy players on the re-regulated Swedish market during the quarter. The Company is confidently looking forward to the chance of initiating cooperation with the new players and offering them its wide range of parallel-imported pharmaceuticals.

	Q 4 2009	Q 4 2008
Products on market	85	80
Products in registration	11	29

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 Omnidea.

Financial targets

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

Based on its existing structure, BioPhausia shall 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 with acquisitive growth in addition to organic growth.

Significant events after the balance sheet date

Claes Thulin is to leave BioPhausia

BioPhausia's CEO Claes Thulin is leaving his post in order to pursue entrepreneurial activities. The Board has already started the process of finding a successor. Claes Thulin will remain as CEO until his successor is in place or until 12 August 2010.

Review of communicated financial targets

In the light of market trends and the re-regulation of the Swedish pharmacy market, which is the company's main market, the Board has decided to start the process of reviewing communicated financial targets.

Parent Company

Parent company revenue and earnings

Revenue

January - December

The parent company's sales for the period amounted to SEK 207 (144) 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 - December

Operating profit for the period amounted to SEK 36 (13) million.

Net financial items

Net financial items for the period amounted to SEK -26 (-27) million

Financial position

Cash and cash equivalents

At the balance sheet date, cash and cash equivalents were SEK 7 (12) million.

Investments

Investments for the period amounted to SEK 3 (539) million.

Financing

At the balance sheet date, 31 September, interest-bearing liabilities amounted to SEK 426 million. This amount includes repayments of SEK 67 million due in the next 12 months, which are reported under current liabilities in the balance sheet. Repayments totalling SEK 93 million were made in the period. Capital of SEK 64 million was raised during 2009 by means of the issuance of 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 attributable to tax on a temporary difference. The temporary difference has generated tax income arising from the new debenture loan in June 2009. In the previous year, tax loss carryforwards were capitalised, resulting in a reported tax income of SEK 26 million.

Shares

The number of shares increased by 71,825 during the period after the exercise of warrants. The number of shares was 342,547,757 at the balance sheet date.

Incentive programme

The 2009 AGM approved an incentive programme of warrants for BioPhausia Group personnel. The programme comprises a maximum of 5,160,000 warrants with a subscription price of SEK 2.04 per share. In September, 58% of the available warrants had been acquired by BioPhausia personnel at a price of SEK 0,36 per warrant. For more information, see Note 6.

Financial calender 2010

Interim reports

- Interim report January-March 2010; 7 May 2010
- 2010 AGM: The annual general meeting will be held at 2 p.m. on Tuesday 11 May 2010 at the Radisson 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. Requests must be received by 26 March 2010.
- Interim report January-June 2010; 27 August 2010
- Interim report January-September 2010; 10 November 2010
- Full year report 2010; 14 February 2011

Annual Report

The full annual report will be available two weeks before the annual general meeting on 11 May 2010, and can be obtained from BioPhausia AB, Blasieholmgsgatan 2, 111 48 Stockholm or on the website www.biophausia.se. The annual report is sent to shareholders who have requested a copy from the address above.

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

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)

Dividend

The Board proposes that no dividend be paid for the 2009 financial year.

Stockholm 12 of February 2010

CLAES THULIN
CHIEF EXECUTIVE OFFICER

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www.biophausia.se

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 12 February 2010 at 8.01 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 141 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.

Group income statement

(SEK '000)	2009 Oct-Dec	2008 Oct-Dec	2009 Jan–Dec	2008 Jan–Dec
Revenue	152 690	168 326	633 584	580 348
Cost of goods sold	-105 202	-124 451	-447 556	-432 659
Gross profit	**47 488**	**43 875**	**186 028**	**147 689**
Selling expenses	-29 995	-21 047	-93 645	–72 609
Administrative expenses	-4 889	-5 242	-18 972	–16 265
Research and development expenses	-469	-224	-1 874	–1 912
Other operating revenue	1 571	642	3 694	792
Other operating expenses	-1 046	33	-4 186	–445
Operating profit	**12 660**	**18 037**	**71 045**	**57 250**
Net financial items	-9 654	-14 916	-45 320	–41 424
Profit before tax	**3 006**	**3 121**	**25 725**	**15 826**
Tax on this year´s profit/deferred tax	-1 345	-5 504	-8 215	16 219
Profit for the period	**1 661**	**-2 383**	**17 510**	**32 045**
Attributable to:				
Equity holders of the parent	1 661	-2 383	17 510	32 045
Profit for the period	**1 661**	**-2 383**	**17 510**	**32 045**
Profit per share before and after dilution (SEK)	0,01	neg	0,05	0.13
Depreciation, amortisation and impairment included in operating profit.	10 158	5 168	26 623	15 007

Statement of comprehensive income

Profit for the period	1 661	-2 383	17 510	32 045
Other comprehensive income for the period:				
Translation differences	292	-576	743	-606
Gain/loss on cash flow hedges	1 541	-8 305	3 418	-14 295
Other comprehensive income for the period	*1 833*	*-8 881*	*4 161*	*-14 901*
Total comprehensive income for the period	**3 494**	**-11 264**	**21 671**	**17 144**
Attributable to:				
Equity holders of the parent	3 494	-11 264	21 671	17 144
Total comprehensive income for the period	**3 494**	**-11 264**	**21 671**	**17 144**

Key figures Group

	2009-12-31	2008-12-31
Number of shares in issue at end of period (´000)	342 548	342 476
Average number of shares before dilution (´000)	342 489	249 073
Average number of shares after dilution (´000)	367 420	249 073
Equity per share (SEK)	1,63	1.56
Equity/assets ratio (%)	50	46
Return on equity (%) *	3,2	8,9
Return on operating capital (%) *	7,1	8,3
Return on total capital (%) *	6,5	7,4
Profit per share before tax (SEK) before and after dilution	0,08	0.06
Profit per share after tax (SEK) before and after dilution	0,05	0.13
Net debt/equity ratio (times)	0,82	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)	2009-12-31	2008-12-31
Fixed assets		
Intangible assets	842 363	860 016
Property, plant and equipment	5 123	2 223
Deferred tax asset	40 213	53 505
Total fixed assets	**887 699**	**915 744**
Current assets		
Inventories	123 071	149 052
Trade receivables	68 419	83 875
Other current receivables	13 635	9 179
Cash and cash equivalents	15 644	15 503
Total current assets	**220 769**	**257 609**
Total assets	**1 108 468**	**1 173 353**
Equity	**558 121**	**534 437**
Long-term liabilities		
Deferred tax liabilities		1 076
Longterm liabilities	332 894	332 857
Total long-term liabilities	**332 894**	**333 933**
Current liabilities	**217 453**	**304 983**
Total liabilities	**550 347**	**638 916**
Total equity and liabilities	**1 108 468**	**1 173 353**
Pledged assets	183 836	220 336
Contingent liabilities	None	None

Consolidated statement of changes in equity

(SEK'000)	2009-12-31	(recalculated) 2008-12-31
Opening equity	**534 437**	**221 962**
The raising of capital	4 604	308 228
Cost attributable to raising capital	-506	-12 897
Exercise of warrants	89	
Deferred tax liability attributable to raising capital	-2 936	
Incentive programme	762	
Total comprehensive income for the period	21 671	17 144
Closing equity at end of period	**558 121**	**534 437**

Consolidated cash flow statement in brief

(SEK' 000)	2009 Oct–Dec	2008 Oct–Dec	2009 Jan–Dec	2008 Jan–Dec
Cash flow from operating activities before change in working capital	8 293	8 735	60 394	31 284
Change in working capital	7 711	1 877	-10 934	-15 985
Cash flow from operating activities	16 004	10 612	49 460	15 299
Cash flow from investing activities	-2 650	36 217	-12 949	-525 901
Cash flow from financing activities	-14 952	-34 721	-36 370	506 665
Change in cash and cash equivalents	**-1 598**	**12 108**	**141**	**-3 937**
Cash and cash equivalents at start of period	17 242	3 395	15 503	19 440
Cash and cash equivalents at end of period	15 644	15 503	15 644	15 503
Interest received	*38*	*377*	*85*	*638*
Interest paid	*-15 372*	*-16 816*	*-35 456*	*-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
Operating profit	**12 417**	**5 957**	**20 839**	**18 037**	**57 250**

2009	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full year
Net sales	179 757	153 237	147 900	152 690	633 584
Gross profit	50 127	47 280	41 133	47 488	186 028
Selling expenses	-21 367	-22 045	-20 238	-29 995	-93 645
Administration expenses	-4 921	-4 637	-4 525	-4 889	-18 972
R&D expenses	-475	-494	-436	-469	-1 874
Other operating items	-169	-211	-637	525	-492
Operating profit	**23 195**	**19 893**	**15 297**	**12 660**	**71 045**

Parent company income statement

(SEK '000)	2009 Oct–Dec	2008 Oct–Dec	2009 Jan–Dec	2008 Jan–Dec
Revenue	55 628	52 931	207 255	144 204
Cost of goods sold	-27 840	-27 803	-108 696	-79 382
Gross profit	**27 788**	**25 128**	**98 559**	**64 822**
Selling expenses	-19 103	-15 657	-65 018	-47 496
Administrative expenses	-3 888	-3 766	-17 092	-12 266
Research and development expenses	-469	-469	-1 874	-1 874
Other operating income and operating expenses	5 017	3 659	21 108	9 339
Operating profit	**9 345**	**8 895**	**35 683**	**12 525**
Net financial items	-4 954	-8 418	-26 419	-26 944
Profit after financial items	**4 391**	**477**	**9 264**	**-14 419**
Tax on this year's profit/deferred tax	-439	1 122	-113	27 303
Profit for the period	**3 952**	**1 599**	**9 151**	**12 884**

Parent company balance sheet

(SEK '000)	2009-12-31	2008-12-31
Fixed assets		
Intangible assets	548 730	554 645
Tangible assets	474	352
Participations in Group companies	77 559	68 742
Deferred tax receivable	72 025	75 610
Long-term receivables from Group companies	142 548	53 545
Total fixed assets	**841 336**	**878 345**
Current assets		
Inventory	26 604	33 576
Trade accounts receivable	24 365	25 476
Current receivables from Group companies	120 487	107 471
Other current assets	2 340	4 074
Liquid funds	6 935	11 950
Total current assets	**180 731**	**182 547**
Total assets	**1 022 067**	**1 060 892**
Equity	**528 691**	**516 006**
Long-term liabilities	331 300	331 127
Total long-term liabilities	**331 300**	**331 127**
Current liabilities to Group companies	20 751	1 713
Other current liabilities	141 325	212 046
Total current liabilities	**162 076**	**213 759**
Total equity and liabilities	**1 022 067**	**1 060 892**
Pledged assets	133 105	140 307
Contingent liabilities	61 849	60 000

Notes

Note 1 Accounting principles

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting. Like the year-end accounts for 2008, the consolidated year-end 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 RFR 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 amendments 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 the presentation is the same as 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. Finally, segment reporting now involves a changed cost allocation for general administrative expenses in each segment. The 2008 figures have been restated in accordance with the new cost formulas.

Note 2 Segment reporting*

Reporting of operating segments

SEK ´000	Own products	Licensed products	Parallel-imported products	BioPhausia General	Total
January–December 2009					
Revenue	206 711	106 926	296 974	22 973	633 584
EBITDA	78 839	6 739	24 022	-11 930	97 668
Depreciation					-26 623
Net financial items					-45 320
Tax					-8 215
Profit for the period					**17 510**
January–December 2008					
Revenue	133 827	80 714	352 376	13 432	580 348
EBITDA	43 423	4 391	31 238	-6 794	72 257
Depreciation					-15 007
Net financial items					-41 424
Tax					16 219
Profit for the period					**32 045**

*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

The results for the period have been affected by deferred tax on temporary differences, generating tax income arising from the new debenture loan and the reversal of a previous transfer to the tax allocation reserve. In the previous year, tax loss carryforwards were capitalised, bringing tax income of SEK 26 million.

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 was paid to Board Member Johan Unger in 2009. Transactions with companies related to the Chairman of the Board amounted to SEK 31 thousand during the period.

Note 6 Incentive programme

The AGM in May 2009 approved an incentive programme of warrants for BioPhausia Group personnel. 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, 58% of the available warrants had been acquired by employees at a price of SEK 0.36 per warrant. The remaining 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 at the end of 30 September 2012.