

Interim report

January - March 2011



April 27, 2011

First quarter 2011

- Group net sales amounted to 107.2 MSEK (99.9). At comparable exchange rates sales increased by 16 percent.
- The operating result amounted to 2.6 MSEK (4.6).
- The result after tax amounted to 1.5 MSEK (3.2).
- Earnings per share amounted to 0.02 SEK (0.04).
- The cash flow from operating activities amounted to 46.9 MSEK (24.7).
- Net cash at March 31, 2011 amounted to 207.1 MSEK, compared to 172.7 MSEK at December 31, 2010.

Group result development in brief

Amounts in SEK millions	1 st quarter 2011	1 st quarter 2010	Full year 2010 (*)	Full year 2010 (*)
Net sales	107,2	99,9	428,9	428,9
Cost of goods sold	-44,2	-41,0	-172,7	-172,7
Gross profit	63,0	58,9	256,3	256,3
Operating expenses	-60,4	-54,2	-230,6	-230,6
Write-down of goodwill	-	-	-	-444,5
Operating profit/loss	2,6	4,6	25,7	-418,8
Financial items	0,4	-0,4	0,2	0,2
Profit/loss before tax	3,0	4,2	25,9	-418,5
Tax expenses	-0,7	-1,0	-6,7	-6,7
Profit/loss after tax for continuing operations	2,3	3,2	19,2	-425,3
Profit/loss after tax for discontinued operations	-0,8	-	15,0	15,0
Total profit/loss for the period	1,5	3,2	34,2	-410,2

(*) The comparison with the full year 2010 are presented both with and without write-down goodwill.

Comments by CEO Torben Jørgensen

Biotage's sales developed satisfactorily during the first quarter and increased by 7 percent to 107.2 MSEK. At comparable exchange rates the increase was 16 percent, with the two product lines acquired from Caliper last year contributing a significant share.

We have had a good inflow of orders and a positive sales development in most of our product areas. Orders for consumables and service products are off to a good start of the year. We have also had a good flow of instrument orders, above all in the US and Japan. We have had strong growth in the Japanese market with a sales increase of no less than 33 percent. Thankfully we were relatively mildly affected by the natural disaster in Japan. All our staff in the area escaped uninjured and we only suffered limited damage to our premises in Tokyo. We have also been able to deliver completely according to plan. It is still too soon to speculate over the consequences for the Japanese business in the short-term perspective.

Five new products were launched during the quarter. Among other things, a new version of our purification system Isolera was launched in January. We are planning for a number of additional product launches during the coming quarters. We are pursuing our strategy to increase our direct sales and during the period we have taken over direct sales in Sweden and Denmark.

The development in Sample Prep, which is now our largest product area, continues to be positive. Compared to the same period last year we can see a 10 percent sales increase, excluding acquisitions.

The unfavorable exchange rate development has affected us negatively, due to our large cost base in SEK and translation differences to foreign currencies. Just the effects of translation differences between the first quarter last year and the first quarter this year affected the result negatively by no less than 6 MSEK. With last year's acquisitions and currency effects taken into consideration the cost base remains the same. Despite these unfavorable factors the operating result amounted to 2.6 MSEK.

The US Patent and Trademark Office pronounced all patent demands regarding the US patent 7.381.327 invalid, after Biotage's application for re-examination of the patent's validity. This is one of the three patents that Scientific Plastic Products, Inc. has claimed that Biotage is infringing. As previously reported, we believe that Scientific Plastic Products lacks support for the alleged patent infringement. The decision by the US Patent and Trademark Office is a significant step in confirming the validity of our assessment of the legal situation.

The company's financial position has been strengthened during the quarter. Net cash amounted to 207 MSEK, compared to 173 MSEK at the start of the year. The positive cash flow emanates from the operating activities, a significantly improved working capital and the additional purchase payment from Qiagen relating to the divestment of the Biosystems business area.

We continue the work to find suitable candidates for cooperation agreements or acquisitions.

Group result, financial position and cash flow

First quarter 2011

Group net sales increased by 7 percent and amounted to 107.2 MSEK, compared to 99.9 MSEK the first quarter 2010. At comparable exchange rates net sales increased by 16 percent.

The US was the biggest single market with 37 percent of the net sales. The EU area contributed 33 percent and the rest of the world 30 percent. A 33 percent sales increase in Japan contributed strongly to the increased share provided by the rest of the world.

The Group's gross margin was 58.7 percent (59.0). An improved product mix and a larger share of high margin products counterbalanced the exchange rate development, which significantly affected the gross margin.

The operating expenses amounted to 60.4 MSEK (54.2). The translation difference was -4.4 MSEK and affected the result negatively by 6 MSEK compared to the first quarter 2010.

The operating result amounted to 2.6 MSEK (4.6), with an operating margin of 2.4 percent (4.6).

Net financial income amounted to 0.4 MSEK (-0.4).

The result after tax amounted to 1.5 MSEK (3.2).

The investments amounted to 9.4 MSEK (4.6) and the amortizations to 9.1 MSEK (8.4). 5.9 MSEK (3.3) of the investments were capitalized development costs and 5.3 MSEK (4.7) of the amortizations were amortizations of capitalized development costs.

The cash flow from operating activities amounted to 46.9 MSEK (24.7). Of this sum, 14.2 MSEK (23.4) derived from divested business.

Balance sheet items

At March 31, 2011 the Group's cash and securities totaled 213.6 MSEK, compared to 179.6 MSEK at December 31, 2010. The Group's interest-bearing liabilities amounted to 6.4 MSEK, compared to 6.8 MSEK at December 31, 2010.

The Group reports a total goodwill of 99.8 MSEK at March 31, 2011, compared to 104.9 MSEK at December 31, 2010. The reported goodwill is attributable to the acquisitions made in 2010, of MIP Technologies AB and two product lines acquired from Caliper Life Sciences Inc. This year's change in the reported value is due to currency effects.

Other intangible fixed assets in the form of patents, license rights and trademarks amounted to 47.5 MSEK (50.6) and capitalized development costs to 58.0 MSEK (57.4).

At March 31, 2011 the equity capital amounted to 554.6 MSEK, compared to 567.9 MSEK at December 31, 2010. The change during the first quarter 2011 is due to the period's net result of 1.5 MSEK and changed exchange rates at the translation of subsidiaries by -14.8 MSEK.

Major events

Patent dispute in the US

Biotage has, as previously reported, together with the wholly owned subsidiaries Biotage GB Ltd and Biotage LLC, been sued for patent infringement in the US. The lawsuit has been filed by Scientific Plastic Products, Inc. and concerns Biotage's sales of the SNAP product line in the US.

Biotage later filed an application to the US Patent and Trademark Office applying for re-examination of the validity of all the patent demands in the patents concerned. At the same time Biotage submitted a request that the infringement case in the court should be declared resting awaiting the outcome of the re-examination proceedings. The court approved Biotage's request.

The US Patent and Trademark Office has now declared all patent demands in US patent 7,381,327 invalid. The decision can be appealed. Decisions regarding the two other patents are expected later this year.

Biotage continues to believe that the company has a strong position and that the other party lacks support for the alleged patent infringement. The decision by the US Patent and Trademark Office confirms our assessment of the legal situation.

Human resources

At March 31 the Group had 267 employees, compared to 272 at the start of the year.

Parent company

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

In the first quarter the parent company's net income amounted to 0.5 MSEK (1.5).

The result after financial items in the first quarter amounted to -2.0 MSEK (-4.7).

The parent company's investments in intangible fixed assets during the first quarter amounted to 0.0 MSEK (0.1).

At March 31, 2011 the parent company's cash and bank balance and short-term investments amounted to 119.4 MSEK, compared to 106.6 MSEK at December 31, 2010.

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 2010.

Readers wishing to study the risks and uncertainties reported in the 2010 Annual Report can download this report from Biotage AB's website www.biotage.com or order it from Biotage AB, Kungsgatan 76, SE-753 18 Uppsala or info@biotage.com.

Reports in 2011

The interim report for the second quarter 2011 will be issued on August 17, 2011

The interim report for the third quarter 2011 will be issued on October 26, 2011

The year-end report for 2011 will be issued on February 9, 2012.

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

Uppsala April 27, 2011

Torben Jörgensen
President and CEO

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This information is of the kind that Biotage AB (publ) is required to make public according to the Financial Instruments Trading Act. The information was released for publication at 14.00 on April 27, 2011.

About Biotage

Biotage offers solutions, knowledge and experience in the areas of analytical chemistry and medicinal chemistry. The customers include the world's largest pharmaceutical and biotech companies, and leading academic institutes. The company is headquartered in Uppsala and has offices in the US, UK and Japan. Biotage has 272 employees and had sales of 428.9 MSEK in 2010. Biotage is listed on the NASDAQ OMX Nordic Stockholm stock exchange. Website: www.biotage.com

Biotage AB (publ)**Interim report****2011-01-01 -- 2011-03-31****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in KSEK	1 st quarter 2011	1 st quarter 2010	Full year 2010
Net sales	107 198	99 863	428 926
Cost of sales	-44 226	-40 982	-172 662
Gross profit	62 972	58 881	256 263
Distribution costs	-35 378	-35 799	-145 275
Administrative expenses	-11 384	-10 650	-45 949
Research and development costs	-9 356	-9 358	-39 662
Other operating items	-4 254	1 559	322
Write-down of goodwill	-	-	-444 460
Operating expenses	-60 372	-54 248	-675 024
Operating profit/loss	2 600	4 633	-418 760
Financial net income	385	-399	236
Profit/loss before income tax	2 985	4 235	-418 524
Tax expenses	-729	-1 023	-6 729
Profit/loss after tax for continuing operations	2 256	3 211	-425 252
Profit/loss after tax for discontinued operations	-767	-	15 010
Total profit/loss for the period	1 489	3 211	-410 243
Other comprehensive income			
Translation differences related to non Swedish subsidiaries	-14 806	-5 889	-39 298
Other comprehensive income	-	-	-
Total other comprehensive income	-14 806	-5 889	-39 298
Total comprehensive income for the period	-13 317	-2 678	-449 541

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continuing)

	1 st quarter 2011	1 st quarter 2010	Full year 2010
Attributable to parent company's shareholders:			
Total profit/loss for the period	1 489	3 211	-410 243
Attributable to parent company's shareholders:			
Total comprehensive income for the period	-13 317	-2 678	-449 541
Average shares outstanding	79 637 688	86 680 130	83 527 613
Average shares outstanding after dilution	79 637 688	86 680 130	83 527 613
Shares outstanding at end of reporting period (*)	88 486 320	88 486 320	88 486 320
Total profit/loss for the period per share SEK	0,02 kr	0,04 kr	-4,91 kr
Total profit/loss for the period per share SEK after dilution	0,02 kr	0,04 kr	-4,91 kr
Total comprehensive income for the period per share SEK	-0,17 kr	-0,03 kr	-5,38 kr
Total comprehensive income for the period per share after dilution SEK	-0,17 kr	-0,03 kr	-5,38 kr
(*) Of the numbers of shares outstanding are repurchased as per end of reporting period	8 848 632	1 970 230	8 848 632

Quarterly summary 2011 and 2010	2011	2010	2010	2010	2010
Amounts in KSEK	Q 1	Q 4	Q 3	Q 2	Q 1
Net Sales	107 198	116 093	109 467	103 502	99 863
Cost of sales	-44 226	-44 447	-44 531	-42 704	-40 982
Gross profit	62 972	71 646	64 937	60 799	58 881
Gross margin	58,7%	61,7%	59,3%	58,7%	59,0%
Operating expenses	-60 372	-507 515	-60 094	-53 166	-54 248
Operating profit/loss	2 600	-435 869	4 843	7 633	4 633
Financial net income	385	186	347	102	-399
Profit/loss before income tax	2 985	-435 683	5 190	7 734	4 235
Tax expenses	-729	-4 093	-508	-1 104	-1 023
Profit/loss after tax for continuing operations	2 256	-439 776	4 682	6 630	3 211
Profit/loss after tax for discontinued operations	-767	15 010	-	-	-
Total profit/loss for the period	1 489	-424 766	4 682	6 630	3 211

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	2011-03-31	2010-12-31
ASSETS		
Non-Current assets		
Property, plant and equipment	34 569	35 330
Goodwill	99 842	104 791
Other intangible assets	105 543	108 064
Financial assets	2 469	2 670
Deferred tax asset	39 436	39 436
Total non-current assets	281 859	290 291
Current assets		
Inventories	90 295	97 976
Trade and other receivables	91 605	125 587
Cash, cash equivalents and short time deposits	213 595	179 573
Total current assets	395 495	403 135
TOTAL ASSETS	677 354	693 427
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company		
Share capital	88 486	88 486
Other paid-in capital	4 993	4 993
Reserves	-119 450	-104 644
Retained earnings	580 601	579 112
Total equity	554 630	567 948
Non-current liabilities		
Liabilities to credit institutions	6 027	6 401
Non-current provisions	28 222	31 433
Total non-current liabilities	34 249	37 834
Current liabilities		
Trade and others liabilities	79 882	82 180
Tax liabilities	2 730	2 636
Liabilities to credit institutions	421	436
Current provisions	5 442	2 393
Total current liabilities	88 475	87 645
TOTAL EQUITY AND LIABILITIES	677 354	693 427

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CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousands	1 st quarter 2011	1 st quarter 2010	Full year 2010
Operating activities			
Profit/loss after financial items	2 985	4 235	-418 524
Adjustments for non-cash items	11 630	7 459	486 232
	14 615	11 693	67 709
Income tax paid	-619	-1 023	-6 077
Cash flow from operating activities before changes in working capital	13 996	10 670	61 631
Cash flow from changes in working capital:			
Increase (-)/ decrease (+) in inventories	3 165	-645	-10 543
Increase (-)/ decrease (+) in trade receivables	10 425	4 215	-3 248
Increase (-)/ decrease (+) in other current receivables	4 921	5 139	2 676
Increase (+)/ decrease (-) in other liabilities	175	-18 000	-16 282
Cash flow from operating activities - continuing operations	32 683	1 379	34 234
Cash flow from operating activities - discontinued operations	14 243	23 361	23 361
Cash flow from operating activities	46 926	24 740	57 595
Investing activities			
Acquisition of intangible assets	-7 219	-3 680	-21 109
Acquisition of property, plant and equipment	-2 230	-874	-10 333
Acquisition of financial assets	-15	-	-678
Acquisitions of companies and product lines	-	-	-144 116
Sale of property and other non current assets	0	38 417	39 884
Sale of financial assets	58	53	183
Cash flow from investing activities - continuing operations	-9 405	33 915	-136 169
Cash flow from investing activities - discontinued operations	-	-	-
Cash flow from investing activities	-9 405	33 915	-136 169
Financing activities			
Dividend to shareholders	-	-	-17 303
Buy-back of shares	-	-2 797	-54 235
New borrowing	-	-	-
Repayment of loans	-149	-29 536	-31 402
Cash flow from financing activities - continuing operations	-149	-32 333	-102 941
Cash flow from financing activities - discontinued operations	-	-	-
Cash flow from financing activities	-149	-32 333	-102 941
Cash flow for the period	37 371	26 322	-181 515
Cash and liquid assets at beginning of period	179 573	364 902	364 902
Exchange differences in liquid assets	-3 349	-134	-3 814
Cash and liquid assets at end of period	213 595	391 090	179 573
Additional information:			
<i>Adjustments for non-cash items</i>			
Depreciations and impairments	9 060	8 440	482 467
Other items	2 570	-982	3 766
Total	11 630	7 459	486 232
Interest received	552	193	1 028
Interest paid	-166	-125	-791

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Other payed-in capital	Accumulated translation reserve	Hedging-reserve	Retained earnings	Total equity
Opening balance January 1, 2010	88 486	4 993	-65 345	0	1 060 893	1 089 027
Changes in equity in the period of January 1, - March 31, 2010						
Total comprehensive income	-	-	-5 889	-	3 211	-2 678
Total non-owners changes	0	0	-5 889	0	3 211	-2 678
Transacitions with equity holders of the company						
Share buy-back by parent company (*)					-2 797	-2 797
Closing balance March 31, 2010	88 486	4 993	-71 234	0	1 061 308	1 083 553
Changes in equity in the period of April 1, - December 31, 2010						
Total comprehensive income	-	-	-33 409	-	-413 454	-446 863
Total non-owners changes	0	0	-33 409	0	-413 454	-446 863
Transacitions with equity holders of the company						
Dividend to shareholders of the parent company					-17 303	-17 303
Share buy-back by parent company (*)					-51 438	-51 438
Closing balance December 31, 2010	88 486	4 993	-104 643	0	579 112	567 948
Changes in equity in the period of January 1, - March 31, 2011						
Total comprehensive income			-14 807		1 489	-13 318
Total non-owners changes	0	0	-14 807	0	1 489	-13 318
Transacitions with equity holders of the company						
	-	-	-	-	-	-
Closing balance March 31, 2011	88 486	4 993	-119 450	0	580 601	554 630

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INCOMESTATEMENT, PARENT

Amounts in SEK thousands	1 st quarter 2011	1 st quarter 2010	Full year 2010
Net sales	471	1 543	6 183
Administrative expenses	-5 286	-4 595	-17 800
Research and development costs	-321	-615	-2 215
Other operating items	-508	-3 081	9 590
<i>Operating expenses</i>	-6 115	-8 292	-10 425
Operating profit/loss	-5 644	-6 749	-4 242
Profit/loss from financial investments:			
Interest income from receivables from group companies	3 583	2 823	14 343
Interest expense from liabilities to group companies	-449	-459	-1 868
Result from participations in group companies	-	-	-306 700
Other interest and similar income	519	-	1 006
Interest and similar expense	-	-278	-456
Financial net income	3 652	2 086	-293 675
Profit/loss before income tax	-1 992	-4 663	-297 916
Tax expenses	-	-	-3 134
Total profit/loss for the period	-1 992	-4 663	-301 051

STATEMENT OF COMPREHENSIVE INCOME, PARENT

Total profit/loss for the period	-1 992	-4 663	-301 051
Translation differences related to non Swedish subsidiaries	-23 809	1 271	-23 024
Total comprehensive income, parent	-25 800	-3 392	-324 075

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BALANCE SHEET, PARENT

Amounts in SEK thousands	2011-03-31	2010-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Patents and licenses	5 730	5 574
<i>Financial assets</i>		
Investments in group companies	413 833	413 833
Receivables from group companies	124 148	133 026
Deferred tax asset	39 436	39 436
	577 416	586 295
Total non-current assets	583 147	591 869
Current assets		
<i>Current receivables</i>		
Trade receivables	-	-
Receivables from group companies	73 548	87 788
Other receivables	799	808
Prepaid expenses and accrued income	902	16 695
	75 249	105 291
Cash, cash equivalents and short time deposits	119 369	106 619
Total current assets	194 618	211 910
TOTAL ASSETS	777 765	803 779
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	88 486	88 486
	88 486	88 486
<i>Fritt eget kapital</i>		
Fair value reserve	-70 737	-46 928
Retained earnings	532 782	833 833
Profit/loss for the period reported	-1 992	-301 051
	460 053	485 854
Total equity	548 540	574 340
Provisions	28 799	28 799
Current liabilities		
Trade payables	787	714
Liabilities to group companies	194 647	195 051
Other current liabilities	258	397
Accrued expenses and prepaid income	4 734	4 476
	200 426	200 639
TOTAL EQUITY, PROVISIONS AND LIABILITIES	777 765	803 779

Accounting principles

Biotage's Group reporting is based on International Financial Reporting Standards as adopted by the EU. The Group's interim report is prepared in accordance with IAS 34 Interim Reporting, and the Swedish Accounting Act. The parent company's interim report is prepared in accordance with the Swedish Accounting Act and The Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities.

Revised or new standards, interpretations or statements from standard-setting bodies for IFRS within the EU coming into effect on January 1, 2011 have not had any effect on the Group's financial reporting, as these have not been relevant to Biotage AB in the current situation.

In the preparation of the Group's and parent company's interim report, the same accounting principles and calculation methods were applied as in the preparation of Biotage's Annual Report for 2010. These are described on pp. 39-50 in the Annual Report.

Readers wishing to study the accounting principles presented in the 2010 Annual Report can download this report from Biotage AB's website www.biotage.com or order it from Biotage AB, Box 8, SE-751 03 Uppsala, Sweden, or info@biotage.com.