



INTERIM REPORT JANUARY- SEPTEMBER 2004

- Biacore's sales in the third quarter 2004 amounted to SEK 134.6 million (105.7), an increase of 27%, mainly as a result of strong sales in Europe. For the first nine months of 2004, sales declined by 5% to SEK 337.2 million (354.7).
- Operating income was hit by one-off costs of approximately SEK 58 million related to the array technology write-down and to senior personnel departures including Ulf Jönsson, Biacore's former President and CEO.
- The net loss in the third quarter amounted to SEK 25.1 million (-45.5). For the nine-month period January-September 2004, the net loss was SEK 24.7 million (-11.1).
- The loss per share in the third quarter amounted to SEK 2.57 (-4.67). For the first nine months 2004, the loss per share was SEK 2.53 (-1.14).
- Strategic roll-out of the array technology confirmed following conclusion of the deal in October 2004 with AIST, a major Japanese research institute focused on proteomics.
- The fourth quarter income is expected to be reduced by one-off costs of approximately SEK 36 million related to actions from the Strategic Business Review, announced on October 4. The one-off costs in the third and fourth quarters are expected to lead to net savings in operating costs of approximately SEK 90 million per annum.
- The outlook for the full-year 2004 is dominated by the one-off costs of approximately SEK 94 million, associated with the significant changes that are being made to the organization. As a result of these costs, Biacore expects to record a loss in 2004. Sales are likely to be lower than in 2003. Previously, Biacore had forecast that it did not expect sales and earnings per share for the full-year 2004 to reach the levels achieved in 2003.

	January - September			July - September		
	2004	2003	Change	2004	2003	Change
Sales, SEK million	337.2	354.7	- 5%	134.6	105.7	+27%
Operating loss, SEK million	-19.4	-25.2		-19.8	-57.6	
Operating margin, %	-5.8	-7.1		-14.7	-54.5	
Loss after financial items, SEK million	-16.6	-15.6		-19.2	-56.1	
Net loss, SEK million	-24.7	-11.1		-25.1	-45.5	
Loss per share, SEK	-2.53	-1.14		-2.57	-4.67	

Erik Walldén, President and CEO of Biacore, commenting on today's results said "I am encouraged by the sales development in this quarter and in particular what we have achieved in Europe. The changes made to our European sales structure and processes, over twelve months ago, are now clearly starting to deliver. Asia-Pacific showed good growth in the third quarter with signs of recovery in Japan. These positives, along with the commercial introduction of our new SPR array technology, give me confidence that we can turn Biacore around next year."

OPERATIONAL REVIEW

Amounts stated in this report relate to the Biacore Group, unless otherwise indicated. Figures in parentheses refer to the corresponding period in 2003.

Sales

Biacore's third quarter showed an encouraging sales trend with overall revenues up 27% to SEK 134.6 million. The pattern of sales development varied considerably across the key markets in which the Company operates. In Europe, the changes that were made to the region's sales structures and processes, starting over twelve months ago, are now clearly having a positive impact. In the U.S., some of the weaknesses that have been identified as part of the Strategic Business Review were again evident with sales declining for the second quarter in a row. Revenues in the Asia-Pacific region increased in the quarter due to a strong performance outside Japan. The reorganization and de-centralization of academic research in Japan has continued to delay sales. Excluding the impact of exchange rates, total Group sales for the first nine months of 2004 increased by 3%.

Sales were divided geographically as follows:

SEK million	January-September			July-September		
	2004	2003	Change	2004	2003	Change
Americas	133.7	159.2	-16%	45.7	52.8	-13%
Europe	134.3	93.3	44%	52.3	22.6	131%
Asia-Pacific	69.2	102.2	-32%	36.6	30.3	21%

The potential for Biacore's business to recover was clearly seen in Europe, where sales increased by 131% to SEK 52.3 million in the third quarter 2004. This strong performance was due to a positive funding environment in terms of both academic and industrial customers and improvements that have been made in the sales organization and processes. Each of these major customer groups contributed equally to sales during the period. Good sales were seen in a number of countries including Denmark, where a number of systems were sold to academic customers.

In the U.S., the funding environment is still weaker than had been anticipated, and as a result third quarter sales declined by 13% to SEK 45.7 million. Declines were seen both from pharmaceutical and academic customers. However, the biotech sector was stronger based on the slightly improved funding situation.

Sales in Asia-Pacific outside Japan were extremely strong with the food sector making an important contribution. This led to an overall 21% sales increase in this region. There are signs in Japan that the funding environment is stabilizing, and Biacore is more confident of seeing an improving sales trend in this key market over the next six months. However, the disruption that has been seen this year as a result of changes to the funding of academic research continued to adversely impact Biacore's sales in Japan in the third quarter. The industrial market continues to be a relatively small part of Biacore's business in Japan.

Turning to the sales of Biacore's key systems, some very positive developments were seen. Biacore®3000 sales were up strongly during the period due to good sales to academic customers, as well as increased sales to industrial customers in Europe. Sales of this system in combination with the GxP package were seen to European companies that are focused on meeting the regulatory requirements from the FDA either in terms of product development or production. Sales of Biacore®S51 were also higher in both the U.S. and Europe in the third quarter, reflecting the improved sales approach to selling this system to key pharmaceutical customers. More customer-generated data highlighting the benefits of this product in the area of lead optimization have also been a positive factor, and as more data becomes available it augurs well for the medium term sales of this product. Sales of Biacore®Q to the food industry were also strong during the third quarter.

Financial performance

The gross margin during the first nine months of 2004 was 76% (80).

Total costs for marketing, administration and research and development increased by 61% in the third quarter of 2004 to SEK 124.4 million (77.1). This significant increase was due to the SPR array write-down announced at the time of the Strategic Business Review and higher administration costs due to changes in senior management.

R&D costs in the third quarter amounted to SEK 57.0 million (18.9). This much higher level was due to the SEK 44.6 million array technology write-down of costs previously capitalized. During the first nine months of 2004, Biacore's R&D costs amounted to SEK 93.1 million (56.7). SEK 45.3 million (32.5) of development expenses, largely related to the development of the new array system, were capitalized in the same period.

In the third quarter of 2004, Biacore incurred an operating loss of SEK 19.8 million (-57.6), entirely due to one-off costs outlined earlier. These included a SEK 44.6 million write-down of the balance sheet value of the capitalized R&D relating to the new array technology and SEK 13 million in severance costs relating to senior management changes. The loss recorded in the third quarter 2003 was due to the write-down associated with the Company moving out of the cell-based assay market.

Operating currency differences during the third quarter amounted to SEK 0.2 million (-2.0). Financial items in the first nine months of 2004 include a write-down of long-term investments of SEK 0.6 million. The first nine months of 2003 included SEK 4.0 million in income from long-term investments.

Biacore incurred a net loss in the third quarter of 2004 of SEK 25.1 million (-45.5), giving a loss per share of SEK 2.57 (-4.67). For the first nine months of 2004, the net loss, after taxes of SEK 8.0 million, caused by the geographical distribution of earnings, amounted to SEK 24.7 million (-11.1). The loss per share in the first nine months of 2004 was SEK 2.53 (-1.14).

Capital expenditures

During the first nine months of 2004, Biacore's capital expenditures totaled SEK 7.1 million (11.6).

Personnel

At the end of September 2004, Biacore had 347 (343) permanent employees.

STRATEGIC BUSINESS REVIEW

On October 4, 2004, Biacore announced the planned changes to the Company which resulted from the senior management's Strategic Business Review. The key changes put forward are focused on improving the Company's sales structure and processes as well as a commercial refocusing of Biacore's R&D organization.

As part of these changes, Biacore has announced the promotion of two key individuals who will play an important role in ensuring that the changes resulting from the Strategic Business Review return Biacore to profitable growth as quickly as possible. The two individuals concerned are:

- Paul James, who has become Senior Vice President of Commercial Operations. In this new position, Paul will be responsible for all of Biacore's sales, product management and marketing activities globally. This new structure is designed to ensure that best sales practices are adopted across the whole organization globally. In addition, Paul's new position is designed to maximize the sales support that Biacore's marketing activities can provide across all of the Company's key customers in academia, and in the pharmaceutical, biotech and food industries. Paul was previously responsible for Biacore's

European sales operations. Before joining Biacore, Paul worked for Packard Biosciences in the U.S. for four years in a variety of marketing positions.

- Anders Fält, who has been appointed Senior Vice President of Technology Operations. In this new position, Anders will be responsible for Biacore's R&D, Product Supply, Project Management and Quality Assurance. The grouping of all of these functions under Anders will allow Biacore to seamlessly manage the aspects of its product development and supply to ensure that new products are brought to market in a timely and cost effective manner. Prior to this promotion, Anders was Vice President and Head of R&D and has worked for Biacore for over ten years.

With these additions to the senior management team, Biacore is in a strong position to deliver the key goals of the recent Strategic Business Review, namely returning Biacore to profitability as quickly as possible and creating a sales organization that will allow the Company to increase sales at an attractive rate.

THE NEW ARRAY SYSTEM

Biacore has started the strategic roll-out of its new array technology with the Company's first commercial deal with The National Institute of Advanced Industrial Science and Technology (AIST) in Japan.

This initial commercial contract with AIST is envisaged to be the first of a number of deals with major pharmaceutical companies and world-leading life science research institutes. This first set of commercial agreements is designed to optimize further the range of applications that the technology can be used for, particularly in the field of interaction proteomics. The initial commercialization phase of the array technology will be managed by a specialist product development team within Biacore that includes key R&D and business development personnel.

NOMINATIONS COMMITTEE

Until the annual general meeting of shareholders in 2005, the nominations committee consists of Lars-Göran Andrén, chairman of the board; Inger Brattne, Pfizer; Stefan Roos, Handelsbanken Fonder and Thomas Ehlin, Nordeas fonder.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Statement No. 20 (RR20) Interim Financial Reporting. In 2004, the Council's Statement No. 29 (RR29) Employee Benefits, which includes a new method for calculating provisions for pensions, became effective. As of January 1, 2004, this standard reduced shareholders' equity by SEK 4.8 million. Net income for the first nine months of 2004 was only marginally affected by the new standard.

QUARTERLY SALES VARIATIONS

Biacore's total sales during the period 2001-2003 were split between quarters as follows:

Quarter 1	23%	Quarter 3	22%
Quarter 2	25%	Quarter 4	30%

OUTLOOK FOR THE FULL-YEAR 2004

The outlook for the full-year 2004 is dominated by the one-off costs of approximately SEK 94 million, associated with the significant changes that are being made to the organization. As a result of these costs, Biacore expects to record a loss in 2004. Sales are likely to be lower than in 2003. Previously, Biacore had forecast that it did not expect sales and earnings per share for the full-year 2004 to reach the levels achieved in 2003.

Neuchâtel, Switzerland, October 21, 2004
BIACORE INTERNATIONAL AB (publ)

Erik Walldén
President and CEO

REVIEW REPORT

We have carried out a review of this interim report in accordance with the recommendation issued by FAR (the Institute for the Accountancy Profession in Sweden). A review is significantly limited in comparison with an audit.

Nothing has come to our attention which would cause us to believe that the interim report does not meet the requirements of the (Swedish) Securities Exchange and Annual Accounts Acts.

Stockholm, October 21, 2004

PricewaterhouseCoopers AB

Sten Håkansson
Authorized Public Accountant

FINANCIAL INFORMATION

Biacore plans to release its year-end report for 2004 on February 17, 2005.

Biacore is a global supplier of analytical systems that improve the productivity of research and development in the life science and pharmaceutical markets. The company's instruments generate unique data on protein interactions, an area of increasing focus in these markets. The data give insights into protein functionality, the role of proteins in normal and diseased states, and the influence of potential drug candidates.

Use of Biacore products is well-documented in key areas such as antibody characterization, proteomics, lead optimization and bio-therapeutic development and production. Customers include world renown life science research centers, all of the leading global pharmaceutical companies and a large number of companies in the emerging biotechnology sector.

Biacore is successfully expanding into the food analysis market, providing key manufacturers with ready-to-use solutions for the determination of food quality and safety.

The company offers a range of products to meet specific customer needs. All instruments utilize Surface Plasmon Resonance (SPR) technology as the basis for detection and monitoring of protein interactions.

Biacore has its own direct sales capability in the world's key markets, United States, Europe, Japan, Australia and a distribution network in Asia-Pacific. The company was created in 1984, is

based in Uppsala, Sweden, and is listed on the Stockholm Stock Exchange
www.stockholmsborsen.se (SSE:BCOR).

This report contains certain forward-looking statements which, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Accordingly, investors and shareholders are urged not to place undue reliance on these statements.

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Biacore Consolidated Income Statements

SEK million	January-September			July-September			Full year
	2004	2003	Change	2004	2003	Change	2003
Sales	337.2	354.7	-5%	134.6	105.7	27%	515.5
Cost of sales	-81.9	-71.5	15%	-29.0	-18.4	58%	-94.0
Marketing	-125.6	-120.2	4%	-42.8	-38.5	11%	-165.4
Administration	-52.9	-53.9	-2%	-24.6	-19.7	25%	-71.1
Research and development	-93.1	-56.7	64%	-57.0	-18.9	202%	-78.6
Other income and expenses	-0.1	-9.9		-	-2.1		-14.4
Amortization of goodwill	-3.0	-3.0		-1.0	-1.0		-4.0
Items affecting comparability	-	-64.7		-	-64.7		-58.5
Operating income (loss)	-19.4	-25.2	-23%	-19.8	-57.6	-66%	29.5
Financial items, net	2.8	9.6		0.6	1.5		11.9
Income (loss) after financial items	-16.6	-15.6	6%	-19.2	-56.1	-66%	41.4
Income taxes	-8.0	4.4		-5.7	10.6		2.9
Minority interest	-0.1	0.1		-0.2	-		-
Net income (loss)	-24.7	-11.1		-25.1	-45.5		44.3
Basic earnings (loss) per share, SEK	-2.53	-1.14		-2.57	-4.67		4.55
Diluted earnings (loss) per share, SEK	-2.53	-1.14		-2.57	-4.67		4.53
No. of shares, average, diluted, thousands	9,750	9,750		9,750	9,750		9,787
Net income (loss)	-24.7	-11.1		-25.1	-45.5		44.3
Stock options issued	-	0.5		-	-		1.1
Change in accounting principles, RR29 Employee Benefits	-4.8	-		-	-		-
Dividend	-29.3	-29.3		-	-		-29.3
Currency translation differences	0.3	-19.2		-6.0	-3.4		-20.6
Change in shareholders' equity	-58.5	-59.1		-31.1	-48.9		-4.5

Quarterly Income Statements

SEK million	July-Sept.	April-June	Jan.-Mar.	Oct.-Dec.	July-Sept.	April-June	Jan.-Mar.
	2004	2004	2004	2003	2003	2003	2003
Sales	134.6	107.3	95.3	160.8	105.7	142.5	106.5
Cost of sales	-29.0	-28.6	-24.3	-22.5	-18.4	-28.8	-24.3
Marketing	-42.8	-44.9	-37.9	-45.2	-38.5	-43.1	-38.6
Administration	-24.6	-15.4	-12.9	-17.2	-19.7	-18.8	-15.4
Research and development	-57.0	-17.1	-19.0	-21.9	-18.9	-19.3	-18.5
Other income and expenses	-	-1.7	1.6	-4.5	-2.1	-3.2	-4.6
Amortization of goodwill	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0
Items affecting comparability	-	-	-	6.2	-64.7	-	-
Operating income (loss)	-19.8	-1.4	1.8	54.7	-57.6	28.3	4.1
Financial items, net	0.6	0.7	1.5	2.3	1.5	3.2	4.9
Income (loss) after financial items	-19.2	-0.7	3.3	57.0	-56.1	31.5	9.0
Income taxes	-5.7	-1.5	-0.8	-1.5	10.6	-4.6	-1.6
Minority interest	-0.2	-	0.1	-0.1	-	-	0.1
Net income (loss)	-25.1	-2.2	2.6	55.4	-45.5	26.9	7.5
Basic earnings (loss) per share, SEK	-2.57	-0.23	0.27	5.69	-4.67	2.76	0.77
Diluted earnings (loss) per share, SEK	-2.57	-0.23	0.27	5.67	-4.67	2.75	0.77
No. of shares, average, diluted, thousands	9,750	9,750	9,772	9,767	9,750	9,773	9,770

Sales by region

SEK million	Jan.-Sept.	Jan.-Sept.	July-Sept.	April-June	Jan.-Mar.	Oct.-Dec.	July-Sept.	April-June	Jan.-Mar.
	2004	2003	2004	2004	2004	2003	2003	2003	2003
Americas	133.7	159.2	45.7	40.0	48.0	69.4	52.8	65.2	41.2
Europe	134.3	93.3	52.3	47.7	34.3	43.2	22.6	39.8	30.9
Asia-Pacific	69.2	102.2	36.6	19.6	13.0	48.2	30.3	37.5	34.4
	337.2	354.7	134.6	107.3	95.3	160.8	105.7	142.5	106.5

SEK million	September 30		Dec. 31
	2004	2003	2003
Intangible assets	63.1	59.0	70.0
Property, plant and equipment	105.9	111.6	111.9
Long-term investments	0.4	1.0	1.0
Other long-term assets	23.2	26.9	23.8
Other current assets	234.7	227.2	260.2
Liquid funds	341.9	345.8	352.5
Total assets	769.2	771.5	819.4
Shareholders' equity	571.7	575.6	630.2
Minority interest	0.9	0.7	0.8
Provisions	88.5	84.3	80.6
Liabilities	108.1	110.9	107.8
Total shareholders' equity and liabilities	769.2	771.5	819.4

Financial structure

Operating capital	270.7	254.0	306.0
Long-term investments	0.4	1.0	1.0
Net interest-bearing assets	290.9	307.1	312.3
Net payable and deferred income tax asset	10.6	14.2	11.7
Minority interest	-0.9	-0.7	-0.8
Shareholders' equity	571.7	575.6	630.2

Biacore Consolidated Statements of Cash Flows

SEK million	January-September		Full year
	2004	2003	2003
Net income	-24.7	-11.1	44.3
Less: Depreciation and amortization	27.9	24.1	31.8
Less: Write-downs, reversal of write-downs, gains and losses	36.6	47.0	44.7
Change in working capital	31.5	13.8	-19.2
Other	0.1	-11.7	-14.9
Cash flows from operating activities	71.4	62.1	86.7
Purchase of intangible assets	-45.4	-37.3	-50.1
Purchase of property, plant and equipment	-7.1	-11.6	-16.4
Sales of property, plant and equipment	0.5	-	-
Sales of long-term investments	-	11.0	11.0
Cash flows from investing activities	-52.0	-37.9	-55.5
Repayment of loan	-0.7	-0.7	-1.0
Dividend	-29.3	-29.3	-29.3
Cash flows from financing activities	-30.0	-30.0	-30.3
Net change in liquid funds	-10.6	-5.8	0.9

Key figures

Operating margin	-5.8%	-7.1%	5.7%
Return on operating capital	-9.0%	-11.6%	9.3%
Return on equity	-5.5%	-2.4%	7.0%
Equity ratio	74%	75%	77%
Shareholders' equity per share, diluted, SEK	58.59	58.81	64.34
No. of shares, thousands	9,750	9,750	9,750
No. of shares, end of period, diluted, thousands	9,758	9,788	9,794
No. of shares, average, diluted, thousands	9,750	9,750	9,787