

BioPhausia

Interim report January – June 2000

- ☐ Distribution agreement signed for RescueFlow® in France.
- ☐ New sales office in Germany.
- ☐ Soili Longsén appointed new Managing Director.
- ☐ Claes Thulin new Chairman of the Board
- ☐ Annual General Meeting authorised the Board to decide on new share issue.
- ☐ The net result for the period amounted to a loss of SEK 12.074.000 (loss: 15.091.000), of which SEK 5.734.000 (10.211.000) were research and development expenses.

Events after the period January-June 2000

BioPhausia signs distribution agreement in Germany

BioPhausia has signed a distribution agreement with the pharmaceutical company BioQuest GmbH. The agreement makes BioQuest one of BioPhausia's subdistributors in Germany. The established BioQuest customers will become available to BioPhausia, and thus the company will be able to provide its customers with better service. Negotiations are under way with further distributors, according to plans. Sales are expected to commence during the third quarter of the year.

BioPhausia presents a positive result from surgery study on RescueFlow®

In Germany a study on RescueFlow® used in surgery has been concluded. RescueFlow® has been compared with standard of care on abdominal aortic aneurysm surgery. The initial results from the study indicate that RescueFlow®, when administered during surgery, maintains the circulation of the patient with less volume than with standard of care. These results, in combination with other available documentation, indicate that RescueFlow® may provide more efficient volume substitution during surgery. This suggests that the indication area for RescueFlow® could be extended. The project is running on time.

Events during the period January-June

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Distribution agreement for RescueFlow® in France

BioPhausia Marketing has during the period focused its operations on negotiations with future distributors in the countries where RescueFlow® is approved for marketing. These efforts have resulted in a distribution agreement with Laboratoires Belamont, France, regarding sales of RescueFlow®. Laboratoires Belamont is part of the Cider Santé Group, which is one of the leading pharmaceutical organisations in France and the French speaking countries in Africa. The agreement covers France, 24 countries in Africa, and a further nine territories under French rule. Sales are expected to commence after the local administrative and business processes have been completed.

BioPhausia opens a new sales office in Germany

In connection with the introduction of RescueFlow®, BioPhausia has opened a sales representation office in Germany. The German pharmaceutical market is one of the largest in Europe, and a sales office combined with a number of sub-distributors provides BioPhausia with a more efficient way to influence the market, as well as better service for the customers.

The Board gets authorisation to decide on a new share issue

On May 4 the Annual General Meeting decided to authorise the Board of Directors to, on one or several occasions, decide on a new issue of Series A or B shares. The authorisation will be effective until the next Annual General Meeting. Any issue so authorised may be carried out independently of shareholders' preferential rights. Payment can be made in cash or in kind. The maximum number of shares that may be issued is 10.000.000 at par value of SEK 2.50 each.

New Chairman of the Board and Managing Director - Organisation and personnel

Soili Longsen assumed her position as Managing Director on May 4. During the period the new marketing concentrated organisation has come into operation. Claes Thulin was elected Chairman of the Board on May 4. The number of employees was on June 30 10 (18).

Group results

Net sales for the period cover sales in the Nordic countries. Net sales during the previous year mainly covered sales of license rights. The period produced a loss of SEK 11.225.000 (loss: 14.964.000). Total depreciation, SEK 952.000 (1.600.000) has been distributed among the various functions. Research and development expenses amounted to SEK 5.734.000 (10.211.000).

Financial position and investments

The Group's liquid funds at the end of the period amounted to SEK 13.883.000 (12.476.000). The equity/assets ratio was 48.5% (52.5%). No investments in fixed assets were made during the period.

Summary of Consolidated Income Statement (SEK 000's)

	Jan-June 2000	Jan-June 1999
Net sales	317	1 764
Cost of goods sold	-	-13

Cost of licences sold		-400
Gross profit	317	1 351
Selling expenses	-751	-
Administrative expenses	-5 333	-6 288
Research and development expenses	-5 734	-10 211
Exchange profit	597	643
Exchange loss	-321	-459
Operating loss	-11 225	-14 964
Interest income and similar revenues	309	235
Interest expenditure and similar costs	-1 154	-341
Loss after financial items	-12 070	-15 070
Taxes	-4	-21
Net loss for the period	-12 074	-15 091

Summary of Consolidated Balance Sheet (SEK 000's)

	2000-06-30	1999-06-30
Immaterial fixed assets	17 842	27 103
Tangible fixed assets	628	14 587
Financial fixed assets	11 720	1 772
Inventories	66	76
Accounts receivable	654	5 625
Other current assets	2 639	2 626
Liquid assets	13 883	12 476
Total assets	47 432	64 265
Equity	23 003	33 733
Interest-bearing liability	20 344	20 000
Operating liability	4 085	10 532
Total equity	47 432	64 265

Key ratios

Equity per share, SEK	2.3	3.8
Equity/assets ratio	48.5	52.5
Earnings per share SEK	-1.2	-1.7

Summary of Cash Flow Analysis, Group (SEK 000's)

	Jan-June 2000	Jan-June 1999
Cash flow from the current operation before change in In working capital	-11 122	-13 491
Change in working capital	-12 085	1 851
Cash flow from the current operation	-23 207	-11 640
Cash flow from investing activities	-35	1 160

Cash flow from financing activities	34 992	-139
Changes in liquid assets	11 750	-10 619
Liquid assets at the start of the period	2 133	23 095
Liquid assets at the end of the period	13 883	12 476

Summary of operating profit/loss, Group (KSEK)

	Q2 2000	Q1 2000	Full year 1999	Q4 1999	Q3 1999	Q2 1999	Q1 1999
Gross profit/loss	317	-	1 351	-	-	1 201	150
Selling expenses	-751	-	-	-	-	-	-
Admin. expenses	-2 002	-3 331	-13 492	-3 897	-3 307	-3 435	-2 853
R&D expenses	-3 235	-2 499	-18 728	-4 360	-4 157	-3 641	-6 570
Items affecting comparability		-	3 290	-	3 290	-	-
Exchange loss/profit	-83	359	199	157	-142	147	37
Operating loss	-5 754	-5 471	-27 380	-8 100	-4 316	-5 728	-9 236

Uppsala August 24, 2000

Soili Longsén
Managing Director

The company's auditors have not subjected this report to a special examination.