

Report for the first half of 2002

Biora AB (publ)

August 23, 2002

	2nd Qtr 2002	2nd Qtr 2001	First half 2002	First half 2001	Full year 2001
Net sales, SEK million	36.4	28.8	71.4	55.8	110.7
Operating result, SEK million	1.4	-6.2	0.4	-15.2	-26.5
Net result, SEK million	1.4	-6.1	0.7	-14.8	-25.1

- Sales during the first half of 2002 increased by 28 percent to SEK 71.4 million (compared to SEK 55.8 million for the first half of 2001).
- Sales during the second quarter 2002 increased by 26 percent to SEK 36.4 million (compared to SEK 28.8 million for the second quarter 2001). The increase occurred primarily in the United States, Germany and Japan.
- Net result for the first half of 2002 was a profit of SEK 0.7 million (compared to a net loss of SEK 14.8 million for the first half of 2001).

Biora develops, manufactures and sells biology-based products to dentists. Its principal product, Emdogain® Gel, which is approved for sale in Europe, North America and Japan among others, naturally regenerates the tooth-supporting structure that the tooth has lost due to periodontitis. Biora's American Depositary Shares are quoted on the OTC market in the U.S. and Biora's ordinary shares are listed on the "O-list" of the Stockholm Stock Exchange in Sweden.

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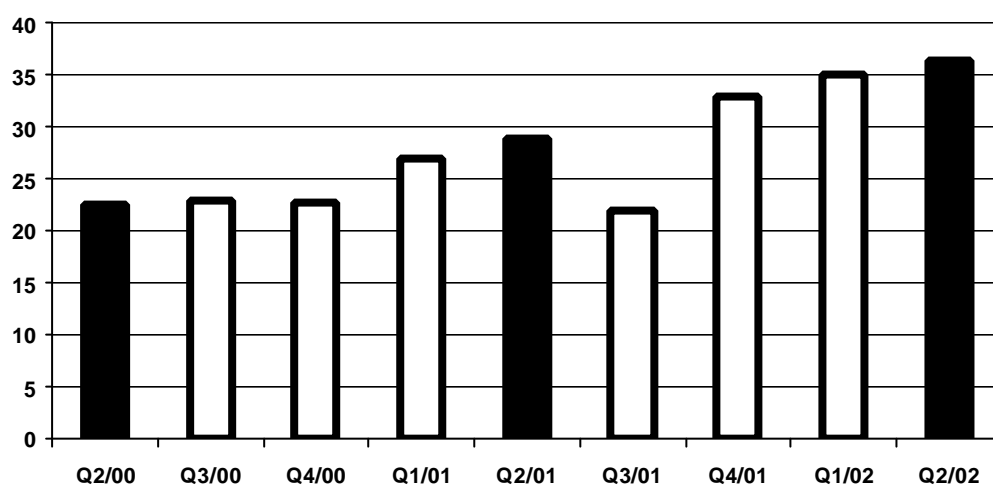
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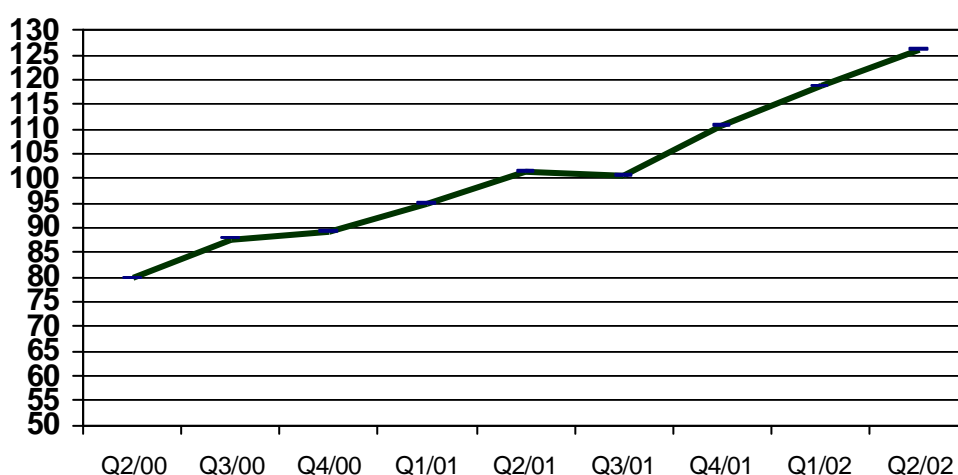
Biora's net sales for the first half of 2002 amounted to SEK 71.4 million (SEK 55.8 million). This represents an increase in revenue of 28 percent (27 percent at fixed rates of foreign exchange). The increase in sales occurred primarily in the United States, German and Japanese markets.

Sales during the second quarter equaled SEK 36.4 million (SEK 28.8 million), an increase of 26 percent (31 percent at fixed rates of exchange).

Sales by quarter, SEK million



Moving annual sales reported by quarter, Q2 2000 – Q2 2002, SEK million



(Throughout this report, figures for the comparable period in year 2001 are noted in parentheses immediately following the year 2002 figures.)

MARKETS

Continued strong sales growth in the U.S market

The United States is Biora's single largest market. Sales in the first half of 2002 were SEK 35.1 million (SEK 29.7 million), an increase of 18 percent both in SEK and in U.S. dollars compared to the corresponding period in 2001. Sales during the second quarter equaled SEK 18.8 million (SEK 16.5 million).

Sales growth of 17 percent in the German market

Germany is Biora's largest market in Europe. Sales in the first half of 2002 amounted to SEK 13.8 million (SEK 11.8 million), an increase of 17 percent (15 percent in local currency) compared to the corresponding period in 2001. Sales during the second quarter equaled SEK 7.2 million (SEK 5.5 million). In June 2002, Biora signed an agreement with Willvonseder & Marchesani regarding the distribution of Emdogain® Gel in Austria. Willvonseder & Marchesani is one of the leading suppliers of dental products in Austria. (Sales in Austria are included in the German market sales).

Launch of Emdogain® Gel in Japan

The launch of Emdogain® Gel took place during mid-April in conjunction with the Japanese Association of Clinical Periodontology's conference, one of the largest periodontal congresses in Japan. The introduction of Emdogain® Gel has resulted in positive responses from customers. Biora's deliveries of Emdogain® Gel to Seikagaku, its Japanese partner, during the first half of 2002 amounted to SEK 7.9 million. No shipments were made during the corresponding period in 2001.

RESEARCH AND DEVELOPMENT

Biora's research efforts are focused on developing new, proprietary products for the dental market, and on expanding the indications for Emdogain® Gel.

A registration application for the furcation indication (periodontal defects between the dental roots) was submitted to the Food and Drug Administration (FDA) during June 2002. An application for the indication for recession defects (exposed root surfaces) will be submitted to the FDA during the third quarter 2002.

Ongoing research projects are progressing as follows:

- An enamel matrix protein-based product for endodontic therapy (treatment of dental pulp) – the phase I trial is ongoing.
- A patent-protected pharmaceutical product to treat xerostomia (dry mouth) – one phase I study was completed during the second quarter this year. Biora is now, in collaboration with Medpharma, planning to initiate a phase II study.

OTHER INFORMATION

New Chief Financial Officer

Svante Lundell has been appointed as the new Chief Financial Officer of Biora AB effective September 1st, 2002. He has most recently practiced as a financial consultant focusing on financial analysis and was previously Vice President, Finance Europe at Hercules Inc., a US specialty chemical company. Svante Lundell replaces Kerstin Pålsson, who has decided to resign from her position for family reasons. She joined Biora as Group Controller in 1997.

Biora will provide financial information to shareholders in a more cost-effective manner

In discussions with Biora's shareholders the company has realized that more and more shareholders use Biora's homepage (www.biora.com) as their primary source when searching for new information about the Company. One of the reasons for this is that all Press Releases and Financial Reports are published on Biora's homepage directly after they have been made public while the printed copy of the financial quarterly reports does not reach Biora's shareholders until approximately a week later.

Shareholders can now also register directly on Biora's website to receive the quarterly reports and press releases via e-mail immediately after the information has been made public. To register please visit Biora's homepage, click the "Register" button, fill in the application form and click "Submit". Due to the availability of electronic delivery of the Company reports, and in order to eliminate the significant costs to the Company that are associated with the printing and distribution of the quarterly reports, Biora's Management Group believes that it is in the best of interest of the Company to cease the printing and distribution of future quarterly financial reports. For those shareholders who would like to continue to receive a hard copy of the quarterly reports by post mail, please contact Biora. Biora will continue to distribute a printed copy of its annual report to shareholders.

FINANCIAL INFORMATION

Net sales

The Group's net sales during the first half of 2002 increased to SEK 71.4 million (SEK 55.8 million). This corresponds to an increase of 28 percent (27 percent at fixed rates of exchange). For the second quarter, net sales equaled SEK 36.4 million (SEK 28.8 million).

Results

Gross profit during the first half of 2002 was SEK 58.4 million (SEK 43.1 million). The improvement is primarily attributed to increased sales in the United States and Germany as well as to the launch of Emdogain® Gel in Japan. Gross profit for the second quarter equaled SEK 30.3 million (SEK 22.4 million) whereas SEK 1 million is due to the effect of the exchange rate related to internal deliveries to Biora Inc. in the U.S.

The operating result in the first half of 2002 amounted to a profit of SEK 0.4 million (SEK 15.2 million loss). This is due to the increase in sales. Selling expenses were increased by SEK 1.2 million and research and development costs decreased by SEK 5.0 million. The reduction in R&D expenses is primarily due to completion of certain R&D projects during 2001. Administrative expenses during the first half of 2002 decreased by SEK 0.8 million. The change in other operating income and expenses is explained in note 2 to the consolidated statements of operations. For the second quarter, the operating result equaled a profit of SEK 1.4 million (SEK 6.2 million loss).

Net financial items for the first half of 2002 were SEK 0.4 million (SEK 0.5 million).

The net result after tax in the first half of 2002 was a profit of SEK 0.7 million (SEK 14.8 million loss) corresponding to a profit of SEK 0.03 per share (SEK 0.70 loss) calculated on the average number of shares outstanding (23,753,800, compared to 21,203,800 during the corresponding period in 2001). The net result for the second quarter was SEK 1.4 million (SEK 6.1 million loss), which corresponds to a profit per share of SEK 0.06 (SEK 0.29 loss).

Capital expenditures

Capital expenditures for tangible long-term assets and patents during the first half of 2002 were SEK 1.7 million (SEK 1.2 million).

Financial position

The net change in cash and cash equivalents during the first half of 2002 was negative SEK 8.4 million (negative SEK 18.9 million).

At the end of the reporting period (figures for December 31, 2001 for comparison are given below in parentheses) the Group's liquid funds amounted to SEK 43.1 million (SEK 51.5 million), the equity/assets ratio was 64.8 percent (60.6 percent) and the Group's equity amounted to SEK 56.5 million (SEK 55.9 million).

Employees

As of June 30, 2002, the Group had 76 employees, compared to 83 at December 31, 2001.

Parent company

Net sales for the first half of 2002 equaled SEK 44.0 million (SEK 26.5 million) and the loss before appropriations and income taxes was SEK 0.2 million (SEK 18.3 million loss).

Capital expenditures for tangible long-term assets and patents during the first half of 2002 were SEK 1.4 million (SEK 0.5 million). The net change in cash and cash equivalents for the first six months was negative by an amount of SEK 3.3 million (neg. SEK 20.5 million). At the end of the reporting period (figures for December 31, 2001 for comparison are given below in parentheses) the parent company's liquid funds amounted to SEK 36.6 million (SEK 39.9 million), the equity/assets ratio was 82.2% (77.9 %) and the parent company's equity amounted to SEK 72.4 million (SEK 72.2 million).

Accounting principles

The accounting principles and calculation methods used in this report for the first half of 2002 are the same as those used in the annual report 2001.

Upcoming financial information

Biora will publish financial information on the following dates:

Interim Report for the first nine months 2002

November 7, 2002

Malmö, August 23, 2002

Donna Janson, President and CEO

Biora's auditors have not audited this interim report

Biora AB has registered the trademarks Emdogain® and PrefGel™. In this report these registrations are only publicized in this paragraph.

This report may contain certain forward-looking statements that relate to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those discussed. The Company cautions that these statements are subject to important factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements and are more fully discussed in periodic reports filed with the Securities and Exchange Commission.

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CONSOLIDATED STATEMENTS OF OPERATIONS

(Swedish GAAP, unaudited)	2002 Half year (TUSD) 1)	2002 2nd Qtr (TSEK)	2001 2nd Qtr (TSEK)	2002 Half year (TSEK)	2001 Half year (TSEK)	2001 Full year (TSEK)
Net sales	7 011	36 380	28 840	71 386	55 847	110 677
Cost of goods sold	-1 271	-6 129	-6 424	-12 943	-12 730	-22 797
Gross profit	5 740	30 251	22 416	58 443	43 117	87 880
Selling expenses	-3 646	-17 903	-17 999	-37 118	-35 909	-76 998
Administrative expenses	-1 085	-5 732	-5 717	-11 051	-11 875	-22 880
Research and development costs	-866	-4 478	-6 957	-8 822	-13 834	-26 787
Other operating income and expenses 2)	-108	-775	2 070	-1 096	3 289	12 321
Operating result	35	1 363	-6 187	356	-15 212	-26 464
Financial net	43	90	66	436	466	1 403
Result after financial items	78	1 453	-6 121	792	-14 746	-25 061
Income tax 3)	-11	-63	-22	-113	-22	-34
Net result for the period	67	1 390	-6 143	679	-14 768	-25 095
Result per share 4)	0,00	0,06	-0,29	0,03	-0,70	-1,14
Number of shares outstanding at the end of the period (000s)	23 754	23 754	21 204	23 754	21 204	23 754
Average number of shares outstanding (000s)	23 754	23 754	21 204	23 754	21 204	22 014

1) Average exchange rate Jan-June, 2002, USD 1 = 10,1818

2) Installments for license agreement regarding a development project for xerostomia are included in other operating income by 1,039 TSEK in the first quarter, 1,963 TSEK in the second quarter and by 4,965 TSEK during the full year 2001. Other operating income and expense for the full year 2001 also includes a lump sum amounting to 10,000 TSEK (0 TSEK in the first and second quarter) for a license agreement regarding a BioEx development project in woundhealing (non dental). Consolidated other expenses for the full year 2001 include 1,200 TSEK (0 TSEK in the first and second quarter) in royalty expenses to the Swedish Industrial Fund for the latter license agreement as well as 1,447 TSEK (0 TSEK in the first and second quarter) in administrative expenses in connection with outlicensing of the woundhealing project. Other operating income and expenses during the first half of 2002 consists mainly of unrealized exchange rate changes.

3) The Company does not account for any tax income, either in respect of the result for the period or in respect of accumulated losses. Deferred tax assets have been reduced by a valuation allowance to the amount that is "more likely than not" to be realized. The net deferred tax asset is zero.

4) Result per share has been calculated by dividing the net result for the period by the average number of shares. Since the present value of the options' exercise prices is higher than the net realizable value of the shares, the result per share before and after dilution is the same.

CONSOLIDATED BALANCE SHEETS

(Swedish GAAP, unaudited)

	June 30 2002 (TUSD) 1)	June 30 2002 (TSEK)	June 30 2001 (TSEK)	Dec 31 2001 (TSEK)
Intangible long-term assets	778	7 919	7 253	6 948
Tangible long-term assets	273	2 778	5 045	3 738
Financial long-term assets	58	590	642	634
Total long-term assets	1 109	11 287	12 940	11 320
Inventories	846	8 616	5 832	7 836
Current receivables	2 374	24 174	24 035	21 495
Bank deposits	-	-	20 000	25 951
Cash and bank	4 233	43 099	14 840	25 520
Total current assets	7 453	75 889	64 707	80 802
Total assets	8 562	87 176	77 647	92 122
Shareholders' equity 2)	5 544	56 451	41 352	55 870
Provisions	25	252	278	305
Long term liabilities 2), 3)	-	-	3 506	-
Current liabilities 3)	2 993	30 473	32 511	35 947
Total shareholders' equity and liabilities	8 562	87 176	77 647	92 122

1) Average exchange rate Jan-June 2002, USD 1 = 10.1818

2) Change in shareholders' equity

	Share capital	Other restricted equity	Accumu- lated loss	Total 06.30.02	Total 06.30.01	Total 12.31.01
Opening balance	950	90 004	-35 084	55 870	50 915	50 915
Disposition of loss		-22 030	22 030	0	0	0
Earlier received option premiums matured				-	5 320	5 320
Issuance of new shares				-	-	23 805
Liabilities for option premiums received transferred to share premium reserve				-	-	1 106
Change in translation differences		-123	25	-98	-115	-181
Result for the period			679	679	-14 768	-25 095
Closing balance	950	67 851	-12 350	56 451	41 352	55 870

3) Interest-bearing liabilities amounted to zero on June 30, 2002 and December 31, 2001, and to 2,400 TSEK on June 30, 2001.

STATEMENT OF CASH FLOWS

Consolidated (TSEK)

(Swedish GAAP, unaudited)

	2002 2nd qtr	2001 2nd qtr	2002 1st half	2001 1st half	2001 Full year
Result for the period	1 390	-6 143	679	-14 768	-25 095
Depreciation and amortization	802	1 362	1 596	2 608	5 939
Other adjustments to reconcile net result to net cash flows from operating activities	52	952	106	977	89
Change in assets and liabilities	-5 425	-2 932	-8 304	-9 021	-6 413
Net cash used in operating activities	-3 181	-6 761	-5 923	-20 204	-25 480
Capital expenditures (tangible assets and patents)	-1 323	-776	-1 710	-1 186	-2 872
Payments concerning other long-term receivables	-	-	-	1 920	1 920
Net cash used in/from investing activities	-1 323	-776	-1 710	734	-952
Net cash from financing activities	-	-	-	-	23 500
Effect of exchange rate changes on cash and cash equivalents	-417	144	-739	555	648
Net change in cash and cash equivalents	-4 921	-7 393	-8 372	-18 915	-2 284

KEY RATIOS

Consolidated

(Swedish GAAP, unaudited)

	2002 1st half	2001 1st half	2001 Full year	2000 Full year	1999 Full year
Net sales (TSEK)	71 386	55 847	110 677	89 160	73 556
Gross margin, % 2)	81.9	77.2	79.4	76.3	79.0
R & D costs (TSEK) 3)	8 822	13 834	26 787	42 789	41 597
Return on capital employed, % 1), 4)	2.8	-59.2	-45.5	-83.7	-50.7
Return on equity, % 5)	2.4	-64.0	-47.0	-85.4	-50.8
Equity/assets ratio, % 6)	64.8	53.3	60.6	55.8	78.3
Net debt/equity ratio, % 7)	-76.3	-78.4	-92.1	-100.9	-88.5
Total equity (TSEK)	56 451	41 352	55 870	50 915	127 406
Average number of shares outstanding, 000s 8)	23 754	21 204	22 014	21 204	21 204
Equity per share, SEK 8)	2.38	1.95	2.54	2.40	6.01
Result per share, SEK 8)	0.03	-0.70	-1.14	-3.59	-4.09
Cash flow per share, SEK 9)	-0.35	-0.89	-0.10	-2.78	-3.50

1) Return on capital employed and return on equity have been calculated by multiplying the six-month operating result and net result by 2 to obtain comparability with the other twelve-month key ratios presented.

2) Gross profit divided by net sales.

3) R&D costs are shown gross, including capitalized costs. During 2002, as in 1999, 2000 and 2001, no costs were capitalized under the heading Capitalized R&D costs, which explains why the net and gross costs were equal at 8 822.

4) Operating result plus financial income divided by average total assets (total assets less non-interest-bearing operating liabilities including deferred taxes).

5) Net result divided by average equity.

6) Shareholders' equity divided by total assets.

7) Interest-bearing liabilities less cash and bank deposits divided by shareholders' equity.

8) The dilution effects of outstanding options have not been considered when calculating equity, result and cash flow per share for the years 1999-2002 as the present value of the exercise prices at each year end has been higher than the net realizable value of the shares.

9) Net change in cash and cash equivalents divided by the average number of shares in accordance with note 8).