



INTERIM REPORT JANUARY - SEPTEMBER 2002

- Biacore's sales in the third quarter of 2002 increased by 25% to SEK 142.4 million (113.8). Sales were particularly strong in Europe. Through the first nine months of the year sales have increased by 19% to SEK 438.3 million (368.7).
- Operating income in the third quarter increased by 229% to SEK 30.3 million (9.2). For the first nine months of 2002, operating income increased by 140% to SEK 92.1 million (38.4). The operating margin was 21%.
- Earnings per share in the third quarter increased by 8% to SEK 1.16 (1.07). Excluding items of a one-off nature in 2001 and 2002 related to the Company's equity portfolio in the emerging biotechnology sector, earnings per share increased by 236% to SEK 2.45 (0,73). Earnings per share through the first three quarters of 2002 increased by 20% to SEK 4.06 (3.37).
- The Company continues to generate strong cash flow as evidenced by SEK 111.9 million in cash flow from operating activities in the period January-September 2002.
- The new cell based assay system Procel[®], which is designed to complement Biacore[®]S51 in the field of lead optimization, is on schedule to be launched at the end of 2002. As previously reported, Biacore will invest in the region of SEK 35 million in 2002 on commercializing its SPR array chip technology.
- Biacore maintains the sales forecast it made in the half-year report and continues to expect that its sales will increase by approximately 15% in 2002. Earnings per share for the full-year 2002 are expected to increase by more than 60% over earnings per share in 2001 which were SEK 5.04. This is an addition to the previous forecast, which stated that combined marketing and administration costs were expected to increase by no more than 10% but which did not include any forecast of earnings per share.

	January - September			July - September		
	2002	2001	Change	2002	2001	Change
Sales, SEK million	438.3	368.7	19%	142.4	113.8	25%
Operating income, SEK million	92.1	38.4	140%	30.3	9.2	229%
Operating margin, %	21	10		21	8	
Income after financial items, SEK million	70.6	50.2	41%	19.9	16.2	23%
Earnings per share, SEK	4.06	3.37	20%	1.16	1.07	8%

OPERATIONAL REVIEW JANUARY-SEPTEMBER 2002

Amounts stated in this report pertain to the Biacore Group, unless indicated otherwise. Figures in parentheses refer to the corresponding period in 2001.

Biacore has had an excellent third quarter with both sales and operating income showing good growth. This strong performance reflects the unique benefits of the Company's SPR technology and the strength of its customer base, particularly key academic centers around the world.

Biacore's sales in the third quarter of 2002 increased by 25% to SEK 142.4 million (113.8). Sales to the Company's core academic customers were strong, more than offsetting a slowdown in purchases by the pharmaceutical and biotechnology industries. Sales in the first nine months of 2002 increased by 19% to SEK 438.3 million (368.7). Excluding currency effects, sales in the first three quarters of 2002 increased by 18%.

Biacore[®]3000 continues to be the Company's best-selling product. This flexible system is Biacore's most important product offering to academic customers in its core basic life science research market. In key academic centers and institutes around the world Biacore[®]3000 is used to solve a wide range of biological research problems, especially in the field of functional proteomics.

The third quarter saw further sales of the Company's new Biacore[®]S51. This new system has been designed for lead optimization and certain specific ADME applications, two of the key problem areas faced by the drug discovery industry today. The third quarter also saw further sales of Biacore[®]C, which is used for manufacturing quality control applications.

Sales were divided geographically as follows:

SEK million	January-September			July-September		
	2002	2001	Change	2002	2001	Change
Americas	206.7	185.9	11%	59.6	57.1	4%
Europe	111.2	87.5	27%	44.2	24.9	78%
Asia-Pacific	120.4	95.3	26%	38.6	31.8	21%

Sales in the Americas in the third quarter increased by 4% to SEK 59.6 million. However, sales in Europe in the third quarter recovered strongly with sales up 78% to SEK 44.2 million. Sales also continued to grow significantly in Asia-Pacific with revenues up 21% to SEK 38.6 million.

The 83% gross margin achieved through the first nine months of 2002 was consistent with prior periods.

As forecast, the Company has continued to keep a tight control of its operating costs, which have developed much more slowly than sales. Total costs for marketing, administration and research and development increased by 6% to SEK 90.6 million (85.3) in the third quarter. Marketing and sales costs increased by 5% to SEK 47.9 million (45.6), while administration costs rose by 14% to SEK 19.2 million (16.9). Of this amount, SEK 4 million pertains to an adjustment of pension plan assets to required levels.

R&D spending increased by 3% to SEK 23.5 million (22.8) in the third quarter. The low increase of R&D costs during this period resulted from the absence of costs associated with the development of Biacore[®]S51 and Biacore[®]C, which were launched in the second half of 2001, as well as the capitalization of SEK 0.9 million (0.0) of R&D expenses due to

a change in Swedish accounting standards on R&D expenses that came into effect at the beginning of 2002. During the third quarter, SEK 9.0 million (8.0) was spent to commercialize Biacore's unique SPR array chip technology. In 2002, Biacore will spend in the region of SEK 35 million on this project. SEK 29.9 million was invested in this project during 2001.

The strong increase in sales allied to the Company's tight control of costs meant that operating income increased by 229% to SEK 30.3 million. The operating margin in the third quarter – and for the entire period January-September – was 21%. In the first nine months, operating income has increased by 140% to SEK 92.1 million due to the Company's strong operating performance and the SEK 19.6 million payment in damages from Thermo related to the patent dispute in the U.S.

Currency differences during the period January-September amounted to SEK -12.1 million (9.4) in 'Other income and expenses' and SEK 0.0 million (0.5) in 'Financial items'.

Due to the continuing deteriorating conditions within the early stage biotech community, Biacore has decided to make a further SEK 12.6 million provision against its equity portfolio in this sector. Following this provision, Biacore has no further exposure to early stage biotechnology investments.

The tax charge for the first nine months of 2002 was 44% (33) of income after financial items. This higher tax rate is due to losses on equity investments only being deductible against gains on such investments. Biacore currently has no realized or unrealized gain on any such investment against which it could offset any loss. Excluding the impact of the provisions outlined above, the tax rate was 32%. Net income in the third quarter was SEK 11.3 million (10.6), giving an 8% increase in diluted earnings per share to SEK 1.16 (1.07). For the first nine months of 2002, diluted earnings per share increased by 20% to SEK 4.06 (3.37).

The strong earnings before depreciation, amortization and write-downs of equity investments, including damages received for patent infringement, was the main factor behind the net cash flow of SEK 91.1 million in the first nine months of 2002.

INVESTING ACTIVITIES

During the first nine months of 2002, capital expenditures totaled SEK 22.5 million (32.1).

PERSONNEL

At the end of September 2002, Biacore had 323 (280) permanent employees.

BUSINESS REVIEW

Biacore's strategic focus is to maximize the potential of its unique SPR technology to improve the overall economics of the drug discovery and development process, whether it takes place in major academic or industrial laboratories. This strategy is based on Biacore's belief that its SPR technology based systems can make a major contribution to improving the overall economics of the entire drug discovery and development process. This improvement can be achieved by generating important new insights into the biology of disease through its key role in functional proteomics as well as by overcoming a number of the key bottlenecks faced by the pharmaceutical and biotechnology industries in the development of new medicines, particularly in the area of lead optimization.

Growing Applications for Academic Customers

Over the past two years, Biacore has invested in marketing the ability of its SPR technology based systems to help solve many of the important problems faced by academic scientists working on a better understanding of the molecular causes of disease. Key areas where Biacore has focused its marketing activities include **Cancer**, **Neuroscience** and **Proteomics**. Two key areas of proteomics where Biacore's SPR systems are clearly recognized as of great value are ligand fishing and protein interactions. These areas are both crucial to developing a clear understanding of disease and for identifying drug-like structures that may prove the basis of potential drug candidates.

Bruker Daltonics Collaboration – Focus on Functional Proteomics

In order to improve further Biacore's leading global position in the field of proteomics, Biacore has an on-going collaboration with Bruker Daltonics. This collaboration aims to offer scientists a methodology that combines:

- The ability of Biacore's SPR technology to generate unique functional data on protein–protein or protein–ligand interactions, and;
- Bruker Daltonics' expertise in mass spectrometry (MS), which allows the identification and characterization of the proteins of interest.

The combination of these technologies represents an exciting commercial opportunity in linking function to structure in the field of proteomics. This would enable drug discovery scientists to quickly identify and characterize new targets that have been generated as a result of the major advances in the field of genomics.

Over the past few months, significant progress has been made in achieving the collaboration's goals. Scientists from both companies have already successfully demonstrated the principle of the combined technique of SPR-MS using several model systems.

Developing High Quality Drug Candidates

In parallel to generating clearer insights into the causes of disease, Biacore's SPR technology based systems are being used by pharmaceutical and biotechnology companies to discover and develop better drugs for the treatment of a wide range of diseases.

New Systems Continue to Gain Market Acceptance

A key element of Biacore's pharmaceutical/biotechnology industry strategy is the development of systems focused on key applications for this customer group. To this end, Biacore introduced two new systems in the second half of 2001:

- Biacore[®]S51 for lead optimization and certain ADME applications, and;
- Biacore[®]C for rapid concentration analysis in drug development, manufacturing quality control (QC) and in-process control applications.

In September 2002, Biacore hosted a one-day conference on SPR technology at the National Cancer Institute in the U.S. This seminar covered a range of topics including

Biacore[®]S51 and discussed the important scientific results that have been generated at this world-leading research center using SPR technology.

Both Biacore[®]S51 and Biacore[®]C have been well received by customers in the pharmaceutical and biotechnology industries and sales have continued to grow despite clear signs of a slowdown in research spending by the major pharmaceutical companies and biotechnology companies of all sizes.

Procel[®] Cell-Based Assay System Moves Ahead

A further element of Biacore's strategy is to broaden its overall technology offering to the drug discovery and development industry. In the second half of 2001, Biacore acquired a license to the majority of the proprietary fluorescent cell-based assay technology developed by the U.S. company Axiom Biotechnologies Inc.

Since acquiring this technology, Biacore has moved ahead quickly in the development of a new cell-based assay system, which is to be called Procel[®]. The system is now undergoing beta testing to generate the data needed to finalize its development and to market this new system, which is on schedule to be launched at the end of 2002. The new Procel[®] system is designed to complement Biacore[®]S51 and will provide Biacore with a highly competitive offering in the field of lead optimization. The complementary nature of these two products will also provide Biacore with significant synergies in sales and marketing.

Research Consulting Services in the U.S.

The new research consulting services (RCS) offering that Biacore launched in the U.S. in late 2001 has met with a very positive response. RCS is a unique fee-for-service business that is designed to provide access to the benefits of SPR technology to a much larger number of research scientists. This new service, which capitalizes on Biacore's ability to design and perform reliable and quality experiments across a wide range of applications, is already working on a growing number of contracts for major pharmaceutical companies and more resources are being added to support the increasing demand from customers. The growing interest in this service has led Biacore to start this service in Japan and the first customer contracts have already been started.

SPR Array Chip Technology Collaborations Move Forward

Biacore's unique SPR array chip technology is a key element of the Company's medium-term growth ambitions. This technology represents an important breakthrough, as it has the potential to increase significantly the number of detailed biological evaluations that can be performed by research and development scientists each day. The dramatic increase in the high quality information that can be generated using this new technology will allow Biacore to become a major player in the proteomics revolution, one of the most important areas of life science research.

Biacore has two important and complementary collaborations in place with BD Biosciences Pharmingen and Millennium Pharmaceuticals Inc., both of which are playing a key role in developing its unique SPR array technology.

The collaboration with BD Biosciences Pharmingen provides access to antibodies and reagents to support Biacore's technology platform specifically for the protein array market, while access to the scientists from Millennium Pharmaceuticals Inc. provides vital input to

potential drug discovery applications. Input from the scientists at Millennium on these potential applications have enabled the combined team to focus its R&D efforts on the key array technology formats that will meet the demands of this customer group. It is envisaged that the first SPR array chip format to be commercialized will be a small and high information content array that is designed to meet the requirements of customers whose activities include proteomics as well as applications downstream of HTS. Biacore continues to expect its first SPR array chip technology system to reach the market in 2004.

Biacore is confident that the successful development of its new SPR array chip technology will provide both of its key customer groups with a unique tool

- to explore protein function,
- to evaluate the therapeutic value of the vast number of proteins identified from genomic research, and
- to improve its product offering in the area of lead optimization.

Significant Breakthrough in Food Analysis

In the third quarter, Biacore achieved a very important milestone in the development of its food business. This milestone was the full validation and certification as a Performance Tested Method of its folic acid analysis kit by the AOAC (Association of Analytical Communities) Research Institute, the foremost independent body determining food-testing standards worldwide. The AOAC certification, which is recognized by food manufacturers globally, means that Biacore is now in a much stronger position to market its unique rapid routine test for the determination of the vitamin food supplement folic acid.

Biacore's new high performance system Biacore[®]Q is used to monitor the level of folic acid in a range of foodstuffs including cereals, milk powder, and milk and soya-based infant formulas.

Future Growth Prospects Remain Positive

Looking ahead, Biacore remains confident of its growth potential and in the ability of its strategy to deliver good results. This confidence is based on the Company's success to-date, which has clearly demonstrated the commercial value of its unique SPR technology in terms of the sales and profit growth that it continues to generate. Key factors which will fuel Biacore's future growth are:

- The longer-term growth that can be expected from its pharmaceutical and biotechnology customers through the continuing success of Biacore[®]3000 and the new systems: Biacore[®]S51 for lead optimization and Biacore[®]C for quality control applications. This product offering is due to be further enhanced with the launch of the new Procel[®] system at the end of 2002.
- The increasing range of opportunities for the Company's business with its core academic customers as a result of its marketing campaigns in the fields of cancer and neuroscience and particularly proteomics where there is growing recognition of the value of SPR technology in the field of functional proteomics.
- The potential of the Company's new SPR array chip technology, which will allow Biacore technology to be used for a broad range of applications across the whole of the drug discovery and development process where throughput is a key consideration.

These factors allied to Biacore's strong balance sheet, broad patent portfolio and the experience of the Biacore team should result in further value being created for our shareholders over the medium term.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Statement No. 20 (RR 20), Interim Financial Reporting. As of 2002, a number of new statements from the Swedish Financial Accounting Standards Council have become effective. The adoption of these new standards has not affected the reported results of operations or financial position of the company except for one of the new statements, No.15 Intangible Assets (RR15). This standard requires that product development expenses that fulfil certain criteria, but not other research and development expenses, be stated as assets and amortized over their estimated economic life. During 2002, the third quarter is the first quarter in which such items occur. The amount is SEK 0.9 million. In accordance with RR15, prior periods have not been restated.

QUARTERLY SALES VARIATIONS

Biacore's total sales during the period 1999-2001 were divided between the quarters as follows:

Quarter 1	22%	Quarter 3	20%
Quarter 2	22%	Quarter 4	36%

OUTLOOK FOR THE FULL-YEAR 2002

Biacore maintains the sales forecast it made in the half-year report and continues to expect that its sales will increase by approximately 15% in 2002. Earnings per share for the full-year 2002 are expected to increase by more than 60% over earnings per share in 2001, which were SEK 5.04. This is an addition to the previous forecast, which stated that combined marketing and administration costs were expected to increase by no more than 10% but which did not include any forecast of earnings per share.

Uppsala, Sweden, October 23, 2002
 BIACORE INTERNATIONAL AB (publ)
 Ulf Jönsson
 President and CEO

This interim report has not been subject to examination by the Company's auditors.

FINANCIAL INFORMATION

Biacore's Year-end report 2002 will be published on Friday, February 21, 2003.

Biacore is a global market leader in Surface Plasmon Resonance (SPR) technology based systems with its own sales operations in the U.S., across Europe, Japan, Australia and New Zealand. A strong patent portfolio protects Biacore's SPR technology. Target groups for the Company's products consist primarily of medical and life science research laboratories and pharmaceutical and biotechnology companies around the world. Biacore is focusing on drug discovery and development as its prime areas for future growth. Based in Uppsala, Sweden, the Company is listed on the Stockholm Stock Exchange and Nasdaq in the U.S.

This press release contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 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.

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More information on Biacore is available at the Company's website: www.biacore.com
(SSE: BCOR; Nasdaq: BCOR; Reuters: BCOR.N)

SEK million	January-September			July-September			Full year
	2002	2001	Change	2002	2001	Change	2001
Sales	438.3	368.7	19%	142.4	113.8	25%	543.7
Cost of goods sold	-72.4	-67.7	7%	-22.9	-20.3	13%	-99.8
Marketing	-146.4	-132.4	11%	-47.9	-45.6	5%	-188.7
Administration	-54.7	-58.4	-6%	-19.2	-16.9	14%	-86.7
Research and development	-78.1	-77.7	1%	-23.5	-22.8	3%	-104.7
Other income and expenses	8.8	9.6		2.5	2.2		5.3
Amortization of goodwill	-3.4	-3.7		-1.1	-1.2		-5.0
Operating income	92.1	38.4	140%	30.3	9.2	229%	64.1
Financial items, net	-21.5	11.8		-10.4	7.0		13.8
Income after financial items	70.6	50.2	41%	19.9	16.2	23%	77.9
Income taxes	-31.0	-16.6		-8.7	-5.6		-27.6
Minority interest	0.6	-		0.1	-		-
Net income	40.2	33.6		11.3	10.6		50.3
Basic earnings per share, SEK	4.12	3.45		1.16	1.09		5.16
Diluted earnings per share, SEK	4.06	3.37		1.16	1.07		5.04
No. of shares, average, diluted, thousands	9,890	9,977		9,750	9,930		9,981
Net income	40.2	33.6		11.3	10.6		50.3
Stock options issued	-	12.8		-	-		18.2
Currency translation differences	-12.6	12.8		1.0	2.2		6.6
Change in shareholders' equity	27.6	59.2		12.3	12.8		75.1

Quarterly Income Statements

SEK million	July-Sept.	April-June	Jan.-March	Oct.-Dec.	July-Sept.	April-June	Jan.-March
	2002	2002	2002	2001	2001	2001	2001
Sales	142.4	154.6	141.3	175.0	113.8	122.4	132.5
Cost of goods sold	-22.9	-25.1	-24.4	-32.1	-20.3	-23.8	-23.6
Marketing	-47.9	-55.6	-42.9	-56.3	-45.6	-47.8	-39.0
Administration	-19.2	-19.5	-16.0	-28.3	-16.9	-18.5	-23.0
Research and development	-23.5	-32.3	-22.3	-27.0	-22.8	-29.7	-25.2
Other income and expenses	2.5	11.2	-4.9	-4.3	2.2	2.1	5.3
Amortization of goodwill	-1.1	-1.1	-1.2	-1.3	-1.2	-1.3	-1.2
Operating income	30.3	32.2	29.6	25.7	9.2	3.4	25.8
Financial items, net	-10.4	-12.7	1.6	2.0	7.0	2.6	2.2
Income after financial items	19.9	19.5	31.2	27.7	16.2	6.0	28.0
Income taxes	-8.7	-12.2	-10.1	-11.0	-5.6	-2.0	-9.0
Minority interest	0.1	0.1	0.4	-	-	-	-
Net income	11.3	7.4	21.5	16.7	10.6	4.0	19.0
Basic earnings per share, SEK	1.16	0.75	2.21	1.71	1.09	0.41	1.95
Diluted earnings per share, SEK	1.16	0.75	2.17	1.68	1.07	0.40	1.91
No. of shares, average, diluted, thousands	9,750	9,896	9,918	9,957	9,930	10,023	9,943

Sales by region

SEK million	Jan.-Sept.	Jan.-Sept.	July-Sept.	April-June	Jan.-March	Oct.-Dec.	July-Sept.	April-June	Jan.-March
	2002	2001	2002	2002	2002	2001	2001	2001	2001
Americas	206.7	185.9	59.6	80.8	66.3	63.4	57.1	54.7	74.1
Europe	111.2	87.5	44.2	36.5	30.5	63.5	24.9	39.8	22.8
Asia-Pacific	120.4	95.3	38.6	37.3	44.5	48.1	31.8	27.9	35.6
	438.3	368.7	142.4	154.6	141.3	175.0	113.8	122.4	132.5

Biacore Consolidated Balance Sheets

SEK million	September 30		Dec. 31
	2002	2001	2001
Intangible assets	81.5	86.8	84.3
Property, plant & equipment	113.9	106.5	107.6
Long-term investments	9.8	40.5	40.5
Other long-term assets	26.6	23.2	28.7
Other current assets	247.3	209.6	249.0
Liquid funds	311.9	247.1	220.8
Total assets	791.0	713.7	730.9
Shareholders' equity	596.8	553.3	569.2
Minority interest	0.9	-	-
Provisions	67.9	58.6	64.2
Liabilities	125.4	101.8	97.5
Total shareholders' equity and liabilities	791.0	713.7	730.9

Financial structure

Operating capital	311.6	287.0	336.5
Long-term investments	9.8	40.5	40.5
Net interest-bearing assets	277.7	220.8	193.1
Net payable and deferred income tax liability	-1.4	5.0	-0.9
Minority interest	-0.9	-	-
Shareholders' equity	596.8	553.3	569.2

Biacore Consolidated Statements of Cash Flows

SEK million	January-September		Full year
	2002	2001	2001
Net income	40.2	33.6	50.3
Less: Depreciation and amortization	17.6	14.7	20.5
Less: Write-down of long-term investments	26.8	-	-
Change in working capital	28.3	-15.6	-53.9
Other	-1.0	2.8	1.4
Cash flows from operating activities	111.9	35.5	18.3
Purchase of intangible assets	-2.8	-56.3	-57.5
Purchase of property, plant and equipment	-22.5	-32.1	-40.0
Proceeds from sale of long-term investments	-	32.2	32.2
Cash flows from investing activities	-25.3	-56.2	-65.3
Change in financial liabilities	4.5	-	-
Cash flows from financing activities	4.5	0.0	0.0
Net change in liquid funds	91.1	-20.7	-47.0

Key figures

Operating margin	21.0%	10.4%	11.8%
Return on operating capital	37.9%	21.5%	24.4%
Return on equity	9.2%	8.6%	9.5%
Equity ratio	76%	78%	78%
Shareholders' equity per share, diluted, SEK	60.36	55.41	56.96
No. of shares, thousands	9,750	9,750	9,750
No. of shares, end of period, diluted, thousands	9,887	9,986	9,993
No. of shares, average, diluted, thousands	9,890	9,977	9,981