

Appendix to Interim Report January – September 2005

Transition to IFRS

Effective January 1, 2005 Biotage AB applies the International Financial Reporting Standards (IFRS).

In summary the recalculation of comparative figures for 2004 according to IFRS effects the following differences compared to the figures reported in the Annual Report and the interim reports for 2004:

Full year 2004:

		Group balance sheet	Group balance sheet	Group income statement
		Jan 1	Dec 31	Jan - Dec
		2004	2004	2004
Reported equity and net result according to Swedish accounting policies		609 499	523 126	-115 021
Goodwill amortization	IFRS 3		41 383	41 383
Component depreciation buildings	IAS 16	-206	-433	-227
Share-based payment	IFRS 2	0	0	-598
Provision for payroll overhead on share-based payment	IFRS 2	-37	-233	-196
Reported equity and net result according to IFRS		<u>609 256</u>	<u>563 843</u>	<u>-74 659</u>

The period January 1 – September 30 2004:

		Group balance sheet	Group income statement
		September 30	Jan – Sep
		2004	2004
Reported equity and net result according to Swedish accounting policies		507 033	-94 857
Goodwill amortization	IFRS 3	31 755	31 755
Component depreciation buildings	IAS 16	-376	-170
Share-based payment	IFRS 2		-449
Provision for payroll overhead on share-based payment	IFRS 2	-184	-147
Reported equity and net result according to IFRS		<u>538 227</u>	<u>-63 868</u>

The period July 1 – September 30 2004:

		Group balance sheet	Group income statement
		September 30	July – Sep
		2004	2004
Reported equity and net result according to Swedish accounting policies		507 033	-41 359
Goodwill amortization	IFRS 3	31 755	10 181
Component depreciation buildings	IAS 16	-376	-57
Share-based payment	IFRS 2		-150
Provision for payroll overhead on share-based payment	IFRS 2	-184	-49
Reported equity and net result according to IFRS		<u>538 227</u>	<u>-31 433</u>

The transition from accounting according to Swedish principles to IFRS puts special demands on the first report using the new set of rules. The reporting for the comparative year 2004 has therefore been reworked and reported according to IFRS.

Special rules of transition are described in IFRS 1 First-time Adoption of International Financial Reporting Standards. The effects on Biotage's result and position partly depends on the choices made by Biotage in areas where different options exist.

IFRS 3: Business Combinations

IFRS 3 was adopted March 31, 2004. Biotage has not adjusted its acquisition analyses for any acquisitions made prior to the date of adoption of IFRS 3 and has not acquired any companies in 2004.

The application of IFRS 3 among other things means that Biotage in its Group reporting ceases to continuously amortize the goodwill emanating from the acquisitions made in 2003 of Personal Chemistry i Uppsala AB and Biotage LCC. Under IFRS the goodwill amortization is replaced by a continuous write-down test performed regardless if there are any indications that the value of goodwill needs to be written down or not.

In the financial statements 2003 and 2004 no indications of needs for write-downs were noted. Goodwill amortization affecting the 2004 result has been recalculated when 2004 is used as the comparative year according to IFRS.

IFRS 2: Share-Based Payment

IFRS 2 concerns share-based payments. The standard should be applied to plans with an allotment date later than November 7, 2003 and an earning period ending January 1, 2005 or later.

Biotage has five stock option programs intended for corporate management and other employees of the Group. The total costs for these programs have been calculated to 6.0 MSEK and the effect on the equity to -1.5 MSEK. Of these effects approx. 4.4 MSEK remain as costs for the period after September 30, 2005. The result for the period January 1 – September 30, 2005 has been charged with a cost of 1.3 MSEK and the result for the period July 1 – September 30, 2005 with a cost of 0.4 MSEK.

The effect of IFRS 2 on the full-year result for 2005 with the current stock option programs will be approx. 1.7 MSEK.

IAS 16: Property, Plant and Equipment

IAS 16 states that the acquisition price and accrued improvement costs for an asset reported on the balance sheet should be allocated to the principal components making up the asset. This may result in different depreciation periods for components compared to the main asset. An inventory has been made of the Group's fixed assets and the calculated effect on January 1, 2004 was approx. 0.2 MSEK and approx. 0.4 MSEK for the full year. The result for the period January 1 – September 30, 2005 has been charged with a cost of 0.2 MSEK and the result for the period July 1 – September 30, 2005 with a cost of 0.1 MSEK.

The effect of IAS 16 on the 2005 result with the fixed assets reported at September 30, 2005 will amount to approx. 0.2 MSEK.

IAS 32: Financial Instruments; Disclosure and Presentation, and

IAS 39: Recognition and Measurement

IAS 32 and IAS 39 both concern financial instruments and are applied from January 1, 2005. No recalculation regarding the comparative year 2004 needs to be done. The rules in IAS 32 and IAS 39 have no effect on the result or equity in the first quarter 2005.

Financial instruments and derivative instruments

The Group's financial assets and liabilities are normally reported at acquisition value. Receivables and liabilities in foreign currency are reported at actual value based on the closing day rate.

In the following section the areas where the transition to IFRS have had effects on Biotage's income statement, balance sheet and equity are further described and quantified.

Opening balance sheet as per January 1, 2004

SEK thousands	Notes	According to published report Jan 1, 2004	Effects of applying IFRS	Jan 1, 2004 according to IFRS
ASSETS				
Goodwill		402 567		402 567
Capitalized expenditure for development work		18 279		18 279
Other intangible fixed assets		21 183		21 183
Tangible assets	1	107 603	-206	107 397
Financial assets		46 768		46 768
Total fixed assets		596 400	-206	596 194
Inventories		76 039		76 039
Accounts receivable		65 717		65 717
Other short-term receivables		13 597		13 597
Cash, bank balances and other investments		74 900		74 900
Total current assets		230 253	0	230 253
TOTAL ASSETS		826 653	-206	826 447
EQUITY AND LIABILITIES				
Restricted shareholders' equity	2	1 321 279	115	1 321 394
Unrestricted shareholders' equity	4	-711 780	-358	-712 138
Total shareholders' equity		609 499	-244	609 256
Provisions	3	32 740	37	32 777
Long-term liabilities				0
Total provisions and long-term liabilities				0
Long-term liabilities		32 990		32 990
Current liabilities		151 424		151 424
Total provisions and liabilities		217 154	37	217 191
TOTAL EQUITY AND LIABILITIES		826 653	-206	826 447

Notes to adjusted balance sheet items

Note 1 IAS 16 stipulates a more detailed division of fixed assets into components with separate periods of use. The adjusted item concerns the Group's operations facility in the US.

- Note 2** According to IFRS 2, expensed share-based payment relating to Biotage's outstanding stock option programs shall be reported against the Group's restricted reserves.
- Note 3** Calculated social security costs arising if holders of options in the future utilize their right to acquire shares shall according to IFRS 2 be reported as provisions on the Group balance sheet.
- Note 4** The total net effect on the equity of the IFRS adjustments described above shall be reported against the Group's non-restricted reserves.

Income Statement January 1 – September 30 2004

SEK thousands	Notes	According to published report Sep 2004	Effects of applying IFRS	Jan - Sep 2004 according to IFRS
Net sales		260 406		260 406
Cost of goods sold	1	-105 021	-151	-105 172
Gross profit		155 385	-151	155 234
Selling expenses	1	-126 163	-256	-126 419
Administrative expenses	1	-35 370	-254	-35 624
Research and development costs	1	-56 985	-105	-57 090
Group goodwill amortization	2	-31 755	31 755	0
Other operating income		7 097		7 097
Other operating expenses		-5 492		-5 492
Operating costs		-248 668	31 140	-217 528
Operating profit/loss		-93 283	30 989	-62 294
Financial net		-1 519		-1 519
Profit/loss after financial items		-94 802	30 989	-63 813
Taxes		-55		-55
Net profit/loss		<u>-94 857</u>	<u>30 989</u>	<u>-63 868</u>

Income Statement July 1 – September 30 2004

SEK thousands	Notes	According to published report Sep 2004	Effects of applying IFRS	Jul - Sep 2004 according to IFRS
Net sales		84 469		84 469
Cost of goods sold	1	-32 721	-50	-32 771
Gross profit		51 748	-50	51 698
Selling expenses	1	-42 655	-85	-42 740
Administrative expenses	1	-10 860	-85	-10 945
Research and development costs	1	-19 741	-35	-19 776
Group goodwill amortization	2	-10 181	10 181	0
Other operating income		-1 021	0	- 1 021
Other operating expenses		-3 443		-3 443
Operating costs		-87 901	9 976	-77 925
Operating profit/loss		-36 153	9 926	-26 227
Financial net		-5 183		-5 183
Profit/loss after financial items		-41 336	9 926	-31 410
Taxes		-23		-23
Net profit/loss		-41 359	9 926	-31 433

Notes to adjusted income statement items

Note 1 The effects of IFRS 2 Share-Based Payment and IAS 16 Property, Plant and Equipment are summarized below:

For the full year 2004

		Goodwill amortization	Sales	Admin	R&D	COGS	Total
Goodwill amortization	IFRS 3	41 383					41 383
Component depreciation of buildings	IAS 16		0	-227	0	0	-227
Share-based payment	IFRS 2		-257	-84	-106	-152	-598
Provisions for social security charges for share-based payment	IFRS 2		-84	-27	-35	-50	-196
		41 383	-341	-338	-140	-201	40 362

January 1 – September 30 2004

		Goodwill amortization	Sales	Admin	R&D COGS	Total
Goodwill amortization	IFRS 3	31 755				31 755
Component depreciation of buildings	IAS 16		0	-170	0	-170
Share-based payment	IFRS 2		-193	-63	-79	-449
Provisions for social security charges for share-based payment	IFRS 2					0
			-63	-21	-26	-147
		31 755	-256	-254	-105	30 989

July 1 – September 30 2004

		Goodwill amortization	Sales	Admin	R&D COGS	Total
Goodwill amortization	IFRS 3	10 181				10 181
Component depreciation of buildings	IAS 16		0	-57	0	-57
Share-based payment	IFRS 2		-64	-21	-26	-150
Provisions for social security charges for share-based payment	IFRS 2					0
			-21	-7	-9	-49
		10 181	-85	-85	-35	9 926

Note 2 According to IFRS 3 goodwill shall not be amortized. The need for a write-down shall instead be assessed annually by impairment testing. However, the need for a write-down should be tested more often if there are indications of a decrease in value. During 2004 Biotage amortized goodwill by 10% of the acquisition value. The goodwill reported relates to the acquisitions in the second half of 2003 of Personal Chemistry i Uppsala AB and Biotage LCC in the US. Amortizations reported during 2004 are recalculated against the profit/loss of the period in the income statement and against goodwill on the balance sheet. Biotage has not performed any retroactive distribution of the acquisition costs for goodwill relating to other fixed assets. No acquisitions were made in 2004.

Balance sheet as per March 31, 2004

SEK thousands		According to published report Sep 30, 2004	Effects of- applying IFRS	Sep 30, 2004 according to IFRS
	Notes			
ASSETS				
Goodwill	1	359 989	31 755	391 744
Capitalized expenditure for development work		25 230		25 230
Other intangible fixed assets		22 954		22 954
Tangible assets	2	96 616	-376	96 240
Financial assets		46 829		46 829
Total fixed assets		551 618	31 379	582 997
Inventories		84 393		84 393
Accounts receivable		59 270		59 270
Other short-term receivables		10 511		10 511
Cash, bank balances and other investments		12 335		12 335
Total current assets		166 509	0	166 509
TOTAL ASSETS		718 127	31 379	749 506
EQUITY AND LIABILITIES				
Restricted shareholders' equity	3	1 313 646	449	1 314 095
Unrestricted shareholders' equity	5	-806 613	30 745	-775 868
Total shareholders' equity		507 033	31 194	538 227
Provisions	4	16 011	184	16 195
Long-term liabilities				0
Total provisions and long-term liabilities				0
Long-term liabilities		40 144		40 144
Current liabilities		154 939		154 939
Total provisions and liabilities		211 094	184	211 278
TOTAL EQUITY AND LIABILITIES		718 127	31 379	749 506

Notes to adjusted balance sheet items

Note 1 According to IFRS 3 goodwill shall not be amortized. The need for a write-down shall instead be assessed annually by impairment testing. However, the need for a write-down should be tested more often if there are indications of a decrease in value. During 2004 Biotage amortized goodwill by 10% of the acquisition value. The goodwill reported relates to the acquisitions in the second half of 2003 of Personal Chemistry i Uppsala AB and Biotage LCC in the US. Amortizations reported during 2004 are recalculated against the profit/loss of the period in the income statement and against goodwill on the balance sheet. Biotage has not performed any retroactive distribution of the acquisition costs for goodwill relating to other fixed assets. No acquisitions were made in 2004.

Note 2 The amount relates to component depreciation of the operational real estate in the US and consists of:

Adjustment according to IFRS of the opening balance sheet January 1, 2004	-206
Depreciation for the period January 1 – September 30, 2004 according to Group income statement as described above	<u>-170</u>
Total	<u>-376</u>

Note 3 According to IFRS 2 share-based payment is reported against the restricted reserves. The amount relates to the period January 1 – September 30, 2004.

Note 4 Calculated social security costs arising if holders of options in the future utilize their right to acquire shares shall according to IFRS 2 be reported as provisions on the Group balance sheet.

The amount consists of:

Adjustment according to IFRS of the opening balance sheet January 1, 2004	37
Depreciation for the period January 1 – September 30, 2004 according to the Group income statement as described above	<u>147</u>
Total	<u>184</u>

Note 5 The total effect of the adjustments according to IFRS:

Effects of the opening balance sheet January 1, 2004	-244
Effects of the income statement January 1 – March 31, 2004	<u>30 989</u>
Total	<u>30 745</u>

Income Statement January 1 – December 31, 2004

SEK thousands	Notes	According to published report Dec 2004	Effects of applying IFRS	Jan -Dec 2004 according to IFRS
Net sales		366 649		366 649
Cost of goods sold	1	-148 395	-201	-148 596
Gross profit		218 254	-201	218 053
Selling expenses	1	-164 835	-341	-165 176
Administrative expenses	1	-39 340	-338	-39 678
Research and development costs	1	-76 365	-140	-76 505
Group goodwill amortization	2	-41 383	41 383	0
Other operating income		11 535		11 535
Other operating expenses		-9 922		-9 922
Operating costs		-320 310	40 563	-279 747
Operating profit/loss		-102 056	40 362	-61 694
Financial net		-12 749		-12 749
Profit/loss after financial items		-114 805	40 362	-74 443
Taxes		-216		-216
Profit/loss for the period		<u>-115 021</u>	<u>40 362</u>	<u>-74 659</u>

Notes to adjusted income statement items

Note 1 The effects of IFRS 2 Share-Based Payment and IAS 16 Property, Plant and Equipment are summarized below:

For the full year 2004

		Goodwill amortization	Sales	Admin	R&D	COGS	Total
Goodwill amortization	IFRS 3	41 383					41 383
Component depreciation of buildings	IAS 16		0	-227	0	0	-227
Share-based payment	IFRS 2		-257	-84	-106	-152	-598
Provisions for social security charges for share-based payment	IFRS 2		-84	-27	-35	-50	-196
		<u>41 383</u>	<u>-341</u>	<u>-338</u>	<u>-140</u>	<u>-201</u>	<u>40 362</u>

Note 2 According to IFRS 3 goodwill shall not be amortized. The need for a write-down shall instead be assessed annually by impairment testing. However, the need for a write-down should be tested more often if there are indications of a decrease in value. During 2004 Biotage amortized goodwill by 10% of the acquisition value. The goodwill reported relates to the acquisitions in the second half of 2003 of Personal Chemistry i Uppsala AB and Biotage LCC in the US. Amortizations reported during 2004 are recalculated against the profit/loss of the period in the income statement and against goodwill on the balance sheet. Biotage has not performed any retroactive distribution of the acquisition costs for goodwill relating to other fixed assets. No acquisitions were made in 2004.

Balance sheet as per December 31, 2004

SEK thousands	Notes	According to published report Dec 2004	Effects of applying IFRS	Dec 31 2004 according to IFRS
ASSETS				
Goodwill	1	332 209	41 383	373 592
Capitalized expenditure for development work		22 789		22 789
Other intangible fixed assets		20 999		20 999
Tangible assets	2	89 327	-433	88 894
Financial assets		47 173		47 173
Total fixed assets		512 497	40 950	553 447
Inventories		74 965		74 965
Accounts receivable		66 232		66 232
Other short-term receivables		10 060		10 060
Cash, bank balances and other investments		31 397		31 397
Total current assets		182 654	0	182 654
TOTAL ASSETS		695 151	40 950	736 101
EQUITY AND LIABILITIES				
Restricted shareholders' equity	3	1 329 925	598	1 330 523
Unrestricted shareholders' equity	4	-806 799	40 118	-766 681
Total shareholders' equity		523 126	40 716	563 843
Provisions		8 570	233	8 803
Long-term liabilities		0		0
Total provisions and long-term liabilities				0
Long-term liabilities		34 668		34 668
Current liabilities		128 787		128 787
Total provisions and liabilities		172 025	233	172 258
TOTAL EQUITY AND LIABILITIES		695 151	40 950	736 101

Notes to adjusted balance sheet items

Note 1	According to IFRS 3 goodwill shall not be amortized. The need for a write-down shall instead be assessed annually by impairment testing. However, the need for a write-down should be tested more often if there are indications of a decrease in value. During 2004 Biotage amortized goodwill by 10% of the acquisition value. The goodwill reported relates to the acquisitions in the second half of 2003 of Personal Chemistry i Uppsala AB and Biotage LCC in the US. Amortizations reported during 2004 are recalculated against the profit/loss of the period in the income statement and against goodwill on the balance sheet. Biotage has not performed any retroactive distribution of the acquisition costs for goodwill relating to other fixed assets. No acquisitions were made in 2004.	
Note 2	The amount relates to component depreciation of the operational real estate in the US and consists of:	
	Adjustment according to IFRS of the opening balance sheet January 1, 2004	-206
	Depreciation for the period January 1 – December 31, 2004 according to the Group income statement as described above	<u>-227</u>
	Total	<u>-433</u>
Note 3	According to IFRS 2 share-based payment is reported against the restricted reserves. The amount relates to the period January 1 – December 31, 2004.	
Note 4	Calculated social security costs arising if holders of options in the future utilize their right to acquire shares shall according to IFRS 2 be reported as provisions on the Group balance sheet.	
	The amount consists of:	
	Adjustment according to IFRS of the opening balance sheet January 1, 2004	37
	Depreciation for the period January 1 – December 31, 2004 according to the Group income statement as described above	<u>196</u>
	Total	<u>233</u>
Note 5	The total effect of the adjustments according to IFRS:	
	Effects of the opening balance sheet January 1, 2004	-244
	Effects of the income statement January 1 – December 31, 2004	<u>40 362</u>
	Total	<u>40 118</u>