



## QUARTERLY REPORT 2, YEAR 2008

### SIX MONTHS JANUARY–JUNE 2008 \*

- Revenue MSEK 3.8 (MSEK 1.5)
- Gross profit MSEK 1.8 (MSEK 0.6)
- Operating result MSEK –14.1 (MSEK –14.7)
- Result before taxes MSEK –13.8 (MSEK –14.8)
- Earnings per share SEK –0.03 (MSEK –0.04) before and after dilution

### SECOND QUARTER, APRIL–JUNE 2008\*

- Revenue MSEK 2.6 (MSEK 0.4)
  - Gross result MSEK 1.3 (MSEK 0.2)
  - Operating result MSEK –7.3 (MSEK –7.3)
  - Result before taxes MSEK –7.1 (MSEK –7.0)
  - Earnings per share SEK –0.02 (MSEK –0.02) before and after dilution
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- Equity ratio 77 percent (78 percent)
  - Cash and cash equivalents MSEK 13.3 (MSEK 10.0)
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- The number of employees during the period was an average of 23 (18) persons, 17 (18) of whom in the Parent Company

\* Subsidiary Biosensor GmbH was acquired 1 November 2007 and is consolidated from 30 June 2008. Comparative data from preceding period refer to the Parent Company.

### SIGNIFICANT EVENTS

- Sales during the period were higher than during the comparable year-ago period. Gross profit is also better than for the preceding period.
- During the period the customs authority in Australia placed an order for five additional BIOSENS<sup>®</sup> systems for simultaneous detection of narcotics and explosives. The order is also combined with an upgrade package of their 20 existing systems. This is the third time that the Australian customs authority orders Biosensor's equipment and the authority has used the BIOSENS<sup>®</sup> systems for almost three years at airports and seaports.
- The University of Konstanz in Germany has ordered a Biosensor system after extensive evaluation. The university, which is part of the so-called "Excellence Cluster" comprises six universities and is classified in Germany as a "highest quality research consortium". The University of Konstanz will be using the equipment for research purposes for development of new and more effective pharmaceuticals and this is an entirely new market for Biosensor's products.
- Biosensor has received its second order for a BIOSENS<sup>®</sup> system from the English police authority. This equipment will be used for narcotics detection and is the result of tests conducted during the past autumn.
- During the period Biosensor has received a first order for equipment intended for a large Swedish rehabilitation centre, Hassela, Gotland. Good rehabilitation results have made the centre well known nationwide as a leader in its work in this sector.
- The acquisition of Biosensor GmbH was consummated as of 1 November 2007 and the integration of the German operations has been quite successful. Technology development in Germany is continuing according to plan and joint projects have commenced for the Swedish and German operations.
- The BIOSENS<sup>®</sup> system has been qualified to be included in the so-called ESTHER project, under which the European police is conducting tests of drug-influenced drivers in six European nations.
- Tests of the Company's detection equipment are currently being conducted at twelve different locations around the world.
- The Annual General Meeting held 14 May 2008 authorised the Board of Directors to float an offset issue relating to a partial payment for Biosensor GmbH, and to float an issue of up to 45,000,000 class A shares.
- After the end of the period the Swedish criminal justice system has decided to rent six systems for narcotics analysis using transpiration and saliva samples. The order was received after extensive tests conducted by the Swedish criminal justice system and was made possible by changes in Swedish legislation enacted in April 2008.



## SUMMARY FINANCIAL REPORTS

Group	INCOME STATEMENT, SUMMARY					Parent Company	INCOME STATEMENT, SUMMARY				
	Jan-June		April-June		Year		Jan-June		April-June		Year
	2008	2007	2008	2007	2007		2008	2007	2008	2007	2007
(Amounts in SEK thousand)						(Amounts in SEK thousand)					
Revenue	3 852	1 533	2 558	368	3 557	Revenue	3 296	1 533	2 003	368	3 557
Cost of sales	-2 012	-928	-1 249	-176	-1 830	Cost of sales	-1 712	-928	-948	-176	-1 830
<b>Gross result</b>	<b>1 840</b>	<b>605</b>	<b>1 309</b>	<b>192</b>	<b>1 727</b>	<b>Gross result</b>	<b>1 584</b>	<b>605</b>	<b>1 055</b>	<b>192</b>	<b>1 727</b>
Other operating expenses/income	-15 975	-15 321	-8 584	-7 465	-28 174	Other operating expenses/income	-13 956	-15 321	-7 366	-7 465	-27 510
Finance net	72	-78	77	273	730	Finance net	193	-78	127	273	753
Tax	247	-	124	-	82	Tax	-	-	-	-	-
<b>NET RESULT FOR THE YEAR</b>	<b>-13 816</b>	<b>-14 794</b>	<b>-7 074</b>	<b>-7 000</b>	<b>-25 635</b>	<b>NET RESULT FOR THE YEAR</b>	<b>-12 179</b>	<b>-14 794</b>	<b>-6 184</b>	<b>-7 000</b>	<b>-25 030</b>
Attributable to:											
-Equity holders of the Parent Company	-13 816	-14 794	-7 074	-7 000	-25 635						
-Minority interest	-	-	-	-	-						
<b>Key financial indicators</b>						<b>Key financial indicators</b>					
Result per share, after dilution	-0,03	-0,03	-0,02	-0,02	-0,06	Result per share, after dilution	-0,03	-0,03	-0,01	-0,02	-0,06
Gross margin	48%	39%	51%	52%	49%	Gross margin	48%	39%	53%	52%	49%
Operating margin	neg	neg	neg	neg	neg	Operating margin	neg	neg	neg	neg	neg
Revenue per employee	175	85	111	20	179	Revenue per employee	194	85	118	20	187

Group	BALANCE SHEET, SUMMARY		
	30-Jun	30-Jun	31-Dec
	2008	2007	2007
(Amounts in SEK thousand)			
Intangible non-current assets	52 260	32 355	49 584
Tangible non-current assets	2 466	1 479	2 009
Financial assets	30	46	49
Inventories	2 740	4 088	3 422
Current assets	4 885	2 092	3 353
Cash and cash equivalents	13 290	10 045	31 389
<b>Total assets</b>	<b>75 671</b>	<b>50 105</b>	<b>89 806</b>
Equity	58 436	39 236	72 251
Liabilities	17 235	10 869	17 555
<b>Total equity and liabilities</b>	<b>75 671</b>	<b>50 105</b>	<b>89 806</b>
<b>Key financial indicators</b>			
Numbers of shares outstanding* (000's)	413 427	413 427	413 427
Numbers of shares outstanding after dilution** (000's)	423 007	423 007	423 007
Equity ratio %	77%	78%	80%

\* As of the date of reporting incl. new issue registered after year-end, Parent Company  
 \*\* After redemption of option programme

Parent Company	BALANCE SHEET, SUMMARY		
	30-Jun	30-Jun	31-Dec
	2008	2007	2007
(Amounts in SEK thousand)			
Intangible non-current assets	35 077	32 355	33 521
Tangible non-current assets	1 734	1 479	1 361
Financial assets	11 487	46	8 989
Inventories	2 740	4 088	3 422
Current assets	4 520	2 092	3 194
Cash and cash equivalents	11 798	10 045	29 415
<b>Total assets</b>	<b>67 356</b>	<b>50 105</b>	<b>79 902</b>
Equity	55 300	39 236	67 478
Liabilities	12 056	10 869	12 424
<b>Total equity and liabilities</b>	<b>67 356</b>	<b>50 105</b>	<b>79 902</b>
<b>Key financial indicators</b>			
Numbers of shares outstanding* (000's)	413 427	413 427	413 427
Numbers of shares outstanding after dilution*	423 007	423 007	423 007
Equity ratio %	82%	78%	84%

\* As of the date of reporting incl. new issue registered after year-end, Parent Company  
 \*\* After redemption of option programme

### ACCOUNTING POLICIES

This quarterly report has been compiled in accordance with IAS 34 and RR31. The Parent Company's accounting policies are unchanged from the annual account for 2007. The consolidated financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS).

This quarterly report has not been examined by the Company's auditors.

### GENERAL

**Biosensor Applications®** is a Swedish company located in Solna. The Company is listed on AktieTorget. Biosensor offers a unique technology for detection of trace substances, based on biotechnological sensors. Both explosives and narcotics in very small amounts are detected with a low rate of false alarms. Biosensor's customers are found among police forces, security companies, border control, the armed forces, the criminal justice system and rehabilitation clinics on a world-wide basis.

Future reporting dates: Interim Report three, 26 November 2008, year-end report in February 2009.

Solna, 29 August 2008

### Board of Directors

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