



QUARTERLY REPORT 3, YEAR 2008

PERIOD JANUARY-SEPTEMBER 2008 *

- Revenue MSEK 4.6 (MSEK 3.1)
- Gross profit MSEK 2.2 (MSEK 1.5)
- Operating result MSEK –21.2 (MSEK –19.5)
- Result before taxes MSEK –20.9 (MSEK –19.5)
- Earnings per share SEK –0.04 (SEK –0.05) before and after dilution

QUARTER 3, JULY-SEPTEMBER 2008*

- Revenue MSEK 0.7 (MSEK 1.6)
- Gross profit MSEK 0.4 (MSEK 0.9)
- Operating result MSEK –7.0 (MSEK –4.8)
- Result before taxes MSEK –6.8 (MSEK –4.6)
- Earnings per share SEK –0.01 (SEK –0.01) before and after dilution

- Debt-to-equity ratio 75% (76%)
- Cash and cash equivalents MSEK 5.1 (MSEK 4.6)

- The average number of employees during the period was 23 (19), 17 (19) 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 and gross profit during the period are lower than during the comparative period last year.
- During the period the Swedish Prison and Probation Service decided to rent six systems for drug testing via perspiration and saliva samples. The equipment was delivered during October. This order was received after extensive testing by the Swedish Prison and Probation Service and was made possible after changes in legislation implemented in April 2008.
- Biosensor is being tested by the German criminal justice system that has decided to conduct tests to check for drug abuse among convicts. These tests are currently under evaluation.
- The Company has received approval of an important patent from the Chinese patent authority, State Intellectual Property Office of the People's Republic of China. This patent protects the complicated chemical properties of the sensor surface that enables BIOSENS® to detect molecular traces of narcotics and explosives.
- The acquisition of Biosensor GmbH was made on 1 November 2007 and the integration of the German operations is progressing according to plan. The technology development in Germany is progressing according to plan and two joint projects are under way in the Swedish and German operations, one of which is now entering its final phase.
- After the end of the period the Board of Directors has decided to float a rights issue in the approximate amount of MSEK 7.8 with pre-emptive rights for existing shareholders. The subscription period runs from 5 to 21 November 2008, inclusive. One existing share (class A or class C) will entitle its holder to receive one (1) subscription right. Ten (10) subscription rights entitle their holder to subscribe for one (1) class A share. Fully subscribed, 41,342,741 new class A shares will be issued. A subscription price of SEK 0.19 per class A share has been decided.
- After tests, the BIOSENS® system has been judged as "promising" and additional tests will therefore be conducted in the so-called ESTHER project. Within this project the European police authorities will conduct tests of drivers under the influence of drugs in six European countries. These tests will constitute the basis for pan-European recommendations.



SUMMARY FINANCIAL REPORTS

Group	INCOME STATEMENT, SUMMARY					Parent Company	INCOME STATEMENT, SUMMARY				
	Jan-Sept		July-Sept		Year		Jan-Sept		July-Sept		Year
(Amounts in SEK thousand)	2008	2007	2008	2007	2007	(Amounts in SEK thousand)	2008	2007	2008	2007	
Revenue	4 562	3 107	701	1 574	3 557	Revenue	3 931	3 107	635	1 574	
Cost of sales	-2 385	-1 638	-296	-709	-1 830	Cost of sales	-2 064	-1 638	-280	-709	
Gross result	2 177	1 469	405	865	1 727	Gross result	1 867	1 469	354	865	
Other operating expenses/income	-23 334	-20 954	-7 407	-5 616	-28 174	Other operating expenses/income	-20 537	-20 954	-6 652	-5 616	
Finance net	305	31	231	90	730	Finance net	511	31	317	90	
Tax	371	-	124	-	82	Tax	-	-	-	-	
NET RESULT FOR THE YEAR	-20 481	-19 454	-6 647	-4 661	-25 635	NET RESULT FOR THE YEAR	-18 159	-19 454	-5 981	-4 661	
Attributable to:											
-Equity holders of the Parent Company	-20 481	-19 454	-6 647	-4 661	-25 635						
-Minority interest	-	-	-	-	-						
Key financial indicators	Key financial indicators										
Result per share, after dilution	-0.04	-0.05	-0.01	-0.01	-0.06	Result per share, after dilution	-0.04	-0.05	-0.01	-0.01	
Gross margin	48%	47%	58%	55%	49%	Gross margin	47%	47%	56%	55%	
Operating margin	neg	neg	neg	neg	neg	Operating margin	neg	neg	neg	neg	
Revenue per employee	198	164	30	83	179	Revenue per employee	231	164	37	83	

Group	BALANCE SHEET, SUMMARY		
	30-Sep	30-Sep	31-Dec
(Amounts in SEK thousand)	2008	2007	2007
Intangible non-current assets	54 084	32 590	49 584
Tangible non-current assets	2 456	1 350	2 009
Financial assets	30	46	49
Inventories	3 321	3 546	3 422
Current assets	4 409	3 339	3 353
Cash and cash equivalents	5 106	4 633	31 389
Total assets	69 406	45 504	89 806
Equity	51 741	34 575	72 251
Liabilities	17 665	10 929	17 555
Total equity and liabilities	69 406	45 504	89 806
Key financial indicators	Key financial indicators		
Numbers of shares outstanding* (000's)	413 427	355 747	355 747
Numbers of shares outstanding after dilution** (000's)	464 350	423 007	423 007
Equity ratio %	75%	76%	76%

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

Parent Company	BALANCE SHEET, SUMMARY		
	30-Sep	30-Sep	31-Dec
(Amounts in SEK thousand)	2008	2007	2007
Intangible non-current assets	36 243	32 590	33 521
Tangible non-current assets	1 772	1 350	1 361
Financial assets	11 680	46	8 989
Inventories	3 224	3 546	3 422
Current assets	4 399	3 339	3 194
Cash and cash equivalents	4 796	4 633	29 415
Total assets	62 114	45 504	79 902
Equity	49 318	34 575	67 478
Liabilities	12 796	10 929	12 424
Total equity and liabilities	62 114	45 504	79 902
Key financial indicators	Key financial indicators		
Numbers of shares outstanding* (000's)	413 427	355 747	406 568
Numbers of shares outstanding after dilution** (000's)	464 350	423 007	416 148
Equity ratio %	79%	76%	84%

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

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: Year-end report in February 2009.

Solna, 4 November 2008,

Board of Directors

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